SOCIAL SYNERGY FOUNDATION

SHAPING **ORGANISATIONS**
INTO **INSTITUTIONS**

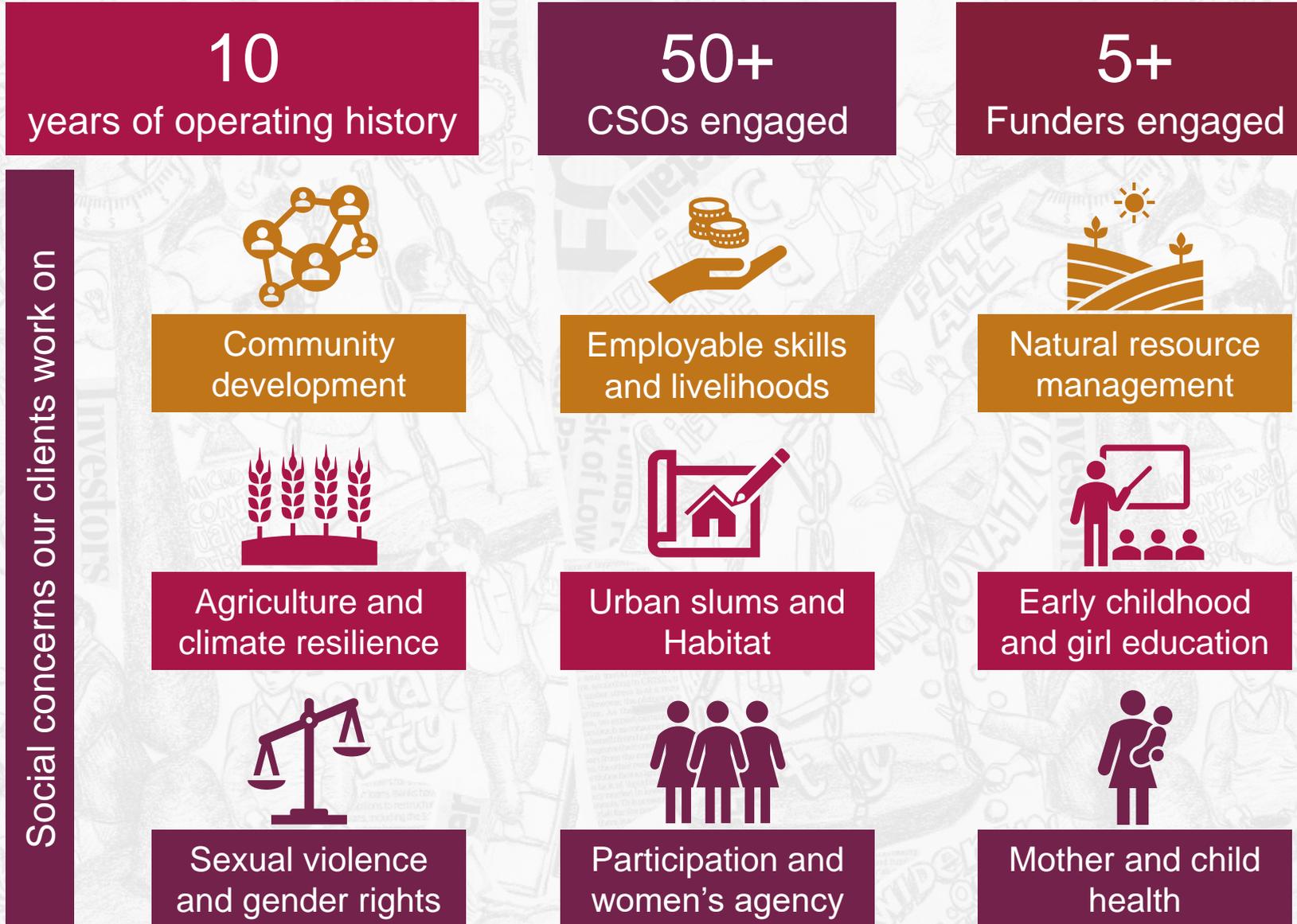## Institution building for grassroots organisations in India

October 2020

What do we aim to achieve today?

- Today's session is based on our experience of working mostly with grassroots non-profits and some of their funders.

- This presentation intends to share an alternative perspective and not to provide immediate actionable solutions or techniques.

- We hope that this discussion helps trigger your own thoughts and helps you initiate conversations within your practice or organisation.

Our experience

We are professionals from the disciplines of management consulting and investment management.

10	50+	5+
years of operating history	CSOs engaged	Funders engaged

Social concerns our clients work on

Community development	Employable skills and livelihoods	Natural resource management
Agriculture and climate resilience	Urban slums and Habitat	Early childhood and girl education
Sexual violence and gender rights	Participation and women's agency	Mother and child health

Swayam Shikshan Prayog

- Small sized non-profit working with grassroots women for last 22 years.

- Active across four states in India.

- During Covid-19, India was undergoing strict lockdown, and the challenges were aggravated due to fear and misinformation on Covid-19, looming hunger for poor households, villages experiencing an influx of people from cities, inadequate health services, farmers missing harvest cycle and grassroots women entrepreneurs facing the risk of business closure to name a few.

- We observed, in the areas where SSP operates, the response was quite unique. Without any project, women who are not even employees of SSP (whom funders would call beneficiaries) organised themselves as an informal social platform.

- Through this platform they ensured food security, distributed essentials, created public and private linkages, provided motivation and mental health support, and in few cases even prevented domestic violence.

The sequence of choices that inform philanthropic funding

1. Recognise the cause.

2. Search for/develop an explicit or implicit theory of change (ToC).

3. Find agents/instruments/means of change (non-profits) to realise the ToC.

4. Define concrete, quantifiable and time-bound outcomes and outputs.

5. Create and implement the project.

Some implications of these choices

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1. Non-profits are understood and evaluated based on their alignment with their ToC.

2. Non-profits become the means to an end.

3. Often leads to excessive projectisation of developmental work.

4. The project, however, helps non-profits develop some of the internal capabilities.

5. Reliance on project-only data (indicators) may force funders to modify the ToC, in some cases incorrectly.

Countering five most common funding fallacies

More money doesn't mean better outcomes.

Infusion of technology and excessive formalisation of systems and processes don't guarantee higher fund absorption.

"Many of the things that you can count don't count, many of the things that you can't count really count." – Albert Einstein
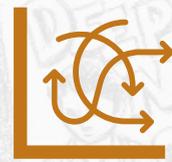
Log-frame type thinking: solutions of today only hide problems of tomorrow.

Be careful to not confuse scale (put in more, get more out) with scalability (get more out with less put in).

If we put ourselves in the place of the funders, how would we direct philanthropic capital?
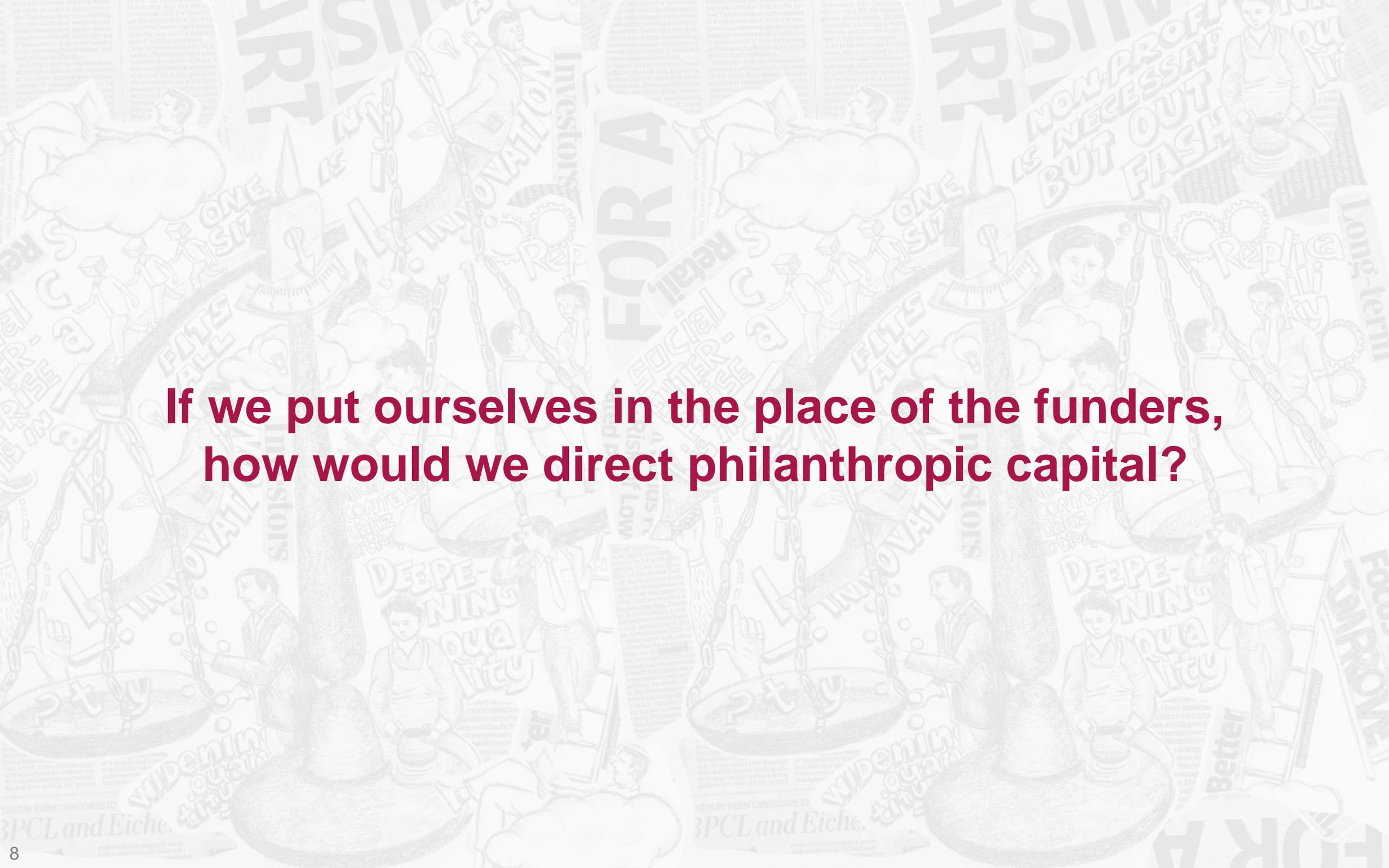
Social concerns that continue to animate the idea of development in India, where many grassroots organisations are very active:

caste- and gender-based **discrimination**
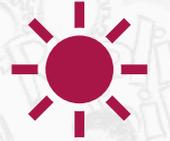
fast-paced and **unplanned urbanisation**

neglect of **the rural economy and its social conditions**

exclusion from **fair representation in local political processes**

excessive **privatisation of health and educational services**

Consequences of **environmental changes** on livelihoods and lives

These organisations work on the issues defined by the people, of the people, with the people.

Responses to these issues emerge over time through a **series of experiments and projects** and often demand **cross-sectoral and hybrid work**.

Hence, today, these grassroot organisations are more relevant than ever before.

Small- and medium-sized grassroots organisations for the long tail of the sector

Development is about real persons and real communities located at a certain place and time.
For the work of an organisation to be truly effective, the organisation must, over time, blend itself in that particular context and become a permanent fixture.

To make a real dent in social concerns, many grassroots organisations are required, instead of few large ones.

Because the development sector, like most industries, is a long-tail phenomenon:
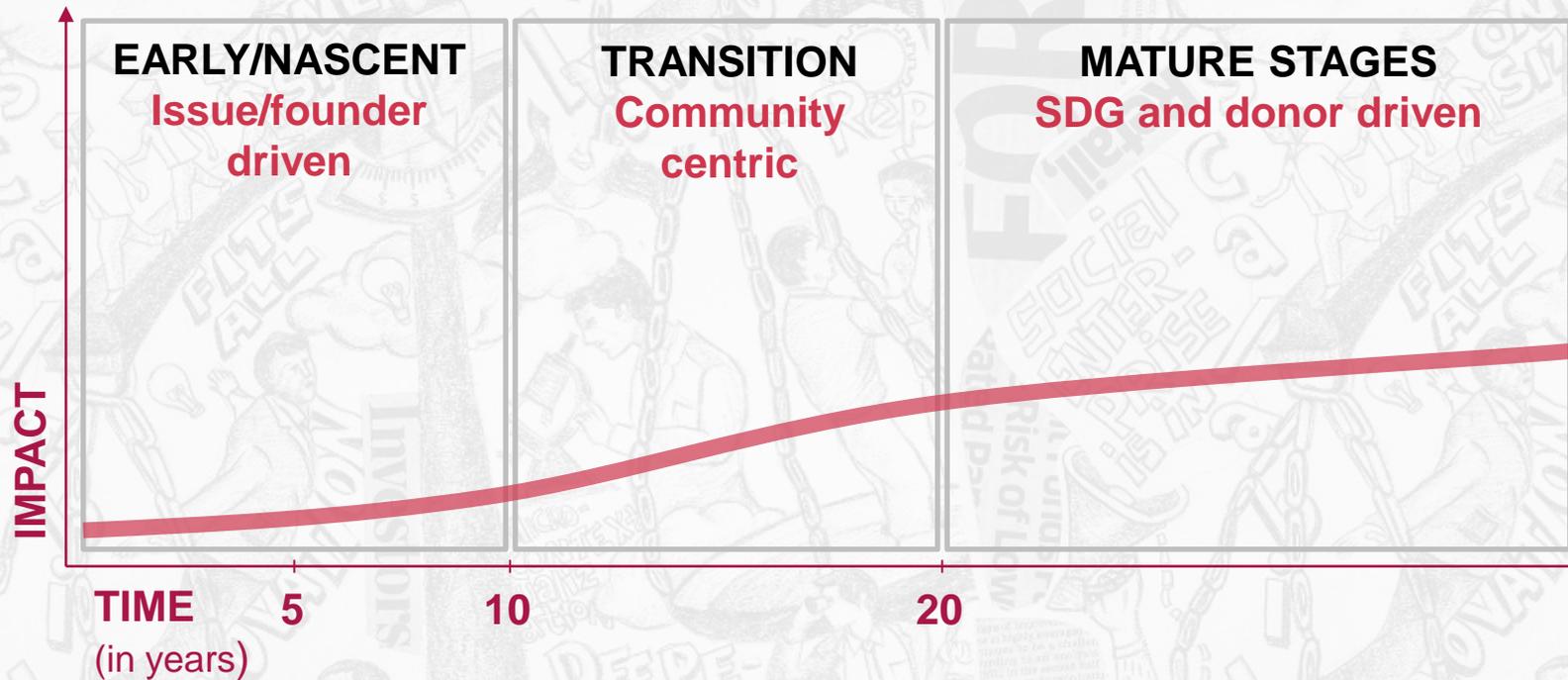
The sum of work done across the tail of the sector far outstrips that which is done by a few larger ones.

Hence those who resonate with these social concerns

should focus on small- and medium-sized grassroots (SMG) organisations.

Our observations on the journey of these SMGs

Organisational journey of small- and medium-sized non-profits in India

EARLY/NASCENT	TRANSITION	MATURE STAGES
Issue/founder driven	**Community centric**	**SDG and donor driven**

IMPACT (vertical axis)

TIME (in years): 5, 10, 20

Builds a façade of successful organisations that, in fact, are stuck in an endless loop of raising funds for programs and executing them

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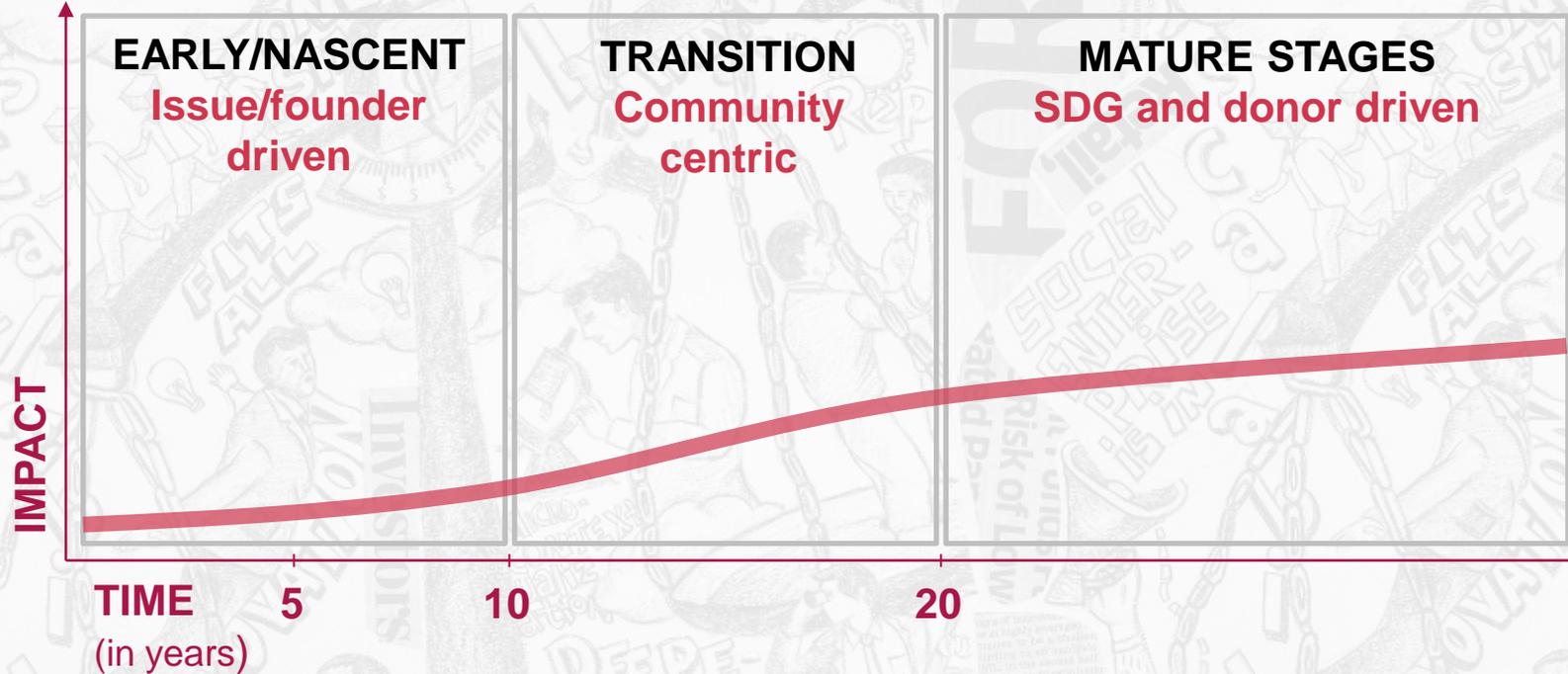
Is there a better way?

Yes! "INSTITUTE" them

by re-anchoring their spirit of mission and sense of responsibility, with respect to specific communities, geography, issues.

What is institution building?

Institution building is a process of **continuous investment** in **preserving and growing the institutional capital** of these non-profits to contribute to the creation of **steady, consistent and durable impact** over a period of time.

Institutional capital = ∑(all the intangible assets of the non-profit)

$$= \sum \begin{cases} \end{cases}$$

- reputation & goodwill
- community relationships
- longevity of its operating history
- experience and competence of its people
- culture and the integrity of character
- organisational design

To build institutional capital, where should funders start?

As an essential first step, the focus of funders must move beyond programmes and shift to fundamental organisational questions and concerns. These mostly involve:

1 How can they ensure strategy & execution remain in harmony with the mission?

2 How can they expand the management bandwidth of leadership?

3 How can they help a non-profit transition to a *hybrid* (non-profit + for-profit arms) operating model without altering the essence of its mission and culture?

4 How can the non-profit navigate *perceived* complexity in managing structure and operations through use of *skillful* interventions?

5 How can the non-profit mobilise and secure funding that is in tune with the organisation's character?

Sequence of steps to direct philanthropic capital – An alternative

1. Recognition of the cause.

2. Find agents/instruments/means of change (SMG non-profits) to realise the cause.

3. Build perspective on internal capabilities.

4. Preserve and grow the intangibles.

5. Participate in internal meetings and decision-making processes.

Comparison

1. Recognise the cause.

2. Search for/develop an explicit or implicit theory of change (ToC).

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Development funding becomes a series of projects to meet an end goal (say SDGs)

Development funding becomes a means to build a permanent system of change

If we think primarily in terms of processes as against projects…
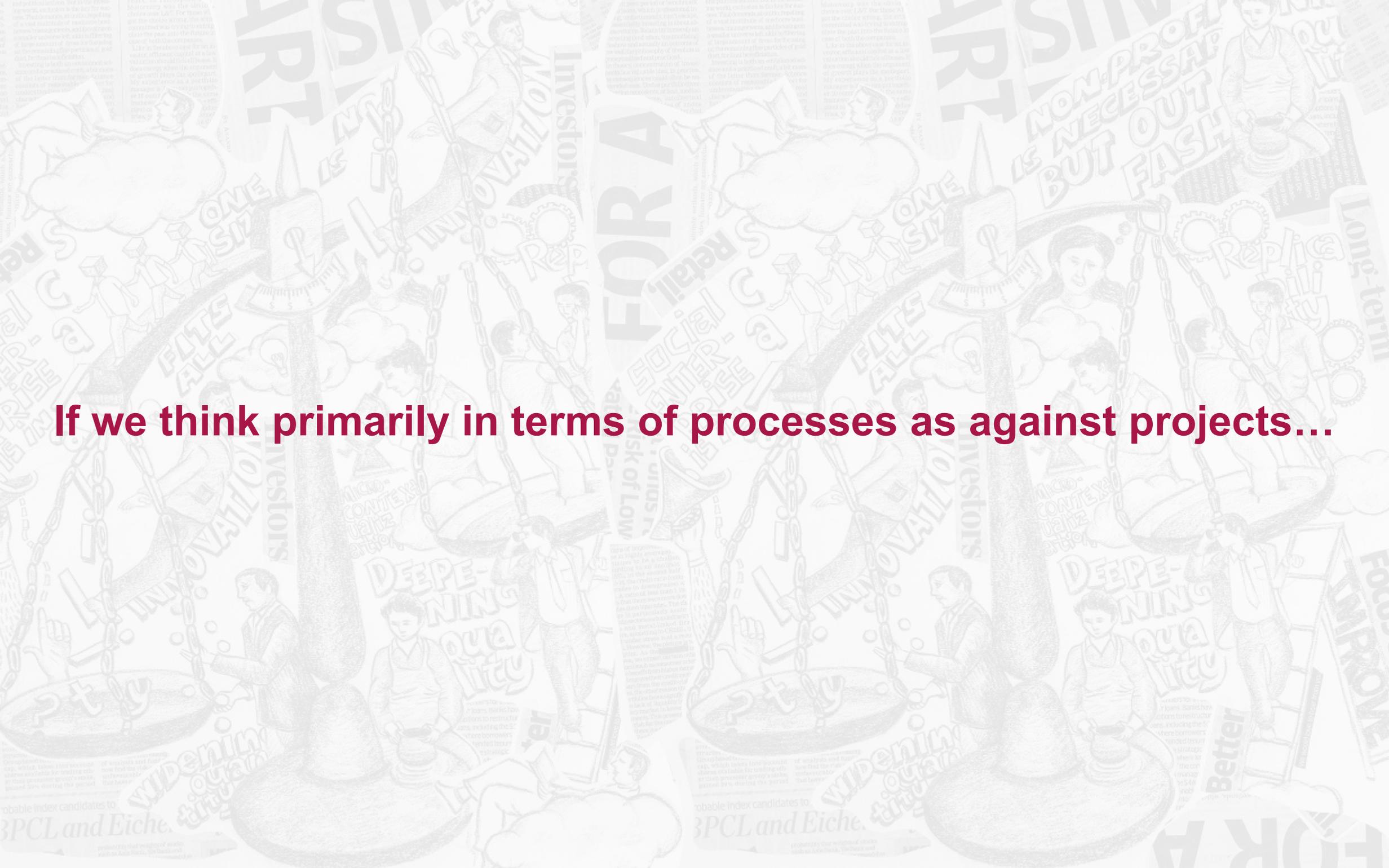
Funding at the Margin

⬇

In the context of SMG non-profits, it is defined as
leveraging all the historical investments.

⬇

If you practice this consciously, deliberately and systematically you are becoming a funder at margin.

⬇

Thereby allowing **effective capital allocation,**
and **avoiding**, as far as possible,
creating solutions for today that create problems for tomorrow

"Don't ever take a fence down until you actually know why it was put up".
- Robert Frost

What steps do we usually take to guide funders to practice this?

To achieve this, we have structured the investment process into three simple yet critical steps.

1	2	3
UNDERSTAND	**ENGAGE**	**PARTICIPATE**
(2-3 months)	**(6-9 months)**	**(5-7 years)**

Understanding each portfolio organisation through detailed deliberations.

Deeply engage with the ones that piqued your interest.

Actively participate and embed ourselves for five to seven years.

Impact investment: Redefined

Though the direct impacts of institution building are not tangible and measurable using popular quantitative impact metrics, they improve the non-profit's ability to achieve them holistically.

We have seen measurable improvement in the intangible assets of the non-profits, which mainly involve:

- **Accountability** – Ensure that these non-profits have a higher degree of accountability to society at large. We believe that all tax-exempt non-profits are effectively organisations whose real ownership is held with the public, and thereby every little action of theirs, especially financial ones, would need to take this into account carefully.
- **Independence** – Improvement in the ability to hold their own and preserve their independence to sustain themselves honestly, energetically, and prudently enough.
- **Governance** – Strengthened governance structure with an engaged Board.
- **Dynamism** – Increased ability to respond to the changing local context and broader developmental paradigm in general.

Our experience with funders: Womanity Foundation

There are a few funders with whom we have been engaged who have adopted this approach to some degree.

- **Womanity Foundation's** WomenChangeMakers program supports institution building for organisations working with the agenda of women's empowerment — active support for three years and passive support for an additional two years.

| **8** Organisations | **Focused on women's empowerment** | **Well-defined selection process** | **3+2** years of support | **Professional support Flexibility & Consistency Autonomy** |

- Mobilising communities for girls' education in India's rural and educationally backward areas
- Shifting from need-based intervention to strategy-driven plans
- Developing organisational strategy for next 5 years
- Streamlining HR, operations and fundraising plan

- Organising and empowering women in poor communities to improve and upgrade their habitat
- Institutionalising the process of development of local groups of women
- Consolidating the know-how on urban habitat development
- Enabling the multi-pronged model to work far more effectively

- Revitalising rural economies by transforming grassroots women from beneficiaries to decision-makers
- Bringing centrality to education by institutionalising the process of building the agency of women
- Integrating grassroots women in the decision-making of the organisation and community

Our experience with funders: Welthungerhilfe

- **Welthungerhilfe (WHH)** had engaged with us in 2018 with a project to build domestic resource mobilisation capacities of Civil Society Organisations (CSOs), co-funded by EU.

20 Organisations	Natural resource management & rural food security	20+ year old portfolio	3 years of support	Professional support Flexibility & Consistency Autonomy

Understanding the rationale behind the decision of non-profits to take up social enterprise model

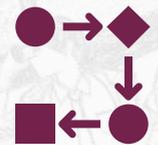Telephonic conversations to bring clarity on the earned income model they want to work with

Visiting the field to validate the viability of the model and understand their institutional needs

Counselling WHH leadership on the approach that is required to work with CSOs

Clarifying the engagement to the CSOs and getting the commitment required from them

Ongoing institutional building support, bringing clarity of thought, strengthening internal capabilities

- **Omidyar Network** and **Ford Foundation's** BUILD grant are also practicing institutional support.

Social Synergy Deutschland

- Building on our work with clients, Social Synergy Deutschland was established in December 2018, as a non-profit charitable organisation ("Verein") under German Law.

- It was launched with the aim to promote Social Synergy's unique approach to supporting non-profits in their engagement with family foundations and philanthropists in Europe.

- We can engage in three ways:

  - We can help you relook at your existing portfolio with the lens of funding at the margin.

  - We can help you build a new portfolio to fund at the margin.

  - We can channel philanthropic capital to our portfolio clients in India.
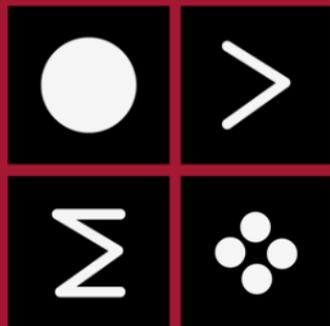
Thank You

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shaping organisations into institutions