



Supporting Local Organizations: Challenges and Opportunities for U.S. Foundations

Executive Summary

On February 1, 2018, over 30 funders from the Peace and Security Funders Group (PSFG), the Human Rights Funders Network (HRFN), and Philanthropy New York joined a webinar on the challenges and opportunities of locally-led, or participatory, grantmaking. Bridget Moix of Peace Direct and Amy Bisno of American Jewish World Service kicked-off the call. The purpose of the call was to review the findings of the report [*Supporting Local Organizations: Challenges and Opportunities for U.S. Foundations*](#); to discuss the ways in which funders are overcoming challenges to locally-led grantmaking; and to explore the different funding models for this type of grantmaking. Next steps include sharing resources that help funders address these challenges (see below) and consider hosting an additional call to discuss lingering questions.

Key Findings from the Report

- Eighty percent (80%) of respondents (PSFG and HRFN members) fund locally and have a culture and practice of funding locally within their organization.
- To be successful, locally-led grantmaking takes time, commitment, and flexibility.
- Building relationships and understanding the local context are key elements to successfully funding local organizations.
- Funding locally has its limitations and may not always be the best option.

Challenges and Tactics to Overcome Them

- Many local organizations may not have the capacity to complete lengthy applications, extensive financial reports, or provide the required documentation. Funders can cut down on the amount of paperwork by only requiring what is absolutely necessary, and by simplifying and shortening the application process.
- Getting buy-in from boards to approve this kind of grantmaking can be challenging because foundations assume more risk when funding locally than when funding a well-established national or international organization. Educating your board is essential to creating buy-in.
- Locally-led grantmaking takes more time than other types of grantmaking. For this reason, a lack of staff capacity is also a major challenge. For this type of grantmaking to be successful, funders should establish a more realistic program officer-to-grantee ratio.
- Local organizations can suffer reputational damage from having received funds from a foreign funder. Using a fiscal sponsor or fiscal agent can help add a layer of separation between the grantmaker and grantee; however, this requires additional relationship-building with the

grantee's fiscal sponsor so that you are not creating extra burden on the fiscal sponsor (or the grantee), and roles are clear in terms of the legal responsibility of the fiscal sponsor, etc.

- Because the staff of local organizations operating in repressive contexts can be at risk of personal injury, grantmakers need to be sensitive to local conflict dynamics and be flexible in the ways that they communicate to grantees (e.g., email, What's App), and the information they choose to publish about the grantees' work.
- Many local organizations working in repressive contexts may not have reliable access to the internet or have a secure connection. Using apps like [What's App](#) is a good alternative way to communicate with grantees.
- Local organizations are often staffed by volunteers or employees with small stipends, so it is easy for local staff and activists to experience burn-out. Local groups may also be experiencing trauma. One way to support the work of a local activist or local group is to fund their wellbeing through general operating support, core support, or through insurance/benefits schemes.
- Navigating the U.S. tax laws and processes is very onerous and, at times, confusing. While this cannot be avoided, funders should reach out to one another for guidance.
- Establishing relationships with local organizations can be challenging if funders do not have staff in those communities. This is a great opportunity to tap funder networks like PSFG and HRFN to help make connections with local groups in new areas.
- There are many barriers to entry for small groups who are not registered or who cannot handle long applications or large budgets. To overcome this and break down these barriers, funders can accept applications in different languages and in a variety of formats, or have a verbal application process, assisting the local group in the application and proposal writing process.

Questions for Further Discussion

- What kind of due diligence do you require before you approve a grant from a local organization? What kind of documentation do you require for this process (e.g., annual statement, risk matrix)?
- How do you overcome the challenge of a local organization not having a financial history?
- How do you tackle laws that are constraining civil society?

Additional Resources

- [Foundation Maps: Human Rights](#)
- [HRFN Working Groups \(Cross-Border Philanthropy, Participatory Grantmaking\)](#)
- [Cross-Border Philanthropy and Counterterrorism Regulations: Guidance for U.S. Grantmakers](#)
- [Sur 26: Reclaiming Civic Space](#)
- [HRFN Resources \(Defending Civic Space\)](#)
- [Smart Risks: How small grants are helping solve some of the world's biggest problems](#)
- [Peace Insight](#)
- ["Participatory Grantmaking: Power to the People"](#)
- [Office of Foreign Assets Control: Specially Designated Nationals and Blocked Persons List](#)