



BEYOND TRAINING: HOW CAPACITY BUILDING TRANSFORMS NONPROFIT ORGANISATIONS

A MULTI-STAKEHOLDER STUDY OF MODELS,
OUTCOMES, AND BEST PRACTICES

May 2026



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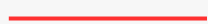
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We have made every effort to faithfully represent the perspectives shared by participants while also grounding the report in academic literature.



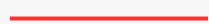


Nevertheless, the interpretation of those perspectives by the authors and reviewers may not fully reflect the views of participating organisations.

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Executive Summary

Background and Rationale

Despite growing recognition of the importance of capacity building, nonprofits face a persistent "starvation cycle" (Ann Goggins Gregory and Don Howard 2009) and are unable to recover operational costs, let alone invest in essential capacity strengthening. New-age funders are increasingly shifting from programme-only funding to also investing in organisational development. They are recognising that robust systems and capacity are prerequisites for sustainable impact and scale.

This study, conducted through a collaboration between AVPN and Atma, explores the capacity building ecosystem for nonprofits through the lived experiences of those intimately involved in capacity building: Funders, Intermediaries, and Nonprofit Organisations themselves.

Research Approach

The study employed a qualitative research design that combined phenomenological and grounded theory approaches. Through in-depth interviews with 25 organisations (44 respondents), including 5 funders, 6 capacity building intermediaries, and 14 nonprofits across India and In the South-East Asian context, the research captured deeply reflective responses on capacity building processes,

effectiveness, challenges, and outcomes.

Key Findings:

1. Diverse Models, Common Goals

Funders primarily employ six models to support capacity building, ranging from direct grants to funding intermediaries who work with non-grantee partners. Most funders rely on a combination of models. Capacity building intermediaries offer programming across a spectrum, from cohort-based subsidised programmes to highly customised individual organisational consulting, differentiated by domain area, duration (webinars to 3+ years), organisational budget size, customisation level, and delivery mode.

2. Effective Capacity Building Depends on Design, Delivery and Integration

Three broad themes emerged as critical for effective capacity building:

- **Design effectiveness establishes the foundation.** For example, rigorous screening ensures relevance, effective needs assessment enables customisation, and robust organisational maturity assessment ensures the right content is built into the capacity building programme design from the outset.
- **Delivery effectiveness determines whether participants actually gain**



knowledge and skills. This is achieved through appropriate segmentation, contextualisation of content, mentorship and peer-to-peer learning, paced implementation and empathetic relationships.

- **Integration Effectiveness:** This determines whether that knowledge actually transforms organisational practice. This requires addressing specific organisational challenges, post-training follow-up and implementation support, and sufficient duration for change to take root.

3. Measurable Outcomes Across Three Levels

The research identified outcomes at immediate, intermediate, and long-term levels:

- **Immediate (Capacity):** Access to resources and enhanced knowledge, skills, and clarity across functional areas, including fundraising, communications, finance, technology, monitoring & evaluation, and governance.
- **Intermediate (Agency):** Practical application of learning, increased confidence, improved culture and leadership, formalised practices.
- **Long-term (Sustainability):** Improved efficiency, organisational growth, expanded networks, and greater resilience to external shocks.

Most of the interviewed nonprofits affirmed that capacity building

improves organisational resilience, enhances access to opportunities, and ignites internal potential for self-driven development.

4. Persistent Challenges Across Stakeholders

- **Nonprofits struggle with:** Bandwidth constraints, conflicting priorities, lack of post-training implementation support, founder-centricity that limits knowledge transfer, and absence of dedicated learning & development functions.
- **Intermediaries face:** Funding constraints for subsidising quality programmes, difficulty balancing accessibility with effectiveness, challenges in decentralising capacity building beyond English-speaking urban organisations, and ensuring the sustainability of institutional knowledge.
- **Funders grapple with:** Securing adequate funding specifically for capacity building, measuring impact and attributing outcomes, managing multiple relationships and timelines, and defining success metrics.

5. Critical Gaps Remain in the Ecosystem

Despite ecosystem growth, significant gaps persist:

- **Geographic and linguistic exclusion:** Capacity building remains largely urban-centric and English-medium delivery-oriented, leaving grassroots and rural organisations underserved



- **Life-stage gaps:** While early-to-mid stage organisations have some access, mature organisations seeking strategic reorientation have limited options.
- **Funding scarcity:** CSR regulations remain unclear on capacity building; convincing donors to fund organisational development over programmatic work remains challenging.

Implications for Practice

For Nonprofits:

- Prioritise capacity building as an organisational strategy, not as an add-on.
- Ensure leadership buy-in and create dedicated learning & organisational development functions.
- Involve multiple organisational levels, not just founders/senior management.

For Capacity Building Intermediaries:

- Expand beyond cohort models to offer strategic consulting for mature organisations.
- Develop regional language capabilities and rural presence.
- Create post-training support mechanisms for sustained implementation
- Balance subsidised access with programme quality through innovative funding models.

For Funders:

- Adopt flexible funding models that combine capacity building grants with programmatic support.
- Commit to longer-term engagement (3+ years) for organisational transformation.
- Support intermediaries to expand reach beyond traditional eligibility criteria.
- Invest in documenting and sharing capacity building outcomes to attract more funders, not just founders/senior management.
- Build systems to institutionalise learnings beyond what's shared with individual participants.

Conclusion

Capacity building is no longer optional but a fundamental prerequisite for nonprofit effectiveness, sustainability, and scale. As the sector grapples with driving systems-level change and deeper impact, investing in organisational capacity becomes as critical as investing in programmatic work.

The ecosystem shows promising momentum with funders increasingly recognising the value of capacity building and intermediaries innovating delivery models.

However, realising the full potential requires:

- Expanded funding specifically for capacity building.

- Greater inclusion of marginalised and rural organisations.
- Longer-term engagement models.
- Robust mechanisms for measuring and communicating outcomes.
- Nonprofit leadership treats capacity building as a strategic priority rather than an optional opportunity.

The path forward requires collective action, where funders fund more than programmes, intermediaries innovate for inclusion, and nonprofits institutionalise learning. Only then can capacity building fulfil its promise of building resilient, effective organisations capable of creating lasting social impact.



Understanding Capacity Building for Non-Profits

Background

New age funders are increasingly moving away from traditional charity-based models in keeping with their vision of viewing nonprofits as players capable of delivering scalable and measurable development outcomes, which includes shifts in cultural norms and behavioural patterns. Achieving developmental change is, however, challenging owing to 'multiplicity of objectives in interventions, diverse choice of strategies and scale, multiple players and the need for dedicated resources of time, energy and funds' to make shifts happen (Baser, Health, Peter Morgan 2008).

To add to the complexity, nonprofits operate in a fluid ecosystem in which the 'government, corporate sector and nonprofits are constantly required to exchange ideas, resources and responsibilities in the midst of shifting sociodemographic factors, economic conditions, political dynamics, and the values and norms of the community.' (Carol J. De Vita, Cory Fleming)

This creates a certain need for nonprofits to be supported through capacity building initiatives to build resilience and adaptability. Just as a city's physical infrastructure crumbles over time if it is not maintained, so it is

with nonprofit infrastructures (Backer 2000).

This invariably affects nonprofits because they are hardly able to recover their 'operational and overhead costs, let alone invest in essential capacity strengthening'. This leads to what is commonly referred to as the 'nonprofit 'starvation cycle' (Ann Goggins Gregory and Don Howard 2009).

Studies carried out by the Bridgespan Group identified multiple ways of investing in organisational development, such as 'enabling scaling of budget and impact potential, improving organisational efficiency and the experience of key stakeholders, improving the organisation's resilience in the face of crisis, and building its future readiness to capitalise on opportunities, collaborations, and innovations.' (The Bridgespan Group et al.). Some other takeaways of capacity building for nonprofits were identified as building a 'culture of accountability and transparency', cultivating 'a new generation of leaders', and improving 'usage of 'resources efficiently and effectively.' (Funds for NGOs 2024)

In recent times the approach to philanthropy has undergone a sea change. Instead of funding only the



programme costs, there is greater interest in making investments in organisational development. Earlier, the full costs of nonprofits, inclusive of indirect programme costs, organisational development costs, as well as a certain amount of reserve funding, remained uncovered for the vast majority of nonprofits.

(Venkatachalam, Pritha, Donald Yeh, Shashank Rastogi, Anushka Siddiqui, Kanika Gupta, Lahari Shekar, and Roger Thompson 2022). The approach now is that of increasingly encouraging nonprofits to have a 'better articulation of their indirect and organisational development needs' so that they can devise a clear roadmap of 'where they are, what they want to achieve and what it takes to get that result' (The Bridgespan Group et al.). This includes the cost of investment in strategic planning, leadership and talent development, financial management, fundraising, monitoring and evaluation, technology, and financial resilience.

There is also a shift in terms of opting for a deep, sustained on-ground engagement wherein limitations are recognised, and definitions of achievements are more realistic. The giving approach is translating into building sustainable, scalable solutions that help people to help themselves. This includes 'backing unconventional ideas and strengthening infrastructure for long-term impact' (Sheth, Arpan, Sur Shah, Neera Nundy, Ami Mishra, Prachi Pal 2025).

The Need for Capacity Building

Perpetual uncertainty of funding for nonprofits results in a plethora of challenges related to but not limited to fundraising, communications, talent hiring, impact measurement, governance, and technology. There is also a large burden of compliance and reporting, especially for the smaller nonprofits. (Islam, Asraful, Mohammad Niyaz, Pervez Hussain 2024; Mount 2022).

The 2025 India Nonprofit Study on 400 Indian nonprofits indicated that these organisations faced major challenges relating to 'core funding and financial stability, expansion of donor base, difficulties in accessing long-term funding, lack of information on donor trends, absence of effective fundraising strategies and dedicated fundraising staff, and limited collaboration with other nonprofits and key development actors such as donors and government.'

A significant percentage of them also faced challenges related to 'talent, governance, data, technological integration and impact measurement' (India Nonprofit Report: Role Evolution and Impact 2025). The report also suggests that capacity building may be key to improving nonprofit capabilities in many, if not all, of these areas and beyond, while fostering vibrant coalitions, networks, and communities of practice that promote cross-learning.



Need for Funders to Prioritise Capacity Building

Capacity building, as a funder described, is the 'backbone of keeping things running in an organisation' and what makes the organisation 'resilient.' Funders investing in the 'growth of the organisation and for individuals in it' tend to strongly build up the 'staying power of nonprofit organisations.'



"Foundations can create still more value if they move from the role of capital provider to the role of fully engaged partner, thereby improving the grantee's effectiveness as an organisation. The value created in this way extends beyond the impact of one grant. It raises the social impact of the grantee in all that it does and, to the extent that grantees are willing to learn from one another, it can increase the effectiveness of other organisations as well."

— Porter and Kramer in (Backer 2000)

There is an increasing realisation among the funding community that sole dependence on programmatic funding will never provide sufficient safeguards for nonprofits having robust systems and capacity to deliver.

The funder which 'neglects the organisational realities of its partners may well be jeopardising its own reputation and impact' (Almeida, Fabio, Simon Mériaux, Thierry Renaud, Andrew Holland, Adriana Crăciun, Carole Frampton De Tscharner, Claudia Genier).

Achieving the best results from capacity building will require philanthropic capital to be strategic in how it uses its

key assets of financial resources, expertise, independence, and long-term horizon. Donors need to spend time in selecting the best grantees, signal to other funders how they can work more effectively, improve grantee performance through capacity building, and lastly advance the state of knowledge and capital for the sector (Backer 2000).

Through this approach of selecting grantee partners with high strategic relevance, they are more likely to understand grantee goals, missions and strategies and also offer reinforcement to partners before they exit.

Capacity Building vs Organisational Development

The UNDP 2008 defines Capacity Building as "the process through which individuals, organisations and societies obtain, strengthen and maintain the capabilities to set and achieve their own development objectives over time."

In normal parlance, capacity building and organisational development are used interchangeably. Generally, organisational capacity encompasses two distinct components:

(a) the resources (financial and non-financial) an organisation has access to, and (b) the internal operational activities an organisation performs to accomplish its mission.' (Bryan, Tara Kolar, Brown, Catherine H. 2015).

Capacity building is usually considered to have a shorter-term horizon and is

usually targeted at closing specific gaps in an organisation's planning, operational, or governance capacity. Organisational development, on the other hand, is considered to have a longer-term horizon and requires making holistic investments in organisational effectiveness, sustainability, learning, adaptability, resilience, well-being, and power building (Schied Patricia).

Capacity building has been referred to as an 'ubiquitous concept' that leads to 'higher levels of organisational effectiveness.' (Kapucu et al. 2011) Therefore, capacity building can encompass any aspect of work that relates to the working of a nonprofit and could include diverse areas such as governance, leadership, mission and strategy, administration, human resources, financial management, legal matters, program development and implementation, fundraising, income generation, partnerships and collaboration, evaluation, advocacy and policy change, marketing, positioning, planning, etc" (Linnel 2003).

Process of Capacity Building

There are at least three basic processes related to capacity building. The first includes (i) assessment which basically involves measuring the profit's current needs and assets as well as its readiness to undertake the internal changes required, (ii) Intervention which would include training, consulting and technical assistance, and (iii) direct financial support which includes core

operating support, specific grants for infrastructure, or to fund the assessment or interventions by a capacity builder (Backer 2000).

Service Provider & Approaches

The nature of capacity building activities can differ based on who is delivering it, the mode in which it is being delivered and the target of of the capacity building process.

A capaciator can be a registered capacity building organisation; it can be a facilitator, an expert or even a mentor. Hence, management consultants, management support organisations, researchers, universities and academic centres, attorneys and accountants, intermediaries and umbrella organisations, and national and international member organisations all fall into the purview of those delivering capacity building services (Linnel 2003). If one expands the delivery sources, then it would also include internet-based education, peer-to-peer cohorts, communities of practice, and even pro bono skilled volunteers (National Council of Nonprofits).

Since capacity building is rooted in the interaction between capacity development at the levels of the individual, the organisation, and the enabling environment (OECD 2006), a comprehensive approach must target not only individuals and organisations but also the broader ecosystem in which they operate. Therefore, capacity



development must also seek to promote connectivity of nonprofits at national, regional, and global levels through conferences, delegations, and networking groups. Beyond this, it may also require organisations to embed themselves into local structures to effect change and balance politics and power dynamics (C.J. Anatjes, D. Burrows, and R. Armstrong).

A critical aspect that is important to the success of capacity building is the approach to view capacity building as 'an iterative, continuous process.' What was also very clear was that while technical aspects of capacity building were important, what was critical was a process-oriented approach to building 'human and organisational qualities such as resourcefulness, identity, resilience, innovation, collaboration, adaptiveness, courage, imagination and aspiration.' Capacity building organisations used organisational development (OD) techniques to encourage 'new attitudes, new roles and relationships, and altered forms of organisational behaviour.'



"In this way, OD represented the 'process as more of an outcome' of the capacity development spectrum, as opposed to the 'product as outcome.'"

— Baser, Heather, Peter Morgan (2008)



Research Design:

An Overview

This study is the result of a collaboration between AVPN and Atma. Though there are several studies on capacity building of nonprofits, there still exists a gap in terms of a nuanced and deep study on the parameters of effectiveness, challenges, best practices and outcomes of capacity building for nonprofits through the voices of donors, capacity building intermediaries and nonprofits. This was especially true in South and East Asia, where focused research studies specifically on capacity building in the context of nonprofits were largely unavailable.

The study aims to carry out a deep exploration of the nuances of capacity building of nonprofits through the voices of funders, capacity building intermediaries and nonprofit partners. By eliciting, documenting, and analysing insights from various stakeholders involved in the study, the study aimed to address **three primary objectives**:

- 1) Understand the processes, models and factors influencing capacity development of nonprofits.
- 2) Identify challenges, effectiveness parameters and best practices that have a bearing on the success of capacity building initiatives.
- 3) Offer actionable insights for funders, corporates, and stakeholders interested in supporting nonprofits.

organisations (NPOs) beyond financial contributions.

The design approach adopted was geared to capture deeply reflective responses from a range of respondents that differed substantially from each other, even within categories of funder, intermediary and nonprofit.

The survey tools, while ensuring thematic consistency across categories of respondents, allowed for flexibility and diversity of responses from stakeholders to capture a rich tapestry of lived experiences and perceptions of capacity building.

Methodology

The study employed a qualitative research design with a phenomenological lens, drawing on in-depth interviews and incorporating grounded theory methodology to develop conceptual frameworks based on themes emerging from the data.

The phenomenological approach helped to emphasise the unique and valuable narratives of each participant, contributing to the collective understanding of capacity building.

Simultaneously, the study employed grounded theory coding techniques to move from raw data toward conceptual



abstraction. The open, In Vivo, and Axial coding processes were used to identify categories, explore relationships among them, and ultimately derive insights from participants' experiential responses.

An extensive literature review was also conducted prior to carrying out interviews to inform the tools as well as to provide a context to the insights that emerged from the data. Since the study pertained to capacity building, literature referred to encompassed peer-reviewed academic literature as well as studies and reports that have been carried out specifically by think tanks and philanthropic organisations associated with the nonprofit sector.

Sampling

Participants were selected using purposive sampling to ensure participation of individuals with direct and relevant experience of the topic under study. This ensured that participants had first-hand knowledge and experience of capacity building and were freely willing to share their experiences. All participants in the study were part of the senior leadership, were with their respective organisations for substantial periods of time, and hence their perspectives were deeply reflective and considered.

A total of 25 organisations were engaged to representing the views of 44 respondents, as at times there were two to three members from each organisation participating in the

interviews. In total, the study covered:

- 06 Capacity building intermediaries
- 05 Funder organisations
- 14 Nonprofit organisations
- 01 Respondent representing a volunteering network

Among the nonprofit organisations included in the study, seven were or had been capacitated by Atma, and the remaining seven were undergoing capacity building through the auspices of AVPN at the time of the interviews.

Data Collection & Analysis

Data was collected via in-depth unstructured interviews lasting approximately 45–75 minutes each. All interviews were conducted online using discussion guides that were consistent across participant profiles but also included specific questions in accordance with whether the respondent was a funder, intermediary, nonprofit or mentorship expert.

Data was analysed through a two-phase process integrating phenomenological reflection and grounded theory coding. Through in-depth interviews with nonprofits associated with AVPN and Atma, a mapping of outcomes resulting from capacity building was also carried out.



Participants of the Study

FUNDERS & NETWORKS

- ATE Chandra Foundation (ATECF)
- AVPN
- Laudes Foundation
- Rohini Nilekani Philanthropies (RNP)
- Wipro Foundation

INTERMEDIARIES

- Atma
- Empact
- Dhwani Foundation
- Intrac
- Phicus
- Prod

NONPROFITS

- Asian Institute of Technology
- Badlaav Social Reform Foundation
- Bright Future
- M.S.Chellamuthu Trust & Research Foundation
- Development Consortium
- Gujarat Mahila Housing Trust
- INREM Foundation
- Kenan Foundation Area
- Khajani Welfare Society
- Shiksharth Trust
- Sunrise Learning Foundation
- Tapasya
- Wildlife.ai
- Yakkum Emergency Unit

Strategy & Models of Capacity Building



Our hypothesis was that once an organisation's core areas are established, only then is an organisation able to move to the next level and create transformational impact. It was important to look at areas of institutionalising, fundraising, monitoring and evaluation, communications, leadership, strategy etc.

— ATE Chandra Foundation

Capacity building, as a funder described, is the 'backbone of keeping things running in an organisation' and what makes the organisation 'resilient.' Unless capacity building is built as a 'muscle in the organisation', it is not likely to survive because it lacks the staying power that comes when one is invested in the 'growth of the organisation and for individuals in it'. It is especially important in the social sector because attrition is very high, and therefore, by building an 'individual's learning' it will eventually build the 'capacity of the organisation', which is what feeds into the long-term sustainability of the organisation.

Capacity building for nonprofits is not delivered through a single, standardised approach. Rather, the ecosystem has evolved to offer multiple pathways, each suited to different organisational needs, maturity levels, and contexts. All the funders interviewed were heavily invested in the cause of capacity building for nonprofits.

The diversity of approaches reflects a fundamental insight: what works for an early-stage grassroots organisation will differ fundamentally from what works for a mature, possibly a million-dollar-plus-budget nonprofit navigating strategic transformation.

This section maps the landscape of capacity building approaches, examining how different actors- funders, intermediaries, and nonprofits themselves- engage with organisational development. Understanding this landscape will help stakeholders make informed choices about which approaches to pursue or support.



Capacity building functions like an ecosystem where people feel that they are being supported. It also helps to sustain the overall non-profit sector because the understanding of each other's issues also becomes better. It acts as a strong space to cultivate a community.

— Rohini Nilekani Philanthropies

How Funders Approach Capacity Building

Funders occupy a unique position in the capacity building ecosystem. They control critical resources, but face a strategic choice: should they build capacity building capabilities in-house, outsource to specialised intermediaries,



or adopt a hybrid model? Each approach has distinct implications for reach, quality, customisation, and sustainability.

The study identified six primary models through which funders support capacity building for their nonprofit partners.

These models exist on a spectrum, from highly hands-on engagement where funders provide direct support, to arms-length approaches where funders enable, but don't deliver capacity building themselves.

The Six Funder Models for Capacity Building

Figure 1 illustrates the six models identified through the research. Importantly, these are not mutually exclusive since most funders employ combinations of models rather than relying on a single approach. The choice of model depends on multiple factors, including the funder's capacity and expertise, the size and stage of grantee organisations, the available budget for capacity building, and the funder's own theory of change around organisational social impact.



Figure 1: Funder Capacity Building Models



Model 1: Flexible Grants with Direct Capacity Building Support

Examples: ATECF, AVPN, RNP, Laudes Foundation

In this model, funders provide flexible, often unrestricted grants to nonprofit partners while simultaneously offering direct capacity building support from the funder's own team. This might include strategic planning support, introductions to technical experts, facilitating peer learning, or providing one-on-one coaching through Programme officers with deep sector expertise.

Key characteristic: The funder serves both as a capital provider and a capacity builder, requiring internal expertise and dedicated staff time.

Best for: Grantee partners with whom the funder has close, long-term relationships and where the funder has specialised expertise to offer.

Model 2: Flexible Grants with Indirect Support (Recommending Providers)

Examples: LGT India, Forbes Foundation

Here, funders provide flexible grants but don't build capacity directly. Instead, they curate and recommend capacity building providers, intermediaries, consultants, or specialised service providers whom grantees can engage using funder-provided resources or their own flexible funding.

Key characteristic: The funder acts as a connector and curator but doesn't

deliver capacity building in-house.

Best for: Funders without in-house capacity building expertise but with strong networks and knowledge of quality providers.

Model 3: Programme Grants + Capacity Building Grants + Provider Recommendations

Examples: ATECF, AVPN, RNP, Laudes Foundation, Wipro Foundation

This model separates Programme funding from capacity building funding. Nonprofits receive grants specifically earmarked for organisational development, with the funder recommending (and sometimes pre-vetting) providers who can deliver specialised support in areas like fundraising, communications, technology, or M&E.

Key characteristic: Dedicated capacity building budget lines that can't be reallocated to programmes, ensuring organisations actually invest in organisational development.

Best for: Ensuring capacity building doesn't get deprioritised when programmatic pressures mount.

Model 4: Funding Intermediaries to Support Grantee Partners

Examples: Wipro Foundation, ATECF

Rather than directly providing or arranging capacity building, some funders partner with specialised intermediaries and fund them to deliver programmes specifically for the



funder's grantee portfolio. The intermediary brings capacity building expertise and Programme infrastructure; the funder selects grantees and provides funding.

Key characteristic: Leverages intermediary expertise while maintaining focus on the funder's own partners.

Best for: Funders wanting specialised, high-quality programmes for their grantees without building internal capacity.

Model 5: Funding Intermediaries to Support Non-Grantee Partners

Examples: ATECF, RNP, Wipro Foundation

In this ecosystem-building approach, funders support capacity building intermediaries to deliver subsidised programmes to nonprofits beyond the funder's own grantee portfolio. This has a multiplier effect across the sector while also expanding the reach of the funder.

Key characteristic: The funder invests in ecosystem infrastructure rather than just their own partners.

Best for: Funders committed to ecosystem-building and willing to benefit organisations they may never directly fund.

Model 6: Deploying Organisational Development Fellows/Consultants

Examples: ATECF, RNP, Wipro Foundation

Some funders place specialised

professionals - either as OD consultants or trained OD fellows directly within nonprofit organisations for defined periods (often 6-18 months). These individuals work inside the organisation to build specific capabilities, create systems, or support the organisation to navigate strategic transitions. These individuals could either be trained by the donor themselves (e.g. Wipro Foundation) or hired externally and placed/funded by the donor.

Key characteristic: Highly customised, intensive support with a dedicated resource embedded in the organisation.

Best for: Grantee partners navigating significant organisational transitions such as scaling, leadership succession, strategic pivoting, and hence requiring sustained, hands-on support.

In Practice: Combining Models for Impact

The reality is more nuanced than any single model. Most funders in this study employed 2-4 models at different stages in their journey, adapting their approach based on the specific needs and contexts of different grantee partners.

For example, a funder might:

- Provide flexible grants with direct support (Model 1) to its core, long-term partners.
- Fund a capacity building intermediary (Model 4) to deliver a cohort programme for mid-stage grantees.



- Support an ecosystem intermediary (Model 5) to expand capacity building access to organisations the funder does not directly support.

This portfolio approach recognises that different organisations need different kinds of support at different times. It also reflects a mature understanding among funders that capacity building isn't a one-size-fits-all endeavour.

How Intermediaries Approach Capacity Building

Capacity building intermediaries occupy the vital middle ground of the ecosystem, translating funder resources and nonprofit needs into actionable capacity building programmes. As Atma articulated, *"There will always be a gap in terms of what the nonprofits need and what the nonprofits can fulfil with the limited resources at their disposal. Hence, the perpetual need for capacity building."*

These intermediaries play a fundamental role in capacitating organisations based on their distinct needs. However, they face a complex challenge: how to design programmes that are simultaneously accessible (affordable for resources-constrained nonprofits) and effective (delivering real organisational transformation). This fine balancing act shapes how intermediaries structure their capacity building programmes.

The Intermediary's Balancing Act

Capacity building intermediaries

function as a bridge, reducing gaps between funder expectations and nonprofit constraints. They operate in an ecosystem where capacity building requirements are constantly changing, while nonprofits at different life stages need different specific skills and competencies as they grow and scale.

It's therefore imperative for intermediaries to design and customise programmes to meet the distinct and emerging needs of nonprofits, while also delivering these programmes to organisations that often cannot afford to pay for them.

Most capacity building intermediaries operate as nonprofits themselves, requiring them to fundraise for their own sustainability while subsidising programmes for the organisations they serve.

Each intermediary thus positions itself strategically on two dimensions:

- (1) the range of services it offers
- (2) the segment of nonprofits it targets

This positioning determines everything from Programme duration and pricing to delivery mode and customisation level.

Four Categories of Capacity Building Models

Based on insights from the research, capacity building intermediaries employ operating models that can be organised into four broad categories, each with distinct characteristics in terms of focus,

duration, customisation, and delivery (see Figure 2).



Figure 2: Operating Models of Capacity Building Intermediaries

1. Cohort-Based Capacity Building

Key Features:

- Funder-supported / subsidised programmes
- Specific organisational area focused (e.g., fundraising, communications, M&E)
- Group-based learning with peer cohorts.
- Structured curriculum with some customisation elements

How it works: A group of nonprofits is selected to undergo a structured Programme together for a specified duration, typically with some elements

of customisation based on each organisation's specific context.

These cohort-based programmes are usually heavily subsidised, with nonprofits paying only a portion of the true Programme cost while the balance is covered through the intermediary's fundraising efforts.

The cohort model creates peer accountability and enables cross-organisational learning. Nonprofits benefit not just from expert facilitators but from seeing how peers tackle similar challenges. Selection is typically through a competitive application process with rigorous screening to ensure participants are ready to engage fully and implement learnings.

Funding structure: Virtually all funders in this study work with capacity building intermediaries to provide this type of support to their grantees. In some cases, funders may specifically subsidise programmes for a group of nonprofits, either from their own grantee portfolio or a wider set of organisations onboarded by the intermediary through a separate selection process.

Typical duration: 3 to 12 months

Best for: Organisations at similar life stages with common capacity gaps who can benefit from peer learning and structured curriculum.

Examples: Impact's Capacity Building Programme, Prod's Programme for Strategic Communication for Climate Focused Organisations



2. Specialised or Tailored Capacity Building

Key Features:

- Customised individual organisational solutions
- Consultant-based delivery
- High degree of personalisation
- Strategic focus on specific organisational challenges

How it works: Rather than group programmes, this model offers highly customised consulting engagements tailored to a specific organisation's unique needs. This might involve strategic planning support, organisational restructuring, leadership development, or specialised technical assistance in areas like impact measurement or technology systems.

The level of customisation is high-consultants work closely with organisational leadership to diagnose specific challenges and co-create solutions. This model typically serves more mature organisations with specific, complex needs that can't be addressed through standardised programming.

Typical duration: 3 to 18+ months, depending on scope

Best for: Mature organisations navigating strategic transitions, scaling challenges, or requiring specialised expertise not available through cohort programmes.

Examples: Atma's Accelerator Programme

3. Resource Support for Building Capacity

Key Features:

- Funding/resource support through select partnerships
- Outsourcing of specific organisational functions
- Access to shared services or resources
- Infrastructure support

How it works: Some intermediaries go beyond training and consulting to provide direct resource support. This might include funding partnerships that enable nonprofits to hire specialised staff, access to shared services (such as accounting, legal, or HR support), or outsourcing arrangements where the intermediary provides specific organisational functions on an ongoing basis.

This model recognises that sometimes capacity gaps exist not because of knowledge deficits but because of resource constraints; organisations know what they need but can't afford it.

Typical duration: Varies; often ongoing relationships

Best for: Organisations with clear capacity needs but lacking resources to address them internally, and small organisations that benefit from shared services.

Examples: Dhvani's Niranthara Programme



4. Open, Online, Specific, or Thematic Capacity Building

Key Features:

- Short-duration webinars, workshops, and masterclasses
- Courses, toolkits, guidebooks, and online content
- Typically open enrollment (not cohort-based)
- Lower customisation, broader accessibility

How it works: This category includes shorter-duration, often open-access offerings designed for broad reach rather than deep organisational transformation. These might be single webinars on specific topics, multi-week online courses, downloadable toolkits, or masterclass series.

The trade-off is clear: lower customisation and less intensive support, but greater accessibility and lower cost.

These offerings work well for exposing many organisations to new ideas, tools, or practices, even if they don't provide the sustained engagement needed for deep organisational change.

Typical duration: Single session to Ongoing

Best for: Organisations seeking exposure to specific topics, tools, or practices; awareness-building; accessible entry points for organisations not yet ready for intensive programmes.

Examples: *Phicus' Roots Learning Platform*



What we have learned in doing these capacity building programmes, a sweet spot is somewhere between like seven, eight months to twelve months. You cannot just do two masterclasses in two months and be like, okay, we have built the capacities. It doesn't work like that.

— AVPN

Dimensions of Capacity Building Programme

Capacity Building Intermediaries are often required to structure their training programmes to cater to requirements and specifications of both funders and nonprofits. They offer a range of solutions which may be further classified in terms of dimensions.

Based on the insights from the study as well as an understanding of some of the programmes offered by the intermediaries, an indicative template of the various dimensions and the sub-dimensions of capacity building was constructed. This has been depicted in Figure 3

Most capacity building programmes will be a customised choice of the below-mentioned parameters, depending on the expertise of the intermediary, the needs of the nonprofits and the preferences of the donor.

Though not explicitly mentioned in the figure, certain capacity building intermediaries may additionally focus on specific target segments, for example, exclusively supporting small

rural-based organisations, organisations in only Tier 1 and Tier 2 cities, or women-led social enterprises.

This segmentation allows intermediaries to develop deep expertise serving particular nonprofit profiles.

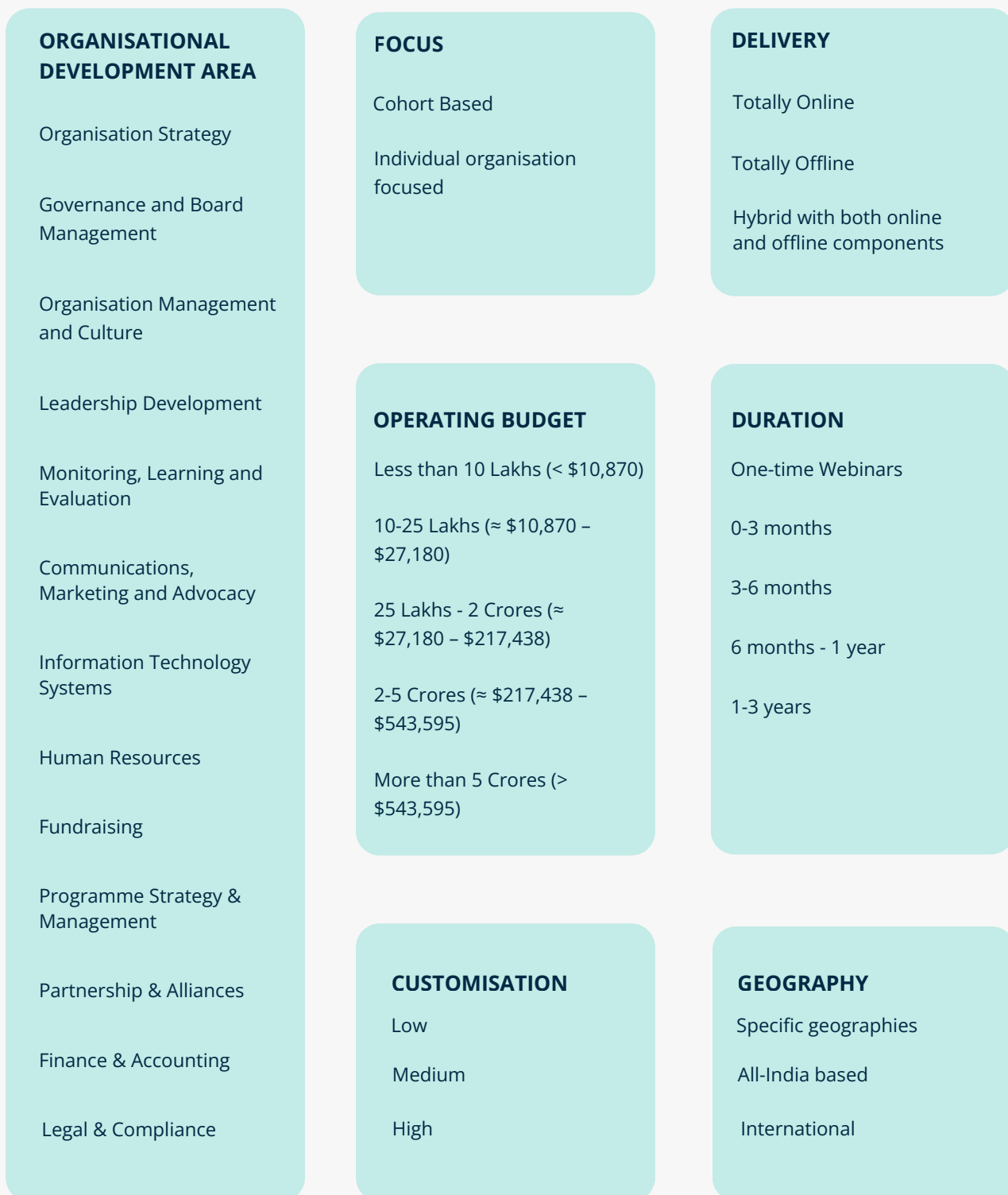


Figure 3: Dimensions of Capacity Building Programme



Strategic Positioning

The diversity of models reflects different strategic choices intermediaries make.

Reach vs. Depth:

Cohort and online models maximise reach, while tailored consulting maximises depth of impact per organisation.

Accessibility vs. Sustainability:

Heavily subsidised models increase access but require constant fundraising; consulting models can achieve cost-recovery but serve fewer organisations.

Standardisation vs. Customisation:

Standardised programmes are easier to scale; customised approaches are more effective for complex organisational challenges.

Breadth vs. Specialisation:

Some intermediaries offer programmes across many domains; others specialise deeply in 1-2 areas, such as exclusively fundraising or impact measurement. Effective intermediaries are clear about their positioning and design their portfolios accordingly, recognising that they cannot be all things to all nonprofits.

How Nonprofits Approach Capacity Building

14 nonprofits were included as part of the study. Each of these organisations had undergone its own unique training journey, which, coupled with their organisational profile, shaped their unique perspectives around capacity building effectiveness and its related outcomes. An organisation in the early stages of maturity will undoubtedly have different capacity building requirements than an organisation which is more technology or advocacy driven. Its enumeration of capacity building outcomes will also differ from those which are somewhat more established. Similarly, the organisation's target participants as well as the Programme model are important determinants of how it perceives the capacity building support received.

Though age and size of an organisation are important markers of their maturity, they can often times be misleading, as the nature and richness of their learning journeys can significantly catapult organisations to higher life-stages of organisational maturity despite being formed only a couple of years earlier.

What needs to be emphasised is that nonprofits operate in a capacity continuum, which implies that their capacity building requirements will constantly change as they evolve.

Life-Stage Classification of Nonprofits

Idea/ Seed Stage:

The foundation period, focused on identifying a community need and developing a mission. Led by a visionary founder or small group, heavily reliant on personal networks and initial donations for funding, programmes are experimental or not well defined. The primary goal is to prove the concept's viability.

Start-up Stage:

The organisation is formally established. High energy, limited funding, and "everyone does everything" staffing. The focus is on programme experimentation, acquiring initial funding and building a basic operational structure.

Growth Stage:

The organisation's programmes and reputation are established, and the focus shifts towards operations and formalising structures. Funding diversification becomes essential for long-term sustainability.

Maturity Stage:

The organisation is a stable, well-established player in its field with a strong reputation and diversified funding. The focus is on efficiency, maintaining a competitive edge, and ongoing Programme evaluation using outcomes-based metrics. A risk in this stage is stagnation or becoming too rigid.

Decline/ Turnaround/ Renewal Stage:

The organisation may face declining funding, reduced relevance, or internal conflicts (e.g., "founder's syndrome"). Requires a strategic assessment and potential reinvention.

Stage-Specific Capacity Building Priorities

The capacity building requirements of nonprofits vary significantly based on their organisational maturity stage. Understanding these stage-specific needs is critical for designing interventions that are both relevant and impactful. Organisations at different life stages face distinct operational challenges, have varying resource constraints, and require different types of support to progress toward sustainability and effectiveness.

Idea/Seed Stage: Building Foundations

Organisations in the foundational period are typically led by a visionary founder or small group and heavily reliant on personal networks and initial donations. At this nascent stage, the primary focus is on proving the concept's viability and establishing basic operational legitimacy.

Primary Capacity Building Needs:

- Mission articulation and legal registration (12A, 80G, FCRA where applicable).
- Basic financial management and Programme design.
- Understanding the nonprofit ecosystem and initial fundraising.

Common Challenges: Resource scarcity, lack of credibility with funders, and the founder's limited bandwidth to manage multiple organisational functions simultaneously. There is

Figure 4: Life-Stage Classification of Nonprofits

typically no clear organisational structure, with the founder performing multiple roles.



We want to upgrade IT and strengthen the staff because year by year and day by day, a lot of new technologies have come, for example AI

—Gujarat Mahila Housing Trust



Some of the takeaways from our first capacity building experience was to really have systems and reporting structures in place so that it's not all in the founder's head. It was a good approach of first learning from people who have gone through that process and sharing approaches of using certain systems and tools while also cross-checking the minutiae of things like structure and working of governance of the organisation.

— Wildlife AI

Start-up Stage: Establishing Operations

Organisations that have moved beyond the idea stage now face the challenge of building organisational capacity while simultaneously delivering programmes. The focus shifts from proving viability to establishing sustainable operations

Primary Capacity Building Needs:

- Team building and basic HR systems.
- Foundational fundraising skills and proposal writing.
- Basic M&E frameworks and operational systems.
- Board development and governance structures.

Common Challenges: "Everyone does everything" staffing with insufficient role clarity. Funding remains precarious, often dependent on one or two sources. Founders remain heavily involved in operational details, limiting strategic thinking time.

Growth Stage: Building Systems and Scale

Organisations at the growth stage have established their Programme model and are now focused on scaling operations, diversifying funding, and institutionalising systems. This is a critical juncture where organisations either successfully transition to mature institutions or plateau due to inadequate infrastructure.

Primary Capacity Building Needs:

- Organisational structuring and comprehensive fundraising strategies.
- Robust M&E frameworks and communications.
- Technology integration and leadership development.
- Strategic planning and financial sustainability.

Common Challenges: Maintaining Programme quality while expanding reach. Founders struggle with letting go of operational control and building second-tier leadership. Systems and

infrastructure often lag behind Programme expansion. Staff retention becomes challenging.



Right now, we're redoing our strategy for the next five years. Based on that, we then will go backwards and say, okay, from there, what is the capacity building we may need to move into that strategy?

— Kenan

Maturity Stage: Optimising and Innovating

Mature organisations are well-established players with strong reputations, diversified funding, and robust systems. Their capacity building needs shift toward strategic positioning, continuous improvement, and remaining relevant in evolving contexts.

Primary Capacity Building Needs:

- Strategic positioning and innovation in Programme models.
- Leadership succession planning and organisational efficiency.
- Advanced impact measurement and policy influence.
- Organisational culture and long-term financial sustainability.

Common Challenges: Risk of becoming bureaucratic and losing agility. Founder succession is often a significant challenge with unclear transition plans. Potential complacency in Programme approaches and mission drift as organisations pursue diverse funding opportunities.



Some of the challenges that we face are staff training and retention, given nonprofit salaries, being able to meet some of the costs of our projects internally, separate from donor funding, strategic focus on more vertical growth rather than horizontal growth, and having the time to empower and motivate the second line of management. There is also the need to review and revise systems and processes that were devised 20 years ago and which may need to be challenged.

— M.S.Chellamuthu Trust & Research Foundation

Decline/Turnaround Stage: Strategic Reassessment

Some organisations may face declining relevance, reduced funding, or internal challenges requiring fundamental reassessment and potential reinvention. This stage demands honest organisational introspection and decisive action.

Primary Capacity Building Needs:

- Strategic assessment and stakeholder engagement.
- Programme relevance analysis and organisational restructuring.
- Change management and crisis-based communications.
- Leadership coaching and transformation planning.

Common Challenges: Denial about the severity of challenges, internal conflicts regarding direction, difficulty securing funding for transformation, and founder/leadership burnout.



Implications for Capacity Building Design

Understanding these stage-specific requirements has critical implications for how capacity building programmes should be designed and delivered. A one-size-fits-all approach to organisational development fails to address the distinct needs, constraints, and capabilities that organisations need based on their maturity level.



Process & Design

Delivering Effective Capacity Building Programmes

For capacity building to be effective for nonprofits, it requires following a certain process along with robust structuring and incorporation of design thinking elements. Given that nonprofits can have wide-ranging capacity building requirements, which can be either common across multiple nonprofits or specific to that nonprofit alone, intermediaries then need to appropriately structure their capacity building offerings to align with these nuances. Intermediaries need to consider content and delivery strategies that will satisfy both the nonprofit and their funding partners. This is one of the reasons why intermediaries often have a diversity of capacity building programmes. For the purposes of this study, we have largely focused on deriving process and effectiveness insights based on capacity building programmes that are structured and have a duration of at least a year.

Based on our research findings, what emerged was that effective capacity building was constituted across three critical dimensions:

- **Design Effectiveness** (selecting and planning for the right participants),
- **Delivery Effectiveness** (ensuring high-quality programme implementation), and

- **Integration Effectiveness** (sustaining outcomes beyond programme completion)

DESIGN EFFECTIVENESS: SELECTION & PLANNING

Design effectiveness begins before capacity building formally commences. The pre-programme phase, typically 3-4 months, determines whether nonprofits will complete the capacity building programme and derive meaningful benefits from it. Design effectiveness is built on three key pillars. The first pillar is that of a thorough needs assessment of the nonprofit, the second pillar is the assessment of the organisational readiness, and the final pillar is that of customisation and matching of the capacity building programme to the needs of the nonprofit.

Selecting the right Nonprofits

Based on insights from intermediaries and funders, the process followed while onboarding nonprofits for capacity building can be roughly divided into 3 phases, that generally take 3-4 months to complete before the commencement of actual capacity building. The scheduling of the sub-processes may differ across intermediaries. (Figure 5)

PHASE 1: Initial Screening & Assessment

PHASE 2: Deep Organisational Analysis

PHASE 3: Customisation & Matching

Figure 5: Selection & Planning Process

PHASE 1: Initial Screening & Assessment

- Introduction email and/or e-meet.
- Formal organisational capacity assessment through proprietary tools or the tools designed by the organisation itself.
- Prioritisation of capacity building needs.
- List of documents to be furnished by the nonprofit.

PHASE 2: Deep organisational Analysis

- Documentation analysis and review of collaterals.
- Analysis of organisational capacity, team size and composition.
- Prioritisation of organisational gaps to be focused on in the programme.
- Identification of training partners, mentors and resources.

PHASE 3: Customisation & Matching

- 1:1 discussion with the leadership team of the organisation.
- Finalisation of organisational priorities.

- Assessment of organisational readiness.
- Understanding of customisation required.
- Matching of training resources, mentors and mode of delivery to the organisation's needs and preferences.

[Figure 5: Selection & Planning Process]

Organisational Readiness Assessment

Organisational readiness screening is a vital part of the needs assessment process. Insights from the study allowed for construction of a grounded and practical organisational readiness checklist (Figure 6)

Compliance:

Does the organisation fulfil the minimum compliance? This includes necessary organisational registration, 12A and 80G certifications and audit & tax compliances.

(NOTE: This is in the context of India only.)

Programme :

Are the programmes well designed and structured, with depth in programme logic? Are there early evidence of programme impact indicative of a positive contribution to social change?

Commitment:

Does the organisation have the bandwidth and willingness to give time for capacity building, and demonstrate openness to change?

Staffing:

Does the organisation have a few committed full-time staff members? Is the founder and management invested in the capacity building process? Will staff across multiple levels be involved?

Life Stage:

What stage of organisational maturity is the nonprofit in, in terms of systems, processes, staff, skills and resources?

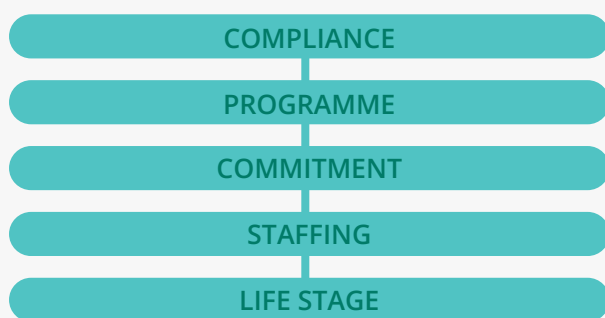


Figure 6: organisational Readiness Assessment

Organisational Maturity Assessment



Future Ready is a diagnostic process where the leaders of the organisation have an opportunity to self-assess themselves. The tool really focuses on two aspects—what they do today, what kind of programmes they have and how equipped their systems and processes are. The other is their resilience and appetite for anticipating risks, mitigating them and their orientation to external trends.

— Phicus

Capacity building inevitably requires organisations to map their organisational capabilities using structured tools. In recent times, there has been an enormous focus on

allowing organisations to self-assess their capabilities using these tools. While they can be used at any point of time, they are especially useful at the following stages:

- In the early stages of an organisation's founding.
- As a part of strategic planning
- Prior to requesting capacity building or general operating support from a funder.
- At the time of leadership transition.
- After significant growth or reduction.

Some of these tools are open source and can be done online by organisations themselves while others are proprietary and may require face-to-face organisational assessment. The most commonly referenced tools in current practice include:

- TCC Group's Core Capacity Assessment Tool (CCAT®) (TCC Group) (Despard 2017; TCC Group 2023),
- Organisational Capacity Assessment Tool (OCAT) (Marguerite Casey Foundation) (Urban Institute 2021),
- The Capacity Assessment Grid created by McKinsey and Company for Venture Philanthropy Partners (McKinsey & Company 2018; Connolly, Paul, Peter York 2003),
- Nonprofit Lifecycle Stage Assessment (Susan Kenny Stevens/CompassPoint) (Stevens 2008; La Piana Consulting 2020)

- GEO organisational Effectiveness Framework (Grantmakers for Effective organisations) (GEO 2020-2023)

These tools may be subject to adaptation to ensure relevance or even to cater to different types of nonprofits having varied operational models (Schied Patricia). Certain organisations including Atma (Life Stage Survey), Dhvani (Niranthara Checklist) and Phicus (Future Ready) have created their own internal or proprietary tools. It is not necessary, however, that all capacity building intermediaries or funders use these assessment tools to measure changes in capacity over time.



The screening processes were new for us and quite eye-opening to be very honest. These processes sort of help us like step back, zoom out and sort of think about our organizational challenges

— Development Consortium

Value of the Pre-Programme Phase

The pre-programme phase is important in as much as it serves as a trust-cum-understanding building phase between the nonprofit and the intermediary. Organisations get a sense of not only what information is required to be shared, but also become more comfortable sharing information, documents and policies that are internal to the organisation. This phase establishes the readiness of the organisation given that requisite approvals need to be put in place for

training to proceed.

DELIVERY EFFECTIVENESS: PROGRAMME IMPLEMENTATION

Delivery effectiveness encompasses how capacity building content and processes are structured and delivered during programme implementation. Research on nonprofit capacity building highlights that delivery quality, including contextualisation, mentorship, and follow-through, not just content quality, determines whether learning translates into organisational change (Hailey & James 2004; TCC Group 2010). Further the capacity building plan must be "largely contingent on the views and experiences of the individuals and organisations engaged in these processes" (Aantjes et al. 2022). Field insights from our study revealed five interconnected dimensions that drive delivery effectiveness (Figure 7):

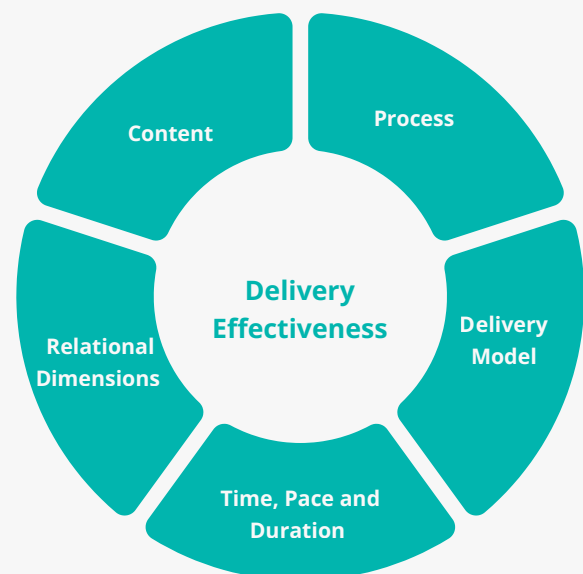


Figure 7: Field Insights: Delivery Effectiveness of Capacity Building



Content Relevance

Traditional capacity building content focused on foundational organisational development needs remains important for early to mid-stage organisations.

However, nonprofits are rapidly scaling, diversifying and exploring cross-cutting themes. They are growing horizontally and vertically while attempting to deepen their impact. They are partnering with a variety of institutions such as think tanks, corporates and government in a bid to scale.

The field insights from nonprofits indicated that capacity building must evolve from conventional organisational development areas to ones that reflect current challenges and opportunities faced by nonprofits. For example, some of the nonprofits such as Badlaav and Gujarat Mahila Housing Trust were very keen on technology integration for delivering their programmes, while Kenan was keen on strategy inputs to guide them over the next 5 years. The OD needs of social impact organisations in the Study evolved to build more specific skills and competences to achieve growth and scale in complex and dynamic environments.



The demand of donors is increasing, such as real-time reporting, real-time financial updation. So, having a system for that and having easy communication for donors is very important.

— Bright Future

Process and Pedagogy

Effective capacity building combines multiple pedagogical approaches tailored to the organisational context. Not only the combination, but also the sequencing of pedagogical approaches was found to be one of the ingredients of successful delivery. For example, Kenan shared that Masterclasses are great for insights and training junior staff or upskilling some staff. While formal workshops helped to 'provide subject matter knowledge', it was the 1:1 sessions that helped to 'internalise the learnings and execute it within the organisation'

Key Process Elements:

Organisational Segmentation & Tailoring

- While early to mid-stage nonprofits required simpler, foundational content, mature organisations indicated a need for more strategic consultancy-style interventions.
- For example, a 30-year-old organisation mentioned - 'Either the advice was not relevant to the sector, or they told us something that we already knew'. This indicated the need for appropriate segmentation by organisational life stage in the delivery of training.

Multi-Level Leadership Engagement

- Younger organisations tend to have founder or top-level-centric leadership preferences.
- Older organisations seek to



strengthen their 2nd and 3rd tier of leadership through hiring and strategic upskilling.

- Research indicates that capacity building limited to founders has minimal organisational impact (Bloom & Chatterji 2009) hence involving non-leadership team members is recommended.

Peer-Based Learning Architecture

- Peer learning was found extremely useful for understanding other organisations' journeys, challenges and strategies.
- Cohort based programs allow for learning from peers even if they were not necessarily from the same sector because it was possible to understand how organisations negotiated specific challenges in their environment.
- One such funder used a capacity building grant to build a community of practice for finance and accounting professionals which grew to 'a platform with 2300 professionals constantly engaging and asking questions.'
- However peer learning must be structured with somewhat diverse peer groups to offer rich learning experience.
- As one social impact leader put it, 'I would want to do peer-to-peer learning, not necessarily with other grantees, but perhaps with non-profits of similar size and similar nature, but that don't operate in my region because they would be going

for the same funding.'

Contextual Customisation

- Training must be contextualised for the nonprofit audience in terms of organisational size, language used, examples given and nuanced understanding of thematic areas and context.
- During the course of a very candid conversation with the founder of Shiksharth, various examples of divergences with the NGOs being capacitated were given. These included using case studies of large nonprofits and terms and jargons which were non-relatable, inviting experts which had no exposure to rural based nonprofits and most important suggesting strategies which would never work given the organizational and contextual realities of nonprofits. This in his words becomes 'overwhelming and intimidating' for some of the grassroots nonprofits.
- Further, nonprofits even within a country face distinct regulatory, funding and social contexts thus requiring locally relevant approaches. For example, fundraising strategies in the context of one country may not be work in another country where the 'ecosystem of fundraising may be entirely different.'

Delivery Models

Based on the insights gained from the participants of our study, we uncovered

the following key success factors in effectively delivered capacity building programmes.

Mentorship & Coaching

For knowledge to be adopted, it must be practical and solution-based. Mentorship through trained mentors helps convert theory into practice. For example Development Consortium while commenting on the importance of mentors said that 'whatever they learned and absorbed, they were able to 'bounce it off against the mentor in the context of their organization.'

Individualised Technical Assistance

A combination of group sessions followed by 1:1 clinics makes training far more effective. Individual support enables going back with questions, understandings, learnings and insights. Transfer of knowledge and skills from individuals to the organisation requires individualised problem-solving

Challenge-Based Learning

Capacity building becomes far more effective and targeted when it addresses specific organisational challenges. Connecting learning directly to organisational pain points increases relevance and urgency. Nonprofits tend to choose a capacity building programme based on their unique requirements and therefore they look for 'very, very practical tools' they can take away from the programme which are 'not difficult to implement' to tackle their 'day to day challenges.'

For example AIT had a specific need of how they can 'ethically and properly commercialize their research' through research communication, and hence they chose a communication centred capacity building programme.

Strategic vs. Generic Approaches

Mature organisations appreciate strategic capacity building in the form of consulting models that deliver specific organisational mandates. They seek informed solutions on specific key queries rather than generic training.

For example one of the older institutions had a specific challenge regarding their 'systems and processes' which were stuck in time for the 'last 20 years' and they required the capacity builder to specifically do a systematic overhaul of the organizational and reporting structure and operating processes.



The mentorship model was interesting and very useful because it's the first time a very experienced mentor comes to a grassroots organisation and gives them the big picture view.

— Sunrise Educational Foundation

Time, Pace and Duration

Research indicates that capacity building effectiveness has an optimal duration "window" - programmes that are too short and hence fail to allow implementation, while overly long programmes lose momentum (Light 2004).



The duration should not be long. It should be within the time when people can track the progress more effectively.

— Yakkum Emergency Unit

Some of the evidence-based timing principles from our research are shared below.

Paced Implementation

Owing to limited bandwidth, organisations prefer paced learning, with each project given 3-4 months to implement. They also appreciate flexibility in choosing which projects to implement as per the organisational calendar. For example, one of our study participants shared that instead of a 10-12 hour intensive two-day workshop, 20 hours of one-year exposure, even if online, would be more helpful, because you get time and so many things happen within organisations over time.

Appropriate Programme Duration

The duration of the intervention must be consistent with the organisation's action plan; it should neither be too long to be drawn out nor too short that it doesn't provide scope for action. As the Yakkum Emergency Unit put it, the duration should provide scope for action.

Regular Check-ins & Accountability

Regular monthly checking in on organisations ensures consistency and accountability of the capacity building process. Having people who know the

organisation on operations and governance side is both effective and useful.

Organisational Focus Through Participation

To ensure focus remains on organisational capacity, there must be greater participation from multiple organisational levels. Online programmes provide greater leeway for multiple participants to attend, allowing for the transfer of knowledge and skills from individuals to the organisation. Based on the feedback from organisations, this approach helped in better 'discussions and alignment within the team' thus improving the overall 'quality of the training.'

Relational Dimensions

Emerging research on capacity building effectiveness highlights that relational quality between intermediaries and nonprofits significantly impacts outcomes (Jagpal & Laskowski 2007).

Empathy & Emotional Connection

For training to be successful, there must be a certain emotional connection between intermediary and nonprofit. Feeling that someone is invested in their growth journey gave nonprofits huge impetus to implement and confidence to evolve, as shared by several participants in our study. For example, Tapasya mentioned that the emotional connection came through in how they were being spoken to, rather than someone just doing their job.

Comprehensive Organisational Understanding

Nonprofits operate under significant internal pressures - thinly staffed, poorly paid, and often overwhelmed with multiple demands. There is an underlying concern that organisational "values and culture" survive even as organisations strive to "scale and grow". Effective intermediaries demonstrate understanding of these tensions and design capacity building programmes accordingly.



That comfort and relatability is very important. Like if someone is talking to you just for the sake of doing that job versus someone is also emotionally connected to the cause, the work that you're doing will make more difference.

— Tapasya

INTEGRATION EFFECTIVENESS: EMBEDDING CAPACITY BUILDING OUTCOMES

Integration effectiveness addresses the critical challenge of ensuring that capacity building outcomes become embedded in organisational practice rather than remaining as isolated learning experiences. Research highlights the persistent challenge of translating capacity building gains into lasting organisational change, noting that short-term participation success does not reliably produce sustained improvements in organisational

organisational practice (Blumenthal 2003; Sobeck & Agius 2007).



Figure 8: Field Insights: Integrations Effectiveness of Capacity Building

Understanding Integration Challenges

Field research identified multiple barriers that prevent effective integration of capacity building outcomes. These challenges inform how effective programmes should be designed, ideally keeping them in mind:

Post-Training Follow-Up Gap

The lack of post-training contact and push often results in organisations losing initial stimulus unless the organisation takes dedicated steps to implement and ensure muscle memory. Fundraising capacity building not being regularly followed up with networking opportunities leads to disconnect between ecosystem and organisational realities.



Organisational Bandwidth Constraints

Insights from the Study indicated that despite "immense potential of the programme", there is not enough "time to think through it" because people in nonprofits are constantly in firefighting and multitasking mode. At times, it translates into too many capacity building sessions where members find it difficult to attend "1-2 sessions on a weekly basis for a sustained period."

Competing Priorities

Organisations have "conflicting priorities" and unless capacity building is strongly internalised and/or requires compliance and/or is leadership-prioritised, training is not followed through completely. The capacity building must be actionable and organisationally relevant.

Founder-Centricity

Training and incubation support available to early-stage organisations is mostly founder-centric, which does not get transmitted to the rest of the organisation due to practical bandwidth constraints of the founder.

Because of the small size of teams, it is the founder who is doing the heavy lifting, and consequently, the full benefit of the capacity building does not get absorbed. In the later stages, when organisations become more mature, still certain capacity building programmes mandate founders to attend, even though the training may still be limited to 'basics of fundraising, pitch deck and theory of change', while

the founder would want to 'delve further.'

Absence of Learning Systems

Organisations do not have systems or mechanisms for learning to be transferred, translated or stay in the organisation. This is typically true of rural/grassroots organisations where funding is scarce and largely programmatic.

Larger organisations which have been able to scale up both in size and donor base are far better positioned to have formal structures that can emphasise training for their staff.

Understanding these barriers, research identifies several critical design elements that effective capacity building programmes incorporate to enhance integration.

Outcomes of Capacity Building

Context

Empirical evaluation of capacity building efforts does have certain limitations. A review of literature indicates that this difficulty stems from 'vague goals' pursued by nonprofits and the 'intangible benefits' they confer. (Bishop 2007). There is often a lack of an 'appropriate framework' for evaluating capacity building, given multiple approaches to capacity building (Sobeck and Agius 2007), and the absence of baseline performance measures among the areas capacity building seeks to improve. (Wing 2004; McKinsey & Company 2001). In addition, not many funders would like to invest in capacity development because such programmes might be 'low visibility soft programs' which are only bolstered to a very limited extent by 'hard deliverables' (Brown 1980).

Despite these constraints, there is broad acceptance that capacity building has a significant impact on organisational success as measured by greater impact, improved sustainability, and enhanced adaptive capacity (Funds for NGOs 2024). There is however considerable debate on how to measure and what to measure. A very important gap in literature is the absence of consensus on what does it 'mean for a nonprofit organization to be effective' (Forbes 1998; Lee and Nowell 2015).

From an academic perspective, the field lacks a standard framework for assessing what nonprofit capacity building programs achieve. (Bryan 2019) Some of the models that have been used are that of the Goal attainment Model, System resource model, and Multiple constituencies model. (Lecy et al. 2012) Some others also include 'organizational capacity as an essential part of an effectiveness measurement system.' (Barman and MacIndoe 2012; Bryan 2019).

Perspectives from Literature

A substantial body of research has examined the outcomes of capacity building interventions, with most studies relying on quantitative methods and focusing primarily on nonprofit organisations in Western contexts. To cite one of the more comprehensive studies (Letts et al., 1999), the impact of capacity development can be measured across three levels:

- Improvement in the capacity of the organisation to do what it already does (programme delivery capacity).
- Improvement in the organisation's capacity to grow (programme expansion capacity).
- Improvement in the nonprofit's ability to sense needs for change, and respond to them with programme improvements or innovations (adaptive capacity).

A comprehensive mixed-methods study conducted in India (4th Wheel Social

Impact, ATE Chandra Foundation, 2025), involving 357 professionals across 30 learning and development programmes, provided additional insights into the impacts of capacity building in the Indian nonprofit context. Reported outcomes included changes in strategic thinking, leadership, organisational processes, best practices, people management, team building, as well as collective action and partnerships.



Pure quantitative studies relying on attribution to show impact are problematic because there are so many factors that have a bearing on capacity. But stories of change are always possible and to be encouraged because this brings out the contextualized aspect of capacity building efforts on different organization.

— Intrac

The study also identified several gaps in learning and development programmes, including limited alignment between learning inputs and practical application, non-measurable organisational-level shifts, and indeterminate contribution to systemic change. It further noted that many programmes primarily targeted senior management and minuscule investments in post-programme engagement and impact follow-up.

Diverse Views to Measuring Capacity Building

Debates surrounding the measurement of capacity building outcomes remain contested. One of the leading intermediary organisations questioned “Why does capacity building have to be

looked at as an intervention that must have an outcome, or an impact? Why can it not be looked at as an intervention which is a problem-solving intervention.”

Another commonly cited challenge is the difficulty of establishing attribution or contribution, given that learning occurs through multiple channels, including on-the-job experience, implementation, formal training, reading, and peer interaction. As highlighted by intermediaries, purely quantitative attribution-based studies are often insufficient due to the multiple factors influencing organisational capacity. In contrast, stories of change are viewed as particularly valuable in capturing the contextualised nature of capacity building outcomes across organisations.

Insights from donors, intermediaries, and grantees consistently indicate that capacity building is not a one-time or linear intervention, but rather an organic and evolving process. Growth unfolds over time through sustained partnerships, characterised by continuous learning, adaptation, and collaboration.



I think that's one of the issues that we have is like capturing the impact because a lot of the things that we're doing, the tangible effects will not happen within the grant period. It is very difficult to report about what's happening and the outcomes of what we're doing. And usually because a lot of these projects are short term, you can't quite capture the full impact of the outputs that we're producing.

— Kenan

Outcome Assessment Framework

Drawing on field insights and relevant process based outcome oriented literature (Baser, Health, Peter Morgan 2008), a framework was constructed that bifurcates outcomes into stages of immediate, intermediate and long-term.

The constructs of Capacity, Agency and Sustainability were mapped to these three different stages. Each of the three constructs was further mapped into 4 competences. Figure 09 presents all the constructs and competencies with their respective definitions. The Outcomes Framework was developed from the field insights in the Study.

[IMMEDIATE OUTCOMES]	Capacity Individual or organisational readiness - what participants gain right after an intervention	Knowledge: Awareness of processes, systems, and best practices relevant to the organisation's work.
		Skills: Practical ability to perform specific tasks or apply learned knowledge effectively.
		Clarity: Degree to which individuals or organisations understand their roles, responsibilities, objectives, and strategies.
		Resources: Tangible and intangible assets (financial, human, informational, or technological) available to support organisational activities and achieve goals.
[INTERMEDIATE OUTCOMES]	Agency Translating capacity into action - how individuals and organisations use what they have learned	Application: Practical use of acquired knowledge and skills in real-world situations indicating movement from learning to implementation.
		Confidence: Self-assurance and motivation to act on new knowledge or skill, reflecting belief in one's ability to influence outcomes.
		Culture & Leadership: Will result in practices around better board composition and engagement, more collaborative decision-making and alignment across functional verticals and better talent retention and motivation.
		Practices: Regular behaviours, systems, or operational routines emerging as a result of application of learning reflecting the institutionalisation of new methods.
[LONG TERM OUTCOMES]	Sustainability Long term effects of strengthened capacity and agency	Efficiency: Ability to achieve desired outcomes using same or fewer resources reflecting improved systems, streamlined processes, and better resource utilisation.
		Resilience: Capacity to anticipate, adapt to, and recover from challenges or crises without losing effectiveness or direction.
		Growth: Measurable expansion in organisational scope, performance, or impact, such as scaling programmes, diversifying and increasing funding, or increasing reach.
		Network: The strength and breadth of relationships and collaborations with other stakeholders, which enhance learning, advocacy, and resources.

Figure 9: Outcome Assessment Framework



Outcomes of Capacity Building: Study Insights

Using this structure an attempt was made to map the various capacity building outcomes identified in the study by funders, intermediaries and nonprofits to the above framework.

We have captured the rich insights emerging from the interviews in the form of very tangible and specific outcomes/changes that Nonprofits, Funders and Intermediaries observed as a result of capacity building.

Construct & Competence		Non Profit Perspective	Donor and Intermediary perspective
CAPACITY	Knowledge	<ul style="list-style-type: none"> • Gained knowledge on subjects like impact communications for climate-focused organization. • Knowledge building in a variety of areas such as digital presence and marketing. • Knowledge building for leadership team with diverse experience. • First time exposure to cybersecurity. 	<ul style="list-style-type: none"> • Enhanced understanding of communication, fundraising, technology, and impact assessment.
	<p><i>“A lot of knowledge building has happened for the leadership team, even though we were coming from totally technical backgrounds.” — Badlaav</i></p>		
	Skills	<ul style="list-style-type: none"> • Developed understanding of narrative building for thematic areas of work, including donor mapping, media outreach, and adapting social media content, as well as the use of AI for communications and fundraising. • Gained knowledge of financial budgeting, including preparing budget plans, allocating expenses, aligning project budgets, and understanding programme costs to inform proposals. 	<ul style="list-style-type: none"> • Enhanced clarification of the specific skill sets necessary for various domain areas. • Enhanced proficiency in developing fundraising proposals and delivering effective pitches. • Demonstrated proficiency in developing comprehensive and effective job descriptions to attract and retain top talent.
	<p><i>“They helped us in narrative building specific to thematic areas of work, donor mapping and media outreach.” — Gujarat Mahila Housing Trust</i></p>		
Clarity	<ul style="list-style-type: none"> • Finding an organisational strategy that does justice to all programmes, along with getting an outsider and- 	<ul style="list-style-type: none"> • Organizations were able to refine scope of work in alignment with their 	



Outcomes of Capacity Building: Study Insights

CAPACITY		<p>third party perspective for the leadership team, improving receptivity in the organisation, and gaining clarity on systems, including data storage, accessibility, and retirement issues.</p> <ul style="list-style-type: none"> • Exposure to exercises in human-centric story narratives that would interest the audience, and how data evidence can be used to influence. • Having a radical change in self-image and mindset, including transitioning to an understanding of working as a non-profit for a much bigger goal, and shaping the organisation with a more professional thought process through vision, mission, goals, objectives, and clarity from the logic model exercise. • Developing a greater understanding of available avenues, the need for diversification of stakeholders, and how to communicate with stakeholders. 	<p>foundational vision and mission.</p> <ul style="list-style-type: none"> • Clearer perspective regarding challenges and corresponding solutions. • Enhanced clarity regarding the organisation's vision and mission at all levels. • Significantly enhanced understanding of stakeholder perspectives.
	<p><i>"There was a radical change in self-image and mindset, it had transitioned to working as a non-profit for a much bigger goal." — Sunrise Educational Foundation</i></p>		
	Resources	<ul style="list-style-type: none"> • Flexible grants enabled responsiveness to community needs and external environments. • Unrestricted funding allowed alternative approaches to capacity building, including hiring consultants and external organisations for specialised support. • The grant supported hiring personnel to establish systems, processes, and business development, alongside leveraging volunteers. 	<ul style="list-style-type: none"> • Development of communication materials and standard operating policies. • Resources to hire people to implement OD learnings & systems.



Outcomes of Capacity Building: Study Insights

		<ul style="list-style-type: none"> • It also enabled use and development of templates, strengthening organisational foundations, systems, and leadership. 		
<p><i>"Having the flexible grants will allow us to stay relevant to our needs not only within our organizations but also with the community we work with." — Yakkum Emergency Unit</i></p>				
AGENCY	Application	<ul style="list-style-type: none"> • Changed communication strategies based on awareness of tertiary audiences and prioritised audiences through a focused approach. • Improved communication across team members, field-level participants, and external entities. • Built two dashboards for use across the organisation. • Set up HR-related systems (refinement of KRAs, leadership reorganisation) and revised the organogram in line with a new structure. • Categorised expenses under different heads and improved budget planning. • Ensured timely completion of audits and accounting filings ahead of deadlines. • Allocated overhead costs across programme budgets. • Prepared prospective budgets aligned with growth plans. 	<ul style="list-style-type: none"> • Expanded programme outreach to engage a greater number of participants. • Developed more contextualised indicators for programme evaluation. 	
	<p><i>"After doing the digital transformation program we brought in a tech lead, eventually building two dashboards which translated to the entire organization."— Development Consortium</i></p>			
	Confidence	<ul style="list-style-type: none"> • Increased confidence in seeking funding and diversifying donor base, including private sector. 	<ul style="list-style-type: none"> • Enhanced ability to develop and implement strategic plans. 	



Outcomes of Capacity Building: Study Insights

AGENCY	Confidence	<ul style="list-style-type: none"> • Developed confidence to request funds and incorporate additional resource needs (e.g. technology, communications) in applications. • Strengthened ability to address long-standing challenges, including resource mobilisation and organisational strategy. • Enhanced ability to present the organisation as delivering results. • Improved ability to assess programme impact and derive qualitative insights. • Increased comfort in organisational strategising. 	<ul style="list-style-type: none"> • Enhanced ability to develop and implement strategic plans. • Improved preparedness and commitment to execution.
	<p><i>“Based on this training, we now feel that we can further improve and diversify our donor base from private sector players as well. There might be other research institutions where we can collaborate in terms of in-kind contributions or other technical support collaboration and for these better communications can help.” — AIT</i></p>		
	Culture & Leadership	<ul style="list-style-type: none"> • Improved decision-making, including greater willingness to challenge earlier group consensus. • Reduced burnout and stress. • Improved understanding of technology and engagement with technical teams, reducing friction. • Produced more positive and forward-looking reports. • Implemented changes in organisational structure (hierarchies, relationships, inter-verticals, communication patterns). • Strengthened organisational structure with a second line of leadership. • Improved reporting structures and grievance redressal systems. • Increased team ownership of vision and mission towards advancing the organisation. 	<ul style="list-style-type: none"> • Decreased employee attrition and improved retention. • Enhanced alignment and collaboration between leadership and teams. • Increased emphasis on distinct organisational verticals (e.g. communications). • Strengthened organisational culture through implementation of formalised systems. • Reduced barriers between departments. • Strengthened organisational intellectual capacity.



Outcomes of Capacity Building: Study Insights

<p><i>"Atma has taught us to think outside the box. Our reports are more positive than before. The structure of the organisation, including hierarchies, relationships, inter-verticals, and communication patterns, has changed. The team now has now better understanding of problems." — Khazani Welfare Society</i></p>			
AGENCY	Practices	<ul style="list-style-type: none"> • Updated social media channels and website to foreground research. • Used technology to launch an evaluation study more rapidly, reducing reliance on external consultants. • Created a data inventory and mapped data flows using open-source platforms. • Incorporated time for brainstorming, questioning, debating strategy, and piloting approaches. • Included qualitative analysis alongside quantitative analysis in monitoring reports. • Strengthened organisational packaging (logo, vision, mission). 	<ul style="list-style-type: none"> • Strengthened ability to cultivate a proactive and engaged board of directors. • Integrated thematic elements into communication strategies. • Established systematic growth and development frameworks for employees.
	<p><i>"Post the training, we changed the name of the organization, logo, vision and mission. That packaging helped us in marketing and expressing ideas more constructively." — Bright Future</i></p>		
SUSTAINABILITY	Efficiency	<ul style="list-style-type: none"> • Overcame long-standing organisational roadblocks following revision of organisational strategy. • Outsourced and delegated functions (e.g. payroll, HR, compliance) and hired technical expertise. • Improved capacity to engage in technology-related decision-making and negotiations. • Shifted manual and resource-intensive processes to applications. • Generated reports instantaneously, reducing timelines significantly. • Saved investment in procuring technology resources. 	<ul style="list-style-type: none"> • Demonstrated ability to meet tax compliance requirements within deadlines. • Capacity to recruit higher skilled workforce. • Increased accountability through improved understanding of budgets and fundraising. • Developed communication assets in-house without reliance on external vendors. • Leveraged technology platforms to enhance efficiency of programme



Outcomes of Capacity Building: Study Insights

SUSTAINABILITY		<ul style="list-style-type: none"> • Observed overall improvements in organisational growth and efficiency. • Strengthened programmes and services. • Enabled longer-term organisational progression through project-based learning. 	monitoring and evaluation.
	<p><i>“What would have taken 3.5 months to generate reports was almost instantaneous after the program with AVPN.” — Development Consortium</i></p>		
	Growth	<ul style="list-style-type: none"> • Increased capacity to apply for funding. • Enhanced ability to pitch for diverse funding, including non-financial grants. • Secured technology tools through non-financial grants, reducing resource burden. • Strengthened communication through sharper organisational narratives. • Increased accountability and growth through deeper understanding of budgets and fundraising. • Expanded reach through fundraising efforts. • Increased social media presence and activity. • Strengthened organisational intellectual capacity. • Growth in impact and sustainability. 	<ul style="list-style-type: none"> • Enhanced visibility and engagement on social media platforms. • Organizations increasing their outreach to a broader donor base. • Strengthened organisational communication and narratives. • Expanded reach through fundraising efforts and social media engagement. • Securing increased funding, including unrestricted grants.
	<p><i>“Growth is not just in terms of money but in terms of organisational capacity and efficiency. Intellectual capacity grows, and that eventually leads to sustainability.” — Shiksharth</i></p>		
Network	<ul style="list-style-type: none"> • Established partnerships with organisations such as IBM. • Initiated collaboration with the Government of Maharashtra based on user mapping work. 	<ul style="list-style-type: none"> • Increased capacity to apply for funding and pitch to diverse funding sources, including non-financial grants. • Broadening of volunteer network. 	



Outcomes of Capacity Building: Study Insights

SUSTAINABILITY	Network	<ul style="list-style-type: none"> • Leveraged networks for problem resolution. • Increased reach to CSR-focused organisations. • Accessed structured CSR funding from public and private sector organisations. • Strengthened peer networks. 	<ul style="list-style-type: none"> • Enabled access to technology tools through non-financial support, reducing resource burden. • Contributed to growth in impact and sustainability.
	<p><i>"We have been able to reach out to at least seven CSR-based organizations. We now have structured CSR support from public sector enterprises and private companies." — Sunrise Educational Foundation</i></p>		
	Resilience	<ul style="list-style-type: none"> • Sustenance of the organization during covid including ability to support covid related efforts. 	<ul style="list-style-type: none"> • Demonstration of improved resilience against external exogenous factors. • The organization maintains its ability to support communities even in the face of funding challenges.
	<p><i>"Atma gave me the confidence that helped me run Tapasya till now. If Atma was not there, I was not sure Tapasya could have sustained seven years, including through COVID." — Tapasya</i></p>		



Long-Term View of Capacity Building

A large majority of the nonprofits feel capacity building can improve access, ignite internal potential, enable better change management, and bring about second order transformations in the organisation.

A long-term view of the outcomes of capacity building was thus indicated, by the responses of the 11 nonprofits that represented both mid-stage and mature organisations and had all gone through a series of diverse capacity building programmes.

It was done through rapid fire round, that had a 4-point scale of responses ranging from 'Definitely Yes' to 'No'. (See figure 10).

There was wide consensus that capacity building catalyses the organisation to develop its own capacity and **improve its resilience**.

The majority of the organisations strongly felt that capacity building enabled nonprofits to manage internal and external relationships better, create their own strategies for scaling impact, and enhance their internal systems and practices.

Long Term Assessment of Capacity Building : Nonprofit Perspectives

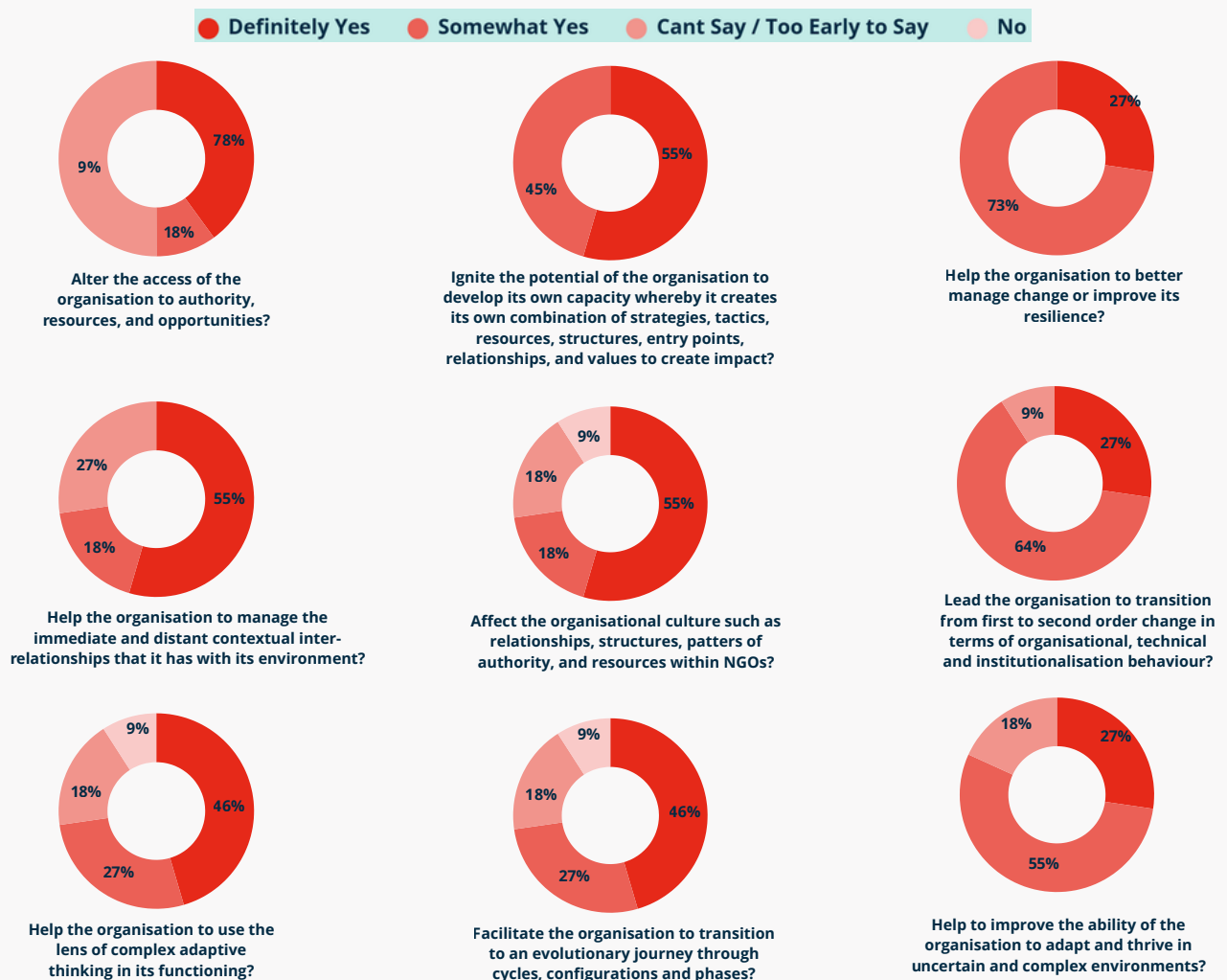


Figure 10: Long Term Assessment of Capacity Building: Nonprofit Perspectives



Most organisations included in the study had participated in multiple capacity building programmes over time. These programmes varied in focus, with some targeting founders or senior leadership and others embedding broader organisational elements. Certain capacity building interventions were more relevant during early organisational stages, while others were better suited to mature organisations.

Overall, capacity building appears to have played a significant role in shaping nonprofit transition pathways. While its influence on fostering complex adaptive thinking or operating under high uncertainty was relatively limited, it had a substantial impact on improving access to authority, resources, and opportunities, and in encouraging organisations to invest in their own capacity development.

Importantly, capacity building impact does not follow a linear or easily attributable trajectory. Outcomes are rarely traceable to a single intervention; instead, individual and organisational shifts accumulate over time and extend into programmes and, ultimately, to the communities served. Through successive capacity building engagements, organisations gain opportunities to reflect on and strengthen their systems, processes, decision-making structures, programme logic, and evidence practices.

Over time, organisations that demonstrate improvements in efficiency, growth orientation, network strength, and resilience are more likely to evolve into sustainable entities with enhanced delivery capabilities, expanded reach, and greater scale.



Best Practices for Capacity Building

Academic and practitioner literature provides some understanding of the complexities that donors face while approaching organisational development with their partners. This could involve 'managing multiple relationships, dealing with timelines and defining and measuring success.' (Almeida, Fabio, Simon et. al.)

Hence, over the period, capacity builders and foundations have tried to build in some best practices. One of them is using an 'interactive approach to capacity assessment', such as 'user-defined and owned priorities' for capacity development support. Care needs to be taken to 'build on what exists' and ensure that 'it is owned and led by those seeking to improve their capacity.' (Pearson 2011; Ika and Donnelly 2017)

The importance of a clear organisation development strategy as a best practice is also emphasised, given that 'an organisation development strategy gives direction and describes the theory of change', while also communicating the 'values and principles' underlying the work of the foundation. (Almeida, Fabio, Simon et. al.)

It also appears that what really works best is an approach that covers the 'full range of organisational needs and extends over a longer period of time,

with allowance for emergent needs.' It is also important to provide space for developing 'relationships between organisations and their technical partners and funders that are built on mutual support, risk-sharing and co-learning.' (Datta, Ajoy, Louise Shakson, Arnaldo Pellini 2012)

The use of 'peer-to-peer learning and exchange mechanisms' was also found to be beneficial in 'supporting learning processes', 'undertaking joint problem-solving', and providing 'mentoring to one another' within a context of an 'explicit and implicit shared understanding of experience and reality.' (Aantjes et al. 2022; Pearson 2011; Thol et al. 2012)

From what we understand regarding evidence, it is also equally important to 'maximise learning at each of the three levels of capacity development: individual, organisational, and enabling environment.' (OECD 2006)



The first and the most critical is that hand-holding support. It is just not the content, material, know-how or the knowledge, it is that individual working in a certain approach and manner with that non-profit that's the real game changer. That is how change happens, and the organisation evolves.

— Atma

Insights from Donors & Intermediaries

Each donor and capacity building intermediary has a set of best practices which they integrate into their capacity building programmes.

While literature provides a broad overview of best practices, insights from the research we conducted dug into finer details of capacity building programmes that also need to be kept

in purview. The below table provides a comprehensive summary of Best Practices while designing & delivering capacity building programmes.



After the needs assessment, we recommended certain things for each organisation. We also gave the grantees a chance to kind of do things at their own pace, because they were the ones who were setting the agenda for each call. The one-size-fits-all approach rarely works in the case of capacity building.

— Prod

Need Analysis	Carry thorough assessment	<ul style="list-style-type: none"> • Need for a 'comprehensive audit across all collaterals across functional areas. Assessment must be "very thorough" but not prescriptive in approach.
	Be Open to Changes in Needs	<ul style="list-style-type: none"> • Initially thought they would need 'financial sustainability and tech capacity' but subsequently realised we need to focus on "future readiness."
	Clarify technical terms	<ul style="list-style-type: none"> • A technical session followed by a need assessment survey helps them to understand 'this is what it means' and helps them to clarify whether they want "tech for business" or "tech for an online platform."
	Plan Scoping Class Post Need Assessment	<ul style="list-style-type: none"> • Post need assessment it is helpful to have a 1:1 scoping call to really understand 'what kind of need the grantees have and the level they are at.
	Differentiate between perceived needs and real needs	<ul style="list-style-type: none"> • There is often a difference between 'real need and felt need', and hence right questions must be asked so that nonprofits are able to reflect and introspect.
	Ascertain prioritisation	<ul style="list-style-type: none"> • Although someone can communicate the 'areas nonprofits need to work on', the decision about which area to prioritise should come from them.
	Make it Participatory	<ul style="list-style-type: none"> • Arrive at understanding on 'what needs to be co-created with them.' • Ensuring hands-on support or 1:1 clinic which leads to better 'problem solving' and 'implementation support.'



Delivery	Progressive Delegation	<ul style="list-style-type: none"> Put participants in the 'leadership position' so that they 'drive what gets eventually done.' Progressively encourage grantees to 'come up with things' and start moving into the seat of 'reviewer or advisor.'
	Take prior Consent	<ul style="list-style-type: none"> Ask explicitly if grantees really want to participate so that they are 'not obligated to participate.'
	Use Participation as Selection	<ul style="list-style-type: none"> Embed participation metrics as selection metrics in limited capacity building programmes so that organisations become 'competitive' and keen to participate.
Approach	Ensure Integration of Learning	<ul style="list-style-type: none"> Keep the focus on helping them to "learn things" since intermediaries "won't be there after the programme is done." Learning should have a "practical problem solving" and "application" approach.
	Embed elements of Customisation	<ul style="list-style-type: none"> Avoiding a one size fit all strategy with due incorporation of 'customisation' and "contextualisation.'
	Factor in Transferability	<ul style="list-style-type: none"> Ensuring capacity building transferability by mandating that at least "two people from the vertical", "one from the leadership team and one from the field team" attend the training. Attendees should have been with the 'organisation for at least 8-10 months or a year.' People selected in the training should have a 'stake' in the organisation and in the learning.
	Take feedback	<ul style="list-style-type: none"> Feedback needs to be taken on what capacity building initiative works for them.
Design	Communicate structure in advance	<ul style="list-style-type: none"> Need to provide advance communication around 'how much bandwidth it would take each month, what the programme looks like, the number of workshops, the kind of masterclasses, the need for Single Point of Contact (SPOC) to attend those masterclasses from each team.'
	One point contact	<ul style="list-style-type: none"> There should be a 'dedicated team who will work with nonprofits' so that grantees know 'exactly how to go about.'
	Embed accountability	<ul style="list-style-type: none"> This includes strengthening accountability through 'financial management', reduction of cash transactions and use of "accounting software like Tally.' Encouraging nonprofits to adopt human resources practices and compliances to reduce 'attrition and improve "retention.'
	Ensure adequate duration	<ul style="list-style-type: none"> One must allow for a duration of training long enough so that it translates into 'comprehensive support' and 'should actually work on the ground.'



	Incorporate case study elements	<ul style="list-style-type: none"> Using the case study method so that participants can see 'problems holistically.'
	Include mentoring	<ul style="list-style-type: none"> Certain organisations however specifically ask for mentorship to deal with the 'information influx' due to the large number of templates and learning resources.
Organisational Factors	Keep focus on organisation	<ul style="list-style-type: none"> Rather than focusing on specific vertical-based support, ensure that 'support has to go at the organisation level rather than just one component of it.'
	Understand organisational levels	<ul style="list-style-type: none"> Although initial calls may be with top management who usually answers the need assessment forms, back and forth is required to arrive at consensus across levels on 'needs and their prioritisation.' It is also important to take stock of whether 'leadership team is actively engaging, or it is the mid-layer employees of each organisation are engaging. In case of outsourced functions, sessions may be useful for consultants in organisations.
	Consider Maturity of the organisation	<ul style="list-style-type: none"> Mature organisations tend to look for 'workshop, more mentorship and advisory support or a kind of a feedback on what exactly they're doing' while younger organisations not having full-fledged teams tend to focus on 'getting their work done.'
	Consider differences across same thematic area organisations	<ul style="list-style-type: none"> Even within nonprofits who do similar work can be 'entirely different' because of nature of work, geography, area of expertise and number of years working.
Strategic	Providing carefully crafted networking opportunities	<ul style="list-style-type: none"> Providing 'forums and avenues where collaboration and dialogue' is possible between nonprofits.
	Reducing funding dependence	<ul style="list-style-type: none"> One of the ways is to teach them to 'budget properly' and how to do 'fixed cost and variable cost apportioning programme wise' so that when they ask for funding they are properly covered for these costs. Recruitment of 'dedicated fundraising team member'
	Focus on core competence of the organisation	<ul style="list-style-type: none"> As part of ensuring sustainability, it is equally important that nonprofits 'try and focus what they do best.' Some variations are 'definitely good' and needed 'but too much of divergence affects the growth of the organisation.'
	Create specific funding pools for capacity building	<ul style="list-style-type: none"> Nonprofits are unable to fund capacity building on their own because 'institutional funding is tied to too many different aspects.' Hence create a specific funding pool only for capacity building as per the specific requirements of the organisation.



Prioritising Capacity Building

While funders are increasingly realising that capacity building is key to building sustainability for nonprofits, it cannot be a one-sided conversation.

Nonprofits, too, need to take out time and energy to invest in capacity building. In this regard, even a brief exposure to capacity building creates awareness about it. As a donor remarked, nonprofits tend to start 'prioritising capacity building after experiencing it.' Certain nonprofits, when they see 'resources going into it' and also experience improvement in functioning, make a case for it for themselves and for other NGOs as a best practice movement. The 'leadership push' within nonprofits makes a substantial difference to the capacity building movement.

The biggest challenge, of course, is convincing more funders to invest in capacity building. One of the ways is to increasingly document the results of capacity building for nonprofit organisations. As Wipro Foundation says, 'Capacity building is something we have always thought of as important, but over a few years of facilitating programs run by partner Resource Organisations, we could see evidence (through conversations and reports from partners, among others) of its impact for different partner organisations, which we could also take back to other stakeholders within the organisation to continue making a case for it. Partners have seen tangible results at their end, leading to increased referrals.'

Yet another way is by 'platforming stories' coming from organisations which have availed of capacity building grants. Through 'writing and conversations' when the work of partners is showcased by donors it does 'create a ripple effect.' This is carried forward through numerous conversations at various forums where organisations want to know how it goes.

Despite greater visibility in the capacity building ecosystem, there continues to be gaps specially when it comes to funding small nonprofits who are still struggling to get their eligibility criteria in place. The capacity gap also exists for grassroots organisations which are working in rural and tribal areas or may be working in rights based and advocacy areas and often where the language is not English. In that sense the capacity building ecosystem for nonprofits may not be sufficiently inclusive to cover marginalised populations. There are capacity building intermediaries which try and be supportive of traditionally neglected nonprofits but the funding for such initiatives continues to be difficult to access.

An assumption often made is that when an organisation is able to get its model right and can sustain it for maybe a couple of years, all that it requires is to simply scale it up. Often, organisations, after working for a couple of years, may need to reorient their strategy, which requires another level of capacity building, but capacity building support opportunities are few and far between for such organisations. Grassroots



organisations, even after years of working, neither have large corpuses nor have independent learning and development verticals that can fund capacity building needs independently. They are not self-sustainable and continue to need subsidised support, but the capacity building ecosystem for them is not completely supportive.

Then there is this quality versus cost debate. If the cost is accessible for the nonprofit, then there is a fair possibility that the quality may not be commensurate. To balance cost and quality, donor funding is indispensable. Donor funding is not only required for organisational development-related capacity building but also for domain-related capacity building. In this respect, capacity building for specific domain areas such as climate, sustainability, technology, gender and new emerging areas is extremely important and very much needed.

Finally, a criticism that is often levelled is that fundraising is 'not democratic' and it continues to be a 'game of networking.' Capacity building must have "reality checks" built in and must consider the 'complexities' of the environment and model that the specific nonprofit is working with. This requires training or finding facilitators who walk the talk and can speak in a local language using relatable examples.

In conclusion, capacity building for nonprofits has made huge strides in terms of models and approaches but it still caters to only a select few owing to the funding gap. Flexible funding while

catching on is still limited to a few forward-thinking philanthropist foundations. To really make capacity building more accessible, comprehensive and inclusive, prioritising it through funding is fundamental.



What we have learned in doing these capacity building programmes, a sweet spot is somewhere between like seven, eight months to 12 months. You cannot be like, just do two masterclasses in two months and be like, okay, we have built the capacities. It doesn't do that.

— AVPN

Challenges in Capacity Building

Developing capacity poses its own set of challenges for all parties concerned. While academic literature highlights a range of challenges that can be categorised into four broad categories (see Fig. 16), insights from nonprofits, intermediaries, and funders in the study have enabled a more profound and nuanced understanding of the same.

Perspectives from Academic Literature

Capacity development has its own set of challenges. Literature pertaining to capacity development outlined some of the challenges relating to capacity development. This could include (a) Staff turnover both for funders and nonprofit recipients of capacity building. (b) Inability to get needed support from other funders for a capacity building program. (c) Diverse needs and interests of recipients. (d) Inadequate staffing or other resources of both funders and recipients. (e) Cumbersome requirements for recipients to participate in capacity building. (f) Capacity building goals set too high for any reasonable expectation of success. (g) Limits on impact of workshops and other one-time capacity building activities. (h) Scarcity of evaluators with needed skill sets and knowledge of evaluation methods. (Backer, Thomas E., Jane Ellen Bleeg, Kathryn Groves 2010).

TALENT & RESOURCE SCARCITY

- Inadequate staffing or other resources of both funders and nonprofits
- Staff turnover for both funders and nonprofits, with trained members moving on to other organisations
- Scarcity of evaluators with needed skill sets and knowledge of evaluation methods
- Challenge in matching consultants with the right skill sets and abilities to needs of grantees

LIMITED FUNDS

- Inability to get needed support from funders for a capacity building programme
- Ending of Programme funding

MISALIGNED EXPECTATIONS

- Cumbersome requirements for nonprofits to participate in capacity building
- Capacity building goals set too high for any reasonable expectation of success
- Limits on impact of one-time capacity building activities like workshops

PROGRAMME LIMITATIONS

- Diverse needs and interests of programme recipients
- Capturing and communicating learning from capacity building initiatives to funders
- Managing feedback and reporting to grantees

Figure 11: Capacity Building Challenges - based on Academic Literature

There are also attendant challenges of matching consultants with the right skills and abilities to the needs of grantees as also diagnosing the needs of grantees, who may themselves be unaware of underlying problems and needs, managing feedback and reporting to grantees, capturing and share learnings from capacity building initiatives to the grant maker and finally

managing larger grants involves a larger pool of consultants (Comforth, Chris, Jill Mordaunt, Mike Aiken, Shirley Otto 2008).

Perspectives from Research Study

Nonprofits, funders and intermediaries each face their own unique set of challenges when engaging with capacity building interventions. The study insights revealed some common and some distinctive challenges faced by each participant group.

Struggles of Nonprofits with Capacity Building

Among the major challenges that nonprofits face, include the struggles of limited resources, access to steady funding and being able to locate capacity building programmes that fit their unique requirements.

Even while undergoing capacity building programmes, organisations are often under tremendous internal pressures as they try to make the most of their training while simultaneously running the organisation.

They are mostly thinly staffed, poorly paid, overwhelmed with deliverables and at the same time, in dire need of investing time and energy to upscale both themselves and the organisation. Also, there is an unexpressed lingering fear of whether the values and culture that define the organisation will survive even as it strives to scale and grow.



There is a need for structured training content, but you also need customised small capsules with longer-term support and that can lead towards actionable goals.

— INREM

Programme Intensity and Time Constraints

High-frequency or long-duration capacity building programmes often place excessive time demands on nonprofit teams, limiting consistent participation alongside ongoing programmatic responsibilities.

Competing Priorities and Limited Leadership Ownership

Operational pressures frequently take precedence over capacity building initiatives, and without strong leadership ownership, trainings are deprioritised and not fully implemented.

Insufficient Post-Training Follow-up and Practical Support

The absence of structured follow-up, mentoring, or ecosystem linkages reduces the likelihood that learning translates into practice, particularly in functional areas such as fundraising.

Founder-Centric Approaches and Limited Knowledge Transfer

Capacity building efforts are often concentrated at the leadership level, with limited mechanisms to cascade learning across teams, constraining organisation-wide adoption.

Weak Organisational Learning Systems

Many nonprofits lack formal systems to capture, embed, and sustain learning, resulting in fragmented uptake and limited long-term impact of capacity building investments

Figure 12: Capacity Building Challenges of Nonprofits

Limitations of Intermediaries in Capacity Building

The biggest challenge intermediaries face is in structuring capacity building programmes in a way that makes them accessible but also effective. To make capacity building accessible requires fundraising for capacity building from donors. Achieving effective programmes requires delivering quality initiatives that not only meet the expectations and requirements of nonprofits but also enables them to achieve their mission. The effectiveness is also dependent on ensuring due transference of knowledge via the individual participants of the Programme to their entire organisation. This constant tightrope walk of balancing costs with quality is where intermediaries struggle the most.

Funding Constraints:

Robust organisational capacity requires longer duration programmes which requires the support of funders, especially for small and mid-size organisations who are unable to afford the full cost of training programmes.

While a handful of nonprofits have managed to achieve scale and size in recent years, and a few have been able to tap into unrestricted grants that allow them to directly approach intermediaries for capacity strengthening based on their unique needs, they constitute a very small proportion of organisations in the sector. In most cases, the funding gap for subsidising organisational capacity



The reality is that everybody wants a good nonprofit, but very few want to invest in making it. The reality is that the donor can disqualify nonprofits because they don't have certain practices that can pass due diligence, but largely donor will not invest in nonprofits to make them better organisations.

The donors are interested in giving money to create change in the community. Giving some money to organisations to become better rather than giving to the poor does not seem to make sense to the donor.

— Dhvani

building is a considerable challenge for intermediaries as it requires getting both the donor and the nonprofit are on board and in alignment, which may not always be possible. Corporate Social Responsibility funds for capacity building are still a grey area. To top it all, intermediaries must negotiate their own set of compliance and sustainability needs as usually they too are registered as nonprofits. Together, these constraints limit the number of nonprofits that intermediaries are able to capacitate.

Providing Range And Depth:

Nonprofits seeking quality funding are required to demonstrate proof of concept and establish feasibility of their programmes working at scale. To enable them to effectively envision and demonstrate scalability, intermediaries must capacitate them in multiple domains and especially in areas of organisational culture, strategy, leadership and accountability. After a certain stage in a nonprofit's journey when funding issues are more settled, organisations face challenges of performance and programme

effectiveness. Hence, intermediaries are required to constantly innovate and operate across a spectrum of capacity building needs to cater to organisations across life stages, which can be a challenge for intermediaries to manage.



The larger the organisation is, they are more concerned with system, governance, structure but the smaller organisation is more concerned about where resources are and how can I use the money in the most efficient way. So, the focus is a bit different for these varied organisations.

— Empact

Keeping Purpose and Passion Intact:

Intermediaries need to ensure that the learning and approaches not only adapt to the context but also to the needs of individual nonprofits, which may differ widely in their goals, operating philosophy, size, scale, geography, thematic area, communities serviced, organisational culture, organisational structure and so on. In making them organisationally resilient, intermediaries must take care to ensure that through the course of capacity building, the nonprofit itself does not lose the passion, commitment and innovation that defined their purpose.

Sustainability of Institutional Knowledge:

Ensuring knowledge is passed on or co-created so that it becomes a part of institutional memory is one of the major challenges of intermediaries. During the training phase, the nonprofit fully participates, but if it is not integrated

within the organisation as an institutionalised process then the catalysing effect of capacity building will get frittered over time. This makes it hard for capacity building efforts to be sustainable.

Decentralising Capacity Building:

Capacity building continues to be largely urban centric with more focus on participants who can communicate in English. There are not enough locally-based capacity building experts who can work with organisations working in community-based rural settings. Also, capacity building is still senior or at best middle management centric leaving the junior and field staff out of the purview of professional external capacity building. Decentralising capacity building therefore is a pressing challenge.

Design & Delivery:

Intermediaries must first invest in trust-building before nonprofits agree to share organisational information. At the same time, they must screen interested participants so as to ensure that only those people participate who can facilitate knowledge transfer as well as carry out needed decision-making as recommended during the program. The organisation itself must be a good fit for the programme offered since neither an organisation too advanced in their life stage journey or one that is too early will be able to derive potential benefits from the capacity building inputs. It must also ensure that there is adequate

contextualisation to the nonprofit in question, even while engaging external mentors and experts.

The intermediary also needs to meet challenges related to the constant need for reiteration and handholding for implementation, navigation of delays and bottlenecks in decision-making. It also has to constantly motivate the nonprofit's leadership to invest time and effort in the training while also adapting to the nonprofit's constraints of time and attention, and asking tough questions and handling difficult situations during the course of the training programme.

Barriers of Funders to Capacity Building



The ideal scenario is that we can raise funding for capacity building along with the grant. But it doesn't exactly go our way when we do the funder interactions. It will be good to have this kind of prototype when we're talking about frameworks which work or the way they should be.

— AVPN

Prioritising Capacity Building:

Philanthropic organisations that invest their own capital may not face funding challenges, except that they are limited with respect to the amount of funds they can commit. Social impact venture funds need to raise funds from funders for capacity building, as well as providing flexible grants. However, capacity building requires a different kind of fundraising as against that

required for flexible funding. Much of the capacity building support given to grantees would depend on the donor funding provided for capacity building.

Measurement Challenges:

Negotiating the monitoring and evaluation of capacity building remains challenging primarily because of the difficulty in attributing organisational growth or programmatic outcomes to specific capacity building interventions. Donors generally find that while metrics can assess whether grantees meet annual goals, a clean causal link between a capacity building input and a programmatic result is rarely achievable.

A further layer of complexity arises in gauging systemic or ecosystem-level change, which by its nature unfolds over longer timeframes than typical grant cycles allow. After compounding this, individual capacity building does not always translate to organisational capacity building, and vice versa, making it difficult to adopt a single measurement lens.

As a result, donors tend to navigate these limitations through a pragmatic, context-sensitive approaches that prioritise learning and iterative feedback over precise attribution.



Tracking some of the organisations' work in these areas is limited because it is based on one-year, two-year and three-year metrics, which are themselves collaborative efforts. It was not a top-down approach stating that they must achieve certain outcomes within three years. Rather, it involved discussions about what is possible within a quarter, within six months, or within a year. We recognise that measuring the impact of these learning and development programmes may not provide a full picture within just one or two years. It may indicate what the Programme is achieving in the short term, but it does not show whether the impact of that Programme is sustainable.

— AVPN

implementation. Contextual mismatches, including language barriers and cultural distance between mentors and grantees, as well as inconsistent commitment from both sides of the mentoring relationship, add further friction. Taken together, these challenges point to the difficulty of designing capacity building interventions that are simultaneously contextually appropriate, organisationally inclusive, and practically actionable.

Delivery Challenges:

Beyond measurement, donors also encounter a range of design and delivery challenges in capacity building. At the program design level, a recurring difficulty is calibrating content to the right level of organisational maturity; what is too basic for more established nonprofits may be too advanced for younger ones, and training inputs do not always align with what the nonprofit actually needs. Organisational bandwidth is another persistent constraint, with nonprofits often unable to dedicate the right personnel to training or sending participants who lack the decision-making authority to implement what they have learnt. Even where training is well-designed and well-attended, knowledge transfer frequently remains limited to top leadership and fails to permeate to the broader organisation. Structural challenges such as budget limitations, inadequate human resources, and technology gaps further hinder



Recommendations

Based on the research findings, this section provides actionable recommendations for each stakeholder group in the capacity building ecosystem. These recommendations are designed to be practical, achievable, and mutually reinforcing. When adopted collectively, they can significantly strengthen the ecosystem's ability to build nonprofit capacity at scale.

For Nonprofits

Make Capacity Building a Strategic Priority, Not an Opportunistic Add-On

Treat organisational development as central to your theory of change, not peripheral to it. Concretely:

- Include capacity building goals in your strategic plan.
- Allocate unrestricted funds (even if small) specifically for learning and development.
- Create a designated staff role or committee responsible for organisational development.
- Say "yes" to capacity building opportunities even when bandwidth is tight by enabling team members to attend.
- Communicate to donors that you prioritise organisational strength.

This mindset shift signals to funders that you value and will leverage capacity building investments.

Practical implementation: In your next strategic planning cycle, explicitly include organisational development objectives alongside programmatic goals. Allocate 5-10% of unrestricted funds annually for capacity building, even if it's ₹1-2 lakhs. (\$1,000-2,000 USD)

Ensure Leadership Buy-In and Broad Organisational Participation

Capacity building has a higher chance of failure when only junior staff participate while leadership remains disengaged.

Commit to:

- Founder/CEO participation in key capacity building initiatives (not delegation).
- Involving multiple organisational levels, not just senior management.
- Creating internal systems to cascade learning to those who couldn't attend.
- Board engagement in organisational development priorities.
- Making implementation of learnings a management priority.

Practical implementation: When enrolling in programmes, dedicated time from the founder/CEO. Require multiple staff members to participate.



Schedule monthly management meetings specifically to review capacity building implementation.

Build Systems for Institutional Knowledge Retention

What individuals learn must become what the organisation knows. Create:

- A simple knowledge management system (shared drive, wiki, etc.) where learnings are documented.
- Standard operating procedures (SOPs) that codify new practices learned through capacity building.
- Regular team meetings where participants share what they learned.
- Onboarding processes that include key organisational practices developed through capacity building.
- A "lessons learned" culture where failures and learnings are shared openly.

This prevents knowledge from walking out the door when staff leave.

Practical implementation: After any capacity building activity, require participants to create a brief (1-2 page) summary of learnings and recommended actions. Store these centrally. Review and update SOPs quarterly based on new learnings.

Be Strategic in Selecting Capacity Building Opportunities

Not every opportunity is the right fit. Before committing, assess:

- Does this address our most urgent organisational gap?
- Do we have the bandwidth to participate fully and implement learnings?
- Is our organisation ready for this level of capacity building?
- Do we have leadership buy-in and commitment?
- It's better to do fewer programmes well than many programmes superficially.

Practical implementation: Create a simple decision framework for evaluating capacity building opportunities. Discuss with your team before committing. Be willing to say "not now" if the timing or fit isn't right.

Engage in Peer Learning and Knowledge Sharing

You don't need to learn everything from external experts. Actively:

- Participate in peer networks and communities of practice.
- Seek out nonprofit peers slightly ahead of you in the journey for mentorship.
- Be willing to share your own learnings and challenges with others.
- Organise informal learning exchanges with peer organisations.



- Contribute to sector-wide learning by documenting and sharing your experiences
- The collective knowledge of the nonprofit sector is immense; tap into it.

Practical implementation: Join at least one peer network or community of practice. Commit to attending quarterly. Invite peer organisations to visit and observe your practices. Host informal learning sessions where you share what you've learned.

For Capacity Building Intermediaries

Develop Explicit Readiness Assessment and Preparatory Support

Don't assume all nonprofits are ready for capacity building. Invest in creating:

- Transparent readiness assessment frameworks shared with applicants.
- Preparatory "readiness programmes" for organisations not yet ready for full programme support.
- Clear communication about prerequisites and what organisations should have in place.

This improves programme effectiveness by ensuring participants can actually absorb and implement learnings.

Practical implementation: Develop a 30-45 day "readiness sprint" for organisations that show potential but aren't quite ready, helping them

establish basic systems, documentation, and internal buy-in before entering full programmes.

Design for Institutional Knowledge Transfer, Not Just Individual Learning

Explicitly engineer mechanisms for knowledge to move from individuals to organisations. Build in:

- Required participation by multiple organisational members (not just founders/CEOs)
- Implementation periods between learning sessions with accountability structures
- Tools and templates for organisations to document and share learnings internally
- Post-programme "alumni support" for continued implementation assistance
- Peer learning groups that continue beyond programme end

What is also important is to measure success not by participant satisfaction, but by organisational practice change.

Practical implementation: Require organisations to submit "implementation reports" showing how they have shared learnings with teams, what practices they have changed, and what barriers they have encountered. Provide coaching specifically on implementation, not just content.

Expand Beyond English and Urban Centers

The organisations most needing



capacity building are often those least able to access it. Deliberately invest in:

- Asian language programme delivery (Hindi, Tamil, Marathi, etc.).
- Partnerships with rural-based organisations to deliver programming locally.
- Subsidised programmes specifically for grassroots organisations (<₹25 lakh budgets (<27,000 USD)).
- Simplified application and participation processes that don't require English proficiency.

This requires funding specifically earmarked for inclusive capacity building.

Practical implementation: Pilot programmes in 2-3 regional languages with local partners. Create simplified programme models that are less documentation-heavy and more practice-based. Develop a separate track for grassroots organisations with different eligibility criteria.

Build Intermediary Networks and Collective Learning

Intermediaries often work in silos, reinventing approaches others have already tested. Create:

- Communities of practice among capacity building organisations.
- Shared learning platforms documenting what works and what doesn't
- Collaborative programmes where

multiple intermediaries bring complementary expertise

- Standards and principles for quality capacity building

A stronger intermediary ecosystem benefits everyone.

Practical implementation: Initiate regular convenings of intermediaries. Co-create a "quality standards framework" for capacity building. Jointly approach funders for ecosystem-building support.

For Funders

Adopt Integrated Funding Models

Move beyond the binary of "programme funding" or "capacity building funding" to integrated models that combine both. Structure grants to include:

- Core programmatic funding for the nonprofit's mission work
- Dedicated capacity building allocation (recommended: 15-20% of grant size)
- Flexible funding that can be deployed for organisational priorities

This eliminates the false choice nonprofits often face between delivering programmes and building capacity. It also signals that organisational strength is not separate from but essential to programmatic impact.

Practical implementation: For a ₹1



crore (\$ 10 million) programme grant, allocate ₹15-20 lakhs (\$ 1 million) specifically for capacity building, allowing the nonprofit to either engage intermediaries or address internal capacity needs.

Commit to Multi-Year Engagement with Realistic Timelines

Organisational transformation cannot happen in 6-12 months. Commit to longer term partnerships with grantees, with clear multi-year capacity building roadmaps. Structure support progressively; for example:

- Year 1: Foundational capacity (systems, compliance, basic processes)
- Year 2: Strategic capacity (fundraising, communications, M&E, technology)
- Year 3: Scaling capacity (social leadership, strategic planning, partnerships)

Practical implementation: Design grantmaking cycles that allow for renewal and escalation rather than one-off grants. Build in milestone-based assessments rather than annual renewals.

Enable better Measurement and Documentation

Invest in rigorous documentation of capacity building outcomes to build the evidence base. Commission:

- Longitudinal studies tracking

grantee capacity and development over time

- Comparative analyses of different capacity building approaches
- Impact stories that connect organisational capacity to programmatic outcomes
- Public reports that advance sector knowledge

You can use your position to normalise capacity building as a legitimate, measurable, and essential investment

Practical implementation: Partner with research institutions or evaluation firms for an independent assessment. Share findings publicly to help other funders justify similar investments.

Create Peer Learning Forums for Grantees

Capacity building shouldn't only happen through formal programmes. Facilitate:

- Regular convenings of grantee partners to share challenges and solutions.
- Peer mentorship programmes pairing mature and emerging organisations.
- Communities of practice around specific themes (fundraising, impact measurement, etc.).
- Platforms for grantees to access each other's expertise

This leverages the collective knowledge within your portfolio and builds sector-wide capacity.



Practical implementation: Host quarterly learning sessions, create online communities, and sponsor peer exchange visits between organisations.



Conclusion

The conversations captured in this report reflect something deeper than the mechanics of capacity building - they speak to the relationships, power dynamics, and shared aspirations that define the social sector ecosystem. Across funders, intermediaries, and nonprofits, a common thread emerges: that the potential of civil society organisations to create lasting change is real, substantial, and still largely untapped.

Capacity building is not a panacea. It cannot substitute for sustained programmatic funding, address systemic resource inequities, or compensate for a challenging operating environment. Many nonprofits continue to operate under conditions of chronic under-investment, where bandwidth to engage meaningfully with capacity building is constrained by the daily demands of running programmes on tight budgets. These are structural realities that no training programme alone can resolve.

And yet, the evidence gathered here points equally to something genuinely transformative. Organisations that have had access to well-designed, contextualised, and sustained capacity building describe a clear before-and-after shift in clarity, confidence, and organisational cohesion that extends well beyond the training room. For many nonprofits, this kind of support remains out of reach. The potential, therefore, is as yet largely unlocked.

What emerges from this study is a quiet but important call for a shift in orientation - one where funders see themselves not as gatekeepers of resources, but as genuine partners in the organisational journeys of the nonprofits they support. This means moving from a model where nonprofits are told what they need to one where they are trusted to define it themselves. It means reducing the power differential and creating space for nonprofits to build capacity on their own terms.

Greater agency for nonprofits - in shaping their own capacity building pathways, in co-designing their goals, in choosing when and how to engage - is not merely good practice. It is a necessary condition for the kind of deep, sustained change this sector aspires to deliver. The most effective relationships described in this report were marked by flexibility, trust, and a genuine willingness to evolve alongside the organisations being supported.

Civil society is at its most powerful when its organisations are strong, adaptive, and self-determining. The journey toward that vision is a shared one, and how funders choose to walk alongside nonprofits, rather than simply ahead of them, may be among the most consequential choices in effective philanthropy today.



Glossary of Key Terms

- **Absorptive Capacity:** An organisation's ability to internalise and apply new knowledge gained through capacity building.
- **Agency (Intermediate Outcome):** The stage where nonprofits actively apply new skills with increased confidence and decision-making autonomy.
- **Assessment (Capacity Assessment):** A structured evaluation of an organisation's strengths, gaps, systems, and readiness for capacity building.
- **Bandwidth Constraints:** Limited time, staffing, and cognitive capacity restrict a nonprofit's ability to engage deeply in learning.
- **Capacity Building:** The UNDP 2008 defines it as the process through which individuals, organisations and societies obtain, strengthen and maintain the capabilities to set and achieve their own development objectives over time.
- **Capacity Building Intermediary:** An organisation or individual that designs and delivers capacity-strengthening programmes, often supported by funders.
- **Case Study Approach:** The case study approach is a qualitative research method that involves an in-depth investigation of a single subject, event, organisation, or phenomenon within its real-world context, to gain a rich understanding and insights that may be generalised or applied more broadly.
- **Change Management:** Structured approaches that guide organisations through transitions, restructuring, or strategic shifts.
- **Cohort-Based Model:** A Programme format where multiple nonprofits participate together in a group-structured learning journey.
- **Communities of Practice:** Groups of practitioners or organisations that learn from shared experiences and ongoing exchange.
- **Compliance (India Context):** Legal and regulatory requirements depending on the entity registration type, including but not limited to taxation, audit, FCRA, labour, etc., including registration, tax certifications (12A, 80G), FCRA, audits, and statutory reporting.
- **Cost-Recovery Model:** A funding approach where organisations partially or fully pay for capacity services to support provider sustainability.
- **CSR Regulations:** Corporate Social Responsibility regulations governing corporate philanthropic spending in India.
- **Delivery Effectiveness:** The quality of Programme implementation, including mentorship, pacing, peer learning, and contextualisation.
- **Design Effectiveness:** Design Effectiveness refers to how well a capacity building program's structure, content, and delivery methods are intentionally crafted to achieve its intended outcomes.

- **Ecosystem Approach:** An Ecosystem Approach recognises that nonprofits do not operate in isolation, but within a broader network of relationships, resources, and actors (funders, government, communities, peers).
- **Embedded Consultant / Fellow:** A professional is placed within a nonprofit for a defined period to build systems, strategy, or leadership capacity.
- **Earmarked Capacity Building Grants:** Funds specifically designated for strengthening organisational systems rather than programmatic activities.
- **Field-Building:** Efforts aimed at strengthening the broader nonprofit ecosystem beyond individual organisations.
- **Flexible Grants / Unrestricted Funding:** Funding that allows nonprofits discretion in allocating resources across operational and organisational needs.
- **Founder-Centricity:** A leadership model where decision-making and knowledge remain concentrated with the founder, limiting institutionalisation.
- **General Operating Support:** Funding that covers core organisational expenses, including staff, infrastructure, and systems.
- **Grounded Theory:** Grounded theory is a qualitative method specifically designed to inductively generate theory from data. It was developed by Glaser and Strauss in 1967.
- **Governance:** Structures and practices through which a nonprofit's board and leadership provide oversight and direction.
- **Integration Effectiveness:** The extent to which capacity building outcomes are embedded into organisational systems and sustained over time.
- **Lakhs / Crores:** Indian numerical units. One lakh equals 100,000; one crore equals 10 million.
- **Life-Stage Classification:** A framework that categorises nonprofits by their organisational development stage - Idea/Seed, Start-up, Growth, Maturity, or Turnaround - to tailor capacity building interventions to their specific needs, challenges, and readiness at each phase of their evolution.
- **Management Consultant:** A professional providing structured advisory support to improve strategy, systems, or operations.
- **Mentorship:** Ongoing guidance that helps nonprofits gain new knowledge or translate learnings into practical implementation.
- **Mission Drift:** Deviation from an organisation's core purpose, typically due to funding pressures or strategic misalignment.
- **Monitoring, Learning & Evaluation (M&E):** Systems used to track performance, assess outcomes, and inform strategic decisions.
- **Multiplier Effect:** When investment in one organisation generates a broader ecosystem impact beyond direct beneficiaries.
- **NGO:** Impact organisations/social impact organisations
- **Organisational Development (OD):** A process-oriented approach to strengthening organisational culture, leadership, and internal functioning.
- **Organisational Maturity:** The stage of development reflected in the strength of systems, leadership depth, governance, and sustainability.



- **Organisational Resilience:** The ability to withstand external shocks while continuing mission delivery.
- **Organisational Development:** In this report, it refers to holistic, long-term strengthening of nonprofit effectiveness, sustainability, resilience, and learning capacity beyond short-term training inputs.
- **Peer Learning Architecture:** Structured peer interaction designed to facilitate mutual learning and exchange.
- **Phenomenological Lens:** A research approach focused on capturing lived experiences and subjective perspectives.
- **Phenomenology:** Phenomenology in qualitative research is characterised by a focus on understanding the meaning of lived experience from the perspective of the individual.
- **Programmatic Funding:** Funding restricted to specific programmatic activities rather than organisational strengthening.
- **Purposive Sampling:** Selection of research participants based on their direct relevance to the study topic.
- **Readiness Assessment:** Evaluation of whether a nonprofit has the compliance, leadership commitment, staffing, and maturity to benefit from capacity building.
- **Second- and Third-Tier Leadership:** Senior and mid-level leaders beyond the founder or executive director.
- **Strategic Positioning:** Clarifying how a nonprofit differentiates itself within its ecosystem.
- **Strategic Reorientation:** A fundamental shift in organisational direction in response to changing contexts.
- **Starvation Cycle:** A systemic pattern where nonprofits underinvest in infrastructure due to donor pressure to minimise overhead costs.
- **Sustainability (Long-Term Outcome):** A stage marked by stable systems, diversified funding, and institutionalised practices.
- **Technical Assistance:** Specialised advisory support addressing specific operational or functional needs.
- **Turnaround Stage:** A phase requiring strategic reassessment due to stagnation, crisis, or decline.
- **Venture Philanthropy:** A funding model applying long-term engagement, performance measurement, and active partnership principles to philanthropy.
- **Phenomenology:** In qualitative research, it is characterised by a focus on understanding the meaning of lived experience from the perspective of the individual.
- **Grounded Theory:** It is a qualitative method specifically designed to inductively generate theory from data. It was developed by Glaser and Strauss in 1967.



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