

The Charities Aid Foundation Grant Programme

Learning from capacity building and lessons for other funders

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The logo for the Charities Aid Foundation (CAF), consisting of the letters 'CAF' in white on an orange rectangular background.

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Executive summary

This report presents the results of research on CAF's (Charities Aid Foundation) Grant Programme. The Grant Programme provides consultancy and financial support to help develop the capacity of small to medium-size charitable organisations. The research aims to understand both the strengths and challenges of CAF's approach to capacity building and to draw out wider lessons for other grantmakers, funders and infra-structure bodies that engage in similar forms of capacity building. The work undertaken by this programme is highly regarded and acknowledged as a path-finder in its field. But no matter how good a grantmaking process is there is always scope for further refinement and learning. This report focuses on some of these lessons.

Challenges for funders

Building the capacity of the voluntary and community sector (VCS) has proven to be a document topic for the sector in the new millennium. A major driver is the government agenda to engage the VCS in the delivery of public services, and the subsequent development of a number of policies aimed at improving the capacity of the sector to do this. On the ground many small and medium sized organisations are facing a rapidly changing and increasingly competitive environment where funding is often harder to secure. As a result there is increased pressure to improve their capacity in order to survive and prosper.

There is a dearth of good quality research on capacity building practice in the third sector. There is some literature (mainly from the USA) that attempts to define the different approaches of grantmakers to building capacity and to identifying the factors that contribute to success. Chapter 2 briefly describes some useful models and characteristics of successful approaches to capacity building emerging from this research. It also discusses some broader challenges facing grantmaking organisations and the implications for grantmaking practice.

The CAF Grants Programme

Since 1976 CAF has distributed £32m. The programme has evolved over the years, as it has sought to be responsive to changing needs in the sector and to be a pathfinder in developing thinking about grantmaking and capacity building. Chapter 3 describes the operation of the CAF Grant Programme at the time. One general trend over the years has been to award a smaller number of larger grants and these grants fall into two main categories:

- i **Consultancy and Training grants**, which provided a package of support up to £20,000 including up to 20 days with a CAF consultant, financial support for external training costs and funding for additional costs. These grants were aimed at increasing the capacity of charitable organisations, primarily through consultancy support but occasionally with additional financial support or training.
- ii **Collaborative grants** were aimed at organisations that share CAF's mission to increase effective giving and the effectiveness of charitable organisations, including other grantmakers, membership or umbrella bodies. These grants consisted of a package of support including up to £100,000 flexible funding, up to 50 days' consultancy support and joint working/advice with other parts of CAF.

The main focus of this research is to review and learn from the effectiveness of these two approaches towards building organisational capacity.

Using consultants to build capacity: the challenges

CAF's approach to capacity building is somewhat distinctive. Although a number of foundations and infra-structure bodies involve consultants in the delivery of their grants, there are few that manage the process as actively as CAF, introducing an interesting set of dynamics between the three main parties in the capacity-building triangle: grantmaker, grantees and consultants.

The capacity building triangle



Chapter 4 examines the challenges that CAF has faced in managing these relationships and discusses some of the challenges that are likely to face any funder engaged in capacity building using consultants:

- How to identify the applicants with the potential to make the most effective use of a grant-funded consultant?
- How to match consultants with the right skills and abilities to the needs of grantees?
- How to diagnose the needs of grantees, who may themselves be unaware of underlying problems and needs?
- How to manage the consultancy process and relations with grantees?
- How to give feedback and reporting to grantees?
- How to capture and share learning from the interventions that the grantmaker may not be closely involved in?
- How to manage larger grants involving a number of consultants and closer engagement of CAF grants staff and employees?

Learning from the process: conclusions

Wider lessons from the research are drawn out in Chapter 5 and summarised below:

Choosing the appropriate funding model: Organisational capacity-building is a demanding and complex activity for funders to undertake. There is no one model or approach to successful capacity building, each has their potential benefits and challenges and varied needs demands a considered choice of funding model. The use of a network of consultants (as practiced by CAF) has the advantages of giving the funder greater control over the capacity-building processes and developing shared practices and learning. However, it raises important challenges for funders in managing the complex relationships between grantmaker, consultant(s) and grantee and requiring skills that go well beyond mainstream grantmaking.

The size of the grant: A significant element of a funding model for organisational capacity building is the size of the grant offered. Small grants can be very effective in helping many small to medium-sized organisations that often find it very difficult to generate resources for organisational development. However, for the funder, they can be costly to administer and the sheer number and variety of grants can make it difficult to carry out effective monitoring and learn from them. Impact may also be fragmented. Larger grants may be a way of overcoming some of these problems and increasing potential impact, however it is at the expense of concentrating financial risk.

Complex grants: more complex packages of grant support can reap rewards but also creates new challenges for funders. As well as mainstream grantmaking skills, staff need skills in coordinating and managing complex projects, negotiating collaborative agreements, managing relations with consultants and grantees, and an understanding of organisational development and change processes. Clarity about the nature and extent of the collaboration and commitment and buy-in from the various partners are crucial to success. In addition they are likely to require much more flexible procedures and decision-making processes than for the management of small grants, to enable prospective collaborators to build relationships and understandings before reaching agreements on whether to proceed.

Capacity building processes emerging from the US: the findings from this research support a number of conclusions about the characteristics of successful capacity building processes emerging from US research. These include processes being assessment led, flexible and customised; '*client competence and readiness*' being taken into account; the involvement of competent providers, particularly consultants that can take a process or development approach; and that the timeliness of the intervention can be crucial. However, implementing these features is not as straightforward as suggested and raises a number of challenges that need to be addressed in the process.

Capturing and sharing learning: to capture learning about the capacity-building process is very challenging. Making time can be difficult, particularly if there are large numbers of grants to manage. Routine monitoring can miss important issues and often runs the risk of burying important lessons in a mass of data. The outcomes of capacity building are often difficult to measure and may not always be evident for some time in the future. The research suggests there is a need to undertake more post-grant evaluation, where costs are carefully weighed against the potential benefits. In addition, new opportunities need to be created to share learning between the different 'partners' in the capacity building process, and sharing this more widely with others in the sector.

Capacity building is complex, and there is no one successful model suited to all circumstances, any approach should consider different stakeholders' requirements and what they can contribute to the capacity-building process. While the CAF Grants Programme has achieved much, it is their constant desire to learn, review and improve to make their good approach even better that is particularly commendable. This leads to the hope that this report will stimulate further thinking and debate about how grantmakers, other funders and infra-structure bodies can really make a difference.

1 Introduction

'For some grantmakers, capacity building is simply a new name for what they have been doing for years through technical assistance grants and support for MSOs [Management Support Organisations]. For others, capacity building means stepping back from such practices, and making a concerted effort to learn about the impact of prior work, compare approaches, and make adjustments. There seems to be a growing recognition that non-profit improvement is difficult, and that grantmakers not only need to understand the challenge but learn from each other.' (Blumenthal, 2003: 4)

1.1 Background

This report presents the results of research that reviewed CAF's Grants Programme. The programme started in 1976 and focuses on building the capacity of small to medium-sized charitable organisations. The CAF programme provides organisations with consultancy advice, and sometimes financial support, to help develop their capacity. A network of approved external consultants works for CAF to carry out capacity building assignments for particular grants.

Throughout its history the CAF Grants Programme has sought to be innovative and learn from its experiences. As a result the programme has constantly evolved to meet new needs and challenges. In its attempts to be more effective CAF has become increasingly aware that capacity building is often a complex and poorly understood process, with many difficult challenges and tensions to be overcome. There is also a dearth of good research to guide practitioners, particularly in the UK, and a tendency in the practice-based literature to present simple prescriptions that gloss over the complexities and challenges.

CAF is not alone in wanting to understand how capacity builders can improve their impact and effectiveness. Many other funders and support organisations in the voluntary and community sector (VCS) are engaged in similar processes and have similar concerns. This report aims to contribute to this wider agenda and the development of more strategic and better informed approaches to capacity building.

1.2 Aims of the review

The review has two main aims:

- i to develop a better understanding of the strengths and challenges of CAF's consultancy-based approach to capacity building and to examine ways in which it could further improve its effectiveness

- ii to draw out and disseminate practical lessons about capacity building that might have wider relevance to other grantmakers and support organisations across the voluntary sector.

In particular the research aims to answer the following questions:

- What are the advantages and disadvantages of using a network of consultants to deliver capacity building?
- What are the challenges in assessing the suitability of organisations to benefit from a capacity building grant?
- What are the issues that face consultants in diagnosing grantees' needs and how do they deal with them?
- How do consultants manage the capacity building process given the constraints of time and the limits of their own expertise?
- What are the tensions for the different parties in relationships between grantmaker, consultant and grantee, and how are these managed?
- How do grants officers and consultants learn from the capacity building process and can learning be improved?

1.3 Research methodology

The research used a number of methods to address these questions:

- i a short literature review was undertaken to examine the concept of capacity building and uncover frameworks that are useful in analysing the different forms capacity building in the VCS can take
- ii secondary data from the CAF Grant Programme was analysed to provide information about how the programme had developed and to help identify cases for further analysis
- iii interviews were undertaken with a selection of key stakeholders in the programme, including CAF staff, members of grant decision-making bodies and consultants
- iv eight grantees were chosen as case studies for detailed analysis; the cases were chosen to include large and small grants and to include cases that were perceived to be more or less successful; in each case interviews were conducted with grant holders and also the relevant grants officer and consultant; secondary monitoring data was examined

A more detailed description of the research approach and methodology is given in Appendix A.

1.4 Structure of the report

This report is divided into five chapters. Chapter 2 provides a background for this study. It examines briefly the changing UK and US context and draws out some lessons about the characteristics of successful capacity building in the US, where more research has taken place. Finally it places the work of the programme in context by examining some of the challenges that face grantmaking foundations.

Chapters 3 and 4 present the main empirical findings from the research. Chapter 3 describes CAF's approach to capacity building and the two different grants programmes it operated at the time of the research. Chapter 4 examines in more detail some of the particular challenges and dilemmas that foundations face when they engage in organisational capacity building using consultants.

Chapter 5 presents the main conclusions and recommendations from the research. It draws out lessons that will be relevant to other foundations, funders and infra-structure bodies that engage in organisational capacity building in the voluntary and community sector.



2. Capacity building in the voluntary and community sector: trends and developments

2.1 The UK context

In recent decades there has been a remarkable expansion of the voluntary and community sector (VCS) in the UK as voluntary organisations have taken on new roles and responsibilities. In part this growth has been stimulated by changes in government policy, such as the contracting out of public services and the transfer of some public services to the sector, such as leisure trusts and social housing. This process shows little sign of slowing down as government is keen to encourage the VCS to play an even greater role in delivering public services and to increase active citizenship (Wilding et al, 2006). At the same time the sector faces many new opportunities and challenges: changes in the funding environment and more competition for resources; pressures for greater professionalisation; increased demands for accountability; and new regulatory requirements, to name just a few.

Alongside these changes, both within the sector and government, concern has grown about the capacity of many voluntary and community organisations (VCOs) to meet these new challenges. In particular, there is concern that the sector is becoming increasingly polarised between the large, well-resourced organisations, and the small to medium-sized organisations who find it increasingly difficult to compete for contracts and other resources (Wilding et al, 2006). As a result, government, infrastructure bodies and funders have become more focused on finding new ways of building the capacity of the sector and in particular the capacity of smaller voluntary organisations to allow them to respond to these new challenges.

2.2 The US context

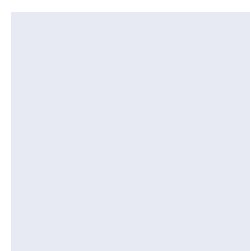
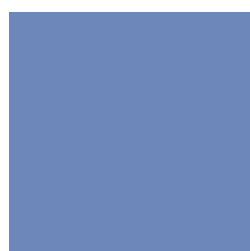
Similar trends have been occurring across the Atlantic in North America with many leading foundations (such as Kellogg and Ford) developing capacity building programmes and with the establishment of an umbrella organisation, Grantmakers for Effective Organisations (GEO), that seeks to promote good practice.

Research on US foundations (Blumenthal 2003) identifies three main ways that foundations deliver capacity building programmes, through *capacity grants*, *development partners* and *structured programmes*. The main features of these different approaches are summarised in Table 2.1.

The reality is often more complex. CAF's Grant Programme does not fit neatly into any one of these categories. CAF's use of a network of consultants that it selects and then contracts for specified grants can be regarded as another distinctive approach for delivering capacity building, and is examined in this review.

Table 2.1 Key features of approaches to delivery of capacity building (adapted from Blumenthal, 2003)

Delivery option	Key features of delivery option
Capacity grant	<ul style="list-style-type: none"> ■ grantees define the project and apply for a grant ■ grantmaker reviews the project; decides if worthwhile ■ grantee selects consultant from the marketplace ■ projects are generally short term
Development partner	<ul style="list-style-type: none"> ■ grantmaker funds development partner (eg consulting firm) to provide capacity building service ■ grantees referred to development partner by grantmaker ■ consultants involved in problem diagnosis ■ consultants can develop long-term relationship with grantees ■ consultants can provide ongoing coaching ■ consultants have incentives to focus on long-term improvement
Structured programme	<ul style="list-style-type: none"> ■ grantees required to engage in specific 'educational' steps eg organisational assessment, setting performance goals, comprehensive planning ■ grantees receive long-term support eg consultancy, mentoring, coaching and often financial support/incentives ■ grantees helped to set long-term goals for change ■ performance improvement monitored and continued support depends on progress towards goals



2.3 Emerging lessons from capacity building in the US

Even in the US, where many foundations have engaged in capacity building for a number of years, there is a shortage of rigorous research on the process of capacity building and its impact. Nevertheless, there are some useful studies that have attempted to survey the field and draw out some general lessons¹. In particular a number of characteristics of effective capacity building programmes have been identified:

i A comprehensive but targeted service

Whilst narrowly defined interventions can work, those capacity builders that have the most impact are able to offer a range of services such as assessment, technical assistance, financial aid and other kinds of support. However, it is also suggested that grantmakers do need to choose a primary focus for their work and the size and type of grantee they are targeting.

ii Assessment led

Capacity building work should start with a systematic assessment of the needs of the organisation in order to accurately diagnose the type of support that is needed. Using an appropriately skilled consultant to do this is more likely to uncover underlining problems than self-assessment by the grantee themselves.

iii Client readiness and competence

Capacity building is more likely to be effective if the 'client' is ready to receive the support. For example they are not in the midst of some major project or crisis where they are unable to devote sufficient time and attention to the intervention. They also need to have the capacity and competence to manage the consultancy and other support they receive. It is suggested that capacity builders may be more effective if they focus on those with the most potential to improve, such as those with a good record of success or with particularly innovative or effective programmes, rather than choose clients with the greatest needs.

iv Competent providers

Not surprisingly the importance of having well trained foundation staff and consultants is emphasised. However, Blumenthal (2003) is critical of the quality of much consultancy support in the US and argues for the importance of consultants with process skills who are able to take a

¹ Two studies are of particular note. Backer (2000) carried out what he called an environmental scan of the field, reviewing the practical and academic literature and interviewing a wide range foundation staff, academics and consultants involved in the field. Blumenthal (2003) carried out a similar study reviewing research on capacity building and related topics, and interviewing many people working in the field of capacity building. The summary of the characteristics of successful capacity building programmes in the main text is drawn from these two studies.

developmental approach. She suggests one of the major challenges for capacity builders is to find a way of assuring the quality of consultants.

v **Customised and contextualised service**

Effective capacity building services should be tailored to the needs of the particular organisation, for example the type of organisation, the environment it works in and the stage in the organisation's life-cycle. In addition capacity builders should look at what other support might be available within the context of each case and consider playing a role in bringing about other support if required.

vi **Timely**

Getting the timing right both in terms of when the support starts and its duration is important for successful capacity building. For example, delays in awarding grants can mean missed opportunities for effective intervention. Equally, setting too short a time scale for grants can undermine opportunities to develop staff or see long-term changes through.

vii **Peer support**

Building up peer support networks for sharing information and mentoring can greatly enhance the effectiveness of capacity building interventions.

These findings provide a useful starting point for thinking about capacity building in the UK context. However, in common with a lot of prescriptive advice there is a tendency to gloss over some of the practical difficulties and challenges for successful implementation. One of the purposes of this research was to examine some of these issues in more detail.

2.4 Additional challenges for foundations and funders

Foundations, and to a large extent other funders engaging in capacity building also face additional challenges and dilemmas that stem from their independent status (Leat 2007b: 115-6). In particular, once funders have chosen to make grants rather than to use their funds to undertake their own operations, they face a loss of control. The nature of the relationship between funder and grantee is usually an arms-length one and therefore funders often do not have much direct control over what the grantee does with the grant. As a result they need ways of ensuring that any money is used for the purposes for which it was intended, that it is used effectively and ultimately, that the investment be successful and worthwhile. In effect, they need ways of managing the risks of grantmaking.

The way foundations have tried to address these issues and the strategies they adopt to address societal problems has changed over time. Anheier and Leat (2006) argue that historically foundations have adopted three broad strategies to achieve their missions. They identify these as *charitable philanthropy*, *scientific philanthropy* and *new scientific philanthropy*.

Charitable philanthropy originated in the 19th century and is typified by a focus on tackling symptoms of social problems. In the absence of adequate provision of services by the state or church, the focus is on providing services and grants to those in need, but doing little to tackle underlying causes and therefore doing little to effect social change.

In contrast *scientific philanthropy*, which stems from the early 20th century, sought to address causes through research and education and having identified these to apply solutions to them. This strategy, the authors argue, is naïve in that it assumes that social problems are amenable to 'scientific solutions and simple control measures' and therefore underestimates the complexity of social problems and bringing about social change.

The *new scientific model* of philanthropy applies entrepreneurial and business ideas to philanthropy. Philanthropy is seen as an investment that requires a social return. This entrepreneurial view emphasises the need for a clear strategy, developing key competences and striving to make an effective contribution to social change.

The arrival of the third model may be seen as a response to recent changes in the voluntary sector's environment. Certainly much of the ethos of the new scientific model has pervaded the government's approach to bringing about change with its target driven culture and emphasis on adopting business practices. However, as Anheier and Leat (2006 pp22ff) suggests this model also has weaknesses including:

- an over-emphasis on short-term projects rather than building core organisational capacity
- a narrow and prescriptive approach to setting project objectives
- an over-emphasis on planning and a failure to engage with the complexities of social change
- a focus on money as the basis of all solutions rather than issues of will and knowledge

The solution according to Anheier and Leat is for foundations to develop a more pioneering and innovative approach – which they call *'creative philanthropy'*. They argue that the justification for foundations' independence from government and market accountability is:

"Their potential to be a source of innovation – and we would add creativity – that is unconstrained by short-term market forces and political-electoral considerations, and that in the aggregate contributes to greater pluralism.

In doing so, creative philanthropy provides a space for alternative thinking, voices and practices. In encouraging constructive conversations about new approaches to old and new issues, creative foundations increase the problem-solving capacity of society and reinvigorate civic engagement and democracy."

(Anheier and Leat, 2006 p.39)

Foundations that undertake capacity building need to pay much more attention to developing new approaches that have the potential to have a significant impact, learning from these initiatives and disseminating the findings.



3 The CAF Grant Programme approach to capacity building

3.1 Background and overview

The CAF Grant Programme started in 1976 and from the outset focused on developing capacity within small to medium-sized charitable organisations. The contribution that it has made to the development of the voluntary sector over the years has been impressive. Since its inception, CAF has distributed £32m to charitable organisations and as a result hundreds of organisations have benefited directly and indirectly. These range from well known names in the sector such as the Fairtrade Foundation, Linking Education and Disability (LEAD) in Scotland, Association of Charitable Foundations and the Charity Finance Directors' Group to small, locally-based organisations such as Citizens' Advice Bureaux and local community development projects.

The way the programme has operated has evolved over the years, as it has sought to be responsive to changing needs in the sector and to be a pathfinder in developing thinking about Grantmaking and capacity building (see Appendix B). Since 2003/4 the programme has moved towards making a smaller number of larger grants. In 2003/4 over 200 organisations were supported totalling £1.1m, at the time of the research in 2006/7, just over 90 grants were awarded totalling £1.2m. (Appendix C shows in detail how the pattern of grantmaking has changed between 2002-7).

Since 2005 CAF has offered two types of grants:

- i **Consultancy and Training grants**, which provided a package of support up to £20,000 including up to 20 days with a CAF consultant, financial support for external training costs and funding for additional costs. These grants are aimed primarily at increasing the capacity of particular organisations, through consultancy support but occasionally with additional financial support or training.
- ii **Collaborative grants** are aimed at organisations that share CAF's mission to increase effective giving and the effectiveness of charitable organisations, including other grantmakers, membership or umbrella bodies. The package of support includes up to £100,000 flexible funding, up to 50 days' consultancy support and joint working/advice with other parts of CAF.

A mix of cash and in-kind consultancy support has been a distinctive feature. The balance of cash and in-kind consultancy differs for the two types of grants. Consultancy and Training grants have tended to offer mainly consultancy with some funding offered for core costs and to assist full-cost recovery. The more strategic Collaborative grants often provided a mixture of support, which always includes consultancy but may also

include direct financial support, training or mentoring and other support and advice. As well as developing the grantee's capacity they are intended to have a 'multiplier effect' and benefit those organisations the grantee supports within a particular field of activity.

The programme focuses on areas that are close to CAF's mission and expertise. These include: strategic and business planning, funding and resourcing strategy, financial management, board development, mergers and partnership working, and crisis management.

3.2 Governance and management

The CAF Grant Programme is overseen by an independent advisory council, chaired by a CAF trustee, which makes recommendations to trustees on policy and grants awarded. A grants panel, made up of independent experts, reviews applications for the Consultancy and Training grants. The programme is managed by the Head of Grantmaking at CAF and supported by a team of staff and a network of consultants.

The network of external consultants works for CAF on a contract basis to carry out assignments for specified grants. A particular feature of the CAF approach is that the consultants are explicitly recruited to the network. Once selected to work with a successful grantee they are managed by the grants staff to deliver the agreed programme with their grant recipients. The degree of control exercised is unusual and the way the consultancy support operates is a key focus of this review. This is discussed in more detail in Chapter 4.

3.3 The Consultancy and Training grants

The Consultancy and Training fund was created in 2005 out of the learning from four funds that preceded it, (Fast Track, Access, Critical Assistance and Consultancy Funds). Although each fund had different application criteria, the needs of the organisations applying were in reality very similar. All needed to develop their capacity and in many cases address underlying problems that were constraining their development and effectiveness.

The process for assessing and approving a grant in early 2007 is as set out in Figure 3.1.

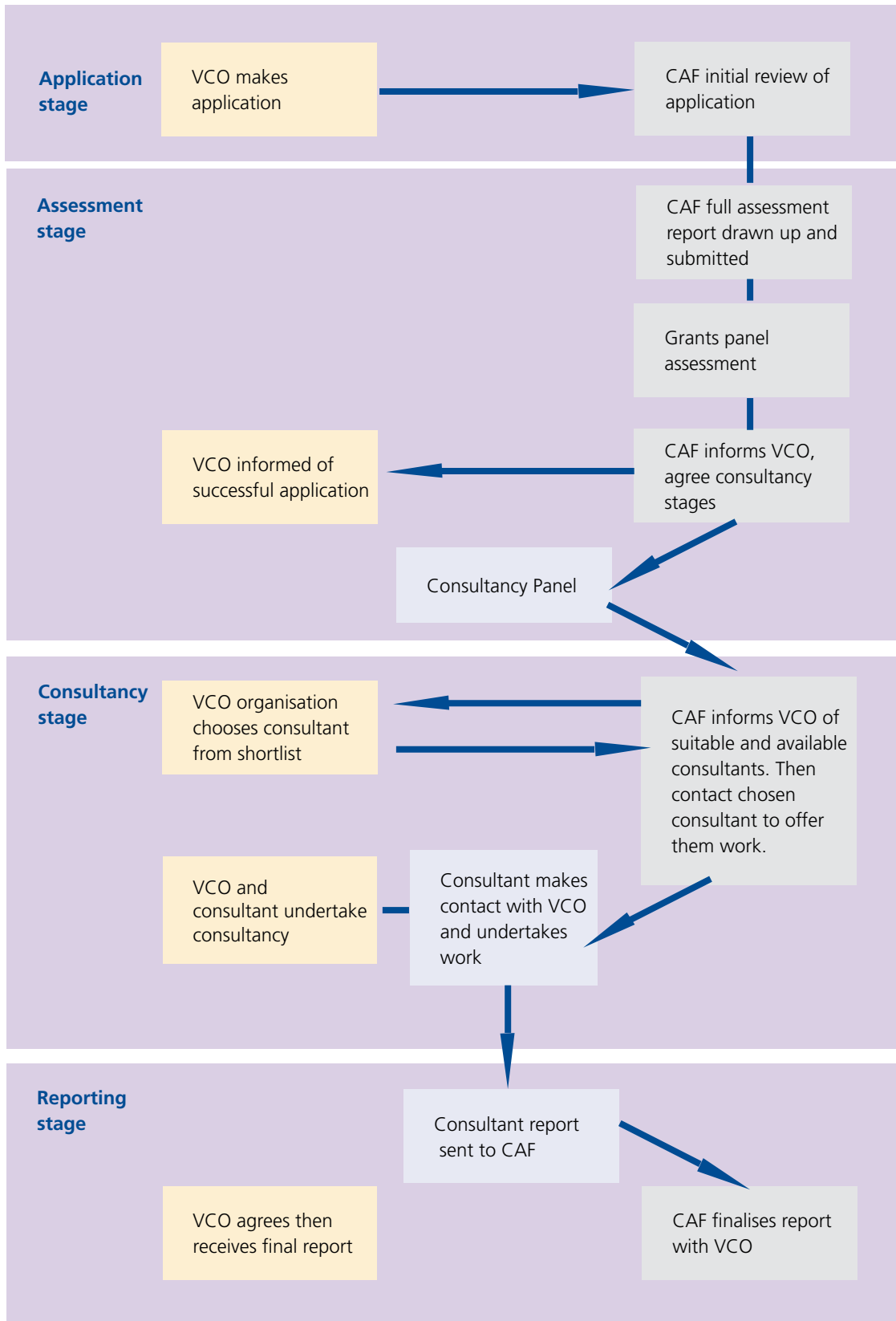
Since 2002, an approach has developed working, with partners to build capacity in a more strategic way. The next chapter looks at the operation of these grants. An example is given below:

The National Association for Gifted Children (NAGC) is committed to assisting children of exceptional intelligence or talent. It recognises that their needs are best met when parents, students, education professionals, schools and colleges are able to share a common forum and gain a wider understanding of home and school issues.

NAGC felt that a review of its operational and financial structure would boost its development and raise its profile. It successfully applied for a grant from the Consultancy and Training Fund. Having visited the organisation and collaborated with its staff to carry out an organisational review, the consultant produced a report highlighting the key areas to be addressed. The consultant then provided hands-on support to implement financial recommendation.

Denise Yates, Finance and Fundraising Manager at NAGC, said:
"I would recommend that every organisation uses this service as it puts everything in black and white. We identified that our internal processes were holding us back. Once we have looked at everything from governance to financial structures, we will be in a position to promote ourselves. "We are at the watershed of our development and we need help to break through and put the issue of gifted children across. Obtaining outside help from CAF is the most cost-effective way to do that."

Figure 3.1: CAF Grant programme: a simplified overview of the process



3.4 Collaborative grants

The Collaborative fund has also been refined over the last two years. There is a clear intention to use the fund to invest in organisations that can build capacity across a range of organisations (eg second-tier organisations and particularly those that seek to build financial capacity) and also to create wider collaborations involving other departments within CAF and other donors. An example is the collaboration between CAF and the Impetus Trust to co-invest in the NAZ Project London (NPL), which provides sexual health and HIV prevention and support to minority ethnic communities (Hartnell, 2007).

Impetus Trust is a pioneer of 'venture philanthropy' in the UK, which aims to draw on ideas used in the venture capital industry to maximise social return on investment by providing a package of support for medium size charities. As well as capacity building in NAZ, the project was an opportunity for CAF and Impetus to learn about co-investment and each other's approaches to capacity building.

Collaborative grants have developed distinctive features:

- they focus on areas where CAF and the organisation have some common interest and where there can be joint learning or collaboration
- they provide larger and more flexible funding over a longer period – typically over three years
- they usually incorporate a mix of capacity building activities including consultancy, training, mentoring as well as direct funding
- control and reporting mechanisms are more flexible, as might be expected in a collaborative relationship, and while some initial activities are set out at the start there is scope for funds to be made available for emergent needs over the duration of the collaboration
- there is a closer and higher level of involvement in the programme by CAF staff, which can involve staff in more time consuming and direct developmental roles with less emphasis on routine processes

Relatively few funders engage with organisations in longer-term collaborative relationships. CAF is one of the grantmakers that has helped to pioneer this approach in the UK². According to Blumenthal this approach to capacity building incorporates features of the *'development partner'* and *'structured programme'* models, with its emphasis on a longer-term approach, entailing several inter-related strands.

This approach aims to develop longer term and strategic work, and that there are ongoing opportunities for mutual learning. Strategic partnering may happen in a number of ways including:

- i **Working with infrastructure bodies** – CAF often gets several applications from different local groups in the same sub-sector. Work undertaken with an umbrella body to enable it to devise methods of addressing common issues can have a multiplier effect.

The Charity Finance Directors' Group, a national infrastructure body that supports staff with a key role in financial management. Strengthening this body has a multiplier effect right across the sector as its support to its members is enhanced. The grant specifically focuses on developing membership throughout the UK.

Community Finance Development Association (CFDA) is the infrastructure body for community-based financial bodies. These are independent financial institutions that provide capital and support to enable individuals or organisations to develop and create wealth in disadvantaged communities or under-served markets. When the CDFA was relatively new CAF was able to offer stable support and this credibility helped in raising money from other sources in the vital early development phase.

Association of Charitable Foundations (ACF) is the UK's premier support organisation for grantmaking trusts and foundations of all types. Members are able to take advantage of free information, access to a programme of topical seminars and specialised networks, advice from professional staff, meetings, conferences and advocacy. The support from CAF enabled the ACF to promote good practice in grantmaking by independent charitable trusts, build its capacity and raise its profile.

2 See Murray (2006) and, Bolton, M. (forcoming)

- ii Assisting start-ups and turnaround situations – CAF's position as a funder can enable it to act as a broker to unlock other finance streams or expertise, and the mere fact a reputable funder is offering support in a neglected or newly developing sub-sector can offer stabilisation and credibility in a fragile period.

Charity IT Resource Alliance (CITRA) was set up in 2003. It is a membership organisation specialising in helping IT professionals to develop their skills and knowledge giving charities the opportunity to optimise their technological potential. CAF support enabled CITRA to develop a range of add-on services including research work, publications, events, interest groups to track particular technology developments and set quality standards.

- iii **Enabling innovation** by cross-fertilising expertise between sectors.

Charity Technology Trust (CTT) was formed in 2001 with the aim of helping charities to improve their use of IT. A charity itself, CTT provides affordable solutions for charities looking to improve their marketing communications, fundraising, service delivery and administration. CAF's support enabled the organisation to grow and develop.

- iv **Creating synergies with other areas of CAF** – can open up opportunities to wider learning and support improvements to its own systems or processes by directly accessing the collaborative partner's expertise.

The Beacon Fellowship is a charity set up to encourage individual contributions to charitable and social causes and to celebrate and showcase best practice in giving. Beacon awards annual prizes to individuals who have made exceptional contributions to the community. Beacon believes that by highlighting the achievements of prize winners and showcasing innovation and best practice, others will be inspired to make their own contribution. The CAF grant has improved Beacon's financial stability, allowing the organisation to grow and develop additional funding streams and support. It also strengthened its marketing and branding and its grantmaking processes. It has brought links across CAF.

- v. **Jointly working on addressing an issue** – for example delivering advice and information.

Business Community Connections helped charities and organisations to obtain assistance from companies including advice, financial support and sponsorship. It also provides a free online resource centre to help in the practical development of business community partnerships. One of the products offered by the organisation is the Community Meets Commerce event model. This allows charities and businesses to meet each other, and enables charities to find out how businesses work and how they invest in the charitable sector. BCC has since merged with Business in the Community (BiTC).

- vi **Co-investment approaches** with another funder on a particular capacity issue.

CAF and Impetus have been working jointly with Naz Project London (NPL) to assist their growth and development using a collaborative approach. NPL provides sexual health and HIV prevention and support services to targeted Black and Minority Ethnic communities in London

Although Collaborative grants operates in a somewhat different way to Consultancy and Training grants, the focus on building capacity remains and the issues addressed are similar. Building structures, systems, management, fundraising and operational aspects of the organisation are all issues relevant to both programmes. However, the types of intervention are more varied, utilising training, consultancy, mentoring, coaching, direct financial aid and other support often in a quite complex package.



3.5 The effectiveness of the programme

An analysis of the monitoring data from the Grants Programme for the period May 2002 to April 2007 shows how positively it has been perceived by the majority of grantees. The monitoring responses, captured over the page, and gives some indication of its effectiveness. The data suggests that over 80% of respondents felt the consultant or trainer they worked with was effective. Just over 50% of respondents felt the grant had enabled their organisation to attract further funds or resources. Two thirds of respondents felt the grant had contributed to the next stage in their organisation's development.

CAF Grant Programme – monitoring responses and the effectiveness of grants

From a total of 665 monitoring responses the following has been extracted to help identify whether the support provided through the CAF Grant Programme has enabled them to develop their organisational capacity.

CAF Grant Programme monitoring responses



4. The challenges of capacity building using consultants

This chapter draws on the experience of the CAF Grant Programme and builds a framework to examine some of the key challenges involved in organisational capacity building that includes funding consultancy support.

The triangular set of relationships that occur between the grantmaker, consultant and grantee Figure 4.1

- the challenge of diagnosing grantees' needs
- matching consultants with grantees
- managing the consultancy process
- giving feedback and learning from interventions

This chapter concludes by discussing the further challenges that arise in managing more engaged grants.

4.1 The capacity building triangle

Capacity building using consultancy can be considered in terms of a relationship triangle, the *capacity building triangle* (figure 4.1), between the grantmaker, the grant recipients or 'grantees' and the consultants (or other third party advisers).

Figure 4.1 The capacity building triangle

The capacity building triangle



A distinctive feature of the CAF approach to grantmaking is the use of a network or panel of consultants that it recruits and manages, who act as change agents to build organisational capacity. There is a strong link between the grantmaker and the consultants who carry out the work. Rather than use a development partner or ask grantees to choose their own consultant, CAF manages its own consultancy network. As a result CAF has overall responsibility for the consultants' work and any consultancy reports are approved by CAF.

Each of the parties in the capacity building triangle has their own motivations, expectations and competencies. This is generally a strength as each stakeholder brings a rich mix of skills and perspectives to the capacity building process. However, there is also potential for confusion and misunderstanding as parties bring different sets of expectations to the table – they have their own goals, ways of doing things, ways of communicating, and their own stakeholder interests and concerns.

4.2 The application process and initial diagnosis

The grantee usually approaches the grantmaker and makes an application. The first challenge facing any grantmaker is to assess whether the grant would enable the grantmaker to deliver its mission. A key issue for capacity building grants is diagnosing the needs of the applicant and their capacity to benefit from any intervention. In CAF's case, the focus is on whether the applicant has the capacity to work with a consultant to achieve the desired organisational development and change.

For a grantmaker diagnosing in advance whether an organisation will benefit from a capacity building intervention and where its relatively scarce resources can be used to best effect is very difficult.

'If you need external support, often you do not know exactly what you need.' – grantee

'Problems are often very different to what we thought when we originally got involved.' – grants officer

'You take the lid off and the jar can be quite deep inside' – consultant

'Quite regularly you can go in on one problem and you realise in conjunction with the managers the real problem is something else.'
– consultant

There are several major challenges for grantmakers:

i. **The varying levels of grant applicant awareness**

VSO's have varying degrees of awareness as to what their needs are and what kinds of interventions will be most likely to develop their capacities. This is not simply a result of inexperience. Organisations are complex places with a variety of stakeholders that make sense of problems in different ways. Some applicants for grants may have a keen sense of the problems that need to be addressed. Others may feel sensitive and vulnerable about exposing their structures, habits or relationships to outside scrutiny. Some may be aware of symptoms of problems but not fully grasp the depth or nature of the organisational problems they face. Alternatively, some people may be all too aware and wish to use the foundation's intervention to achieve a particular course of action, which is not necessarily shared by others in the organisation. Hence any self-diagnosis in a grant application is likely to have limitations.

ii. **Judging the internal politics of the organisation**

Is there a sufficiently strong coalition for change within the organisation? This can be difficult to assess at the application stage. For example, who makes the application on the part of the organisation may be a critical factor that affects whether the work will be successful or not. In one case the application was made by someone who was not the key player in the organisation and this meant the person who could make or allow change to happen was not engaged with the consultancy. There was no buy-in.

iii. **The lure of resources**

Organisations may play along with a process to which they lack commitment to access resources.

CAF has recognised these potential problems. As a result the application process has been revised over the years. Key changes have been made both to simplify the procedure whilst at the same time encouraging potential applicants to contact a grants officer to discuss their application. This has had the desired effect of reducing the number of applications and, combined with the decision to focus on fewer larger grants and with applications sitting centrally within the CAF grant programme's remit, grants officers have been able to focus more on assessment.

Such a change has implications for the skills needed by foundation staff. Alongside the mainstream skills in grantmaking, there is a need for staff who are skilled in diagnosing an organisation's development needs and managing consultancy processes.

However, even if initial diagnosis during assessment is improved, it is still only likely to provide an incomplete analysis of an organisation's needs and potential for change. As a result, the first stage of most Consultancy and Training grants was the 'organisational review'. This involves the use of a structured assessment tool by a consultant to assess the organisation's development needs and the needs and actions required to bring about desired changes (see section 5.4).

4.3 Matching consultants to grantees – the 'dating agency' approach

In recent years CAF has increased the time and the amount of funding available for Consultancy and Training grants. This is in part a result of their experience of longer term and more strategic Collaborative grants showing that deeper engagement has the potential to overcome some of these problems. The smaller number of grants can allow grants officers a closer, more involved relationship with the grantee and consultant.

Once a grant has been awarded, CAF matches a consultant to the grantee's needs. By using its own network of consultants, CAF takes much of the task of selecting the consultant out of the grantee's hands. Essentially it offers the grantee a choice of two or three consultants. This can be very helpful to small organisations that are inexperienced in managing relationships with consultants or for organisations with little insight into the nature of the problems they face.

'If you need external support, often you may not know exactly what you need... and so some suggestions around actual consultants are helpful.'
– grantee

The triangular relationship, which is usually a two-way engagement between consultant and client, also adds additional complexity for all parties. Largely the relationship with CAF must be formal and to some degree impersonal in its nature if it is not to consume a great deal of additional time and energy for all three parties. There is a degree of 'ownership' and responsibility for the performance of the consultants that is not there in quite the same way in the 'capacity grants' and 'development' partner models Blumenthal describes. Managing this complex relationship places quite difficult demands on grants officers and puts a premium on good, effective and timely communication.

'Once (the consultant) was in there, it was straightforward.... There were no issues between us and the organisation or us and the consultant... Finding the right time to do it was important, as time was precious.'
– grants officer

Consultants can find it hard to meet clients prior to starting work as they would usually with their other assignments, including establishing a good rapport with the 'client'. Organisations, can be 'surprised' when they receive a consultant who does not appear to fit easily to the culture of the organisation. However, problems were comparatively rare. Usually the 'gap' in expectations was overcome and the consultant's professional skill was recognised. In a minority of cases the relationship remained problematic and a replacement consultant was sourced.

One CEO observed that the relationship with consultants recruited through a third party, and contractually accountable to grant givers such as at CAF, changed the nature of the relationship. Although the chief officer managed the consultants, their client was CAF and CAF paid them. These factors inevitably shaped expectations and possibilities. However CAF managed this to a degree by being very flexible and including him in the selection and monitoring of the consultants.

The dating agency approach can also have advantages for organisations in some parts of the country where there is a dearth of appropriately skilled consultants. Equally, the director of one grantee organisation felt short changed because there were so few consultants near them geographically. This meant fewer consultants to choose from and that the person chosen had to travel long distances to visit the organisation.

There is a trade off concerning the *size* of the network that needs to be made. A large network offers the advantages of being able to employ consultants with a wide range of skills and good geographical coverage. The disadvantages are that it can be difficult to maintain and it offers consultants only very limited opportunities for work and sharing ideas about good practice with other consultants in the network. Conversely, a small network has the advantages of offering consultants regular work and is less costly to maintain, but may mean the range of skills on offer is more limited and that consultants have to be willing to travel longer distances for work.

It is important to have the right skills in place to recruit, maintain and manage consultants. Capacity grantmaking through consultancy also requires skills in assessing the *quality and appropriateness* of a particular consultant for each situation and to act as 'matchmakers' between the consultant and the grantee.

The problem for funders, particularly for relatively small grants (like CAF's Consultancy and Training grants), is that they generally only have

limited knowledge of the grantee's problems and needs. Although undertaking a grants assessment can uncover some obvious problems such as poor financial management, organisations are very complex and there may be deeper underlying problems. So it can be challenging, particularly over geographical distance to make a 'good match'.

4.4 Detailed diagnosis: the 'Organisational Review'

Recognising that any initial assessment of potential grantees at the application stage will inevitably be incomplete, CAF uses a diagnostic tool called the 'Organisational Review'. This is carried out as the first stage of Consultancy and Training grants. The aim is to analyse and share the organisation's development needs and make recommendations for the next stage of the consultancy with the organisation.

The organisational review is undertaken by a CAF consultant working in association with the organisation and typically takes five consultancy days. The Organisational Review has been refined over the years and now covers areas detailing the work of the organisation, governance and management systems, planning, support and operating systems, financial management and tax effectiveness, funding, resourcing and income generation, communications and marketing. Consultants use a standard report format with headings to prompt them and produce a summary of recommendations.

The Organisational Review serves a number of purposes – some explicit, some implied:

- for all parties it is a diagnostic tool to help the organisation, CAF and any second stage consultancy (that results from issues identified by the organisational review) to decide on the most useful type and direction of intervention
- from the grantee perspective, it is often a catalyst for change as the organisation members gain new understandings about the issues that confront them
- it may legitimise change strategies that some stakeholders in the organisation have already identified but lack the power to implement
- from the grantmaker's perspective, it may also be a tool for assessing the potential of the organisation to benefit from further investment
- from the consultancy perspective, it is a way of gaining access to different parts of the organisation and beginning to understand its problems

For example, one organisation clearly valued the organisational review, not because it told them anything they did not know, but because it was explicit about priorities. Without the organisational review the board members said they would not have tackled issues as fast and in as focused a way.

The Organisational Review is also a piece of grant giving in its own right as the organisation does not formally contribute funds, although it does incur opportunity costs due to their staff time devoted to the process. In 2006, CAF introduced full-cost recovery in recognition of this.

Like the US research reviewed earlier, the CAF experience supports the view that capacity building should be assessment-led; it also demonstrates that this approach is not without challenges:

- i There is a tension in a creative grantmaking process between standardised procedures and creativity. The former can become formulaic rather than creating learning experiences. Equally a more creative approach can run the risk of becoming shifting sands with a lack of clarity about agreed outcomes and objectives.
- ii The lure of further resources can lead organisations to play along with a process to which they lack commitment.
- iii Some organisations have already undertaken other reviews and therefore feel that the organisational review did not tell them anything they did not already know.

'How does the organisational review benefit the organisation? For whose benefit is it? Is it for the organisation's benefit or CAF's?' – grantee

- iv. The Organisational Review may not take all the days allocated and consultants and grantees may want to use remaining days to begin carrying out the recommendations. At CAF, grants officers are flexible in agreeing to changes if they are kept informed. However, should any distance grow between the grants officer and the consultant-grantee relationship, there is a risk that the latter relationship will become overly involved and that the grants officer may be excluded.
- v. The types of issues consultants are willing to raise in their written reports may be constrained, which may limit their value. Consultants have their own areas of expertise and may focus on areas of their strength and not recognise other important issues. Consultants also know that grants may be limited in size and may be reluctant to raise issues that they feel could

not be dealt with adequately in the time available. They may also be unsure that the grantee will get further support, or if they do, who will carry out the work. As a result they may be careful about raising difficult or contentious issues that they may not be around to help resolve.

- vi. In some situations, the consultancy may become caught up in internal conflicts between competing groups and become a source of contention.

The manager of an organisation said she was not prepared to accept any further work by the CAF consultant. In her view the consultant's recommendations played into the hands of the board. The manager had agreed to making an application for a grant from CAF but did not think the intervention would mean considering the changes described by the consultant. These were changes she was not prepared to condone whatever the board members required.

This raises obvious governance issues. Another interesting issue raised by the requirement to undertake an Organisational Review is that it may carry the implication of an unequal relationship between funder and grantee. The organisation supported by a Consultancy and Training grant usually has an organisational review as a precursor of any further support. This may reduce the sense of ownership and commitment the grantee has to any diagnosis and recommendations that are offered.

'Grantholders don't read all the conditions – they are just so pleased to get the money...' -- focus group participant

In the early days of the Collaborative grants, an Organisational Review was normally undertaken as a consultancy component of the grant. More recently, this is not always the case but the Organisational Review is integrated into the assessment by the grants officers. There was some evidence of resistance to being on the receiving end of this kind of review by some of the strategic partners. However, this view was not universal. In one case the Organisational Review was important in legitimating change that the organisation needed to undertake. What this suggests is that the ways of dealing with potential strategic partners are more complex and not amenable to a formulaic approach. This is discussed in more depth in section 5.6.1.

CAF has been very flexible in its use of this process in its grantmaking and it is willing to act (at times very rapidly) where the organisational review has uncovered greater complexities or issues that raise concerns for example about ethical and regulatory issues.

An organisation needed a feasibility study very quickly and over the holiday period. The grant having been agreed, the CAF grants officer, arranged for the manager of the organisation to select a consultant as soon as possible. The consultant was asked to prepare a proposal before carrying out the work to ensure realistic expectations. The report was prepared in fewer days than awarded by CAF.

Consultancies may be increased to deal with more difficult problems or in a few cases grants have been suspended with conditions that the organisation resolve the issues identified before its resumption.

Undertaking initial diagnostic is essential; however, any simple formulaic approach will have limitations. Grantmakers need to be flexible enough to match the application and purpose of such work – as well as its length – to the particular needs of the grantees.

4.5 The consultancy process

Funders that can anticipate problems and put plans in place to deal with them are likely to be more effective. Some of the challenges revealed by the research are discussed below:

- i Developing an organisation's capacity is likely to involve a *process-orientated or developmental approach* to consultancy. The nature of the work often means being catalytic in deepening the organisation's understandings of their problems, and helping develop new skills or ways of dealing with these issues. However, sometimes the time allocated to the consultant to do the work can make this difficult. If consultants limit the work to what is achievable in the time available they may not really address deeper organisational needs. Of course the organisation may also go back to the funder for more or changed resources. CAF is able to be proactive and flexible in agreeing changes but inevitably there are still resource constraints. From the funders' perspective it can be hard to judge the merits of the case when consultants or grantees request more consultancy days because of their distance from the relationship.

Different players involved display different preoccupations around the number of days allocated. Some consultants are interested in establishing longer term relationships of trust. Organisations have sometimes requested a follow up day or using days allocated for the organisational

review in different ways. Allocating extra days is considered on a case by case basis. Grant officers reported their concerns were often more about whether an organisation actually had the capacity to do the work needed from the consultancy.

- ii There can be challenges *matching consultants to organisations*. Most consultants have particular specialisms – for example, skills in helping to undertake business planning or devising fundraising strategies. The research suggested there were times when, from the grantee’s perspective, the consultant delivered what they were good at, rather than what the organisation felt they really needed. In some instances grantees criticised consultants for working to a formula or providing information that the organisation could have found quite easily for itself. However it should be noted that this is a problem common for any type of consultancy.

‘It wasn’t strategic in its thinking’ – grantee

‘I was disappointed in the consultant we had. When we asked them to research governance issues, I think I expected a bit more than cutting and pasting material from the Internet that we could have found for ourselves.’ – grantee

- iii The matching of consultant to organisation poses challenges for grants officers. It can be difficult *making judgments about the quality of consultancy*, particularly at a distance. They can also find themselves having to mediate in difficult situations if for some reason the consultancy goes wrong. For example the organisation may be becoming dependent on the consultant. The consultant may fail to maintain the boundaries of the work getting involved in things for which they have no remit; or the consultant may fail to keep grants officers informed about changes in the work or problems arising. The problem may be compounded for the grants officer by the different roles they have to play. The problems can look different through different lenses.

In one organisation all the key parties, including the co-ordinator, consultants and grants officer were committed to helping the organisation become viable. However there were different views on the diagnosis of the problems and the details of how to sort out the priorities. The grants officer needed to undertake skilled and careful negotiations with both parties and so was crucial to managing relationships between the organisation and the consultant so that the work was ultimately achieved.

- iv The *entry point to the organisation* can assist or limit the consultant's effectiveness. As the internal politics of the organisation is largely unknown until the consultant starts work, it can emerge that the key contact lacks the ability to create a coalition for change. In these situations there can be difficulty in agreeing final reports or threats to the entire process if the commitment is low. In CAF this can result in the grants officer acting as an intermediary, sorting out disagreements about the scale or extent of the consultant's task. Working with small organisations also means that they are also very vulnerable to changes of personnel. If the funder's key contact leaves the organisation this may pose problems for the grant and the consultancy in terms of loss of support.
- v *Ethical or whistle-blowing issues* may surface during the consultancy. The CAF experience suggests that from time to time the consultancy may uncover more difficult issues, such as breaches of charity law and regulations. It is important for the grantmaker to have clear guidelines (which CAF does) about how to act in such circumstances.

One consultant had found that there was financial impropriety taking place that had to be dealt with before any consultancy could sensibly take place. In another case a consultant realised the organisation was concerned she would report it to the Charity Commission for some irregularities and this had to be discussed carefully with CAF.

These issues present important dilemmas for a grantmaker engaged in capacity building. For those like CAF that manage their own network of consultants they highlight the critical importance of having staff that are not only skilled in grantmaking but have an understanding of organisational diagnosis and development, and skills in managing what can be quite complex sets of relationships with both consultants and grantees. Grantmakers that can anticipate likely problems, and put in place plans to deal with them are more likely to be effective.

4.6 Feedback and reporting to 'clients'

A key output of the consultancy process for grantees is the consultant's report and recommendations. However, in the CAF approach to capacity building the consultant-grantee relationship is mediated by the grants staff. The consultant sends his report, detailing the work done and any final recommendations, to CAF for a quality check and review before it is approved and released to the grantee (as shown in Fig 3.1).

This process has a number of strengths. The final report is important in drawing together the work and signalling the end of the grant. It is an important record for CAF and the grantee of the work done. The fact that CAF checks the report is an important element of quality control and CAF may suggest changes to strengthen the document. However, this more complex process can have weaknesses, which can limit its value:

i Time lags

Usually the process of agreeing reports is not contentious. However, at times there can be discussion between CAF, the consultant and sometimes the client where exact wordings are fought over. Where the process is less contested there can still be a time delay between completion of report and the client receiving a final copy. From the CAF grants staff perspective this is seen as a way of ensuring the quality of reports and recommendations, which are going out in CAF's name. However, this can lead to frustrations from the grantees and consultants, as it may not always be clear why some delays are occurring.

'The report did what I wanted but it took too long.' – grantee

For one organisation it was vital the report could be used as part of their campaign to improve their reputation locally – and thereby secure more, and better, funding. The report therefore needed to have points clearly made but above all well written. To achieve consensus about what this meant, could or should be said, and how points were best expressed, consumed a considerable amount of people's time.

- ii Ownership** – the report is drafted by the consultant and utilises their skills and expertise but as noted above CAF is responsible for quality control and branding issues. CAF is clear that this is the charity's report – the relationship of both grantee and consultant is with CAF. The consultant, with a commitment to the organisation as their client, can on occasions feel that they are writing for two audiences – for the grantee and for CAF. Although CAF and the consultant are both concerned to develop the capacity of the organisation, at times and inevitably, there are different interpretations of what constitutes a helpful outcome between grants officers and the consultant. As a result there is a risk this can sometimes inhibit the relationship between the consultant and client.
- iii Openness on the part of the consultant** – given the public nature of the report and the fact that it comes at the end of the consultancy in many cases, some consultants are reluctant to raise difficult issues or couch their feedback in less forthright language as they may not be involved in

helping to resolve any remaining problems they raise. A number of them felt that in their own consultancy they would not simply hand over a report without being involved in helping the organisation to interpret this.

One consultant was clear that there was a need to match the consultancy and its depth to the likely support in terms of time that could be offered:

'You have to make a judgement – how long the job will take – but you have to finish the job.' – consultant

4.7 Learning from interventions – monitoring and evaluation

For any funder it is important to monitor and evaluate their approach to grantmaking in order to find out what works and improves their effectiveness. CAF is very diligent in collecting information and data on the grants it has awarded. Every grant has a monitoring form that collects basic data from the recipient about its operation and effectiveness. However, good evaluation is notoriously difficult to do well, and this is particularly the case in terms of capacity building work where the full results may only be evident in the long-term and many factors may influence the outcomes.

The research suggests a number of issues to capture, learn and disseminate information that is useful for both funders and the wider sector.

- i **Criteria for success:** it is hard to be clear about what criteria to use to evaluate how successful grants have been. For example, if diagnosis reveals that an organisation needs a new fundraising strategy what is an appropriate measure of success? Is it the development of the strategy, its successful implementation or developing the capacity in the organisation to produce and implement such strategies in the future? The evaluation of whether a new fundraising plan is produced may be possible at the end of a project, but other outcomes may take much longer to realise and be much more difficult to assess. This issue bedevils the whole area of capacity-building (Hager et al, 1999; Wing, 2004). Sometimes even an apparently 'failed' intervention may have unintended consequences that are beneficial:

'The staff's reaction to the consultant (who was asked to withdraw) made me realise that no outsider would be able to intervene successfully in this organisation and that I needed to adopt a different strategy'. – grantee

- ii **Timescale:** the point at which evaluation occurs is also significant. Sometimes the initial reaction that the grant has had some or no effect

is tempered over time. Therefore, it matters when evaluation happens. Too soon and there has been little time for reflection; later on there can be difficulties of recall or changes of personnel so that learning has been lost, and it may also be more difficult to attribute changes to the capacity building intervention. This suggests that evaluation will need to take place at more than one time, perhaps at the end of a project and then at a later time to assess its longer term benefits.

One organisation was very clear about the joint outcomes they wanted from the CAF grant: an assessment of development needs and the case for a grant for a development worker. The report was well regarded but no funding for the post was forthcoming. The consultant regarded the work as having failed because the post did not materialise. Later, however, the organisation re-structured and was successful in finding other ways of funding future developments, so perhaps this was a success after all.

- iii **Openness with funders:** while mature and confident organisations will be honest with foundations when things have not gone according to plan, or they have been dissatisfied, this may not always be the norm³. Some organisations did not express their feelings over various aspects of their grants to CAF, including dissatisfaction with the consultant. The difficulty is that even when organisations say that they are not satisfied with the consultancy they received, it is not always straightforward to interpret; it could be an issue with the consultant – it could also be that some painful learning occurred that the organisation is struggling to recognise.
- iv **Creating the space for learning:** more attention needed to be paid to capturing learning from the work. Although the formal monitoring was undertaken rigorously, the softer qualitative learning was more easily lost. Mechanisms for capturing feedback from consultants to individual grants officers have been strengthened to ensure stronger learning and feedback for the programme as a whole. Consultants felt that they needed more feedback on their reports than they got and opportunities to learn from each other. Members of the grants panel would have benefited from hearing the lessons the consultants had learnt to inform their decision-making accordingly. Many organisations struggle with these issues, it is a neglected aspect of the organisational environment rather than a particular feature of CAF Grantmaking.

'It is important that CAF can learn if these grants do lead to changes.'
– consultant

3 Argyris (1992) observed that when faced with people in powerful positions, such as funders, there is a marked reluctance on the part of the less powerful to reveal uncomfortable views and concerns.

4.8 The challenges of managing the strategic, collaborative grants

As noted in Chapter 3, CAF's Collaborative grants seek to experiment and develop new ways of partnering with other organisations to develop the capacity of the sector. The way that CAF has developed these since 2002 suggests parallels with what Anheier and Leat (2006) have called 'creative philanthropy' that creates 'space for alternative thinking, voices and practices' (ibid, p39). This approach poses new management challenges for grantmakers, not least because it requires different ways of working (and therefore skills) in the grantmaking role. In particular, an innovative and creative approach entails coping with a much higher degree of 'uncertainty', which requires a more fluid and dynamic management style than conventional grantmaking. It also puts more emphasis on learning from these innovations and acting as a catalyst for broader social change through disseminating learning.

CAF Collaborative grants involve a longer-term relationship between grantmaker and grantee where there are anticipated benefits for both organisations. In some cases it involves crossing the line between funder and becoming a direct developer, 'getting its hands dirty' in the capacity building process in a much closer and deeper way than the Consultancy and Training grants programme. In this sense it involves a capacity building process taking place in both organisations, albeit focussing on different types of expertise and skill for the different parties. All collaborative partners engaged with in this research felt they had benefited enormously, remarking on the advantages of a more relaxed and in-depth relationship with a funder who understands their needs. Despite CAF collaborative approach there is still inevitably a degree of asymmetry in the relationship. CAF like any grantmaker is providing the funding which gives it a degree of power that can create particular dynamics, such as unwillingness by some grantees to give negative feedback.

'It is basically a grant...it is a one-way relationship ... the feedback you tend to give is all positive. You are not going to give a funder a critique of their organisation.' This is a common issue for any grantmaker.

At each of the stages of an strategic Collaborative grant: *initiation*, *implementation* and *diffusion* there are challenges.

4.8.1 Initiation

i. A different selection process

Selecting organisations to benefit from Collaborative grants does not lend itself well to traditional grant application procedures. Prior to formal agreement to work together on a project, a relationship needs to be built such as those described in below.

The manager of an organisation that was in receipt of a Collaborative grant said that it was important that they had previously received a grant from CAF and therefore had some familiarity with its values and procedures.

A common feature that worked well is 'common culture' between the agencies involved, 'a history of working together' and 'peer support'. This is often the case in any funding arrangement but the difference is that the Collaborative grants are unlikely to work well without this. This often means that by the time the formal grant decision has to be made, the partners have already to some extent engaged with CAF and have an existing relationship.

If a grants panel or body that has to decide on the grant are only involved in this process when the relationship is already established, then it can seem to them like a predetermined 'done deal'. Hence it is important to keep such decision-making bodies informed of more informal discussions before decisions are actually taken. What CAF calls 'managing the pipeline'.

ii. Formality, flexibility and clarity

The major challenge is the need for a much higher degree of flexibility. However, these more flexible relations between grantee and grantmaker can create uncertainty about roles and demarcation lines. Although CAF has developed a collaborative framework document, organisations felt unclear at times about relationships and expectations. They were not always sure of the exact nature of the collaboration, how it was being led or maintained or when it ended.

'I hadn't appreciated as a Collaborative grant that there would be an ongoing relationship' –grantee

'I would want to know what is the collaboration? I don't mean it all has to be pinned down...but what are the boundaries?' – grantee

There are tensions between formality, clarity and flexibility. Early in any relationship, time needs to be spent agreeing objectives, clarifying expectations and working and reporting relationships in order to maintain the necessary degree of flexibility. In a programme such as this, if procedures become too formal, they can erode the benefits of flexibility and adjustment to new and emerging problems that are so highly valued. On the other hand a lack of clarity may lead to confusion. Mainstream grantmaking has a tendency to formal bureaucratic processes, a more innovative approach needs careful crafting to individual situations.

Funders moving to undertake development work of this type need to develop and adapt their skill sets and procedures. There is a need to have people involved that understand collaboration and the challenges of organisational capacity building, and are comfortable in negotiating and managing what can be quite complex relationships involving various partners and consultants.

Organisations at times felt uncertainties as to what the collaboration meant despite collaborative framework documents. So although CAF was seen by some as 'a good and intelligent funder' and others as 'fantastic and highly flexible' in the grant, they often wanted a more mutual collaboration.

The challenge for grantmakers is to strike the right balance between the formal procedures required to monitor and account for the funds they give and yet at the same time creating the space for flexibility and innovation.

4.8.2 Implementation

The greater complexity of Collaborative grants poses a number of challenges for leadership and management particularly in the implementation phase, which is increased by the involvement of consultants.

i. Managing relationships

CAF uses its consultancy network to support its Collaborative grants. However, because of the more engaged and complex nature of the work, this has involved grants staff working alongside several consultants who may be commissioned either solely by CAF or by CAF and the collaborative partner. In this context there is scope for confusion over who does what and of consultants getting in each other's way, or over-stepping their remit. For the grantee there can also be problems

managing the different inputs and there have been occasions where consultants were taking up too much grantee time and leaving insufficient time for their normal management tasks. Sometimes consultants felt they had insufficient information about the scope of the whole project. This added to the difficulty for some about where and when to draw boundaries around their own particular input. This highlights the importance for grants officers to clearly manage and co-ordinate the inputs of consultants, so that consultants are aware of their respective roles and that the grantee is not overwhelmed.

Where interventions worked well, grants staff were seen as particularly skilled at helping the collaborative partner think through issues that they were struggling with. Organisations where this was the case reported very effective outcomes with positive impacts on staffing, management capacity, strategic planning and performance management.

ii. Communication

Excellent communication is needed both between the grantmaker and the grantee but also between both of these and the consultants. The very flexibility of the grants places a premium on good communication about expectations. This is tricky to maintain even in the smaller Consultancy and Training grants and at times confusions arose between the various actors in the capacity building triangle. In the more complex grants, the threat of confusion and misunderstanding is multiplied many times over.

It was not uncommon for organisations to hold dissatisfactions with communication processes alongside highly positive reactions to the programme and its ethos overall. Some were unsure how progress was monitored, some were unsure of the scope of the collaboration, others felt arrangements for co-ordinating several consultants operating inside an organisation were 'not robust...and had not been thought through.'

This way of working places a premium on the skills of the grantmaking staff in ensuring that all the parties to the triangle have:

- *sufficient information* to avoid misunderstandings
- *time and space* to talk about any problems that arise
- *trust and confidence* in the strength of the relationship to feel comfortable raising problems and addressing these

This style of 'engaged' grantmaking may take some staff out of their comfort zones.

4.8.3 Learning and dissemination

i. Learning

If capturing learning from the small Consultancy and Training grants is challenging then making the space to learn from the larger Collaborative grants involves a major shift in thinking. Experience suggests that routine monitoring and evaluation at the end of the grants are unlikely to be sufficient to capture learning.

CAF demonstrates good practice through frequently commissioning internal reviews, and indeed this research. However, many of the consultants and some panel members and staff felt that a more structured approach to learning from the grants is needed. There is a lot of feedback to individual grants officers but there is a perception that this tended to remain at the individual level rather than being brought into the wider organisational context of the grants programme, despite regular team sessions and peer reviews.

'We are not really there on this one. There are updates from the consultants but not feedback really.' – grants officer

'CAF is the loser. In every assignment I learn...CAF would not pick this up with a questionnaire – it needs a... conversation ...after the contract has ended' – consultant

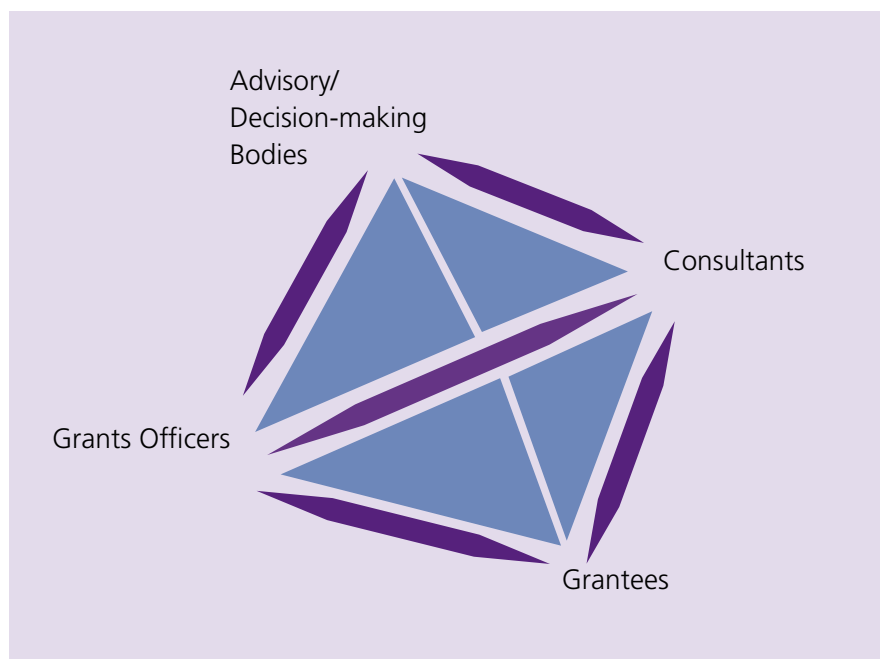
'We could have a meeting to present it... where all the learning is fed back.' – consultant

This also raises the issue of learning within grantmakers. The capacity building triangle hides the complex sets of relationships that operate internally in any grant programme. In most grant programmes, as well as staff, there are decision-making or advisory bodies often involving outside volunteers, such as the advisory council and the grants panel at CAF. These bodies are usually at least one stage removed from grantees (and also consultants in CAF's case). Ensuring they are involved in learning from grants can be quite difficult; formal reports from grants officers, however good, often don't capture the richness of learning that takes place.

One way of addressing this problem is to create periodic opportunities for members of advisory and other decision-making bodies to meet with consultants and grant holders as well as grants officers. During the research, a focus group was conducted that contained a mix of consultants, grants staff and panel members. It was also suggested that more learning would be captured by bringing the grant holders together from time to time in focus groups to talk about their learning from the grant.

Rather than thinking in terms of the capacity building triangle, it may be better to think of a 'kite' (figure 4.2) that recognises this added complexity and highlights the need for new forms of feedback.

Figure 4.2: The capacity building 'kite'



The complexity and flexibility of more complex grants means that a regular process of reviewing progress, reflecting on developments and capturing learning as the project unfolds is necessary. In addition, long-term follow up will be required to trace the consequences of capacity building.

ii. Dissemination

The main rationale for creative philanthropy is to develop new and creative approaches to addressing social problems.

Hence *'... a good idea that is not communicated is a wasted investment'* (Anheier and Leat 2006, p.226).

This means that it is not only important for foundations to learn about how to engage in effective capacity building, but as importantly they have a duty to share that learning across the sector through disseminating the results of their experience.

In all foundations there needs to be a greater emphasis on evaluation and research, and disseminating the results of these activities more widely.



5. Conclusions

Capacity building is a demanding and complex activity for grantmakers to undertake. This chapter summarises some of the wider lessons emerging from the research for foundations and other infrastructure bodies that engage in capacity building.

5.1 Using a consultancy network delivering capacity building

CAF's approach to capacity building features use of a specially recruited and managed *consultancy network* to deliver capacity building. This *innovative* approach to capacity building has important differences from what Blumenthal (2003) calls a capacity grant (where independent consultants are hired by the grantee) and a *development partnership* (where consultancy support is provided by a firm of consultants that becomes a development partner with the grantmaker). In the CAF approach, the foundation plays a greater role in selecting and managing consultants and overseeing the capacity building process than is usual, even in other foundations that employ their own consultants. Unfortunately there are no simple answers as to which model is superior. Each model has its own distinctive advantages and disadvantages, but CAF's model of delivery certainly deserves more attention by other foundations and bodies engaged in capacity building.

For *funders* it has the advantage of giving them a greater degree of control over the quality of the work of consultants and enables them to work with the consultants to develop shared approaches and practices. It has the potential disadvantage of requiring new skills among foundation staff and being more demanding in terms of time and resources.

For *grantees* it takes away many of the problems of finding and selecting an appropriate consultant to work with, which can be problematic for small organisations without previous experience of working with consultants. Although it has the inevitable disadvantage of giving them less control and possibly ownership over the process.

For *consultants* it has the advantage of reducing the need to solicit and tender for work and there is potential for mutual learning and support from grants staff and others in the consultancy network.

5.2 The right funding model

Careful consideration of micro or macro funding models is critical to the success of capacity building funding. CAF's experience throws light on the respective merits of offering many small capacity building grants versus focusing on larger strategic and Collaborative grants.

The small Consultancy and Training grants (up to £20k) offer up to 20 days' consultancy support to help small and medium-sized charitable organisations. This has the advantage of being able to help many small organisations that often find it difficult to raise funds to meet their development needs. Even a relatively modest annual budget of about £1m supported approximately 200 organisations a year. Adopting the approach of giving many small grants, poses serious management challenges for the grantmaker.

- administering many small grants is costly in terms of time and resources
- the volume of the grants can mean that there is little time to monitor quality or to capture learning
- the variety of the recipients makes generalisation about effectiveness and comparison of results difficult
- impact may also be fragmented or diluted with many small grants

As a result of these disadvantages CAF first took the decision to substantially reduce the number of Consultancy and Training grants they make and to increase their size. This had the effect of allowing grants officers more time to assess new applications and to offer more support to the consultants and projects they were responsible for. Then, towards the end of the research period, the programme reviewed its current approaches and has decided to focus exclusively on larger, strategic and Collaborative grants.

Larger collaborative and strategic grants have the advantage of offering a more sustained and flexible approach to capacity building, with greater opportunities to engage in and learn from innovative initiatives, such as new methods of financing. If the Collaborative grants are themselves aimed at infrastructure organisations in the sector there can be a multiplier effect, as they are more able to help the organisations they in turn serve. However, there can be an attendant danger of concentrating resources and risks in a few organisations.

5.3 The challenges of managing Collaborative grants

Managing Collaborative grants creates new challenges for funders. As well as mainstream skills in grantmaking, staff will need skills in coordinating and managing complex projects, managing relations with consultants and clients and an understanding of organisational development and change processes. In particular the research highlighted:

- the need to manage and co-ordinate the input of more than one *consultant* carefully
- the importance of clarity over collaborative goals and how each party is to benefit the other
- the need for clarity over how the collaboration is to be negotiated, managed and led over time
- the importance of buy in and commitment from other 'partners' to the collaboration, such as other foundations or partners in CAF

Adopting this type of approach means that the grantmaker also has to think much more carefully about its internal operations and its engagement with its stakeholders. Usually, the grantmaking or funding process can be regarded as taking place inside a 'black box' – ideas and proposals are inputted into this and decisions emerge. However, this research suggests that more attention needs to be paid to these internal processes. Grantmakers need to ensure that all stakeholders have an opportunity to feed into the process of learning: creating feedback loops for grantees and consultants, and ensuring that this feeds into the governance and decision-making structures of the grants programme.

At the same time if the sector is to gain from the knowledge generated from these new approaches to capacity building, much more attention needs to be devoted to evaluation and the dissemination of findings.

5.4 Emerging US features of successful capacity building processes

The analysis of CAF's experience helps to support and refine a number of conclusions about the characteristics of successful capacity building processes emerging from research in the US⁴, including the following.

Assessment-led: initial application procedures are unlikely to reveal an organisation's true development needs or underlying problems, hence capacity building needs to be assessment led. However, conducting an organisational assessment is not as easy as it sounds. A number of common challenges need to be addressed:

- the potential that the application of standardised assessment procedures can become formulaic over time limiting their value
- the need for assessment procedures to be flexible enough to meet different needs

4 See Backer (2000) and Blumethal (2003).

- the constraints on consultants of time and resources may limit the issues that they raise in assessment reports
- consultants may sometimes be reluctant to raise difficult issues for fear of upsetting clients or because they have to make decisions about how much to 'rock the boat'

Flexible, Customised support: the research highlights the importance of flexibility and the ability to customise services at a number of levels. No matter how good application processes and assessment procedures are, circumstances change, consultants may uncover deeper problems or actions that may have unintended consequences. There needs to be flexibility for capacity building work to change from initial plans to meet new problems or circumstances. There also needs to be flexibility around the end of the process. For some organisations, a report and recommendations may be sufficient for them to act upon. Others may need more help in interpreting findings and implementing the recommendations. Nevertheless, funders cannot write blank cheques and there needs to be clear processes for agreeing and monitoring any changes, for example CAF's ability to stop, start and extend grants was very important.

Client competence and readiness are important to success. However, judging this is quite complex and raises dilemmas for foundations. For example, it can be expensive and time consuming to monitor all applicants thoroughly at the application stage; as such problems may be difficult to spot until work has started. This highlights the importance of an assessment stage, which looks at this issue as the first stage of any project. Funders also face an important choice when deciding whom to fund ie how much they prioritise perceived needs of any grantee against the potential to improve. There is one school of thought that suggests picking organisations that already have a successful track record of change and growth may have more impact than selecting those with the greatest or most urgent needs. In order to avoid later problems it is also important to clarify who the client is and that the capacity building initiative has the support of all the necessary stakeholders.

Competent providers are crucial to success. This raises important challenges for funders re their own staff and ensuring the quality of consultants:

i. Competent foundation staff

Mainstream skills in grantmaking alone are not enough. This is particularly true in the model of capacity building used by CAF, where they recruit and manage their own network of consultants. Funders also need staff skilled in assessing the development needs of voluntary organisations, managing

relations with consultants and client organisations, and in gathering feedback and capturing learning from capacity building interventions. Hence, organisations moving into the kind of engaged capacity building that CAF undertakes will need to develop and recruit these skills and manage some of the inevitable tensions that can occur between these very different roles.

ii. **Competent consultants** are crucial to successful capacity building. The challenge for funders is to ensure they have the right mix of consultants with the right skills, at the right time and in the right place. In particular there is the challenge of trying to ensure consultants have process skills as well as functional skills if they are going to be able to take a developmental approach, yet the former are often much more difficult to assess. One potential advantage of CAF's approach is the ability to share learning and good practice between consultants. The process of matching of consultants to organisations may be difficult, however; things may not turn out as expected, the chemistry between consultant and client may not be right or the problems revealed may require a consultant with different skills. It is important that progress is monitored and that the funder is able to make changes as appropriate.

Timeliness: getting the timing right, both in terms of when the intervention starts and its duration can be important for success. One of the potential weaknesses of relatively short-term grants like the CAF's Consultancy and Training grants is they may not be long enough to really develop new skills within an organisation or implement and embed change. This can raise dilemmas for funders – the appropriate duration may be difficult to judge at the outset of projects and there may be severe limits on resources. There may also be a legitimate concern that consultants will draw out projects longer than necessary. Again a degree of flexibility will be important to adapt to circumstances as they unfold.

5.6 Larger strategic and Collaborative grants require different procedures

Collaborative and strategic grants require **different procedures** from smaller grants. Application processes may need to be revised so that encouragement, solicitation and even some element of joint exploration prior to an application are explicit components of the process. Furthermore, the **decision-making process** for a grants panel is more complex when deciding whether to fund a long-term relationship, which needs to be more flexible, exploratory and may set out less detail at the outset. This suggests the need for some other kinds of **assessment procedure**, perhaps involving meetings between panel members,

senior staff and the prospective collaborators to build relationships and understandings.

The criteria for awarding grants may also need to change with more emphasis on the commitment and confidence in the potential partners and opportunities for mutual learning. Managing large collaborative projects will also require [new skills](#) from grants officers, placing an even greater emphasis on assessing development needs, managing relations with grantees and consultants, understanding intervention and change processes, project management skills, evaluation and capturing learning.

5.6 Capturing and disseminating learning

Funders need to think more deeply about how to capture and disseminate learning from capacity building initiatives, what needs to be captured and how to disseminate it. Routine monitoring can miss the trick and has the danger of burying important lessons in too much detail. There can be a tension between the requirement of due diligence and the freer approach implied by creative philanthropy. The different points at which learning occurs and the meaning attached to this demands a more personal and reflective process than routine monitoring usually allows. The research also suggests that there is a need to undertake more post-grant follow up and evaluation work, for example, by having face-to-face meetings between consultants, grants staff and grant decision-making bodies to take stock after the grant has ended and follow up meetings with grantees to assess long-term progress and benefits. In addition, opportunities need to be created for sharing and disseminating learning between the partners in the process and more widely in the sector. This also implies that funders need to think much more carefully about their criteria for success. Of course evaluation can be expensive and the costs need to be weighed against the likely benefits.

5.7 Final reflection

In conclusion, it would be wonderful to be able to set out a series of recipes for successful building capacity in the VCS. However, one of the major lessons to draw from this research is that the processes involved in capacity building are complex and there is no one successful model that is suited to all circumstances. Therefore, there is a need to adopt an approach that considers the requirements of different stakeholders and what they can contribute to the capacity-building process. There is no substitute, in other words, for each grantmaker and their advisors undertaking a thoughtful review of what they want to achieve, how they might achieve this and how they can learn from their experience. Many of the issues that need to be considered are set out in the report.

What has been commendable about working with the CAF Grant Programme is not that they always succeeded – although they have many notable successes to their credit, but their constant desire to improve and to learn how to do (what they already do well) even better. However, the CAF grant programme is keen to learn and even keener to share that learning with others. This leads to the hope that this report will stimulate further thinking and debate about how grantmakers, other funders and infra-structure bodies can really make a difference.



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Appendix A: research approach and methodology

The research adopted a qualitative methodology using mainly interviews and group discussions to collect data. The emphasis was on how practitioners themselves make sense of the situations they face, reflecting on that practice and then linking this to theoretical analyses that can help deepen understanding. The approach was participatory with regular feedback to participants in the research process to check interpretations and develop shared understandings. The aim was to develop 'usable' theory for practitioners that help them make better sense of the situations they face and has a real impact on their work.

Much thinking about organisations assumes that there exists one 'right' way to run and manage organisations and that these outcomes are readily amenable to measurement. In practice organisational life is more complex – organisations often have multiple and ambiguous goals that are difficult to measure, actions frequently lead to unintended consequences and what works in one context may not in another (Pawson and Tilley, 1997). As result, those on the receiving end of interventions and advice from both academics and consultants have often been left puzzled as to why apparently 'good advice' appears not to work (Argyris, 1990). The research recognised this complexity by focussing on and analysing some of the inherent contradictions, tensions and dilemmas in the messy world of organisational change and capacity building.

A project advisory group was established at CAF, and met at regular intervals throughout the project to guide the research process and facilitate mutual learning. In addition, discussions about emergent findings were held with various stakeholder groups including consultants, CAF staff, and members of the advisory council and grants panel.

Data gathering for the research occurred in two main phases using a mix of methods.

Phase one – initial mapping

The purpose of this was to gain a better understanding of the grants programme, the context in which it operated and to identify any issues that deserved further examination during the main data collection phase. It consisted of two main activities:

- 1 Initial interviews were carried out with members of the CAF Grantmaking team and other key stakeholders in the programme, including other staff in CAF that programme worked with, members of the Advisory Council, the Grants Panel and experienced consultants working with the programme.

- 2 Secondary data about the programme was collected and analysed, including annual reports, past reviews of parts of the programme, minutes of meetings, monitoring data and completed applications.

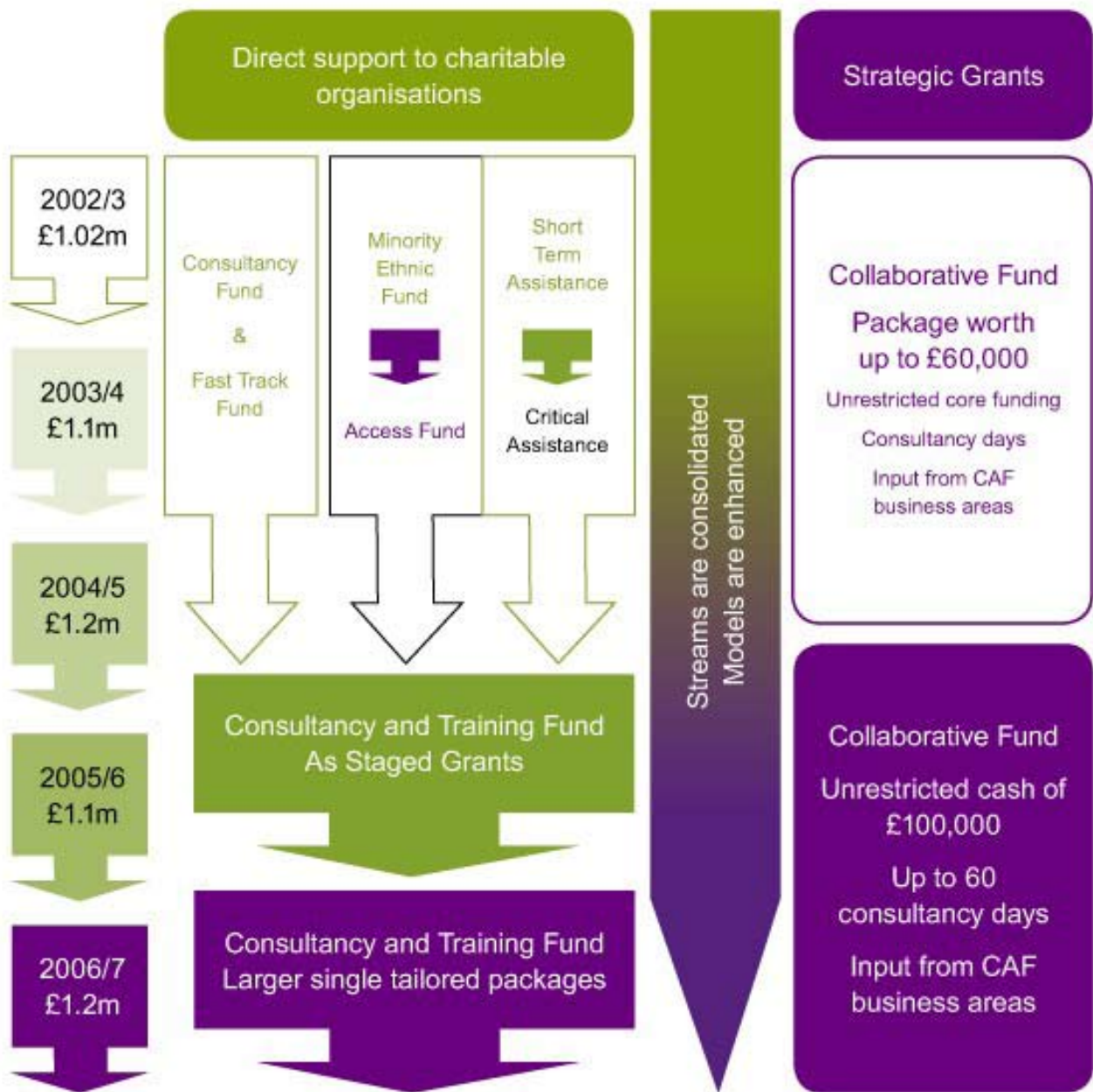
Phase two – data collection

The second phase was the main data collection stage of the research. This was divided into two main parts. The first part consisted of further interviews with stakeholders, two focus groups with consultants and observation of meetings of the Advisory Council and Grants Consultancy and Training Fund Panel. This enabled the research team to build up a fuller picture of the grants programme, and to explore in more detail how different aspects of it work, such as the grantmaking protocols, decision-making processes and monitoring systems within CAF. It also enabled the team to draw upon the accumulated experience of important groups of stakeholders, such as the consultants, to see what they saw as the strengths and weaknesses of the current programmes and where they could be improved.

The second part involved eight case studies of organisations that had received CAF grants. These cases were chosen so that there were four organisations that had received Consultancy and Training grants and four that had received larger Collaborative grants. Four cases were perceived by grants officers to have been successful grants and four that were perceived to be problematic or less successful in some way, although Grants staff recognised from the outset that that different people may view success in different ways. Data was gathered for each case by interviewing the Grants Officer(s) and consultant(s) involved with the case and interviewing relevant staff within the case-study organisation who had been involved with grant. Paper work and monitoring data associated with each grant were also examined. For each organisation we explored the following broad areas:

- how the grant was used
- how this intervention affected the organisation
- what went well and what went less with the intervention process
- what actions have been taken as a result of the grant and the consultancies
- what had been the consequences of these changes

Appendix B – The Development of the CAF Grant Programme 2002 -7



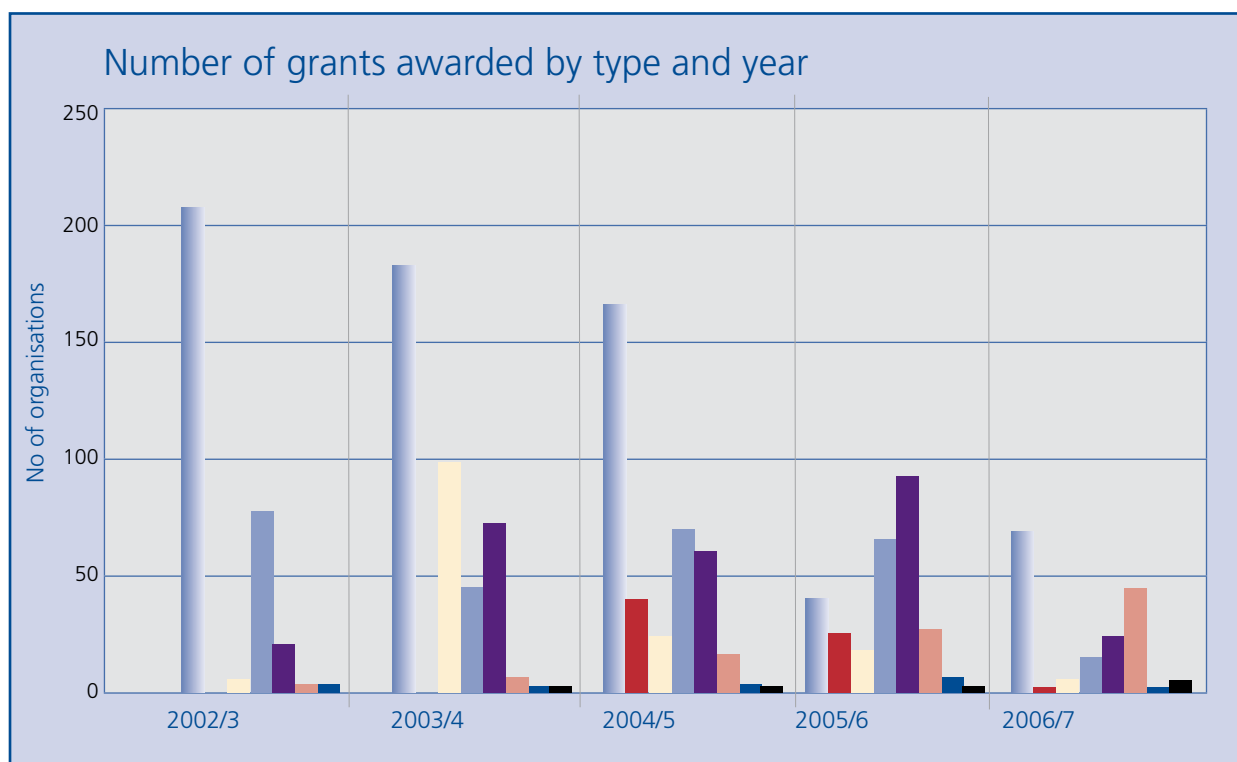
Appendix C - Changing patterns of CAF's grantmaking 2002-2007

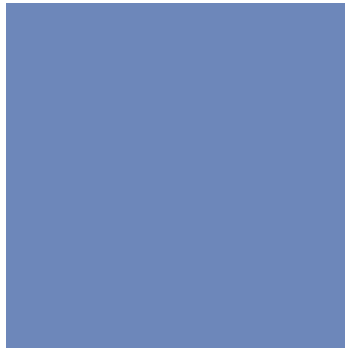
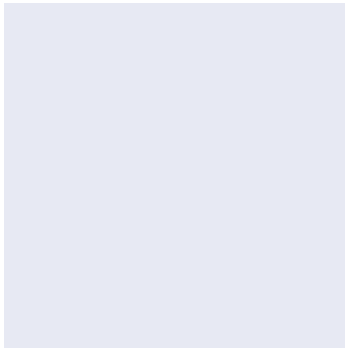
CAF Grant Programme - total organisations supported by year



CAF Grant Programme - total organisations supported by type and year

Whilst the number of grants awarded has reduced over time, the total package of support per organisation has increased. In 220/4 consultancy support was an average of 2-5 days, but this has increased over time to become a package of cash and consultancy support of, on average, 11-20 days.





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