Consulting with Funders to Recommend Grantee Portfolios

Concept Note & Practice Guide

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- Overview of the process
- Illustration of OTT Consulting's work with philanthropic funder
- Key strategies, challenges, and lessons learned
- Summary of process

The Process:

Consulting with funders to
recommend funding portfolios

The Process

Stage 1: Scoping

- Introduction to client and priorities
- Develop shared understanding of aims, task at hand

Stage 2: Research & Ongoing Alignment

- Desk research and scoping interviews to identify key issues/perspectives
- Framing of issues, existing streams of thought for client

Stage 3: Develop Scenarios & Iterate

- Conceptualize potential scenarios/categories of grantees and identify "top" scenarios
- Facilitate client's identification of priorities and funding criteria
- Develop weighting criteria for scenario/grantee selection based on client feedback

Stage 4: Finalize Recommendations & Information Materials

- Provide recommendations and justification in formalized output

Stage 5: Follow-Ups

- Gather feedback and identify areas of future need

Stage 1: Scoping

- *Introduction* to client and priorities
    - The client may not be certain of their priorities and focus at this early stage. The goal is to understand their context to the greatest extent possible and create a shared understanding of the task/resources at hand, so as to enable the consultant to facilitate the client's decision-making processes and set realistic expectations.
    - Gather relevant documents from client.
        - These may relate to existing portfolios, strategy, relationships, etc.
    - Understand client's *objectives and intended approaches*, as well as key decision making processes and stakeholders to inform later decisions.
- *Initial desk research* and *scoping interviews*
    - Explore field, gather relevant documents and evidence to assess what information is available to answer the client's questions
- *Frame* key issues, relevant actors, and existing streams of thought for client
    - Develop common understanding of field and available evidence
    - Identify potential interest areas to *define boundaries of research*
    - Crystallize the key research question(s)

Stage 2: Research & Ongoing Alignment

- *Desk research*
  - Reviewing client materials and other documents identified during scoping phase, as well as via internet research and news scanning. This may also include watching recordings of relevant meetings and conferences to ensure up to date understanding.
- Jointly *develop interview guides, list of interviewees*
  - Share drafts of all interview materials with client for feedback
  - Schedule interviews, inviting client to observe or participate in interviews if relevant.
- Ensure *ongoing alignment* with client through continual conversations on research and fieldwork findings.
  - Further *narrow client priorities* and funding criteria through discussions on the following topics. These conversations should be ongoing and should not be confined to the research stage.
    - Attribution, likelihood and measurability of impact
    - Expected/ideal time horizon for impact
    - Markers of progress
    - Risk tolerance and budget flexibility
    - Grantees' agility, ability to respond to changing field

Stage 3: Develop Scenarios & Iterate

- *Conceptualize potential scenarios.*
    - Consolidate understanding of key issues and perspectives into potential approaches to solving the "problem" the funder is trying to solve. Interviews with potential grantees may elucidate potential categories of approaches.
    - Identify these approaches, including their associated theories of change and underlying assumptions.
    - Identify all "boundaries" (funder's requirements and constraints) and "drivers" (dimensions to accentuate/extend) and tie these to scenarios.
    - Share scenario "longlist" with client, along with outline of memo/final product far ahead of final output. Iterate based on feedback.
- *Concretize scenarios.*
    - Sort grantees into each scenario based on interviews and desk research. Sound these out in discussions with client.
    - Develop understanding of which scenarios may be preferable to client through further discussion of criteria and priorities in preparation for recommendations stage.
- Develop *weighting criteria* for scenario and grantee selection based on client feedback.
    - Share draft criteria with client, allow space for reflection and discussion.
    - Iterate continually until criteria explicitly identify and include underlying assumptions.

Stage 4: Finalize Recommendations & Info Materials

- *Finalize recommendations* for client's portfolio.
  - Consolidate discussions and research on scenarios, criteria, priorities, and context into memo or other written document as agreed.
- *Share outline/drafts* with client and reflect feedback in document.
  - Make any final edits requested.
- *Deliver final product,* including any background materials agreed upon.
- *Present* to client and key stakeholders at funding organization.
  - Ensure an opportunity for feedback and discussion after submission.

Stage 5: Follow-Ups

- Solicit feedback on deliverable/memo.
- Identify areas for immediate follow-up.
  - This could include minor edits to or clarifications on the deliverable, or the completion of a second phase of research as pre-agreed with the client.
    - For example, further research and fieldwork on landscaping in other regions or countries, or further assessment of risks involved in each scenario.
- Identify areas of *future need* in relation to this work. This could include a range of activities, including...
    - Monitoring and evaluation of the portfolio
    - Further work on implementation (for example, by identifying markets of progress)
    - Development of additional resources for decision making
    - Updating of client strategy
    - Development of longer term funding strategy
    - Etc.

Example:

What it looks like to work with a philanthropic funder

Our Mandate:

- Originally commissioned to work with Senior Programme Officer at a philanthropic funder to update their strategy.
  - However, we quickly determined that the greater need was for a review of the landscape on a specific issue and provision of recommendations in preparation for first year grantmaking in this new portfolio.
  - The funder already had a strategy set out for the overall program, as well as specific issue-related goals and an established budget level. Our work thus took place within a somewhat bounded context.
- Overview of research
  - For first year grant making…
    - 15 interviews with field actors
    - 5 interviews with funders and experts
    - 1 funder staff interview
    - Extensive review of internal documents
    - Research into current state of issue, including reports, events, and news
  - Longer term grant making…
    - 5 interviews in Latin America

Stage 1 - Scoping

- Initial discussions with client, assessing needs, objectives, and the position of a new public finance portfolio within the larger organization.
  - Taking this time to understand the client's overall needs before diving into the request made it possible to shift the focus of OTT's work towards making recommendations rather than updating the strategy.
    - Once set to make recommendations, the client approved our proposal to focus on only four of the goals listed in its strategy, with a special emphasis on one of them.
    - Initial discussions included identifying potential areas of overlap between this new portfolio and other areas of the funder's work. These conversations enabled us to identify key stakeholders within the funder to whom it was necessary for the POC to speak, so as to define boundaries and protect relationships.
- Three initial interviews and desk research exploring the field, with an emphasis on a major multilateral's work on the issue.
  - In discussing these initial interviews with the client, we were asked to continue looking into a major global agreement despite others' views that it may not be worth pursuing further.
  - We thought about questions such as...
    - How likely is the global agreement to be accepted/rejected by different countries?
    - Who are the important actors (blockers/enablers of reform)?
    - Is this the key issue for organisations working on reforms right now?

Stage 2 - Research & Ongoing Alignment

- Introduced initial ideas to client to get feedback about the funder's interest
  - The global agreement
    - Regular meetings with and feedback from client to identify how far to pursue this work. Once he knew it likely would not be revised, he asked us to focus on identifying the agenda for low-income countries who were unsatisfied.
  - Issues such as transparency policies, reporting issues, other advocacy dimensions, other audiences
    - Client ruled out one issue and another issue (targeting a different audience) could be relevant *if* it is shown to impact government capacity and revenues.
    - Decided with client to track interesting topics that may not be immediately relevant (e.g. authoritarianism and financial secrecy)
- Considered who to interview (and in what order) in conjunction with client, allowing list to develop over time as perspectives and priorities became more clear.
  - Leveraged client introductions when relevant
  - Client joined some interviews to sit in and sometimes ask questions

Stage 3 - Develop Scenarios & Iterate

- OTT *framed a range potential scenarios*/approaches to public finance work for client
  - We did so by compiling a list of boundaries for the scenarios (e.g., proposes grants of appropriate size and timeframe, fits with funder's strategy and preferences for pathways of influence) and "driving themes" (e.g. opportunities/entry points within issue space, degree of focus on funder's strategic objectives, etc). This full list of scenarios was shared and discussed with the client.
- Engaged with client to more explicitly *inform and shape portfolio criteria*.
  - This resulted in a list of "necessary," "preferred," and "nice to have" elements. Possible scenarios were evaluated against these elements and our top three included all the "necessary" elements. *Drafting criteria in written form* allowed OTT to concretize the discussion and enabled reflection on potential assumptions or gaps in the criteria.
- Came up with a concrete list of scenarios, with a range of potential options (pragmatist, less pragmatist) and a more detailed analysis of the top three. We then *identified all the potential grantees which could fit* within each scenario.
- Developed additional *criteria for grantee selection* within these scenario.
  - Introduced topics such as expected time horizon for impact, expected measurability of impact, etc.
  - Some of these topics required further thinking/discussion internally within the funding organization in order to define priorities and criteria explicitly. In this project, such discussions took place over the course of the project and extended after submission.
- Further discussion (before and after memo submission) elucidated the clients' views on alignment with its strategy and grantees' "fluency" in other topics central to the funder's strategy.
  - It was agreed that scenarios could align with the funder's overall strategy in different ways, and did not all need to be optimized according to one specific set of criteria. It was necessary, however, for the groups of grantees to *tell a coherent story*. The client wanted a sense of how grantees/scenarios aligned, but not a specific grade. Entire scenarios/groups of grantees needed to be fluent in these issues but it was okay if one grantee within it was not as fluent.

Stage 4 - Finalize Recommendations & Info Materials

- Recommendations were made based on an earlier discussion of the full list of scenarios with the client. A joint decision was made to focus on three different scenarios described in detail, rather than to score every possible scenario according to the criteria.
- OTT's final recommendations were compiled into a formal memo, an outline of which had been previously shared with the client and iterated accordingly. This final memo included...
  - A summary of recommendations
  - An overview of the funder's strategy, the purpose of the memo, and the process undertaken
  - A consolidation of external context and findings from interviews
  - A more detailed exploration of the top three portfolio scenarios, including their objectives, entry points, theory of change, timeframe for impact, assumptions, and potential grantees. We also indicated which of the funder's objectives were fulfilled by each scenario and grantee, and provided a table comparing the top three scenarios.
  - A long list of additional scenarios that were considered
  - A list of key readings for reference
- While we worked closely with the POC and presented recommendations, it may have been advantageous to present to the funder's Director, as well.

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Stage 5 - Follow-Ups

- Identified several points for follow-up which had not been addressed prior before memo submission due to the short timeline of this project.
    - These included landscaping in Latin America, a discussion of risk, and the development of an initial list of implementation markers, as suggested by the client.
- Framing a discussion on risk (types, tolerance level) generated further insights.
    - E.g. Funder has a strong appetite for some types of high risk investing (e.g. organisations that need some support or are newer), but less interest in investing where definition of success/outcomes is unclear/amorphous.
    - E.g. Funder may be more risk averse in areas to which it is new, with potential for risk tolerance to grow over time.
- After submission, conducted landscaping of potential work in Latin America with a view to the funder's longer-term funding strategy.
    - The funder was looking for a regional focus for this landscaping while allowing salient countries to arise, rather than deep dives into particular countries. The goal was to develop an initial idea of key questions and if there are relevant key actors in these regions that the client might fund.
    - This took the form of several interviews with key players in the region and the development of another short memo which summarized interviewee's views on opportunities for advocacy and reform within the issue space, as well as strengths and weaknesses of current approaches and actors in the field. It provided several options for future work in the region, suggesting a focus on connecting technical experts with advocates by supporting national-level organizations, regional initiatives, or infrastructure and resources which could facilitate action.
- Potential further work
    - Summaries of evidence around key issues, evaluation of portfolios
    - Deepening nationally or regionally
    - Potential summary of research on evidence around revenue raising a specific aspect of fiscal policy (to help evaluate)

Strategies & Challenges:

Lessons learned and best practice for consulting with funders on developing grantee portfolios

Things to Consider: Getting to Know the Client

- Client organization and person of contact (POC)
  - Funder and POC's level of expertise, existing views on the issue
    - E.g. may want to add glossary of key terms to final output if funder's expertise differs from topic
  - POC's position within organization as a whole
    - What processes the POC will need to go through, including higher-level approvals?
  - How POC's views/priorities align with organization's and POC's awareness of this
  - Current grantees, how client wants these to fit into selection criteria/process
    - Funder's other portfolios
  - Other key people in organization to consult or bring in
- Priorities & preferences
  - Risk tolerance and type/time horizon for impact?
    - Are they looking for a tried and tested strategy vs potential for unique impact?
  - Preference for global, regional, or country level focus?
    - Do they have existing relationships with/views on certain countries?
  - Preference for Global South organisations?
    - How do they see Global North organizations that are Global South-aligned?
- Outputs
  - Identify level of detail client is looking for in final output.
    - Do they an executive summary or slide deck for high level executives?
  - What kind of information do they find compelling?

Things to Consider: Potential Grantees

- Alignment with funder's strategy → including specific goal areas
  - Who is looking at ultimate end goal vs intermediate steps in strategy vs narrative change?
  - Does the grantee have an agenda or is it a space for exchange? (especially networked orgs)
- Alightment with funder's ethos → explicit connection to human rights vs fluency in the language
- Funder's contribution → what would grantees do with more funding? Is there a potential for this grant to unlock further funding?
  - Sense that bilateral funders too risk averse for political work
- If events are volatile, may want to consider grantee with alignment to funder and capacity to respond (often organizations with stronger reputations and baseline financing)
- Which levels have influence (national, regional, domestic)? Technical vs political? Bottom up or top down?
  - Movement building, working in country to drum up appetite to become key voice at global level, or focus on regional or global
- Listening for yellow and red flags, such as issues with leadership, governance, financing, etc.

Lessons Learned: Interviews & Memo

- Be clear (to yourself/team) about expectations for interviews by using a semi-structured format but follow interviewee's expertise…allow yourself to be surprised and follow their threads
  - Read organizations' materials before the interviews
- Develop topic guides iteratively - add questions as thinking and criteria narrow
  - "What could additional funding mean to your work on x?"
    - Enabled identification of grantees who were already funded, which had a clear vision and theory of change
  - Indications of current annual budgets
- Potential elements to include in memo/final output
  - Scenarios & Recommendations
    - Scenarios should have a clear story
    - Recommend key scenarios, provide less detailed further options to frame thinking
    - Table of pros and cons, key boundaries drivers for each scenario
    - Define and identify exclusion criteria as well as issues to flag (e.g. coherence of grantees, ability to connect their work to a related issue, etc.)
    - Risks and possible markers of progress for each scenario
  - Context
    - Descriptions of grantees with objectives, theory of change, assumptions, timeframes
      - Does funder need forecasts of potential outcomes? Is this possible?
    - Context section outlining key issues, summary of takes and tactics, list of key reads.

Lessons Learned: Client Relations

- *Do not assume clients know exactly what they want.*
  - The scoping phase is crucial to helping the client identify their own priorities and what kind of recommendations/research they seek.
- Help POC understand where the portfolio sits within their organization and meet with other key stakeholders who may have views on the project.
  - Invite client to share past proposals, other potentially relevant documents at early stage to help develop own understanding of funding organization.
  - Help client think through decision-making process, identifying key moments/stakeholders early-on.
- *Provide written materials to client on an ongoing basis t*o enable discussions to be more concrete and for participants to prepare their thoughts and questions in advance. Incorporate client feedback into these documents.
  - Meeting agendas, meeting notes, action items, longlists of scenarios, draft criteria, memo outline, etc
- Tailor discussions and presentation to *client's style.*
  - For some clients, keep options open to allow POC to consider information presented and crystallize their thoughts before consultants outline own recommendations. For others, may be better for consultants to frame thinking and then have client react. Depends on how well client/consultant know the space and the funder.
- Set up *regular meetings*
  - Weekly call held space for the project and allowed for planning, as well as debriefing on interviews so the client is always up to date on findings and can adjust their thinking/reflect accordingly.
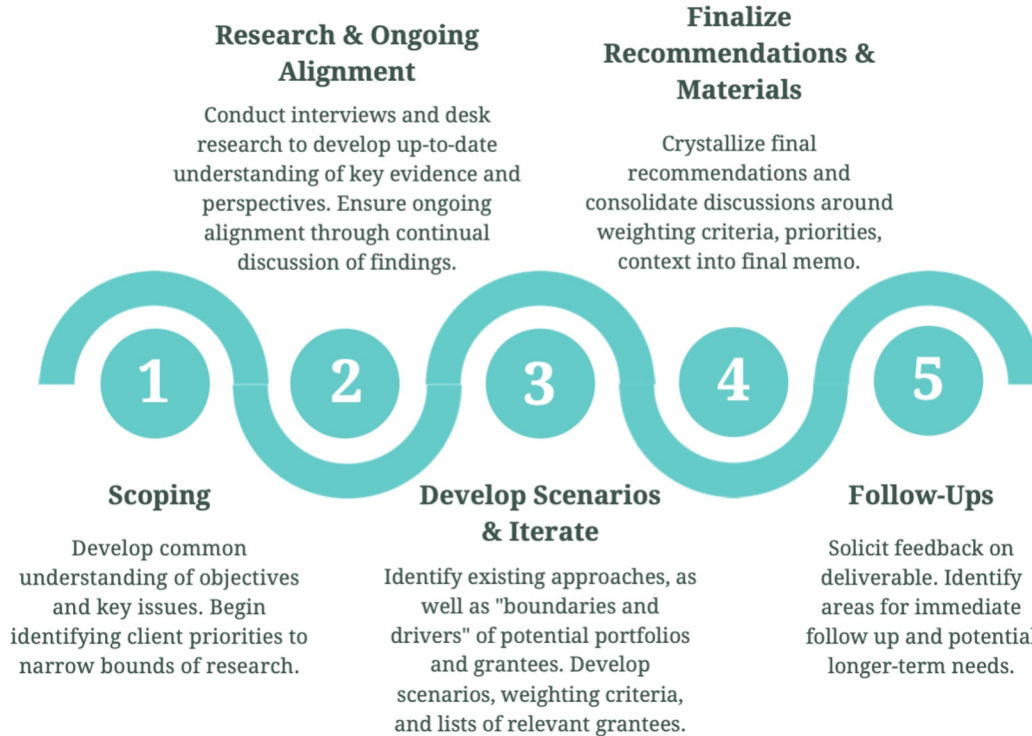
Lessons Learned: Framing Issues for Client

- For example, in this project, it was helpful to frame risk in terms of types, level of tolerance, and key questions.
- This facilitated a discussion on the client's risk profile and the potential risks posed by recommended scenarios.
- A similar framing exercise was undertaken in relation to markers of progress.
- To the right is an example of such a framing tool.

Impact Risk	Scenario 1	Scenario 2	Scenario 3
Questions to think about: **What does success look like for the funder?** **Does result equal tangible achievements of portfolio objective or can partial achievement or steps toward the objective count as result?**	High It is a big unknown whether the UN's role in relevant debates will play out in the way these organizations wish it to happen. In the meantime, they may fail to grasp opportunities that could have had positive impact on furthering relevant issues.	Low The grantees in this scenario portfolio are pragmatic in the way they engage with the issues, which probably also make them agile to maneuver a fast-changing policy context and react to, and grasp, opportunities as they arise.	Medium Change in policy/rules at the country level may or may not work but it is easier to achieve than change at the international level.

Potential Challenges

- Lack of clarity on client's priorities and criteria
  - Insufficient client contact could play into this.
  - Tight timeline may limit opportunities to explore, narrow, and define criteria.
  - If client does not have a strategy, then establishing goals or another approach (e.g., emergent philanthropy) may need to come first .
- Unidentified assumptions
  - Assumptions about evidence in the issue space, grantees' budgets or strategies, or the client's priorities have significant potential to shape the direction of research and recommendations. All assumptions should be identified and tested to the greatest extent possible.
- Timing
  - This funder needed recommendations within six weeks, and in this case, OTT delivered. But such tight timelines make adequate interviewing and research difficult, and needed to establish boundaries.
- Lack of grantee options or field coherence
  - The request for recommendations may be in a proper field with relevant organizations and long histories of funding. Other spaces may not have that, and thus may be more about building a field.
- Limited project management resources.
  - It is crucial to have a team member with time dedicated towards taking notes at meetings, following up on action items, tracking timelines, and assisting with background research.

Summary

Research & Ongoing Alignment

Conduct interviews and desk research to develop up-to-date understanding of key evidence and perspectives. Ensure ongoing alignment through continual discussion of findings.

Finalize Recommendations & Materials

Crystallize final recommendations and consolidate discussions around weighting criteria, priorities, context into final memo.

1 **2** **3** **4** **5**

Scoping

Develop common understanding of objectives and key issues. Begin identifying client priorities to narrow bounds of research.

Develop Scenarios & Iterate

Identify existing approaches, as well as "boundaries and drivers" of potential portfolios and grantees. Develop scenarios, weighting criteria, and lists of relevant grantees.

Follow-Ups

Solicit feedback on deliverable. Identify areas for immediate follow up and potential longer-term needs.

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