

FACILITATING FINANCIAL SUSTAINABILITY

Funder Approaches to Facilitating
CSO Financial Sustainability



KEY FINDINGS

- 1** Just five percent of total foundation funding for the six countries included in the study met the research criteria for CSO financial sustainability.
- 2** Funders tend to look at CSO financial sustainability as part of broader framework of organizational or movement sustainability. This allows CSOs to identify and work on a range of issues that contribute to their sustainability, but funders acknowledged that they themselves lack expertise and intentional strategies for working with CSOs on financial sustainability more specifically.
- 3** Both funders and CSOs emphasized the importance of multi-year unrestricted funding as a strategy to improve CSO financial sustainability. However, general support grants to local CSOs only account for three percent of the overall funding for the six countries, and just 11 percent of this unrestricted funding was for more than one year.
- 4** Human rights funders are the primary funders of local CSO financial sustainability, accounting for 69 percent of financial sustainability grantmaking. The grants data and interviews suggest this relates to the fact that human rights funders support groups that face particular challenges in mobilizing resources
- 5** A key mechanism by which funders support financial sustainability is through intermediary organizations – i.e. organizations that re-grant funds or provide direct support to other CSOs. Yet, these organizations indicated that their ability to support the local CSO ecosystem is constrained by insufficient investment in their own organizational development.

CONTENTS

Key Findings	1
Acknowledgements	3
List of Acronyms	4
INTRODUCTION	6
RESEARCH APPROACH OVERVIEW	7
METHODOLOGY AND LITERATURE REVIEW	10
Review of Nonprofit Literature	10
Quantitative Analysis of Foundation Funding	13
Qualitative Interviews with Funders	14
FINDINGS	15
How prevalent is foundation funding for financial sustainability of local CSOs?	15
How do funders think about financial sustainability of local CSOs?	16
How do different funder strategies to support financial sustainability compare in the dataset?	18
Which issues and populations receive the most (and least) support for CSO financial sustainability?	23
How “local” is funding for CSO financial sustainability?	29
CONSIDERATIONS AND AREAS FOR FURTHER RESEARCH	38
Notes	39
Works Cited	42
Appendix 1: Funder Interview List	45
Appendix 2: Grants Search Strategy	46
Appendix 3: Grants Review Codebook	50

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Principal Authors:

Anna Koob, Inga Ingulfsen and Becky Tolson

Cover photo: Members of Kabasha Community Development radio station in Beni, stand outside their building. Democratic Republic of Congo. Peace Direct/Greg Funnell

Back photo: CRC and Jen Rubio, CEO of AWAY, visit the Village of Irango, North Kivu, Democratic Republic of Congo. Peace Direct/Greg Funnell

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LIST OF ACRONYMS

ALG	Action Learning Group
BiH	Bosnia & Herzegovina
BUILD	Building Institutions and Networks
CSO	Civil society organization
DRC	Democratic Republic of the Congo
ECD	Early Childhood Development
FFC	Fonds pour les Femmes Congolaises
FFS	Facilitating Financial Sustainability (USAID-funded activity)
fsQCA	Fuzzy-Set Qualitative Comparative Analysis
ICNL	International Center for Not-for-Profit Law
ILSB	Instituto de Liderazgo Simone de Beauvoir
INGO	International non-governmental-organization
NGO	Non-governmental organization
ODI	Overseas Development Institute
PCS	Philanthropy Classification System
QCA	Qualitative Comparative Analysis
USAID	United States Agency for International Development

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Mural in Mindanao, Philippines.
Peace Direct/Megan Renoir

INTRODUCTION

Financial sustainability remains a critical challenge for civil society organizations (CSOs) around the world. Although a variety of toolkits and research papers exist examining specific sustainability strategies,² many CSOs continue to struggle to develop and maintain the resources needed to carry out their missions. This constraint limits organizational autonomy by inhibiting long-term planning and flexibility in designing and implementing activities. Financial sustainability is also a key piece of the puzzle to empower local organizations to take greater ownership of the development process, as a robust resource base provides the resilience needed for organizations to experiment with new models that reduce long-term donor dependence.

Philanthropic institutions and other funders want to see the organizations they support succeed and have a demonstrated impact on the issues that they care about. While impact is at the center of most strategic funding decisions, organizational financial sustainability is a means to ensure this continued impact. Increasingly, however, funders' interest in supporting the financial sustainability of their grantees goes beyond a desire to sustain impact and is more fundamentally about addressing an existential need – in the context of closing space for CSOs and the proliferation of domestic laws restricting foreign funding, a strong ecosystem of local organizations and grassroots movements is critical in fulfilling any type of philanthropic goal. With this context as backdrop, international and local funders are feeling the pressure to crack the nut of CSO financial sustainability and are grappling with questions about their role in supporting this process.

The Facilitating Financial Sustainability (FFS) program was launched in 2017 to develop and test ways that different actors (including donors, policymakers, intermediary organizations, and CSOs themselves) can work together to improve the factors that drive financial sustainability for local organizations in different development contexts. As part of the United States Agency for International Development (USAID) Local Works program,

FFS uses a combination of research and on-the-ground testing of approaches to improve local organization financial sustainability to support Local Works' goal of enabling local communities to drive their own development. FFS is jointly implemented by three consortium organizations: LINC, Peace Direct, and Foundation Center.

The FFS research series examines the factors that underlie successful CSO financial sustainability approaches for organizations in six countries: Bosnia and Herzegovina (BiH), Colombia, Democratic Republic of Congo, Mexico, Philippines and Uganda. Combining qualitative analysis from in-depth interviews with CSOs and funders as well as a first-of-its-kind quantitative analysis of thousands of grants supporting financial sustainability, the research series considers effective strategies and approaches for organizations interested in improving CSO sustainability. The research represents the first phase of the FFS activity. The second phase will take insights from the research and put them into practice in three country contexts by developing "Action Learning Groups" (ALGs) – coalitions of local stakeholders interested in collectively identifying and implementing opportunities to improve the local conditions for CSO financial sustainability in their context.

This paper covers an analysis of funder strategies to support CSO financial sustainability. This represents one part of the three-part FFS research series, and is best considered alongside the other papers in the series to give a holistic perspective on CSO financial sustainability: CSO Financial Sustainability Factors, which includes an analysis of specific factor combinations that support CSO sustainability in different contexts, and Facilitating Financial Sustainability Research Synthesis, which brings together the key findings from both other papers in the series (see "Research Approach" section below).

RESEARCH APPROACH OVERVIEW

The FFS research series addresses the overarching question: *What factors are particularly conducive to local CSO financial sustainability, allowing local organizations to take ownership of the development process, and what can different actors do to improve these factors?*

To answer this question holistically, we carried out two lines of inquiry: one with the CSO as the analytical starting point, and one with the funder as the starting point.

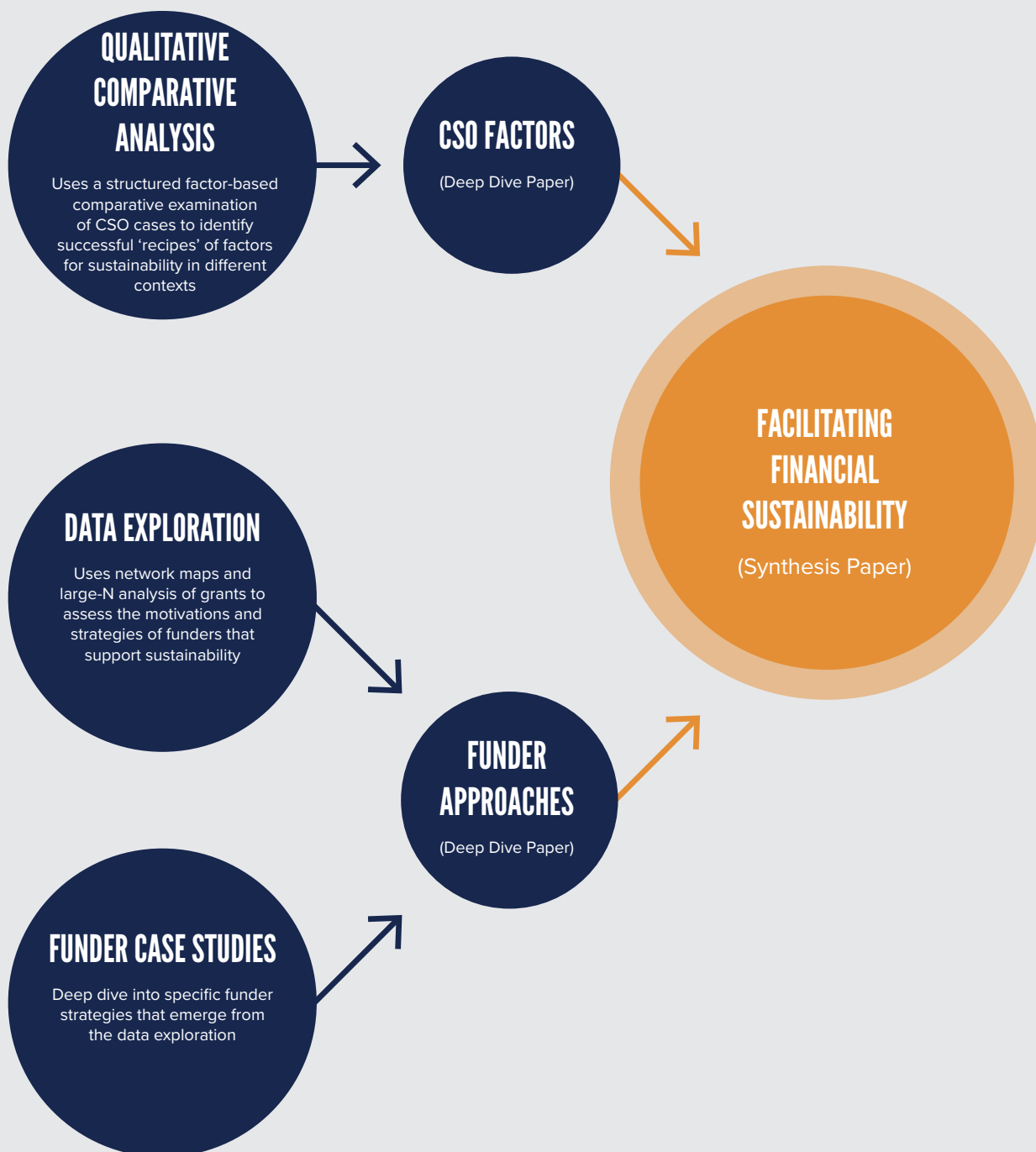
These lines of inquiry combine qualitative and quantitative methods, each providing a unique way of examining sustainability from a particular lens that when taken together provide a full picture of approaches to supporting sustainability.

Based on these approaches, the FFS research series includes three papers: deep dives into each of the analyses laid out below, and a thematic synthesis of key cross-cutting results.

Overall Research Approach

1 A Qualitative Comparative Analysis (QCA) and overall examination of common themes across semi-structured interviews with CSO representatives to understand the factors identified as critical drivers of sustainability in different contexts. The QCA approach provides a helpful way to structure qualitative case data into meaningful insights by examining how different combinations of factors can lead to the same outcome. QCA is particularly well-suited to examining drivers of sustainability across different contexts because it acknowledges the complexity of this topic and does not presume there is one “path” to financial sustainability, but rather many different “recipes” that combine various internal and external factors to drive success. This is combined with an overall analysis of notable themes that emerged from the interviews.

2 A quantitative analysis of the grants that support financial sustainability in each of the six countries, culled from Foundation Center’s database of over 7 million grants awarded by grantmaking foundations,³ combined with qualitative interviews with a subset of these funders. The quantitative analysis provides an overall perspective on which funders are supporting financial sustainability, what strategies funders are using to support financial sustainability, and what types of CSOs are receiving financial sustainability support. The interviews provide insight into the approaches and strategies of funders identified as supporting CSO financial sustainability and identifies key lessons from the work of these funders.⁴



THIS ANALYSIS

The funder analysis explores how grantmaking foundations⁴ support local CSOs to improve their financial sustainability in the six countries included in the study.

The analysis combines insights from the social sector literature on financial sustainability with detailed analysis of funding data in Foundation Center's database and interviews with funders supporting local CSOs in each country.

The objective of the analysis is to examine the landscape of financial sustainability funding and share lessons from funders who are already supporting local organizations to improve their financial sustainability.

Based on a review of more than 60 nonprofit publications and research reports, we discovered three primary strategies by which funders support CSOs to improve their financial sustainability: general support,⁵ capacity-building, and network building. These

three strategies served as the framework for the grants analysis, which allowed us to identify 1,790 grants awarded by 148 funders, totaling \$115.8 million in support of financial sustainability across all six countries from 2012 to August 2017, representing about 5 percent of overall grantmaking benefiting these countries during the same time period.

The grants data analysis explores the extent of grantmaking in support of local CSOs' financial sustainability in each country and identifies the primary funders and key stakeholders within the landscape of financial sustainability funding. Further, it examines some of the key characteristics of this funding, such as the issue area and population focus, as well as the extent to which funding for financial sustainability is locally driven.

We also conducted interviews with staff from 12 foundations that support local CSOs' financial sustainability in one or more of the six countries, including both local and international funders. Conversations with funders allowed us to explore how funders think about the financial sustainability of the CSOs they fund and more concretely what that support looks like in practice. Other key questions discussed in interviews with funders included how funders assess the impact of their support for local CSO financial sustainability, external and internal challenges and barriers to funding financial sustainability, as well as how funders have sought to overcome those challenges.

Country Selection

The six countries included in the study were selected to provide:

- A breadth of contexts in terms of geographic diversity and level of economic development;
- Sufficient data from the grants database; and
- Interest from local stakeholders (including CSOs and donors) in participating in the research.

METHODOLOGY AND LITERATURE REVIEW

To explore the nature and extent of grantmaking foundations' support for CSO financial sustainability in the six countries included in the study, the funder analysis combines findings from the social sector literature on financial sustainability with detailed analysis of funding data in Foundation Center's database and interviews with funders supporting CSOs in each country.

We chose to limit the scope of the funder analysis to grantmaking foundations primarily for reasons of data availability. Foundation Center's grants database contains detailed information about foundation grantmaking benefiting all six countries, including data about the grantmaking of international and, in most cases, locally based funders, as well as the support strategies (e.g., general support, program support, etc.) associated with each grant. By focusing the analysis on this data, we were able to identify a set of grants in each country that aligns with particular support strategies that are associated with improved financial sustainability of CSOs (see literature review below for more information on these strategies). Although grantmaking foundations are not the only donors focused on sustainability, comparable data at this level of detail about individual giving, bi- or multi-lateral funding is not currently available. Although the focus on private funding limited the sample for the analysis, we believe that the lessons from the experience of institutional philanthropy are relevant for other key stakeholders in the funding system.

REVIEW OF NONPROFIT LITERATURE TO IDENTIFY KEY STRATEGIES FOR EXPLORATION

To identify funder strategies associated with support for CSO financial sustainability, we reviewed more than 60 nonprofit publications, including research studies, literature reviews, evaluations, and other reports focused broadly on funders' support strategies and more narrowly on support for financial sustainability. The literature was primarily sourced from IssueLab, a database of more than 23,000

publications from more than 5,900 nonprofits and foundations.

Three primary funder strategies in support of CSO financial sustainability emerged from the literature: general support, capacity-building,⁶ and network-building.⁷

Capacity Building

In the broadest sense, capacity building refers to investments or activities aimed at increasing effectiveness (Bokoff and Pond 2015). Funders' support for capacity-building can help CSOs improve their financial sustainability, in particular when that support is focused on building capacities that contribute to overall organizational effectiveness (See for example: Bell, Masoka, and Zimmerman 2010; Bokoff and Pond 2015; Buechel and Handy 2007; Burd and Kotloff 2012; Claussen 2012; David 2002, De Vita, Fleming, and Twombly 2002; Draper 2000; Forbes Funds 2005; Fox, Hedge, and Nico 2009; Goggins and Howard 2009; Grantmakers for Effective Organizations 2008, 2015a, 2015b; Little and Weiss 2008; Vallarta Institute 2014). This can include a broad range of support, such as for organizational infrastructure, operations, governance, evaluation, fundraising, fund development, and financial management. More targeted forms of capacity-building support, such as for individual staff for leadership development can also contribute to strengthening organizations' financial sustainability (David 2002; Goggins and Howard 2009; Hawaii Community Foundation 2009; Jagpal and Schlegel 2015).

Capacity-building support focused on increasing the effectiveness of a particular program does not necessarily improve organizational effectiveness or financial sustainability

(Bell, Masoka, and Zimmerman 2010; Goggins and Howard 2009).

However, while they are often thought about from different vantage points by funders and CSOs, programmatic and financial sustainability cannot be viewed entirely separately. “It’s not enough to have a high-impact program if there is no effective strategy for sustaining the organization financially. And neither is it enough to be financially stable: we build our organizations for impact, not for financial stability” (Bell, Masoka, and Zimmerman 2010, p. 3).

Network Building

Social impact networks can be thought of as being “comprised of relatively autonomous actors, who are either pursuing individual goals within a shared system or working in concert to address complex social problems” (Muoio, Rimland, and Terry 2015, p. 9). The benefits of a networked approach to social impact is well documented (see for example: Galaskiewicz and Bielefeld 1998; Hanleybrown, Kania, and Kramer 2012; Kania and Kramer 2011; Fine and Jacobs 2014; Fine and Kanter 2010; Muoio, Rimland, and Terry 2015; Plastrik Taylor and Cleveland 2014; Waddell 2011).

There is some evidence to suggest funders may be uniquely positioned to facilitate and support social impact networks (Bartczak 2014; Bigham, Karmali, and Rundle 2016; Fine and Jacobs 2014; Muoio, Rimland, and Terry 2015) and that funders’ support to networks and movements can strengthen financial sustainability of organizations within the network (or the network itself). For example, funders can lend legitimacy to organizations within the network, attracting additional funding from other donors. This is especially important for organizations that are part of new or expanding networks and that are not already connected to funders outside their existing networks (De Vita, Fleming, and Twombly 2002, p. 22; Muoio, Rimland, and Terry 2015, p. 56; Searce 2011, p. 8).

Funders can strengthen CSO financial sustainability through non-financial support to networks and movements.

They can use their convening power and central position within the social sector to attract attention and support to member organizations’ work, to facilitate peer learning, knowledge sharing, collaboration and joint fundraising, and to build relationships and trust within and between networks, thereby growing organizations’ social capital and improving their financial sustainability (Bartczak 2014; Burd and Kotloff 2012, p. 3; Grantmakers for Effective Organizations 2013a, p. 27; 2013b p. 12; Little and Weiss 2008, p. 21; Muoio, Rimland, and Terry 2015, p. 33).

It is important to note that funders’ support for network building is less likely to have the beneficial effects mentioned above if funders exert too much control over the network, steering it in a direction that primarily serves their own interests (Easterling 2013; Grantmakers for Effective Organizations 2013b p. 5; Kania, Hamilton, and Senge 2015; Pastor, Rosner, and Ito 2011; Ryan 2014).

General Support

General support, for the purposes of this research, refers broadly to unrestricted funding as well as core support for the day-to-day operating costs of an organization or to further its general purpose.⁸

One of the main barriers to financial sustainability for CSOs is their inability to cover core operating costs, such as rent, staff salaries, equipment, and training due to their reliance on short-term project-based funding.

When donors award general support grants to CSOs to cover core costs, in particular when that support is combined with long-term support, this provides the stability CSOs need for sound financial management and planning, as well as the flexibility to innovate, be nimble and responsive to local community needs - all of which are necessary components of financial sustainability. These beneficial effects

of providing general support over time are well documented (see for example: Bartczak and Woodwell 2008; Buechel and Handy 2007; Burd and Kotloff 2012; Goggins and Howard 2009; Grantmakers for Effective Organizations 2008, 2015a; House and Krehely 2005; McCray 2012).

The number of funders embracing this support strategy remains low, only about 20 percent of grant dollars awarded by US foundations is for general support (Grantmakers for Effective Organizations 2011, p. 5; Woodwell and Bartczak 2008, p. 2), despite the fact that donors are aware that providing long-term general support is a more sustainable funding model than short-term project-based funding (Woodwell and Bartczak 2008; House and Krehely 2005; Weingart Foundation 2012). The reasons for this vary and general support is still a subject of debate among funders. Some funders cite the difficulty of measuring the impact of general support grants, risk of donor dependency, or the need for competition (House and Krehely 2005).

Funders consistently underestimate the true cost of impact, leading to a vicious cycle where nonprofits underreport or underinvest in their core operations, further feeding funders' unrealistic expectations

(Goggins and Howard 2009).

Additionally, funders do not necessarily weigh the choice to award general support in either-or terms. For example, funders disagree on the extent to which general support should be coupled with targeted support for capacity-building to ensure that funds are directed toward strengthening the core capacities of the organization (Bokoff and Pond, p. 6).



Flory Kazingufu, Executive Director of Foundation Chirezi poses for a photo outside of the organization's office in Uvira, DRC.
Peace Direct/Megan Renoir

QUANTITATIVE ANALYSIS OF FOUNDATION FUNDING FOR LOCAL CSO FINANCIAL SUSTAINABILITY

The quantitative analysis focused on examining the existing landscape of foundation funding in support of local CSO financial sustainability and identifying correlations between this funding and other factors (e.g., geographic location, issue area focus, and population focus).

Developing the financial sustainability datasets

The three funder strategies identified in the literature – general support, capacity-building, and network-building – served as

the conceptual reference point for identifying grants awarded in support of CSO financial sustainability in each of the six countries included in the study and used to develop search strategies. First, the three strategies from the literature were matched with codes in the Philanthropy Classification System (PCS)⁹ and supplemented with a search for grants containing specified keywords (e.g., “financial sustainability”).¹⁰ The initial datasets generated using this search strategy were then manually reviewed for consistency with the conceptual framework for inclusion in the final set according to instructions laid out in a detailed codebook.¹¹ These reviewed country datasets form the basis of the analysis on the funding landscape for financial sustainability of CSOs in each country.

ABOUT THE GRANTS DATA

The data for the quantitative analysis are sourced from Foundation Center’s grants database. In January 2018 the database contained more than 8.6 million grant records worth more than \$400 billion. The vast majority of grants in the database - about 97 percent- represent grantmaking of US-based foundations, but increasingly the database includes grantmaking of foundations based outside the United States.

Foundation Center collects grants data through three primary mechanisms:

- Internal Revenue Service (IRS) tax form 990. All US foundations are required to submit this form, which contains information about each grant awarded by the foundation. The majority of the data in Foundation Center’s database are derived from these records.
- Grants reported directly to Foundation Center through the eReporting program.¹²
- Foundations enrolled in this program share data about their grantmaking directly with Foundation Center.
- Publicly available sources. Foundation Center also collects publicly available information about grantmaking, including from open databases and news sources.

All the data are processed and indexed according to the facets and codes in the Philanthropy Classification System (PCS),¹³ which include geographic location or area served by organizations and programs, support strategies, subjects, populations served, organization type, and transaction type. Starting in 2015, all the grants in the database are coded through an automated process with select review by data experts. This process is trained for accuracy with a supervised machine learning model that draws on Foundation Center’s 60 years of experience in manually indexing information about grantmaking. Each grant in the database is assigned all relevant codes, which means one grant can be counted towards support for multiple subjects, populations, or strategies. This simultaneous coding allows for exploration of how funding for subjects, geographies, populations, and strategies intersect.

Data limitations

It should be noted that the amount of available data on grantmaking benefiting the six countries varies, including variation in available data on individual foundations' grantmaking on a year-to-year basis, particularly in the case of local foundations. Rather than limiting the analysis to a small set of foundations for which Foundation Center has comprehensive grants data for each individual year, we chose to look at all available grants in the database benefiting the six countries for the entire time period from 2012 to 2017. This allowed us to broaden the datasets and include perspectives on local grantmaking, but means the data does not support longitudinal analysis, since year-by-year variations may be reflective of differences in data availability rather than funders shifting their priorities.

Set Totals for Financial Sustainability Data by Country, 2012-2017

Country	Financial Sustainability Grants	Total Grants
BiH	89	991
Colombia	164	1,408
DRC	274	2,258
Mexico	586	6,273
Philippines	253	1,837
Uganda	424	3,329
Totals	1,790	16,096

QUALITATIVE INTERVIEWS WITH FUNDERS SUPPORTING CSO FINANCIAL SUSTAINABILITY

To supplement the quantitative data analysis, we conducted semi-structured interviews with 14 staff from 12 grantmaking organizations¹⁴ supporting CSO financial sustainability in the six countries. The purpose of the interviews was to examine funders' approaches to CSO financial sustainability and identify potential lessons for other stakeholders in the funding ecosystem. The findings from the interviews supplement and provide context for the key findings from the quantitative analysis and QCA and were used to develop four case studies on private funders' approaches to

CSO financial sustainability.¹⁵ These case studies include a mix of country-specific and overarching reflections from funders, some of whom support local organizations in multiple countries of interest to this project.

Interviewees were chosen based on the following criteria:

- Demonstrated commitment to supporting and funding CSO financial sustainability, through grantmaking and capacity-building initiatives specifically targeting financial sustainability or support for broader organizational and movement sustainability, either documented in existing research or based on findings from the grants data collected for this study.
- Representation across geography, issue area focus, and donor strategy.
- Mix of international funders and local funders engaged in supporting local organizations to become more sustainable in the countries of interest.

Interview questions were focused on four main areas of inquiry: 1) funders' overall theory of change about how their support can contribute to the sustainability of local organizations; 2) specific funder strategies and approaches used to strengthen financial sustainability of local organizations; 3) external and internal challenges and barriers to supporting the financial sustainability of local organizations, and how funders have sought to address them; and 4) how funders are assessing the impact of their support for local organizations' sustainability. The areas of inquiry were sourced from insights from the literature, feedback from the FFS Advisory Board, as well as questions and discussions generated in key fora focused on funding local organizations, including meetings convened by CIVICUS, Ariadne, Human Rights Funders Network, and Peace Direct.

FINDINGS

1 JUST 5 PERCENT OF TOTAL FOUNDATION FUNDING FOR ALL SIX COUNTRIES INCLUDED IN THE STUDY MET THE RESEARCH CRITERIA FOR CSO FINANCIAL SUSTAINABILITY.

How prevalent is foundation funding for financial sustainability of local CSOs?

Across the six countries included in the research, we identified 1,790 grants awarded by 148 funders, totalling \$115.8 million in support of financial sustainability. These

grants represented about 5 percent of overall grantmaking awarded to benefit these countries during the same time period. This proportion ranged from 3 percent of funding for Uganda and Philippines to almost 25 percent of funding for BiH.¹⁶ Given how broad the inclusion criteria were – all general support grants to local organizations, as well as all grants coded for network building, leadership development, and capacity-building or containing relevant search terms where the grant clearly benefited the financial sustainability of a local CSO – this low percentage demonstrates an overall lack of investment by foundations in the long-term sustainability of local organizations.

Set Totals for Financial Sustainability Data by Country, 2012-2017

Country	Total Amount for Financial Sustainability	Total Amount Overall	% (Financial Sustainability as a proportion of Overall)
BiH	12,353,836	37,390,040	24.8
Colombia	14,448,072	214,072,998	6.3
DRC	9,899,382	260,245,587	3.7
Mexico	46,454,016	823,941,436	5.3
Philippines	10,106,965	303,145,579	3.2
Uganda	22,504,758	677,192,515	3.2
Totals	\$115,767,029	\$2,315,988,155	4.8

Women in the village of Mavivi at a micro-finance meeting. North Kivu, Democratic Republic of Congo. Peace Direct/Greg Funnell

2 FUNDERS TEND TO LOOK AT CSO FINANCIAL SUSTAINABILITY AS PART OF BROADER FRAMEWORK OF ORGANIZATIONAL OR MOVEMENT SUSTAINABILITY. THIS ALLOWS CSOS TO IDENTIFY AND WORK ON A RANGE OF ISSUES THAT CONTRIBUTE TO THEIR SUSTAINABILITY, BUT FUNDERS ACKNOWLEDGED THAT THEY THEMSELVES LACK EXPERTISE AND INTENTIONAL STRATEGIES FOR WORKING WITH CSOS ON FINANCIAL SUSTAINABILITY MORE SPECIFICALLY.

How do funders think about financial sustainability of local CSOs?

Of the funders making grants meeting the criteria to support financial sustainability, 30 percent (44 of the 148) awarded just one grant meeting the criteria. This indicates that many of the funders in the dataset may not necessarily have an intentional programmatic strategy around supporting the financial sustainability of local CSOs, but rather happen to have made a one-off grant that met the criteria. Additionally, only ten grants out the 1,790 meeting financial sustainability criteria explicitly included the term “financial sustainability” in the grant description.

Interviewees affirmed this broader view of financial sustainability, emphasizing the importance of supporting and working with local CSOs on other key components of organizational development without which financial sustainability is unlikely. This includes development of 2nd tier leadership so that if a leader leaves, the organization doesn’t collapse, governance, and - particularly for organizations doing rights-based work in challenging political environments - making sure that safety and security mechanisms are in place and are adequately supported with financial and human resources.

Support for the development of CSOs’ monitoring and evaluation capacity was also flagged as important since, according to those interviewed, organizations’ ability to attract resources in part depends on their ability to demonstrate how their work is supporting change.

This holistic view of sustainability means that there is not a dominant theory of change that guides how funders support the financial sustainability of their grantees, and that financial sustainability is more often thought of as a by-product of broader capacity-building efforts than as an outcome in and of itself. However, this approach has the benefit of enabling local groups to identify and work on a broad range of issues that contribute to their sustainability, such as strategic planning, monitoring, evaluation and learning, leadership development, safety and security, governance, financial management and fundraising.

Wolf Sinza (center), Executive Director of Virunga Yetu, stands with his staff outside of their office in Goma, Democratic Republic of Congo.
Peace Direct/Megan Renoir



At the same time, some funders have acknowledged a need to work more intentionally with CSOs directly on their financial sustainability strategies, particularly in contexts where local philanthropy remains limited, or where external funding may have a short-term time horizon. Some funders noted that until recently, their own program staff did not have the experience and skills to assess the financial health of their grantees, and were not expected to do so. This has shifted, through these funders' commitment to providing financial training for staff and an explicit expectation that they be able to have ongoing conversations with their grantees about financial health and sustainability.

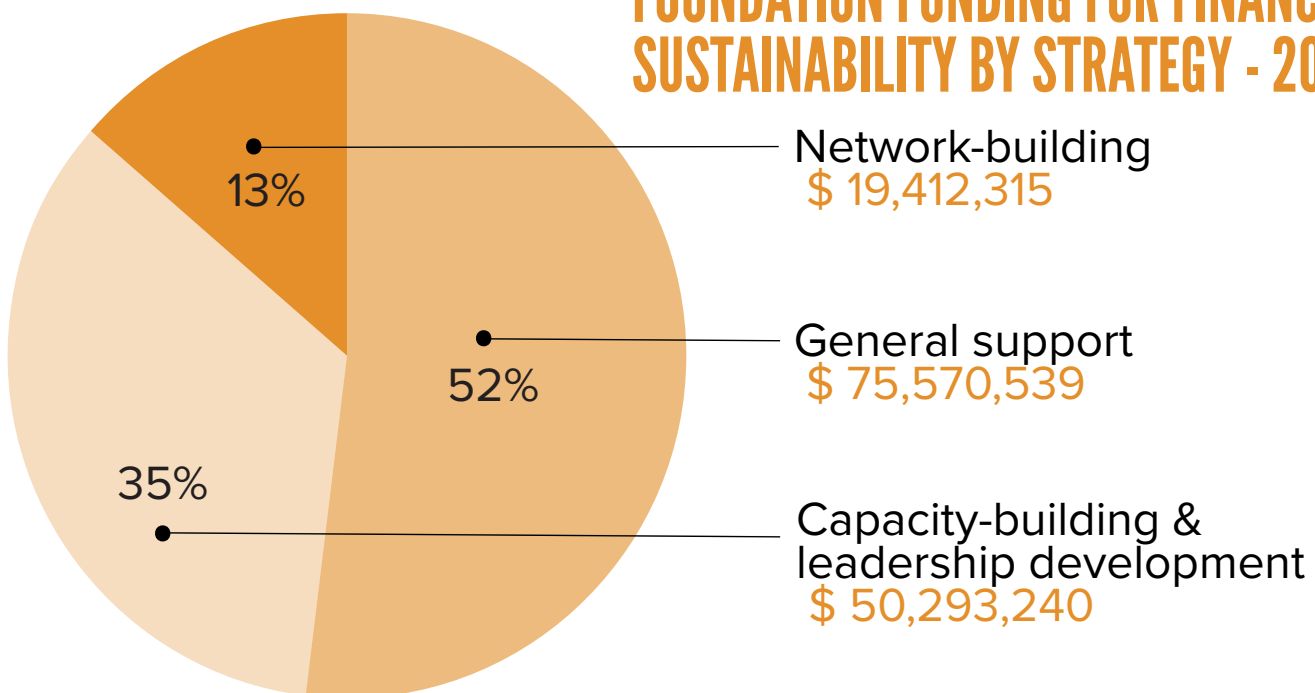
How do different funder strategies to support financial sustainability compare in the dataset?

The grants data analysis considers three funding strategies in support of CSO financial sustainability: general support,¹⁷ capacity-building and leadership development, and network-building. General support stands apart as distinct from the other two strategies in terms of the mechanism

by which funders support financial sustainability of CSOs. While seemingly lacking in intentionality where CSO financial sustainability is concerned, general support grantmaking provides the flexibility for organizations to themselves determine where funds can best be applied to improve sustainability. Such funding can be used to support capacity-building and network-building activities that have an explicit focus on financial sustainability, or it could be used to cover core costs or bolster programming – actions whose effect on the organization's sustainability may be less direct but, arguably, no less consequential.

In some sense, network-building may be considered a subset of broader capacity-building, although funders' support for network-building tends to be rooted in an aspiration to support an ecosystem of CSOs or social movements, while capacity-building work is often more targeted at the organizational level. Reflecting the language that funders themselves use in discussing their approaches, the analysis considers funding for capacity-building and network building separately from general support.

FOUNDATION FUNDING FOR FINANCIAL SUSTAINABILITY BY STRATEGY - 2011-2017



3 FUNDERS EMPHASIZED THE IMPORTANCE OF MULTI-YEAR UNRESTRICTED FUNDING AS A STRATEGY TO IMPROVE CSO FINANCIAL SUSTAINABILITY. HOWEVER, GENERAL SUPPORT GRANTS TO LOCAL CSOS ONLY ACCOUNT FOR THREE PERCENT OF THE OVERALL FUNDING FOR THE SIX COUNTRIES, AND JUST 11 PERCENT OF THIS UNRESTRICTED FUNDING WAS FOR MORE THAN ONE YEAR.

Of the three strategies, grantmaking awarded as general support directly to local CSOs accounted for a substantial majority of financial sustainability funding, representing 67 percent of total dollars for financial sustainability, followed by capacity-building and leadership development (45 percent), and network building (17 percent). Grants may be counted toward more than one strategy, thereby accounting for instances where funders combine support strategies, for example capacity-building in combination with general support.

All funders emphasized the importance of providing, and in the case of local grantmaking organizations, receiving, flexible or unrestricted funding to improve organizations' financial sustainability. In particular, many noted the importance of providing unrestricted funding as guaranteed multi-year support. Our analysis considers all general support grants to local CSOs as financial sustainability grantmaking, and the data clearly shows that this is the most widespread strategy among grantmakers who support CSO financial sustainability, representing two-thirds of the dataset.

In comparison, these general support grants to local CSOs only account for 3 percent of the overall funding for the six countries included in the study, illustrating the continued reluctance among grantmakers to award unrestricted funding, despite the well-documented benefits of this approach. While financial sustainability funders do award a much greater proportion of their funding as general support, only 11 percent of general support grants in the data set were awarded for more than one year.¹⁸ Whereas there may still be a gap between rhetoric and practice in

terms of awarding general support grants, this gap appears to be even wider where multi-year support is concerned, even among those funders who do award a substantial amount of general support grants.

Even among the interviewed funders who recognize the value of and award general support grants at a much higher rate than most funders, different perspectives were offered on the degree to which unrestricted support should be combined with more targeted funding. Some funders are very intentional about exclusively awarding general support grants, arguing that the CSOs themselves are best positioned to assess how a grant can best be allocated to directly, or indirectly, support their financial sustainability. In certain cases, for example, it may make sense for the CSO to focus on developing programs as part of a longer term sustainability strategy and doesn't serve the organization well to place any type of restriction on the funding.

Other funders indicated that CSOs looked to them for guidance on how to build their capacity and may actually prefer a more narrowly focused grant providing support for strategic planning or financial management training, for example. In many cases, funders award general support coupled with different kinds of organizational capacity-building. This can take the form of a separate organizational development grant, access to external consultants and training, peer learning and exchange, and/or on-going support by funder staff to identify and work on specific organizational priorities.

Funders focused on movement sustainability emphasize that providing support for donors, civil society organizations, and/or individuals to come together in informal or formal



KEY TAKEAWAY

When considering unrestricted funding, the time period of the grant can be an important driver of the grantee's ability to use the funding to improve its sustainability.

networks can strengthen CSOs' financial sustainability. This is done in a variety of ways: through grants to networks, grants to individuals or organizations to enable their participation in networks, connections and access to particular spaces or networks that funders may broker for organizations, and convenings that funders organize for groups of organizations that they support.

While funders typically did not specify the exact mechanisms by which support for network-building brings about financial sustainability at the organizational level, they expressed the belief that participation in networks contributes to the resilience of organizations and movements by providing opportunities for shared knowledge and resources and that CSOs' financial sustainability prospects may be strengthened through this process.

One funder noted, for example, “the more networked an organization is, the more access to funding they have [...] even if that is not the original purpose for bringing them together, it becomes one. That is the way the funders work: they always talk to who they know first and then if who they know, knows somebody else, then they are the next ones to benefit.”¹⁹

This perspective was generally also reflected in interviews with CSO representatives, who stressed the ways in which participation in networks helps them fill technical capacity gaps and expand their connections to potential funders. However, in some cases, CSO representatives also cautioned that network organizations themselves require resources, which can sometimes lead to competition for funding with the very CSOs they are meant to be supporting, and so funders should consult with CSOs to understand the local or sector dynamics before forming a new network group (see the accompanying report, *Understanding the Drivers of CSO Financial Sustainability*, for a more detailed discussion of these dynamics). For further discussion of network-building as a funder strategy to support CSO financial sustainability, see the case study on page 26, *Women's Funds: Strengthening the sustainability of grassroots women's organizations through accompaniment and support for shared learning and collaboration*.

What about endowments and reserve funds?

Support for local foundations and/or CSOs to develop their own endowment was a strategy we expected to emerge as a central theme of the research, given that most local funders interviewed had endowments that they're seeking to grow – drawing from both international and/or local sources. However, donor support for endowments did not feature prominently in the literature on financial sustainability or in the interviews with international funders, and fewer than one percent of grants that met our financial sustainability criteria mentioned endowments specifically. Additionally, while support for CSOs to build up reserve funds did emerge as an important strategy to strengthen longer term sustainability based on funder interviews, this approach was not prominent in the grants data – possibly because this approach was more likely to be embedded within a grant for general support and not called out more explicitly.

CASE STUDY: FORD FOUNDATION'S BUILD INSTITUTIONS AND NETWORKS (BUILD) INITIATIVE

BUILD is an important component of the Ford Foundation's recent efforts to shift its funding approaches to become more responsive to and supportive of social justice organizations' ability to "innovate, learn, take risks, and develop their work for the long term acknowledging that previous practices – most notably, the use of time-limited project grants - placed major constraints on those organizations' institutional sustainability and ability to create sustainable, change. It is a new effort with a cohort of up to 300 of Ford's key strategic partners globally who, for the most part, are already fairly high performing organizations. Each participating organization receives a **five-year funding commitment that includes 1) unrestricted general support, and 2) core support that is intended specifically for organizational strengthening purposes**. Recognizing that some organizations, accustomed to one year project cycles, may not yet be ready to articulate a longer-term proposal, BUILD offers a "one plus four" modality, in which one year of initial funding is provided for the organization to work on their strategic plan and vision for what they want to achieve in the 5-year period of support, which forms the basis for the other 4 years of funding.



Grantees determine their own plans for organizational strengthening based on their needs, priorities and context, with support from Ford staff and/or external consultants.²⁰ BUILD uses the below framework, highlighting key pillars of organizational strengthening, to guide its conversations with grantees, which continue throughout grant implementation. This ongoing engagement enables Ford grantmakers to learn about the specific needs of individual organizations and adjust or refine their support as needed, as well as understand trends across the cohort of BUILD grantees.

An underlying assumption, which will be explored further through BUILD's learning efforts is that **providing organizations with a sustained mix of unrestricted general support and targeted institutional development funding may be more effective in supporting organizations' resiliency**, adaptability and durability than general support funding alone. As Helena Hofbauer, Director of Ford's Mexico Office, noted, "if you only have general support.... what happens is that in the heat of the moment you may have insufficient money for your programmatic agenda because there are always unforeseen priorities that come up and emergencies to be addressed, that you need to put money into. We want to make sure there is a consistent

effort to focus on institutional health.” Because of limited funding, social justice organizations are often put in the position of choosing between programmatic and institutional development work; BUILD seeks to provide the time, space and resources for groups to do both. For some grantees, this is the first time a funder has taken this sort of approach. As one of the first grantees put it,

“We were surprised. They weren’t as concerned about programmatic aspects, but much more concerned with institutional development...we haven’t had funders like that before.”

-Staff member from the Instituto de Liderazgo Simone de Beauvoir (ILSB)

In the first year of BUILD, grantees have identified many ways in which they will use the dedicated organizational strengthening resources, including, but not limited to, work related to financial sustainability. Approximately 20 percent of current grantees have indicated that they will use some of those resources to create or strengthen a financial reserve, while others focus on strengthening financial management, fundraising strategies, and/or revenue diversification. For example, the ILSB is using about 25 percent of its resources from BUILD to set up a reserve fund, allowing them the ability to pay 6 months of expenses in case of a shock that causes a temporary lack of funding. Some of the financial measures of progress toward organizational sustainability that Ford will consider include: years of operating deficit (not more than one year in deficit within the 5-year period), levels of cash on hand (at least 3-6 months of liquid and restricted net assets), and sources and mix of revenue (recognizing that social justice organizations may have a relatively narrow mix of revenue sources). Grantees are also using their unrestricted general support for sustainability purposes, including making physical infrastructure investments, such as building purchase and paying down debt.

BUILD in the Mexican context:

Given the diversity of geographies, issue areas, types and lifecycle stages of organizations within BUILD, it is not surprising that implementation of the initiative looks different in different contexts. In Mexico, the Ford Foundation office has taken an intentional approach of selecting cohort members based not only individual organizations’ readiness and interest in working on sustainability-related issues (which is an overarching criterion for participation in BUILD), but also from a civil society eco-system perspective. There is a hope and expectation that more institutionally mature organizations can serve as knowledge “hubs”, translating and sharing their organizational development processes with more nascent groups, and that the cohort as a whole can learn from and collaborate with one another in their ongoing work. In the last year, Ford has brought together the BUILD cohort in Mexico twice for this purpose, and will continue to do so annually.

In the Mexican context, where local funding for social justice organizations and their work remains extremely limited, external funding is decreasing due to the

country's upper middle-income status, and the legislative environment for CSOs in general is over-regulated and unpredictable.²¹ Ford – through its grantmaking, convening, and technical support – is helping its BUILD grantees to think about and work on a range of sustainability-related issues, such as:

Clarifying and consolidating human resource structures and systems: In some cases, organizations have never looked systematically at their personnel structures and policies, including staff compensation. They often struggle to comply with legal labor requirements, and typically are not able to offer competitive salaries. Members of the BUILD cohort in Mexico, some of which have budgets exceeding \$1 million USD and large staff complements, are exploring whether there are ways to restructure or clarify what types of systems and policies should be in place to support their core work in the most sustainable way. For example, ILSB is using this technical support and a portion of the unrestricted funding to increase its compensation by 10-30 percent, making the organization much more competitive in attracting talent. In other cases, this involves hard conversations about whether there is alignment between existing staff expertise, size and compensation, and what the organization is actually trying to accomplish in its programmatic work. It includes questions like,

“instead of having ten people on staff, can you have one researcher that is highly skilled. because that will deliver more and reduce some of your compensation expenses?”

-Interview with Monica Aleman, Ford BUILD Initiative

As a funder, Ford is not looking to dictate the answer to these questions, but is supporting the cohort to come together to explore and identify possible approaches.

Identifying “referral mechanisms” within social justice organizing networks: A key part of the cohort approach is providing organizations with the opportunity to identify what they are really good at doing, and what others are doing well, that they do not need to duplicate. BUILD staff encourage organizations to recognize that *“you don’t need to be great at everything. You are great at advocacy, you don’t have to create a shelter. There is someone else that has created a shelter that is also part of this cohort.”*²³

Underpinning this is Ford’s belief that organizations do not necessarily need to grow – with regard to their staffing, budget and/or scope of programmatic work- in order to become more sustainable or relevant. In some cases, they may need strengthen their partnerships and collaboration with other organizations, or discontinue some existing programs to create space to address emerging needs and opportunities in their field, or even become smaller in order to get from “good to great” in their longer-term work.

4 HUMAN RIGHTS FUNDERS ARE THE PRIMARY FUNDERS OF LOCAL CSO FINANCIAL SUSTAINABILITY, ACCOUNTING FOR 69 PERCENT OF FINANCIAL SUSTAINABILITY GRANTMAKING. THE GRANTS DATA AND INTERVIEWS SUGGEST THIS RELATES TO THE FACT THAT HUMAN RIGHTS FUNDERS SUPPORT GROUPS THAT FACE PARTICULAR CHALLENGES IN MOBILIZING RESOURCES.

Which issues and populations receive the most (and least) support for CSO financial sustainability?

There is substantial overlap between human rights and financial sustainability grantmaking. Sixty-nine percent of financial sustainability funding across all six countries was directed toward organizations focused on human rights.²⁴ By contrast, of the total grantmaking for all six countries (including both grants meeting financial sustainability criteria and those that did not), only 26 percent of grants dollars were awarded in support of human rights. Funding for areas more traditionally thought of as service-oriented, received a much smaller proportion of funding in the financial sustainability set when compared to the overall set. For example, 25 percent of overall funding focused on health, while only 14 of financial sustainability funding was



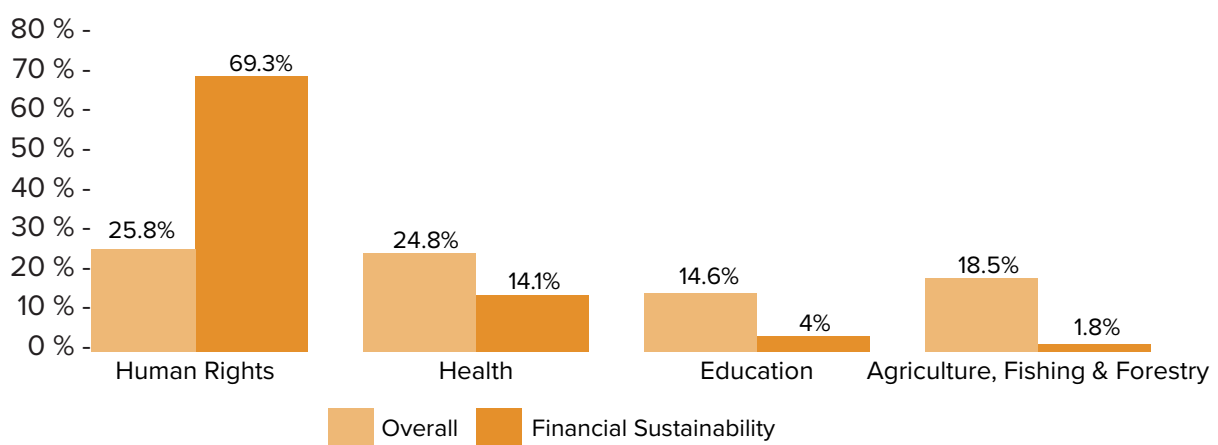
KEY TAKEAWAY

There is a particular gap in financial sustainability funding for service-focused organizations.

health-related. The figures were similarly disparate for education (15% overall, 4% of financial sustainability) and agriculture (19% overall and only 2% of financial sustainability).

Human rights funders tend to support organizations and movements that face particular challenges and constraints in mobilizing resources from government, the private sector, and individual donors – a concern that was raised by several of the funders interviewed. In contrast, organizations focused on service provision in areas such as health and education are seen as more likely and able to secure government funding, private sector partnerships, and individual donors' support, and better positioned to develop alternative revenue streams through social enterprises or the provision of income-generating services. This theme was also reflected in the analysis of interviews with CSOs (covered in the accompanying reports, *Understanding the Drivers of CSO Financial Sustainability* and *Facilitating Financial Sustainability Research Synthesis*). A number of the CSOs working in human rights and advocacy had received targeted funding for sustainability; for example, the Foundation for Human Rights Initiative in Uganda received support from donors to help purchase land and build an office to give them a permanent presence.

PROPORTION OF FOUNDATION FUNDING BY SELECT SUBJECT FOCUS 2012-2017



Despite the growing popularity of social enterprise models as a means to reduce donor dependence, funders expressed reservations about supporting local organizations to develop social enterprises as an effective financial sustainability strategy.

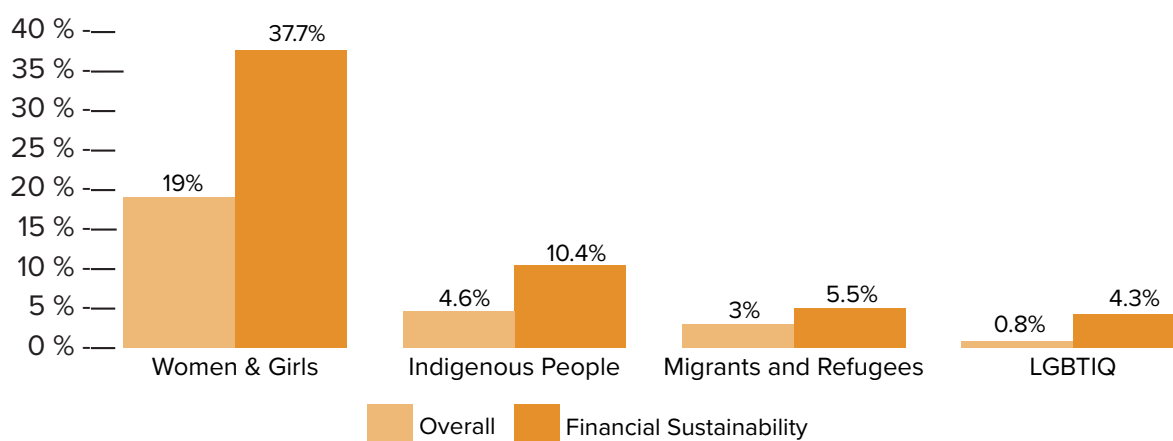
The effort and skills needed to run businesses are often not commensurate with the potential added value or benefit of such work, particularly for human rights advocacy groups. However, this widely-shared view was tempered examples where, under certain conditions, social enterprise had been an effective strategy, even for those working in the human rights space. As one funder noted, “One thing I’ve seen work which is interesting is when organizations get property from the State and then rent space to other organizations or small businesses. I have also seen organizations get private donations of property with which they create non-profit centers and rent to other organizations. That’s one of the best earned income strategies I have seen in the social justice arena where it doesn’t lead to mission drift and can even lead to increased collaboration among organizations. The organizations in this case are not making t-shirts or selling community services that often don’t reap enough profit to recoup investments.

Creating complicated small businesses can, over time, really dilute and divert an organization’s core mission and in the worst-case scenario, can leave the organization less “sustainable” than they were before the earned income work was developed.”²⁵

This tendency was also clear in the interviews with CSO representatives. CSOs involved in core activities involving some form of service provision were much more likely to develop successful social enterprise models; for example, the Fundación por la Educación Multidimensional in Colombia empowers indigenous communities by supporting, training, and investing in indigenous-owned businesses. These investments generate returns, but are also fully integrated into the organization’s mission, thus avoiding the mission drift risk to a human rights-focused group that develops a social enterprise model somewhat distinct from its core activities.

Some funders interviewed noted that the population or issue focus of organizations’ work also makes a difference for their ability to attract funding from diverse sources, including from local grantmakers and individual donors. There was a prevailing belief that a CSO delivering general health or education services, for example, or engaged in advocacy around children’s rights would have an easier time than an organization doing mobilization and advocacy work with sex worker, LGBTIQ or migrant communities. As one funder working in Mexico observed, “[All] of the networks and structures [in the country] that are trying to promote local philanthropy are focusing very much on what we call humanitarian work. They

PROPORTION OF FOUNDATION FUNDING BY SELECT POPULATION FOCUS 2012-2017





Mariam Barandia (second from left), Executive Director of Kapamagogopa Inc., stands with staff and volunteers. Iligan City, Philippines
Peace Direct/Megan Renoir

are not focusing on LGBT rights or abortion rights, or the rights of indigenous communities. It may be 'Let's get food and housing to indigenous communities'. But we don't want to just get food and housing to indigenous communities, we want them to be empowered to play an active role in the decisions that will affect them.”²⁶

In this way, those funders working to promote structural change for marginalized groups see their support for the long-term sustainability of related organizations and movements as central to the fulfilment of these broader goals.

Findings from the grants data analysis show that the population focus of financial sustainability funding does differ from that of the overall grantmaking.

For example, a significantly higher proportion of financial sustainability funding was targeted specifically at women and girls than the overall funding. Nineteen percent of the total funding for the six countries was targeted at women and girls, compared to 38 percent of funding meeting financial sustainability criteria. Similarly, support targeting LGBTIQ populations accounted for 4 percent of financial sustainability grantmaking compared to 1 percent of total grantmaking across all six countries. Support for migrants and refugees also made up a higher percentage of financial sustainability grants than the total grantmaking (6% compared to 3%). Grants intended to benefit indigenous populations also exhibited a similar shift: only 5 percent of overall grantmaking identified indigenous people as the population served, but funding for this group accounted for 10 percent of funding for financial sustainability.

CASE STUDY: WOMEN'S FUNDS: STRENGTHENING THE SUSTAINABILITY PROSPECTS OF GRASSROOTS WOMEN'S GROUPS THROUGH ACCOMPANIMENT AND SUPPORT FOR SHARED LEARNING AND COLLABORATION ²⁷

Thirty-eight percent of funding for CSO financial sustainability is targeted specifically at groups working with women and girls, compared to just 19 percent of the overall funding for the six countries included in the study. Women's funds – philanthropic organizations that support grassroots women's, girls', and trans organizations and movements, and mobilize resources for and with them - were also represented among the top financial sustainability funders in all six countries. What about women's funds makes them more likely to support local CSO financial sustainability, and what can other funders learn from their sustainability-related grantmaking strategies?

As with most of the private funders interviewed for this project, international, regional and country-based funders of women's rights look at financial sustainability within the broader context of organizational and movement sustainability at the local, national, regional and international levels. As part of that vision, and recognizing the chronic under-resourcing of the women's movement globally, donors like Mama Cash, Global Fund for Women, Fondo Semillas in Mexico, Fondo Lunaria in Colombia, and Fonds pour les Femmes Congolaises (FFC) in the Democratic Republic of Congo (DRC), have sought to increase grassroots women's groups' capacity to access, manage and mobilize additional resources for their work. They have done so through grantmaking, capacity- and network-building strategies that take different forms in different contexts.

In all cases, those strategies are grounded in a commitment to funder “accompaniment”. Although not explicitly or extensively defined in philanthropic literature,²⁸ accompaniment as embodied in the work and approach of women's funds is an overarching way of thinking about the funder role in supporting local groups that:

- emphasizes the primacy of grantees' own knowledge and experience in determining their organizational and programmatic priorities, rather than a donor-driven capacity-building agenda;
- acknowledges the long-term and often non-linear nature of the journey that grantees are taking as they work toward structural social change, and thus prioritizes the provision of flexible core support; and
- recognizes the value of providing opportunity for shared learning and collaboration within and across movements.

Local women's funds are uniquely well placed to do all of the above, because they are situated within the movements they support at the country and regional level, and can serve as a bridge between grassroots organizations and other funders who may not have the capacity or interest in providing direct support to smaller or less institutionally mature groups. Examples of strategies that are meant to support local organizations' sustainability and/or broader movement sustainability include the following:

Seed grants to nascent groups

In the DRC, FFC has supported women's groups with small grants ranging from \$5-10,000, coupled with training and ongoing organizational support on issues like financial management, that has enabled some of them to graduate to larger funders over time. One grantee, an organization that supports the establishment of small businesses for women in villages, after having received this type of support from FFC for a few years, has now successfully mobilized \$200,000 from the United Nations

Development Fund for Women to scale up their work. In Colombia, Fondo Lunaria provides first-time funding to groups of young women, as well as capacity building in how to manage these resources, since in their experience, “money attracts money.” In Mexico, Fondo Semillas has also provided seed grants averaging \$10,000 and accompaniment support to grassroots women’s groups, but over time has come to see that this will not always lead to groups being able to access other funders. Recognizing that some groups will need longer term support, Fondo Semillas has removed restrictions on the number of times an organization can receive a grant, even as they continue to assist them in trying to diversify their funding sources.

Support for networks, partnerships and shared resources

The accompaniment and bridging role that local women’s funds play does not end when the grassroots groups they support receive funding from other donors. The partnership may evolve in ways that extend beyond the individual donor-grantee relationship. Fondo Lunaria, for example, has supported over time a young women’s organization based in Bogota that uses photography, video and art to strengthen peace-building, activism and social change. Fondo Lunaria’s support enabled the organization to start working with young women in indigenous communities to use these tools, and demonstrate their capacity and expertise to other donors, who now provide them with funding. While Fondo Lunaria no longer funds the organization, they continue to partner together in approaching other donors to ensure that this work continues. Women’s funds also support networks of women’s groups and other allied groups working together in the belief that this will strengthen the effectiveness and sustainability of the movement as a whole. In Mexico, Fondo Semillas has started to make grants to “mid-level” organizations that can provide resources, networking and knowledge to the smaller groups. A more developed reproductive rights organization, for example, has been funded to help small groups working in the same field to develop organizational security protocols. Another organization working on legal advocacy related to women migrants has been funded to bring together different groups to meet with migration agencies. While this grant making is not explicitly focused on financial sustainability of individual organizations, it reflects women’s funds’ belief that “sustainability is not just about financial resources, but the knowledge and connections that are shared across groups”.²⁹ This is consistent with findings from interviews with local groups which suggest that leveraging of social capital (relationships with other organizations, non-financial support from community members or partners, etc.) is an important contributor to their longer-term sustainability.

Cultivating diverse and sustainable leadership

In Colombia, Fondo Lunaria has focused considerable attention on management and leadership skills for young women-led groups. They work to build these groups’ organizational capacity, but recognize also that “it is a little like biology: young women’s organizations change, and mutate. We know that a young woman will not always be in (a particular) group. It could be that in two months it’s another group, but if she can bring what she has learned, it’s very important”.³⁰ In the DRC, FFC has similarly recognized the mutability of leadership, and the importance of funder strategies to support capacity that may move among organizations. Each training opportunity they provide to grantees, whether on financial management or other topics, is offered to 2 or 3 people within the organization, not just the individual leader. Funder interviews suggest that both approaches can contribute to the resiliency of individual organizations and the movement as a whole, and help mitigate the sustainability risks commonly associated with leadership transitions within CSOs.

Who are the prominent funders across the dataset?

All of the top ten funders for financial sustainability were based in North America or Western Europe, and seven of the top ten funders for financial sustainability were based in the U.S. This representation in part reflects the relative availability of grants data from U.S. funders who are required to make their funding decisions publicly available via tax reporting. Together, financial sustainability grantmaking awarded by the top ten funders represented 65 percent of total grant dollars in the set. Importantly, while these funders account for the majority of the funding in the financial sustainability set, the grants analysis and interviews revealed that local grantmakers and local CSOs that provide support to other civil society actors are critical to strengthening the long-term financial sustainability of local CSOs.³¹

Of the 148 funders that awarded at least one grant meeting financial sustainability criteria, Switzerland-based Oak Foundation ranked as the top funder, awarding \$15.6 million across 24 grants for three of the six countries studied: BiH, DRC, and Mexico. The majority of these grants fall within Oak's Issues Affecting Women Program,³² specifically one of the program's two core pillars: promoting movement building through women's funds. These are large



KEY TAKEAWAY:

Current funding for financial sustainability is highly concentrated among a few funders. These funders can offer lessons for others interested in learning how better to incorporate sustainability into grantmaking.

grants that take the form of general support to local grassroots women's organizations and networks, as well as support to local women's funds to develop their own financial sustainability and capacity to support other local women's rights organizations.³³

The Fund for Global Human Rights ranked third by amount of funding and awarded the most grants meeting financial sustainability criteria (359). The Fund's stated approach is to award unrestricted grants to local human rights organizations across the globe, so it is not surprising that they rise to the top given that all general support grants to local organizations in any of the six countries were considered financial sustainability grants for the purpose of our analysis.

Top Funders of Financial Sustainability by Amount Awarded 2012 - 2017

	Funding by Amount (USD)
Oak Foundation	15,649,380
William and Flora Hewlett Foundation	11,660,120
Fund For Global Human Rights	10,542,495
Ford Foundation	9,379,325
Sigrid Rausing Trust	6,171,835
Coca-Cola Foundation	5,145,000
Charles Stewart Mott Foundation	4,920,000
American Jewish World Service	4,188,490
MasterCard Foundation	3,894,308
Global Fund for Women	3,778,106

Top Funders of Financial Sustainability by No. of Grants Awarded 2012 - 2017

	Number of Grants
Fund For Global Human Rights	359
Global Greengrants Fund	274
Global Fund for Women	219
American Jewish World Service	65
Sigrid Rausing Trust	53
Segal Family Foundation	51
International Community Foundation	49
Charles Stewart Mott Foundation	38
Ford Foundation	35
Disability Rights Fund	27

5 A KEY MECHANISM BY WHICH FUNDERS SUPPORT FINANCIAL SUSTAINABILITY IS THROUGH INTERMEDIARY ORGANIZATIONS – I.E. ORGANIZATIONS THAT RE-GRANT FUNDS OR PROVIDE DIRECT SUPPORT TO OTHER CSOS. YET, THESE ORGANIZATIONS INDICATED THAT THEIR ABILITY TO SUPPORT THE LOCAL CSO ECOSYSTEM IS CONSTRAINED BY INSUFFICIENT INVESTMENT IN THEIR OWN ORGANIZATIONAL DEVELOPMENT.

How “local” is funding for CSO financial sustainability?

Central to the framing of CSO financial sustainability is the concept of local ownership. Increasingly, international funders recognize that effectively supporting financial sustainability of local CSOs depends on the existence of a strong CSO ecosystem and partnerships with well-connected strategically placed organizations familiar with the local landscape – i.e., so-called local intermediary organizations.

By local intermediaries we mean to describe organizations that are based in a particular country or region of interest and receive grants to support other organizations or networks in that country or region. They may be grantmakers themselves, re-granting funds received from other donors to local CSOs, or they may carry out this work as part of their own program or as a provider of technical assistance or capacity-building. Or, they may combine re-granting with other types of support or programming.

While the grants analysis and interviews highlighted the particular centrality of local intermediaries in facilitating financial sustainability, we also found that international intermediaries play an important role. As with local intermediaries they are sometimes grantmakers that receive funding which is then re-granted as direct support to local organizations, while in other cases they are providing direct support to local organizations’

financial sustainability through capacity-building or technical support. International intermediaries, such as a regranting fund like the Global Fund for Human Rights (see example below), may differ from local intermediaries in their connection to and knowledge of the local context, but nevertheless play an important role as connectors and facilitators.

While “intermediary” is a contested term that is challenged as being reductive and overly focused on the value that these central actors hold for donors (particularly as applied to organizations based in the local context), by using it, we do not mean to diminish their agency or power. We recognize that the influence of these organizations is derived both from their local knowledge and connection to international networks, which means they are uniquely qualified and strategically placed to attract international funding, re-grant or directly connect local organizations to donors, and provide a range of critical capacity-building support to other local organizations, including in the area of financial sustainability.

The grants data and interview findings demonstrate the central role of local and international intermediary organizations – both those re-granting funds, as well as intermediaries carrying out their own programs to support the financial sustainability of other local CSOs. Based on review of the grants data, approximately 19 percent of total funding for financial sustainability was awarded via either local or international intermediary organizations. In many cases, based on a reading of the grant description, it was not clear whether the intermediary organization was supporting the financial sustainability of a third organization through re-granting or by providing support through their own programmatic work or technical assistance. This suggests an area for potential further research into the relative effectiveness of different ways that local intermediaries are engaged to support other local organizations’ financial sustainability.

In a number of cases, local organizations who we know to have grantmaking capacity appeared at or near the top of the list as recipients of grants for financial sustainability. Examples include Trag Foundation based in Serbia (but working across the Balkans,

HOW TO THINK ABOUT INTERMEDIARIES: LOCAL AND INTERNATIONAL

What is the means by which they are supporting the financial sustainability of local CSOs?

**Where is the intermediary based?
(Intermediary appears in bold)**

	Re-granting	Programs/Technical Assistance
Local	A grant from Mama Cash (Netherlands) to Fondo Lunaria Mujer (Colombia) to support groups of young women engaged in peace-building in Colombia to expand their work and strengthen their organizational capacities, particularly in the area of fundraising.	From W.K. Kellogg Foundation (United States) to Fortalece Legal, A.C. (Mexico) to strengthen civil society organizations legal and administrative structure in the Highlands of Chiapas, Mexico, by advising and providing professional support.
Non-Local	A grant from the Channel Foundation (United States) to the Global Fund for Human Rights (United States) to support grants and facilitate technical assistance to organizations engaged in promoting women's human rights and leadership in Sub-Saharan Africa, including Uganda.	A grant from American Jewish World Service (United States) to Mango (United Kingdom) for training in basic financial management and financial sustainability for seven grantees in the Democratic Republic of Congo.

including in BiH), Mozaik Community Development Foundation, and Tuzla Foundation (both in BiH), Urgent Action Fund – Latin America and Fondo Lunaria Mujer (in Colombia), Fonds pour les Femmes Congolaises (the number one recipient of financial sustainability grants in DRC, based on our data) Fondo Semillas (in Mexico), and UHA: East African Sexual Health and Rights Initiative (based in Kenya, but working across East Africa, including in Uganda). These cases are particularly interesting because in some instances, they received grants to strengthen their own financial sustainability while in other cases, the funding was intended for them to act as facilitators or re-granters, in order to strengthen financial sustainability among other local CSOs.

Regardless of the mechanism of support, local intermediary organizations play a central role in supporting the financial sustainability of other local CSOs and the sustainability of local civil society more broadly.

Local funders interviewed for this project all play important intermediary roles by connecting international and local networks and funding systems while also being uniquely positioned and qualified to mobilize funding, and provide technical support and capacity-building to other local organizations. Additionally, these local intermediary organizations play a key role in advocating for policy change to improve the enabling environment for philanthropy in their respective countries and/or regions.

These local funders all cited the importance of a few key international funders who provided them with flexible, multi-year support. At the same time, they all emphasized ongoing challenges in obtaining unrestricted funding from both local and external sources. In particular they noted that their ability to support other local organizations' long-term sustainability remains constrained by insufficient investment of external funders in support of their own financial sustainability.

How does the grantmaking process itself, including the level of grantee participation and decision-making power throughout the process, affect financial sustainability?

Funders interviewed have different ways of structuring their grantmaking and capacity-building support to local organizations based on their own institutional capacity, priorities and constraints, and the contexts in which they are operating. All of the funders interviewed highlighted the centrality of a partnership ethos in contributing to the longer-term sustainability and effectiveness of the organizations and movements they support.

Funders using a participatory grantmaking approach highlighted how peer-led grant review and decision-making can help them make better funding decisions and contribute to the sustainability prospects of local groups, even in those cases where organizations do not end up receiving funding from them. For example, UHA - the East African Sexual Health and Rights Initiative - noted that as part of its peer grants program, activists engage in capacity-building of applicant organizations by discussing with them whether their budgets adequately reflect their operating costs, how they might share resources across organizations, and in some cases, whether they might be more sustainable by working as a program within a pre-existing institution rather than investing in a completely new structure for which there might not be resources down the road.

At the same time, there may be some sustainability related trade-offs between participatory grantmaking processes and financial sustainability of individual organizations. On the one hand, participatory approaches introduce a greater degree of equity and local ownership into the grantmaking process, and mitigate against the common donor pitfall of concentrating resources in the hands of a small group of organizations who become “funder favorites”. On the other hand, it may mean that there is less inclination to provide multiple grants to CSOs to strengthen their financial sustainability over time. One way to deal with this may be to have multiple, but complementary grantmaking approaches. UHA, for example, has an institutional grants program in addition to the peer grants described above, through which it provides “targeted, non-competitive grants that establish partnerships with institutions in support of work that is larger in context and impact than would be possible through the Peer Grants process”.³⁴

CASE STUDY: BUILDING THE INFRASTRUCTURE OF LOCAL PHILANTHROPY IN BOSNIA

Although there is significantly less international funder presence in the Western Balkans now than in the immediate post-conflict and reconstruction period in the late 90s and early 2000s, civil society organizations (CSOs) in BiH still rely heavily on external donor support.³⁵ Recognizing the challenges of this dynamic, regional, national and locally-based grant making organizations have been working to create a more robust culture and infrastructure of local philanthropy to address sustainability-related concerns. They include the Trag Foundation, which is based in Serbia but works regionally, and is currently supporting Bosnian groups addressing violence against women; Mozaik, a Bosnian funder working nationally to support youth social entrepreneurship with plans to expand its work regionally; and the Tuzla Community Foundation, which supports a range of locally driven projects in its region of Bosnia. These locally-based organizations with grantmaking capacity play a unique role that blurs the traditional dichotomy between “funder” and “recipient CSO”. As described below, they are utilizing a mix of strategies and approaches to encourage greater financial sustainability for work carried out by organizations and individuals in their own communities, taking into account emerging opportunities and ongoing challenges in the country and the region more generally. At the same time, with funding from international and local sources, these organizations are planning for their own long-term future as grantmakers to support philanthropy development in general, as well as in the issue areas that they work on in partnership with local organizations they support.

“The first thing that really needs to happen is a change of mindset. What is usually the case is that organizations have doubts that anybody wants to give, nobody has any money....and why would they give to them in particular?”

Biljana Dakic Djordjevic, Trag Foundation

Supporting CSOs’ local resource mobilization efforts

Both Trag Foundation and the Tuzla Community Foundation (Tunza CF) have provided pathways for grassroots groups to break that mindset. Trag Foundation, for example, often begins by working with groups to **build an explicit “case for support” that might appeal to and resonate with potential local donors, including individuals and the private sector**. The challenge is not necessarily about the substance of what they do, but how it is communicated. Groups have grown accustomed to writing proposals in a format and style required (or assumed to be required) by international donors, but not well suited to a local audience.

In addition to this type of capacity building work, Trag and Tuzla CF provide **matching funding for groups to develop and implement fundraising activities in their communities**. While the resources mobilized have been relatively small (generally from \$1-10,000 USD), the visibility and practice in constituency and relationship building that groups gain through such fundraising efforts is an important step toward their longer-term sustainability. Like Trag and Tuzla CF, the Mozaik Foundation encourages local resource mobilization through small matching grants, but with a focus on individual youth leaders in their communities rather than CSOs. Through the

YouthBanks program,³⁶ they have trained young people themselves to act as grant makers for community projects, mobilizing at least one dollar in municipal funding for each dollar provided by Mozaik. From 2008 to 2017, Mozaik in partnership with 40 municipalities made 1,735 grants through YouthBanks, with a value of over 3.25 million Euros value in projects. Over half of the funding came from local resources, including thousands of individuals. The inclusion of the YouthBanks program in municipal youth strategies has contributed to the sustainability of this work without external funding. In 2018, Mozaik will launch a regional online/offline community aimed at supporting co-creation of knowledge on youth activism and entrepreneurship. This platform will be a space for participatory grantmaking and investment in youth social enterprises.

From a regional perspective, local funders find that Bosnian CSOs are less advanced than their Serbian counterparts in terms of the range of fundraising strategies used, with physical events in the community being most common. In Serbia, groups have begun to experiment successfully with crowdfunding and other social network approaches that are lower cost and have broader potential reach. They have also had some success in attracting financial and in-kind support from the private sector, including marketing campaigns to raise the profile of their organizations and the work they do. This is an area for further **cross-border learning and collaboration**, which Trag hopes to facilitate together with other partners like Mozaik and Tuzla CF through networks such as the South-East-European Indigenous Grantmakers Network (<http://www.sign-network.org/index.php>), and the emerging Western Balkans Community Foundation initiative.

“[CSOs] have to be very transparent and open in their work so they can actually have more allies which can also be a step to sustainability. Part of [their work] can be funded maybe at some point by the government, part of it can be funded by some local donors and maybe some by international donors. But if you are closed with your work, then it is not really promising for the future.”

Jasna Jašarević, Executive Director, Tuzla Community Foundation

All of the local funders highlighted here have worked **to support greater accountability and transparency on the part of the CSOs in their governance, management, communications and collaboration with other partners**. It is viewed as important in overcoming the skepticism and, in some cases, mistrust that exists within communities, the private sector and government toward CSOs. This is a legacy both of the communist period, in which the whole concept of civil society and civic engagement was absent, and of civil society development trends over the past 20 years, during which international NGOs tended to dominate the funding and policy environment, leaving less space and opportunity for local groups to develop and make the case for their work. One example of this greater focus on accountability and transparency is the collective effort made by SIGN members to develop a set of standards for fundraising practices of CSOs in the region (<http://www.sign-network.org/standards-for-fundraising>). Currently, more than 250 organizations have signed onto these standards, and are using them to guide their local resource mobilization efforts.

Pathways toward Sustainability for Local Funders

All of these local funders are also thinking about and developing strategies for their own financial sustainability. Each of them, while facing the same challenges as the groups and initiatives they support (e.g., decreasing external funding, a still nascent culture of local philanthropy and difficult economic conditions in the country/region, and the lack of an enabling environment for civil society in general) has developed key attributes of longer term sustainability - namely, resilience, flexibility and adaptability.³⁷ A key part of their sustainability trajectory has related to the type of support they receive from their own donors. All have cited the importance and benefit of having external private donors that have provided flexible funding, - such as the Oak Foundation, which has provided Trag Foundation with a three year grant enabling them to do grantmaking and capacity building on women's issues in Bosnia, and the Charles Stewart Mott Foundation (CSM), which has funded all three organizations for many years, as part of its long-term investment and focus on developing the institutional landscape for local philanthropy in the region. The local funders interviewed for this project indicated that this type of commitment from and partnership with external funders has enabled them to innovate, take risks, diversify their funding base, and create space to "say no" to funding that is not well-aligned with their strategic objectives.

As part of its planned exit from the Balkans, Charles Stewart Mott Foundation's endowment challenge grants for these local funders have been an important sustainability-enabling strategy. Trag has raised \$250,000 and Mozaik close to that amount, which CSM will match on a 2:1 basis. The funds have been raised from a variety of sources, both external and local, and in the case of Mozaik, has included revenue from the sale of property they already owned. While this represents only the beginning of an endowment that each of these organizations hope to grow over time, it is a funding stream that can support part of their operations or programming in the future. It is viewed as "a piece of the sustainability puzzle, but not the whole puzzle"³⁸ Other CSOs in the Balkans, like Tuzla CF, are learning from the experience of Trag and Mozaik, with a view toward exploring the feasibility of endowment building for themselves.

Accordingly, these local funders have cultivated other sustainability-related strategies, such as investments into youth-led social enterprises³⁹ in the case of Mozaik, the creation and administration of local donor advised funds in the case of Tuzla CF, and for both Trag and Tuzla, providing services drawing on their grantmaking expertise, like due diligence and needs assessments, to corporations interested in philanthropic giving. Recognizing that external resources will still be needed in the Bosnian context for some time to come, they have all positioned themselves as grantmakers with the capacity and expertise to attract international, regional and local resources. This includes international donors who may not necessarily have a specific regional interest in the Balkans, but see an opportunity to support work that converges with their own thematic areas of interest or strategic approach.

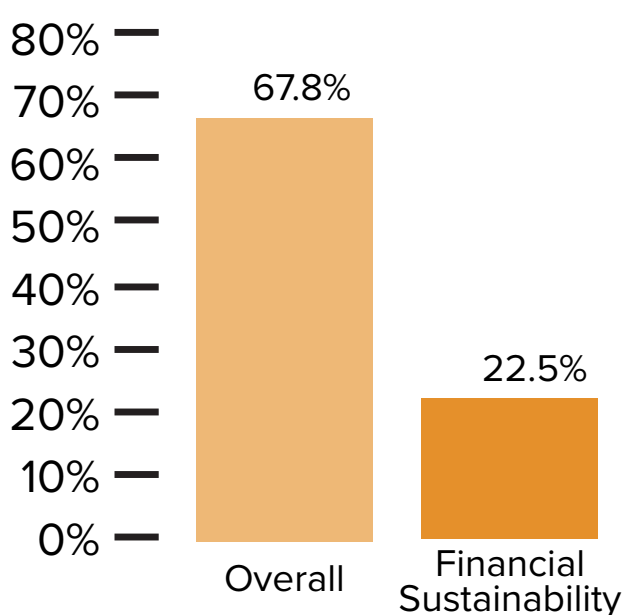
Because of this intentional work that has evolved in Bosnia and in the region over the past decade, there is an ecosystem of local funders who have put into place the initial building blocks for local philanthropy that may contribute to the financial sustainability prospects of civil society groups engaged in a range of issue areas over time. However, further investment, collaboration and advocacy is needed in order for this work to achieve critical mass, particularly given continued political and economic volatility in the region.

To further interrogate the relationship between local ownership and financial sustainability, we explored two additional dimensions of the 'local' nature of funding for financial sustainability:

1. The proportion of funding for financial sustainability awarded by grantmakers based in the same region as the country in question

Only 15 of the 148 funders (10%) included in the set were based in countries located in the same region as the country benefiting from their grants. Financial sustainability funding awarded by these local grantmakers – those for which Foundation Center has grantmaking data - totalled \$1.9 million, or less than 2 percent of total funding for financial sustainability. While these figures are likely lower than the true investments in CSO financial sustainability made by local philanthropy given the limited availability of data on their grantmaking, the finding is consistent with what we heard from some international funders.

PROPORTION OF FUNDING AWARDED TO NON-LOCAL RECIPIENT ORGANIZATIONS 2012 - 2017



As noted previously, a number of funders interviewed, both external and local, have relatively low expectations with regard to the potential for mobilizing significant local resources for some sectors, such as social justice and human rights.

These interviewees noted that, due to a lack of engagement among corporate funders and government on issues relating to structural change, international funders still have a role to play in supporting local funds and the development of local fundraising efforts.

2. The proportion of funding awarded directly to CSOs based in-country

While our approach to the grants data analysis included a built-in bias for local CSOs,⁴⁰ it is perhaps surprising that a fairly substantial share of grantmaking (22%) for local CSO financial sustainability was awarded to a recipient based outside the country of interest (i.e., an organization based in another country but implementing programs benefiting the country of interest). However, this figure is much lower than the nearly 60 percent of overall grantmaking awarded to non-local recipients. This indicates that the criticism broadly leveled at Western funders – i.e., that they support large international NGOs at the expense of local grassroots groups and CSOs - is less true for financial sustainability grantmaking.

CASE STUDY: ASSESSING IMPACT

How do funders assess the progress their grantees are making toward organizational sustainability?

As noted elsewhere, all of the funders interviewed for this project indicated that they look at the financial health of the groups they support as one component among many that contribute to longer term organizational effectiveness and sustainability. The trajectory of progress toward financial and/or overall sustainability is understood to be different for every organization, but as one funder noted, “If we make a two-year institutional grant and at the end of the two years that organization is at the exact same place as it was two years prior, it’s a good indicator that it’s not adequately investing in its own development.”⁴¹ Some funders support their grantees to carry out an organizational assessment at the outset of a funding relationship, which helps to establish a baseline against which both the grantees and the funders can assess progress toward sustainability over time, and enables grantees to identify and prioritize the areas of organizational strengthening they want to work on. Some funders indicated that they take particular care not to tie these assessments to decision-making about funding, as this may work against their desire for local organizations to be honest with them about organizational challenges.

Some of the commonly cited indicators of progress toward organizational and financial sustainability that funders use include:

- The degree to which an organization is able to articulate a clear set of strategic objectives and structure its work around those objectives;
- The presence and strength of “2nd tier” leadership within an organization
- The existence of a board or other governance structure that can be relied upon to support the organization strategically and/or financially;
- The strength of the organization’s financial management systems and policies ⁴²
- Diversification of funding sources,⁴³ and/or increased access to other funding sources
- The presence/growth of financial reserves
- The degree to which organizations have partnerships with one another
- The growth and influence of networks, and the degree to which organizations have access to or participate in them

While human rights and social justice funders include quantitative measures of progress toward sustainability, such as growth in the number of partnerships or donors, these measures are rarely considered in isolation from qualitative considerations. They might, for example, look at the degree to which partnerships reflect strategic alignment between organizations in pursuit of common objectives, or whether the additional donor funding supports the core work of the organization.

Some funders have also specifically considered how metrics that may seem to be good indicators of sustainability may actually be misleading; for example, the growth and size of an organization’s overall budget, and the longevity of the organization. With regard to the former, one funder noted, “every organization I’ve visited could take more money from us, responsibly so. But it is by no means making that organization more sustainable just because they are bigger and able to do more programming.”⁴⁴ With regard to the latter, funders highlighted the common pitfall of continuing to support organizations that have been around for a long time, because they are a known quantity, even if they have outlived their original purpose. As one explained, “whether a specific organization lives a long life is less important to me than that the lessons and knowledge learned in any one organization are preserved or passed on.”⁴⁵

How do funders assess the impact of their support on the sustainability of their grantees?

There is considerable evidence that has already been generated about funder approaches and practices that negatively impact local organizations' sustainability prospects, including short-term project-based funding, and capacity building interventions that are driven by and structured around funder priorities rather than those of the organizations themselves. There is also increasing consensus about the concomitant need for funders to shift toward longer-term, flexible funding, as embodied in the practices highlighted in this report.

However, continued work and attention is needed to understand better how particular funder strategies or mix of strategies can contribute to local organizations' or movements' longer-term sustainability in different contexts. Ford, for example, views its BUILD initiative as an experiment, and will be assessing – with an outside evaluation partner – whether the strategies it has chosen (see BUILD case study) have resulted in increased financial/organizational sustainability for its partners. This experimental process can be confusing at first for grantees. For Ford grantee Instituto de Liderazgo Simone de Beauvoir (ILSB), the focus on institutional development presents an entirely new way of thinking about progress, and they were not prepared at first with systems in place to track success. Ford's flexibility in allowing for reporting structures that fit each organization's needs rather than standardized metrics, however, has allowed ILSB to look at the things that matter most to them, such as their HR system development, staff salaries, and reserve funding. Other funders, like AJWS and Global Fund for Women, have developed or are in the process of developing tools to map and assess the strength of the movements they support.

One internal shift that several human rights funders noted as important in strengthening their own ability to assess grantees' progress toward sustainability has been an increased focus on ensuring that grantmaking staff have the skills and expertise to understand their grantees' finances. This is a new terrain for program officers who may have been more comfortable focusing on the programmatic progress of their grantees, than looking at their balance sheet, and understanding what that might mean for organizations' ability to do their programmatic work.

International funders also emphasized the importance of having in-country staff, consultants or advisors who may themselves come from the movements they are supporting, and thus are able to have honest, ongoing conversations with local groups about their organizational strengths and weaknesses, and how best to support them in their development process. The same is true of local funders who are deeply embedded in their country or regional context. These types of conversations and relationships strengthen funders' ability to understand the contributions they are making to local organizations' longer-term sustainability.

A final note about assessment

A number of the funders interviewed for this project highlighted the importance of supporting their grantees' monitoring and evaluation capacity as a sustainability-related strategy in and of itself. Local organizations' ability to assess and demonstrate the impact of their work is viewed as an important enabler to the success of their resource mobilization and funding diversification efforts. Given that both funders and their grantees are grappling with similar challenges around how to meaningfully evaluate the impact and sustainability of their work, this is likely to be an area for deeper mutual learning on both sides.

CONSIDERATIONS AND AREAS FOR FURTHER RESEARCH

Why do so few foundations align their funding with support strategies that are recognized as strengthening CSO financial sustainability?

Only five percent of foundation funding to the six countries met our criteria for financial sustainability. Because we deliberately focused on deriving lessons from the work of those funders whose grantmaking does align with support for CSO financial sustainability, the analysis does not explore in detail the various reasons why so few funders do. More research is needed to understand why foundations continue to dedicate such a small proportion of their funding to strategies that research has shown to be associated with improved financial sustainability, including the specific trade-offs and competing concerns faced by funders.

How do funders support financial sustainability of project outcomes?

This research project focuses explicitly on the financial sustainability of local CSOs, as opposed to the financial sustainability of particular projects or initiatives. This focus may limit the lessons that can be drawn from the research, since we did not explore in detail the strategies of funders who invest in strengthening financial sustainability at the project level. For example, there might be lessons from more service-oriented sectors -- to the extent that sustaining a particular program over a particular organization is a greater focus in those contexts -- that we have not documented here.

What about hard assets?

Funders interviewed recognize that hard assets are particularly important for local CSOs' and local funders' sustainability, particularly in fragile political contexts. For example, local funders talked about how important owning their own office space was for their financial sustainability. One funder noted that grassroots groups they support in Uganda, for example, often already have

the human resources in the community for their work. So, in thinking about the added value of their support, it sometimes takes the form of securing access to the physical space CSOs need for their work now and several years into the future, which for some organizations is more important than funding for staff salaries or other core costs.

Despite the fact that funders interviewed emphasized the importance of this type of support, fewer than five percent of grants that met our financial sustainability criteria were in the form of providing hard assets to local CSOs. As with reserve funds -- and other type of more specific capacity-building activities, it's possible that the purchase office space or other hard assets is often covered through grants for unrestricted or general support -- which both speaks to the value of this type of flexible funding and the challenge that researchers face in identifying whether and how general support grantmaking is ultimately allocated to address the sustainability needs of an organization. This topic is explored further from the CSO perspective in the accompanying report, *Understanding Factors Driving CSO Financial Sustainability*.

What about the legal environment for civil society and restrictions on foreign funding?

The legal environment for civil society -- which is becoming increasingly restrictive across diverse development contexts around the world -- can impose barriers on the funding strategies available to funders within a given context. For example, in contexts where nonprofits are subject to extensive scrutiny or where regulations impose limits on foreign funding, funders may not have the option of providing unrestricted funding. The extent to which legal restrictions directly influence funding patterns and funders' choice of strategies in a given context were outside the scope of this study, but merit more systematic study.

ENDNOTES

- 1 By intermediaries we mean to describe organizations that receive grants to support another CSO. They may be grantmakers themselves, re-granting funds received from other donors to local CSOs, or they may carry out this work as part of their own program or as a provider of technical assistance or capacity-building work. Or, they may combine re-granting with other types of support or programming. For a detailed discussion of the role of intermediaries, see page 29.
- 2 Leading institutions conducting research and providing useful tools for the CSO sector include major donors such as USAID and UKAID as well as independent civil society groups such as CIVICUS and the International Center for Not-for-Profit Law (ICNL) and development research institutions such as the Overseas Development Institute (ODI).
- 3 In this context, “grantmaking foundations” include both public grantmaking charities (organizations that derive their funding from the public or other foundations), and private foundations (generally endowed foundations that do not also fundraise from the public).
- 4 Hereafter referred to as “funders”.
- 5 General support refers broadly to unrestricted funding and core support for day-to-day operating costs. This definition is drawn from the Philanthropy Classification System. For more information, see taxonomy.foundationcenter.org/support-strategies.
- 6 Different terms are used to refer to the concept of helping organizations develop their internal strategies, tactics, and processes, including “capacity strengthening” as well as “capacity building.” For the purposes of this report, we employ the term “capacity building” due to its broad use, while acknowledging that this term may not sufficiently represent the existing capacities of organizations receiving this support.
- 7 For a full list of publications reviewed to identify funder strategies, see the Works Cited section at the end of this report.
- 8 This definition is drawn from the Philanthropy Classification System. For more information see, taxonomy.foundationcenter.org/support-strategies.
- 9 For more information, see <http://taxonomy.foundationcenter.org/>.
- 10 The full search strategy can be found in Appendix 2.
- 11 The full codebook can be found in Appendix 3.
- 12 For more information, see <http://foundationcenter.org/gain-knowledge/foundation-data/electronic-reporting-program>.
- 13 For more information, see <http://taxonomy.foundationcenter.org/>.
- 14 A full list of interviewees can be found in Appendix 1.
- 15 Building the infrastructure of local philanthropy in BiH (international and local funders); Ford Foundation’s Building Institutions and Networks (BUILD) initiative (global with Mexico focus); Women’s Funds (international and local funders, multi-country); Assessing Impact (multiple funders).
- 16 In the case of BiH, the overall proportion of financial sustainability funding was especially affected by a particularly large grant -- for \$3.4 million awarded by the Oak Foundation to Trag Foundation in 2015 to strengthen women’s movements and women’s civil society organizations through financial and institutional support and capacity-building of grantees in BiH, Serbia and Montenegro – in what was otherwise a relatively small set of grants.
- 17 Foundation Center’s Philanthropy Classification System (PCS) classifies grants for general support using the following definition: “Support for the day-to-day operating costs of an organization or to further the general purpose of an organization. Also includes support which may be applied to any use or to fund any purpose (unrestricted support); does not include unspecified support.” For more information, see taxonomy.foundationcenter.org.
- 18 To calculate this figure, grants records lacking information about the length of the grant period were excluded. An additional note that the resulting figure does not include general support grantmaking that is

renewed each year, which it can be argued, undercounts this type of funding. On the other hand, grants requiring annual approval do not come with a guarantee of sustained funding, which many consider to be the value of “true” multiyear support.

19 Interview with Peter Kostishack, Director of Programs, Global Greengrants

20 <https://www.fordfoundation.org/work/our-grants/building-institutions-and-networks/approaches/>: At the beginning of their BUILD grant, all organizations undergo two kinds of assessment: a facilitated organizational assessment called the Organizational Mapping Tool, and an in-depth analysis of their finances. Both are designed to help organizations better understand and prioritize their needs in key areas like strategy, leadership, finances, and systems.

21 In particular, anti-money laundering legislation in Mexico has created layers of administrative challenges for CSOs who receive funding from both domestic and international sources.

22 Interview with Monica Aleman, Ford BUILD Initiative

23 Interview with Monica Aleman, Ford BUILD Initiative

24 Foundation Center’s Philanthropy Classification System (PCS) classifies grants for human rights using the following definition: “The protection and promotion of the human rights and civil liberties of individuals and communities. This includes protecting equal rights for and fighting discrimination against some categories of people; improving relations between racial, ethnic, and cultural groups; and promoting voting rights”. For more information, see taxonomy.foundationcenter.org.

25 Interview with Shari Turitz, Vice President for Programs, American Jewish World Service.

26 Interview with Helena Hofbauer, Director, Ford Mexico and Central America.

27 Case study draws upon reflections from funders interviewed: Global Fund for Women, Fondo Semillas, Fondo Lunaria, and Fonds pour les Femmes Congolaises. The most explicit definition of a funder accompaniment

approach is provided by Mama Cash: “alongside of our grants, we accompany groups as they evolve and develop according to their own vision. An organisation may want to change its governance structure or develop a strategic plan. Another may want to expand fundraising efforts or train a new generation of activists. Whatever path they choose, Mama Cash accompanies them along the way.

28 Accompaniment can be financial support to cover capacity building, organizational development, networking and fundraising opportunities. It can be money for a staff person to attend a conference or travel to visit a potential donor. It can cover the costs of working with a consultant or of participating in a workshop. It can also be one-on-one advice from Mama Cash staff. We may provide feedback on a grant proposal or put groups in contact with peer organizations”, <https://www.mamacash.org/en/accompinament>

29 Whitley Raney, Fondo Semillas

30 Elena Palmer, Fondo Lunaria

31 For more on these critical actors, see “How “local” is funding for CSO financial sustainability?” on page XX.

32 For more information on Oak’s Issues Affecting Women, see <http://www.oakfnd.org/issues-affecting-women.html>

33 One large grant awarded by Oak Foundation differed from this primary focus on women’s movements – a \$2 million grant to the Meso-American Reef Fund to provide long-term financial sustainability to natural resource management and conservation initiatives in Belize, Guatemala, Honduras, and Mexico.

34 UHAI, 2018, “Institutional Grants”, <http://www.uhai-eashri.org/ENG/programmes/grant-making/institutional-grants>.

35 Case study sources: interviews with staff from Charles Stewart Mott Foundation, Trag Foundation, Tuzla Community Foundation and Mozaik Foundation

36 (<http://www.youthbankinternational.org/what-is-a-youthbank>)

37 Walter Veirs, Regional Director, Central and Eastern Europe Civil Society, Charles Stewart Mott Foundation

38 Ibid

39 This work includes mentoring and internship opportunities with corporations, as well as access to impact investors once youth social enterprises reach the appropriate stage for scaling and growth. Mozaik is currently building a 25 million Euro regional impact investment fund for this purpose.

40 Any general support grant awarded to a local organization was identified as meeting the criteria for financial sustainability, see Methodology.

41 Walter Veirs, Charles Stewart Mott Foundation

42 Ford's Organizational Management Tool, for example, has organizations rank their financial management capacity (as well as other capacities) along a continuum of "minimal" "basic", "moderate" and "strong". An organization is considered to have strong financial management if they are able to demonstrate that "financial systems and planning are designed to reflect organizational priorities, and programs and finance are fully aligned in how they track money", and "solid financial planning and budgeting is in place, including regular budget- to-actual comparisons, and the organization does not run deficits", among other measures.

43 Although for grassroots human rights and social justice organizations, this might be going from 1 funder to 2, given limited options.

44 Shari Turitz, AJWS. See also, FORD Build case study

45 Thomas Hilbink, OSF

46 For grants coded as general support, only those awarded directly to recipients based in the country of interest were considered.

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APPENDIX 1: FUNDER ANALYSIS INTERVIEWS

Organization	Interview Participants	Country
America Jewish World Service	Caroline Kouassiaman, Senior Program Officer Caroline Adoch, Country Consultant Shari Turitz, Vice President for Programs	Multiple/Uganda Uganda Multiple
Charles Stewart Mott Foundation	Walter Veirs, Regional Director, Central and Eastern Europe	BiH
Firetree Asia Foundation	Sarah Cottee, Head of Partnerships	Philippines
Fondo Lunaria	Elena Palmer, Executive Director	Colombia
Fondo Semillas	Whitley Raney, Institutional Grants Development Officer	Mexico
Fond pour les Femmes Congolaises	Julienne Lusenge, Director	DRC
Ford Foundation	Helena Hofbauer, Director, Mexico and Central America	Mexico
	Kathy Reich, Director, BUILD	Multiple
	Monica Aleman, Senior Program Officer, BUILD	Multiple
Global Fund for Women	Lisa Block, Program Officer	Multiple/Philippines
Global Greengrants Fund	Peter Kostishack, Director of Programs	Multiple
Open Society Foundations	Thomas Hilbink, Director, Grant Making Support Group	Multiple
Trag Fund	Biljana Dakic Djordjevic, Executive Director Natalija Simovic, Manager of Regional Issues Affecting Women Program	BiH BiH
Tuzla Community Foundation	Jasna Jasarevic, Executive Director	BiH
UHAI-EASHRI	Mukami Murete, Deputy Executive Director Cleo Kambugu, Program Officer	Uganda Uganda

APPENDIX 2: GRANTS SEARCH STRATEGY

Based on a review of the literature examining funder strategies in support of CSO sustainability -- in which providing general or unrestricted support, support for capacity-building, or investing in network-building were identified as 'top' approaches -- a set of search strategies were developed to identify an initial set of potentially relevant grants.

This search criteria draws on strategy codes from the Foundation Center's Philanthropy Classification System (PCS) that describe how the goals of a grant are being implemented, as well as key words and phrases (drawn from the literature review) that appear in the grants record -- either in the grant description or the recipient name. Grants meeting either criteria (coded with any relevant strategy code or including a relevant key word) were considered for ultimate inclusion in the set.

Under the PCS, codes are assigned to both the grant, where there is enough information provided to make a determination, and/or the recipient record. The search criteria first considered whether the grant record itself received a relevant strategy code. Only in cases where no strategy codes were assigned to the grant did the criteria look to the recipient for relevant support strategy coding.

Grants meeting this initial set of criteria were then manually reviewed (for more information about the criteria guiding the manual review process, see Appendix 3: Grants Review Codebook), with the exception of grants coded for general support awarded to local organizations, which were included as relevant to financial sustainability grantmaking on that basis.

Strategy Code	Strategy Translation		Strategy Definition	Related Key words (included as search terms)
UD0000	Capacity-building and technical assistance		To increase an organization's sustainability and effectiveness through strategic and long-range planning, organizational assessment and development, business planning, and the use of outside consultants. Use primarily for process-oriented capacity-building that seeks to improve organizational practices. See Also: Management and leadership development.	operational assistance; capacity building; capacity-building; human capacity building; grantee capacity; institutional capacity building; capacity development; capacity enhancement
UD0300		System and operational improvements	Efforts to enhance an organization's effectiveness through development of best practices, policies and procedures, performance management systems and tools.	
UF0000	Capital and infrastructure		To acquire, upgrade or develop capital infrastructure. Includes: building acquisition, maintenance and renovations; land acquisitions and rent payments; information technology and other equipment; and collections.	

UF0100		Capital campaigns	A campaign to raise funds for a variety of long-term purposes, such as building construction or acquisition, endowments, land acquisition, etc.	
UF0200		Equipment	To acquire or upgrade equipment for an organization's day-to-day operations such as furnishings and HVAC systems or equipment related to an organization's specific programs such medical equipment for medical facilities. See Also: Information technology, Collections acquisitions.	
UF0300		Information technology	To acquire, upgrade or develop computer technology. Includes hardware, software, peripherals, systems, networking components and mobile devices.	
UF0400		Building and renovations	Constructing, renovating, remodeling, or rehabilitating property.	
UF0500		Rent	Support to pay rent on a building or space.	
UF0600		Land acquisitions	Support to purchase real estate property (not buildings).	
UF0700		Building acquisitions	Support to purchase buildings or other structures.	
UF0800		Facilities maintenance	Support for day-to-day operation or general maintenance of buildings and grounds.	
UF0900		Collections acquisitions	Acquisitions by libraries, schools, museums, etc. of permanent materials as part of a collection, often books, artifacts, or art.	
UF1000		Collections management and preservation	Maintenance, preservation, organization, description and conservation of tangible or digital items in a collection.	
UG0000	Financial sustainability		To ensure continued financial viability for organizations, especially those with low resources or serving low-resource/high need communities. Includes efforts to develop sustainable fundraising, marketing and development within organizations.	financial sustainability; financial health; nonprofit sustainability; financial capacity

UG0100		Earned income	Support to increase the revenue generated from the sale of goods, services rendered, or work performed as part of the activities of an organization or program.	
UG0200		Endowments	Bequests or gifts intended to be kept permanently and invested to provide income for continued support of an organization.	
UG0500		Fundraising	To raise donated funds and maintain productive relationships with donors. Use for fundraising galas and to purchase tables or tickets to events.	
UG0600		Debt reduction	To reduce an organization's indebtedness; also referred to as deficit financing. Frequently refers to mortgage relief.	
UE0000	Leadership and professional development		Professional development of management, executives, boards, staff, and volunteers. Includes leadership development, recruiting, training, and salaries.	leadership development; organizational
development; organization's development; organizational effectiveness				
UE0100		Faculty and staff development	Salary or development of staff members of specific programs.	
UE0300		Board development	To evaluate or improve a board's structure, role and performance. Includes board recruitment, ethical board governance and implementation of governance models.	
UE0400		Management and leadership development	To strengthen organizational leadership. This includes salaries of management and executives, administrative staff support, training and leadership development programs.	
UE0500		Volunteer development	Recruitment, training, and deployment of volunteer staff in administrative or program capacities.	

UJ0000	Network-building and collaboration		Building structures and creating opportunities to work more closely and effectively with partners and peers, including through networking activities, physical or virtual. These may be collaborations, partnerships, alliances, meetings, travel, and other interactions with people or organizations as a way to exchange information or services, plan and prioritize, resolve conflicts, share resources, etc.	peer network; collaborative inquiry; grantee relations; learning community
UJ0400		Grantee relations	Development of a better relationship between funders and the organizations they support, including development of shared goals and objectives, and improving communications and feedback.	
UJ0600		Nonprofit collaborations	Support for 2 or more nonprofits to collaborate on an issue, project, publication, etc. Includes joint programming collaborations, merging of resources, sharing of resources, collaborative leadership, co-sponsorship.	
UA0000	General support ⁴⁶		Support for the day-to-day operating costs of an organization or to further the general purpose of an organization. Also includes support which may be applied to any use or to fund any purpose (unrestricted support); does not include unspecified support. Use For: Membership dues.	general support; core support; unrestricted grant; unrestricted support

APPENDIX 3: GRANTS REVIEW CODEBOOK

To ensure that grants included in the financial sustainability data set were consistent with the project definition of the term, grants data pulled into the set on the basis of the automated search criteria (see Appendix 2 for full search strategies) were manually reviewed. The purpose of this review is two-fold:

- 1) Remove irrelevant grants from the set; and
- 2) Flag grants awarded through intermediaries (i.e., those in which an organization is awarded a direct grant to help other organizations achieve financial sustainability).

Grants were determined to be relevant where they supported activities that contributed to the longevity and resilience (i.e., financial sustainability) of a local civil society organization (CSO).

I. GENERAL CONSIDERATIONS IN IDENTIFYING IRRELEVANT GRANTS:

Some grants may be pulled into the data set via the automated search that don't match the general inclusion criteria defined for the set and should be removed. This can happen for a variety of reasons:

- Code/codes applied don't match the grant description/should not have been applied to the grant.
- The grant may have been pulled in through a key-word search, but the grant description and/or strategy codes are not relevant.
- Grants to individuals [may be excluded via search criteria, but should be excluded if they appear].

Examples – When to exclude

Lumina Foundation to Sociedad Amigos de Colombia for the Gala Dinner Dance on November 17, 2012 [Coded for 'fundraising' as a strategy, but it appears as though the funder is responding to a fundraising call].

Both ENDS to Lina Rengifo to enable Lina to pay for the first semester tuition fee of the Masters in Urban and Environmental Processes at EAFIT University in Medellin, Colombia, which otherwise would have not been possible. This Masters Program will help Lina gain specific knowledge about urban planning and valuation of environmental services, while learning from first hand examples and experiences within Colombia of social urbanism put into action. Furthermore, the Masters Program will provide her with the appropriate ambience to catalyze the relations and resources she needs to make her venture grow [Grant to individual].

Silicon Valley Community Foundation to Fundacion Capital [No grant description, but

II. DECIDING IF A GRANT SUPPORTS FINANCIAL SUSTAINABILITY:

A. PROJECT SUPPORT VS. SUPPORT FOR CSO ORGANIZATIONAL/FINANCIAL SUSTAINABILITY:

Sometimes grants may be coded to capacity-building, network-building, or general support, but the grant description clearly indicates that the support is for service delivery or project implementation, without a clear capacity building component/support for a CSO to sustain its operations. In those cases, grants should be excluded. (See more details for individual codes below.)

Examples – When to exclude due to programmatic/project focus

Fundo Socioambiental CASA to Colectivo de Reservas Camesinas y Comunitarias de Santander to install capabilities that facilitate farmers 'and fishers' access to clean and efficient energy within a framework of sustainable livelihoods. This requires a focus on community identification, cultural dialogue, and participatory education.

Ford Foundation to PROCASUR Corporation for tie-off support to create public programs addressing rural poverty based on methodologies for certifying successful local entrepreneurs to provide training and technical assistance to rural producers.

Coca-Cola Foundation to Compromiso Empresarial Para El Reciclaje Colombia – this grant will provide professional development and capacity building support for recycling efforts in seven Colombian cities.

B. ISOLATED EVENTS, TRAININGS, CONFERENCES, KNOWLEDGE SHARING INITIATIVES, OR CONVENINGS:

Exclude grants for isolated events, trainings, conferences, convenings, or knowledge sharing initiatives, even if the event/initiative benefits a CSO. Grants focused on knowledge-sharing through networking and conferences, etc. are only relevant where there is a clear link to CSO financial sustainability.

Examples – When to exclude due lack of link between networking and financial sustainability

National Endowment for Democracy to Instituto de Defensa Legal to foster dialogue and debate on the current threats and challenges to democracy and human rights in the five countries of the Andean region. IDL will hold a conference in Lima to address issues such as freedom of expression, judicial independence and the right to peaceful protest and will bring a delegation of human rights defenders on an assessment trip to one of the five Andean countries. Finally, IDL will bring a small delegation of human rights defenders to the Southern Cone to exchange with their peers in more consolidated democracies.

Bill & Melinda Gates Foundation to International Center for Tropical Agriculture – to strengthen the Global Cassava Partnership (GCP), international network of institutions and individuals interested in improving the productivity of cassava across the value chain from research through development to processing, and to fund the participation of African scientists and development workers in the Third Global Scientific Conference on Cassava to be held in China in October 2015.

MasterCard Foundation to Azmj Llc to facilitate the attendance of up to 7 speakers from Sub-saharan Africa, India and Honduras at the Cracking the Nut 2013 Conference.

The Charles Léopold Mayer Foundation for Human Progress to National Foundation of Political Science for structural support to develop an alliance between civil society and academics to document case studies on citizen participation and governance in the Andean region.

Ford Foundation to Newlink Comunicaciones Estrategicas to develop a communication strategy for Foundation grantees on census and statistical information on indigenous and Afro-descendant peoples in Colombia.

C. IRRELEVANT GRANTS CODED FOR CAPITAL AND INFRASTRUCTURE:

Exclude grants with capital and infrastructure codes (defined under the Philanthropy Classification System as grantmaking 'To acquire, upgrade or develop capital infrastructure. Includes: building acquisition, maintenance and renovations; land acquisitions and rent payments; information technology and other equipment; and collections') WHEN the grant does not have a grant description and when the primary purpose of the capital and infrastructure support is service delivery/project fulfillment, rather than support for the operations of a specific CSO. (e.g., providing building support/materials for a single project to build a school as opposed to providing an office space/facilities for a local education-focused CSO).

Examples – When to exclude on the basis of irrelevant capital support:

Silicon Valley Community Foundation to Fundacion Capital [No grant description, but coded for capital support]

Global Fund for Children to Corporacion Correcaminos for the organization's three primary programs: the after-school Recreation and Competition program, which promotes healthy lifestyles; a bike repair and job training program; and the Biking to School program, which encourages school retention. [Coded for capital support]

Ford Foundation to Habitat for Humanity in Atlanta for the use of innovative financing for slum upgrading and improvement efforts in Cali, Colombia and Cape Town, South Africa.

Fundo Socioambiental CASA to Colectivo de Reservas Camesinas y Comunitarias de Santander to install capabilities that facilitate farmers 'and fishers' access to clean and efficient energy within a framework of sustainable livelihoods. This requires a focus on community identification, cultural dialogue, and participatory education. [Coded for capital support]

Example – When to include:

The Skoll Foundation to Fundacion Capital to enable Fundacion Capital to scale its impact beyond Latin America to Africa and Asia and to deepen impact in Latin America. To achieve these goals, the organization needs to solidify its management team and structure including hiring a COO and a regional VP level leader for Latin America and one to lead expansion into Africa and/or Asia in order to optimize the performance of the program and country teams. Also, a head of Research is important as the number of research and evaluation projects scales. Investing in its infrastructure, knowledge management and communications systems are critical for the organization to scale regionally and globally and effectively share data, and beces

B. GRANTS BENEFITING INDIVIDUALS: [Not necessarily the same as grants to individuals]

Exclude grants that appear to benefit an individual within an organization, community or movement rather than an organization unless there is a clear link to the training of that individual and the sustainability of the organization they represent (see below on communities and movements).

C. GRANTS BENEFITING GOVERNMENT ENTITIES:

Exclude grants when the ultimate beneficiary of the support is a government entity.

Examples – When to exclude because the beneficiary is governmental

Fundacion AVINA to Natura Colombia - through initial meetings between the Office of Forests, Biodiversity and Ecosystem Services of the Ministry of Environment and Sustainable Development (MADS), other allies and Avina, an initiative is jointly constructed in order to support the articulation process between the different initiatives of deforestation monitoring, carbon measuring and REDD strategy for the Colombian Amazon, and in particular, for the department of Caquetá.

National Endowment for Democracy to Casa de la Mujer to strengthen the capacity of local officials to implement new legislation to prevent and protect women victims of violence. Using the experience acquired over the past 24 years, Casa de la Mujer will systematize its lessons learned and recommendations and carry out a training for police officers, legal aids, health providers and public officials to help them comply with new legislation.

D. GRANTS BENEFITING A COMMUNITY OR POPULATION GROUP :

Exclude grants benefiting a community or population group (e.g., indigenous communities) UNLESS the grant description indicates that a CSO will benefit, as opposed to/in addition to individual members of the community.

Examples – When to exclude (focus is on communities, not CSOs)

Ford Foundation to Consejo Regional Indigena del Cauca to increase participation of women in indigenous governance and to increase the capacity of indigenous communities to handle cases of gender-based violence within their jurisdiction.

United Methodist Women to Cepalc for leadership development of church women, children and youth in Colombia on inequality, discrimination and violence to better prepare each group to build real peace in their communities.

King Baudouin Foundation to Tchendukua Ici et ailleurs for program of purchase and the return of lands belonging to the Kogis Indians of Columbia. [Program presumably benefits individual Kogis indian families/individuals, the recipient is based in France]

Global Greengrants Fund to Fundo Socioambiental CASA to enable CASA to continue to strengthen its South American Indigenous Peoples Rights Program focusing on Colombia, Ecuador and Peru. The main purposes of this initiative are to take legal action to protect indigenous communities; to fight the criminalization of indigenous leaders; and to build capacity. This program's advisory board is made up of indigenous representatives, lawyers and collaborating organizations who help to direct its strategy.

Examples – When to include (sustainability focus is at the organizational level)

Cordaid to Cetec - Communities settled in the territory of 6 community councils (Cuenca Rio Paez Quinamayo, Zanjón of Garrapatero, Garrapatero Aires, Rio Cauca, Cerro Teta), design and implement a strategy to prevent and / or mitigate the negative impacts of gold mining (formal and informal) in their communities. Target Groups: Support is at 5 ethnic organizations (community councils: Cuenca del Rio Paez-quinamayo, Zanjón of Garrapatero, Garrapatero Aires, Cauca River Basin, Cerro Teta) in 43 affected villages (approximately 2,200 families) in the design and implementation of strategies for the treatment of the problems of illegal mining, by strengthening their ability to be a valid interlocutor in the defense of their territorial and cultural rights.

Norwegian Human Rights Fund to Asociacion Nacional de Zonas de Reserva Campesina - the project will strengthen the respect for the human rights of the rural population and the defense of the peasants' zones (Zonas de Reserva Campesina) as legally recognized entities allowing for peasants' access to land, respect and acknowledgment of their human rights. The target group for the project are the peasant communities partaking in the 53 organizational processes for peasants' zones (member organizations of ANZORC), that will benefit from the Government and the Ministry of Agriculture's recognition of the peasants' zones established by the law 'ley 160' from 1994 that provides for access to land, strengthening of the peasants' economy and respect for their human rights. The legal defense of the peasants' zones will be carried out in Bogotá, while the formation and training processes will be carried out in the local communities participating in the ANZORC network.

E. GRANTS BENEFITING A MOVEMENT, ASSOCIATION, OR TRADE UNION:

Include grants benefiting movements, associations or trade unions, IF the grant description indicates that a CSO will benefit, as opposed to individual members of the community.

Examples – When to include

National Endowment for Democracy to Solidarity Center for Trade Union Strengthening in Colombia and Venezuela (FOA).

Foundation for a Just Society to Urgent Action Fund-Latin America for strengthening the resilience and capacity for strategic action of women's rights movements in Latin America.

Tides Foundation to FRIDA - FRIDA, the Young Feminist Fund mobilizes resources and strengthens the participation of young feminist activists globally. FRIDA plays a distinct role in highlighting and supporting the experiences, perspectives, and strategies of young feminist activists and their organizations. It supports young feminists to organize themselves around specific needs and perspectives of young women and lesbian rights, and environmental and economic justice concerns. Young feminist activists address challenges that limit their influence to the advancement of women's rights and their empowerment. Key challenges include reluctance among donors and the women's movement to acknowledge and respect the capacity and autonomy of young women. FRIDA's strategy is to support selected start up initiatives led by young activists with small grants and to create networking opportunities among young women and between young women and actors in the women's movements. FRIDA has now successfully conducted 2 grant cycles and by the end of 2013 will have issued 45 grants. Current grantee partners are from Afghanistan, Haiti, Georgia, Uganda, Colombia, Philippines, Palestine, Armenia, Jamaica, Hungary, Mexico, Namibia, Nepal, Burundi, Nicaragua, Romania, Zimbabwe, Brazil,

Vietnam, Trinidad and Tobago, Nigeria and Kyrgyzstan, Ecuador, Egypt and Burkina Faso. FRIDA was launched in 2010. It is a result of collaboration between the Association for Women's Rights in Development (AWID), the Central American Women's Fund (FCAM) and a group of young feminist activists from across the world. Hivos contributes to FRIDA because it fills a strategic gap in current funding, capacity building and networking for young women's human rights.

The Sigrid Rausing Trust to Jose Alvear Restrepo Lawyers Collective for core support year 3 of 3.

IV. IDENTIFYING GRANTS TO INTERMEDIARY ORGANIZATIONS:

Mark an 'X' in the 'Intermediary' column if the grant is relevant for the financial sustainability data set and the description indicates that the recipient organization is not the ultimate beneficiary of the grant, and the ultimate beneficiary is another (named or unnamed) CSO (see below for more criteria on CSOs).

Examples – when to mark as intermediary

Cordaid to Cordaid - Cordaid Extractives will invest in a field presence in South Sudan, Nigeria and DR Congo - and to a lesser extent Colombia - with the aim of strengthening local organizations in their organizational, financial and managerial capacities to benefit the Extractives programs in these countries as well as to position itself for future funding opportunities. Target Groups: Target groups in the respective countries are Civil Society Organizations, among others Community Based Organizations, Non-governmental Development Organizations, Networks and Coalitions, which are facilitating community organization, participation and development. Funding Partners: Dutch Ministry of Foreign Affairs.

Mama Cash to Fondo Lunaria Mujer - Fondo Lunaria supports groups of young women engaged in peace-building in Colombia. These groups are committed to peace-building and recognizing its links to young women's rights, violence against youth, political participation and resistance to militarism. The fund supports groups to expand their work and strengthen their organizational capacities, particularly in the area of fundraising.

Facilitating Financial Sustainability (FFS) is a USAID-funded activity that seeks to understand and improve the underlying conditions for CSO financial sustainability. It is implemented by a consortium led by LINC with partners Peace Direct and the Foundation Center.

In 2017, the FFS team conducted research exploring the drivers and support landscape for CSO financial sustainability in Colombia, Mexico, Uganda, Democratic Republic of Congo, Bosnia & Herzegovina, and the Philippines. The research included two primary studies: 1) an in-depth analysis of funder strategies to support financial sustainability; and 2) an in-depth analysis of systemic challenges faced by CSOs and successful practices for achieving financial sustainability.

This has culminated in the publication of three research papers, which provide key information on how civil society actors, funders, policy makers and other relevant individuals can support and increase local CSO financial sustainability. Research reports from year one of the project include:

- A synthesis of the findings from across the interviews and grants analysis
- A deep-dive analysis of the patterns of funding for financial sustainability
- A deep-dive into the factors driving CSO financial sustainability

This deep-dive report provides an analysis of the strategies that funders use to support financial sustainability in the six countries listed above, including a quantitative analysis of nearly 1,800 grants focused on supporting the financial sustainability of local organizations.

The analysis reaffirms the need for a greater focus from funders on sustainability, as well as providing nuance into the ways in which different funding and organizational development strategies can be particularly effective in facilitating improved sustainability.

We encourage those interested in diving deeper into the CSO strategies to read the accompanying reports: “*Facilitating Financial Sustainability: Synthesis Report*”; and “*Understanding the Factors Driving CSO Financial Sustainability*”.

For more information about the activity, please see visit our website or get in touch with the team:

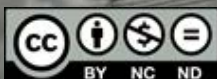
<http://sustainability.linclocal.org>

LINC: Matthew Guttentag, mguttentag@linclocal.org

Peace Direct: Megan Renoir, megan.renoir@peacedirect.org

Foundation Center: Inga Ingulfsen, ihi@foundationcenter.org

USAID: Dan Grant, dgrant@usaid.gov



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