



Theory of Change iMPACT direct

Imagine how much more impact can be made in development aid, if locally-led NGOs would receive more than the current 2% of the global aid budget!

These locally-led NGOs are the first to respond and last to leave, and are responsible for most of the impact in development cooperation. And so, when local NGOs have increased access to funding, and when they can build their organisational capacities – AND have decision-making power over both – it means that the aid sector can create more impact in less time for less budget.

In our work we do exactly that. We support locally-led African NGOs to gain better access to funds and provide them with opportunities to showcase their expertise and to strengthen their organisations. Unconditional grants allow locally-led NGOs to have the decision-making power over their own strategies. Together with the trust-based partnerships we build with NGOs, we believe they can perform at their best.

Impact

In this Theory of Change we explain how we tackle current challenges to reach below desired impact:

Increased number of lives improved

Underfunded locally-led African NGOs can improve more lives of people living below the poverty level, with sustainable solutions on No Poverty (or income) (SDG1), Zero Hunger (or food & climate) (SDG2) and Quality Education (SDG4)ⁱ, when having more budget

Inspire others to Shift the Power

Concurrently, we hope to inspire others in the aid sector to either follow our example to directly support locally-led NGOs or use our infrastructure to do so. In this way we contribute to a Shift of Power that is a prerequisite for equal partnerships between Northern and Southern NGOs, and thus for improving the impact of development cooperation.

Strengthened Civil Society

Ultimately, we support locally-led NGOs to become stronger organisations with increased decision-making power, capacities and resources to create positive lasting change in the communities they work. Which is vital for sustainable solutions and for long-term social justice.

How we measure impact

- Number of lives improved (directly and indirectly)
- Through outcome reports incl. on lives improved a community impact (in videos, updates and NGOs' annual reports)
- Cost-efficiency iMPACT direct (indirect costs / direct costs)

We identify 3 outcomes – results that we directly influence with our work. Those are:

1. Partnering NGOs have more equal partnerships with northern-based partners
2. Partnering NGOs have improved access to (unrestricted) funding
3. Partnering NGOs have stronger organisations

Below we explain each pathway of change per outcome:

Pathways of Change

1. Partnering NGOs have more equal partnerships with northern-based partners

Problems

There is a lack of trust along the chain from donors via NGOs to communities and vice versa:

- **Between southern-based and northern-based NGOs.** Many northern-based NGOs say they cannot let go control over their southern-based partners, as they feel they hold the principal responsibility of the project's success towards the donor. In addition, many important decisions in a partnership are already made during the grant making and contracting period with the donor. Decisions whereby southern-based partners are often not heard. Or – they are heard, but southern NGOs feel not acknowledged for their expertise and input (for example, the proposal represents their ideas as if they were from the northern iNGO). What's more, southern-based NGOs have experienced so many collaborations in the past whereby their position was not considered equal – which influences new partnerships.
- **Between NGOs and communities.** Community members are often not involved in design and evaluation of projects affecting their lives, let alone in engaging in discussion on the budget needed for a project. This leaves them without an opportunity to add valuable insights, as well as to hold the iNGOs accountable for their interventions.ⁱⁱ
- More so, if the budget comes from abroad (only), southern-led NGOs mainly report to foreign donors, instead of being accountable for their actions towards participants and other local stakeholders.
- **Between NGOs and donors.** Individual donors face 'aid fatigue' which includes a choice overload with a multitude of good causes presented from which it is not very easy to find or to understand projects how they use the money or how they are impactful, although donors are looking for ways that are actually impactful.ⁱⁱⁱ
- In addition, something that does not contribute to a realistic understanding of northern donors of the African context are the prevailing negative stories from traditional NGO-communications and media that perpetually depicts Africa as poor, corrupted and helpless. Research shows that these single stories are affecting donors' willingness to support on the long-term; after repeating simplistic solutions (e.g. €5 to save a child) for 60 years now, people conclude that their donations obviously didn't bring any positive change and, consequently they lose trust in the work of NGOs.^{iv}

Strategies

- **Visibility of locally-led solutions**

By showcasing the work of the NGOs and their stories at our website and in promotions, we tell the story of local experts and communities that – although underfunded – are having the solutions at hand.

NGOs can easily upload projects, updates and reports to the website. And we guide NGOs on what works in the co-promotion of their work and projects.

NGOs can use our website as a platform to showcase one of their projects and co-promote it with us for project funding (i.e. by explaining their main strategy (local solution), short term outputs (lives improved) and longer-term outcomes (community impact) and target amount needed).

- By initiating **trust-based partnerships with partnering locally-led NGOs**, we want to restore, build and improve effective and supportive north-south relations within our partnerships.

We elaborate on restoring trust between NGOs and (individual) donors under '2. Lives improved'.

Results

- **Increased visibility** with new and more images of locally-led NGOs that are professional, effective and cost-effective, besides the one-sided stories on Africa that we usually hear in the North.

We expect that these images contribute to how people perceive the role of experts and communities in the South. And ultimately, it should result in that the **expertise of southern-based NGOs is recognized and acknowledged** by our donors and supporters, and beyond.

We already see that partnering NGOs report that their visibility and network increases (e.g. invitations to speak, access to training or new grants, more visitors to their social channels).

And when people see more and more good examples of experts having the solution at hand, they will be more willing to donate directly to local experts.

- **Partnerships in which both parties can complement each other for the best results**, because of Trust-Based Partnerships, as it provides the space to discuss openly on the best way to go, to listen to why adaptations were made, and how we can support best.

Moreover, Trust-Based Partnerships allows for failing, solving and trying again, which is a prerequisite for learning and innovation. In comparison, what we see in traditional aid,

How we measure visibility

- Number of local solutions (projects) and NGOs' updates (stories) on our website or publication and events where NGO-staff present their story.
- Numbers of reach people in several (social) media we use.

How we monitor trust-based partnerships

- Equal partnerships with northern parties (indicators to be co-created with NGO-partners.)
- Data on Retention
- Discuss Satisfaction in Partnership Meetings

is that if an NGO does not achieve, it often means the end of a partnership, or problems are solved at northern offices, which creates a lack of space to be open, to learn and grow. We aim for NGOs that will increasingly be able to work more effectively and efficiently. So that ultimately, **NGOs perform at their best.**

Strategy in practice

For us Trust-Based Partnerships involve:

- **Simplifying and streamlining paperwork** of both the application and the reporting. The application on the website is always open – selection takes place once a year, checking basic criteria, followed by a visit to the NGO, which is – if selected – a first step in building the partnership.
Moreover, we have developed simple tools for quality reporting on outputs, outcomes and impact.
- **Offering multi-year partnerships** of 3 or more years, that allows for relation building and sustainability of organisational growth. The first year allows to get to know each other well, and to assess the partnership together, whereafter a decision is made on continuation.
- **Providing flexibility** – making an effort to work along the NGOs' work cycles, instead of them working around ours. For example, financing milestones from the NGOs' annual plan. That also means that reporting is done by sending in the annual report and explain the contribution of iMPACT direct to it. Since quality annual plans and reports are necessary to align to the global aid sector, this will be our focus in the first year's capacity strengthening programme.
- **Being reliable:** do what we say we do and **being transparent.** Incoming donations, as well as notes on progress and conversations with the NGO, are kept and open for both to see – to provide transparency and it serves as a tool to bring narrative reporting to paper (and can be used by the NGO to keep track and for reporting too).

- **Being responsive and open** for other perspectives and changing circumstances, including in:
 - Kick-off meetings with NGOs
 - Mails with updates, news or announcements
 - Shared WhatsApp group
 - Open Zoom Calls every other week
 - Call or visit on outcome report and partnership satisfaction

As trust-based partnerships require both sides doing their part, in each partnership we will discuss roles and explore how we can best complement each other.

Key components of the NGO's role include:

- **Engaging participants** in project design incl. budget, monitoring and evaluation, which will lead to a greater accountability, legitimacy and transparency on the local level. (See '3. Stronger NGOs').
- **Being accountable** on communicating plans, updating on progress and impact to (potential) donors and supporters, incl. co-promoting their own projects on our website. The website will be facilitating easy access for NGOs to upload projects, updated and reports.
- **Adding to and benefiting from the network** in putting our efforts together (rather than going for single NGO's gains). For example, partnerships with donors and supporters are easier as a network.

2. Partnering NGOs have improved access to (unrestricted) funding

Problems

Locally-led NGOs are often excluded from decision-making in the development aid sector. This shows from the fact that they directly receive around 2% of total global aid budget.^v In the Netherlands, only 1% of Dutch development funding reaches local NGOs directly.^{vi} It results in:

- Donations that locally-led NGOs receive through northern NGOs are almost always conditional^{vii} focusing on the priorities and solutions of northern NGOs, which often is not suitable to the local context.
- And when small and medium-sized local NGOs decide to start fundraising with grants on their conditions, they will find out that they are usually excluded from existing grant opportunities, without a northern partner or reference.^{viii} Or putting it differently: there is a disconnection between the organisational donors and the locally-led NGOs.
- With restricted grants and decisions made through top-down aid programmes rolled out by international organisations, it means also that solutions are more expensive: with 30 to 40% of the aid budget spent in countries in the Global North.^{ix}

Altogether, it negatively affects effective and cost-effective projects in Africa. The impact of aid is then limited and not as sustainable or effective to the people who need it most.

Strategies

We believe that locally-led NGOs and the communities involved have the expertise and knowledge to tackle the social injustices in their local setting. Professional locally-led NGOs – that are the first to respond, last to leave – are responsible for creating most of the impact in development cooperation.^x That is why we apply the following strategies:

- **By facilitating direct donations** and connecting a large group of donors (individuals, organisations and grants) to locally-led NGOs – through our website showcasing projects and results – we can collect funding for underfunded credible African NGOs, and increase their budgets.
- **Unrestricted Grants**
By providing unrestricted funds to our partnering NGOs, we ensure that they have the decision-making power over the budget, strategies and adaptations, according to their expertise and the project participants experience.

Strategy in practice

Each year, upon the annual plan and milestones of each NGO, iMPACT direct and the NGO decide over the target % of organisational costs and a % of project costs to fundraise for in a partnership.

This means that after a [selection on basic criteria](#) and credibility (including a visit to the NGO), it will allow the NGO to decide over their own budget and adapt along the way where necessary.

With co-promoting a concrete project on the website, we can combine showcasing concrete information for individual donors, as well as have more room for the NGOs to choose how to spend the donations over the year.

Three times a year, or on request, we transfer 95% of all donations to the NGOs. The NGO reports back to the supporters with updates (stories) on our website and with an annual report to us. We will publish overall impact in our annual report.

- **Trust-based relations**

- Between **individual donors and organisations (outside the aid sector)** and us/our partnering NGOs.
- **Between grants and partners (in the aid sector)** and us/our partnering NGOs, by connecting donors to communities via credible locally-led NGOs. It bridges a gap, as we see that several are looking for reliable African-led NGOs, but fail to find them, because of lack of network, expertise and/or manpower.

We encourage trust-based relations with donors, by ensuring for both audiences:

- **Reliability:** We find and carefully select credible locally-led non-profits in the countries we work, and provide (potential) donors with an overview of credible locally-led NGOs per country and per theme.
- **Transparency:** NGOs directly publish unfiltered updates (stories) and reports at our website or speak at (online) events.
- **Communicating impact:** iMPACT direct and the NGOs show how donations are used and show the impact of it.

Results

- Ultimately, **more unrestricted funding** is available for locally-led NGOs, because of the scaling of our approach, either through 1) more and more grants using our network to support locally-led NGOs; or 2) are inspired to replicate our approach.

Some of the grants that support us are exactly interested in this: to use iMPACT direct for selecting projects, because they lack the time and proximity to do that. Also, some partnering NGOs already reported to have gained access to additional funds, because of increased visibility or our reference.

- From research and own results it shows that direct donations contribute to **increased cost-efficiency:**

Match-funding to the NGOs' own resources into established community interventions means more impact with less budget	• Grants can be used immediately; Local NGOs can rapidly deploy the grant in existing projects, reaching more people with existing solutions.^{xi}
More value for money because	• Direct donations leave out the average of 6 (!) intermediaries between donor and participant. • Less budget is needed for office and staff costs in the North. On average around 30% of the aid budget is spend in northern countries. • The costs are relatively low in countries we work, which means that projects and overhead costs are cheaper.

- Over time, we hope to be not only a **credible partner**, but that an increasing number of donors *perceive* us as one. To be able to establish that, besides ongoing credibility should come with increases promotion among donors.
In addition, by connecting grants and partners (in the aid sector) to locally-led NGOs, we contribute to the grand bargain (SDG17), the increased collaboration between institutions and locally-led NGOs.

How we measure unrestricted funding & credibility

- Amount donated by individuals, organisations and grants
- Access to funding beyond iMPACT direct
- Number of NGOs supported
- Donor satisfaction: measured in data on Registration, Activation, Referral and Retention
- Survey for individual donors or discuss partnerships

3. Partnering NGOs have stronger organisations

Problems

- Globally **NGOs and communities** face a shrinking civic space– a decrease in fundamental democratic rights – in favour of space taken by governments, multinationals and/or radical movements. The exact appearance differs per country and can be caused by terrorism or tackling it (i.e. counterterrorism), by raising legal and financial barriers, by censorship and spreading fake news, or through bureaucracy and corruption.^{xii}
- **Locally-led organisations have little space to build a strong independent organisation.** Firstly, the project funding they receive through northern NGOs often doesn't allow for organisational building costs. Secondly, with the northern NGOs leading the agenda on how socio-economic change should look like, capacity strengthening of their partner organisations in the global south is mainly focused on meeting the 'donors' planning and reporting requirements' and not on actual organisation strengthening.^{xiii}

It impedes a strong local civil society. Yet, a strong civil society is a prerequisite for a solid foundation for socio-economic development and an equal distribution of wealth.

Strategies

- **Capacity strengthening on the NGOs' terms.** We will be supporting not just projects, but also organisational growth of the partnering NGOs.

Strategy in practice

Sharing knowledge:

- Feedback on annual plans/reports, projects, updates, promotions and proposals.
- Open Zoom Calls / Partnership Meetings to discuss progress and needs. And matchmaking NGOs to our network (experts, graduate experts; and organisations) where relevant.
- Monthly Expert Talk (externally accessible through Facebook Live) with subsequent Knowledge Sharing Meetings amongst partnering NGOs: sharing best practices and lessons learned.
- Use CoResolve approach when in co-creation meetings with NGOs.

iMPACT Academy

- Learning on the job through self-assessment, training, coaching, peer reflection and learning, as a method to enable learning amongst ourselves. The training includes an NGO journey focusing on different capacities per year, starting year 1 Organisational Excellence and Measuring Impact; year 2 on Communicating Results & Income Generating; and year 3 on Proposal Writing.

- By encouraging **trust-based relations between partnering NGOs and their recipients**, as research^{xiv} shows it enhances:
 1. Quality of interventions
 2. Legitimacy & transparency between NGOs and project participants
 3. Which in turn can protect NGOs from external powerholders with bad intentions. It involves for instance, engaging participants in decision-making on projects and its budgets, monitoring and evaluation), and using spoken word methods (instead of written methods).^{xv}

Results

- There is growing evidence that unrestricted donations to local solutions are more effective, more cost-effective, and more sustainable.^{xvi} Research shows unrestricted funding contributes to **increased effectiveness**:

Better solutions, increased accountability	• Local NGOs can rapidly respond to changes or new problems that arise. • Local NGOs and communities build a durable relationship – and can be held accountable – and not just for the funding period.
Unrestricted long-term funding leads to more innovation and sustainability	• Growth and stability of the organisations supported • Increased investments in innovative projects • Increased investments in projects that (individual) donors find less attractive

- Ultimately, the capacity strengthening programme, partnership and support **have built strong NGOs**, so that NGOs can improve lives and communities sustainably– during AND after partnership with iMPACT direct. And on the longer-term: NGOs become a vital actor in protecting social justice.
- **Successful NGO-approaches are scaled** to more CBOs and NGOs; and scale our approach to more African countries.

How we measure organisational strength

- Self-assessment NGOs on Organisational Excellence, reflected in their annual plan
- Cost-efficiency of projects (project budget / lives improved)
- A growing network of NGOs that can support one another.