Why Organizations Matter

Organizations are necessary actors in fostering and defending open societies around the world. The kind of enduring change OSF seeks requires strong, persistent organizations with the capacity to be influential in their fields. To sustain that kind of change organizations must be resilient; with leadership that learns over time, improving and adapting as needed, building a solid and diverse base of support. Weak or transitory organizations may make significant contributions to our strategies as well, but consolidating gains, bringing successful innovations to scale, and defending policy advances when there is backlash requires strong, effective organizations. This is why we have increasingly focused so much attention on understanding the health and effectiveness of organizations, and why a clear-eyed and contextualized view of the strengths, weaknesses, and needs of organizations is now central to our grant-making.

This is not to say that we only support strong organizations. Quite the contrary; we often fund organizations that are developing basic capacities or that have been weakened by internal or external forces. The point here is that we need to see an organization's strengths and weaknesses clearly, and assess these in context. Organizational "health" will mean different things in different environments and at different moments in an organization's development. But, experienced grant makers know that organizations in any form that are struggling with serious internal conflicts or recovering from crisis, be it governance, leadership, or financial, are often (though not always) less effective in their work. Efficacy can suffer whether they are highly formal and professionalized institutions, loosely structured grassroots collectives, or something else altogether. Therefore, before committing funds to an organization, we need an understanding of its strengths and weaknesses.

We have and should continue to support a wide variety of organizational types: formal to informal; grassroots to elite; with different approaches to governance, leadership, and acquiring resources. There are no right or wrong answers as to how an organization should be structured and run. At Open Society, we do much more than fund formal NGOs. We make hundreds of individual grants every year, and we have many creative ways of getting money to informal organizations through fiscal sponsors and re-grantors.[1] That said our direct support for formal organizations is essential to our mission, for there is a special strength in formal organizations that are able to sustain themselves over time, to learn from their own mistakes, and to grow stronger across changes in leadership. This is a kind of strength we need in civil society if our ambitions are going to be realized.

Organizational Assessment

Achieving OSF goals involves partnering with a broad array of organizations whose work is essential for the kind of open societies we want to help build. In this sense, OSF has a vested interest in the health

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[1] Many informal organizations do not wish to formalize. In fact, there are many examples of when the creation of NGOs out of segments of a social movement has had adverse effects on the vibrancy and effectiveness of social movements, and in some cases it has been the death knell for those movements. Grant makers should avoid pressuring a group to formalize. OSF has a long history of funding through intermediaries, such as fiscal agents, which allows us to respect the nature of the organizations we fund, while ensuring necessary due diligence with regards to grant making.

and effectiveness of organizations in the fields in which we work. The intention of an organizational assessment is to help us better understand the strengths and challenges of the organizations we fund and explore how best to support their development.

Assessments are intended to be qualitative, balanced reflections that demonstrate an understanding of the factors that enable or obstruct an organization's ability to work effectively over the short, medium and long term. An organizational assessment is not a due diligence exercise. It is not expected to lead to reduced funding to organizations experiencing challenges, but rather to ensure that we know where the weaknesses are and what the organization is doing about them. OSF often funds fledgling or weak organizations with greater enthusiasm than strong ones, but this depends on our confidence in the organization's self-awareness about the challenges they face, their thinking about how to confront them, and our conviction that they are making–or have the capacity to make–important contributions to the fields or places in which they work or to our strategies.

OPERATING ENVIRONMENT

When assessing any organization, it is important to understand the external factors that may influence its ability to conduct its work and to affect change, as well as its position within a specific field or place. When an organization is operating in a restrictive environment, it is important to explain the specific nature of these challenges and reflect on the implications for its work. External factors may include a country's political or economic environment, national security, regulations on the NGO sector, etc.

ASSESSMENT PARAMETERS

The Eligibility Assessment focuses on five Assessment Parameters in two categories that provide a general indication of an organization's health and effectiveness.

> **Organizational Health**
> - Financial Health
> - Governance
> - Leadership & Management
>
> **Organizational Effectiveness**
> - Presence in the Public Sphere
> - Reputation for Effectiveness

1. Financial Health

This Assessment Parameter focuses on the overall financial health of the organization. Numbers are less important than a clear articulation of any risks present and how the organization is addressing any financial challenges.

2. Governance

Non-profit governance models are shaped by the political, legal, social, economic, and cultural context of the country in which the organization is domiciled or operates. What is considered a "good"

governance model in one country may be inappropriate in other countries. For example, a Board of Directors may be the predominant governing structure for some non-profit organizations, while the highest authority in membership-based organizations may be members acting through an elected body. Other organizations may have a dual governance structure or no explicit structure at all. Good governance however, is not just about an organization's governing structure and how it complies with the law, but about assuring the programmatic, institutional, and financial integrity of the organization. In order to do that, those playing a governance role need to be independent of the executive leadership, able to criticize as well as support them, and able to replace them if they become unable or unwilling to continue. Those in a governance role need their own commitment to the mission, not to the leadership of the day.

Recognizing that there is no "one-size-fits-all" governance model for organizations, it is important to understand how the organization thinks about governance, what mechanisms are in place, and how effectively they fulfill the assigned role.

3. Leadership and Management

There are many possible leadership and management configurations for non-profit organizations. What is appropriate will depend on the organization's size, structure, cultural context and particular operating environment. Assessing an organization's leadership and management capacity should provide a sense of the team's strengths, weaknesses, and its overall capacity to effectively guide the organization.

4. Presence in the Public Sphere

Successfully bringing about change relies on many different factors, including the ability to influence an audience. An organization's communications plan should flow from its larger organizational or programmatic strategy. For example, an organization whose strategic goal is mass mobilization around a specific issue will, in practice, use social media and engage in the public sphere in a radically different way than one whose strategic goal is the targeted influence of a few key policymakers. The assessment of an organization's media presence should similarly be based on its goals and target audience. An organization's public presence can serve as proxy for its ability to influence; examining an organization's communications strategy and/or digital footprint – which even the smallest organizations often have – can provide a preliminary understanding of its ability to target, reach, and engage audiences, prioritize resources, and effectively communicate on an issue.

5. Reputation for Effectiveness

This parameter deals with how experts in the field view the organization in terms of its effectiveness in achieving its mission. It is rare to encounter an organization with a reputation that is entirely positive. The work funded by OSF is complex and challenging, and few grantees are a hundred percent effective at everything they do. The reputations of grantee organizations will be "mixed," especially on the question of the organization's effectiveness.