

NGOsource: A Case Study in Funder Collaboration and User-Centered Design

Grant Type: Dollar and staff time

Grant Amount: \$4 million

Organization: Amgen Foundation, Annenberg Foundation, BP Foundation, Carnegie Corporation of New York, Ford Foundation, Bill & Melinda Gates Foundation, GE Foundation, The William and Flora Hewlett Foundation, W.K. Kellogg Foundation, Kresge Foundation, The Lemelson Foundation, Levi Strauss Foundation, John D. and Catherine T. MacArthur Foundation, Gordon and Betty Moore Foundation, Rockefeller Brothers Fund, Rockefeller Foundation

What was the objective of your grant or initiative?

In 2005, US foundations shared a common problem. To comply with Internal Revenue Service regulations, they sought to determine whether overseas NGOs were equivalent to U.S. public charities before making grants.

The process for conducting equivalency determinations (EDs) was costly, inefficient, and duplicative. EDs couldn't be shared, and each one cost foundations \$5,000 to \$10,000 in legal fees. Overseas NGOs were also handling redundant requests for information in varied formats.

Streamlining the process of equivalency determinations represented an opportunity for outsized impact – saving foundations money and time in redundant compliance costs and NGOs time in responding to duplicative requests.

What was your approach?

Funder Collaboration

A group of foundations, along with the Council on Foundations, decided to work together to develop a solution: an ED repository. Through a Request for Proposal process, nonprofit social enterprise TechSoup Global was selected to build, launch and run this service, naming it NGOsource. The participating funders provided seed funding to TechSoup Global, with the expectation that the service would soon become self-sustaining based on fee revenue for ED services.

They proposed changes to regulations to clarify the requirements for EDs. The same collaborators worked for several years with the Treasury and IRS to facilitate a rule change in 2012 allowing repositories like NGOsource to serve foundations' compliance needs.

User-Centered Design

The Council on Foundations brought on a design partner Information Age Associates to lead a user-centered design process to create a repository of standardized EDs. They created an Advisory Council of potential users to inform the design of the service. Input from these users guided the design of NGOsource's online platforms and service model, and it continues to guide improvements and enhancements to the service.

What were the outsized results?

Within 18 months of its launch, NGOsource had conducted over 390 EDs in 75 countries and in five languages. Over 60 grantmaker members joined NGOsource including large foundations, leading donor advised funds, as well as corporate grantmakers, community foundations, and family foundations.

Each ED saves the grantmaker thousands of dollars in staff time and legal cost, and saves the overseas NGO an average of two days of staff time. Grantmakers benefit from due diligence done by others— existing ED certificates are immediately issued for only \$250, bringing down the cost and complexity of doing international grantmaking.

