LEVER FOR CHANGE

SUSTAINING CHANGE

UNLOCKING DURABLE CAPITAL FOR LASTING IMPACT

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Unlocking Durable Capital for Lasting Impact

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ABOUT LEVER FOR CHANGE

Lever for Change is a nonprofit affiliate of the MacArthur Foundation that creates equitable access in the world of philanthropy, enabling donors to discover and invest in organizations with transformative potential.

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Philanthropy's scale must match its ambition. Powerful ideas need large-scale, long-term funding to flourish.

The average U.S. foundation grant is about $50,000 and lasts just over a year.

Ambitious philanthropists must equip nonprofit leaders with durable capital:

- Investments that are larger, longer term, and flexible.
- Investments that help maximize impact.
- Investments that help deepen or expand services.
- Investments that help organizations grow stronger and more resilient.

Executive Summary

At a time when many nonprofits have experienced twin crises—the COVID-19 pandemic followed by deep cuts in government funding for social services and the sciences—there is an urgent need for not only more funding but also strategic investments aimed at boosting long-term stability, growth, and impact.

We call this type of investment, which helps organizations optimize their impact over the long-term, "Durable Capital."

Unfortunately, durable capital is the exact opposite of the type of financial support nonprofits typically receive.

Whereas nonprofits generally receive most of their funding in small, short-term and one-time gifts, earmarked for specific projects, durable capital requires a different approach—long-term, flexible, and large-scale. Such large, patient, flexible capital allows nonprofits to invest in the infrastructure—think financial systems, measurement and evaluation, staffing, and the capacity to engage in partnerships—that builds resilience and supports sustainable scaling.

In the private sector, this sort of funding is called "Series B" or "growth capital." It is reserved for established companies looking to attract new customers and expand their market share. It speaks volumes that this sort of investment is still extremely rare and doesn't yet have a name in the nonprofit sector.

This report aims to rectify this oversight. Towards that end, we examine seven types of durable capital that can help organizations strengthen their resiliency and sustainably deepen or expand their impact.

1 TRADITIONAL SCALING

The most common type of durable philanthropic capital enables nonprofits to expand their impact by growing their footprint. This means expanding to serve more individuals, communities, or geographies.

2 INCREASING DURABILITY

Providing nonprofits with an endowment, once confined to education institutions, hospitals, and museums, can help nonprofits ride out sudden policy or funding shifts and give nonprofit leaders the stability to plan for the long term.

3 DEEPENING WORK

Durable capital can help nonprofits deepen their work by expanding the types of services they provide communities.

4 STRENGTHENING PARTNERS

Durable capital can also help nonprofits build the skills necessary to engage with like-minded organizations and governments to achieve transformative systems change.

5 ACHIEVING CRITICAL MASS

Extraordinary infusions of durable capital can help an organization get to the tipping point where the services, behavior, or product it promotes becomes mainstream.

6 BOLSTERING FINANCIAL SYSTEMS

Nonprofits often underinvest in non-mission-critical expenses such as financial systems. They are, nonetheless, important for optimally tracking and effectively deploying funding.

7 EXPERIMENTATION AND EVALUATION

Durable capital can help both new and experienced organizations invest in the necessary experimentation, measurement and evaluation to determine the most effective way to achieve their goals.

Today, the world around us—with its growing uncertainty—appears intent on demonstrating the use case for durable capital. We hope this report serves as an urgent and convincing call for increased investment in this often overlooked and underappreciated philanthropic tool.

Well-resourced donors around the world have huge potential to give more and have more impact—and there is an abundant supply of nonprofits ready to accomplish more…

WHAT WE'VE LEARNED

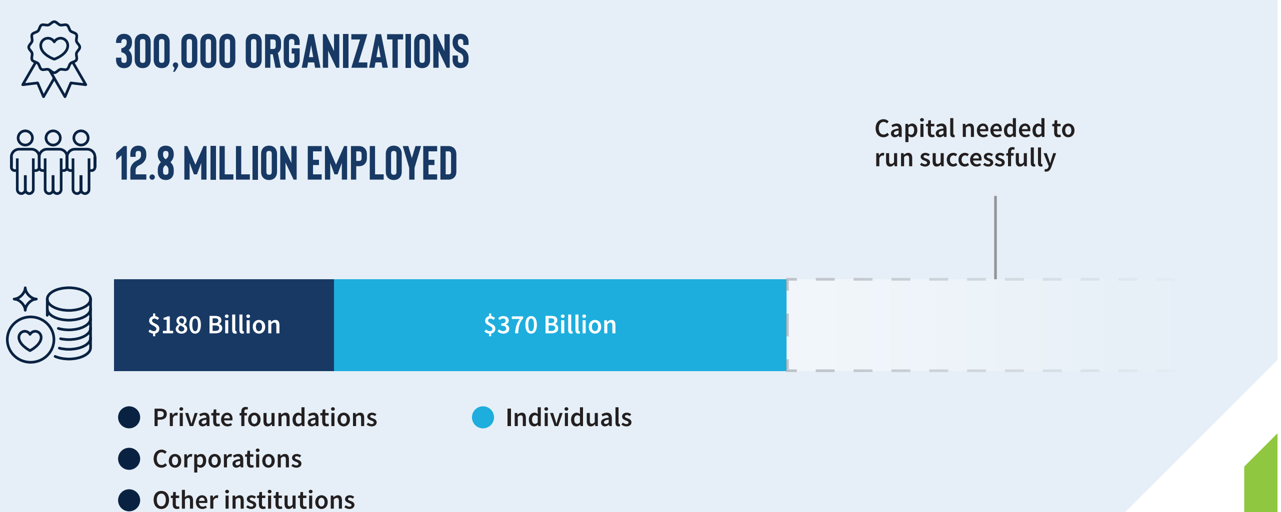
A Billion-Dollar Sector Struggling to Survive

If we didn't know better, we would be tempted to believe that the nonprofit sector is a well-resourced and highly stable pillar of global society.

Consider the situation in the United States. More than 300,000 nonprofit organizations employ over 12.8 million people and, by many measures, they are generously supported. Individuals gave more than $370 billion to nonprofits in 2023, according to Giving USA, while private foundations, corporations, and other institutions donated an additional $180 billion.

Yet, anyone close to the sector knows such data can be misleading, particularly when it comes to sustainability. A vast majority of nonprofits—including many of the most familiar, brand-name charities—scramble every year to raise enough money to keep their doors open and fulfill their mission.

SNAPSHOT OF THE U.S. NONPROFIT SECTOR



Nonprofits are now faced with funding cuts affecting everything from homeless shelters to health care. The case for large-scale giving could not come at a more urgent or compelling time.

The tenuous nature of philanthropic support distracts these vital organizations from their core work and stunts their impact, whether they are trying to house people experiencing homelessness, improve global health, or combat climate change.

More money is always helpful, but for most nonprofits to truly maximize their potential, a different type of funding is needed. Instead of one-time, short-term gifts or project-specific grants, nonprofits need more durable capital that can elevate their impact, ensure their long-term sustainability, and enable their leaders to spend more time fulfilling their mission.

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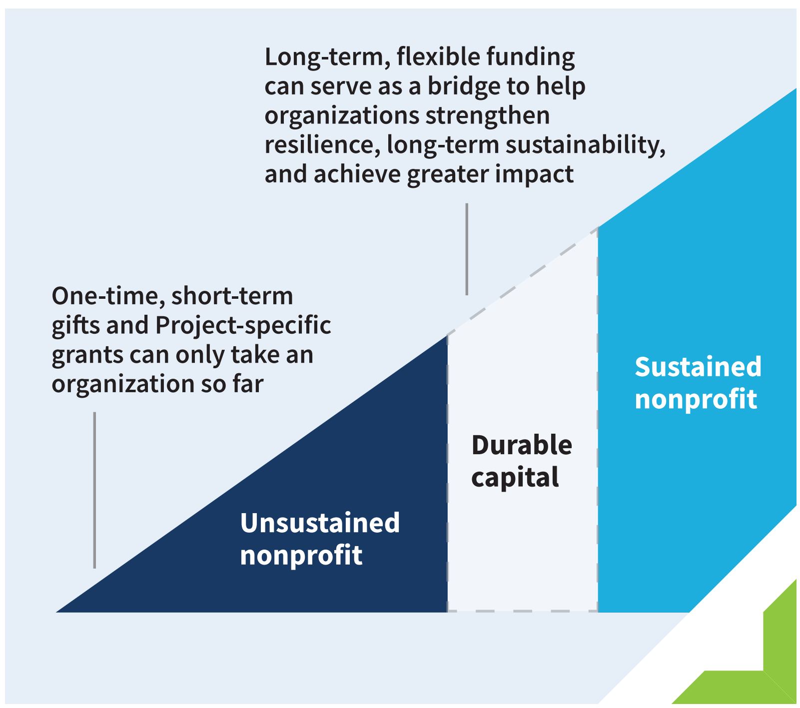
What Do We Mean by Durable Capital?

We define “durable capital” as long-term, flexible funding that allows nonprofits to build the infrastructure, capacity, and staff to achieve their most ambitious goals. It consists of large investments that support critical but often neglected needs, including strategic planning, fundraising, advocacy, and staffing, among others.



Durable capital is distinct from general operating support, which nonprofits need to keep the lights on and provide their day-to-day services, and project grants, which are usually time-limited investments to help organizations deliver specific, measurable outcomes.

Although the supply of durable capital is not sufficient in the charitable sector, we have been heartened to see many of our peers promoting its strategic value—most notably, in a series of articles on “big bet” philanthropy in the Stanford Social Innovation Review over the past year.

As many of these authors have pointed out, for any philanthropic investment to be truly transformative it needs to lead not only to greater impact, but to greater and more sustainable impact that an organization and its partners can maintain long into the future.

If a big bet investment is not designed with this goal in mind, it could be counter-productive by causing a nonprofit to ramp up its staffing and service offerings, only to face a “funding cliff” when the money runs out. In turn, that could lead to cutting jobs and slashing services.

Staving off this funding cliff often requires funding that endures and persists—or, funding that enables organizations to evolve so they can reliably attract higher levels of ongoing support and partnerships that make sustained impact possible.

Or, as we think of it, durable capital for durable impact.

READ MORE

Durable Capital for Durable Impact,
Stanford Social Innovation Review

Durable Capital in the Corporate World

While sources of durable capital remain relatively rare in the nonprofit sector, in the private sector durable capital is highly valued and readily available. Indeed, a vast network of private sector institutions, from banks to venture capitalists, provide the durable capital companies need to evolve and grow.

In corporate finance, “seed funding” and “angel investing” refer to money provided to new companies to help them get off the ground in exchange for equity or partial ownership provided to investors.

As private companies prove themselves and mature, they can tap additional rounds of funding known as Series A, Series B, and Series C. Investors’ dollars—and expectations—grow with each round.

> **Series A funding** is often provided by venture capitalists to companies that are ready to develop solid business plans that will generate long-term profit.

> **Series B funding**, or “growth capital” as it known in the business sector, is for established companies that have demonstrated their viability but need significant additional money to attract new customers and expand their market share. Series B funding is the closest to what we mean by durable capital in philanthropy.

> **Series C funding** is for companies that are already large and successful but want to jump-start growth by diversifying into new product areas, expanding into new markets, or even buying other companies.

The Edna McConnell Clark Foundation Experiment

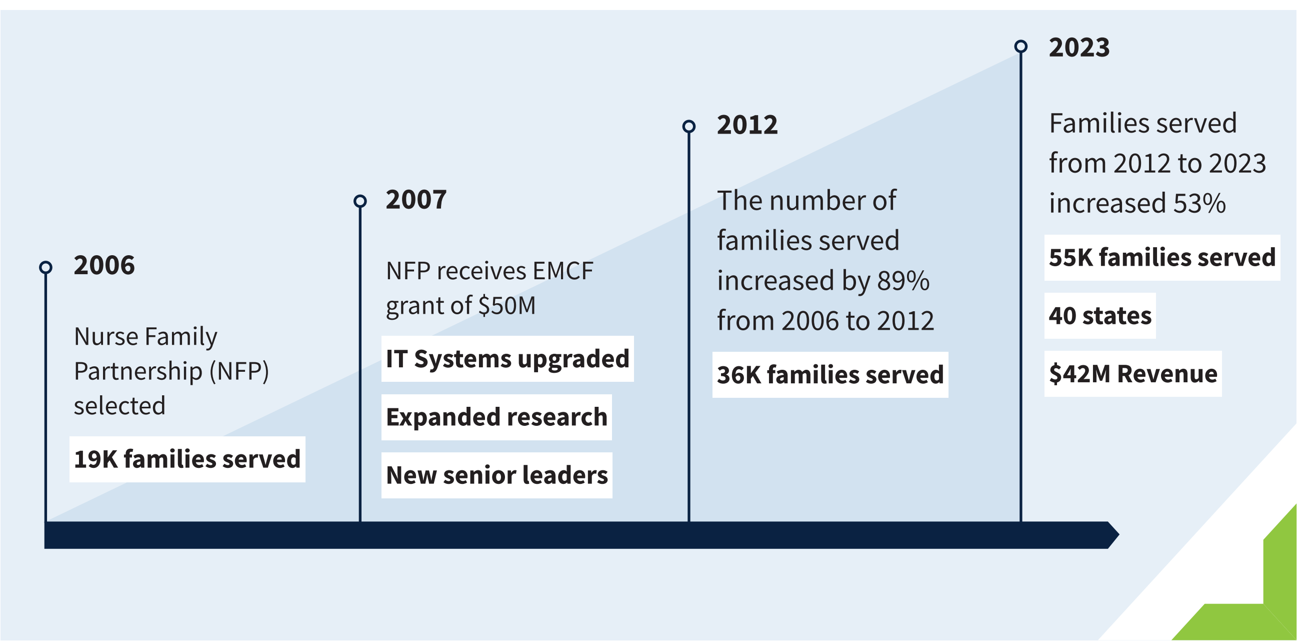
In December 2007, the Edna McConnell Clark Foundation (EMCF) unveiled a $120 million co-funding initiative to help promising nonprofits enhance their impact and increase their durability.

The approach was unique. Then, as now, philanthropists tended to favor newer organizations, in the hopes of launching “the next big thing,” or name-brand nonprofits with track records of advancing social issues.[1]

The first grant from the EMCF Growth Capital Aggregation Pilot was a $50 million, five-year investment in the Nurse-Family Partnership (NFP), a Denver-based organization that supports first-time moms to help improve early childhood outcomes.

In 2006, NFP, then in its tenth year, was already serving 19,000 families annually. The grant from EMCF the next year helped the organization improve its existing services, upgrade its information technology systems, expand its research and evaluation, and appoint new senior leaders.[2]

Those investments helped the organization accelerate growth. So much so that by 2012, the organization was serving 36,000 families and by 2023, it was serving more than 55,000 families in



40 states and had annual revenues of $42 million, including more than $21 million from donations and other philanthropic sources.

NFP's success is no fluke. Many other nonprofits that have received timely infusions of durable capital have leveraged the resources to become more impactful and more enduring institutions.

The Edna McConnell Clark Foundation was sufficiently impressed by the success of its initial experiments that it made capital aggregation a core component of its investing approach and launched Blue Meridian Partners to pool philanthropic dollars and scale solutions to improve the lives of young people and families living in poverty in the United States.

NFP's success is no fluke. Many other nonprofits that have received timely infusions of durable capital have leveraged the resources to become **more impactful and more enduring** institutions.

1 https://www.nytimes.com/2007/12/21/us/21foundation.html?searchResultPosition=1
2 https://www.emcf.org/about-us/our-history/growth-capital-aggregation-pilot/

MacArthur's Early Bet

The MacArthur Foundation experimented with durable capital in the early 2000s through a program called the MacArthur Award for Creative and Effective Institutions (MACEI). The program provided one-time, institutional grants to reward exceptional MacArthur grantees and help ensure their long-term sustainability.

Between 2006 and 2016, the John D. and Catherine T. MacArthur Foundation made 102 grants totaling $67 million through the MACEI program. The one-time investments ranged from $200,000 to $1 million. Recipients were required to allocate at least 80 percent of the award towards strategies that would increase their financial stability—such as establishing an endowment, building a cash reserve, or purchasing real estate—while the remaining 20 percent could be directed to initiatives such as strategic planning, capacity building, or fundraising.

An evaluation of the program in 2016 concluded the awards were a "vital, all too unique source of institution-level support" that provided financial breathing room so recipients could make necessary but unglamorous investments, such as replacing outdated software. But many recipients indicated the awards' value was limited by the grants' emphasis on building and retaining resources to prevent a crisis, which limited the recipients' flexibility.

Though the program was wound down, MacArthur incorporated the lessons learned as it expanded institutional support grants through much larger initiatives such as *100&Change* and, eventually, Lever for Change.

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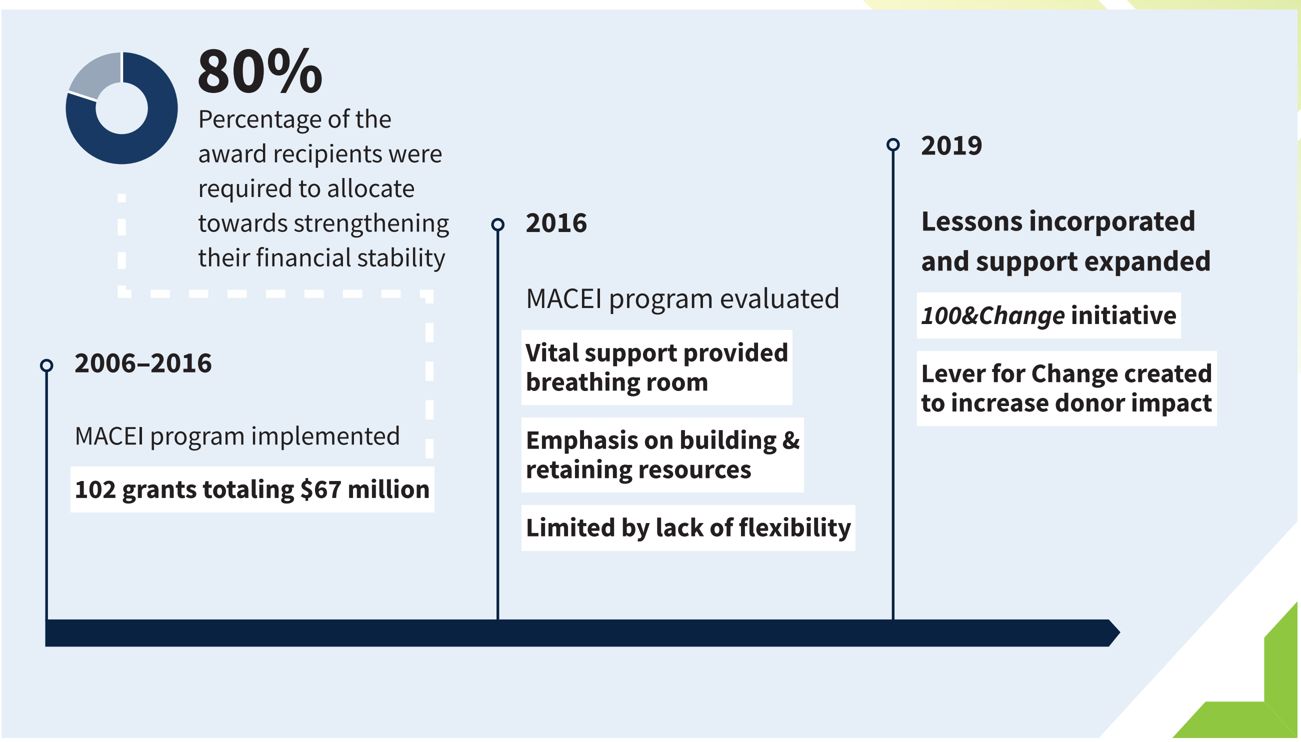
[Lever for Change](#) was created by the John D. and Catherine T. MacArthur Foundation in 2019 to embolden donors to think big and amplify their philanthropic impact by increasing the ambition, urgency, and scale of their giving. The organization helps donors find and fund bold solutions to the world's biggest problems—from racial and gender inequality to economic opportunity and climate change.

Yet the quantity of durable capital in the charitable sector remains far below the need. Many funders still prefer to provide modest, short-term grants. That is one reason the average U.S. foundation grant is about $50,000 and lasts just over a year. Other donors prefer to give large grants to well-known nonprofits, with funds earmarked for specific projects, to minimize risk.

The result? An abundance of nonprofits that have great potential to better support communities and individuals around the world—thanks to deep expertise, proven solutions, and strong relationships—that do not have the funding and long-term support to take their services and their organization to a new level.



LOOKING AHEAD

Different Types of Durable Capital

Today, we have a more nuanced understanding of the types of durable capital that funders can provide to move the needle for high-performing nonprofits.

Based on our experience with Lever for Change and interviews we've conducted with many of our peers in philanthropy, we believe there are seven types of durable capital that can be especially helpful for nonprofits ready to grow the breadth, depth, or sophistication of their offerings.

1. TRADITIONAL SCALING
2. INCREASING DURABILITY
3. DEEPENING WORK
4. STRENGTHENING PARTNERS
5. ACHIEVING CRITICAL MASS
6. BOLSTERING FINANCIAL SYSTEMS
7. EXPERIMENTATION AND EVALUATION

1

Traditional Scaling

DEFINITION

The process of expanding an organization's reach and impact by increasing its resources, programs, or geographic presence, often through fundraising, partnerships, or replication of successful models

CASE STUDY

100&Change—a competition to provide $100 million to fund a single proposal

BENEFIT

Traditional scaling allows the nonprofit to expand their services and scale impact

CONSIDER THIS SOLUTION FOR

- Joint nonprofit programs
- Organizations ready to increase their reach

The most common and readily understandable type of durable philanthropic capital enables nonprofits to expand their impact by providing their services to significantly more individuals, communities, or regions.

Such scaling up is common in the private sector, such as when consumer brands with hot-selling products add manufacturing capacity so they can sell them in new countries or adapt them for new audiences.

100&Change Makes It Happen

Convinced that such an approach could improve lives by bringing proven social-sector innovations to more people, the MacArthur Foundation in 2016 launched its first *100&Change* competition.

The program was designed to provide $100 million to fund a single proposal that promised real and measurable progress in solving a critical global problem. The initiative was unusual both for the size of the grant and for the multi-year partnership between the MacArthur Foundation and the Award Recipient.

The first *100&Change* grant was awarded to the Sesame Workshop and the International Rescue Committee to implement Ahlan Simsim, a five-year joint program to bring early learning and nurturing care to children affected by the conflict in Syria and displacement across the Middle East. The core components of Ahlan Simsim (which translates to "Welcome Sesame") are a locally-produced television show broadcast across the Middle East and North Africa and direct educational services to support vulnerable children and their caregivers in Syria, Lebanon, Jordan, and Iraq.

The Result

Ahlan Simsim vastly exceeded the initial scaling aspirations of the MacArthur Foundation. The original vision was to create four seasons of children's television content to reach 6 to 9 million children, and direct educational services to support 1 million kids and caregivers. Six years later, Ahlan Simsim has produced nine seasons of content that has reached over 27 million children across the region and provided direct services to more than 3 million children and caregivers.

Equally important, the Ahlan Simsim team has tried to ensure its long-term viability by securing additional partners and funders, such as local governments and USAID, who sustained portions of the program after the end of the *100&Change* grant. Over the course of the five-year grant, additional donors to Sesame Workshop and IRC have contributed over $300 million in add-on funding to support deepening this work within the Middle East and North Africa region and to adapt content to other countries and crises. This includes two $100 million grants from the LEGO Foundation.

Over the course of the five-year grant, additional donors to Sesame Workshop and IRC have contributed over **$300 million** in add-on funding.

Photo Credit: Sesame Workshop

2

Increasing Durability

DEFINITION

Investing in endowments of long-term capital that can support nonprofits into the future

CASE STUDY

Schott Foundation

BENEFITS

- Greater ability to implement long-term strategies
- Increased financial autonomy
- More time and space to set bolder goals
- Improved organizational resilience

CONSIDER THIS SOLUTION FOR

- Nonprofits dismantling inequity
- Nonprofits led by people of color
- ESG nonprofits

Annual giving cycles, which bias donors towards short-term, once-a-year gifts rather than long-term philanthropic investments, create instability for the charitable sector.

Nonprofits' budgets can fluctuate widely from year-to-year depending on everything from the health of the economy to global conflicts, natural disasters, or policy shifts.

Donors can help social organizations ride these waves by investing in endowments that can support nonprofits far into the future. Endowments consist of long-term capital that can be drawn on annually to provide an ongoing source of revenue for an organization.

Endowments are common in higher education and at hospitals and museums, but they are rare among social service organizations. This is particularly true of organizations led by people of color or that work to advance racial justice. According to a study by Bridgespan, endowments for nonprofits led by people of color are nearly four times smaller than those of white-led organizations.

The Schott Foundation's EndowNow Campaign

John Jackson, president and CEO of the Schott Foundation, believes organizations that are working to dismantle long-standing structural and systemic causes of inequity are exactly the types of nonprofits that need endowments, so they can stay in the struggle for the long-term.

Towards that end, in 2022 the Schott Foundation launched the EndowNow campaign, to encourage foundations and individual philanthropists to create and fund endowments for organizations led by people of color. Schott Foundation subsequently launched the Racial Justice in Education Endowment Collaborative Fund, which seeks to raise $30 million to fund endowments to ensure the sustainability of three BIPOC-led national education justice alliances.

These Funds Invest in Long-Term Growth

A 5% annual drawdown from the endowments would allow the alliances to spend less time on fundraising and more time developing their organizing capacity and infrastructure. It would also increase the decision-making power of local leaders by making them less dependent on the changing interests of philanthropy.

The Robert Wood Johnson Foundation launched its own endowment grantmaking strategy in 2022 by giving endowment grants of $5 million each to three racial justice organizations led by people of colors: UnidosUS, NAACP and Faith in Action (FIA).

The organizations have reported multiple benefits from the endowments, from greater ability to implement long-term strategies to increased financial autonomy and more time and space to set bolder goals.

Endowments consist of long-term capital that can be drawn on annually to provide an **ongoing source of revenue** for an organization.

3

Deepening Work

DEFINITION

An option that evolves and expands supports for populations already being served

CASE STUDY

Lone Star Depression Challenge, launched by the Meadows Mental Health Policy Institute in Texas

BENEFIT

Increases efficiency by building on existing infrastructure

CONSIDER THIS SOLUTION FOR

- Health care focused organizations
- Direct service organizations

Serving ever larger numbers of individuals and geographies is not the only way for nonprofits to increase their impact. Another option is to evolve and expand supports for populations already being served.

Durable capital can be extremely helpful for social organizations that want to deepen their work in this way.

The Lone Star Depression Challenge

One example familiar to us at Lever for Change is the Lone Star Depression Challenge launched by the Meadows Mental Health Policy Institute in Texas.

In 2021, Lyda Hill Philanthropies awarded $10 million to the Lone Star Depression Challenge to expand the diagnosis and treatment of depression and other mental health disorders in Texas.

The money was awarded through the Lone Star Prize, a competition launched in early 2020 to attract bold ideas to improve the lives of Texans and their communities. Lever for Change managed the competition on behalf of Lyda Hill Philanthropies.

Historically, fewer than 1 in 15 of the more than 1.5 million Texans suffering from depression each year received sufficient care to recover, according to the Meadows Institute, and more than 3,000 people in the state died each year from suicide. Through the Lone Star Depression Challenge, the Meadows Institute hoped to increase the rate of recovery from depression to more than 50 percent.

The Meadows Institute's strategy was to build on the strengths of the state's existing health care infrastructure by increasing the training and expertise of primary care providers across Texas in order to improve their ability to detect and treat their patients' mental health challenges.

They also enlisted the support of employers to reduce the stigma around depression and increase access to mental health resources for diverse workforces.

A Model for Statewide Progress

Early data indicates the objectives of the Lone Star Depression Challenge are within reach.

Baseline remission from depression is at 42 percent for those who have received treatment from the Meadows Institute's model or approaches based on it. The Meadows Institute's original plans called for working in two of Texas' eight health care regions. The collaborative now works in six. And initial proposals to work with 8 health systems have grown. A total of 18 health systems, serving 4.3 million people, have committed to making the initiative available to everyone the systems serve.


Photo Credit: Meadows Mental Health Policy Institute

4

Strengthening Partners

DEFINITION

Support for public sector partners to improve government services and deliver them more effectively

CASE STUDY

Co-Impact's grant to The Global Fund and Last Mile Health to support the government of Liberia

BENEFITS

- Coordination with government agencies can make lasting progress on intractable social issues
- By partnering with governments, nonprofits can achieve unparalleled scale
- By partnering with governments, nonprofits can work upstream and change systems to better meet community needs

CONSIDER THIS SOLUTION FOR

- Health care focused nonprofits
- Low- and Middle-Income Countries
- Nonprofits working on cross cutting issues

Few nonprofits can make lasting progress on intractable social issues alone. Cooperation and coordination with like-minded organizations and government agencies is usually essential.

Durable capital can empower nonprofits to support their public sector partners to improve government services and deliver them more effectively. It can help communities develop the training, skill development, and structures to address more of their own needs.

Universal Access to Health Care in Liberia

One such investment was a $20 million grant from Co-Impact to The Global Fund to Fight AIDS, Tuberculosis and Malaria and Last Mile Health in 2019 to support the government of Liberia's vision to provide universal access to primary health care for all Liberians through the country's professional community health workforce.

Over 1.2 million people in Liberia live more than 5 kilometers (3 miles) from a health facility. That distance limits access to basic health services, lifesaving treatment for common childhood illnesses, family planning, and prenatal care.

With support from Co-Impact and other funders, Last Mile Health worked in partnership with Liberia's Ministry of Health, The Global Fund and a broad coalition of government entities and nonprofits to expand Liberia's National Community Health Program, bringing essential care within reach of every rural household.

Last Mile Health worked with a broad coalition of government entities to bring essential care **within reach of every rural household.**

Health Care in Liberia Today

Today, over 5,000 community and frontline health workers have been recruited, trained, supervised, equipped, and deployed by the Liberia Ministry of Health. The national community health program is fully scaled and has expanded access to contraception and care for childhood malaria, diarrhea, and pneumonia.

After a gender assessment conducted in 2021 determined that only 17 percent of Liberia's paid professionalized health workers were women, Last Mile Health and the Ministry of Health also made a commitment to increase gender parity in the community health workforce. In a recent round of recruitment, the number of new female community health workers had increased from 20 to 36 percent.

5

Achieving Critical Mass

DEFINITION

An infusion of durable capital can help an organization, program, service, or idea break through and achieve scale

CASE STUDY

Project ECHO

BENEFITS

- As concepts gain popularity, offerings can expand
- Can help a program or service achieve breakthrough

CONSIDER THIS SOLUTION FOR

- Health care focused nonprofits
- Nonprofits working on behavior change

When new nonprofits introduce effective social innovations, slow, steady growth can occur as they gradually build awareness among new users and communities.

But the exponential growth needed to achieve critical mass usually requires either an extraordinary infusion of durable capital or a dramatic shift in demand for the product or service.

Project ECHO Has Experienced Both

Launched in 2003 by Dr. Sanjeev Arora, a Professor of Medicine at the University of New Mexico Health Sciences Center, Project ECHO was created to enable health care professionals in rural areas to regularly consult with and learn from specialists at larger hospitals and clinics over video so those frontline health workers could provide life-saving Hepatitis C treatments to their patients.

ECHO turns training on its head by providing an innovative, sustainable way to upskill frontline health workers. Unlike traditional, in-person training, ECHO mentors health care workers over the long term, not only increasing their knowledge, but holding their hand until they build the confidence needed to implement best practices.

Project ECHO facilitated video telementoring sessions with 1,000 to 2,000 practitioners annually in its first few years. As the concept gained popularity, Project ECHO added new health disciplines, new partners, and new geographies. By 2019 its platform was delivering video trainings to more than 230,000 attendees in 158 countries annually with content related to 70 disease areas, from HIV and TB to opioid addiction and mental health.

Critical Mass in Practice

In 2019, Co-Impact provided $10 million of durable capital to Project ECHO to expand its offerings in India. Today, working with partners such as India's National Health Missions and the Ministry of Health and Family Welfare, Project ECHO's platform is delivering training to tens of thousands of nurses, community health workers, and physicians across the country to improve detection and treatment of tuberculosis, blood disorders, cancer, mental health disorders and other illnesses.

When the COVID-19 pandemic arrived, the Project ECHO team understood its platform was well positioned to help the world respond.

Moving quickly, Co-Impact, in March 2020, launched a Systems Response Fund to channel additional investments to Project ECHO to help the organization pivot.

The Audacious Project followed in May 2020 with a substantial grant with the aim of helping Project ECHO equip more than 350,000 frontline clinicians and public health workers across Africa, Southeast Asia, and Latin America to respond to COVID-19.

Project ECHO surpassed those targets. More than 1.1 million people attended Project ECHO trainings in 2020, followed by 1.4 million in 2021, 1.2 million in 2022 and 1.0 million in 2023. As of September 2024, an additional 1 million people have attended Project ECHO sessions. Cumulatively to date, more than 6.3 million health workers have attended Project ECHO trainings, benefiting the care of more than 150 million patients globally.

Photo Credit: Project ECHO

6

Bolstering Financial Systems

DEFINITION

Develop strong financial systems and processes so nonprofits can receive, track, and effectively deploy grants

CASE STUDY

The END Fund

BENEFIT

Strengthening internal operations can help organizations build the capacity to absorb and manage large grants

CONSIDER THIS SOLUTION FOR

- Small nonprofits
- Young organizations

Attracting new funding can be vitally important for nonprofits, but even when fundraising targets are achieved there are no guarantees an organization will maximize the utility and longevity of new investments.

Nonprofits need strong financial systems and processes in place so they can receive, track, and effectively deploy grants from donors. This is especially true for younger organizations that receive larger infusions of capital than they are used to.

The END Fund Strengthens Gaps

Grantmakers at the END Fund understood this dynamic after the organization was launched in 2012 and began funding nonprofits in Africa to treat and prevent neglected tropical diseases.

Beyond conducting standard due diligence on new grantees, the END Fund takes a comprehensive approach to assessing and strengthening their partners' internal operations to improve their ability to receive new funding and expand over time. The process does not end once a grant is awarded; financial systems are reviewed every 2–3 years to assess how the organization is evolving and what new tools or structures may be necessary as it grows.

Few END Fund grantees have the time or budgets to conduct such reviews or to invest in upgrading internal tools. So the END Fund adds durable capital for such expenditures into the majority of its grants, usually around 10% of the overall award, which can enable grantees to leverage cloud-based payroll systems and other advances that can reduce costs and increase the quality of their work.

Louise Makau-Barasa, senior director, programs at the END Fund, has seen many of her grantees benefit from such assistance.

One is the Mission to Save the Helpless (MITOSATH) based in Lagos, Nigeria. The END Fund began funding MITOSATH in 2015 to support its work to combat neglected tropical diseases such as lymphatic filariasis and onchocerciasis, also known as river blindness.

Continued Growth

When the END Fund began supporting MITOSATH in 2015, the organization had 12 staff members in the states of Lagos and Niger. Since then, the END Fund has provided $6 million to the organization, with a portion of each grant dedicated to organizational strengthening.

In 2022, the END Fund engaged an independent institution to conduct a financial review of END Fund grants to MITOSATH, which indicated a need for strengthening internal control procedures and financial reporting. The END Fund has worked with MITOSATH to strengthen procurement policies, improve internal controls, and financial reporting processes, including shifting to cloud-based enterprise software. Today MITOSATH has more than 30 full-time and 60 part-time staff members working in six states in Nigeria. It has expanded onchocerciasis treatments in each of the states and supported the governments of four of those states to reach requirements to cease lymphatic filariasis treatments.

Durable capital added into grants can enable nonprofits to upgrade internal tools, **reducing costs and increasing financial controls and reporting standards.**

7

Experimentation and Evaluation

DEFINITION

Building the infrastructure for experimentation, measurement, and evaluation

CASE STUDY

The Studio @ Blue Meridian Partners

BENEFITS

- Allows nonprofits to evolve and endure; diversify existing services; and expand to support new communities
- Supports evidence based decision-making
- Optimizes impact through data-driven analysis

CONSIDER THIS SOLUTION FOR

- Organizations ready to scale
- Organizations expanding to new programmatic areas

Whether an organization hopes to diversify its existing services or expand to support new communities, it is rarely obvious how to do so.

Testing and experimentation are essential to figure out what will work.

Yet, many nonprofits cannot afford the trial-and-error that will enable them to evolve and endure. Durable capital can fill the gap by allowing grantees to try new approaches and determine the best ways to achieve their highest aspirations.

Blue Meridian Was Founded to Provide Durable Capital

That is the philosophy behind The Studio @ Blue Meridian Partners, which “embraces experimentation and provides flexible resources to help organizations accelerate their readiness for significant scaling.”

As noted, Blue Meridian was one of the first philanthropic organizations created specifically to provide durable capital to nonprofits. Blue Meridian pulls together the resources, energy, and insights of like-minded funders to make large, long-term grants to support the most promising strategies to reduce poverty and increase economic mobility in the U.S.

Recognizing that few resources were available for social sector leaders to experiment and iterate upon on their existing platforms, Blue Meridian introduced The Studio to provide flexible capital and tailored advisory support to organizations ready for transformational growth.

The Studio launched with an initial cohort of seven nonprofits that each received up to $10 million in funding as well as strategic assistance.

Durable Capital Helps Per Scholas Thrive

One member of their second cohort was Per Scholas, which prepares individuals for tech careers by providing skills training and access to employer networks. Per Scholas aims to improve economic equity through its programs and has an explicit focus on serving low-wage workers without a bachelor's degree.

Per Scholas had been in existence for more than two decades and was serving more than 2,000 learners annually when it was selected in 2021 to receive an investment from The Studio. Per Scholas was well-established and the success of its Immersive, in-person training model had been validated by external research.

Indeed, in 2020, Per Scholas was selected as the recipient of the $10 million Economic Opportunity Challenge, funded by an anonymous donor, to scale its efforts to propel low-income people into the middle class by helping them launch tech careers.

The investment from The Studio enabled Per Scholas to test part-time, virtual, hybrid, and satellite variations of its in-person training, building on lessons learned during the COVID-19 pandemic.

Through successful experimentation, Per Scholas was able to expand its reach to more than 5,000 learners annually in just three years, after taking more than two decades to reach 2,000 learners annually.

The Studio grant also enabled Per Scholas to develop and test a new program called the Career Accelerator, to help existing tech workers continue to update and evolve their IT skills as their careers progress. The Career Accelerator has grown organically and expects to serve 2,000 learners in 2024 with a goal of supporting 10,000 learners annually by 2030.

Since 2019, The Studio has provided more than $200 million of capital to support R&D at 30 nonprofits, with many experiencing success similar to Per Scholas.

Photo Credit:
Per Scholas

CONCLUSION

Conclusion

Durable philanthropic capital can take many forms and advance a wide array of social causes.

The seven categories we've highlighted—traditional scaling, increasing durability, deepening work, strengthening partners, achieving critical mass, bolstering financial systems, and experimentation and evaluation—have a strong track record and are increasingly common, though they are not the only options.

Based on our case studies we've identified important commonalities among effective durable capital investments.

TIME & FLEXIBILITY

They tend to be larger and last longer than typical grants, which gives grantees much needed time and flexibility to plan for sustainable growth.

OPTIMIZATION

Durable capital can equip nonprofits to not just absorb larger investments, but also maximize the impact of those investments.

READINESS

Durable capital is most beneficial for nonprofits that have established their viability and utility and are ready to expand the breadth or depth of their services.

STRENGTH

Durable capital helps strengthen organizations and makes them more resilient and durable.

Durable capital can and should evolve.

At Lever for Change, we partner with donors to deploy ever-larger investments through open calls and our growing global network. Yet, we recognize that ours is just one model of quickly, efficiently, and equitably delivering durable capital.

The vehicle for delivering durable capital is less important than the size, scope, and momentum of the funding. Indeed, we need to increase the flow of durable capital to the social sector with greater urgency to meet the moment.

We hope these examples of bold philanthropists investing in durable capital and the highly effective organizations that have leveraged this funding inspire others to give more and give more strategically.

Lever for Change provides services to help catalyze philanthropy and discover new potential. Contact us to start a conversation and find out how we can help you.

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