



Community
Wealth Partners

by SHARE OUR STRENGTH

Making Capacity Building More Equitable

A Field Guide for Funders

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Introduction

Many funders understand the value of capacity building and the need to ground all work in equity. Yet many grapple with what it can look like to make capacity-building offerings more equitable.

Up to now, capacity building across the field has been far from equitable. Traditional capacity building has perpetuated harmful assumptions of how “effectiveness” should be defined and by whom, which means capacity building traditionally has been steeped in white dominant culture, implicit bias, and a host of inequitable practices. We need to fundamentally

rethink our assumptions of what good capacity building looks like. We have an opportunity to examine current practices and take more equitable approaches to capacity building that ground in principles of inclusion and build from and honor different types of knowledge and experience.

This field guide offers ways to rethink your capacity-building offerings with

equity at the center. It outlines questions to hold, decisions to make, and intentions to set before you launch new capacity-building opportunities or reshape existing ones. We’ve organized it into five areas we’ve seen are common in this process:

1. Before You Begin: Questions for Reflection
2. Goals
3. Designing Your Approach
4. Working Through Power Dynamics
5. Learning & Outcomes

Learn more about how traditional assumptions of “effectiveness” can lead to inequitable practices in the Grantmakers for Effective Organizations’ 2017 blog post on this topic: [We Need a New Definition of Effectiveness.](#)

We need to fundamentally rethink our assumptions of what good capacity building looks like.



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Who We Are

Community Wealth Partners is a social impact consulting firm guided by a vision of a world where all people have what they need to fully live into their potential, particularly those who are kept furthest from resources and power. We were created by the nonprofit Share Our Strength to partner with social sector organizations to figure out what works and share what we learn with others.

Get in Touch

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Introduction (*continued*)

Multi-year, unrestricted grants *are* capacity-building grants.

Before we talk about grants specifically designated to capacity building, we think it's important to clarify: **we think multi-year, unrestricted grants *are* capacity-building grants.** When you

give organizations full power to decide how to spend the funds, they can invest in areas they know are priorities, which allows them to strengthen their work and focus their attention elsewhere. Multi-year, unrestricted grants allow organizations to build the capacity they may need for more

intentional capacity-building work. You can find [source](#) after [source](#) after [source](#) that shows how critical this type of funding is, particularly for organizations that are underfunded. We believe grantmakers should prioritize multi-year, unrestricted grants.

Learn more about the benefits of pairing unrestricted grants with designated capacity-building grants from [Center for Effective Philanthropy](#).

And, organizations may also benefit from designated capacity-building funding *on top of* (not in place of) unrestricted funding. For example, capacity-building grants can create opportunities for cohort-based learning, or they might help team members make the case internally for investing in capacity building.

This field guide applies mainly to funding designated for capacity building.

CAPACITY BUILDING, *noun*

An investment in a nonprofit's ability to deliver its mission effectively now and in the future

Definition adapted from [Council of Nonprofits](#)

Appreciation

We're deeply grateful to the many people and organizations who influenced our thinking on equitable approaches to capacity building. Here's an incomplete list.

- April Nishimura, Roshni Sampath, Vu Le, Anbar Mahar Sheikh, and Ananda Valenzuela — the writers of [Transformational Capacity Building](#)
- Vu Le and contributors to his thinking and his blog, [NonprofitAF](#)
- The [Change Elemental](#) team for their powerful leadership in creating leaderful ecosystems, embedding multiple ways of knowing, and much more
- The [Justice Funders](#) team for moving philanthropy toward a Just Transition
- [Rosa Gonzalez](#) of Facilitating Power for moving us toward community ownership rather than community engagement
- [Team Dynamics](#) for deepening our understanding of equity, power dynamics, and much more
- The [Echoing Green](#), [Bridgespan](#), and [Building Movement Project](#) teams for their insight into racial disparities in funding
- Our many clients who gave us an opportunity to learn by doing and who learned alongside us
- The [individuals and organizations](#) who were instrumental in the early stages of our own racial equity journey



Points of View

Over the years, we've developed points of view on this topic. Below are some perspectives we hold closest, informed by our experience and many brilliant people across the sector to whom we're deeply grateful. We hope this field guide helps funders move away from harmful practices and toward generative, equitable ones.

In addition to these, we believe it's important to center Black and Indigenous people specifically because we understand that focusing on the groups facing the greatest systemic oppressions will help everyone. While we're still in the early stages of learning what that looks like in capacity-building work, we know two forms it takes: 1) Increase funding to Black and Indigenous people and organizations to address centuries of oppression and disinvestment, and 2) Intentionally seek out the knowledge and experience of Black and Indigenous people to shape your capacity-building strategies, and trust what they tell you.

See how the [Wells Fargo Regional Foundation provided long-term funding](#) for community-driven efforts. Funding like this can give community-based, grassroots, and BIPOC-led organizations the sustained support they need to build and strengthen foundational capacities.

1

Invest now in community-based, grassroots, and BIPOC-led organizations.

Organizations led by Black, Indigenous, and other people of color (BIPOC) are implementing solutions, continuously innovating, and are often the first responders to crisis after crisis in our cities and neighborhoods. Even so, they are chronically underfunded, as research from [Echoing Green and Bridgespan](#) and [Building Movement Project](#) show. This can make it impossible for them to invest in talent, systems, and other foundational capacities they need to first build before they can strengthen them. Yet many funders are hesitant to invest in organizations that don't yet have those foundational capacities, creating what Vu Le calls the "[capacity paradox](#)." To address this, invest proactively in community-based, grassroots, and BIPOC-led organizations so they'll be ready for future capacity-building investments too. Give them unrestricted grants so they can spend the resources where they need them most. If they want funding specifically for capacity building, ask them what would help them make the time and space for that work. For example, it might help them if you include extra funding to hire new staff or pay for the staff time they spend in professional development.



Points of View (*continued*)

A NOTE ABOUT CAPACITY ASSESSMENTS

Capacity assessments can be harmful when used to push an organization to conform to a white dominant idea of what “good capacity” should look like. But assessments taken by a mix of internal and external stakeholders can be valuable tools for lifting up different perspectives and starting conversations within organizations about what to prioritize. If you’re looking to challenge your ideas of what an organizational assessment should look like, here are a couple of resources to begin:

- **[Building Organizational Capacity for Social Justice: Framework, Approach & Tools.](#)** This resource from the National Gender & Equity Campaign (a project of Asian Americans/Pacific Islanders in Philanthropy) lifts up a few ways to reflect on an organization’s capacity including frameworks that highlight: the cyclical ways communities, systems, and arguably organizations transform; the anatomy of a social justice organization; and how you might reflect on strengths and areas for development within that anatomy.
- **[Measuring Love in the Journey for Justice: A Brown Paper.](#)** This resource from Shiree Teng and Sammy Nuñez identifies what love in action can look like for yourself (e.g., aligning your actions with your values), with others (e.g., listening deeply), as community practice (e.g., organizing and developing leaders), and when fused with power (e.g., sharing power). They propose ways to reflect on your competence in practicing love across these levels.

2

Provide choices and offer support for making decisions.

Trust that nonprofits know best what capacities they want to build. They should get to choose their areas of focus, select the consultants they work with, and identify their goals for capacity building and how they’ll measure success. At the same time, consider that providing lots of choices without tools to make decisions can be overwhelming, particularly for small nonprofits. Some ways you can support decision making include offering a self-assessment to guide their discussion, making connections to consultants, and making connections to other nonprofits that faced similar situations. You might also offer guidance on how to sequence capacity-building support and where to focus first.

3

Take an asset-based approach.

Traditionally, capacity building has focused on what is lacking as the main factors for a nonprofit’s performance. Though skill-building and addressing gaps is important, what is most needed is an intentional focus on creating conditions that position nonprofits to evolve and thrive. For example, while you may want to invest in what you see as an area of “need,” a nonprofit may decide that what they need most right now is an investment in an area of strength so they can more deeply lean into that strength. Another way you can position nonprofits to leverage their strengths and address their capacity needs is to offer unrestricted funding, which helps ensure they can offer competitive salaries and benefits and are adequately staffed. As you support nonprofits’ capacity-building work, focus on the strengths they have and invest in the conditions that will foster what they need to thrive.



Points of View *(continued)*

4

Design for a variety of capacity-building goals.

There is no “one-size-fits-all” solution: organizations want different types of capacity building at different points in their evolution. Even for a specific type of capacity building (say, financial planning), there are many unique approaches to the work. People will come into capacity building at different points, experience different types of growth (hopefully!), and leave at different points. But ideally everyone is met where they are and supported to go as far as they want to go.

5

Create space for sharing, learning, and action.

We’ve consistently seen nonprofit leaders find tremendous value in peer learning and support. Funders can use their convening power to facilitate learning among nonprofits, consultants, and other funders. These spaces can couple learning with action by offering the spaces, resources, structures, and energy to help participants implement what they’re learning.

6

Invest in growing the field of BIPOC capacity-building consultants.

Traditional consulting tools and frameworks are grounded in white-dominant standards of operating. These tools harm organizations by imposing a standard that hinders innovation, devalues solutions from BIPOC communities, and places a burden on BIPOC organizations to conform and codeswitch. By investing in the field of BIPOC capacity-building consultants — especially those whose work is rooted in anti-oppression — you can make it possible for BIPOC-led nonprofits to access capacity-building consultants who share their culture, language, context, and experience. Also, investing in BIPOC capacity-building consultants who are local to the nonprofit ensures they have a greater understanding of the local context in which the nonprofit works.

7

Make a multi-year investment.

A one-time, one-year investment could be more harmful than helpful. Instead, make a multi-year unrestricted funding commitment so that organizations can sustain the changes they’re making and plan the trajectory of their capacity-building work.

8

Invest in your own capacity too.

Take your own advice: Make capacity building a regular practice in your foundation. In particular, invest in your capacity to adopt more equitable systems and approaches to your partnerships with nonprofits.



Before You Begin: Questions for Reflection

Before you launch new capacity-building opportunities or reshape existing ones, reflect on these questions. Reflect from the point of view of your foundation as a whole, not you as an individual.

PAST

Learn from history:

- Looking back over the history of your foundation's existence, in what ways have your capacity-building practices been equitable? In what ways have they been inequitable or caused harm? In what ways have you made decisions based in assumptions about what nonprofits lacked?
 - When you've worked to make your practices more equitable, what worked and why? What didn't work and why not?

These resources can also help you reflect on where you are and where you want to go:

- [Justice Funders Spectrum of Extractive to Restorative to Regenerative Philanthropy](#)
- [Nonprofits and philanthropy and our bad habit of "both-siding" inequity and injustice](#)

PRESENT

Reflect on your foundation:

- How do you define equity? Do you talk explicitly about race as the "[biggest difference making the difference](#)"? Where are you in your own equity work? How are your board and leadership advancing equity? What additional skills and tools do you need to deepen this work?
- Within your foundation, who do you need buy-in from to shift your current capacity-building practices? What foundation policies or dynamics might undermine your efforts to take a more equitable approach to capacity building?

Reflect on your relationships with nonprofit partners:

- Who are you currently funding? Who is — and historically has been — left out of that group? How might you support organizations with limited capacity to build more capacity?
- What do you know about your nonprofit partners' needs and interests, and what do you need to learn?
- How do you communicate with nonprofit partners? How do you invite feedback from them?

FUTURE

Identify opportunities:

- Who could benefit the most from you taking a more equitable approach to capacity building?
- Where do you see opportunities to shift power to nonprofit partners and other stakeholders in this work, especially BIPOC-led organizations that have historically been underfunded?
- What do you know about the field of available supports and services? Where are your gaps in knowledge?

Identify internal policies, practices, and dynamics that might help or hinder progress toward those goals:

- Where do you hope to go as an organization in your own equity learning and practice?
- How might you get buy-in from others in your foundation? How might you challenge internal foundation policies and practices that might undermine your efforts to take a more equitable approach to capacity building?



Goals

These questions can help you and your team get clear on why you're working to center equity in capacity building and what goals you might work toward.

GOALS

What do you want to accomplish by making your capacity-building approach more equitable? What are your nonprofit partners' goals related to capacity building? What are the goals of your consultant partners?

INVESTMENT

How much investment is feasible? Will it be multi-year? How will funding work? Will you invest in services? Give funding directly to nonprofits? What would the average investment look like per nonprofit? Is that enough to make the kind of progress they want to see?

SCOPE

How many nonprofits should you try to support right now? How many should you aim to support in two to three years?

YOUR ROLE

Given where you are in your equity journey, what other roles beyond grantmaking might you consider (e.g., convening, communications, advocacy)?

LEARNING

What do you want to learn from this work?

Some funders create capacity-building programs in which peer learning is a core component. We often describe those programs as cohort-based programs. While capacity-building cohorts draw on many of the same lessons as other capacity-building offerings, there are unique opportunities to build equity into those programs. Dive deeper into what equity can look like in capacity-building cohorts:

[Advancing Racial Equity Through Capacity Building: The Kresge Foundation's Talent and Leadership Development Efforts](#)

This case study offers a detailed description of how the Kresge Foundation designed a capacity-building cohort program that incorporated an intentional focus on racial equity, engaged nonprofits to inform the design, and shifted more power to practitioners.



Designing Your Approach

As you create or revisit your approach to funding capacity building, reflect on these suggestions and questions.

EQUITY IN WHO YOU SUPPORT

Revisit the list of nonprofits you give capacity-building funding to.

Ground yourself in your goal. Who do you need to support to reach that goal, especially centering BIPOC-led organizations that you may have left out? If you need to support organizations you don't have existing relationships with, how might you identify those organizations and begin to build relationships with them?

Ground yourself in your goal.

Make it possible — and optional — for current nonprofit partners to participate.

Commit to funding nonprofit partners after this grant cycle to ease concerns they might lose funding if they don't participate. Clearly communicate this commitment to your nonprofit partners, or better, make your grants multi-year grants.

Pay nonprofits for their participation to enable them to have the staff capacity, time, and space for this work. This might

include providing stipends to staff, providing extra funding to hire temporary staff, helping participating staff outsource parts of their work, and working to learn what other types of support might help them participate like talking with their board about the value of capacity building.

Help nonprofits create staff capacity, time, and space for this work.



Designing Your Approach (*continued*)

EQUITY IN HOW YOU SUPPORT THEM

Commit for the long term.

It can take time for organizations to see the results of capacity-building work. Commit to funding capacity building for a while so there's sufficient time for organizations to truly engage with and benefit from the work. This is especially true if you're funding capacity building specific to DEI because that work is complex, personal, deeply rooted, and can take years to make meaningful progress on.

Listen deeply.

Go through a formal or informal listening process to understand what kind of capacity-building support your nonprofit partners want. What capacity are they looking to strengthen? What types of support could meet their needs and interests? How might capacity-building funding be most helpful to them? You might gather this information in a variety of ways: conversations, surveys, focus groups, and tools to help organizations reflect on capacity strengths and gaps. As you seek information, acknowledge and challenge the assumptions you bring and listen with curiosity.

Budget equitably.

As you create a budget for capacity-building funding or make the case in your foundation for greater funding, consider these suggestions.

- **Offer multi-year funding:** Make a multi-year commitment to each organization you fund.
- **Pair with unrestricted grants:** Offer capacity-building grants alongside unrestricted grants, so nonprofits can reap the benefits of capacity-building funding while also having flexible resources to use where most needed.
- **Compensate nonprofits:** Compensate nonprofits and consultants that give input on your design and approach to capacity building, and compensate applicants for time they spend applying for capacity-building funding.

Engage nonprofits in designing offerings.

Engage the nonprofits and consultants that will participate to co-design the offerings. They may not have the time or desire to engage deeply in co-creation, so you can consider a spectrum of ways they can be involved.

For example, you might gather input from nonprofits to understand what they want from capacity

Gather feedback anonymously.

building, use that information to create a vision for what your offering might look like, and then gather feedback on that vision from nonprofits and consultants. (You might consider gathering input and feedback anonymously or through a third party to minimize power dynamics and make it easier for nonprofits to share candidly.)

See what 21 funders learned about supporting nonprofits' DEI capacity in the report [LIFT Talent Funder Convening Report](#).



Designing Your Approach (*continued*)

EQUITY IN HOW YOU SUPPORT THEM

Shift decision-making power.

In addition to engaging nonprofits as co-creators, work to shift greater decision-making power to them. For example, allow nonprofits to identify the types of capacity they want to build and select the consultants they want to work with. You might also try a co-design process by engaging some nonprofits in an advisory or decision-making group. Even as you strive to shift decision-making power, be careful not to promise what you can't or aren't willing to give. Communicate proactively and clearly about what decision-making power people have and what guardrails surround that power. (Find a great resource on shifting power in [The Spectrum of Community Engagement to Ownership](#).)

Shift decision-making power to nonprofits.

Ensure access to and for BIPOC consultants, especially locally based groups.

BIPOC staff and BIPOC-led nonprofits should have the option to work with BIPOC coaches and consultants. At the same time, you can help ensure BIPOC consultants can support them by compensating them equitably, paying for their time, and engaging them in co-creating your approach and co-leading convenings. Prioritize local consultants that are based in the same communities the nonprofits work, as well.

Compensate BIPOC consultants equitably.

Consultants that provide capacity-building services are a critical part of the nonprofit ecosystem. Yet these practitioners don't often get many opportunities to coordinate and build on one another's work, learn from one another, and strengthen their own capacity. Funders can create opportunities for them to connect with one another and continually improve their services. Read this case study to learn what that can look like and lead to:

[**Strengthening the Ecosystem of Capacity-Building Service Providers: A Case for Why It Matters**](#). This article describes how the Kresge Foundation worked through a capacity-building cohort program to strengthen practitioners' own capacity and how it ultimately strengthened nonprofits' work.



Working Through Power Dynamics

Work through, not around, power dynamics.

Equitable capacity building is not only about *what* you do but also about *how* you do it. No matter how exhaustive your efforts to minimize power dynamics, or how much nonprofits say they don't feel them, those dynamics are there by the nature of your position as a funder. Here are some examples of ways to work through power dynamics and shift power in capacity-building work with nonprofits and consultants.

Put relationships first.

Prioritize relationship-building time with nonprofit and consultant partners. Model vulnerability to allow trust to grow.

Name and work through (not around) power dynamics.

"The most real conversations come when we're actually speaking right into the presence and reality of that power," said Alfonso Wenker of [Team Dynamics](#) in the [podcast Behave](#). Alfonso offered a three-step process to have those real conversations: 1) Define what power is present right now. 2) Come up with a protocol for how everyone involved will actively navigate through (not around) the presence of those power dynamics. 3) Practice using these protocols and then ask yourselves, what's happening and how is it working?

Use your power intentionally.

Ask nonprofit partners how they'd like you to use your power — and the privileges that come with it — to support them. For example, they may appreciate you using your

platforms to talk about their work, creating opportunities for nonprofits to gather, passing along what you've learned from other nonprofits you work with, connecting them to other nonprofits in similar situations, or connecting them to other funders who might support their work.

Ensure all voices are heard.

This is especially important when decisions are made or conflict arises. Make space specifically for voices that are often dismissed, ignored, or not sought out (e.g., voices of BIPOC people and lower-level staff). Seek input from nonprofits and use it to shape the design of your capacity-building offerings.

Question existing grant structures.

Grant processes and timelines can create unnecessary work and false urgency and can benefit some nonprofits more than others (e.g., larger nonprofits with staff who can spend time completing lengthy grant reports). Revisit them to ensure what you're asking feels fair, reasonable, and valuable to everyone involved.



Working Through Power Dynamics (*continued*)

Communicate clearly and transparently.

Good communication is always important but especially when there's an imbalance of power. Use clear, explicit language to communicate your expectations,

ask about nonprofits' expectations, and repeat back your understanding of nonprofit partners' needs and perspectives. Before you give out the grant, be transparent with

interested nonprofits about what the capacity building will require in terms of time, resources, staff engagement across the organization, etc. so they can make an informed decision about whether to participate.

Good communication is especially important when there's an imbalance of power.

Communicate intentions and prioritize impact.

Communicate why you're taking certain actions to ensure your intention is clear. At the same time, acknowledge and address the impact of your words and actions, and prioritize that impact over your good intentions. Only make promises you can keep.

Prioritize your impact over your intentions.

Methodist Healthcare Ministries of South Texas worked to mitigate power dynamics when it partnered with eight community-health organizations through its Sí Texas initiative and then created a \$1.5 million capacity-building program for those organizations. Read more about their experience in the article [Building Nonprofit Capacity to Achieve Greater Impact: Lessons From the U.S.-Mexico Border.](#)



Learning & Outcomes

Consider these suggestions and questions as you think about opportunities for learning and understanding outcomes of capacity-building work.

LEARNING

- **Create learning opportunities for nonprofits.** At the same time as you'll want to learn what helps or hinders capacity-building work in your program, nonprofits may also want to learn this from and alongside one another. Time and again, we hear how valuable peer learning is. You can create space for this by connecting nonprofits with one another or creating cohort-based capacity building opportunities.
- **Share what you learn with the field.** Take time to reflect on your own learnings. Then share what you've learned as transparently as possible with other funders, consultants, and nonprofits so they can learn from your experiences too.

OUTCOMES

- **Allow nonprofits to identify metrics.** When it comes to tracking the outcomes of capacity-building work, nonprofits know best what changes they want to result from it. Allow them to identify the metrics they want to use to measure their evolution, and help them consider what might be reasonable to aim for within the timeframe you're funding. If you or your nonprofit partners use metrics to track success, make sure they're used to learn and adapt rather than to penalize nonprofits.
- **Disaggregate data by race.** For example, track the number of BIPOC leaders you support through capacity-building funding, and disaggregate feedback data to understand how those leaders experience capacity-building work.

Additional questions to consider:

- Who gets to define success? How can you challenge your assumptions of what success looks like?
- What do you, as a funder, want to learn from your capacity-building efforts? What do you want to learn from the nonprofits or consultants you partner with? What do nonprofits or consultants want to learn from you, and what opportunities have you built for them to express that and/or offer feedback to you?
- How are you hoping to influence the field, if at all? How will you know when you're having the impact you want?

Time and again, we hear how valuable peer learning is.



Closing

We hope this field guide sparks questions or ideas to help you approach capacity building in more equitable ways.

The results of this work can be powerful: capacity building rooted in equity is more likely to make a meaningful difference to nonprofits

because it's better tailored to what they want and more likely to center the people most impacted in leading the changes they want to see. When those most impacted are leading

the work, with the full capacity and space they deserve, that's when we get to meaningful change. We haven't done this nearly enough. It's time for us all to do better.

The results of this work can be powerful.

If you feel overwhelmed, consider a few small steps you can take in the direction you want to go. Celebrate small wins and learn as much as you can along the way. Equity is like a horizon: as you move closer, the landscape may change and equity may seem just as far away, but you're on the right path.

You're on the right path.
