



Partners' Investment Fund: Learning Brief

A Flexible Funding Initiative to Strengthen the Institutional Capacity and Sustainability of Local Partners

KEY MESSAGES

- » Local Non-Governmental Organizations (NGOs) in Nepal rely heavily on donor grants that are usually tied to project-specific activities. These NGOs have limited funds for strengthening their institutional governance, leadership and capacity that are essential for delivering quality services to their communities.
- » Oxfam's 3-year PIF initiative, a partner-led pilot program with 12 NGO partners, is based on the basic principles of co-creation, co-learning, inclusiveness, flexibility, transparency, equity, partnership and network building for mutual benefits.
- » The PIF initiative has proven to be effective in strengthening NGOs' core capacities in developing policies and strategies adapted to meet the diverse and specific needs of communities, enhancing leadership skills and financial sustainability, improving accountability mechanisms, and investing in staff capacity to serve communities more effectively and efficiently.
- » With the PIF experience, partner NGOs are ready to move ahead with a wider network of "civil society centric" forum akin to PIF, to garner support from donors, government and other stakeholder.
- » The PIF consortium urges the Social Welfare Council, development partners and other stakeholders to provision for flexible funds in projects/programs for enhancing NGOs' organizational governance, leadership and capacity.

Partners' Investment Fund: Overview and Process

The Partner's Investment Fund (PIF) is a 3-year (2023-2025) multi-country initiative of Oxfam GB, implemented through its Country Office in Nepal (Oxfam Nepal), to support local NGOs in Nepal in the strengthening of their institutional governance, leadership and capacity for delivering quality services and multiply impact. The initiative started with a day-long orientation on PIF by Oxfam Nepal to its existing partners followed by a 2-day intensive workshop that resulted in the formulation of PIF guiding principles, anticipated outcomes and indicators for measuring success (Box 1). Joint annual reviews and reflections formed an integral part of the PIF initiative to facilitate co-learning among partners.

PIF is a fully partner-led, locally designed and flexible initiative designed to achieve three anticipated outcomes: (1) **strengthened organizational governance** for financial performance, employee engagement, stakeholder satisfaction and overall change management; (2) **improved partner capacity** to generate more resources for organizational resilience and sustainability; and (3) **established internal mechanisms** for monitoring, evaluation, accountability, learning and documentation.

Implementation

Oxfam GB provided a flexible fund of GBP 300,000 that was used to co-design and implement 241 activities with a total budget of

NPR 47 million. By design, the activities are of two types: (i) **Common Activities** - activities of common (shared) interest of all 12 NGO partners (e.g., fundraising and building partner capacity for designing and preparing project concept notes/proposals) with 20% of total budget; and (ii) **Partner Specific Activities** - activities that are of specific need of individual NGO, selected based on its need and priority (e.g., development of policies, strategies and guidelines, human resource management, financial management and internal control systems), with 80% of PIF budget that was relatively equally divided among 12 partners. The common activities were led by a few established (larger portfolio and more experienced than others) NGOs. Some NGOs also contributed funds and expertise from their internal resource as co-funding for their activities.

Of the total seven indicators for measuring success (Box 1 and Figure 1), a large number of activities worth NPR 69 lakh were conducted by partners to develop new or updating existing policies, strategies and guidelines for managing institutional programs (Indicator 1). Another NPR 69 lakh was spent on improving documentation, communication, publicity and visibility (Indicator 7); and NPR 68 lakh on staff capacity building for proposal writing and fundraising opportunity (Indicator 4). Many activities for leadership development, management improvement, program enhancement were also implemented.

Box 1

Indicators for measuring success

1. Adequate policies, strategies and guidelines for managing institutional programs
2. Enhanced leadership skills for leading programs/sectors/networks
3. Strengthened internal management
4. Capacitated staff for proposal writing and fundraising opportunity
5. Improved program quality
6. Expanded networking, learning and influencing
7. Documentation, communication, publicity and visibility

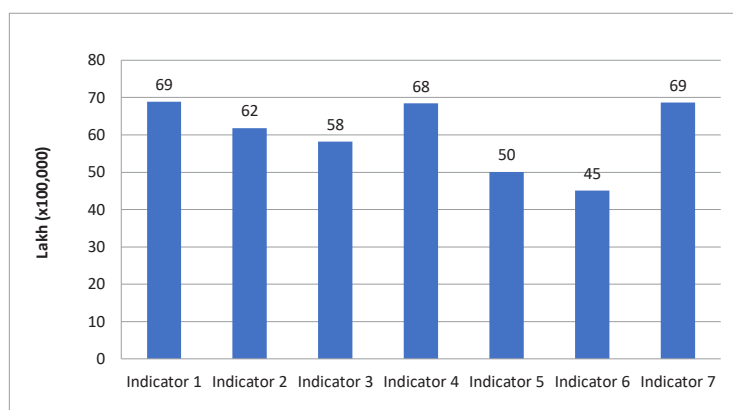


Figure 1: Budget used by partners on PIF indicators.

Achievements

The PIF is a pilot initiative aiming to assess the feasibility of a partner-led flexible funding mechanism in Nepal. After nearly three years of implementation, the approach has demonstrated its value in improving organizational governance, leadership and capacity of Oxfam Nepal's partner NGOs. A questionnaire survey of 12 partners followed by a "Review, Reflection and Recollection" workshop provided strong evidences of following achievements.

1. Strengthened organizational governance

All partner NGOs developed, improved or updated their institutional policies, guidelines and strategic plans that categorically clarified their vision and mission.

2. Strengthened management system with digital tools

All partners developed or updated their financial, human resource, procurement systems with digital software that improved their management efficiency and performance.

3. Strengthened leadership and internal capacity

Key staff and Board members of most partners developed their skill and capacity for proposal development, report writing, fundraising, knowledge management, MEAL, and compliance management.

4. Increase in resource generation and funding base

Multiple concept notes and proposals (numerous collaborative projects) were developed. A number of these have been approved for funding from existing and new donors.

5. Increased organizational visibility and status

Most partners developed or updated their websites and social media platforms. Some partners succeeded in gaining membership in

new consortia and networks, received awards and recognition. A few partners improved their status and position for more powerful advocacy, active participation in development and civic discourse.

6. Strengthened partnership and alliance

A strong partnership and collaboration amongst the participating NGOs has evolved with numerous joint project proposals. The practice of any needy NGO seeking advice and support from other partner NGOs on technical and management topics is now frequent. There is an unmatched sense of companionship and belonging amongst the NGOs.

Lessons learnt

The flexible funding model under PIF proved to be empowering for partners. It enhanced leadership capacity and ownership among partner organizations. Organizational strengthening is a gradual process that needs long-term engagement and flexible timelines. The time-bound nature of PIF created some level of pressure on partners to complete activities quickly, resulting in fewer visible institutional changes. Such initiatives should be designed with longer and more flexible timelines for meaningful and sustained organizational development.

PIF strengthened capacities and resources of partners significantly. However, a uniform approach for all partners did not yield optimal outcomes. Some partners required intensive coaching, guidance, and regular follow-up, while others were effective with minimal support and formal communication. Active and constructive role of established or more experienced NGOs in guiding emerging partner NGOs was highly appreciated. In future, such initiative should adopt a principled and context-responsive approach to partnership, acknowledging diversity among partners and allowing space for adaptive planning and implementation. Use of experienced or skilled staff from stronger partners by weaker NGOs in their capacity enhancement activities could have yielded better results and stronger partnership.

While the flexibility in the utilization of PIF funding was an inherent attribute of the PIF initiative, it did lead to delays and use of budget for unplanned and less relevant activities. Lack of activity level details made the overall assessment somewhat incomplete. Information about input-output-outcome of each activity was not possible. A robust monitoring at activity level would be required for measuring and thereby improving the effectiveness and impact of PIF activities.

In the local context, NGOs are important development agents of change in Nepal. They play a crucial role in reaching out and empowering marginalized and vulnerable populations. Flexible funding allows them to grow stronger and adapt to meet the diverse and changing needs of marginalized and vulnerable communities. Flexible funding is seen vital for empowering NGOs to better engage with the government and participate effectively in policy dialogues, strengthening civic space and advocating for citizens' voices.

Taking PIF Forward

The pilot PIF program was highly effective in meeting its anticipated outcomes. The enhanced visibility, achieved through advocacy, social media, documentation, awards and recognitions, and heightened confidence of these organizations were significant.

Drawing upon lessons from Oxfam's PIF program, the following recommendations are made for a future PIF-like program:

Flexible funding mechanism to include:

1. NGOs in Nepal differ in experience, scope and capacity. Flexible funding for institutional strengthening should be customized to meet their specific needs.

2. Flexible funding supported activities should have clear post-activity paths. Activity level monitoring is required for measuring and thereby improving the effectiveness and impact of PIF activities.
3. Provide option for multi-year activities (e.g., training or capacity development).
4. Develop standard tools and suites of tools for capacity development and self-assessment of local development partners.
5. Encourage inter-partner support and co-operation in activities. Use of experienced and skilled members and other resources (e.g., training space) from partner organizations.

Develop and operate sustainable flexible funding mechanism:

1. Jointly solicit development partners (government, donor agencies) for a flexible funding mechanism for local NGOs.
2. Lobby at Social Welfare Council to promulgate a mandatory policy for flexible funding mechanism to be applied to all donor supported projects.
3. Engage donors in co-designing a flexible funding mechanism with clear principles, process and guidelines.
4. Secure funding options for managing flexible funding system with mandatory contributions from development partners on a regular basis or tied to funded projects (e.g., 1-2% of project budget).
5. Encourage local NGOs to raise additional non-project funds for organizational development

PIF Partners



For more information



OXFAM

Oxfam Country Office

Jawalakhel, Ward No. 5, Lalitpur
 Telephone: +977 (1) 5430574
 Email: oxnepal@oxfam.org.uk
 Website: www.nepal.oxfam.org