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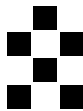
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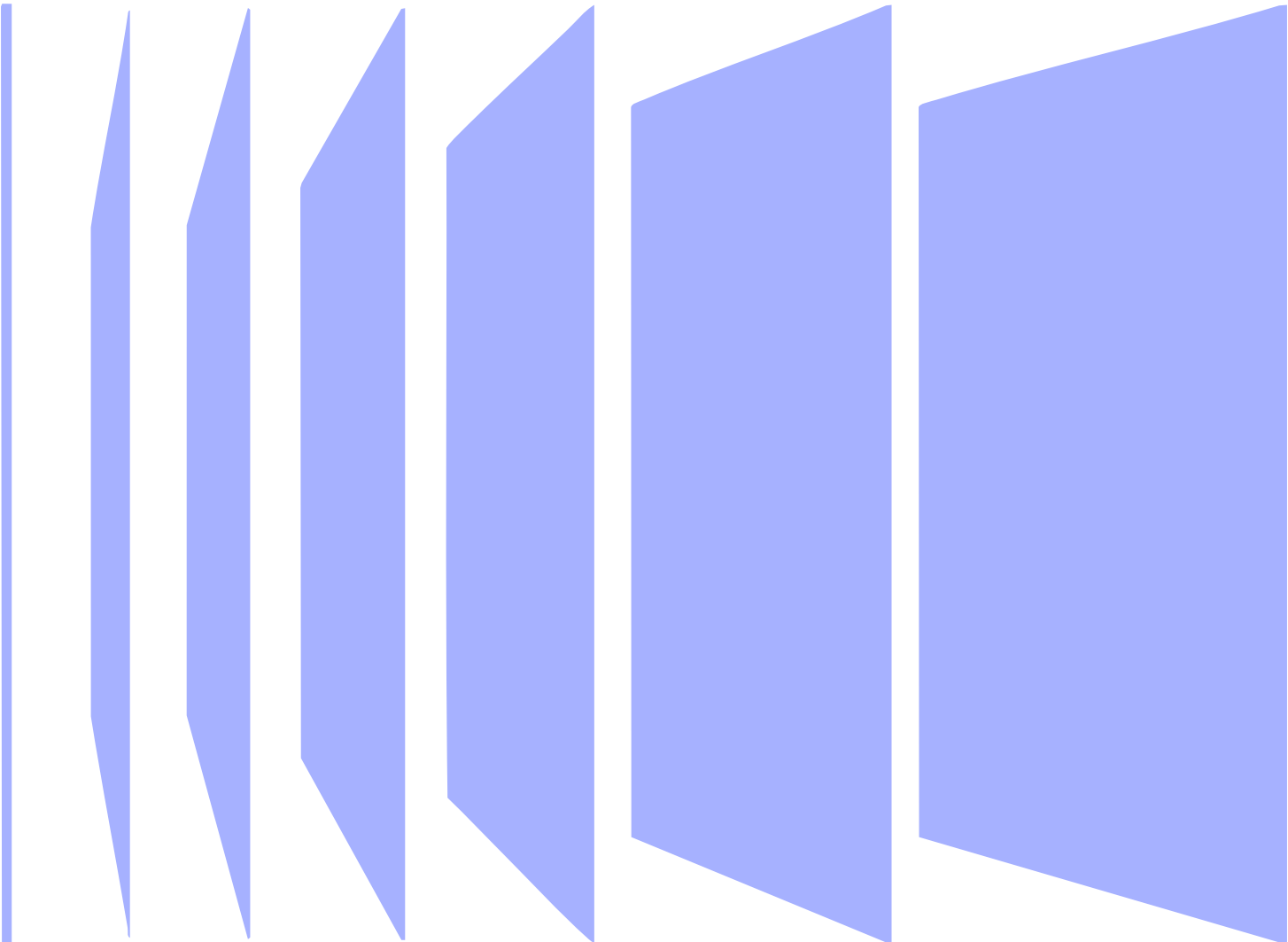
Organizational development of the third sector

The Fondazione Compagnia di San Paolo
experience, through the outcomes of *Next Generation You*

Editors: Simone Martino and Riccardo Pelosi



Organizational development of the third sector





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In recent years, capacity building has established itself as one of the most important strategic levers that philanthropic foundations use to structurally strengthen third-sector organizations, by enhancing their effectiveness, sustainability and capacity to generate impact in the medium to long term. Against a backdrop of increasingly complex, unstable and interconnected social needs, strengthening organizational capabilities is no longer ancillary or merely instrumental to the implementation of individual projects; it is a central plank of philanthropic policies designed to deliver systemic change.

The international literature and the experiences of the leading foundations, however, show that capacity building is an intrinsically complex area, not only in terms of design, but also in terms of implementation and evaluation. Processes of organizational change are rarely straightforward, and depend to a large extent on context and the interaction between financial resources, skills, governance structures, leadership and organizational culture. This complexity generates a structural tension between the need for organizations to equip themselves with recognizable, comparable tools and models, and the need to adapt interventions to the specific characteristics of the organizations involved, in order to avoid unduly standardized or prescriptive approaches.

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To address this complexity, the Foundation has been promoting interventions tailored to the specific needs, strengths and fragilities of each organization, as from the four-year period 2021-2024, for the specific purpose of fostering their medium-to-long-term autonomy. The 2025-2028 Strategic Plan has further developed this framework, by formalizing four cross-cutting methodologies – *Mobilization & Partnership, Learning, Advocacy* and *Internationalization* – and establishing three key principles for contemporary philanthropy: trust, risk and flexibility. Within this framework, organizational enhancement becomes a vehicle for making planned flexibility operational, by facilitating the construction of sustainable local ecosystems and the generation of long-term transformational and multiplier effects.



This *white paper* forms part of the above framework, and has a clearly defined and delimited goal, namely to conduct an in-depth analysis of a specific capacity-building programme – *Next Generation You (NGYou)* – with a view to gaining useful insights to help shape the policies and practices of the foundations and other actors involved in boosting the organizational capacity of the third sector. The paper is intended neither to provide an exhaustive record of the capacity-building initiatives promoted by FCSP, nor to propose universally valid models, but to use a solid, documented case study as a means of insider analysis.

The decision to make *Next Generation You* the focus of this *white paper* was driven by multiple factors. Firstly, *NGYou* is one of the most structured and continuous capacity-building initiatives that FCSP has promoted. Its multi-year duration and its roll-out in multiple editions enables us to observe not only the immediate effects of the interventions, but also the trajectories of organizational change that it has given rise to over time. Secondly, the programme stands out for its approach, which combines dedicated financial resources and support in the form of consultancy, training courses and peer-to-peer learning spaces, in such a way that it deliberately targets organizational development and not just project support.





One of the central features of *Next Generation You* is the number and variety of evaluations carried out on it. Over the years, the programme has undergone multiple evaluations, combining different sources and approaches, such as implementation analyses, qualitative assessments, use of administrative data, measurements of perceived change and counterfactual impact assessments, including detailed studies of specific dimensions – for example, organizational capacity, relational dynamics, and economic and financial solidity. This layered evaluation makes *NGYou* a particularly suitable case for in-depth analysis, because it enables us to examine capacity building not only in descriptive terms, but also in terms of its effects, operating mechanisms and the conditions that influence how effective it is.

In light of these factors, this white paper takes *Next Generation You* as a central case study, not because it represents all possible capacity-building experiences, but because it provides a sufficiently robust, well-documented and well-structured basis for conscious reflection on the strengths, limitations and challenges of this type of intervention. The decision to focus on a single programme therefore represents a deliberately analytical and methodological choice, aimed at prioritizing depth of analysis over breadth of coverage.



The paper's structure reflects this approach.

— Part I

The purpose of Part I is to provide context.

- **Chapter 1** reviews the evolution of organizational development in international debate, highlighting the main conceptual and operational changes it has undergone and the tensions that exist between its design and evaluation.
- **Chapter 2** examines FCSP's own developmental journey in relation to organizational development, by describing the evolution of the policies, instruments and methods of intervention it has adopted over the course of the last few four-year planning periods, and setting out the institutional and strategic context in which *Next Generation You* was conceived.
- The case study is the focus of **Chapter 3**, which systematically describes the programme's genesis, goals, duration, editions and overall architecture, as well as the main design choices that guided its implementation.

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— Part II

Part II discusses how the programme functions in practice, with a focus on the considerations and arrangements involved in its implementation, the coherence between its design and implementation, and the types of support provided.

- **Chapter 4** examines the critical issues faced by organizations during the first edition of the programme, and is backed up by triangulation with the testimony of FCSP personnel and strategic consultants. The subsequent chapters tell the story of how the initiative evolved continuously from one edition to the next, so as to maximise its ability to address the needs and challenges that emerged, by taking appropriate corrective action.



- The account provided by FCSP's functionaries (**Chapter 5**) offers a clear picture of this,
- as does that of the experts involved in selecting grant applications (**Chapter 6** and **Chapter 7**).

— Part III

Part III focuses entirely on the results of the evaluations carried out on the first edition of *Next Generation You*.

- **Chapter 8** explores the relational dynamics spawned by the programme, with a special emphasis on the generative and evolutionary aspects of the relationship between FCSP and its beneficiary bodies.
- **Chapter 9** sets out the results of the impact assessment on organizational and managerial capacity, and discusses the effects observed, alongside the points requiring particularly cautious interpretation.
- **Chapter 10** analyses the effects of *NGYou* on the economic and financial solidity of the participating organizations.

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Overall, this *white paper* uses *Next Generation You* as an insider's lens through which to examine and analyse capacity building as a strategic choice for contemporary philanthropy. By analysing a single programme and its multiple evaluations in depth, this paper aims to make an empirically-based contribution to the debate on organizational development, and to provide valuable insights to anyone involved in designing, funding, implementing and evaluating capacity-building interventions in the philanthropic and social-policy arena.

Alberto Anfossi
Secretary General of Fondazione
Compagnia di San Paolo



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Executive summary

FCSP has gradually consolidated a strategic approach to capacity building and the organizational development of third-sector bodies in recent years, because it sees these factors as pre-requisites for achieving sustainable, lasting impacts in the catchment area. No policy, investment or project, after all, can secure permanent effects without deliberate investment in strengthening the people and organizations called upon to achieve those effects.

This aim of this first collection of evaluation studies in the Philanthropy Lab – Learning Insights series is to collect and systematically assemble the key results and learnings from evaluations of capacity-building activities promoted by FCSP during the four-year period 2021-2024, by cross-referencing impact analyses, qualitative studies and strategic reflections. Of the various capacity-building and *organizational development* programmes supported and implemented by FCSP, we have picked the *Next Generation You* programme as our main case study, partly because of its scale and the wide range of organizations involved in it, and partly because it is an effective test bed for investigating the Foundation's approach to capacity building and organizational development, into which guidance, evaluation and learning have been integrated throughout the programme's life-cycle.

The concept of capacity building has evolved profoundly over the past three decades. Starting life as a limited vision, geared mainly towards transferring individual technical skills, it has become a multi-level effort based on a dynamic, contextual and systemic process. Chapter One retraces the main stages of evolution of the concept of capacity building and shows how experiences in the United States in the 1970s, initially aimed at strengthening local administrations, gradually evolved into international cooperation, where capacity building and *capacity development* were viewed as a means of boosting partner countries' ownership of their policies and the sustainability of institutional reforms. As from the 2000s, the contribution of major international organizations led to explicit recognition of the need to act on the individual, organizational and systemic levels simultaneously, on the basis of pillars such as institutions, leadership, knowledge and *accountability*. Within the third sector, this gave rise to a definition of organizational capacity as the set of skills, procedures, resources and cultures that enable organizations to govern their mission in the long term, adapt to changing circumstances, and generate social value for the communities they serve. This chapter also clarifies the conceptual distinction between capacity building and *organizational development*: the former involves targeted interventions on specific dimensions of capacity (e.g. governance, fund-raising, information systems, management skills), whereas the latter relates to broader, long-term processes that affect organizational culture, internal relations and the ability to learn. Within the adopted framework, capacity building is viewed as an operational lever for putting the broader goals of organizational development into practice.



This is the theoretical basis for the pathway taken by FCSP, which is described in the chapter covering its approach to capacity building and organizational development. Over the four-year period 2021-2024, the Foundation phased out its traditional model of grant-making, to replace it with an impact-oriented approach entailing the recognition that the quality and sustainability of projects also depend on the robustness and resilience of the organizations that promote them. Organizational development was conceived as a multi-pronged set of interventions, including organizational analysis and diagnosis, support for the diversification of funding sources, guidance on European planning, staff training and the development of internal evaluation and management skills.

Against this backdrop, *Next Generation You* is the main initiative through which FCSP has systematically tested its approach to capacity building in the third sector. The chapter on the framework of the experimentation describes a programme that involves most of the Foundation's thematic areas of intervention, is aimed at supporting organizational development pathways, and combines monetary grants, tailored guidance and collective learning opportunities. Designing the call for proposals, which was divided into multiple editions, involved in-depth discussion with third-sector bodies, the formulation of co-designed organizational development plans and a firm focus on evaluation, from the outset. As time went by, adjustments were made to this framework on the basis of systematic consultations with the beneficiaries and FCSP's own officers. This made it possible to refine the selection criteria, modulate the intensity of guidance and extend training opportunities, while retaining the overarching idea of supporting organizational development as a vehicle for boosting the effectiveness and sustainability of actions in the catchment area.

Another key feature of the programme is its commitment to developing the skills of professionals, as discussed in more detail in the chapter on vertical topics, training and *learning by doing*. The programme included a training component focused on areas deemed strategic, from co-design to legal affairs, innovative finance, European funds, Italy's national recovery and resilience plan (PNRR), environmental sustainability and the digital transition. This was managed by involving dedicated experts, tasked with delivering training, consulting and help-desk services. The transition from isolated webinars to a structured training environment, supported by digital platforms and pathway-tracking systems, led to a significant increase in the range and number of indirect beneficiaries and a more systematic approach to building human capital, with a positive impact on the design quality of the initiatives.



Within the array of analyses carried out, the evaluation plan adopted for *Next Generation you* confirms **the importance of adhering to an integrated methodological approach, combining both quantitative and qualitative instruments**. The chapters on evaluation show how the use of counterfactual techniques, combined with in-depth qualitative investigations, made it possible to distinguish the actual effects of the programme from general contextual trends more precisely, thereby enhancing the reliability of the evidence produced. The decision to draw up the evaluation plan at the same time as the initial design of the programme also made it easier to ensure that the data collected was comparable across different time periods and different bodies, thus refining the analyses of differences in impact and organizational development trajectories.

- **Qualitative evidence** – based on in-depth interviews, focus groups and analysis of documentation – revealed changes that were less immediately quantifiable but equally crucial to the interpretation of the results, such as the evolution of organizational cultures, the strengthening of trust-based relationships with FCSP, and internal team dynamics. Systematic triangulation between different sources and perspectives helped reduce perceptual *bias*, validate results and enhance the role of evaluation as a collective learning system, as well as a reporting tool.

The results show an overall positive picture, alongside several problem areas, which represent important lessons learned.

Qualitative analyses highlight a growing awareness of the value of organizational enhancement and evaluation as vehicles for development, as thinking in terms of short-term projects gradually gives way to more strategic approaches aimed at economic sustainability. These effects can be seen most clearly in organizations that have complemented the organizational development pathway with a partial rethink of their mission and local positioning. Another important result concerns the way that relations between FCSP and its beneficiary bodies have evolved. Once primarily transactional and hierarchical, these relations have gradually acquired a more cooperative and horizontal nature, based on trust, communication and mutual recognition of expertise.

- The **quantitative evidence** indicates major improvements in organizations' performance in various areas, such as governance, strategic planning, formalization of internal procedures, increase in staff numbers – especially permanent staff – and training activities. In counterfactual terms, the impact of *NGYou* mainly finds expression in the improved operational efficiency and economic and financial independence of the organizations concerned. The improved credit rating of beneficiary bodies, assessed in hypothetical terms



against a control group of non-participating bodies, provides another indicator of how the call for proposals has enhanced its beneficiaries' organizational structure and capital strength.

Alongside these results, there are also several **problem areas**, notably:

- the need to tailor the intensity and duration of support programmes more closely to the different organizational profiles of the bodies concerned;
- the risk that changes initiated fail to establish themselves in the medium term, in the absence of formal organizational choices;
- the need to further enhance in-house evaluation skills, in such a way as to make evaluation an integral part of the decision-making process, rather than a box-ticking exercise.

Other areas requiring attention include the alignment of FCSP's expectations with the expectations of partner bodies, especially in the most fragile contexts, so as to ensure that experimentation and risk-taking does not give rise to levels of uncertainty that are difficult to sustain.

The resulting **policy implications** are significant both to FCSP and the philanthropic and institutional ecosystem as a whole. The evidence confirms the following:

- the importance of viewing capacity building as a long-term strategic investment, permanently integrated into the multi-year plans of foundations;
- the need to complement financial interventions with structured forms of guidance, training and consulting;
- the desirability of more integration between philanthropic policies and public and private funding instruments;
- the value of evaluation as a means of continuous learning, with the ability to guide the adaptation of policies and programmes.



KEY TAKEAWAYS

- 1 The concept of capacity building has changed radically over the years. Starting life as a narrow focus on technical skills transfer, it now recognises the need for simultaneous interventions on institutions, leadership, knowledge and *accountability*, as interconnected and interdependent dimensions. Whereas *organizational development* is aimed at transforming the organizational culture and learning capacity of organizations in the long term, capacity building consists of targeted interventions on specific skills and resources (e.g. governance, fund-raising, information systems) with a short-to-medium time horizon. To manage organizational development effectively, it needs to be deliberately integrated with capacity building ([Chapter 1](#) →).
- 2 FCSP has been supporting the organizational development and capacity building of third-sector bodies since the publication of its Strategic Plan for 2021-2024. FCSP's approach has taken the form of a multi-pronged set of interventions (organizational diagnostics, support for financial diversification, guidance on competing for funding from other sources, training, development of evaluation skills), which has gradually been integrated into the strategies of all grant-making areas ([Chapter 2](#) →). This reflects both an understanding of the fact that the quality of projects depends on the solidity of the organizations that implement them, and FCSP's interpretation of the philanthropic principle of flexibility.
- 3 *Next Generation You* is a multi-year intervention specifically aimed at the organizational development of third-sector bodies ([Chapter 3](#) →). As well as providing the support of a strategic consultant, the three editions of the programme also included training in strategic areas (co-design, innovative finance, PNRR, environmental sustainability and digital transition) and dedicated support services ([Chapter 5](#) →). This architecture has made it possible to address both cross-cutting needs (common technical skills) and specific needs (differentiated organizational fragilities).



- 4 *NGYou* has evolved over the years, giving rise to processes of negotiation, role adaptation and shared building of meaning. The actors have shaped their interactions dynamically along the way, resulting in new forms of cooperation and the mutual redefinition of expectations ([Chapter 4 →](#)). Over the course of the three editions, the programme has addressed problem areas systematically (tailoring the intensity and methods of monitoring, consolidating organizational changes, developing internal evaluation skills), by deliberately introducing corrective measures, thereby demonstrating remarkable adaptability ([Chapter 4 →](#) , [Chapter 5 →](#)). This is also reflected in the improved quality and sustainability of the organizational-development projects submitted at the application stage ([Chapter 6 →](#) , [Chapter 7 →](#)).
- 5 Quality of relationships emerges as a central factor. The relationship between FCSP and the *NGYou* beneficiary bodies has gradually shifted from a transactional and hierarchical model, towards a more horizontal model. The trust that has been steadily established and the intentional evolution of the support tools (monitoring, methodological frameworks, training opportunities) have fed into a dynamic of mutual learning that has turned potential conflicts into opportunities for constructive discussion ([Chapter 4 →](#) , [Chapter 5 →](#) , [Chapter 8 →](#)).
- 6 Despite this, the implementation of *NGYou* has clearly highlighted the need to tailor the intensity and duration of support to the specific organizational profiles of the beneficiary bodies. Excessive intensity exposes organizations to the risk of overload, thus undermining the sustainability of the change. Conversely, where support is insufficient, the results tend to be sub-optimal and organizations struggle to consolidate the changes they have embarked upon. Dealing effectively with this tension requires continuous dialogue between funding providers and beneficiaries, accurate assessment of capacity to absorb organizational development and a willingness to revise plans in the course of implementation. Foundations need to equip themselves with monitoring systems that observe outputs and outcomes, but they also need to engage in active listening ([Chapter 4 →](#) , [Chapter 8 →](#)).



- 7 Gross impact analyses, which record changes deriving from the call for proposals on a straightforward before-and-after basis, provide evidence of major improvements in beneficiary bodies in terms of organizational and management capacity, propensity for strategic planning, staff training and permanent employment ([Chapter 9](#) →). At the same time, the beneficiary bodies of the second and third editions show considerable ability to attract additional resources, especially from the PNRR ([Chapter 5](#) →), and increase their operating budgets and project co-funding ([Chapter 2](#) →). Qualitative analyses also highlight a growing awareness of the value of organizational development and evaluation, as thinking in terms of short-term projects gradually gives way to more clearly strategic approaches ([Chapter 8](#) →).
- 8 Counterfactual analysis, which compares the performance of the beneficiary bodies with a control group, paints a multi-faceted picture. Social cooperatives have not been observed to benefit from any major impacts in terms of revenues or investments, but they have shown improvements in terms of operational efficiency and economic and financial sustainability ([Chapter 9](#) →), which backs up and confirms the evidence generated by the gross impact analysis. These results are consistent with those for the full range of beneficiaries, which also includes various associations. The full results show an improvement in the position of *NGYou* participants in terms of potential conditions for access to credit ([Chapter 10](#) →).
- 9 The *NGYou* experience exemplifies the shift from the notion of capacity building as a means of transferring technical skills, towards the broader notion of “organizational development”, aimed at enhancing organizations’ capacity to adapt, i.e. their ability to monitor, evaluate, respond to and promote change in response to changing contexts. Empirical evidence shows that organizations that have developed not only sectoral skills (European project design, financial management) but also internal evaluation capacity (self-assessment, organizational learning) are associated with more sustainable development trajectories. This has major implications for the design of future capacity-building initiatives, showing that there is a need to work on three levels simultaneously (individual, organizational, systemic) and to constantly target organizations’ ability to learn and adapt over time, rather than just acquire specific skills ([Chapter 1](#) → , [Chapter 3](#) → , [Chapter 5](#) → , [Chapter 9](#) →).



THE FIRST EDITION OF *NGYOU* IN FIGURES





PART I



Theoretical overview and positioning of Fondazione Compagnia di San Paolo



CHAPTER 1

The evolutionary process of capacity building

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This first chapter provides an overview of capacity building, and outlines its conceptual framework and evolutionary trajectories, with a specific focus on the third sector. Rather than an exhaustive review of the literature, it aims to provide key definitions and illustrate the main approaches taken by international organizations and institutions, so as to equip readers with the tools they need for a critical reading of the chapters that follow. Lastly, by analysing five exemplary case studies, this chapter offers a combination of theory and practice, with a view to putting the concept of capacity building into context within the current landscape.



1.1 INTRODUCTION

Over the past three decades, we have seen a growing awareness of and focus on capacity building, which is defined as the process by which individuals, organizations and societies develop the capabilities to set and achieve goals in a sustainable manner (UNDP, 1998).

Although its profile has risen in recent years, the concept of capacity building has its roots in the United States in the 1970s, when the term was used to describe programmes designed to help local government bodies acquire and develop the necessary skills to implement fiscal decentralization policies. Against this backdrop, there was a special focus on the organizational and management skills of local governments, with a view to boosting their ability to achieve social goals, make informed decisions and allocate resources efficiently, in order to deliver immediate and efficient public services and goods (Venner, 2015; Zamfir, 2017).

FOCUS 1

Capacity building or *organizational development*?

In the public debate about strengthening third-sector organizations, the terms "*organizational development*" and "*capacity building*" are often used as synonyms. The scientific literature, however, draws a clear distinction between them, treats them as complementary but not interchangeable, and differentiates them on the basis of aim, rationale for action and time horizon (Kaplan, 2000; Connolly & York, 2003).

— **Organizational development**

Organizational development is based on behavioural science and addresses internal processes and organizational culture. It focuses on **how** organizations work, in terms of climate, relationships, leadership, change management and capacity to adapt. Its aim is to boost organizational health and the ability to learn and adapt over time (Backer, 2001).





— Capacity building

Capacity building is a set of actions aimed at enhancing the skills, resources and tools that an organization needs to carry out its mission effectively. It focuses on **the areas** to be strengthened, such as governance, fund-raising, strategic planning, information systems, financial management, evaluation and learning. Its aim is to improve operational efficiency and performance sustainability in the short-to-medium term (McKinsey & Company, 2001).

The literature on the non-profit sector (Connolly & York, 2003), developed within the TCC Group¹, views capacity building as an operational vehicle for achieving the broader goals of *organizational development*. Within this framework, organizational capacity is divided into four interdependent dimensions: adaptive, managerial, technical and leadership capacity.

OD acts cross-cuttingly on the culture and processes that hold these dimensions together, whereas capacity building targets each of those dimensions with a view to strengthening them individually.

Table 1 compares the key features of *organizational development* with those of capacity building.

TABLE 1
Comparison of the features of *organizational development* and capacity building

<i>Organizational development</i>	Capacity building
Continuous process	Targeted interventions
Culture and processes	Skills and resources
Long term	Short to medium term
Resilience and learning	Efficiency and performance

1. A New York-based consulting firm specializing in assisting its clients with *organizational development* and/or capacity building processes.



Since the 1990s, the concept of capacity building has expanded to include international cooperation, so as to highlight the need to strengthen the decision-making, managerial and institutional capacities of partner countries, as well as to ensure the success and self-sufficiency of cooperation initiatives. In this context, people often talk about *capacity development*, rather than capacity building. The two terms are very similar and are sometimes used interchangeably, but they have different meanings. Capacity building denotes the building of new skills, according to a defined approach, whereas *capacity development* denotes a dynamic development pathway, where the parties involved are recognized as holders of skills and knowledge, and take active part in every stage of the development process (UNDP, 1998; Venner, 2015; Zamfir, 2017).

In discussing the causes² of the frequent failures of technical cooperation in Africa, and its inability to exert a lasting impact and give rise to structural independence once external funding is used up, Berg (1993) posits that priority should be given to capacity building in order to redefine the cooperation model that existed until then. In the same period, Dia (1996) introduced capacity building as a tool for reconciling imported “formal” institutions with local “informal” institutions, by promoting bottom-up community participation in service planning, project management and decentralized governance.

In later years, capacity building started receiving support from international bodies such as the OECD (1996) and the United Nations Development Programme UNDP (1998), and established itself as a key plank in aid policies, where partner countries have primary ownership, and donors play a supporting role. As from the early 2000s, this approach has been reinforced by the Paris Declaration on Aid Effectiveness (2005) and the *Accra Agenda for Action* (2008), which recognized capacity development as a pre-requisite for planning, managing and reporting on development policies and programmes independently and sustainably. From this perspective, capacity building is seen as an endogenous process, guided by the countries themselves, which define its goals and strategies. Donors commit to providing analytical expertise and financial support, while aligning themselves with national systems, especially in relation to monitoring and evaluation.

In a recent review of the literature, Kacou, Ika and Munro (2022) outline the evolution of the concept of capacity building between 1950 and 2020, and reconstruct how the level of capacity to which the term refers has changed. Since the 1970s, the notion of capacity has gradually shifted from the individual level, revolving mainly around technical and training skills, to the organizational level in the 1980s and 1990s, and then to the institutional level in the 2000s onwards, to create a system that is conducive to development. The three levels continue to coexist and remain closely interconnected, despite the different emphasis placed on one compared to the others at different times.

2. The main causes of the failures of technical cooperation in Africa, identified by Berg (1993), are: i) lack of local ownership – the donor-centric model relegated partner countries to mere executors, with no genuine leadership or commitment; ii) insufficient staff incentives – low wages and an absence of incentive mechanisms undermined the long-term commitment of local staff; (iii) rigid blueprint-based approaches – off-the-peg plans based on pre-defined donor outputs proved to be incapable of adapting to local contexts to generate transformational change.



EXEMPLARY CASE #1

A CAPACITY-BUILDING MODEL GEARED TOWARDS ORGANIZATIONAL DEVELOPMENT: THE FORD FOUNDATION'S BUILD PROGRAMME

**Ford
Foundation**

USA

Launched in 2015, the Ford Foundation's BUILD programme (Building Institutions and Networks) is a capacity-building initiative aimed at the long-term organizational development of organizations engaged in tackling structural inequalities. The programme is based on the assumption that the capacity of organizations to generate social impact is highly dependent on the sustainability of the organizations concerned, and that this is linked with institutional factors such as leadership, governance, internal processes and financial stability, which cannot easily be developed by means of short-term and tightly constrained project funding.

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In operational terms, BUILD involves the award of multi-year grants, typically for periods of five years, based mainly on unconstrained general operating support, alongside resources earmarked for organizational development. The beneficiary bodies define their own institutional strengthening plans, based on a diagnosis of their critical capabilities and strategic priorities. The Foundation's role is primarily to provide methodological support and access to consultancy and discussion forums, without prescribing any content or specific development trajectories. The approach is adaptive, so that priorities can be revised over time in response to changes in context.





EXEMPLARY CASE #1

The programme operates on a global scale and involves hundreds of organizations, many located in the Global South, and mainly working in civil rights, economic justice and advocacy.

BUILD was accompanied by a wide-ranging developmental evaluation, conducted by NIRAS between 2018 and 2022, which is one of the hallmarks of the initiative. The evaluation was designed as a longitudinal process of ongoing learning, aimed at understanding the programme's operating mechanisms and organizational effects, while shaping how the model was adapted over time.

The evaluation design was based on a multi-faceted mixed-methods approach, combining quantitative and qualitative instruments at multiple levels. More specifically, the grantees (of which there were 124 in 2021) were asked to take part in longitudinal surveys (yielding a response rate of 44%), by means of which it was possible to observe the evolution of organizational indicators over time. This evidence was supplemented with 104 qualitative case studies, based on in-depth interviews with beneficiary bodies and major stakeholders, and an Online Interview Tool used

by 82 participants. The evaluation also included an analysis of the financial statements of a sub-sample of organizations, which made it possible to triangulate the reported perceptions with objective data on financial performance. Lastly, the results were compared with external benchmarks, particularly in the form of data held by the Center for Effective Philanthropy (CEP), thereby strengthening the interpretation of the data.

The quantitative evidence indicates that a substantial majority of grantees associate support for institutional development with improvements in their ability to pursue their mission: 91% of organizations reported that the support made a positive contribution to their mission impact, of which 70% defined this contribution as substantial. 83% reported an increase in their financial resilience over the implementation period, with significant differences between the US and the Global South. Solid results also emerged in terms of organizations' capacity to support their own field or network (98%) and increased organizational resilience, defined as the capacity to respond to external threats and opportunities.



EXEMPLARY CASE #1

FIGURE
Areas in which the organizations reported a positive contribution

Source: *Developmental Evaluation - NIRAS (2018-2022)*



The financial analysis showed improvements in reserves of liquidity, especially in the sub-sample of organizations from the Global South, whose average reserves doubled between 2016 and 2018. From a relational point of view, a significant share of grantees (65%) reported more open, trust-based relationships with the Foundation’s programme officers, which suggests that the funding and support model can also affect funder-grantee dynamics.

Overall, BUILD can be seen as a capacity-building model geared towards organizational development and characterised by a combination of multi-year funding, operational flexibility and non-prescriptive support. The

evaluation provides an array of relatively robust empirical evidence on the organizational effects of the programme, although its design did not include any counterfactual component and the number of organizations surveyed was limited. Question marks remain over the wider applicability of the results of the evaluation, the sustainability of the effects beyond the funding period and the role of contextual factors. Despite these limitations, stemming primarily from the evaluation methodology, BUILD remains an important benchmark in the international debate on philanthropic capacity building, by virtue of the scale and duration of the initiative, and the systematic nature of the evaluation by which it was accompanied.



1.2 DEFINITIONS OF CAPACITY BUILDING

In the scientific and institutional literature, there is no single definition of capacity building (or *capacity development*), but there are many perspectives on it, many of which converge with each other, while retaining different nuances. Some academics and organizations interpret capacity building as a process, others as an approach, a goal or a tool (Kacou, Ika and Munro, 2022).

Zamfir (2017), in a briefing to the *European Parliamentary Research Service*, compares the definitions adopted by various international bodies and organizations, and highlights the conceptual evolution from traditional approaches (training and institution building) to holistic, *country-led*, multi-level processes that incorporate individual, institutional and systemic dimensions.

The *UNDP* (2009) defines *capacity* as the ability of individuals, institutions and societies to perform functions, solve problems, and set and achieve goals in a sustainable manner. It defines *capacity development* as the process through which the above actors obtain, strengthen and maintain the capabilities to set and achieve their own development goals over time.

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It defines capacity building as a process that supports only the initial stages of building or creating capacities and assumes that there are no existing capacities to start from. *Capacity development*, by contrast, focuses on empowerment and on strengthening the endogenous capabilities of communities, to gain the maximum potential from local resources, in terms of people, skills, technologies and institutions. Its aim is to build sustainable development, by choosing the strategies and methods best suited to the local context, and promoting institutional reforms to ensure that change lasts in the long term.



The *UNDP* distinguishes **three levels of capacity building**: systemic, organizational and individual. Each level is inextricably linked with the others, and they all influence each other. More specifically:

- the **systemic level** is defined as the social system in which organizations and individuals operate, consisting of rules, laws, policies, power relations and social norms that govern civic engagement;
- the **organizational level** is linked with institutions and refers to the internal structure, policies and procedures that determine an organization's effectiveness;
- the **individual level** is linked with the skills, experience and knowledge that allow each person to perform. Some of these are acquired formally, through education and training, while others come informally, through doing and observing

While the systemic level defines the goals of capacity building, the organizational level enables them to be translated into action, by providing groups of individuals with learning opportunities. Organizational and systemic factors, in turn, determine access to the resources and experience that shape the development of individual capacity. In the same way, the degree of capacity developed by each individual influences systemic and organizational factors.

Based on first-hand experience, the *UNDP* (2009) identifies **four core issues** for capacity building: institutional arrangements, leadership, knowledge and *accountability*. The four issues are interconnected and reinforce each other, so intervening in one domain can generate positive externalities in the others.



FOCUS 2

Capacity-building pillars

According to the UNDP, in *Capacity Development: a UNDP Primer* (2009), the four pillars of capacity building are: institutional arrangements, leadership, knowledge and *accountability*.

Institutional arrangements

These are the policies, practices and systems that allow for effective functioning of groups or organizations. They stem from a combination of “hard” rules (laws, contracts) and “soft” rules (codes of conduct, generally accepted values). (UNDP, 2009 p. 13)

Leadership

Leadership is the ability to influence, inspire and motivate others to achieve goals, and to anticipate and respond to change. It is not confined to formal positions of authority but operates at all levels: individual (charismatic leaders), organizational (organizations, entities) and systemic (transformational social movements). (UNDP, 2009 p. 14)

Knowledge

Knowledge is what people know, and underpins all development processes. Traditionally fostered at the individual level, through education, it can also be created within organizations (on-the-job training) and through general life experience, and is supported through an enabling environment of effective educational systems and policies. (UNDP, 2009 p. 14)

Accountability

Accountability is the mechanism by which rights holders, such as citizens or service users, are able to make duty bearers, such as the public administration and organizations, deliver on their obligations. It provides legitimacy to decision-making, increases transparency and responsiveness, and helps reduce the influence of vested interests. (UNDP, 2009 p. 15)



The vision adopted by the *OECD* (2006) is broadly consistent with that of the *UNDP*. It defines capacity as the ability of people, organizations and society as a whole to manage their affairs successfully, and it avoids any judgement on the goals that people choose to pursue. The *OECD* uses the term *capacity development* in preference to capacity building, and defines it as the process whereby people, organizations and society as a whole unleash, strengthen, create, adapt and maintain capacity over time.

The *OECD* also identifies **three levels of intervention: individual, institutional and the enabling environment**. The distinguishing feature of the *OECD* is that it recognises the **central role played by incentives**. The enabling environment influences the behaviour of individuals and organizations through the incentives it creates. These incentives can have both positive effects, such as boosting productivity, growth and capacity development, and distorting effects, such as fostering inefficiency and losses. In shaping the framework of incentives within which individuals operate, organizations and institutions therefore affect capacity-development pathways and opportunities for access to resources. In this context, the *OECD* attributes a central role to monitoring and learning, which it sees as essential processes for sustaining continuous change.



The *World Bank* (2009) introduces the term "capacity for development", which refers both to the availability of resources (human, financial and technological) and the effectiveness and efficiency with which they are used, to enable society to identify and pursue sustainable goals. In this respect, socio-economic development is deemed sustainable when it is managed at local level, and processes and results can be replicated by local actors. *Capacity development* is described as an endogenous process shaped by the learning of leaders and coalitions, which generates socio-political, political and organizational changes aimed at strengthening ownership and effectiveness in achieving development goals.

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The *FAO* and the *European Commission* adhere to the definition proposed by the *OECD-DAC*, whereas the *African Union* defines capacity building as a process aimed at empowering individuals, groups, organizations, institutions and societies to define, articulate, pursue and realize pan-African development visions, by leveraging their own resources and contextualized learning processes.



In the year 2000, the **Capacity Development Initiative (CDI)**, promoted by the *UNDP* and the *Global Environment Facility (GEF)*, embarked upon an evaluation of the portfolios of GEF projects approved to that date and implemented by the *UNDP*, the *World Bank* and the United Nations *Environment Programme (UNEP)*. The analysis shows increasing integration of elements of *capacity development*³ into projects, alongside a gradual evolution of the related conceptual framework.

In the **initial phase** of the GEF (1992-1995), the **approach** to *capacity development* was mainly **traditional** and based on direct interventions, such as training activities aimed at developing individual technical skills, technical support provided by external experts, and assistance with collecting and analysing data to promote technological innovation.

Subsequent phases saw the gradual development of an **integrated, multi-disciplinary, multi-level approach** (individual, organizational, social), involving the establishment of heterogeneous working groups, the active involvement of local communities, the creation and strengthening of networks, the exchange of skills and practices, as well as international cooperation initiatives and awareness-raising and dissemination activities through accessible channels.

The analysis carried out by *UNDP/GEF* highlights the need to conduct *ex ante* analyses to assess the feasibility of interventions in relation to the capacities of the actors involved, and to establish a *baseline* for comparison with the results observed over time. The study recommends interventions with a medium to long time-horizon (7-8 years) to ensure their sustainability. Lastly, it emphasises the importance of having adequate monitoring and evaluation tools, and assigning resources specifically to the *ex post* evaluation of *capacity development* projects.

Despite the convergence between the various definitions, the publication of practical guides by various bodies (*UNDP*, 2009; *GEF*, 2015; *OECD*, 2006; *World Bank*, 2012; United Nations Climate Change, 2021; *Philea*, 2025) and the delivery of online courses⁴, the concept of capacity building remains broad and variegated. This has fuelled criticism, both from people who regard it as a reformulation of traditional development assistance, and from those who complain that the term *capacity building* is used as cover to to push through highly ambitious social and political initiatives in partner countries, while transferring full responsibility for their outcome to those countries in the name of ownership (Venner, 2015; Zamfir, 2017).

3 The *UNDP/GEF* document (2000) refers to *capacity development*, not capacity building.

4 See, for example, the online courses available on the European Union's [Capacity Development & Technical Cooperation](#) → platform and the [International Training Centre of the International Labour Organization](#) website →.



EXEMPLARY CASE #2

PACKARD FOUNDATION - ORGANIZATIONAL EFFECTIVENESS: PARTNERSHIP PROJECTS



During the 2010s, as part of its broader Organizational Effectiveness (OE) programme, the David & Lucile Packard Foundation developed a specific line of intervention based on capacity building in cohorts, known as Partnership Projects. This model stems from the need to complement traditional grants for organizational development consulting, with interventions that simultaneously strengthen individual skills, organizational capabilities and in-field relationships, through structured peer-learning processes.

USA



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The Partnership Projects are conceived as capacity-building initiatives co-designed by the Foundation's OE Group, thematic programmes, participating organizations and specialist consultants in charge of facilitating training and support activities. The projects are implemented in the form of cohorts and typically have durations of several months, combining face-to-face training and team-building days, training sessions (often virtual), peer-learning opportunities, and individual support in the form of coaching and technical assistance. The content is thematically focused (e.g. on leadership, advocacy communication, resource development, DEI) and tailored to the needs of participants.

The model was the subject of an evaluation by ORS Impact in 2018, which focused on nine Partnership Projects launched between 2012



EXEMPLARY CASE #2

and 2017. The study took a predominantly descriptive, qualitative and quantitative approach, with a view to analysing the extent to which the expected outcomes were achieved and the added value of the cohort-based format. The evaluation design is based on surveys taken by 69 participants, backed up by interviews with organizational leaders and intermediaries involved in the projects, thus making it possible to triangulate the perceptions of beneficiaries with the viewpoint of the facilitators.

The quantitative results indicate that, on average, 83% of participants agree that the expected outcomes of the projects were achieved. There are significant differences, however, depending on the focus of the intervention: the level of agreement rises to 94% for Partnership Projects focused on strengthening individual leaders, but stands at 71% for projects focused mainly on organizational development. Overall, 99% of respondents (68 out of 69) report perceiving an increase in their capabilities, rated as "high" in 61% of cases and "moderate" in 38%.

In the five projects in which building peer relations was an explicit outcome, 96% agree that this goal was achieved. The reported benefits include new insights and perspectives (62%), moral and personal support (39%), development of partnerships and collaborations (37%) and acquisition of new operational skills (36%), suggesting that a substantial part of the value generated is relational and cognitive, as well as technical.

Overall, the Partnership Projects can be viewed as a capacity-building model geared towards developing leadership and the field as a whole, in which peer learning is a key mechanism for change. The evidence provided by ORS Impact, an organizational research firm, points to high levels of satisfaction and achievement of the targeted outcomes, especially in leader-focused projects. The evaluation design, based on perception data without any counterfactual component, however, warrants a cautious approach to causal interpretation of the results and raises questions about how long the organizational effects might last and how far they might spread beyond the direct participants.



EXEMPLARY CASE #2

FIGURE
Results of the evaluation survey

Source: ORS Impact (2018)





1.3 THE STAGES OF CAPACITY DEVELOPMENT

The **UNDP** (2009) depicts the capacity-development process as an upwardly spiralling, five-step cycle of events.

One of the prerequisites of capacity development is communication. A process of listening and exchanging views helps reveal the needs of society and actively engages the various stakeholders in the capacity-development process.

STEP 1

The **active engagement of stakeholders**, as from step one, helps strengthen the sense of ownership. It is also essential, from the outset, to identify the parties responsible, at local level, for the different stages of the capacity-development process, so as to ensure *accountability*.

—

STEP 2

Step two involves rigorously and systematically **assessing the level of existing capacity** and identifying which capacity assets are crucial and should therefore be increased in order to meet the needs identified in step one. This step is used to define the analytical framework within which to discuss the goals and dimensions of the structural intervention and to collect qualitative and quantitative data to support the subsequent steps.

—

STEP 3

From the starting point of baseline capacity, step three involves **designing the capacity-development intervention**. The *UNDP* recommends that these interventions should cut across the four core issues of capacity development, so as to maximise their effectiveness, in view of the marked interconnection between the different dimensions. It also recommends drawing up a clear framework of costs, funding sources and performance indicators to guide the implementation of the plan.

—

STEP 4

This brings us to the **implementation of the capacity development response**.

↓



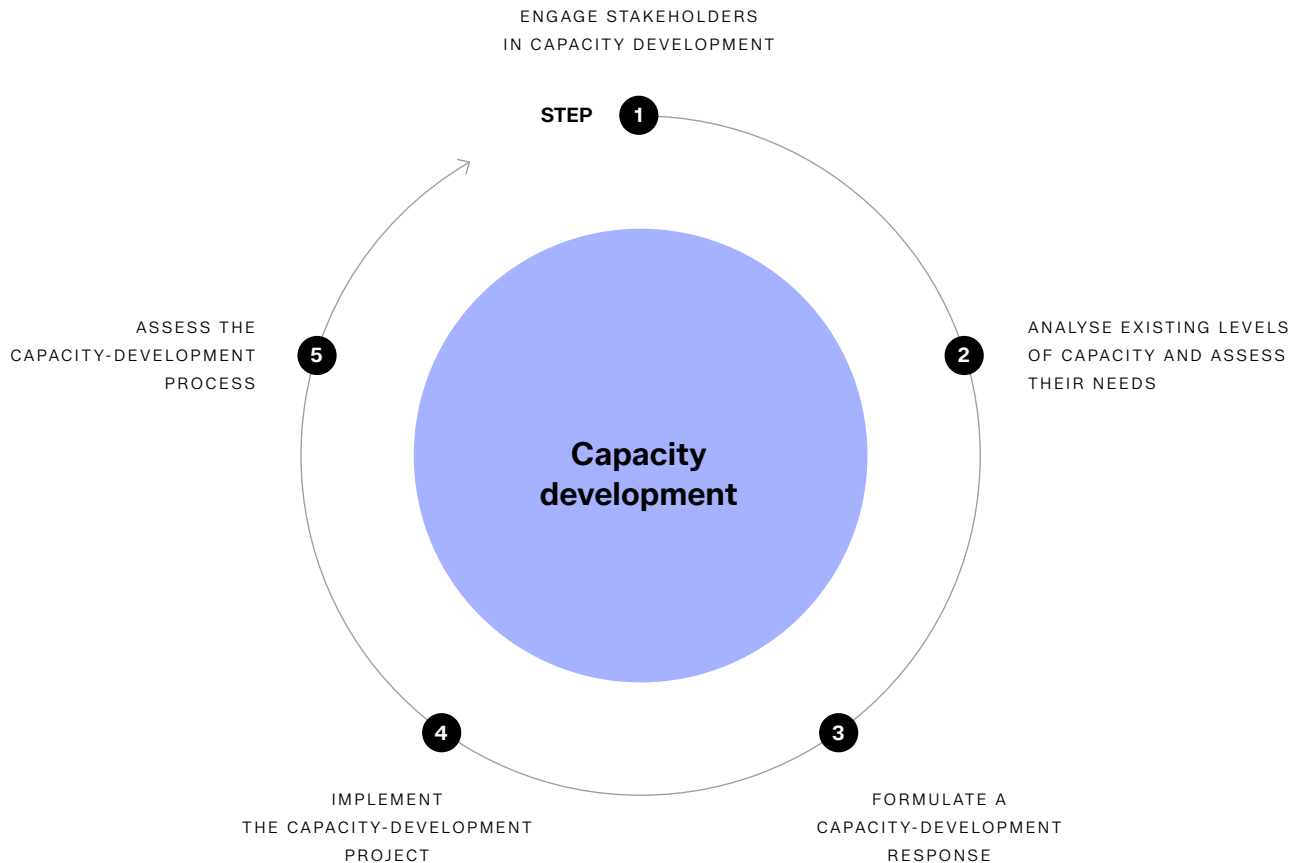
STEP 5

The subsequent **monitoring** and **evaluation** make up step five of the process. At the evaluation stage, it is important to remember that the ultimate goal of capacity development is not to increase the overall number of resources, but to improve the efficiency and effectiveness of performance. Evaluation makes it possible to identify which elements have worked and which need to be adjusted, thus providing a holistic reading of the entire capacity-development process. Consolidating the skills and learning acquired during the process then makes it possible to start a new capacity development cycle, from a new baseline.

FIGURE 1

Capacity-development process

Based on the five steps identified by the UNDP (2009)





While the steps described above reflect a holistic approach to capacity development by the *UNDP*, the **World Bank** takes a systemic approach identifying a sequence of standardized operating stages, known as the *Capacity Development Results Framework* (CDRF), which the relevant personnel can follow to achieve a specific goal.

This approach is consistent with the *World Bank's* definition of *capacity development*, which attributes a central role to leadership figures capable of triggering socio-political and organizational change, boosting local participation and improving the effectiveness and efficiency of the processes.

The approach introduced by the *World Bank* in 2009 also responds to criticism of capacity building, which some see as an unduly abstract concept that is difficult to implement. The standardization of the processes and performance indicators is designed to make *capacity development* pathways more observable and comparable, by facilitating comparative analysis between programmes undertaken in different local contexts.

More specifically, the *World Bank* identifies 10 operational stages, divided into multiple steps and summarized in Figure 2⁵. Although the structure is broadly similar to the one put forward by the *UNDP*, there are also several major differences. In stage one of the *World Bank* model, the working group starts from a specific, pre-defined development goal, which is then validated on the basis of discussion with institutions, key civil-society actors, donor bodies and potential partners. Compared with the *UNDP* approach, the broad-based, initial consultation with the various stakeholders, aimed at identifying the needs of local society, is therefore less centralised.

5 For further details, see: Otoo, S., Agapitova, N., & Behrens, J. (2009). *The Capacity Development Results Framework: A strategic and results-oriented approach to learning for capacity development*. World Bank.



FIGURE 2

Capacity-development process

Based on the *Capacity Development Results Framework*, WB (2009)

Identification and analysis of needs



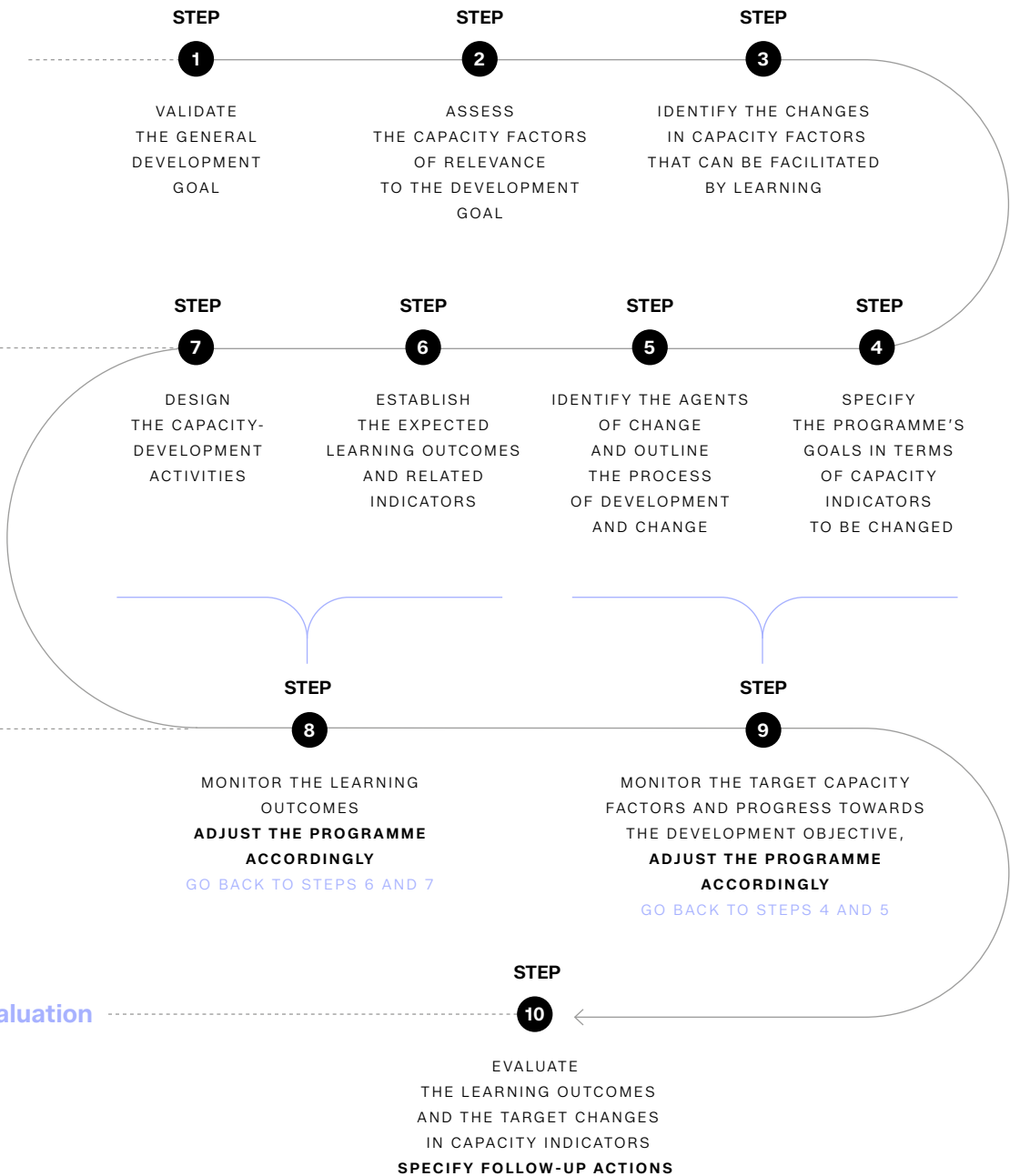
Formulation of the programme



Implementation and monitoring



Conclusion and evaluation





In the next step, the *World Bank* recommends identifying which **capabilities are relevant** to the development goal, by analysing:

- the extent to which the **socio-political environment** is conducive to achieving the goal;
- the **efficiency of the policy instruments** and other means by which society acts in pursuit of the goal;
- the **effectiveness of the organizational practices** adopted by the various stakeholders, both inside and outside of government institutions.

Action is then taken to assess which of the capabilities identified could benefit from learning pathways. On the basis of this, the capacity-building project is formulated, by identifying the actors involved, the learning outcomes (e.g. raising awareness of specific topics, boosting skills or building collective consensus), and the performance indicators. During the course of implementation, systematic observation of these indicators makes it possible to review and update the plan iteratively. The framework proposed by the *World Bank* (2009) also provides a set of standardized indicators for monitoring and evaluating capacity-building pathways, which can be adapted to the specific features of the intervention contexts.

1.4 CAPACITY BUILDING AND THE THIRD SECTOR

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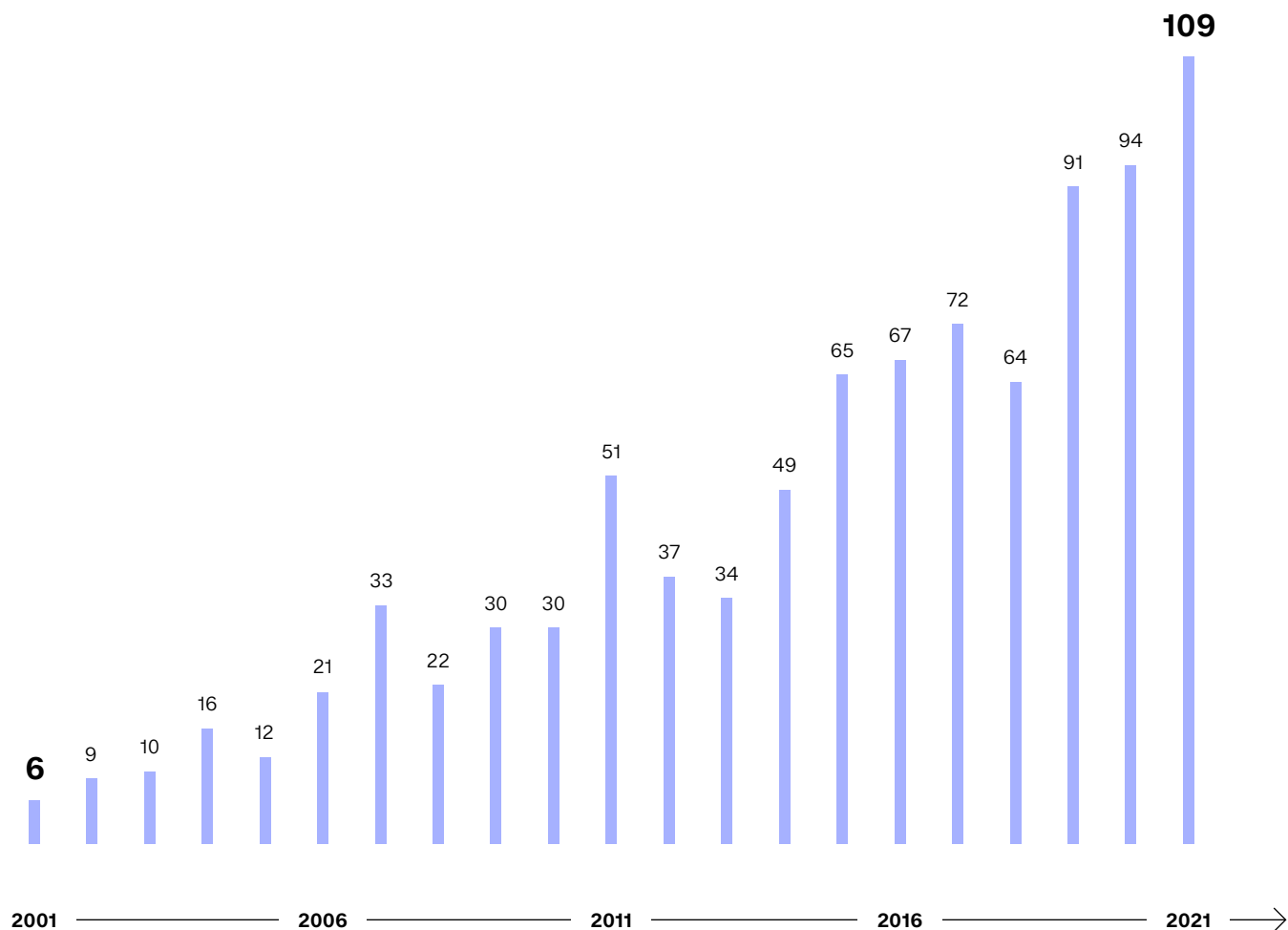
Once confined to international cooperation, the concept of capacity building has gradually expanded, over time, to encompass the private sector and the third sector. An analysis by Nordin, Khatibi and Azam (2022) of 1,006 scientific papers published between 1955 and 2022, extracted from the *Scopus* database, confirms the growing academic interest in this topic among non-profit organizations. While only a limited number of publications existed prior to 2000, they slowly grew in number between 2000 and 2005, before reaching a turning point in 2006, since which time scientific output increased almost exponentially, showing an increase of 23% over the subsequent five years ([Figure 3](#) →).



FIGURE 3

Number of scientific papers discussing capacity building between 2001 and 2021

Source: our interpretation of data published by Nordin, Khatibi and Azam (2022)



Nowadays, capacity building involves a variety of actors, including public administrations, foundations and non-profit organizations. Capacity-building processes are based on the interaction between two main roles: on the one hand, funders, who provide resources and support; on the other, the recipients of these resources and support, who guide and implement the capacity-building pathways.

The rest of this chapter focuses on two of these actors: non-profit organizations, as the parties that implement the interventions, and philanthropic foundations, as the funders and enablers of capacity-building processes.



EXEMPLARY CASE #3

BRIDGE HOUSE TRUST



United Kingdom



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The capacity-building model developed by the Bridge House Trust (now City Bridge Foundation) is an example of a light-touch approach to organizational development aimed at maximizing cost-effectiveness, and is thoroughly documented in the Baring Foundation's 2011 report, *Foundations for Organizational Development: Practice in the UK and USA*. The case relates to British philanthropy and stands out for its strategic use of mini-grants designed to meet specific organizational development needs of the beneficiary organizations at key points in their life-cycle.

The model is based on the premise that capacity-building interventions do not need to involve major resources and long time-frames to generate significant effects: timely, targeted interventions can be equally efficient. The grants awarded by the Bridge House Trust usually fall within the range of £5,000 to £30,000 and are intended to cover one-off costs related to clearly identified needs, such as strategic planning processes, improvements to governance systems, leadership transitions, enhancing the effectiveness of the board of directors and upgrading organizational systems and processes (e.g. IT and administrative management).

A key component of the model is the strategic timing of the intervention. Grants are deliberately awarded at critical stages of an organization's trajectory – such as changes in management,



EXEMPLARY CASE #3

periods of expansion or restructuring, or transitions from an informal footing to a more institutionalized stage – when even relatively small investments can help clear the bottlenecks impeding effectiveness and sustainability. This approach enables funders to operate at low resource intensity, in both financial and operational terms, while retaining the potential for high impact on grantees.

The evidence collected and systematically compiled by the Baring Foundation indicates that these interventions often yield “quick wins”, in organizational terms, which enable organizations to rapidly improve key capabilities and pave the way to future growth. Recurrent examples include appointing facilitators for strategic planning processes, holding training and team-building days for boards of directors, and targeted investments in essential organizational infrastructure, which help overcome operational constraints that had previously caused paralysis.

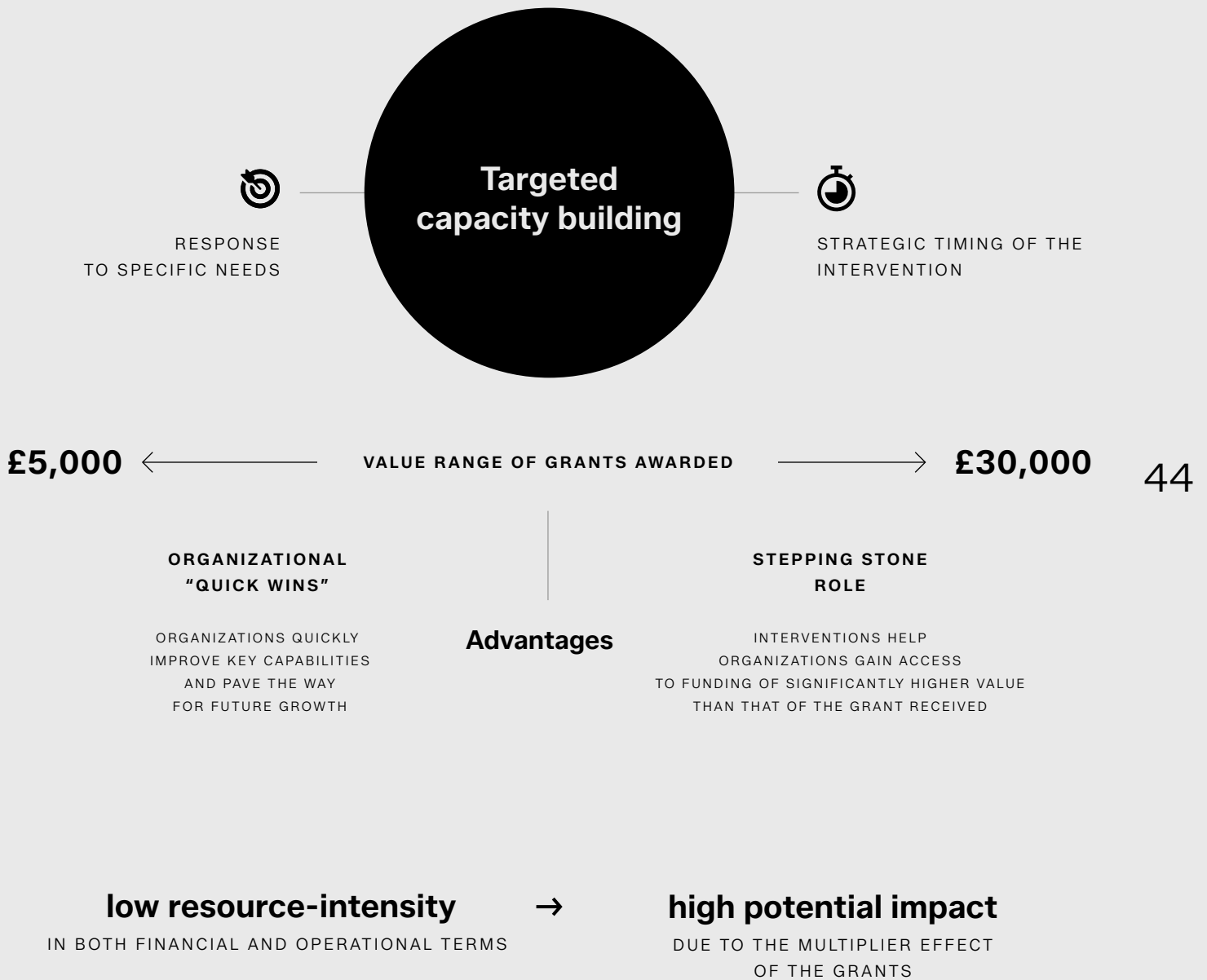
One of the most significant results is the estimated multiplier effect of capacity-building grants. The Bridge House Trust documented how interventions in the range of £15,000–£30,000 acted as stepping stones, by helping their beneficiary organizations gain access to much more substantial planned funding, both from the foundation itself and from other funders. In this respect, as well as boosting internal capability, targeted capacity building also enhances the external credibility of organizations in the eyes of the funding ecosystem.

Overall, the Bridge House Trust model can be seen as an example of tactical capacity building, designed to reap opportunities, on the basis of an approach that maximises cost-effectiveness and places a firm emphasis on organizational context. The available evidence suggests that, in certain contexts, small but well tailored interventions can yield valuable outcomes, especially when the support is designed to meet specific, temporarily critical needs. However, the model appears to be best suited to organizations with minimal levels of existing capacity base and may be less effective in cases of profound institutional fragilities, requiring more intensive, longer-term intervention.



EXEMPLARY CASE #3

FIGURE
The Bridge House Trust model





1.5 CAPACITY BUILDING AND NON-PROFIT ORGANIZATIONS

In the context of non-profit organizations, capacity building is defined as enhancing the ability of non-profit organizations to fulfil their missions in an effective manner, with direct and indirect effects on the communities in which they operate (McPhee and Bare, 2001). Against a rapidly and continuously changing backdrop, it is crucial for third sector entities to equip themselves with tools that strengthen their skills and contribute to the development of more resilient communities.

In the early stages, capacity building was mainly aimed at the organizational development of individual bodies, with a particular emphasis on enhancing financial management and fund-raising. Over time, the concept has expanded to include strengthening the entire third-sector ecosystem, with a view to helping communities improve quality of life (De Vita, Fleming & Twombly, 2001).

Viewed from this angle, capacity building is a strategic vehicle that non-profit organizations can use to pursue their socio-economic impact goals more effectively and sustainably.

It can target a wide range of **intervention areas**, from organizational structure, to governance, fund-raising and communication (De Vita, Fleming and Twombly, 2001). **Grantmakers for Effective Organizations** (GEO, 2016) identifies 10 of these, which are listed in [focus 3](#) →, thus providing an extensive, multi-faceted overview of the contexts to which capacity building can be applied.



While this classification is not exhaustive, it provides an extensive, multi-faceted overview of the contexts to which capacity building can be applied. Other contributions further extend the range of intervention areas: the Canadian non-profit organization Social Planning Toronto (2018), for example, includes governance structure and human resource management, both of which are especially relevant to non-profit organizations with high shares of voluntary staff.

There is also a growing focus on developing adaptive capacity and organizational resilience (S.D. Bechtel, Jr. Foundation, 2020; York, 2009). Adaptive capacity, defined as the ability to monitor, assess, respond to and promote internal and external change, is viewed as a key factor in improving the effectiveness of non-profit organizations (York, 2009). Similarly, resilience, defined as the ability of organizations to respond effectively to change and adapt successfully to new contexts, while adhering to their mission, is essential to their long-term survival.

FOCUS 3

Capacity-building intervention areas

According to Grantmakers for Effective Organizations (2016) the intervention areas of capacity-building for non-profit organizations are as follows:

Leadership

the ability of management to support talent development for all staff, planning of changes of management and the ability to manage an effective organizational culture.

Mission, Vision and Strategy

Organizational planning, evaluation and development of strategic plans

Diversity, Equity and Inclusion

Focusing on diversity, equity and inclusion across all of the organization's work and practices.

Programme Delivery

The ability to formulate and implement effective programmes.





Fund Development

Fund-raising strategy and planning, in addition to internal fund-raising skills and systems and other income-generating activities.

Financial Management

Accounting, budgeting and financial planning skills and systems, and other activities designed to safeguard financial health.

Communication

Skills and capabilities relating to marketing, online presence and media and social media relations, to raise awareness and attract attention and resources to the organization or its cause.

Technology

IT, data and digital infrastructure systems, and staff skills in the use of technology to facilitate work.

Collaboration

Capabilities and approach to forging and fostering strategic relations with associated organizations, stakeholders and decision-makers, to help advance the missions and, where possible, establish collaborations.

Evaluation and Learning

Ability to collect data, measure impact, close feedback cycles and evaluate the lessons learned, in order to enhance the organization's work in the long term.



Despite broad consensus on the need for organizational development, a significant proportion of non-profit organizations are not in a position to embark on structured development pathways (Grantmakers for Effective Organizations, 2016). Empirical evidence suggests that this difficulty is not attributable to a lack of commitment, but to **interconnected systemic barriers**:

- Firstly, the **everyday work load**, often described as fire-fighting, tends to take up all of the time and effort of the available human resources, making multi-tasking unavoidable and displacing medium-to-long-term strategic investments (Stühlinger et al., 2021; Bingle, 2019).
- Secondly, **financial liquidity is usually limited**, often as a result of the “Non-profit Starvation Cycle” (Gregory & Howard, 2009), in which funders expect overheads to be low, thus prompting organizations to structurally under-invest in essential organizational infrastructure (Lecy & Searing, 2015).
- These factors can be compounded by **churn in governance**, which fragments the decision-making process and undermines the ability to steer change.

Against this backdrop, all organizations need to be able to identify their upper limit of sustainable change, which the literature describes as absorptive capacity. Originally defined by Cohen and Levinthal (1990) as the ability to recognize, assimilate and apply new knowledge, this notion was later adapted to the non-profit context to denote a threshold beyond which additional input, such as training, financial resources or support in the form of consulting, no longer adds value but gives rise to inefficiency or dysfunction (GEO, 2016; Ryan, 2013).

Specific studies on the third sector (Septa, 2016) show that absorptive capacity can be seen as a critical “fourth capacity”: neglecting it exposes organizations to the risk of change fatigue, whereas *ex ante* evaluation of it makes a major contribution to modulating the intensity and phasing of investments, thus maximising their potential impact.

Institutions, funding providers and foundations that support capacity-building programmes and initiatives for third-sector bodies have an important role to play in this. Funding providers are well placed to examine whether the organization concerned is in a position to embark on and sustain a capacity building programme, on the basis of its operational and absorptive capacities. Foundations, furthermore, can make a major supply-side contribution, by enhancing the ecosystem of capacity-building providers and consultants, boosting skills and improving the quality and accessibility of the services offered (Altman, Smith and Taylor, 2019).



On the operational front, Grantmakers for Effective Organizations (GEO, 2016) identifies **three core principles** (the “Three Cs”) that should guide all forms of support for capacity building:

— **CONTEXTUAL**

Support should be tailored to the specific context in which the organization operates and its organizational characteristics.

— **CONTINUOUS**

Support is most effective when it is continuous, interactive and fosters a relationship of trust between the funding provider and the non-profit organization. Within this framework, long-term investments help consolidate the capacities developed.

— **COLLECTIVE**

It is useful to promote and incentivise collaboration between non-profit organizations and networks, because joint action tends to boost the impact of interventions.

A range of tools can be adopted to support capacity building, according to the context and specific needs involved. [Table 2](#) → shows some of the possible types, and highlights their benefits and limitations.



TABLE 2

List of types of support for capacity-building in non-profit organizations

Type	Benefits	Limitations
General operational support Flexible, multi-year funding that is not restricted to capacity building	Less financial stress and more financial stability for the organization, maximum independence	Resources might be allocated to dealing with operational emergencies rather than capacity building; funders have less control
Grants for capacity building Specific funding for a given area of capacity building, but not restricted to a specific project	Very flexible	The organization has to have the organizational and absorptive capacity for future change
Grants and and technical support Funding accompanied by expert consulting, whether direct or through intermediaries	Combines financial resources with sector-specific expertise, supports project implementation	Can be very costly and requires the funder to find consultants with appropriate expertise to meet organization's needs
Training and courses Workshops and courses	Quick to implement, low cost, the skills acquired can be certified	If the acquired skills are left unconsolidated, they can be lost over time
Coaching 1:1 executive / leadership coaching	Development process tailored to needs of individual	Costly, difficult to make the best possible match between coach and leader
Peer learning and network-to-network learning Strengthens networks, ecosystems, groups within organizations, inter-organization collaborations	Fosters synergies and reduces fragmentation; strengthens entire systems, not just individual organizations	More complex to coordinate, requires expert facilitators, multi-year commitment; may reduce external stimuli to innovate
Support for intermediaries or providers Grants to organizations that provide capacity-building services (support centres, incubators for the third sector, consulting firms, research centres)	Strengthens sectoral infrastructure, access to specialist skills, economies of scale	Requires expertise to assess providers, risks over-standardization
Digitalization, technology Fund-raising platforms, CRM, data analytics	Automates processes, making them more efficient and transparent	Technology quickly becomes obsolete, involves managing sensitive data and security risk



EXEMPLARY CASE #4

OAK FOUNDATION - TRIANGLE CAPACITY-BUILDING PROJECT



Switzerland, USA

The Triangle Capacity-Building Project is a pilot capacity-building programme led by the Oak Foundation in collaboration with the Triangle Community Foundation, aimed at non-profit organizations operating in the “Triangle” area of North Carolina (comprising Chatham, Durham, Orange and Wake counties). The initiative was designed as a structured organizational development intervention aimed at permanently improving the effectiveness, efficiency and sustainability of organizations, by shifting the focus away from supporting individual projects and towards developing overall institutional capabilities.

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The rationale behind the programme is that capacity building is most effective when it is guided by assessment, involves phasing and is accompanied by collective learning mechanisms. This model explicitly draws inspiration from the Grantmakers for Effective Organizations (GEO) framework, which defines organizational capacity as a multi-dimensional combination of the skills, systems and resources needed to pursue an organization’s mission in the long term. The project was also designed with the clear intent of making it replicable, through community foundations or local intermediaries, by adapting its tools and intensity to specific contexts.

The pilot programme ran for a total of 14 months (May 2017 – June 2018) and was built around three integrated pillars: assessment





EXEMPLARY CASE #4

grant, implementation grant and training series. Participation was restricted to organizations already funded by Oak in the Triangle area and involved an application process based on the willingness to actively engage in the development pathway, including the participation of the leaders and boards of directors of the individual organizations.

The **first pillar** consisted of an assessment grant of up to 5,000 dollars to fund a guided organizational self-assessment process. The assessment was based on seven core capacities – leadership and governance; mission, vision and strategy; diversity, equity and inclusion; programme design and delivery; resource development and financial management; external relations; evaluation and learning. It also involved the use of a four-step methodology: process planning; diagnosis (including document review, surveys, focus groups, and training and team-building days for the organizations' staff and governing bodies); compiling the results, giving priority to critical areas; drawing up a capacity-building plan consisting of short-, medium- and long-term actions. A central component of this pillar is the emphasis on the organization's sense of ownership of managing and structuring the pathway, albeit with external guidance on methodology.

The **second pillar** takes the form of an implementation grant of up to \$25,000 for the purpose of implementing the capacity-building plan originating from the assessment. The highest-priority criteria include the quality and feasibility of the plan, the level of commitment shown by management and the board, and the potential impact on long-term organizational capabilities. A broad range of activities are eligible for funding, including strategic planning, fund-raising development, enhancement of financial and administrative systems, board development, leadership development, capacity building for advocacy, monitoring, evaluation and learning (MEL) systems, communication and external positioning. The implementation grant is designed as a means of translating the diagnostic analysis into tangible organizational changes.

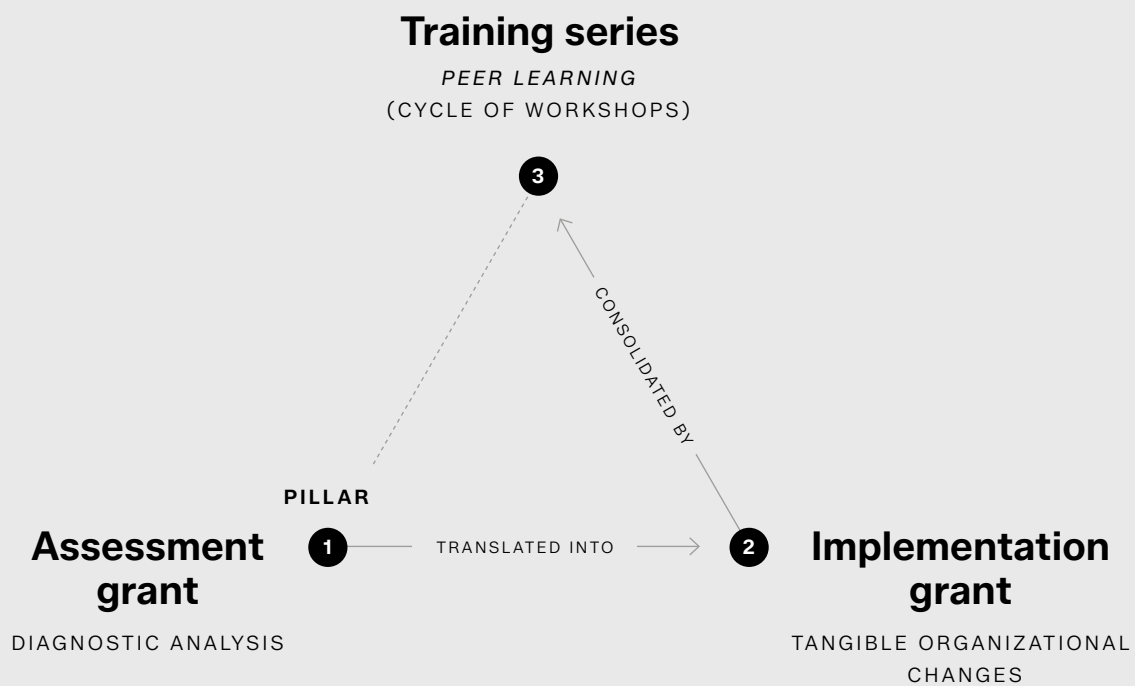
The **third pillar** consists of a training cycle made up of five free half-day workshops, held at regular intervals throughout the programme. The workshops address common themes brought to light by the assessments, and are designed to strengthen leadership skills, facilitate the exchange of practices, and support the building of a community of practice between organizations operating in the same geographical area. This component introduces an explicit dimension of peer learning, which complements the bespoke interventions funded by grants.



EXEMPLARY CASE #4

FIGURE

The pillars of the pilot programme



Overall, the Triangle Capacity-Building Project stands out for its clear operating sequence (assessment → planning → implementation → peer learning) and the way it delivers bespoke support within a standardized framework, which also makes it possible to customize the interventions and compare different pathways. The partnership between the Oak Foundation and the Triangle Community Foundation was a key component of the model: Oak provided strategic guidance and financial resources, while the local foundation contributed by providing knowledge of the local context, managing relationships with grantees and coordinating training activities.

From an analytical point of view, the project can be defined as a local, assessment-driven capacity-building model, located on the continuum between long-term core funding interventions and one-off *organizational development* models. The emphasis on structured diagnosis, ownership of change and the combination of individually targeted interventions and collective learning makes the Triangle Capacity-Building Project an important case-study of how large foundations and local organizations can design relatively light-touch but systematic organizational development programmes, explicitly geared towards sustainability and replicability.



1.6 CAPACITY BUILDING AND PHILANTHROPY

The world of philanthropy has gradually taken on board the strategic approach proposed by Porter and Kramer (1999), under which foundations do not act as “passive intermediaries” in response to requests for project funding and support, but play an active role in pursuing social progress (Boesso, Cerbioni and Mian, 2019). As part of this approach, Porter and Kramer propose **four things that foundations can do** to generate value effectively:

- 1 select the most reliable beneficiaries, on the basis of merit
- 2 notify other funders of worthwhile projects so as to encourage co-funding
- 3 improve the performance of beneficiary bodies by enhancing their organizational processes
- 4 evaluate and share results in order to advance knowledge and improve practices in the sector.

Note how point three clearly reflects the concept of capacity building, even though it is not expressed in these terms and is initially confined to organizational development. It does, however, highlight an active and intentional role for foundations in the processes of capacity building for organizations.

In the early 2000s, the predominant intervention model used by philanthropic foundations involved awarding grants aimed at developing training and technical support pathways specifically for non-profit organizations. Although this approach fulfilled an immediate need for organizational development, it had a structural limitation: the funds were tied strictly to the selected project. Beneficiary bodies were therefore unable to develop their organizational capacities across their full structure, thus compromising their ability to develop and change (Bridgespan, 2007).

Under the current approach, the focus has shifted from individual project funding to core funding and overall organizational development. This results in the award of flexible, multi-year funds, not tied to specific projects, which can be used to cover general operating costs, support leadership teams and strengthen the overall resilience of beneficiary bodies, while leaving them more strategic and operational independence.



According to the *OECD* (2024), between 16% and 19% of donations from philanthropic foundations in the period 2016-2019 were earmarked for the general support of beneficiary bodies through flexible forms of funding. This reduces the administrative burden on beneficiary bodies and helps make development sustainable in the long term.

Kania et al. (2014), the proponents of “strategic philanthropy”, maintain that complex social challenges should be addressed by means of an “emerging strategy” model that replaces rigid, predictive approaches with dynamic ones. Strategy is formulated in the gap between strategic “intentions” and reality (which is intrinsically subject to change) and can therefore be adapted to whatever emerges from the monitoring. Funding providers are encouraged to co-develop strategies with partners from different sectors (non-profit, for profit, NGOs, government agencies), thus generating evolutionary solutions and emphasizing flexibility, reciprocity and altruism (Boesso, Cerbioni, and Mian, 2019).

In today’s scenario, philanthropy tends to focus on the structural development of non-profit organizations and their networks, with active support from funding providers. An Italian survey on the relationship between funding providers and beneficiary bodies, conducted on 242 non-profit organizations⁶ that had received funding from banking foundations, showed that non-financial support (strategic consulting, planning) and the alignment of goals and mission with the funding provider clearly correlates to increased development of the beneficiary bodies’ organizational resources and capabilities. Similarly, supervision by funding providers correlates to positive effects, which, overall, outweigh the potential risks to building trust between funding providers and non-profit organizations (Boesso et al., 2023). The authors interpret these results cautiously, on the grounds that they may reflect a specific feature of the Italian context, linked with the role of banking foundations as funding providers. Capacity development is needed not only by non-profit organizations, but also by philanthropic foundations, which require the right tools to operate effectively in complex contexts, marked by uncertainty. For this reason, *Philea*, the European Philanthropy Association, offers training courses for people in managerial roles at philanthropic foundations, aimed at raising their awareness and understanding of the complexity of the contexts in which they operate. Furthermore, the “The Futures School: Executive Leadership Programme”⁷ gives leaders of the various foundations the opportunity to establish networks with each other and consolidate those that already exist. Philanthropy Infrastructure Organizations (PIOs) help philanthropic foundations join forces as part of a system, gain credibility with the outside world, and promote innovation and systemic change (*Philea*, 2025).

The current scenario in Italy is seeing growing uptake of a philanthropy network model, in which a philanthropic organization identifies a social need on which to intervene, selects the most suitable project partners to implement the intervention and collaborates with them throughout the process, by providing both financial resources and expertise. On completion of the intervention, the philanthropic body then helps share the results and learnings with other philanthropic actors and public institutions, thus facilitating the dissemination and capitalization of the knowledge acquired (Boesso et al., 2025).

6 Final number of non-profit organizations that responded to a questionnaire drawn up by the researchers and issued in the course of 2018. For further details about the survey, see: Boesso et al. 2023.

7 To find out more, visit philea.eu →



EXEMPLARY CASE #5

EUROPEAN AI & SOCIETY FUND

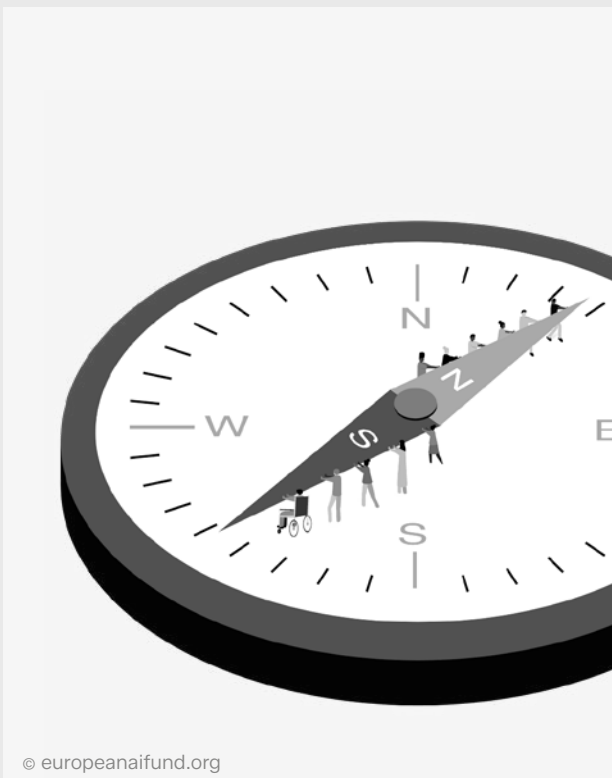
European Artificial Intelligence & Society Fund

Europe

The European AI & Society Fund is a European philanthropic fund, geared towards capacity building for civil-society organizations in the field of artificial intelligence policies. The initiative stems from the finding that AI governance is at risk of being dominated by government and corporate actors, in the absence of an organized counter-party of public interest groups capable of influencing regulatory processes on a continuous and well informed basis. The aim of the Fund is therefore to strengthen the analytical, strategic and advocacy capabilities of European civil society organizations, with a special emphasis on human rights, social justice and democratic quality.

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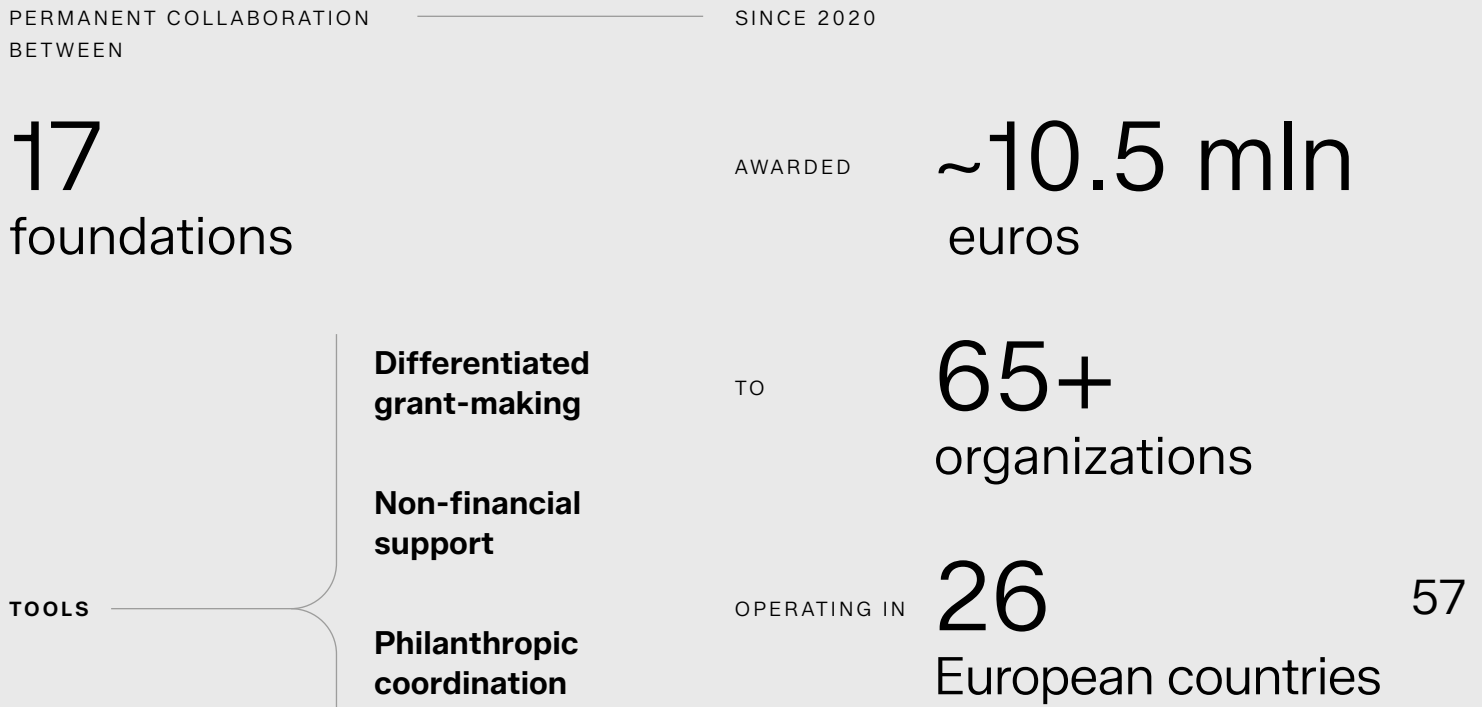
From an institutional point of view, the Fund operates as a permanent collaboration of 17 (originally 14) national, regional and international foundations, while also acting as a grant-maker and strategic hub for European philanthropy on the topic of AI. Since 2020, it has awarded about 10.5 million euros to over 65 organizations in 26 European countries; in 2024 it supported almost 40 public interest groups, with a growing annual budget and a forecast of about 4.5 million euros for 2025. This configuration lowers the barriers to entry for individual funders and makes it possible to coordinate resources and strategies across a highly specialized, emerging field.





EXEMPLARY CASE #5

FIGURE
The European Artificial Intelligence & Society Fund



The Fund's capacity-building strategy, as set out in the 2023–2025 cycle, is structured around three overarching goals: to increase and diversify the number of organizations capable of working on AI policies; to boost the philanthropic world's permanent commitment to AI *accountability*; and to help build a European civil ecosystem with long-term resilience. Within this framework, capacity building is not viewed in terms of isolated support for individual organizations, but as a field-building process with the ability to generate critical mass, widespread capabilities and strategic coordination.

The intervention tools in use are a combination of grants, of varying value, and non-financial support. Small grants, typically of between 5,000 and 20,000 euros, are used to enable new organizations to enter the AI field, acquire basic skills, take part in public consultations and experiment with integrating the topic of AI into their agendas (e.g. employment, discrimination, welfare, media and patient rights). The Fund also awards larger grants, up to around 200,000 euros, for more structured initiatives on *accountability*, mitigating the impacts of AI on vulnerable groups, and the environmental



EXEMPLARY CASE #5

and employment-related consequences of the introduction of AI, often under thematic programmes such as the *AI Accountability Grants*. Financial support is complemented by peer-learning activities, analysis of new European regulations (including the AI Act), the formation of networks and the development of common strategies, aimed at strengthen boosting skills and cohesion between the bodies involved.

The Fund has introduced specific intervention lines in recent years in response to the rapid evolution of the regulatory and technological environment. These include the Build & Breakthrough Initiatives (since 2024), aimed at consolidating a core of organizations with advanced capabilities, while also supporting innovative projects focused on the discriminatory impacts of AI. Programmes such as Making Regulation Work and *AI Accountability Grants*, by contrast, are designed to help organizations make practical use of new European regulations, test their effectiveness, and bridge any implementation gaps. Another line, funded by

the Mott Foundation (2025–2027), is aimed explicitly at strengthening a diverse and resilient civil ecosystem capable of taking part in AI policy debates on a permanent basis.

Overall, the European AI & Society Fund can be viewed as an ecosystem capacity-building model, whose combination of differentiated grant-making, non-financial support and philanthropic coordination is geared towards developing collective capacity rather than individual organizational excellence. The distinctive features of the model include its inter-sectional approach, which brings together actors from different areas of the AI field, and the Fund's function as long-term infrastructure for European civil society on a topic that is technically and politically highly complex. From an analytical point of view, questions remain over the measurement of field effects and the sustainability of the capabilities developed outside the direct perimeter of funding.



1.7 CONCLUSIONS

The pathway reconstructed in this article shows how capacity building has gradually established itself as a core concept in the debate on development, international cooperation and, more recently, philanthropy and the third sector. The analysis of key definitions and institutional frameworks traces the evolution from predominantly technical and sectoral approaches to broader, multi-level, learning-oriented perspectives, in which individuals, organizations and systems are seen as interdependent factors in complex processes of change.

At the same time, this brief and partial overview highlights how capacity building is still an inherently heterogeneous, context-based concept that cannot easily be condensed into standardized models or universally replicable solutions. The experiences examined suggest that the effectiveness of interventions depends to a large extent on being able to adapt them to local contexts, recognise existing capacities and take account of the organizational and systemic dynamics that might facilitate or hinder development pathways. In this respect, capacity building looks less like a set of pre-defined tools and more like a framework within which to design, guide and question capacity-building processes over time.

Funding providers and philanthropic foundations play a particularly important role in this, as it involves not only providing economic support for these pathways, but also helping create the right conditions for capacity building to flourish, by modulating its intensity, timing and approaches. The focus on the absorptive capacity of beneficiary organizations, long-term sustainability and learning mechanisms is revealed to be a crucial factor in avoiding approaches that are unduly prescriptive or overburdened by expectations.

Lastly, capacity building raises important questions about how to monitor and evaluate organizational and systemic changes, which often manifest themselves in non-linear forms, over long time horizons. Rather than providing definitive answers, capacity building prompts the parties concerned to take a reflective, incremental view, geared towards learning and continuously reviewing practices. Seen through this lens, capacity building is a shared space for experimentation and learning, offering useful guidance on development processes which, by their nature, remain open, dynamic and profoundly context-dependent.



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CHAPTER 2

The FCSP approach:

a blend of capacity building
and organizational development

Editors:

Alessandro Di Antonio / Fondazione Compagnia di San Paolo - Data and Planning Office, Learning Department

Riccardo Pelosi / Fondazione Compagnia di San Paolo - Evaluation Office, Learning Department

The pages that follow describe FCSP's positioning on organizational development on the basis of aggregate grant-making data, combined with information from periodic surveys of partner bodies in the catchment area. The resulting picture suggests that, over the past four-year period, FCSP has focused extensively and systematically on the organizational development, skills and sustainability of partner bodies in the catchment area. The data show how FCSP has interpreted this mission by steadily expanding its intervention methods, by backing up calls for proposals explicitly aimed at organizational development with training modules and hands-on support pathways integrated into the key initiatives of each of FCSP's grant-making areas ("Goals"). A glance at the operational tools with which FCSP has equipped itself, known as its "tool-kit", also suggests that several combinations of tools have been gradually consolidated. The data generated by the satisfaction survey on FCSP's work, taken by the Foundation's grant applicants, confirms that there is still widespread interest in capacity-building activities. It also indicates the organizational areas that partner bodies are most interested in targeting for organizational development.



2.1 INTRODUCTION

This chapter reconstructs FCSP's positioning on capacity building and organizational development, by analysing the data collected by the Foundation and reconstructing how it has evolved over the past four years. By combining administrative data, information from surveys of local organizations and insights stemming from certain emblematic initiatives, the chapter shows how FCSP has gradually moved away from the view of organizational development as a specific, additional intervention, to replace it with a more structured, widespread and tailored approach.

The data confirms that FCSP's capacity-building strategy has been implemented and shows how it takes the form of a set of tools – training, consultancy and hands-on support – integrated into grant-making policies and tailored to the various intervention areas. The use of these tools is a key factor, both in terms of the scale of the resources deployed and the number of projects supported, and the fact that they have been gradually extended beyond inter-Goal initiatives testifies to their integration into the strategies of the individual institutional areas.

Lastly, longitudinal observation of the behaviour of beneficiary bodies, combined with evidence collected by means of satisfaction surveys conducted by the Foundation from time to time, reveals coherent signs of organizational capacity building, particularly in project design, economic sustainability and strategic vision. Taken together, these results portray an intervention model that combines operational flexibility, investment in skills and an emphasis on medium-to-long-term effects, thus also providing useful food for thought for other philanthropic and institutional actors.



2.2 CAPACITY BUILDING DATA IN FCSP'S GRANT-MAKING POLICIES

Analysing grant-making data is the starting point for understanding the role played by capacity building and organizational development in the FCSP's strategy. Quantifying the resources allocated, the number of initiatives launched and the nature of the tools used provides an initial measure of the effort – in terms of deliberate financial and non-financial investment – channelled into strengthening beneficiary organizations.

This section therefore focuses on inputs, such as grant-making choices, their evolution over time and the ways in which capacity building has been integrated into the various intervention areas. The aim at this stage is not to evaluate the effects on partner bodies or the catchment area (which will be discussed in the chapters on outputs, outcomes and impacts), but to clarify how, how much and by which tools FCSP has invested in organizational development.

In light of this approach, the grant-making data should not be read as a simple snapshot of records, but as a lens through which to interpret the strategic priorities that have developed over time. The analysis of the tools used and their combinations in the various initiatives shows how capacity building has gradually evolved into a cross-cutting force, exerted in different forms tailored to the policy areas and beneficiaries involved, and the aims pursued.

Another important factor is the boost to FCSP's information assets. Integrating administrative data from the Enterprise Data Warehouse, systems for classifying initiatives and information collected through efforts to gauge views in the catchment area makes it possible to build up a solid, cumulative knowledge base, to support reporting, learning and policy improvement. Viewed from this perspective, grant-making data is not merely a performance indicator, it is an empowering infrastructure for evaluation and medium-to-long-term strategic reflection on the role of capacity building in philanthropic policy.



FOCUS 4

Outline of the context in which Fondazione Compagnia di San Paolo operates



Fondazione
Compagnia
di San Paolo

Before proceeding, it is worth considering a few points of context that help provide a clearer view of key aspects of FCSP's work and facilitate full understanding of this chapter.

FCSP is one of Europe's leading private foundations of banking origin. It originates from a confraternity established in Turin in 1563, and has repeatedly changed its structure and intervention methods over the centuries, in response to social, economic and institutional changes in the context of the day.

Throughout this long evolution, its commitment to philanthropy has remained constant and geared towards supporting the civil, cultural and economic development of the communities it serves.

In its current configuration, FCSP is a bank-based foundation operating as a private, independent, non-profit, philanthropic institution. It manages assets of approximately 12 billion euros and awards grants totalling an average of about 200 million euros per year, to support projects and initiatives of general interest. Most of its work targets North-West Italy, but it maintains structured dialogue at the national and European level.

FCSP's grant-making activity is guided by **Multi-year Planning Documents**, which set strategic priorities, organizational structures and operating methods over a four-year time-frame. In the 2021–2024 planning cycle, FCSP launched a major programme aimed at strengthening its strategic configuration, which involved introducing an **organizational structure based explicitly on Goals and Missions** and extending its intervention methods beyond non-repayable grants. The 2025–2028 cycle adheres to the same framework, while consolidating its principles and focusing more closely on medium-to-long-term effects, the integration of distinct tools, learning and policy evaluation.





12 bn €

Assets under management

200 € m

Awarded on average per year

North-West Italy

Geographical area representing the main focus of its action

Within this framework, FCSP has structured its philanthropic action around three main Goals: **Culture**, **People** and **Planet**. The Goals simultaneously represent FCSP's major thematic areas of intervention and the internal units into which its grant-making area is divided. Each Goal is staffed by dedicated teams that take care of the design, monitoring and management of initiatives, in line with the policy directions set down in the Multi-year Planning Documents.

The Goals are sub-divided into **Missions**, which identify specific challenges and priority lines of action, thus making it possible to connect strategic choices with operational interventions and the results expected in the medium term. In addition to this distribution of duties, as from the 2021–2024 cycle, FCSP has gradually developed a **structured set of operating instruments**, known as its "tool-kit", which combines non-repayable grants with training, hands-on support, organizational development, deployment of specialist skills and support for the sustainability of beneficiary bodies.

The initiatives promoted by FCSP can involve different combinations of Goals, Missions and tools from the tool-kit, giving rise to interventions with different configurations and levels of intensity. This complex vehicle is supported by a structured system for collecting and managing administrative data, developed and enhanced over the course of two planning cycles, which makes it possible to analyse grant-making policies on a cross-cutting basis and to observe how FCSP's approach evolves over time, including in terms of the role of capacity building.

For further details of FCSP's institutional structure, intervention strategies and activities, see the institutional documentation and in-depth materials available on www.compagniadisanpaolo.it →



In order to select projects involving organizational development or capacity building, from those approved in the past four-year period, we used the tool-kit introduced by the Multi-year Planning Document (MYPD) 2021-2024⁸. This term “tool-kit” refers to the range of alternative methods to traditional grant-making that FCSP has clarified and built into a system, with a view to adding value and fostering medium-term changes among grant recipients. Projects can be linked with specific tools from the tool-kit by means of a tagging system, under which each initiative promoted by FCSP can be associated with one or more relevant tools from the tool-kit. The analyses below refer to the 23 FCSP initiatives associated with at least one of the following tools: bespoke skills deployment, organizational development, financial/management efficiency enhancement, targeted training and assistance with accessing funding. These are structured initiatives, typically organized as two-stage calls for proposals lasting several years, that use combinations of tools in varying proportions.

As part of these initiatives, FCSP awarded grants for 1,295 projects comprising capacity building, for a total of 51 million euros, approved in the four-year period⁹.

As regards total initiatives stemming from calls for proposals, capacity building accounts for **37%** in terms of **resources awarded** and **41%** in terms of the **number of projects supported**.

As shown in [Figure 4](#) →, the 742 beneficiary bodies consists primarily of private entities (70%), especially associations (36%), although local government bodies, with particular reference to municipalities and groupings of municipalities (24%), represent the second most numerous legal form.

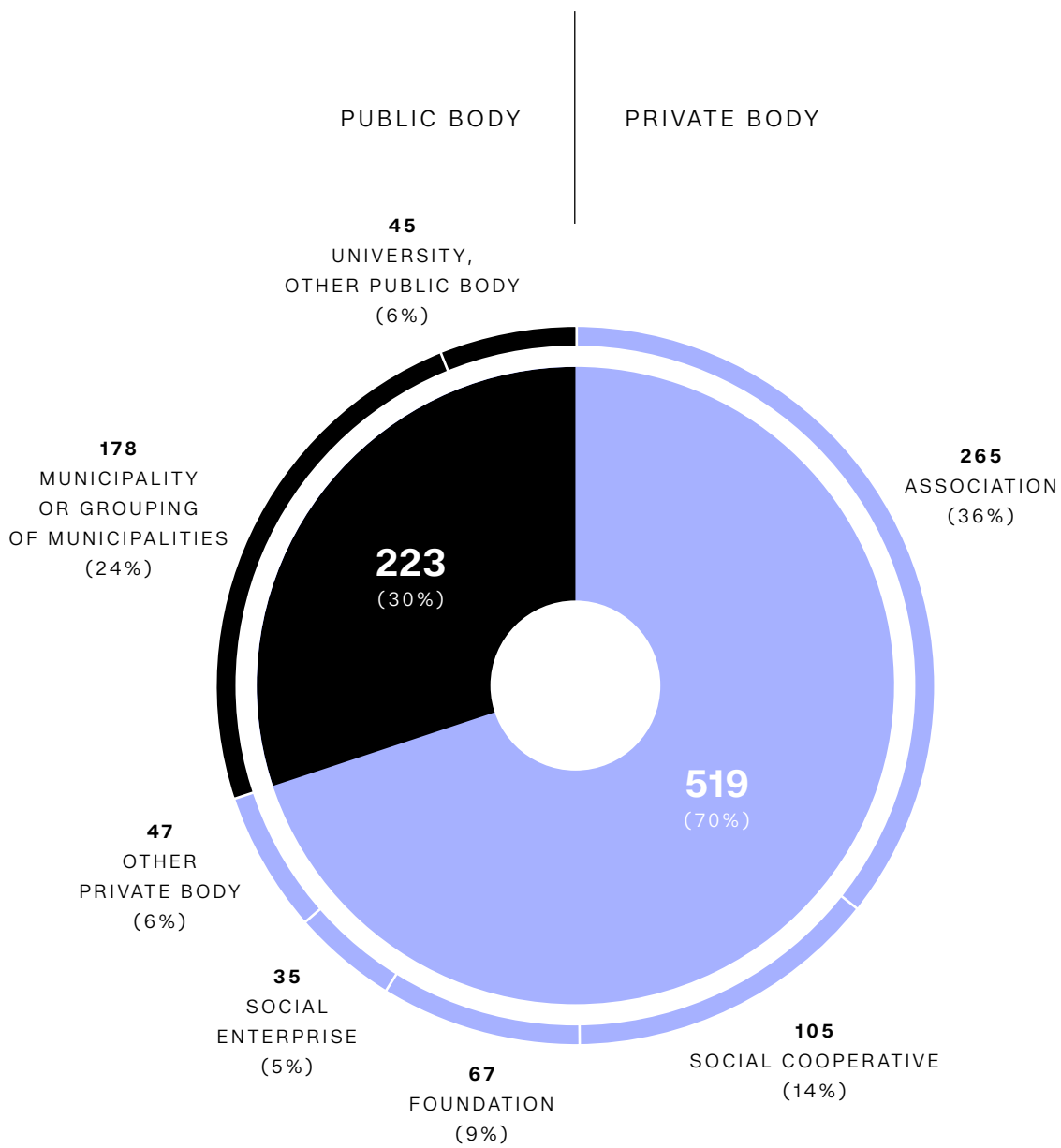
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⁸ Fondazione Compagnia di San Paolo (2021). Multi-year Planning Document 2021-2024, p. 35-38.

⁹ In the interests of providing a full picture, the analysis also includes projects approved between 2024 and 2025. Although these projects won the same call for proposals, they received formal approval in the early months of 2025.



FIGURE 4
Beneficiaries of capacity building by nature and legal form





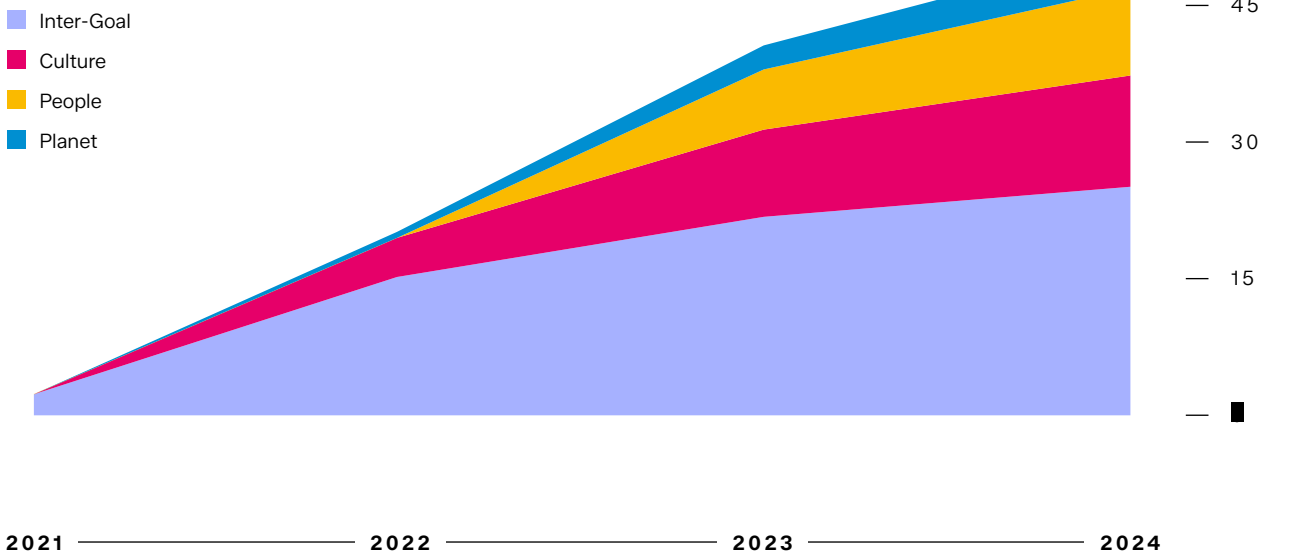
A glance at the trend in grants over time, as shown in Figure 5, reveals a peak in the amounts awarded in 2022 and 2023, followed by a period of stability in the years thereafter. This trend is consistent with the boost arising from multi-year, inter-Goal calls for proposals, specifically designed to promote the organizational development of third-sector bodies (*Next Generation You*) and the acquisition of technical design skills to enable public bodies to compete for funding made available by Italy's recovery and resilience plan (*Next Generation we* and *We-School*).

La **Figure 6** →, by contrast, shows the percentage breakdown of resources awarded by each Goal for capacity-building initiatives. The trend over the four-year period shows that capacity building became more widespread, as it transitioned from an inter-Goal activity, aimed chiefly at organizational development and/or assistance with accessing funding, to a composite set of tools deployed at the initiative of FCSP's grant-making areas. The latter, also known as "Goals", represent the three macro-areas of philanthropic intervention: the cultural and creative domain ("Culture"), social and welfare policy ("People") and economic development, research and health ("Planet")¹⁰. **Focus 5** → shows the main calls for proposals comprising capacity building promoted by each Goal, using the amount awarded as a proxy for scale, which, as previously mentioned, does not fully reflect the intensity with which the initiative promotes capacity building.

FIGURE 5

Amount awarded for capacity building and organizational development, by proposing Goal

Time series of amounts awarded, cumulative absolute values



¹⁰ The breakdown is not representative of the sector to which the beneficiary bodies belong, because inter-Goal initiatives are open to applicants from any field of activity.

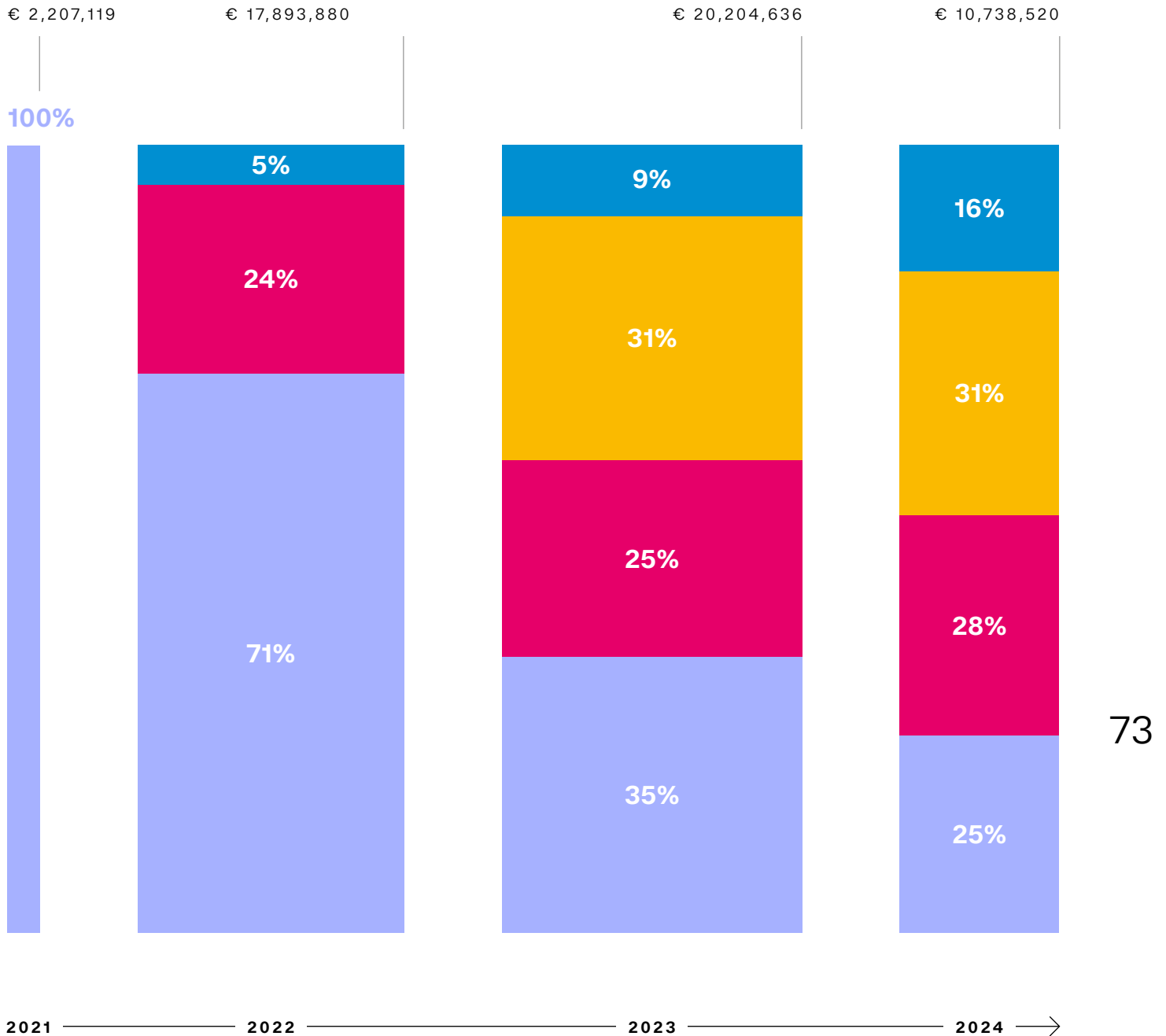


FIGURE 6
Amount awarded for capacity building and organizational development, by proposing Goal

Time series of amounts awarded, percentage values

- Inter-Goal ■
- Culture ■
- People ■
- Planet ■



FOCUS 5

Capacity building in institutional initiatives

Table 3 shows the main capacity-building initiatives promoted by FCSP's Goals. The description of the calls for proposals suggests that FCSP's institutional areas have risen to the challenge of promoting capacity building among beneficiary organizations, while tailoring it to specific fields of intervention and target populations. More specifically, there appear to be two categories of intervention: initiatives that incorporate capacity-building modules into a call for proposals with marked thematic content, and those aimed explicitly at enhancing the internal processes of organizations.

TABLE 3
Main capacity-building initiatives in FCSP's Goals

Call for Proposals	SPACE - Spazi di Partecipazione al Centro
Grants awarded	5.0 € m
Year of their award	2022 - 2023
Tools from the tool-kit	Financial/managerial efficiency enhancement Organizational development Vertical (thematic) calls for proposals
Description	FCSP promoted <i>SPACE - Spazi di Partecipazione al Centro</i> , a three-year call for proposals, to support local centres of congregation, social action and cultural life at a time of considerable difficulty caused by the Covid pandemic and the consequent restrictions imposed on public venues. Over the three-year period, the initiative supported 100 organizations, 56% of which were first-time recipients of FCSP funding, and backed up its monetary grants by creating a community of practice among managers, geared towards networking and boosting management skills. By the time it reached completion, the initiative had achieved significant results in terms of growth and sustainability: an increase in attendance by users (+67%), an increase in the range of services provided (+42%), an increase in the number of donors (+174%) and volunteers (+55%), an increase in revenue streams from a more diverse range of sources, with particular reference to crowdfunding (+105%), funding from other calls for proposals (+222%) and food and beverage sales (+83%).





Call for Proposals	Territori Inclusivi 2023
Grants awarded	5.0 € m
Year of their award	2023 - 2024
Tools from the tool-kit	Financial/managerial efficiency enhancement Customised skills deployment Two-stage calls for proposals Multi-year calls for proposals

Description

The *Territori Inclusivi* call for proposals, launched in 2020, supports the development and consolidation of public-private partnerships engaged in strengthening local social protection networks for vulnerable people and/or people at risk of marginalization, with a particular emphasis on people from migrant backgrounds. A capacity building and design support component was added to the initiative in 2023, aimed at the partnerships already involved in the first edition, with a view to continuity and development of future projects. The initiative spawned 13 projects in Piedmont and Liguria, plus a further seven currently being launched, involving a total of 4,620 people, mostly from migrant backgrounds (85%). Within six months of launch, 75% of the beneficiaries had not previously been identified for support by the local networks. Of the people involved, 32% are facing economic hardship and 29% are seeking work. The initiative also helped boost the skills of 44% of the operators involved and saw the participation of 347 bodies, including municipalities, local health units and providers of social and services.

Call for Proposals	Evoluzioni
Grants awarded	€1.6 m
Year of their award	2022 - 2023
Tools from the tool-kit	Financial/managerial efficiency enhancement Complex projects Two-stage calls for proposals

Description

The *Evoluzioni* call for proposals, promoted in collaboration with Fondazione Cariplo, supports the design and implementation of digital transition pathways in the social economy, with a view to boosting skills and innovation culture, and fostering dialogue and collaboration between the third sector and the technology system. FCSP has operated as a process enabler, a network launcher and a methodological and training hub. With a budget of 1.6 million euros, the initiative supported 20 design processes and 12 projects by social-economy organizations operating in Piedmont and Liguria, to generate estimated economic value of over 8 million euros. The four intervention areas – digital transformation, human-centered design, data-driven organizations, and marketing, communication, and fundraising – kick-started integrated multi-year processes, which are having a structural impact on organizations and strengthening their resilience and ability to respond to contemporary social challenges.



FOCUS 6

Next Generation We

Within the framework of its inter-Goal initiatives in the four-year period 2021-2024, FCSP channelled substantial resources into capacity building for the public administration.

The **Next Generation We** call for proposals took a two-stage approach. Initially, funding was allocated to the acquisition or insourcing of technical design skills, which play an essential role in competing successfully for PNRR (Italy's National Recovery and Resilience Plan) resources. The focus then shifted to staff training for local public bodies, in the form of webinars and specialist consulting, as well as a help-desk service to support the effective management and implementation of the funded projects.

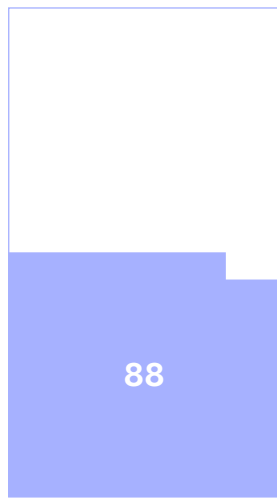
This latter means of intervention was also put into practice by the *Next Generation Schools* initiative, which, alongside the *Pre-Schools and Infant Schools* call for proposals, was aimed at local public bodies that had won PNRR funding for the renovation of existing infant schools or the construction of new ones, leveraging the expertise of local public bodies in terms of interdisciplinary and joint participation, in order to create innovative infrastructures that meet the needs of end-users.





FIGURE 7

Next Generation We in figures



PROJECTS SELECTED
OUT OF 180 SUBMITTED



PROJECTS SELECTED
OUT OF 103 SUBMITTED



LOCAL GOVERNMENT BODIES
INVOLVED IN TRAINING

2021 ————— 2022 ————— 2023 ————— 2024

1ST EDITION

2ND EDITION

3RD EDITION

5.84m
EUROS

3.87m
EUROS

Grant awarded

77

36
local
government
bodies

WON PNRR CALLS
FOR PROPOSALS
OR OTHER FUNDING LINES

154.3 m
euros

OF FINANCIAL RESOURCES
WAS RAISED BY THE WINNING
PROJECTS

Results



Figure 8 → shows the relative frequency with which the projects were associated with the different tools from the tool-kit¹¹. Most of the projects supported in the four-year period benefited from pathways aimed at *financial/management efficiency enhancement* (68%), followed by *organizational development* (67%) and *bespoke skills deployment* (65%). This representation attributes proportionally greater weight to inter-Goal calls, because they account for 58% of the overall set of projects taken into consideration. The distribution of tools between the 23 initiatives suggests that the *bespoke skills deployment* is the most widely used tool (70% of initiatives), followed by *financial/management efficiency enhancement* (52%), whereas *organizational development* and *targeted training* account for a minority (39% of initiatives). It must be noted, however, that this representation underestimates the amounts awarded by FCSP for this type of initiative¹².

Figure 9 → illustrates the extent to which the other tools in the tool-kit have been associated with capacity building calls for proposals. *Bespoke skills deployment* is associated with a plurality of other tools, including those typical of capacity building, but none of them is statistically significant. *Financial/management efficiency enhancement*, by contrast, appears in conjunction with a narrower set of tools, particularly *organizational development*. This suggests there is a strong association between the two tools, as shown by column three, and indeed the first would appear to be an almost inextricable component of the second¹³. The statistical analysis did not find any other positive associations between the capacity building tools examined, but suggests that certain tools may constitute alternatives to each other: *financial/management efficiency enhancement* and *targeted training and assistance with accessing funding* are never associated with each other, in the same way as the latter never appears in conjunction with *organizational development*. This evidence is surprising in some ways, and suggests that further study is required. Some calls for proposals, such as *Next Generation You*, have evolved over time and have likely incorporated capacity building modules that go beyond the tags initially assigned (for further information, see **Chapter 4** →).

11 Each call for proposals could be associated with a maximum of four tools from the tool-kit, and the same applies to the projects selected under the same call. This makes it impossible to attribute the resources awarded to an individual tool from the tool-kit with certainty. As such, we have opted not to include this type of representation.

12 *Next Generation You, We* and *We-Schools* are probably the calls for proposals with the closest focus on organizational development and assistance with accessing PNRR-linked funding. The total amounts awarded across the various editions exceed 25 million euros, equating to 50% of the resources allocated to capacity building over the four-year period, according to our estimate.

13 The association between the two instruments is statistically significant (Chi2: 7.2, pr: 0.007).

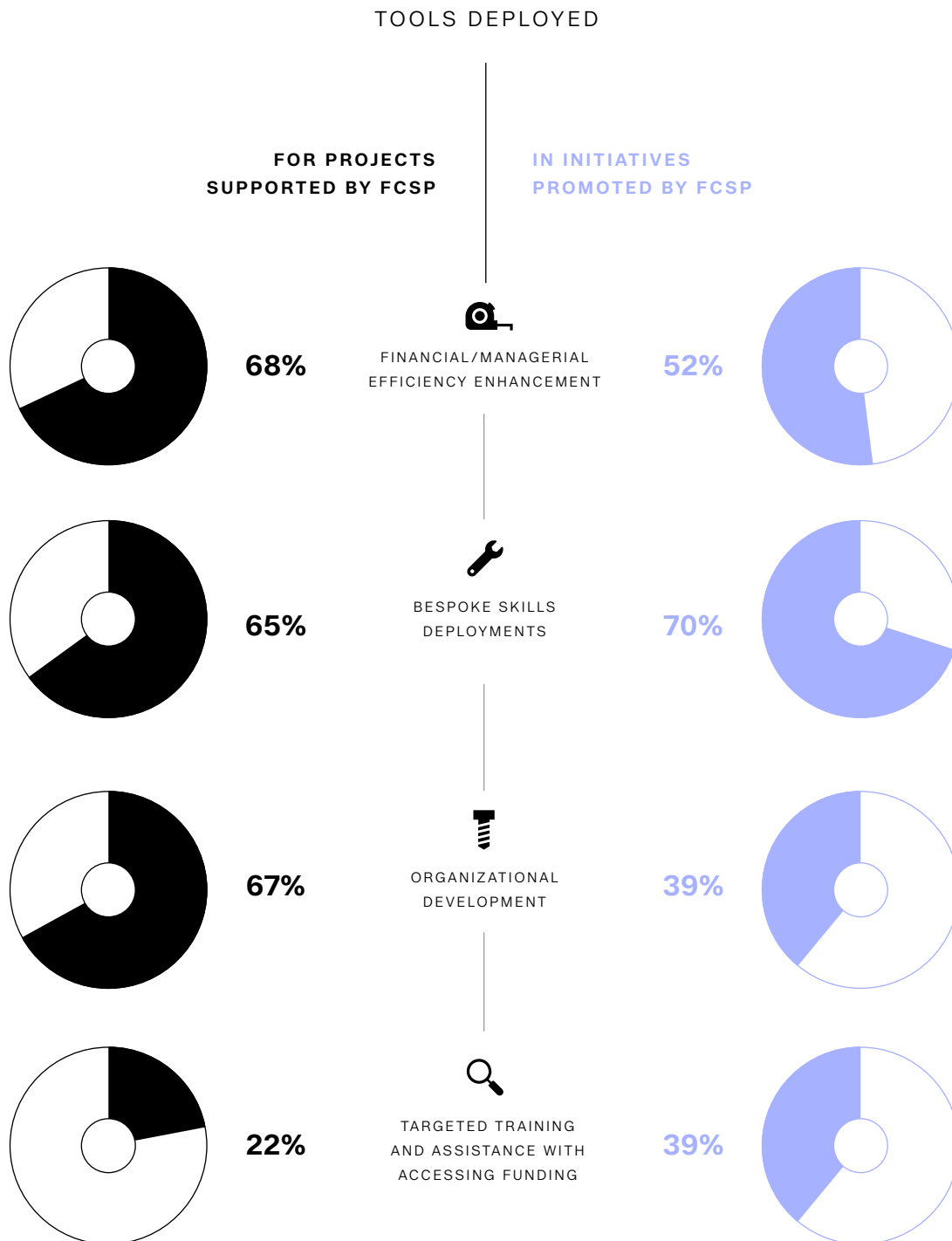


FIGURE 8
Capacity-building tools deployed for projects supported and initiatives promoted


















	 FINANCIAL/ MANAGERIAL EFFICIENCY ENHANCEMENT	 BESPOKE SKILLS DEPLOYMENTS	 ORGANIZATIONAL DEVELOPMENT	 TARGETED TRAINING AND ASSISTANCE WITH ACCESSING FUNDING
 Organizational development	✓	✓		×
 Financial/managerial efficiency enhancement		✓	✓	×
 Complex projects	×	×	×	✓
 Customised skills deployment	✓		✓	✓
 Multi-year calls for proposals	✓	✓	✓	✓
 Vertical (thematic) calls for proposals	✓	✓	✓	✓
 Two-stage calls for proposals	✓	✓	✓	✓
 Calls for proposals to cover the co-funding share envisaged in calls issued by EU bodies or other financial backers	×	×	✓	×
 Targeted training in accessing funding	×	✓	×	
 Enhancing relations with local administrations	×	✓	×	✓
 Context and scenario analysis, formulation of sustainability plans and models	×	✓	×	×

FIGURE 9

Combinations of tools from the tool-kit used in capacity-building calls for proposals



FOCUS 7

Next Generation You

We asked ourselves whether the *Next Generation You* beneficiary bodies' grant-making history with FCSP might reveal signs of change and, if so, the direction they point in. Figures 10, 11 and 12 provide a longitudinal interpretation of project budgets, grants awarded by FCSP and the shares of project co-funding allocated by the bodies¹⁴.

Figure 10 → shows a growth trend in average budget values, amount awarded and amount co-funded by the bodies from t_0 (period prior to *NGYou*) to t_1 (year they won the call for proposals) and for subsequent years, with particularly marked growth in co-funding, which more than doubled as from the first year after *NGYou* (**Figure 11** →).

Figure 12 → shows the trend in the percentage of project co-funding over time. This peaked in the year following *NGYou*, before stabilising, albeit at significantly higher levels than in the period prior to the call for proposals. In general, the data shows that, rising project budgets have been accompanied by increases in both the capacity to attract resources from FCSP (+29.5% five years on from *NGYou*) and, above all, in the levels of co-funding provided by beneficiary bodies (+161.1%), which remain high even several years later.



¹⁴ The calculation takes account of all the winners of at least one edition of *Next Generation You*, with the exception of winners with high-budget projects (over a million euros), which were treated as outliers in order to avoid distorting the average values. As far as amounts are concerned, the calculation takes account of the proportions attributable to the calendar years in which the projects were implemented, for all projects approved between 2016 and 2025 (for example, for a project starting in July 2022 and ending in June 2024, 25% is attributed to 2022, 50% to 2023 and 25% to 2024).



FIGURE 10

Next Generation You: average value trends for budget, amount awarded and amount co-funded

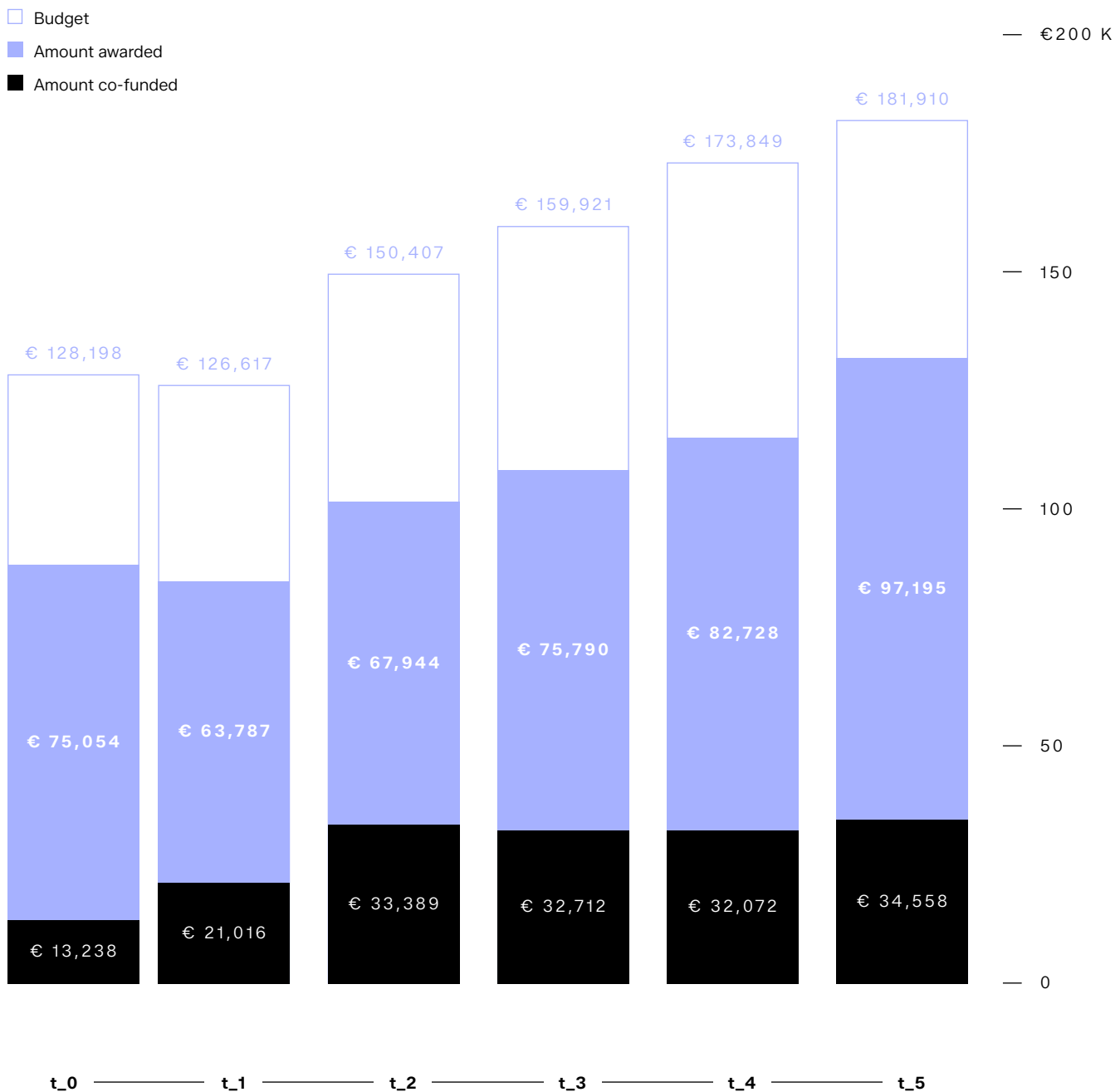




FIGURE 11

Next Generation You: growth rates compared to the period prior to capacity building, average values

Index numbers, prior to capacity building = 100

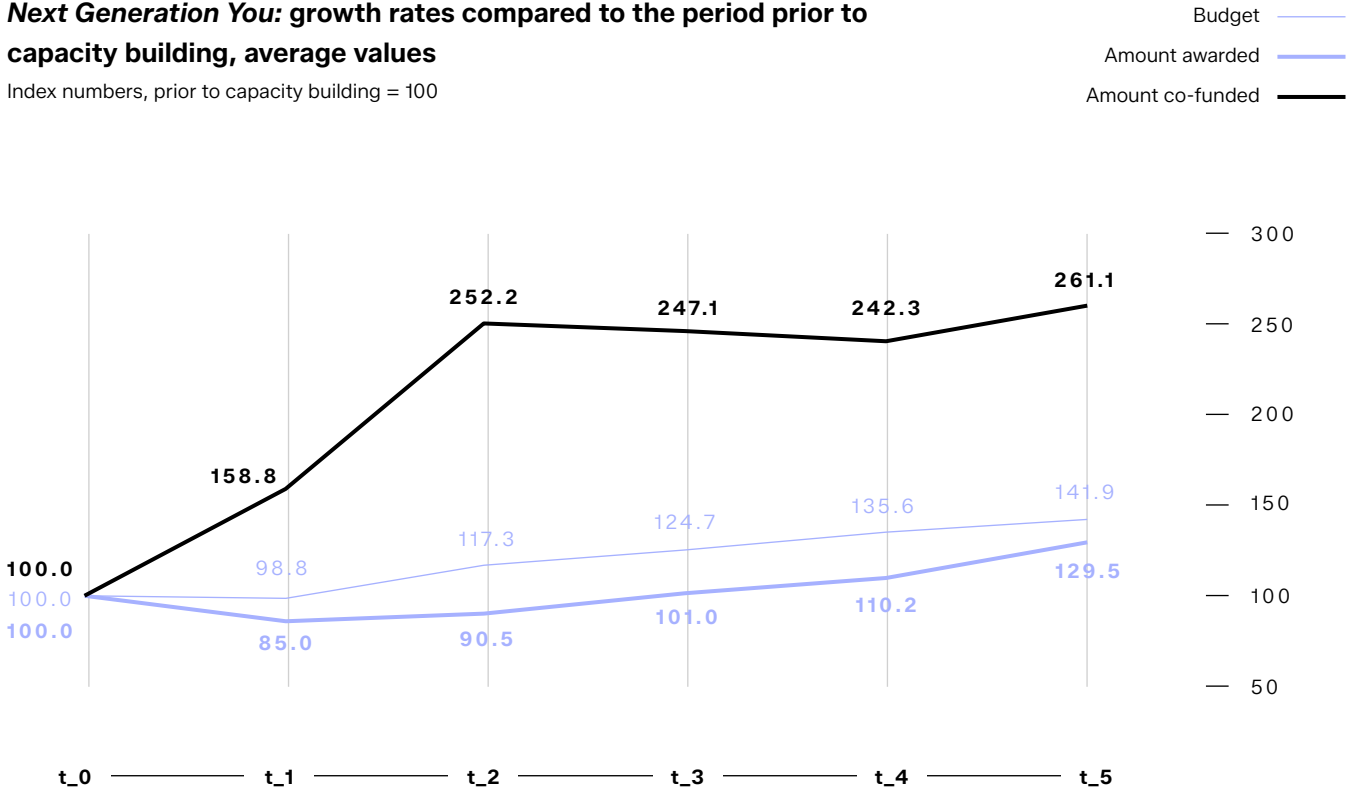
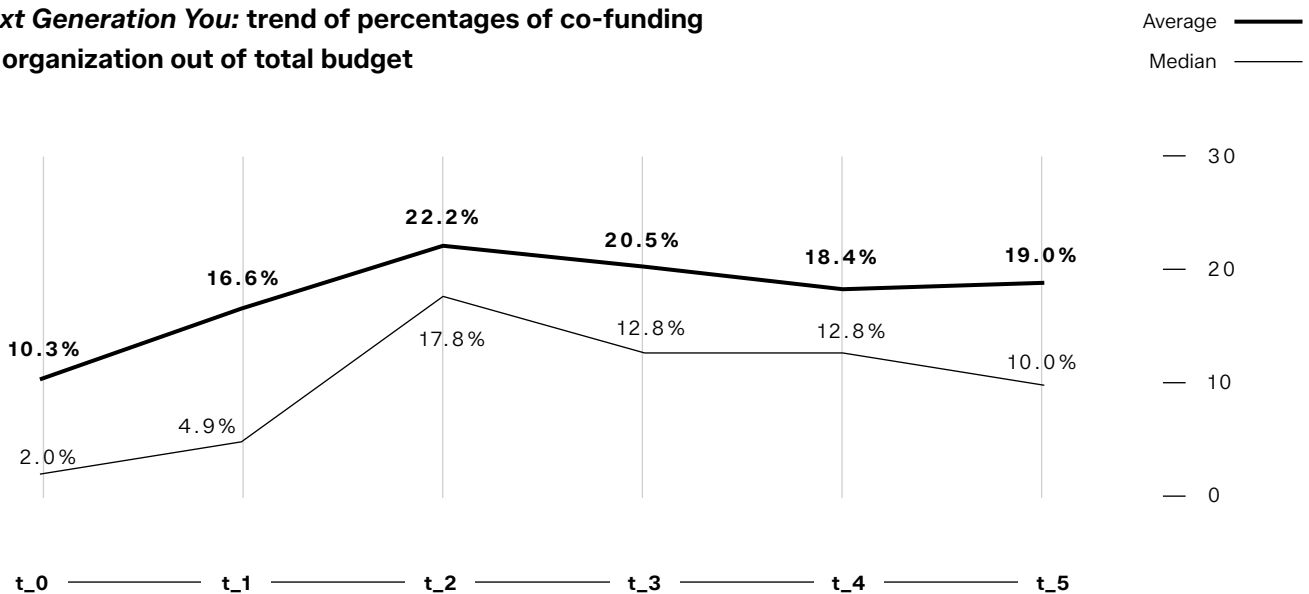


FIGURE 12

Next Generation You: trend of percentages of co-funding by organization out of total budget





2.3 CAPACITY BUILDING AND ORGANIZATIONAL DEVELOPMENT IN THE BODIES THAT TOOK PART IN THE SURVEY TO GAUGE VIEWS IN THE CATCHMENT AREA

Since 2018, FCSP has been conducting a biennial survey to gauge views in the catchment area, in the form of a CAWI questionnaire. Aimed at organizations that have applied for a grant from FCSP, regardless of the outcome of the preliminary study, the survey provides an opportunity to find out more about the state of the relationship between FCSP and grant-applicant bodies, by monitoring its evolution over time and identifying potential areas for improvement in operating tools and methods. It is worth noting that the sample of respondents to the survey is not representative, because participation is entirely voluntary. However, the overall number and good response rate (averaging almost 35% in the most recent waves) are sufficient to determine general trends and, sometimes, breakdowns in trends by category of respondent body.

The 2022 survey, which covered the 18 months spanning the whole of 2021 plus the first half of 2022, was the first to include a section on capacity building and organizational development. In that survey, 30% of the bodies awarded at least one grant reported having benefited from specific staff training activities, and that percentage remained stable in the next survey. The same period saw a sharp rise in interest in capacity building ([Figure 13](#) →). A comparison between successive waves reveals that interest in receiving staff training or organizational development input among organizations that had not previously undertaken such activities, rose almost four-fold between 2022 and 2023, before settling at 60% in the two-year period 2024-2025.

The main fields of interest to respondents to the last wave are shown in [Figure 13](#) →.

In anticipation of a possible future intervention, organizations hope to receive training and/or consultancy in multiple organizational fields (respondents indicate and average of four). This suggests that FCSP may need to promote specific organizational development interventions, built around the specific needs reported by the organizations concerned¹⁵.

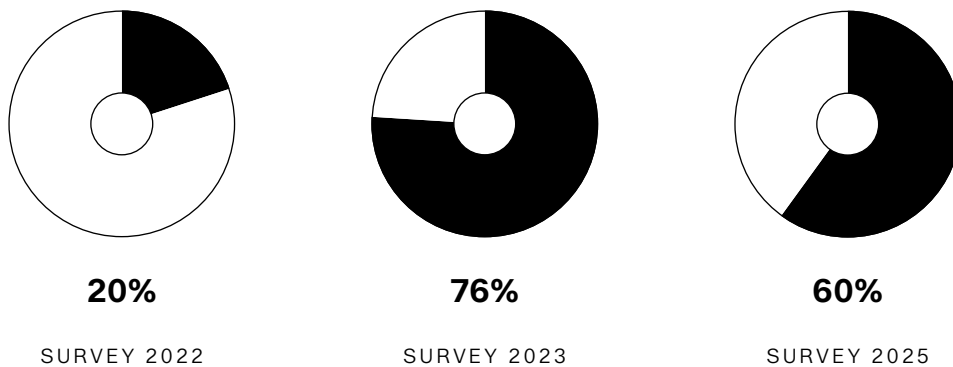
¹⁵ Furthermore, some of the defining features of the organizations – such as legal form and annual revenues – correlate to the fields of greatest interest.



FIGURE 13

Interest in capacity building and fields of greatest interest

INTEREST IN UNDERGOING CAPACITY BUILDING
 AMONG ORGANIZATIONS THAT HAD NOT PREVIOUSLY DONE SO



ORGANIZATIONAL FIELDS OF GREATEST INTEREST





We asked organizations that had previously undertaken capacity building initiatives to tell us to what extent the initiative had yielded improvements and in which areas. The scores, on a scale of one to five, point to a fair rating (3.4/5) for capacity building as a whole. The initiative's ability to promote a strategic organizational vision received the highest ratings, whereas its ability to foster management and financial independence received below average ratings (Figure 14). Although the organizations' perceptions should not be seen as a rigorous assessment of the effectiveness of the interventions (chapter three of this paper focuses on measuring the impact of *Next Generation You* and its methodological framework), the training and organizational development initiatives would appear to have promoted a medium-term strategic approach among the organizations that took part in the survey. Should this be so, it testifies to the ability of capacity-building programmes to impact on the organizational culture of third-sector bodies, with potentially transformational effects. The programmes appear to have been less effective, however, in fostering the management and financial independence of beneficiary bodies. This could be due to the different focus of the initiatives, which, unfortunately, was not covered by the survey; or it could be due to the fact that results in terms of financial independence do not become visible until a certain amount of time after completion of the capacity-building programme.

FIGURE 14
Improvements introduced by capacity building

Rated on a scale of one to five



AVERAGE SCORE **3.4**



Lastly, with regard to the co-funding of training and organizational development programmes, 22% of organizations that had undertaken these activities in the past report having done so only partially thanks to support from FCSP. Alongside the organizations that report having allocated their own resources to the programme (55%), others report having benefited from grants from other foundations or resources from the public sector (45%). While this could indicate that FCSP did not allocate sufficient resources to meet the needs of certain organizations, it could also mean that these initiatives prompted organizations to embark on organizational innovation pathways that they then wished to continue, even by drawing upon resources from elsewhere.

2.4 CONCLUSION

As a whole, the evidence shows that capacity building and organizational development have become a structural lever in FCSP's grant-making policies over the last four-year period, which is incorporated into inter-Goal calls for proposals and the strategies of individual grant-making areas, alike. An analysis of the resources awarded, patterns of grant-making behaviour and the perceptions collected from surveys of organizations in the catchment area provides a coherent picture of the enhancement of project design capabilities, the propensity to secure co-funding and the strategic vision of the beneficiary bodies.

From this perspective, FCSP's experience suggests that a deliberate, cumulative, learning-oriented approach sees capacity building not only as a one-off response to the organizational needs of beneficiaries, but as an ongoing component of philanthropic intervention to support the third sector and public administrations.



CHAPTER 3

NextGeneration You: framework of the experimentation and its evolutions

Editor:

Daniela Gregnanin / Head of the Boosting Innovation Mission, Planet Goal - Fondazione Compagnia di San Paolo

Next Generation You is a Fondazione Compagnia di San Paolo initiative aimed at the organizational development of third-sector bodies in Piedmont, Liguria and Valle d'Aosta. Divided into three editions (2021-2024), the programme marks an evolution in FCSP's philanthropic strategy, from a project-centred approach to one focused on structural organizational change. Drawing upon a tool-kit combining strategic consulting, capacity building and innovative management tools, the initiative involved 207 organizations in the final stages, working on critical areas such as economic and financial sustainability, governance, managerial skills, digital transformation and generational succession. The lessons generated by the three-year trial led to the establishment of permanent *guidelines*, confirming the strategic role of organizational development in strengthening the third-sector ecosystem.



3.1 RATIONALE BEHIND THE INTERVENTION

Next Generation You originates from Fondazione Compagnia di San Paolo's institutional goal of supporting the third sector, combined with its desire to reshape approaches to intervention in such a way as to get the best out of development potential.

The third sector is an engine of solidarity, development and resilience in Italy, channelling civic and social energies into fulfilling real needs, with creativity, flexibility and speed, especially in response to social, economic and health crises. Its identity as the "third pillar" of society has a founding value that can and must be relaunched in order to imagine and plan the future.

The Foundation's historic interest in the third sector and the social economy prompted it to take a close look at the fields targeted by its three Goals – Culture, People and Planet – while building its multi-year strategy 2021-2024. This brought to light various **areas for improvement** for beneficiary bodies, in terms of their structure and operating model:

- **fragmentation:** although organizational units are often small and fragile relative to their development potential, there is no trend towards scaling up to a more effective size, by merging or grouping together;
- **insufficient economic resources:** low levels of assets make it difficult for organizations to deal with the banking system and thus limit their resilience to external crises;
- **sustainability models** (organization's product, distribution system, customers, price and margin, research and development) that lack resilience and structure, in the broad sense;
- **skills systems focused on the specific mission of the organization**, which emphasize its valuable technical and relational know-how, but tend to be short of management skills. Both skills systems and organizational models are affected by the limited reach of digital culture and limited use of data as a key generator of knowledge and productivity;
- **generational succession** (employees and, where applicable, partners and volunteers) which, beyond the normal, natural loss of experience that is always possible, appears to manifest little capacity to bring structural continuity to organizations, thus making them over-dependent on the life-cycles of their founders.



The range of instruments available to philanthropic foundations has grown significantly in recent years, compared with the heyday of monetary grant-making for specific projects. In the light of a “theory of organizations” that has started taking a closer look at the organizational needs of beneficiary bodies, there is growing potential for integration between different domains.

On the basis of a profound understanding of the third sector and these opportunities, FCSP has deployed multiple instruments, some of which are tried and tested, others of which are entirely new, and drawn upon the best experience of the most advanced forms of philanthropy to identify a wide-ranging tool-kit comprising a variety of tools that transcend the concept of project-specific grants.

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These include *organizational development*, focused on transformational processes targeting the organizational dimension of beneficiary bodies, their members and their evolution. FCSP has therefore gradually changed its approach to intervention from a project-based to a process-based model, focused on the organizational reconfiguration, “market” positioning, and product and process innovation of beneficiary bodies.

As an agent of sustainable development, FCSP has used the *Next Generation You* and *Next Generation We* calls for proposals to deploy resources that do not merely cover project costs or other non-repayable costs incurred by beneficiary bodies, but have the potential to exert considerable leverage; in other words, resources capable of generating further resources, while also strengthening beneficiary bodies at a structural level.

In response to the opportunities stemming from Next Generation EU and the PNRR (Italy’s national recovery and resilience plan), FCSP therefore launch a preparatory campaign designed to strengthen and consolidate third-sector organizations, while also boosting their cross-linking with the fabric of the Italian economy in order to maximise impact, through concerted collective effort.



3.2 THREE-EDITION CALLS FOR PROPOSALS: THE FRAMEWORK OF THE THREE-YEAR EXPERIMENTATION

In March 2021, FCSP published a national call for expressions of interest aimed at selecting companies with experience in strategic consulting and an interest in providing third-sector bodies with hands-on support with the process of organizational change and development. The selection procedure gave rise to a list of 31 consultants who could take part in stages 1 and 2 of the call for proposals, by providing organizational assessment services.

The publication of the first edition of the call for proposals, in May 2021, forms an integral part of the road-map for the implementation of FCSP's strategy, drawn up in line with the objectives of its Multi-year Planning Document 2021-2024.

In view of the innovative nature of this instrument, in order to enhance the skills FCSP functionaries assigned to organizational analysis and strategic development, FCSP staff took a training course designed to equip them with a full understanding of the methodologies adopted and the ability to take active part in the whole process.

AIMS:

As mentioned above, the call for proposals is aimed at the organizational development of entities operating in Piedmont, Liguria and/or Valle d'Aosta in the sectors covered by FCSP's three Goals: Culture, People and Planet. Its purpose is to invest in their organizational strength through rationalization and growth, so as to improve their innovation, sustainability and autonomy, and hence their ability to acts as levers of development for the geographical area in which they operate, bringing widespread, lasting benefits to it.

The specific aims are as follows:

- **to maximise the efficiency, effectiveness and impact of organizations** operating in FCSP's catchment area, by helping them enhance their organizational and managerial capabilities and encouraging them to adopt an informed approach to sustainable development;
- **to help identify innovative models** to transform the organizations and their consequent actions;
- **to promote relations between organizations and organizational development professionals**, in order to design structured analysis and transformation processes, by leveraging the necessary skills;



- **to prepare organizations for new development, positioning and fund-raising opportunities**, partly by improving their access to resources available under European planning and Next Generation EU, and the economic and financial independence that such resources can bring;
- **to improve FCSP's opportunities to get involved in new areas of activity and forge relations with new people**, thus expanding its range of action and identifying partners with which to launch further innovative collaborations aligned with its strategies;
- **to promote a general sense of involvement** in the challenge of contributing collectively to the fair, long-lasting and sustainable development of the catchment area.

TARGET AUDIENCE

The call for proposals is aimed at organizations that are eligible for FCSP grants and meet the following requirements:

- have at least one **operating site in Piedmont, Liguria and/or Valle d'Aosta**;
- have been **legally established for at least two years** at the time of application (except for entities established after this date as a result of the transformation of a pre-existing non-profit entity, or social enterprises created on the initiative of other non-profit entities fully owned by them);
- have total **annual income of at least 150,000 euros**¹⁶.

¹⁶ This was specified as a requirement in the first edition of the call for proposals, but was removed in subsequent editions, thus widening the pool of eligible organizations.



STAGES

The call for proposals is divided into two stages.

In **stage 1**, applicant bodies present a proposal for an organizational analysis of their strengths, weaknesses and potential, and an outline of their development plan.

The application includes the following:

- I a proposal for an organizational analysis aimed at identifying weaknesses (e.g. absence of a management control system, weakness of the financial structure, need for succession planning, non-diversified sustainability model) and development potential (e.g. opening new areas of activity, making physical investments, training or skills injection, opportunities for incorporations/mergers/aggregations between entities, opportunities to obtain national or international competitive resources; opportunities arising from fund-raising, and/or raising capital and obtaining credit);
- II an outline of a development plan for the organization, covering its organizational structure or selected organizational functions identified as key to strengthening the entity.

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By way of example, the call for proposals refers to the following **possible development dimensions**:

- strengthening the entity's economic balance mechanisms;
- strengthening the entity's financial structure and sustainability, particularly the strategies for ensuring a balance between the sources and uses of financing, mechanisms for fulfilling financial obligations towards third parties, investment strategies, methods for accessing financing and fund-raising mechanisms, methods for accessing European financing and mechanisms set by European and national resilience and recovery programmes;
- strengthening the entity's control and management processes;
- strengthening the entity's organization processes, organizational procedures, specific functions (strategic marketing, development of services and projects, sales, purchasing, personnel, etc.);



- developing new products and/or services of the entity, establishing sales/distribution/disbursement channels, determining the respective costs and expected income;
- reviewing the entity's forms of governance and strengthening its personnel management methods, particularly as regards leadership and generational turnover, inclusion and equal opportunities;
- creating a Research & Development function;
- supporting the entity's evolution, innovation and strategic planning in close connection with a detailed economic sustainability plan;
- Strengthening the entity's digital transformation processes, including the mechanisms for digitalising procedures and services, document archiving systems and document flow management, data collection, analysis and processing mechanisms, stakeholder relationship management;
- providing access to opportunities to obtain national or international competitive resources, opportunities arising from fund raising and/or capital raising and/or finance raising;
- legal transformation of the entity into another form that is more appropriate for its development;

At this stage, the applicant body identifies a strategic consultant to support it in the design process, from among the suppliers pre-selected by the FCSP for Phase 1. Winning applicant bodies are awarded a grant of up to 15,000 euros for the organizational analysis and design of the development plan, which includes appointing a strategic consultant, for up to a maximum of 10,000 euros, and the costs of the staff involved in the programme covered by the call for proposals, up to a maximum of 5,000 euros. Expenses relating to the day-to-day running of the organization, the purchase of additional services on top of those specified and the purchase and/or maintenance of assets and infrastructure are not eligible for grant funding.



STAGE 1

€15,000

maximum grant



€10,000

allocated to the **organizational analysis**
and the **design of the development plan**



€ 5,000

allocated to **staff costs**

Organizations selected to go through to **Stage 2** must present the results of the organizational analysis and the **development plan** designed with the supplier on the basis of the outline formulated in Stage 1, with a detailed description of the following:

- analysis of the organizational structure (overall organizational structure, responsibilities, processes) and communication strategy;
- analysis of the entity's financial statements to determine its economic and financial sustainability;
- analysis of the entity's digital maturity;
- SWOT analysis showing weaknesses and development potential;
- selection of the aspects to be targeted by the development plan, from the list of aspects highlighted by the analysis;
- short and medium-long term objectives of the development plan and analysis of the KPIs to monitor pursuit of the plan objectives;
- list of deliverables, stages of activity, implementation methods and respective timings for implementing the development plan;
- composition of the team, identifying a project manager and stating the professionals from the entity involved in implementing the plan;



- size of the budget required for each executive WP, including the cost of human resources, collaborations, purchase of services and materials;
- domain experts who the entity intends to involve in implementing the plan, specifying the activities assigned to each one, the nature of their expertise and an estimate of the respective budget. These experts can be picked from the short-list of suppliers selected by FCSP for Stage 2 or found freely on the market

Organizations selected to go through to Stage 2 receive a grant of up to 50,000 euros to implement the development plan.

The budget submitted in Stage 2 may include fees for the domain experts identified in the development plan, who must be identified and appointed on the basis of specified areas for development, as well as other costs, such as internal staff, collaborations, the purchase of goods and services, training, etc., provided they have a proven link with the development plan. The purchase of movable property (e.g. equipment, technology, electronic data storage media) for the purposes of implementing the development plan must not exceed 15% of the total grant applied for, whereas the cost of internal staff already employed at the time of submission of the application must not exceed 20% of the total grant applied for.

STAGE 2

€50,000

maximum grant

of which



15%

maximum percentage allocated to the **purchase of movable property**

20%

maximum percentage allocated to the **cost of internal staff** already employed at the time of application

Eligible expenditure does not include expenditure on the day-to-day running of the organization, the purchase and/or ordinary and extraordinary maintenance of immovable property, and any other expenditure not expressly linked with the development plan. The organization may co-fund the development plan with its own resources or funding from other sources (including from other FCSP grants) and the plan covering the total costs forecast for the implementation of the development plan must be provided in the application dossier.



ANALYSIS AND SELECTION OF PROPOSALS

The following factors are taken into account when selecting **Stage 1** proposals:

- **Quality of the application**
Significance of the entity to the catchment area and its needs, size of the intervention area / size of the beneficiary population, involvement of the entity in formalised networks, reasons for the entity to undertake the process (staff involvement), clarity and completeness of the information presented, quality of the method proposed. The presence of women and young people in the governance and senior positions in the entity is a qualifying factor.
- **Implementation (feasibility)**
Relevance and feasibility of the approach and support offered by the supplier relative to the aims and activities of the entity, consistency of timings and resources with the programme of activities, organization of activities;
- **Impact**
Alignment of the entity and its development idea with FCSP's targets/KPIs and the SDGs set down in United Nations Agenda 2030, clarity of the entity's future vision of potential transformation, the proposal's potential to achieve results that are consistent with the aims of the call for proposals.

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Stage 2, however, assesses the following factors:

- **Overall quality of the plan**
Significance and relevance of the needs identified in the analysis, ability of the plan to fulfil the needs identified, completeness of the plan in terms of stages, actions and tools; clarity and accuracy of the information supplied in the plan and its attachments (Gantt, WBS/OBS, WP), appropriateness of the KPIs established to measure achievement of the objectives
- **Implementation (feasibility and adequacy in relation to the objectives)**
Feasibility of each component part of the plan (objectives, actions, tools, financial resources), consistency and appropriateness of the experts in relation to the characteristics of the plan.
- **Impact (transformational potential)**
Alignment of the plan's objectives with FCSP's targets/KPIs and UN SDGs, the plan's ability to generate a positive and long-lasting transformation of the entity (e.g. strategies, organizational structure, service model, data collection



and processing, economic sustainability, management efficiency), the plan's ability to improve and develop the skills of the human resourced involved

A panel has been established to conduct the **preliminary analysis**. The panel is made up of external and internal referees with a range of skills profiles and the ability to evaluate the proposals in the light of the criteria and sub-criteria specified in the call for proposals. The panel comprises complementary skill-sets in a range of disciplines, reflecting the multidisciplinary nature of the proposals:

- **academic and scientific expertise** on cooperation, the third sector and the civil economy, innovation and technology applications in smart cities and telecommunications, UX approaches and methodologies and service design;
- **knowledge of organizational development tools and methodology**, project management and impact assessment methodologies, accounting organization, taxation, accounting and *accountability*, marketing, finance and statistics;
- **vertical skills in FCSP's areas of operation.**

MONITORING

In order to oversee the gradual implementation of the transformation processes supported, FCSP has put together a comprehensive quarterly monitoring plan. Every four months, FCSP collects uniform data from each organization and its staff organise a calendar of individual meetings – face-to-face on the organization's premises, where possible – to monitor the progress of the approved project and discuss any deviations and concerns that may have arisen along the way. The aim is to verify that the objectives of the individual development plan and the overall objectives of the FCSP's intervention are being pursued.

The intervention represents a substantial investment of funds, skills and effort, mainly because it is not applied in series, but is designed to be flexible, personalized and tailored to the needs of each individual organization.



FRAMEWORK OF THE SECOND AND THIRD EDITIONS OF THE CALL FOR PROPOSALS

Thanks to the lessons learned during the first edition of the call for proposals, new points have been identified and incorporated into the framework of the second and third editions:

- **Rolling application process**
The call for proposals became an ongoing intervention for the whole of 2022, with quarterly cut-off dates for the analysis and selection of proposals.
- **Wider range of eligible organizations**
Certain admission requirements have been relaxed in order to extend the opportunity to previously excluded organizations.
- **Streamlining of the two stages**
These now involve the submission of an expression of interest, followed by a design dossier consisting of an organizational analysis, a multi-year strategic development plan and an executive project.
- **Fine-tuning of the proposed tools and methods**
The statements relating to the operational tools used in the design process have been made more comprehensive and methodologically more robust. Thanks to a collaboration with Fondazione LINKS and EY S.p.A., a methodological guide on preparing project design dossiers has been developed, and was presented to actors from the catchment area during a training webinar.
- **Empowering organizations to choose the most appropriate type of consulting to support their development process**
In addition to the consultants selected by FCSP and included in the approved list, organizations were allowed to choose a strategic consultant on the free market, on the basis of specifications designed to match consultants to organizations effectively and tailor the process more closely to their individual needs.

3.3 STRENGTHS OF SELECTED APPLICATIONS

The applications that underwent preliminary examination yielded the following evidence:

- Overall, **applications are of high quality**, contain satisfactory descriptions and are backed up by substantial organizational factors. This is facilitated by both



the multi-step selection process and the practical methodological support provided by the methodological guide.

- In line with the objective of **empowering organizations** to conduct transformation processes that leave a lasting legacy and internal capabilities, the panel focused chiefly on applications that explicitly placed a firm emphasis on internal empowerment. More specifically, the selection of a suitably skilled project manager and PM team capable of offering close support to the governing bodies, and the assignment of clear, explicit and core responsibilities, raise awareness of the change under way, make effective use of internal resources and sharpen the focus on organizational transformation.
- As far as **co-funding** is concerned, most organizations are willing to cover the costs not covered by the FCSP grant with their own resources, rather than by recourse to new strategies. In fact, many proposals are aimed at strengthening organizations' fund-raising strategies and securing the loyalty of donors, whereas only a few are aimed at actually diversifying their services or adopting more innovative fund-raising methods.
- Almost all organizations are have a keen **awareness of the importance of communicating – both internally and externally – the intrinsic value of the organization** and the initiatives it implements in pursuit of its mission.
- As far as partnerships and collaborations are concerned, only a limited number of organizations believe it is important to listen to or engage external stakeholders in their development pathway, highlighting the **self-referential approach** that characterizes many organizations and the way they work.

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In line with the selection criteria, **points were awarded** for the quality of the co-funding and funding mix, the effective deployment of new management and accounting tools, an emphasis on understanding the impact generated, an interest in finding ways to boost relations with the catchment area, the presentation of a detailed, comprehensive, congruous budget, and the solidity of the organizational structure proposed for the implementation of the executive project.



The panel also took a positive view of projects that effectively combined organizational development and capacity-building actions, by means of a good balance of training, consulting and operational/technical tools, and involving high levels of internal engagement. The latter factor plays an especially important role in ensuring the long-term sustainability of the proposed changes.

Points were also awarded to development plans that took a more cross-cutting, multidimensional approach and sought to combine efficiency-enhancement of internal processes with a willingness to innovate by proposing more multi-faceted projects and **designing innovative services** in response to the needs of the catchment area or through co-design processes involving the community.

Points were deducted for projects with a large number of objectives and a disparate range of interventions, if proposed by an organization with insufficient economic and organizational means to credibly plan and implement a complex project targeting a high number of processes within a period of 18 months. Points were also deducted, however, for projects aimed at only very limited interventions that lacked the potential to achieve the strategic goals and organizational change set out in the vision statement.

The panel also took a negative view of proposals that failed to set out a clear link between the transformation interventions and their expected results in terms of advancing the common good, or failed to provide an analysis of needs, beneficiaries and stakeholders to justify and steer the process of change.

FOCUS 8

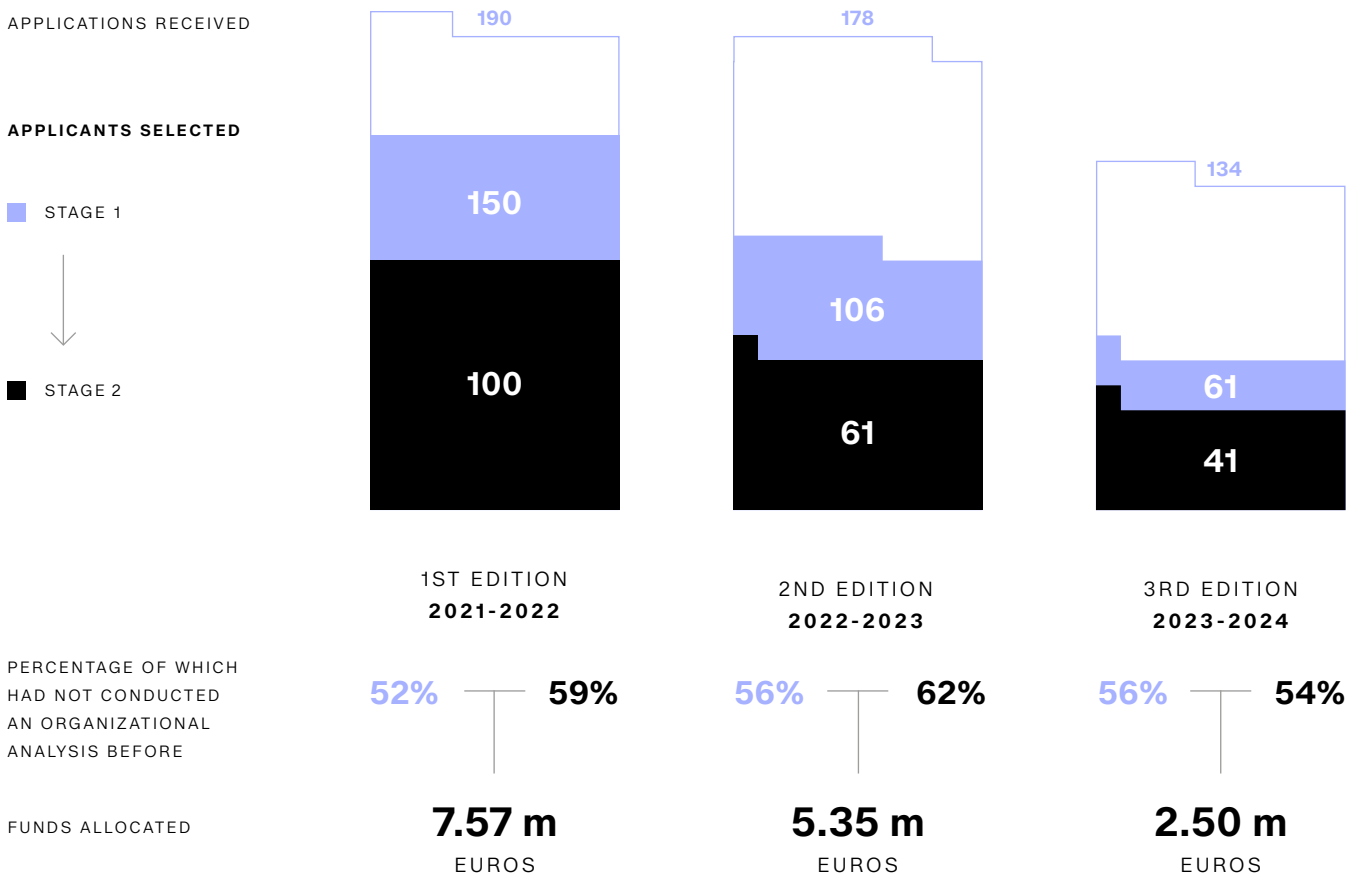
The three-year experimentation in figures

The figures relating to the experimentation testify to the commitment of FCSP, which allocated over 15 million euros to the three editions of the initiative, and to the excellent response from organizations in the catchment area, from which a total of over 500 applications were received. Furthermore, the share of organizations that had never carried out an organizational analysis before *Next Generation You* – considerably over 50% across all stages and editions – suggests that the programme fulfilled a need that had remained latent, despite its high potential for transformation.



FIGURE 15

The three-year experimentation in figures



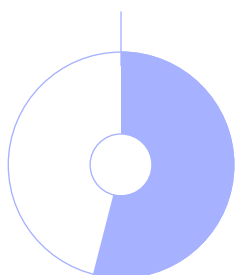
102

502
applications
 received

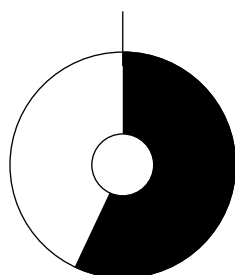
317
organizations selected
 in stage 1

202
organizations selected
 in stage 2

15.4 m
euros
 allocated in total



54%



57%

PERCENTAGE OF WHICH HAD NOT CONDUCTED AN ORGANIZATIONAL ANALYSIS BEFORE



3.4 EVOLUTION: FROM CALL FOR PROPOSALS TO GUIDELINES

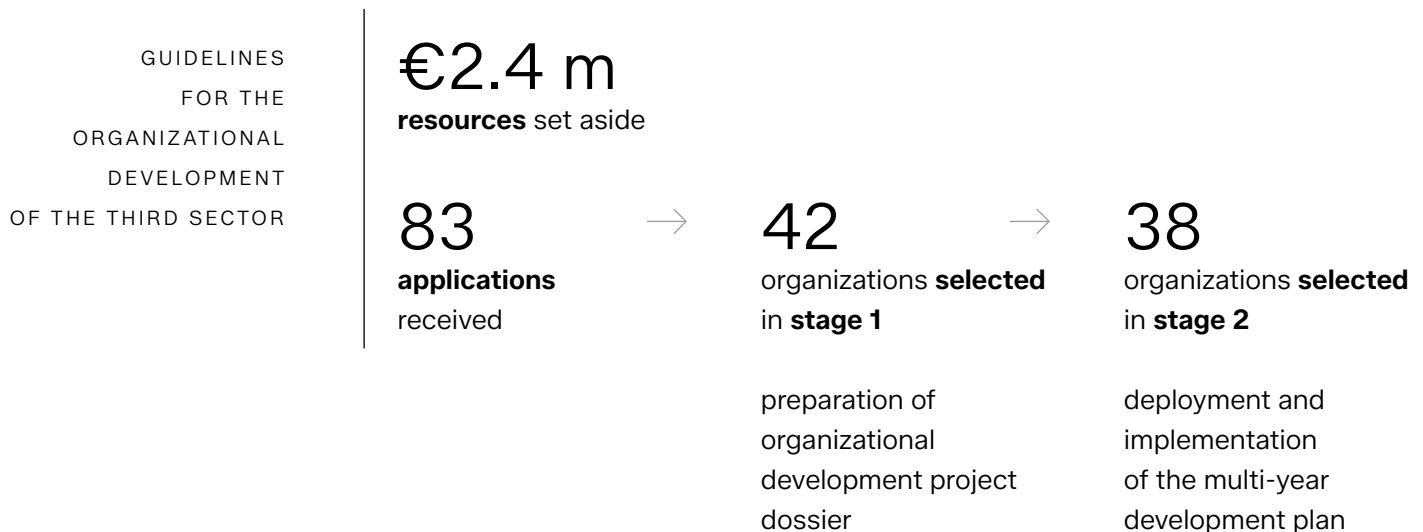
The call for proposals identified innovative models for organizational transformation processes, fostered dialogue and interaction between the third sector and organizational development professionals, boosted skills and promoted a culture of innovation and impact.

The experimentation enabled FCSP to enhance its understanding of the third sector and the social economy, collect data and evidence, consolidate a working methodology and generate valuable knowledge for future interventions.

The intervention provided an opportunity to road-test innovative organizational transformation models, foster dialogue and interaction between the third sector and organizational development professionals, consolidate skills and encourage a culture of innovation and good economic management.



Building on the experience and lessons learned from the three-year experimentation, FCSP decided to continue to support the organizational development of the third sector in Piedmont, Liguria and Valle d'Aosta by opening a permanent line of intervention. The *Guidelines* were published in May 2024 and provided a permanently open opportunity for the catchment area until December 2024. FCSP set aside resources of more than 2.4 million euros for these initiatives, and the 83 applications received testify to the widespread interest in this new intervention instrument. As a result of the preliminary examination carried out in Stage 1, 42 were given support with preparing a project dossier for organizational development. Of these, 38 were selected in Stage 2, aimed at deploying and implementing the multi-year development plan.





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CHAPTER 3

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PART II



The case of *Next Generation You*: analysis of implementation, support systems and evolution over time



CHAPTER 4

How did *Next Generation You* work?

The results of an implementation analysis

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This chapter provides a qualitative analysis of the implementation of the *Next Generation You* programme, aimed at the organizational development of third-sector bodies. The analysis focuses on the processes launched during the programme, with particular reference to the role of relations between FCSP, beneficiary bodies and consultants, and how the support tools worked. The evaluation study, which was of a qualitative and exploratory nature, was carried out by means of focus groups with FCSP representatives, qualitative interviews with organizations and consultants, and an analysis of the monitoring materials. The results show that *NGYou* required all the actors involved to take on new roles, giving rise to mutual adaptation and learning. The tools introduced by the project, such as monitoring and the methodological guide, supported the organizational processes. These sometimes created difficulties, and sometimes opportunities for reflection and change. The results also suggest that organizations participated in different ways, which influenced the depth of transformation in many cases. Overall, the focus groups and interviews provide evidence of experiences that go beyond the logic of calls for proposals, unleashing both expected and unexpected dynamics of support and shared learning.



4.1 INTRODUCTION: THEORETICAL FRAMEWORK AND AIMS OF THE ANALYSIS

The transformational action introduced by *NGYou*, as a programme that aspires to impact on organizations and collective learning processes, made it necessary to complement quantitative evaluation with a qualitative, dialogue-based and transformational approach to evaluation. The relational quality of the project thus became a theoretical framework for the evaluative research carried out (Moscatelli, 2013): evaluating *NGYou* meant observing, throughout the course of its implementation, how relationships take shape and support processes of organizational growth, thereby opening up new possibilities for action, as will be discussed in a later chapter on the impacts of the project (see [Chapter 8](#) →). In order to capture the relational nature of the programme, the lessons learned from it, the negotiations between the parties involved and the shared building of meanings between FCSP, third-sector bodies, consultants and other external actors, this chapter analyses the implementation of various pathways launched within the framework of the call for proposals. The focus of this work is on analysing the implementation of its first edition, by means of interpretations from different perspectives, with an emphasis on certain dynamics that affect the transformational scope the programme. Building on analysis of the configuration of the actors, i.e. their standpoints, negotiations and hybrid roles that emerge during the course of implementation, the study observed that the dynamics of interaction between FCSP, organizations and consultants do not remain confined to predetermined formal roles, but take shape dynamically, generating forms of cooperation, productive tensions, revised expectations and processes of mutual adaptation that directly influence the quality and effectiveness of the programme. Account is also taken of the tools used in the processes, in other words the idea that formats, work frameworks and assistant systems are not neutral forms of supports, but factors that can steer and change the action and help generate value. More specifically, we shall endeavour to shed light on certain strengths and weaknesses in the configurations between the actors and the processes deployed, as well as the opportunities and/or risks associated with certain partnerships.

The study has also considered the ability of organizations to adapt to new stimuli and operational frameworks, and their permeability to the models introduced by FCSP and the consultants (Scott, 2003). Conversely, the study explores the forms of organizational resistance that emerge when new models come up against long-established cultures, routines or institutional identities (Argyris & Schön, 1996; Schein, 2010).

In line with this theoretical and operational framework, this chapter, which is supplemented [Chapter 8](#) →, describes **certain results** of the qualitative study conducted on the first edition of the *NGYou* call for proposals, with a particular focus on:

- the configuration and evolution of the **roles of the actors** (FCSP, beneficiary bodies, consultants);
- the dynamics observed in the **implementation processes** (especially the performance of the tools introduced and the characteristics of participation);
- **difficulties** and **risks faced, and adjustments** put in place by the actors involved (particularly FCSP).



4.2 METHODOLOGICAL FRAMEWORK OF THE QUALITATIVE STUDY

This chapter presents the results of the qualitative study carried out on the *NGYou* call for proposals. The aim of this part of the research is to understand the characteristics of the implementation and processes deployed by the *Next Generation You* call for proposals. The chosen methodological approach is qualitative and exploratory in nature, geared towards reconstructing the experience from the point of view of participants, by means of narrative and dialogue-based methods. In keeping with its framework, the evaluation therefore took the form of a “relational, multi-vision device”, incorporating:

- **the materials produced** during previous monitoring campaigns and evaluations (questionnaires, monitoring forms, financial statements, internal documents);
- FCSP’s **databases**;
- **triangulation of the points of view**, through discussions, interviews and focus groups.

Three levels of listening were deployed for this part of the study.

Level 1 listening

The main level consists of the two **mini focus groups** carried out with FCSP’s managers and staff, aimed at exploring internal perceptions, lessons learned and transformational processes experienced by the institution that actually promoted the call for proposals. The first mini focus group was conducted with the coordination group for the call for proposals, a group that provided coordination and mediation between the various levels of FCSP; the second was conducted with the internal liaison officers of *NGYou* belonging to FCSP’s various Goals who oversee the selected bodies. This chapter uses the pronoun “they” to protect the anonymity of the people who took part in the focus groups. At the preliminary design stage of the study, three separate mini focus groups were envisaged, one for the coordination group and two with the internal liaison officers. As a result of organizational difficulties and the tight time-frame, however, the people listed to take part were not all available at the same time.



TABLE 4
Participants in mini focus groups (FCSP)

Focus group	Role of participants	Identifier
Mini focus group 1	Coordination group	Coord. 1
	Coordination group	Coord. 2
	Coordination group	Coord. 3
	Coordination group	Coord. 4
Mini focus group 2	Internal liaison officer - Culture Goal	L.O. 1
	Internal liaison officer - People Goal	L.O. 2
	Internal liaison officer - People Goal	L.O. 3
	Internal liaison officer - Culture Goal	L.O. 4

This level of information (FCSP liaison officers and coordinators) was supplemented with information from:

Listening level 2

17 semi-structured qualitative interviews with beneficiary bodies, mainly with project managers and, in some cases, chief officers and managers involved in the governance and strategy of the *organizational development* programmes. Again, the organizations' names were replaced with numbers from 1 to 17 to protect their anonymity (see table in [Chapter 8](#) →).

Listening level 3

4 semi-structured qualitative interviews with strategic consultants, with a specific focus on hands-on support processes, communication dynamics and the effects of the consulting models used. The consultants' names were replaced with the identifier "Consultant" (1, 2, 3, 4) to protect their anonymity.

The triangulation between the different perspectives made it possible to build a systemic picture of some of the implementation dynamics, problems and ambivalences that emerged along the way. The template investigated the strengths and weaknesses of the implementation of the call for proposals, the participation of the organizations, the tools and processes used, and the role and function of the consultants. The template encompassed open narrative questions, visual and metaphorical stimuli (icebreakers, critical episodes) and chronological reconstructions. More specifically, the focus group template was designed to guide reflective discussion on certain pivotal points of the *NGYou* programme, leaving space for contextualised readings and heterogeneous experiences. The initial questions were designed to explore how the liaison officers had experienced the relationship with the participant bodies, by reconstructing how it evolved over time, including in relation to standpoints, balances and tensions. This first level was accompanied by an in-depth study of



communication methods, aimed at shining a light on practices, channels and forms of day-to-day interaction, as well as episodes when communication had worked smoothly or got jammed, thus providing an indicator of the type of relationship established. The template then prompted participants to reflect on the changes observed and on the possible generativity of the project, by raising questions about changes arising in the participant bodies and FCSP itself, such as new lexicons, new routines, different forms of collaboration (these aspects are discussed in further detail in a later chapter). This section was accompanied by questions about the tools introduced (regular monitoring, development plans, work of the consultants), in order to determine how effective they were and what limitations they may have had in terms of organizational practices. The focus group and other interviews explored the question of mutual learning, by asking participants to consider how far the programme had helped redefine the organizations involved, and redefine FCSP's role and its approach to supporting partner bodies. Overall, the focus group made it possible to explore not only the outcomes of the call for proposals, but also the relational qualities and configuration of the actors involved: how responsibilities were redistributed, what forms of coordination emerged, which stages required internal renegotiations, and which episodes marked changes of standpoint. The questions steered the managers towards identifying significant moments in the support process, to reveal how, over time, FCSP was perceived – and is perceived – not only as a grant-maker, but as a partner involved in the organizations' development processes.

The sampling of the participant bodies interviews adhered to specific criteria, with a view to **representing the diversity of the portfolio** of selected bodies **in terms of:**

- **sector of activity** (cultural, social, educational, social innovation);
- **organizational dimension;**
- **geographical location;**
- **different stages of organizational maturity.**

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The **operating process** was divided into four stages:

STAGE 1

Setting up the study

Formulating the evaluation tools and questions.
Mapping the stakeholders.

—

STAGE 2

Collecting qualitative data

Conducting semi-structured interviews (online and in-person).
Conducting mini focus groups.
Full recording and transcription.

—



STAGE 3

Analysis

Thematic coding with an inductive approach based on *grounded theory*.

Categorization by core theme.

Triangulation between the perspectives of the three groups of actors.

—

STAGE 4

Output

The analysis was conducted by means of open coding of transcripts.

Constructing cross-cutting core themes.

Identifying recurrent patterns and dissonances.

Selecting significant citations to support the evidence found.

4.3 KEY FINDINGS

CONFIGURATION OF THE ACTORS: STANDPOINTS, NEGOTIATIONS AND HYBRID ROLES

The process of implementing a project like *NGYou* can be read by analysing the practices put in place by the actors who bring it into operation. These actors (internal liaison officers, consultants, beneficiary bodies) found themselves interacting within a project architecture prompted them to take on entirely new roles, outside of their established routines, both in terms of operation and relations between the parties themselves. The implementation analysis therefore paid close attention to how each actor redefined their roles, job boundaries, responsibilities and ways of interacting. The implementation of the project created “liminal spaces” and spaces for negotiation not planned for in the original design, as a result of factors such as the actual need for coordination, discretionary spaces, workload and mutual expectations. These liminal spaces were often a source of tensions, and gave rise to adaptations, project changes and mutual learning.

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FCSP ACTORS

The implementation of the project prompted FCSP to establish two distinct levels of actors: the coordination Group, tasked with the strategic supervision of *NGYou*, and the internal liaison officers, responsible for supporting the beneficiary bodies. The coordination group works on the overall form of the initiative, not just on individual relationships with beneficiary bodies. The members of this group were originally internal FCSP liaison officers who had been given a coordinating role and therefore played a key part in recalibrating the various tools used in the programme (methodological guide, list of approved



consultants, monitoring actions). This small group of people acts on an intermediate level and also mediates between the group of liaison officers and the rest of FCSP.

The metaphors developed in the coordination group focus group help explain how people have interpreted the purpose of the call for proposals and their role in making it operational.

One of the first to emerge was the image of a backpack. This metaphor expresses the idea of a programme that is not just a call for proposals, or a rigid package of activities, but a set of resources that you can carry around with you and use when the need arises. One participant explained it as follows:

“A backpack containing a set of tools: funding, training, documentation, strategic consultants. It’s something that comes with you as you walk and that takes the form of the path you’re following.”

(Coord. 1).

The idea of the backpack immediately introduces the theme of flexibility: an idea reflected in second metaphor suggested, that of a “fluid”. A fluid is something that does not impose a pre-defined shape but fits the shape of the container, finding different spaces, gaps and passage ways depending on where it is poured. It is a good metaphor for the distance between the programme’s architecture and the variety of organizations involved: in order to work properly, *NGYou* had to be able to adapt to the heterogeneous nature of the third sector.

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Another participant suggested the metaphor of electricity infrastructure, imagining the programme as a power distribution system:

“You can have as many bulbs as you want, but without an infrastructure they won’t light up. The programme was the grid that enabled the beneficiary bodies to switch their lights on.”

(Coord. 2)

The last metaphor that emerged is linked with the previous one, and compares the programme to a network:

“The organizations are nodes that have been strengthened by this programme and have thus discovered energies in the catchment area that they couldn’t see before.”

(Coord. 3).



These images (backpack, fluid, infrastructure, network) portray a coherent idea: *NGYou* compels the parties involved (whether internal or external) to deviate from their established routines and work differently. For many of the participants, the programme required them to develop new skills and, above all, create roles that had no immediate counterpart in ordinary philanthropic or management practice. This feature emerged particularly clearly in the coordination group:

"I wasn't a consultant, I wasn't an evaluator, I wasn't a traditional grant-maker. I played a role somewhere in between these things, which I had to build as I went along."
(Coord. 3)

This is where a form of professional liminality emerges: a state in which boundaries between roles are not defined once and for all, but have to be established during the course of interaction with the organizations, consultants and colleagues involved. In relation to its internal colleagues at FCSP, i.e. the internal liaison officers, the coordination group played an important role as a mediator, which not only served as a filter and an observation point to help understand what was actually happening on the ground, but also gave rise to changes and adjustments along the way. In fact, the internal liaison officers were the primary interpreters of the programme in relations with the organizations. Their role did not fit the definition of either an assessor or a consultant, but occupied a different space where support, supervision and monitoring intertwined. For many liaison officers, the programme meant radically changing the standpoint from which they were used to interacting with organizations. Working with them no longer meant assessing the formal coherence of a project or guiding the implementation of pre-determined activities. Instead, it meant supporting a process, while also navigating areas of vulnerability or organizational resistance. This prompted an initial sense of displacement that can be seen in one of the metaphors used by one of the participants in the mini focus group, who used the concept of the black hole to describe the feeling of being sucked in by an instrument that required much more than the skills available.

*"For me the best metaphor is that of the black hole. In the sense that it sucked up a huge amount of time and energy. And at the same time... it was a black hole, because we didn't have the specific skills to evaluate certain organizational dimensions. I really struggled at the beginning: I had known many organizations for years, but the type of relationship and the type of work required by *NGYou* were completely different."*
(Ref. 3)

This feedback highlights two key factors: the difficulty involved in of playing and fulfilling an uncodified role; and the awareness of not having the necessary skills. Despite having an in-depth knowledge of the organizations, the liaison officers were not always familiar with the mechanisms of organizational



development defined by *NGYou*. This not only made the programme challenging, but also opaque, at times: it involved assessing new processes and organizational dimensions that they were not always experts in. The coordination group also acknowledged a similar shortfall in initial skills:

*"We had to learn the language of organizational development.
It wasn't part of our skill-set. It was a mutual learning experience."* (Coord. 4)

These two excerpts reveal how implementing the project was a professional training pathway, a continuous, implicit learning process, not just for the organizations but for the people on the other side too. Over time, the professional practices were fine-tuned, as part of a continuous process of *learning by doing*, whereby:

*"We didn't just apply the *NGYou* project, we built it by doing it in practice."*
(Coord. 1)

CONSULTANTS

In the design of *NGYou*, the strategic consultants are the people responsible for translating the programme's goals into the day-to-day work of the organization. They are not mere suppliers, but actors operating in an intermediate space: they mediate between the logic of the call for proposals, the organizational capacity and appetite for change of the organizations, and the expectations of FCSP. Their position generates value but also tensions, so it becomes a pivotal point from which to understand the programme's implementation. As recounted by the consultants who gave guidance to the organizations under *Next Generation You*, the consultant plays a complex, hybrid role that is very different from the traditional model of the "expert who delivers solutions." What emerges is the image of a transformational presence, capable of taking an insider view of organizations, by listening, adapting and building close relations. *NGYou* consultants are neither technicians, nor assessors nor designers: they are awareness facilitators, interpreters and activators of possibilities. Strategic Consultant 4, for example, saw their role as being closely linked with experimentation. They experienced the programme as a continuous process of readjusting to the context:

"It was a moment of creative chaos... we re-adjusted our model." (Strategic Consultant 4).

Here the consultant takes the guise of an explorer, who builds new tools as they use them, and who learns and modifies their approach in partnership with the organizations. The word "discovery" conveys the sense of a role that evolves by going through processes with the organization itself. In the view of Strategic Consultant 1, the role had a distinctly maieutic and relational side to it. This consultant speaks explicitly of "*maieutics... helping people identify needs... a journey of awareness*". So it is not about transferring a method, but creating the right conditions for the organization to recognize what it already has and what it has not yet been able to see. The consultant acts as a mirror, a catalyst, an interlocutor, who is not only capable of reading processes and structures, but also the emotions and tensions that run through an



organization. The metaphor highlights the importance of the relational quality of consulting:

"We read organizations as living beings, not machines... if we can't forge a relationship, we can't proceed."

(Strategic Consultant 1)

It is a statement of professional standpoint: consultants do not intervene on neutral systems, but on complex organisms, with stories and identities. A similar degree of relational intensity emerges from the interview with Strategic Consultant 2, where the key word to describe the experience is "closeness", which also encompasses the emotional level. The consultant speaks openly of:

"A cathartic, listening function, enabling the organization to lay itself bare and managing to provide an appropriate, functional vision of the organization in which it recognized itself."

(Strategic Consultant 2)

In this view, the consultant can be likened to a mirror that enables the organization to look at itself with different eyes, to collect its thoughts, and to bring clarity to what was previously confused or implied. It is a metaphor that shifts the essence of the role from the technical level to the human and relational level. Strategic Consultant 3 also uses a precise image, which complements the others, this time on a more operational level, likening the consultant to a compass, an architect of priorities, someone who helps organizations find their way at a time of great complexity. The word chosen to describe the role is "*priority... to help organizations choose what to focus their development plan on*", in order to avoid wasting energy. Taken together, these images (explorer, maieutic, mirror, compass) form a constellation, in which *NGYou* consultants see themselves as relational figures, whose role is closer to that of a facilitator than a traditional consultant. Despite the high degree of complexity and potential difficulties, by deploying their sensitivity, presence and ability to operate grey zones, they unleash the generative potential of the relationship, which thus becomes the main tool of transformation (see the chapter on impact).



For FCSP's internal liaison officers and coordination group, the role and relationship with the consultants represents a point where the initial expectations and the reality of implementation met and sometimes clashed. The consultants occupy an ambivalent position: they are external and technical, but operate inside a programme with a heterogeneous, relational component. They are part of the device, but they also bring their own practices, languages, and ways of doing things. For FCSP staff, consultants are not a neutral presence. They are one of the nodes on which an organization's chances of changing, in line with the goals of the NGYou call for proposals, depend to a large extent. That is why, when they talk about the most successful pathways, they often start by saying:

"Having one or more consultants was the heart of the call for proposals. Not just a one-off consultation, not a one month thing and then they're off. In many cases the match between organization and consultant worked very well. Where there was a good match, the programme really took off."
(Coord. 3)

But the central role played by the consultant also made the opposite risk more evident:

"But when the match was not good, everything got stuck. Not in the sense that no work was done, but that nothing happened in terms of transformation." (Coord. 2)

The delicate nature of this relationship highlights how the consultant does not only act on a technical level, but directly affects the organization's ability to change. From the coordination group's viewpoint, the question of consultants started out as a problem of standardization. Some consultants were overseeing a lot of organizations, sometimes too many. And this had a direct consequence:

"The strategic plans were all the same. Some consultants were overseeing too many organizations and proposed identical models repeatedly. We had to step in."
(Coord. 1)

The risk was that the strategic plan would become a formally well-constructed document, but not one that could ever really adhere to the specific characteristics of the organization. It would be a kind of "standard model" that, instead of helping, neutralized the transformational potential of the programme:

"Sometimes the consultant would use and propose a language that was just too different from that of the organizations. The organization would nod along, but wouldn't actually change anything. It was like they were speaking two different languages."
(Coord. 3)



This is where language becomes symptomatic of a deeper divide: not all the consultants were able to translate the principles of organizational development into a dialogue that was compatible with the organizational culture of the third sector. And, conversely, not all the organizations were receptive to a language that they perceived as “technical”, “managerial” and sometimes “cold”:

“Sometimes we saw that the consultant and the organization didn’t really talk to each other; the consultant would propose a model, the organization would nod along, but then nothing happened.”
(Coord. 1)

In the light of these issues, a few changes were made to the way this hands-on support was delivered: a limit was placed on the number of organizations that each consultant could oversee, and organizations were given the option to propose external consultants; lastly, work has been done on clarifying the criteria for selecting organizations. [Chapter 8](#) → sets out some of the dynamics of the relationship from the point of view of the organizations and the consultants, and examines how they evolved.

ORGANIZATIONS

Many of the interviews with organizations suggest that organizations are conscious of the fact that they have embarked on a process of transformation, rather than just being passive recipients of support. **They see *Next Generation You*** as an opportunity to stop, take stock and reposition themselves, often in particularly complex periods. The standpoint of beneficiary bodies appears to be predominantly reflective and responsible: organizations agree to call themselves into question, recognize their limitations and organizational frailties and value the time spent analysing processes, even when this absorbs operational effort. In this respect, they approach the programme as an opportunity to “legitimise” change, which enables them to tackle changes that they have put off or that are difficult to control independently. This openness to deliberate learning is significant: the organizations recognise that they are not initially equipped with the tools to evaluate proposals, data or complex organizational models, but describe the programme as an opportunity to enhance their own ability to discern. There are also cases of explicitly self-critical reflection, where organizations value the fact that they have learnt “*to understand what can and can’t realistically be done now*”. At the same time, the organizations see themselves not as implementers of instructions received from outside, but as active protagonists of change and owners of the strategic choices made. Even when the consultant makes a major contribution, they describe the change as “*written from the inside*”, with a genuine facilitator (referring to the consultants’ perception set out above). This perception of themselves as adult organizations, also empowers them to not follow certain proposals if they feel they are premature or inconsistent with the stage of development they are at.

Organizations describe consultants primarily as facilitators and maieutics, who are at their most useful when helping shed light on needs and internal solutions. Difficulties arise, however, when proposals are too abstract, standard (as stated above) or not sufficiently tailored to the level of organizational maturity of the entity. The relationship is particularly appreciated, by contrast, when it evolves towards a partnership involving mutual adaptation (see next chapter).



Organizations see FCSP mainly as an enabler of change and a travelling companion:

"For us, Next Generation really did represent the change that we were looking for, and that therefore guided this change... listening to us, observing, nurturing the relationship all played a key role in helping us make a major leap forward."

Organization 16

In small organizations, in particular, the relationship and sense of partnership that comes with it adds immense value, signalling a collaborative effort that goes beyond the administrative dimension:

"You don't feel like you've been left to your own devices, and you know that on top of the grant you get moral support."

Organization 6

Across the board, FCSP is known for its ability to provide guidance to organizations without taking their place, by leaving responsibility for strategic decision-making to them. Overall, the interviews with organizations show that they perceive FCSP as being rigorous and trustworthy at the same time, and having the ability to establish the right relational and symbolic conditions not only to kick-start organizational change, but also to recognise and consolidate it.

4.4 FROM OBSTACLES TO GENERATIVE TENSIONS IN PROCESSES

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While the first stage of the programme was characterised by the gradual establishment of roles, meanings and professional standpoints, the second dimension that emerges clearly from the evidence gathered relates to the resulting obstacles and tensions. By putting the actors to the test, however, these tensions spawned adaptations, adjustments and institutional learning.

TOOLS AS PERFORMANCE-INFLUENCING FACTORS

MONITORING

The first device that simultaneously generated tensions, opportunities for internal reflection and modifications during the course of work was the **monitoring at intervals of four months**. Monitoring is intended to be more than a formal requirement. In fact, it is designed to be an invitation to flag up difficulties, renegotiate priorities and, sometimes, enable organizations to recognise the nature of their problems for the first time. Initially, monitoring was something of an ordeal for both internal liaison officers and organizations.



"For some organizations, especially in the first stage, monitoring was like being placed on the operating table: there was no longer any way to hide what wasn't working. You just have to lie down, open up, and reveal your frailties. And it wasn't easy for them."

(Coord. 1)

This difficulty stemmed from two factors: firstly, the requirement to conduct an analysis of organizational processes, which prompted organizations to analyse their own operation; and secondly, exposure to the outside world, in this case FCSP, which brought to light things that were normally hidden:

"For years they'd been used to putting on their best front. But here, they were being asked to do the opposite, and to open up about what wasn't working. And they weren't all ready to do that."

(Coord. 2)

In the focus group targeting the coordination group, participants repeatedly emphasised that monitoring was the most appropriate tool for understanding how the project was actually going and the changes taking place within the participating organizations. The original intention behind the monitoring at four month intervals was to provide constant, systematic support and an up-to-date view of the organizational development in progress. For the internal liaison officers, however, especially in the first few months, monitoring generated a heavy workload. Their accounts of the process frequently include words such as "pace", "intensity" and "packing a lot into a short time". The pace was evidently a burden both for the organizations and the liaison officers:

"It was complicated... a huge workload, difficult logistics, tight deadlines; what's more, we had 10-15 organizations each, with monitoring schedules of two weeks. It was very demanding."

(L.O. 2)

Internal liaison officers felt they were imposing a burden:

"Monitoring every four months was very onerous...sometimes it felt like it was being imposed from above."

(L.O. 1)

According to FCSP's liaison officers, the organizations also saw the monitoring every four months as a heavy burden, especially when it was perceived as an obligation. Perceptions of it were therefore ambivalent: useful, but laborious; providing structure, but not always proportionate to the capacity of individual organizations.



The strain caused by adhering to the original monitoring intervals prompted FCSP to revise the system with a view to lightening the burden:

"At the beginning it was all in person. It clearly wasn't going to withstand the strain. We had to revise the procedures and lighten the load."

(Coord. 1)

The first edition involved frequent meetings concentrated within short periods, with a high operational intensity that revealed the limitations of the initial structure. In response to feedback from the internal liaison officers, who were working across multiple organizations and struggling with the tight deadlines and the requirement of meeting in person – which was a burden for the organizations too – FCSP revised the monitoring framework by spreading the meetings over longer periods, reducing their frequency and introducing a hybrid approach combining in-person and remote meetings. The reorganization therefore responded to problems that emerged in everyday practice: the initial model was unsustainable, from both a logistical and an organizational point of view. The shift to a more manageable pace enabled the actors to integrate the activity into internal processes, rather than dealing with it as a periodic spike in work, whose usefulness was not always recognised.

According to the organizations themselves, the monitoring every four months was mostly seen as useful and developmental, mainly because it helped "keep the momentum going" and fostered continuous reflection, by providing an opportunity for learning and self-observation. The predominant perception overall was that it fostered a culture of light-touch but constant evaluation, which helped consolidate strategy and raise organizational awareness. While some organizations saw it as a vehicle for internal *accountability*, others, as above, criticised its repetitiveness or the bureaucratic burden it imposed, which many found excessive. Organization 14 described it as *"an opportunity to stop and reflect"*:

"At first it felt like an obligation, then it became a way to tie up any loose ends and measure the progress we'd made."

Organization 14

Its purpose was understood and generally accepted (documenting organizational development, supporting reflection, ensuring transparency), but its translation into practice generated tensions, especially due to the number of requirements to be met and the mixed nature of the internal capabilities of the organizations. Much of the feedback from organizations, in fact, emphasised the feeling that the work load was too heavy. Organization 1 reported that there were *"too many questionnaires, which were repetitive and not very functional"*, while Organization 11 reported feeling disoriented by the *"duplication of tools"*, to the point of *"getting lost"* in a stream of requests. Organization 17 also reported feeling that there was too much bureaucracy, and that the *"forms were not straightforward"* to complete. Organization 15 reported having difficulty with a transition between digital platforms with *"little assistance"* and a system that had suddenly changed, while Organization 9 reported that the timing was problematic because the monitoring periods took place *"too long after the completion of the activities concerned"* to be genuinely useful in terms of project design memory. In cases like this, monitoring becomes less effective because instead of interacting with the organization's living processes, it remains external, and is sometimes perceived as an obligation, rather than an opportunity for learning and self-observation. Overall, organizations recognized the need



for it, but asked for it to take lighter-touch, more integrated, more narrative forms, to restore value to the process rather than take time away from strategic activities. When it was more dialogue-based, as requested by several participants, monitoring appears to have strengthened the quality of the programme; but when it involved a stream of obligations, it tended to weaken it. The future challenge, therefore, is not really about whether monitoring should exist or not, but what form it should take, in order to provide guidance without being a burden, to help read change without overloading the people experiencing it, and to support transformation without becoming an obstacle.

METHODOLOGICAL GUIDE AND ANALYSIS OF ORGANIZATIONAL PROCESSES

The methodological guide was not deployed in the first edition of the programme. Its absence gave rise to uncertainty for both organizations and consultants, who had to get to grips with a new tool, without any shared conceptual framework. The internal actors reported that this made it difficult to establish common criteria for drawing up plans and, more generally, to understand what NGYou required. One member of the coordination group summed up the initial situation as follows:

"The methodological guide did not exist. We put it together because the plans were too fragile in the first edition. People took very different approaches, which were not always consistent with organizational development."
(Coord. 4)

The absence of shared reference points led to very mixed results: strategic plans with very different levels of detail, frameworks that were not always linked with the organizational analysis, and documents that reflected the style of the consultant more than the specific needs of the organization. The coordination group openly acknowledged this:

"The plans were too variable. Some were detailed, some were very superficial. There were no common criteria to tell people what should go into the plan."
(Coord. 2)

The methodological guide was therefore produced as a response to the practical need to reduce variability, not by means of rigid standardization, but by introducing a common language and a minimum reference framework. With regard to the methodological guide, organizations also manifested a variety of reactions to the facsimile of the strategic plan:

"Some organizations thought it was too rigid, while others wanted fixed models. We had to explain that it was neither a rigid nor a fixed model, but was intended for use as a basis."
(Coord. 3)

According to the research, many organizations also felt that the time limit for drawing up the strategic plan in conjunction with the consultants was too tight. Furthermore, they found the analysis of organizational processes that they were required to conduct burdensome and of limited use. In many cases, it became necessary to find a compromise. For example, organizations were told they could map and analyse only the most important or useful processes, instead of all processes, thus making the task less of a burden for them.



The evidence collected provides food for thought on how the *NGYou* tools were not just technical aids, but actually enhanced the performance of the action. The evolution of the tools formed an intrinsic part of the implementation: tools were added, extended and customised, until they gradually became components of a shared organizational culture that was more sustainable and better understood by all parties.

PARTICIPATION AND GUIDANCE OF THE ORGANIZATIONS: FURTHER POINTS ABOUT THE PROCESS

Not all organizations took part in *NGYou* in the same way. In this respect, participation is not only an indicator of organizations' willingness to follow the pathway set down in the call for proposals, but also highlights the type of organizational conditions, previous history and relations with FCSP affected their level of engagement. The differences observed by the internal liaison officers and the coordination group are therefore not just in "how much" the organizations participated, but in "how" they did so: how they interpreted the proposed change and how they approached the programme as a whole. As discussed in [Chapter 8](#) → in the majority of cases, the programme gave rise to a positive and transformational dynamic between the organizations, FCSP liaison officers and external consultants. Alongside these results, including where there was participation from organizations, certain problems arose, which were discussed in the two mini focus groups and are covered here.

The research highlights the existence of **three challenging scenarios**:

- in the first, organizations experienced *NGYou* as a major change in their relationship with FCSP;
- in the second, organizations that subscribed to the programme in form more than in substance;
- in the third, organizations that had difficulty in following the activities enshrined in the call for proposals, despite their active participation, for structural reasons connected with the model promoted by *NGYou*.

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The experience of *NGYou* as a **change compared with the past** relates mainly to "historic" organizations that had benefited from permanent institutional support from FCSP for many years. For these organizations, the introduction of the call for proposals marked a step change: not only were their long-standing funding streams shut off, but the nature of their relationship with FCSP also changed. Some participants described this as a real curve-ball, which was hard to take in at first. In the words of one of the liaison officers:

"Some of the organizations I was dealing with got a real shock: they saw their institutional support dry up overnight, while at the same time being asked to embark on an organizational development programme."

(Coord. 1)



In some cases, this led to a profound rethink of organizational habits, by prompting organizations to look beyond the logic of annual grants (institutional support).

The **second challenging scenario** relates to organizations that adhered to the programme in form more than in substance. One member of the coordination group described it as follows:

"Whereas some organizations embraced major change, others used the funds without really changing. They did what they had to keep the process going, but they didn't really get into the spirit of the initiative."
(Coord. 2)

One liaison officer used the term "box-ticking":

"They filled in the document and answered the questions, but nothing changed in practice. The plan existed on paper, but it didn't get into the organization's bloodstream."
(L.O. 1)

This divided between form and substance was not always recognised by the organizations themselves. Often, it emerged as a result of monitoring or comparisons with other, more dynamic, pathways. In some cases, organizations responded adaptively: they met the requirements of the programme, followed the consultant and filled in the forms, but weren't actually open to change:

"There were organizations that always said 'yes, that's fine, all approved...', but when it came to walking the walk, nothing happened. It was their way of staying in their comfort zone, I think."
(L.O. 2)

These forms of participation did not put a stop to the programme, but highlighted some of its limitations: if the potential offered by the call for proposals does not land on fertile ground, it remains unfulfilled. This became clear as from the first edition of the call, after which new tools were introduced and changes were made in terms of clarity and sustainability:

"In the first year, we saw with our own eyes that some organizations were going along with the programme without really entering into the spirit of it. This taught us that clearer tools and more dialogue were necessary, to yield a proper understanding of what was really needed."
(Coord. 1)



A **third challenging scenario** raises a more structural question about the call for proposals, namely, is the assumption that some of the tools and criteria applicable to management – such as business plans, organizational analyses, efficiency drives and reorganization tools borrowed from the for-profit or “quasi-market” sector – transferable to the entire third sector indiscriminately? This question revolves around the profoundly varied nature of the third sector and, within it, the distinctive position of the social sector, which requires tools and languages that are in keeping with the nature of the services it provides and the matter of the social rights relating to them:

“This drive towards an entrepreneurial approach may work in some cases, but in others it risks overturning the hierarchy of values, especially where there is an ethical mission at its root.”

(L.O. 3)

One colleague adds that the managerial “recipe” is not automatically transferable:

“In some cases it’s a perfect fit, in others it needs to be tailored. It can force certain organizations into an untenable posture compared with their natural sensitivities and positioning.”

(L.O. 2)

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The point emerged most starkly in the real-world cases discussed in the mini focus groups. One participant cited the case of an organization that managed a day-centre for people with disabilities and that, under pressure, ended up reinterpreting its service in line with a quasi-commercial logic:

“It’s a short circuit that completely ignores the debate about designing services... the reasoning is based on the assumption that the day-centre is a product to sell, rather than a system to review in the light of people’s needs and the cultural changes taking place.”

(L.O. 3)



Although all organizations showed a willingness to devise and apply adaptations and adjustments during the course of the programme, this criticism highlights a limitation of the *NGYou* call for proposals that warrants attention. The limitation in question is the idea that an organizational development model inspired by management practices can be replicated in sectors that are, or should be, governed by different patterns of priorities, such as the world of social welfare, which has a different relationship with the idea of “service.” In these cases, the difficulty does not lie with the attitude of the organizations or their willingness to change, but with the point of contact – which is sometimes non-existent and not always desirable – between standardized management tools and social missions that cannot be boiled down to performance metrics or market dynamics. This highlights how the implementation of *NGYou* brought different patterns of thinking, namely those of social welfare and those of management, into contact with each other, without always managing to get the two to interact in full. The impossibility of finding a point of contact was not therefore attributable to resistance or a lack of pro-activity on the part of the organizations, but to the fact that the social mission cannot be boiled down to efficiency equations, performance indicators or market languages, or governed by management tools alone.

4.5 CONCLUSIONS

The implementation analysis of *Next Generation You*, conducted within the framework of this qualitative study, shows that the transformational power of the programme lies less in the individual tools or outputs, and more in the relational and process-driven configuration that gradually developed between FCSP, the organizations and the consultants. *NGYou* has the potential to set malleable attitudes, roles and languages in motion, and spawn spaces for learning and negotiation that impacted directly on the quality of organizational development pathways.

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FCSP gradually took on a hybrid position, mid-way between grant-maker, guidance provider and thinking-partner, while its internal liaison officers and coordination group experimented with forms of professional liminality that required them to adapt, learn and recalibrate on a continuous basis.



Similarly, the consultants occupied a space that extended beyond the confines of traditional consultancy, generating different outcomes depending on the quality of the “match” with the organizations. As for the organizations, the implementation revealed a mixed bag of attitudes: some organizations embraced *NGYou* as an opportunity to effect major change, while others subscribed to it more nominally, highlighting how change cannot be imposed by a programme alone, but also requires favourable organizational, cultural and symbolic conditions. In this respect, *NGYou* also functioned as an indicator of each organization’s capabilities and limitations in supporting development processes. Another lesson learned concerns the role of tools, particularly monitoring and the methodological guide, not as neutral aids but as performance-influencing factors. The tensions generated (workload, pace, languages) prompted the parties to make adjustments along the way, showing how the implementation itself was a reflective, adaptive process, with the ability to learn from its own limitations. The guidance and participation of the organizations shows possible areas for improvement, highlighting in particular the importance of flexibility in the proposed management model, which needs to be deployed in a diverse range of third-sector bodies with their own specific characteristics and areas of intervention. Overall, the analysis shows that *Next Generation You* cannot be viewed as a straightforward call for proposals, but as a process of meta-implementation, in which all the actors involved, including FCSP, have been transformed by experience (Ronchini, 2025; Polidori and Bartoli, 2020). The value of the programme therefore lies in its ability to trigger systemic learning, which as well as asking “what worked”, assesses how, and under what conditions, processes of organizational change can be sustained over time.



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CHAPTER 5

Development and transparency of professional skills:

vertical themes, training and *learning by doing*

Editor:

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FCSP's *Next Generation You* initiative combines funding for multi-year organizational development plans with a complex system of technical and training support, which has evolved and consolidated over the course of successive editions of the call for proposals. The system is built on four pillars: bespoke strategic consulting for the organizational analysis and design; structured methodological guides based on a circular model (*As-is / To-be / Gap analysis / Planning / Implementation / Monitoring*); cross-cutting training pathways covering seven strategic dimensions (co-design, legal matters, innovative finance, PNRR opportunities, European funding, environmental sustainability, digital transition); recognition and certification of skills acquired by means of Open Badges. The structure outlined above, which stems from a recursive, reflective and deliberate approach adopted by FCSP, combines specialist training, expert support and recognizable certification of skills, and is a replicable example of good practice for strengthening human capital in the third sector.



5.1 INTRODUCTION

FCSP's aim in launching the *Next Generation You* initiative was to facilitate the organizational development of third-sector bodies, using innovation and economic/financial sustainability as the main levers for promoting the independence of the beneficiary bodies. As well as awarding a monetary grant, the initiative involved deploying technical support for the formulation and implementation of multi-year organizational development plans.

This choice is especially significant in the current context, because third-sector bodies play a key role in Italy's National Recovery and Resilience Plan (PNRR), by working in synergy with public administrations, for-profit actors and the local communities.

Over the three editions of the initiative, a comprehensive portfolio of support tools has been developed, which are not primarily economic, but geared towards enhancing organizational and management skills. These resources are designed for use in conjunction with each other, and make up an integrated system of services for organizations embarking upon structural development pathways.

The proposed training and methodological interventions have gradually evolved on the basis of the feedback collected from periodic monitoring and ongoing evaluations. This recursive approach is fully aligned with the principles of the Learning Foundation model that underpins FCSP's work.

The pages that follow examine the **main support tools** developed over the course of the three-year initiative:

- Strategic **consulting**
- **Methodological guide** on how to prepare the design dossier
- Thematic and cross-cutting **training pathway**
- Recognition and certification of **skills**.



5.2 STRATEGIC CONSULTING

The first support tool for third-sector bodies intending to embark on an organizational development pathway takes the form of strategic consulting designed to provide bespoke support for beneficiary bodies.

In **stage 1** of *NGYou*, each applicant body is required to identify a strategic consultant to assist it in drawing up the project design dossier for **stage 2**. In the first edition of the call for proposals (2021), organizations chose a consultant from a list of providers pre-selected by FCSP¹⁷.

Strategic consultant →

Strategic consultants are for-profit or non-profit providers of specialized consulting services, geared towards supporting the design and implementation of processes of organizational change. Their role is to support the development of innovative, method-based solutions, and to foster the adoption of an innovation culture consistent with the evolving needs of the organization. Consultants have in-depth knowledge of the call for proposals and its methodological content, and have received instruction from FCSP on their specific role in the intervention.

When selecting a consultant, each organization is encouraged to read the fact sheets, draw up a short-list of the most promising candidates, organize matchmaking meetings (strongly recommended) and then make their choice. The relationship between the organization and the consultant is managed directly by the organization. There are no direct contractual or economic relations between the consultant and FCSP.

This pathway, which involves support and close collaboration between organizations and consultants, is aimed at enhancing and updating the skills of project managers in third-sector bodies, thereby enabling them to identify organizational development needs, plan structured interventions, coordinate their implementation and monitor their results, with a view to fostering rationalization and growth processes geared toward innovation, sustainability and autonomy.

The topics addressed as part of the guidance provided include: tools and techniques for organizational analysis for third-sector bodies; methodologies for drawing up multi-year strategic plans; preparing the executive project of the development cycle; techniques for monitoring project progress.

¹⁷ This list, together with profiles and a database of available skills, can be found on the FCSP [website](#) →.



By the end of the guidance stage, the project manager should be equipped to the necessary **skills** to:

- **coordinate the preparation of a project design dossier** that identifies organizational development needs, and plan related interventions on the basis of organizational analysis, the multi-year strategic plan and the executive project
- **coordinate the implementation** of the plan
- **monitor** project progress and results.

In the second edition and third edition, organizations were given free rein to pick a consultant of their own choosing, rather than selecting one from the list of approved providers drawn up by FCSP. This experiment generated useful data for building register of strategic consultants, drawn up on the basis of quantitative and qualitative indicators – number and quality of applications, satisfaction scores collected by means of a customer satisfaction survey. The register was then made available to organizations applying for the 2024 *Guidelines* for organizational development in the third sector.

FEEDBACK FROM BENEFICIARY BODIES ON THE CONSULTING PROVIDED

In the first edition, the customer satisfaction survey conducted by an external assessor, painted a very positive **overall picture** in relation to the following dimensions:

- Consultants' ability to propose bespoke **consultancy pathways**
- Compliance with **timetables and deadlines**
- Identification of **organizational and management needs**
- **Proposal of suitable** solutions
- Contribution to analytical activities for the purpose of identifying **needs**
- **Involvement of the organization's staff** in the analysis processes.



As well as positive views, the feedback also highlighted a few areas for improvement:

- **Potentially prohibitive cost of consulting**
in normal circumstances.
- **Means of conducting the meetings,**
with requests for more flexibility.
- **Planning time-frames,**
which could be insufficient to allow the changes to settle.
- **Balance between organizational cultures**
some consultants from corporate backgrounds struggled to fully integrate into the culture of the third sector.

In response to this feedback, the coordination group for the call for proposals organised a review meeting with the strategic consultants, which generated the following **shared proposals**:

- **Formulate comprehensive, systematic proposals**
offering broad horizons for development and framing current needs within long-term transformational processes.
- **Ensure clarity of communication**
and support methodological proposals with data and evidence.
- **Adopt the specific technical language of the organization's** field of activity.
- **Hold a significant number of meetings,** and consider using multiple communication channels.



5.3 METHODOLOGICAL GUIDE ON HOW TO PREPARE THE DESIGN DOSSIER

In several cases, the analysis of the projects submitted for stage 2 of the first edition of *NGYou* revealed major methodological shortcomings and insufficient analytical substance.

The main **shortcomings** can be summed up as follows:

- **General methodological weakness** and failure to explain the methods used
- **Imbalance** between the solidity of the organizational assessments and the superficiality of the development plans
- **Poor coverage** of the organization's relations with stakeholders and risk of self-reference.

To address these problems, the team identified **three priority lines of intervention**:

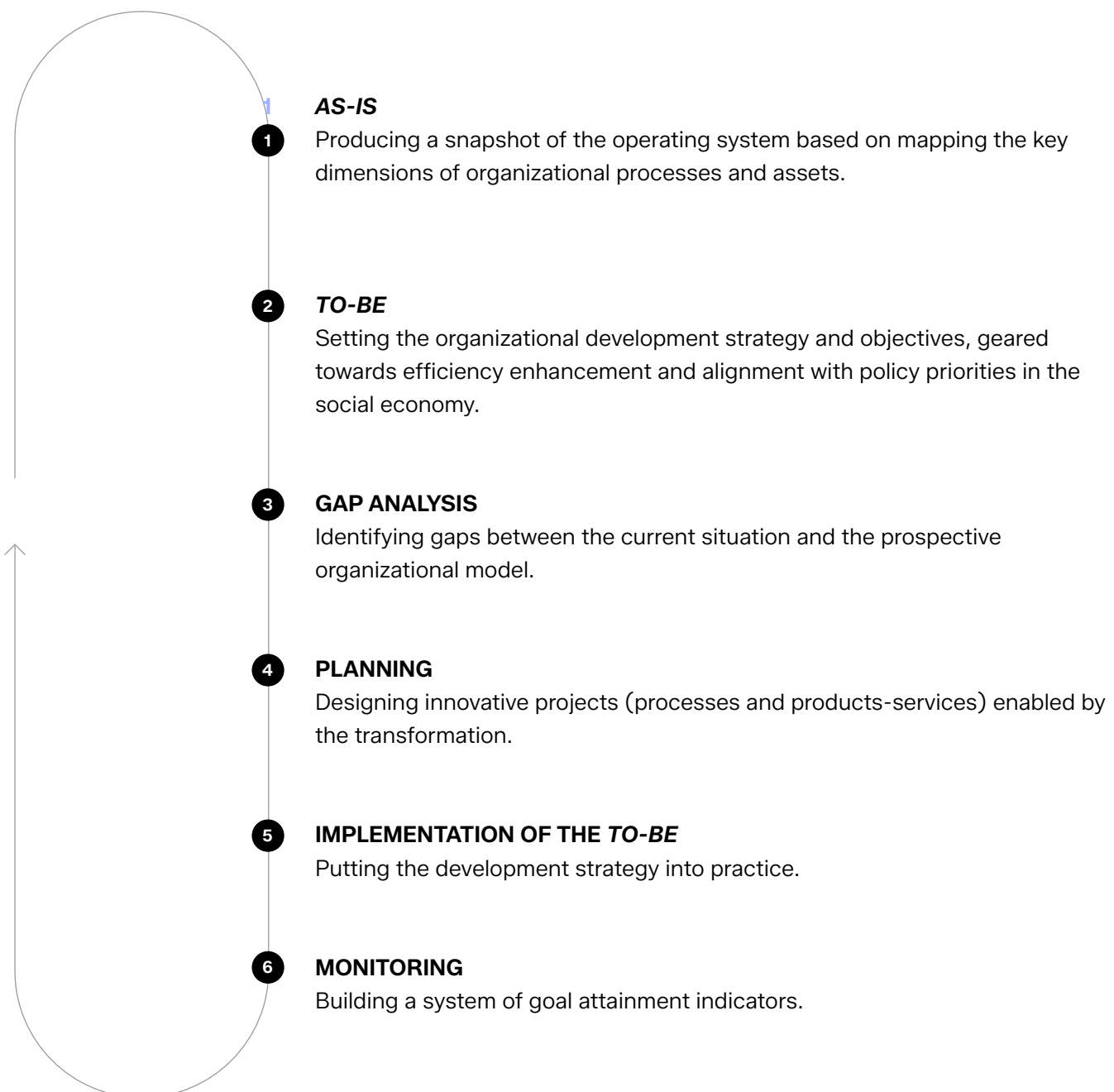
- 1 Provide more structured and targeted methodological support**
- 2 Define the operational application of the innovation more clearly**, and draw a clear distinction between the medium-term strategic plan and the executive project
- 3 Develop the organizational analysis** by integrating it with an analysis of local needs and a map of stakeholders.

The team therefore decided that a comprehensive methodological guide should be produced, and made available to organizations and strategic consultants. Fondazione LINKS was appointed to develop the necessary documentation and provide guidance on how to prepare the various analyses required.



THE METHODOLOGICAL MODEL DEVELOPED BY FONDAZIONE LINKS

The organization developed a **strategic design** model with a circular structure divided into **six stages**:





On the basis of this architecture, three sequential guidance documents were produced:

- Methodological guide for **organizational analysis** .
- Methodological guide on preparing the **multi-year strategic development plan**.
- Methodological guide on preparing the **executive project**.

The three guides are designed for use in sequence, one after the other, and to stimulate and steer analysis and critical reflection in line with the differing characteristics of different organizations. The aim is to enable all the organizations concerned to draw up documentation on a customised basis, according to the methodological guidelines provided, while respecting the specific nature of each organization. The guidelines are therefore not exhaustive, and are designed to avoid detracting from organizations' independence in researching and adopting the tools they see as the best fit for their specific characteristics. The tools are also designed to be modular, to encourage organizations to modify and integrate them as appropriate to their own needs.

Glossary →

As a complementary tool, Fondazione LINKS also produced a glossary of the main terms and phrases relating to organizational development, and the digital and environmental transition. The aim is to provide organizations with additional interpretative support in relation to both the organizational development pathway and the increasingly relevant technological and environmental developments.

These training measures resulted in a significant increase in the design quality of the proposals received in stage 2 and were generally well received by the organizations and consultants as effective tools of methodological guidance.



5.4 THEMATIC AND CROSS-CUTTING TRAINING PATHWAY

Working in conjunction with FCSP's various missions, various topics were identified where specialist technical support would be particularly beneficial: co-design, legal matters, innovative finance instruments; European, national and regional funding opportunities linked with the PNRR; environmental sustainability and digital transition.

A cross-cutting training course was therefore designed and delivered within the framework of *NGYou*, aimed not only at beneficiary bodies of the three editions of the call for proposals, but also at organizations applying for the 2024 *Guidelines* for the development of the third sector, strategic consultants and the relevant FCSP staff.

The modes of delivery include recorded micro-learning modules, helpdesk services and bi-weekly communications on updated funding lines. Experts were selected on the basis of previous collaborations with FCSP and a systematic analysis of the expertise available in their respective fields.

In the first edition, training content was delivered by means of webinars. With effect from the second edition, the entire programme was transferred to the TalentLMS platform, managed in collaboration with ActingOut, FCSP's internal digital content provider.

Each organization was required to register at least two members of its organizational staff. Every time new training content was released, registered users were automatically notified by email, and were also able to track their progress and complete modules of multiple choice questions.

Seven expert professionals were appointed, each responsible for a specific subject area, as shown on the next page.



EXPERT / AREA OF EXPERTISE	SERVICES PROVIDED	PARTICIPANTS*
Labsus Support on co-design	Micro-learning modules on participatory principles, approaches and methods; subsidiarity; shared administration of common goods; co-planning and collaboration agreements Training of geographic and thematic clusters Road-testing of two local communities of practice (Val di Susa and Genoa) Online helpdesk service	49
Studio Passoni Insights into innovative finance	Micro-learning modules on social loans, mini-bonds, micro-credit, social bonds, fund-raising, crowd-funding Online helpdesk for guidance on deploying tools	60
Fondazione LINKS Innovation and digital transition	Micro-learning modules on innovation, impact, twin transition, social economy, empowering technologies Glossary on innovation and digital transition	51
Fondazione Promo P.A. PNRR funding opportunities	Micro-learning modules on managing the Regis platform, reporting, DNSH, accessibility Bi-weekly monitoring of PNRR opportunities for the third sector Database of PNRR beneficiaries of interest Online helpdesk for third-sector bodies	44
Europe Direct Torino European, national and regional funding	Micro-learning modules on European plans (New European Bauhaus, CERV, Horizon Europe, Erasmus+) Bi-weekly filter of opportunities in Piedmont, Liguria and Valle d'Aosta Online help desk offering individual support	62
Associazione Centro Studi Legislativi Support on legal matters	Micro-learning modules on cross-cutting and sector-specific legal matters Online helpdesk on third-sector regulatory issues	63
Està Economia e Sostenibilità Environmental sustainability	Micro-learning modules on corporate sustainability, sustainable mobility, food, waste, energy, sustainable events Glossary on sustainability and green transition Environmental sustainability self-assessment questionnaire Online helpdesk	58



The training programme was widely attended. This was documented by **monitoring levels of completion of the micro-learning videos on the platform**, contacts with the helpdesks, attendance of training sessions held on line and in person. More generally, the managers of the supported projects gave positive feedback during **regular monitoring meetings** with FCSP liaison officers. notably:



Helpdesk service

Although used by a limited number of beneficiary bodies, the helpdesk service provided **vertical support that was highly appreciated** according to the feedback received



FOCUS 9

Survey of PNRR (Recovery & Resilience Plan) applications and their outcomes

During the second and third editions, the programme's beneficiary bodies took a questionnaire designed to identify training needs relating to the implementation of PNRR projects. 31 organizations (76%) responded in the third edition, and 50 (83%) responded in the second. The results of the questionnaire are shown in **Figure 16** → .

The major increase in the share of indirect funding in 2025 stems from the development of the various investments that entered the implementation and executive phase and thus generated a cascade of calls for proposals for private entities and NGOs.

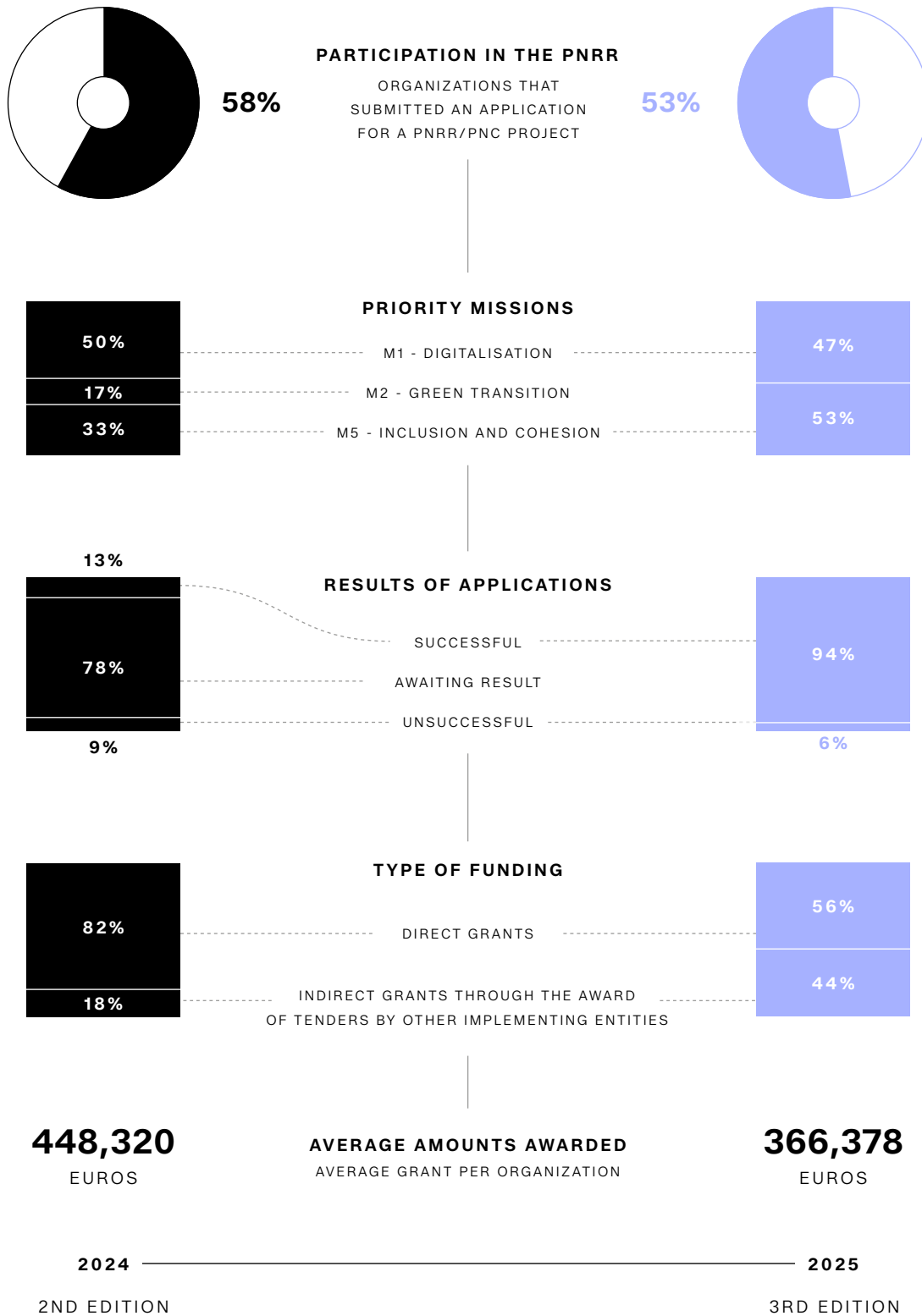


FIGURE 16
Survey of PNRR (Recovery & Resilience Plan) applications and their outcomes



5.5 RECOGNITION AND CERTIFICATION OF SKILLS

By way of tangible endorsement of this complex, structured training work, FCSP took action to recognise and certify the skills acquired by the staff of the supported organizations who took part in the training courses and organizational development process.

EUROPEAN AND NATIONAL CONTEXT

Like much of the rest of Europe, Italy is facing a period of demographic decline: the birth rate is falling, the number of elderly people is growing and the proportion of young people is shrinking. Projections suggest that the population of Italy will fall from the current figure of 59 million to about 46 million in 2080, with an increase in the percentage of over 55s (ISTAT, 2023). Furthermore, levels of education in Italy are lower than the European average: 63% of adults hold a diploma and 20% a university degree, compared with an EU average of 34% (Bianchi, Valdes, 2023).

The European Commission emphasises the need to raise skills levels in order to promote employability and socio-economic development (European Commission, 2020a). In 2020, the European Commission presented the European skills Agenda (European Commission, 2020c), which sets down 12 actions aimed at promoting *lifelong learning*. The Agenda highlights the fact that skills quickly become obsolete and that initial education is not enough, so a continuous, inclusive, innovative pathway is needed. However, fewer than two out of five adults take part in annual training activities, which is not enough to meet the challenges of the digital and environmental transition.

Key actions of the Agenda include:

- **establishing collaboration networks** between training providers and local communities;
- **providing up-to-date information** about skills;
- **developing tools** for life-long skills building, including **micro-credentials**.

The latter are recommended as systems for certifying skills acquired even from short training courses, to facilitate transparency and valuing learning.



MICRO-CREDENTIALS REGULATION

The Council of the European Union issued Recommendation 9237/22, which defines micro-credentials as a record of the learning outcomes achieved from a small volume of training, assessed on the basis of clear, transparent criteria. Although transferable and cumulable, they are not yet widespread because of the lack of common definitions. The Recommendation calls upon member states to develop shared guidelines, integrating skills into European frameworks, to promote recognisability and mobility. To ensure quality and recognizability, they must include **mandatory details**:

- Learner's identification details
- Title of micro-credential
- Issuer and country of issue
- Date of issue
- Learning outcomes
- Workload (ECTS credits if possible)
- EQF or QF-EHEA level, if applicable
- Type of assessment
- Delivery mode
- Quality guarantee

They also include optional details, such as prerequisites, supervision modes, scores attained, cumulability and other information.

IMPLEMENTATION OF MICRO-CREDENTIALS AT FCSP

This is the background behind the programme to recognise and certify the skills acquired by participants in *Next Generation You*, through the award of Open Badges, which ensure the legibility, cumulability, recognizability and job-market value of the learning outcomes. The programme was made possible by a collaboration with the University of Turin.

One of its initial components was a course FCSP staff, delivered by the University's scientific managers, on micro-credentials and tools for identifying, validating and certifying skills. The aim of the face-to-face event was to build a group of professional training providers capable of reaping the opportunities made opened up by the programme, while also making productive use of the possibility of awarding Open Badges. 24 staff members took part in the course and were awarded an Open Badge entitled "Microcredentials, Open Badges, Identification, Validation and Certification of skills: design processes and recognizable training assessment".



A subsequent documentary analysis identified which of the training processes already delivered qualified for the award of an Open Badge. This work resulted in the creation of 7 Open Badges for the 7 learning modules covered in the learning programme, which were awarded to:

- **Organizations supported** in the second and third editions of *NGYou*
- **Organizations applying** for the 2024 *Guidelines* for the development of the third sector
- **Strategic consultants and FCSP employees**

The following **thematic badges** were created:

- 1 Shared administration and co-design
- 2 Innovative finance instruments
- 3 Innovation and digital transition
- 4 Funding opportunities linked with the PNRR
- 5 European, national and regional funding opportunities
- 6 Legal matters
- 7 Environmental sustainability

These badges were awarded to the 98 professionals who completed 100% of the individual vertical pathways, making a total of 387 badges issued.

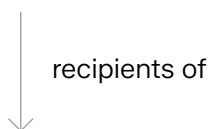
An Open Badge entitled "*Preparing, implementing and monitoring organizational development plans for third-sector bodies*" was also established. This recognises the capabilities acquired by project managers in coordinating organizational development processes, as a result of on-the-job mentoring from strategic consultants. The badge was awarded to the project managers of the organizations that completed the entire pathway (from application to completion of the executive design). 35 of these badges were awarded in February 2026, and the subsequent four-monthly monitoring episodes will also provide a basis for certifying the completion of the executive projects, thus allowing new badges to be issued.



Overall, nine different Open Badges were therefore created, and 143 professionals received a total of 446 awards on the Bestr platform, which the university has chosen for this type of certification. Plans are also in place for the University of Turin to draw up guidelines for the award of micro-credential at FCSP. This will enable FCSP staff to carry out the process of identifying, validating and certifying skills and awarding Open Badges independently, even after the close of *Next Generation You*.

OPEN BADGES

143
professionals



446
Open Badges

9 TYPES

CROSS-CUTTING (24)

Micro-Credentials, Open Badges, Identification, Validation and Certification of skills

Co-design

Innovative finance

Digital transition

PNRR funding

European, national and regional funding

Legal matters

Environmental sustainability

Preparing, implementing

and monitoring organizational development plans for third-sector bodies

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5.6 CONCLUSIONS

The *Next Generation You* journey has shown how a funding initiative can be effectively integrated with a multi-strand system of technical, training and certification support, to generate considerable added value for third-sector bodies. The *learning by doing* approach, the use of specialist experts, the development of methodological guides, the recognition of skills and the award of Open Badges are good practices with the potential to be replicated and scaled up.



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[Go to publication](#) → (Italian)

The publication is available in other languages from [this link](#) →



CHAPTER 6

From reporting to impact:

the evolution of social impact assessment and lessons learned from the *Next Generation* *You call for proposals*

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This chapter traces the evolution of social impact assessment, highlighting the transition from primarily economic, financial and output-based reporting, to an approach focused on outcomes and impacts. After covering the main conceptual and lexical changes that have accompanied this transition, the chapter explores "Italy's turning point" prompted by third-sector reform and the ministerial guidelines on social impact assessment, highlighting how the requirements of transparency and quality of measurement have gradually gained currency. On the methodological front, there is discussion of the logic and theory of change and the integrated use of quantitative and qualitative methods, with a particular emphasis on the role of data as a learning infrastructure. Lastly, the chapter cross-references the general framework with the experience of the *Next Generation You call for proposals*, which the authors observed diachronically, partly because of their role as referees: this reveals good practices in outcome-oriented design, but also tensions relating to compliance risk and the organizational capabilities of organizations. The chapter concludes by exploring the operational implications for foundations and policy-makers, in terms of proportionate evaluation and capacity building.



6.1 INTRODUCTION

Social impact assessment has become increasingly central to public and philanthropic programmes in recent years, not only as a means of ensuring *accountability*, but also as a lever for intervention governance and continuous improvement. In parallel, demand for “evidence” has grown: alongside administrative probity and the reporting of activities, there is a growing expectation for organizations to enunciate what changes are actually being generated, for whom and under what conditions. This shift has significant effects on project design, because it requires greater consistency between needs, activities, expected outcomes, assumptions and enabling conditions.

This is the backdrop to the *Next Generation You* call for proposals, an FCSP initiative aimed at the organizational development of the third sector in Piedmont, Liguria and Valle d’Aosta, with a focus on Culture, People and Planet. The configuration of the programme is especially significant because FCSP is not only providing resources, but also explicitly working on the organizational structure of beneficiary bodies, encompassing innovation, management and administrative skills, strategic planning and enhanced aptitude for successfully applying for national and European funding. Amid the spate of opportunities spawned by the PNNR, this structuring drive took on additional value, by not only improving project design quality, but also raising the awareness of organizations and their ability to participate effectively in local, regional and national projects, within often complex local networks and supply chains.

One of the distinctive features of the various editions of the call for proposals was the contribution of the consulting bodies, which have played a vital role in translating an openness to change into organizational and project design practices:

- **analysing** the current state (*as-is*)
- **defining** the desired state (*to-be*)
- **identifying** gaps and creating a development roadmap.

This process of guidance generated a mutual **growth dynamic**:

- on the one hand, the third-sector bodies **enhanced** their skills and internal structures;
- on the other, the mentors gradually **fine-tuned** their tools, languages and support skills, while gaining more experience themselves in measuring and assessing impact.



Viewed through this lens, assessment ceases to look like an external requirement, and becomes an infrastructural component of capacity building: a set of skills and practices that supports planning, implementation and monitoring, and enhances organizations' ability to navigate the system of opportunities and policies.

This chapter offers a brief but systematic reading of this evolution, with **three levels** of reasoning:

- I The **conceptual and linguistic evolution** from reporting to impact.

- II Italy's **consolidation of social impact assessment** in the framework of third-sector reform and the ministerial guidelines.

- III The **fine-tuning of evaluation** towards the logic of change, the **theory of change** and the integrated use of methods.

The discussion is enhanced by the applied vantage point from which it stems: the authors acted as referees in relation to the *Next Generation You* call for proposals, enabling them to take a diachronic view of how the requirement for evaluation (especially *ex ante* evaluation) affects the quality of applications, the definition of outcomes and the construction of systems of indicators and data. The pages that follow discuss how the development of impact assessment depends not only on the availability of metrics or techniques, but also on the ability to build organizational and institutional configurations that make the measurement usable, in other words, capable of producing better learning and better decision-making, while avoiding purely formal digressions and disproportionately onerous evaluation requirements.

6.2 FROM REPORTING TO IMPACT: CHANGING APPROACHES TO THE "MEASUREMENT" OF SOCIAL INTERVENTION

The way public organizations, businesses and third-sector bodies "measure" what they do has changed profoundly over the past few decades. For many years, the focus was almost exclusively on economic and financial aspects (costs, revenues, balancing the books) and, at best, quantifying the activities carried out, typically in terms of number of initiatives, beneficiaries reached, services provided.

This focus on inputs and outputs undoubtedly boosted *accountability* and internal control, but ultimately proved ineffective at determining the quality of the changes felt by people and communities in everyday



life. The most pressing question that funders, policy-makers, citizens and organizations ask is no longer just "what did you do?" or "how much did you spend?", but "what difference did you make?" and "how much value have you added to the baseline scenario?"

SIA
Social impact
assessment



This is the context that has spawned the notion of social impact assessment (SIA) as an evolution, rather than a straightforward replacement, of traditional reporting practices. Rather than confining itself to describing activities or quantifying resources used, SIA endeavours to systematically link resources, actions, results and impacts, and integrate measurement with learning and continuous improvement.

HISTORICAL TRANSITION: FROM ECONOMIC AND ACTIVITY REPORTING (OUTPUT-BASED) TO A FOCUS ON OUTCOMES AND IMPACTS.

Historically, the first level of "measurement" in social organizations developed in the field of economic and financial accounting. For many years, even in the non-profit world, annual financial statements were the prime tool for documenting managerial probity, economic balance and long-term sustainability.

As from the 1990s and 2000s, this was backed up by the idea that reporting should not just cover the proper management of resources, but also the activities carried out, especially when they were supported by public or philanthropic resources. This gave rise to forms of social reporting, such as social reports and sustainability reports, which extend the range of disclosures by including qualitative and descriptive elements and, increasingly, indicators of performance beyond the strictly economic sphere.

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But even these tools, at least initially, focused mainly on **outputs**, such as:

- **number of projects** funded
- **hours of training** delivered
- **users** involved
- **volumes of services** provided

This is useful information, but it is still not enough to answer the crucial question of outcomes: **what has changed as a result of those activities?**

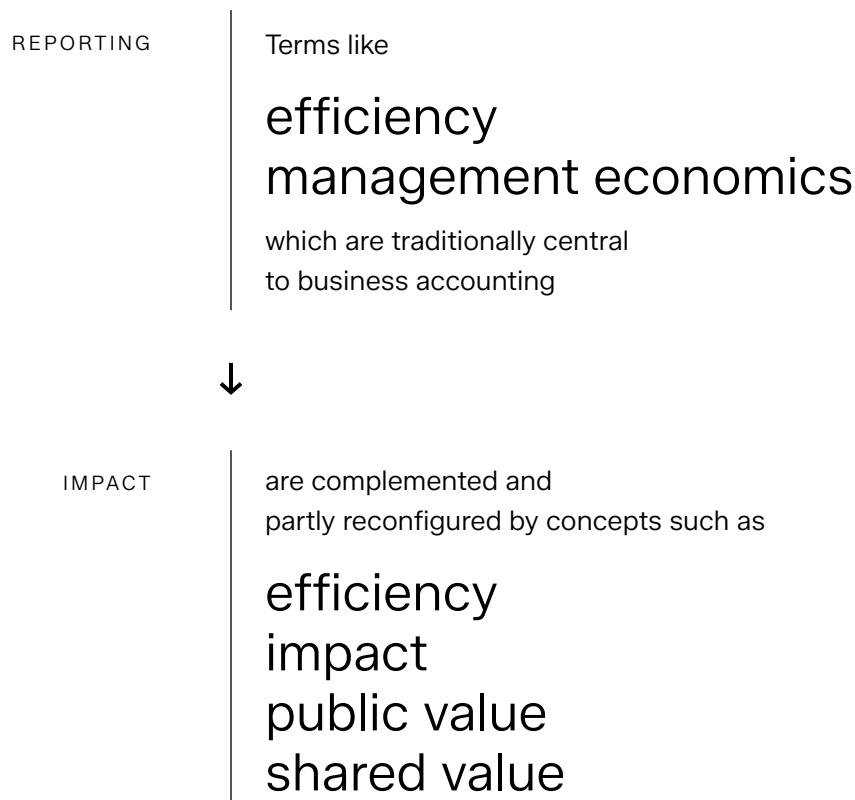


The emergence of "impact economics" and thinking in terms of ESG helped accelerate the shift from a vision focused on activities to one focused on outcomes and impacts, in the sense of observable changes in the living conditions, skills, behaviours or opportunities of beneficiaries.

In other words, the logical sequence shifted from "how much have we done" to "what have we achieved" and "what value have we created for the collective community". This shift does not only entail a technical transition (new indicators, new methods), but also a cultural transition: organizations need to rethink design, monitoring and evaluation in terms of the change generated, not just the activity carried out.

THE CHANGING LEXICON: EFFECTIVENESS, IMPACT, PUBLIC VALUE, SHARED VALUE CREATION

The transition from reporting to impact goes hand in hand with marked changes in lexical definitions.





“Effectiveness” no longer refers merely to the extent to which operational goals (e.g. providing a certain amount of services) have been achieved, but also to the intervention’s ability to trigger changes in line with the social needs identified. The focus has shifted to the outcomes for beneficiaries and the changes brought about in the target contexts.

Social impact → The term *social impact*, as defined in recent literature, refers to medium-to-long-term, intentional or unintentional, direct or indirect effects that an organization or programme exerts on society and the environment. So it is not just a synonym of “result”, but a term that encompasses the time scale, depth of change and how much it adds by comparison with the counterfactual scenario. (Nicholls & Ormiston, 2023; OECD, 2015)

This also introduces the notions of *public value* and *shared value creation*.

Public value → The former emerged from studies of public value, and refers to the responsibility of institutions and public bodies to generate widespread benefits for the community, that cannot be confined to mere economic indicators.
(Moore, 1995)

Creating shared value → The latter, which has also been widely adopted in the management debate, highlights how businesses and organizations can create economic value, while at the same time generating social and environmental value for stakeholders.
(Dembek et al., 2016)

This new lexicon is not just an update to the terminology, it signals a different understanding of the relationship between organizations and society.



Thinking in terms of *impact*, *shared value* and *public value* means recognizing that the success of an intervention cannot be measured solely on the basis of economic sustainability or the quantity of services provided, but must also include the ability to make a tangible contribution to collective well-being and to reducing inequalities.

WHY IMPACT ASSESSMENT IS RELEVANT TO INSTITUTIONS, FUNDERS AND POLICY-MAKERS

Against this backdrop, social impact assessment is becoming a crucial tool for a wide range of actors. For third-sector bodies and organizations engaged in social activities, SIA is primarily a tool for learning and strategic management. Measuring is not just about “*proving*” something to the outside world, it is about understanding which interventions work, who they work for and under what conditions, thereby steering future choices and the allocation of resources.

For philanthropic funding providers and impact investors, the availability of reliable information on impact plays a vital role in assessing how effectively resources have been allocated, comparing alternative initiatives and report back to their own stakeholders. As the number of impact-oriented financial instruments and ESG investment vehicles grows, SIA helps provide a more rigorous picture of the results achieved, thus reducing the risk of impact washing, i.e. the the misleading practice by which companies or investment funds exaggerate or falsify their social and environmental benefits to make themselves look more sustainable than they actually are in order to attract more customers and investors.

For policy-makers and public administrations, social impact assessment is becoming an aid to policy planning and evaluation. It transcends approaches based entirely on expenditure or the number of services provided, in order to raise questions about the real-world effects of the measures taken on social cohesion, inclusion, quality of services and the reduction of future costs. The evolution of Italy’s regulatory framework governing the third sector and social reporting, which is discussed in the next section, reflects the need to introduce criteria of effectiveness and impact into the processes of assigning, monitoring and evaluating interventions.



Simply put, social impact assessment now fulfils three **functions**:

it is a **management tool** FOR → organizations, because it guides internal processes and decision-making

it is a **guarantee of accountability** TOWARDS → stakeholders, who insist upon growing levels of transparency

it is a **policy lever** FOR → reconsidering the way public and private resources help generate social value.

The shift from traditional reporting to impact measurement does not obviate the need for financial statements and activity reports, but integrates them into a broader framework focusing on actual change generated, rather than just resources deployed or services provided.

The increasingly widespread adoption of ESG (Environmental, Social and Governance) criteria and integrated reporting models has sealed the position of impact assessment as an integral part of organizational accountability. It is no longer enough to just report results. Organizations need to integrate the economic, social and environmental dimensions into a far-reaching, systemic model of *accountability*.

6.3 EVOLVING APPROACHES: FROM REASONING IN TERMS OF PROJECTS TO REASONING IN TERMS OF CHANGE

The centre of gravity of planning, monitoring and evaluation models has gradually shifted, in recent years, from a project-centric approach (focused on activities, time-frames, budgets and outputs) to a change-centric approach (focused on outcomes, causal mechanisms, context and learning). This is not just a shift in terminology, it marks a broader change in the way public organizations, businesses and third-sector actors interpret their role and their effectiveness.

The **project-centric approach** tends to represent interventions as relatively linear, controllable sequences:

we plan → we implement → we deliver → we report



But many of today's challenges (poverty, inclusion, green transition, digital transition, health, urban regeneration, local development) entail complexity, interdependencies between actors and issues, non-linear dynamics, unexpected effects and institutional and cultural constraints. In these circumstances, it is not enough to "execute a plan well": we need to understand if and how the action triggers change, for whom, under what conditions and with what *trade-offs*.

So the **change-centric approach** requires tools that can:

- **coherently describe** the link between the resources deployed and the impacts expected;
- **clearly explain** the assumptions that underpin this link;
- **combine** quantitative and qualitative evidence;
- **use data** not only for purposes of *accountability*, but also as a lever of governance and continuous learning.

THE VALUE CHAIN AND THE THEORY OF CHANGE

The transition from the "project-centric approach" to the "change-centric approach" can be seen as an evolution in the essential grammar of evaluation.

Project-centric approach The former is dominated by a linear portrait of the intervention: it describes activities, resources used and immediate outputs.



Change-centric approach The latter shifts the focus onto how and why those outputs should generate observable changes in the conditions of the target groups and contexts. In other words, it is no longer enough to show that "something has been done"; it is now necessary to explain and test the plausibility of the link between what you do and what changes.

The value chain (inputs → activities → outputs → outcomes → impacts) is still a useful structure because it makes the logical pathway of the action readable, and enables indicators and information sources to be arranged coherently.

However, the most recent literature suggests that, when this representation remains confined to the operating sequence, it is at risk of being nothing more than a theory of implementation: in other words, it describes "how" an intervention is going, but provides no indication of "why" it should trigger changes, or what conditions increase the likelihood of such changes.



ToC
Theory of
change



From this point of view, theory of change (ToC) is not only a “more elegant” representation of the value chain, but also a means clarifying concepts and governing the evaluation process. Under ToC, project designers cannot simply set out the sequence of resources, actions and outcomes; they must also explain specific causal links, the assumptions underpinning them, and (ideally) the mechanisms triggered in certain contextual conditions. In one of the latest formulae, proposed by Sørensen and colleagues (2025), a robust ToC includes not only inputs, activities, outputs and outcomes, within varying time limits, but also causal links (how combinations of activities/outputs yield an outcome in a given context), assumptions in the form of “if-then-because” hypotheses, and *mechanisms*, in the sense of recognizable causal patterns that are triggered in certain conditions.

This need to increase the density of the value chain is not a methodological detail: it is the factor that upgrades the evaluation from description to explanation. It is no coincidence that the same authors show how, in practice, many impact models end up omitting precisely what would make the causal claim verifiable: explicit links between components and the assumptions underpinning them are often absent or poorly argued.

A MIX OF QUANTITATIVE AND QUALITATIVE METHODS

While the ToC clarifies the rationale behind the expected change, the methodological mix makes it possible to subject this rationale to empirical verification, thus avoiding both theoretical abstraction and over-reliance on indicators. A ToC, after all, does not “produce” evidence; it guides evidence. Jackson defines a ToC as a model (often a visual model) that specifies the underlying rationale, assumptions, influences, causal links and expected outcomes of a programme or project. This model can then be tested by collecting and analysing performance data, in order to compare the expected pathway with the pathway actually achieved.

frequencies, rates,
variations of scale

Within this framework, complementing quantitative methods with qualitative ones is not an “eclectic” choice, but a consequence of the intrinsic nature of social outcomes: there is a degree of change that can be *measured*, and another that can only be *understood*.

meanings,
mechanisms, barriers,
enabling factors



Quantitative methods are particularly useful for monitoring progress along the value chain and for bringing comparative stability to outcomes; qualitative methods are often essential when the aim is to question assumptions, reconstruct processes, identify contextual factors and make a certain attribution or contribution plausible (or problematic).

The point is not only to “mix” techniques, but to make them work within an approach aimed at learning. In this respect, questioning the ToC is a central step: the list of questions proposed by Jackson is particularly useful for setting up an improvement-oriented evaluation, because it forces assessors to question whether the theory is valid and relevant, whether change occurs in the expected ways, and whether there are alternative pathways, unexpected actors or obstacles that make the theory ineffective.

The result is a concept of evaluation that is not confined to *ex-post* “verification”, but impacts on intervention design and governance choices.

THE CHANGING ROLE OF DATA: FROM REPORTING TOOL TO LEARNING TOOL

Traditional approach



Under traditional thinking, data collection is often seen as a “downstream” activity, where efforts are channelled into measuring outputs and outcomes to demonstrate progress, writing reports and meeting transparency obligations.

Change-centric approach

When reasoning in terms of change, however, data takes on a different, more ambitious role, as a tool for *testing* the hypotheses underlying an intervention and guiding operational and strategic decisions. In other words, data is not just about reporting what has happened, it is also about **understanding whether the expected change is actually taking place**, and if so, the steps by which it is taking place and the conditions that are enabling it.

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First and foremost, this shift requires measurement to be built around a series of **critical assumptions**: if an intervention “works”, it is because certain conditions exist and certain mechanisms are triggered. Making these assumptions explicit, for example in the form of “if... then... because...” hypotheses, turns monitoring into a verification exercise:

- Which of the intermediate steps are the most fragile?
- What effects are becoming apparent but were not expected?
- What external factors influence the outcomes?

From this perspective, the quality of the data does not depend on the quantity of indicators, but on their ability to answer key evaluation questions.



The second consequence is that **data** have to be designed **as a learning infrastructure**, not as an *add-on* for reporting purposes. This requires more frequent collection and analysis cycles (these can be “light-touch” if well targeted), and structured opportunities for reading and interpreting the data alongside teams and, when appropriate, stakeholders. The aim is to reduce the asymmetry that typically exists in reporting processes, where data “rises” to the funder, and to build a circuit in which data “re-enters” the management process, where it can steer corrections, realign priorities, improve the allocation of resources, and make goals and targets more realistic.

A third point relates to **data governance**. If data is going to be used to support decision-making, it needs to be reliable and therefore to entail shared definitions, traceability of sources, clear responsibilities, a focus on privacy and security, and interpretation capacity. In the absence of these conditions, even systems involving lots of indicators are at risk of generating more noise than knowledge. It is equally important to avoid the risk of fixating on metrics: when attaining an indicator becomes the purpose, this gives rise to distorting incentives (opportunistic selection of beneficiaries, over-simplification, adaptation of behaviour to the indicator). For this reason, it is useful to combine quantitative measures with qualitative evidence and triangulation mechanisms, so as to ensure a substantive reading of the change.

This is why data plays a fully managerial role in the change-based approach: it does not close the project, but accompanies it.

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Evaluation is not confined to certifying results. It also helps build organizational learning capacity by making the links between activities and outcomes clearer, making assumptions more transparent and enabling earlier correction of interventions when evidence reveals significant deviations.

6.4 FROM IMPACT ASSESSMENT TO ORGANIZATIONAL CAPACITY: LESSONS LEARNED FROM THE NEXT GENERATION YOU CALL FOR PROPOSALS

The evolution of the approaches described in the previous paragraph has not been confined to theory and methodology. In the context of call for proposals relating to capacity building, the growing emphasis on evaluation (and the general measurability of the value generated) is having a tangible impact on the way organizations build and submit their applications. Where evaluation is a requirement *ex ante*, it tends to have **two effects**:

- firstly, it raises design quality, by requiring a more robust chain of argument between needs, activities and outcomes;



- secondly, it provides a clearer idea of the organizational skills needed to govern intervention, to learn throughout the programme, and to make the expected change “measurable.” This shift is consistent with the methodological approach proposed by the Next Generation You programme, which invites participants to read the development pathway as a circular roadmap (*as-is, to-be*, gap analysis, planning, implementation and monitoring), rather than a sequence of documents designed merely for the purposes of compliance.

A capacity-building programme like *Next Generation You* offers a useful case study precisely because it enables this transition to be observed diachronically: not so much (or not only) as a “technical” refinement of the forms to be completed, as the gradual flourishing of a culture of change-oriented design. More specifically, the perspective provided by the people who acted as peer reviewers makes it possible to spot recurrent patterns in proposals, and distinguish signs of merely formal alignment (adopting the vocabulary of “impact”) from signs of a deeper re-think of organizations’ strategic and evaluation-related approach.

HOW THE IMPACT ASSESSMENT REQUIREMENT CHANGED THE NATURE OF APPLICATIONS (DIACHRONIC EVOLUTION)

In the early stages, many applications adhered to a predominantly descriptive structure: they listed activities, target population groups, expected outputs and general goals. Under this configuration, “measurement” often equates to counting outputs (number of beneficiaries, hours of service, events held) and collecting process indicators (time-frames, completion of activities), while outcomes are expressed in terms of aspirations that are difficult to verify. The continued existence of this configuration is understandable, because it reflects the legacy of a reporting-driven culture that focuses more on volumes and conformity with requirements than on outcomes.

The advent of a more explicitly impact-centred lexicon and the consolidation of support mechanisms (guidelines, schemes, methodological suggestions, opportunities for training and feedback), however, has prompted a gradual shift:

- on the one hand, **analyses of needs and context** have become more focused: the most advanced proposals link the “why” of the intervention more closely to the available evidence, the target groups and the organizational gaps identified, with closer adherence to the *as-is / to-be / gap analysis* logic;
- on the other, the **quality of the relationship between means and ends** has grown: the gap between “what we do” and “why it should work” has been bridged by more explicit causal links and more credible intermediate outcomes, often expressed in SMART¹⁸ terms and accompanied by coherent indicators.

18 In business management, the acronym SMART denotes the five key characteristics that a goal must have: Specific, Measurable, Achievable, Relevant and Time-bound



This transformation is not just semantic. It relates to the way organizations build their value proposition: interventions are now presented less as a set of activities, and more as a process of change (internal and external), comprising milestones, enabling conditions and recognized constraints.

In higher-quality applications, furthermore, measurability is more realistic: "all-embracing", poorly verifiable sets of indicators have given way to a more limited number of measurements deemed critical, which are sometimes supplemented by qualitative evidence and greater clarity on *baselines*, targets and data sources. This is in line with the approach that requires KPIs to be linked with specific goals and designed in such a way as to allow progressive monitoring (intermediate readings and verification sources).

Lastly, the assessment requirement has a major organizational effect: many applications are beginning to be more explicit in the way they classify the internal capacity needed to sustain change. It is not just a question of announcing the outcome to the outside world, but describing how the organization intends to strengthen processes, roles, governance, management tools and skills. In a capacity-building programme, this is substantive: impact is not presented as an intrinsic property of the intervention, but as the outcome of a managed and monitored organizational transformation, with expectations of effects also in terms of social value for users, workers and the local community.

There is, of course, still a grey area: some applications use the language of evaluation, without underpinning it with any real rethinking of the project. Nonetheless, diachronic observation suggests that, overall, **setting out expectations of impact** and having access to methodological tools helps **raise the average quality of proposals** and encourage a growing number of organizations to adopt outcome-oriented and learning-oriented project design models.

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RECURRENT GOOD PRACTICES

The comparative analysis of applications revealed certain recurrent good practices, which are useful, not as a bureaucratic checklist, but as criteria for assessing the quality of a change-oriented project design. These practices belong to three interconnected dimensions: clarity of the expected change, robustness of the system of indicators and organizational sustainability.

DIMENSION 1 → CLARITY OF THE EXPECTED CHANGE

The first dimension relates to formulating the desired change in a way that is specific and verifiable. The strongest applications include a non-generic definition of the need (with reference to target population groups, context and barriers to be overcome), identify intermediate outcomes that are consistent with the activities and plausible within the time-frame of the intervention, clarify what the intervention adds to the baseline scenario, and recognise the assumptions and risks that affect the viability of the change.



In other words, good practice lies in setting out the rationale clearly: not just indicating desirable goals, but building a logical pathway that links activities and outcomes and makes it possible to discuss and hence assess how far the change is plausible.

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DIMENSION 2

→ ROBUSTNESS OF THE SYSTEM OF INDICATORS

The second dimension relates to the quality of measurement. The most convincing proposals avoid both the minimalist approach (outputs only) and the unduly broad approach (a large number of hard-to-manage indicators). Good practice consists in selecting a few key indicators, which are genuinely representative of critical outcomes, and providing a credible description of the "data plan": who collects what, how often, and with what tools, and anchoring expectations to an initial situation (the *baseline*) and achievable targets. In the most advanced applications, triangulation between quantitative and qualitative evidence acts as an antidote to the "tyranny of indicators" and as a strategy for capturing soft dimensions (skills, perceived quality, empowerment) without deviating from an approach that requires KPIs linked to specific SMART goals that can be monitored over time.

—

DIMENSION 3

→ ORGANIZATIONAL SUSTAINABILITY

The third dimension relates to the organizational sustainability of the change. In the most advanced applications, impact assessment is accompanied by more awareness of the governance needed to oversee the implementation: clearer roles and responsibilities, better integration of monitoring into decision-making processes, and an emphasis on how procedures, skills and tools will be retained after the funding comes to an end. In this regard, when applications manage to forge a consistent link between strategy and deployment (work plan, deliverable, Gantt, responsibilities and resources), they lend credibility not only to the prospect of achieving the desired outcomes, but also to that of institutionalising the new ways of working and making decisions.

The term "sustainability" therefore refers not only to the economic sustainability of the initiative, but also to the organization's ability to adopt the management, measurement and learning practices on a permanent basis. This is where the logic of change reveals its more "organizational" nature: impact is not just an external outcome; it is the product of an internal development that makes the organization more capable of generating social value over time.



6.5 OPEN CHALLENGES AND PROSPECTS OF SOCIAL IMPACT ASSESSMENT

Institutionalising social impact assessment and the more widespread uptake of tools such as the theory of change, KPIs, and *mixed-method* designs have undoubtedly helped raise the average design quality and enhance the *accountability* of many organizations. This transition from experimentation to normalization, however, has now made certain structural tensions more visible. More specifically, impact assessment oscillates between two diametrically opposed risks: at one extreme, it can descend into box-ticking exercise; at the other, it can become a technical exercise that overwhelms the organizational capacity of the bodies concerned and generates a burden, in terms of evaluation, that far exceeds its benefits, in terms of the knowledge it generates.

From this point of view, the “open challenges” relate not only to the choice of metrics and methods, but also to the ability of the system (organizations, funders, evaluators, policy-makers) to build institutional and organizational conditions that make SIA a useful tool, i.e. one that generates learning, guides decision-making and improves interventions, without becoming a barrier to action or an additional bureaucratic hurdle.

RISK OF A PURELY FORMAL APPROACH AND CAPACITY LIMITS OF THIRD-SECTOR BODIES

The most common risk is that of a “skin-deep” assessment, which nominally adopts the lexicon of impact, completes check-lists and produces reports, without actually exerting any effect on design, management and decision-making. This risk is especially high when the assessment is perceived as a condition for access to resources (or as a requirement for external legitimacy), rather than as an instrument of governance. In cases like this, the SIA tends to become an exercise in conformity, full of standardized theories of change, indicators selected more for their plausibility in communications, than for their usefulness as tools of management, and success stories that are hard to disprove.

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The drift towards box-ticking is often driven by three recurrent dynamics:

1 Over-simplification of causality

In complex contexts, social change rarely follows a linear trajectory. When assessment is squeezed into rigid formats, this can prompt organizations to depict unrealistically clear relationships between cause and effect, by downplaying the complexity of the context, omitting critical assumptions and overlooking unexpected effects. The result is an assessment that is rhetorically “clean”, but short on explanation.





2 “The tyranny of indicators” and distorting incentives

Emphasising just a few indicators can be good practice, but it becomes problematic when the indicators are treated as goals in themselves. In cases like this, measurement can encourage opportunistic adjustments, such as selecting the “easiest” target populations, over-emphasising measurable activities at the expense of transformational interventions, and judging quality purely on the basis of things that can be counted. The key is not to dispense with indicators, but to govern their use in such a way that they do not replace substantive assessment.

3 Mismatch between the ambitiousness of the evaluation and the organizational capacity on hand

Many third-sector bodies, especially those of small and medium size, operate with limited administrative resources and organizational structures that are tailored primarily to managing everyday services. Requiring organizations like these to build complex assessment systems can place an unsustainable burden on them: they lack time, in-house skills, data infrastructure, continuity of staffing and, in many cases, a management culture that integrates measurement into decision-making. This has two possible consequences: either the SIA is outsourced in full (with the risk that the organization concerned will have little sense of ownership of it), or it is simplified to the extent that it becomes an exercise in meeting minimum requirements.

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This highlights a key issue: the SIA is not neutral in relation to inequalities in capacity between organizations. If designed on a uniform, non-proportionate basis, it risks rewarding organizations that are already structured (i.e. have technical resources and project design capacity) and penalizing organizations that are smaller or more locally in reach, but less well equipped in terms of administrative and evaluation capacity. From a policy perspective, this is an important issue: assessment ought to increase effectiveness and transparency without generating unwanted selective effects on the organizational pluralism of the third sector.

IMPACT ASSESSMENT AS A VEHICLE FOR LEARNING AND CAPACITY BUILDING: IMPLICATIONS FOR FOUNDATIONS AND POLICY-MAKERS

While compliance risk and capacity limits are real, the solution is not to downsize the assessment, but to reconsider its functions and conditions of use. Impact assessment can be a vehicle for learning and capacity building as long as it is embedded in a coherent ecosystem, where funders and policy-makers play an active role in making measurement viable and useful.



For foundations and grant-makers in general, this implies at least **four guiding principles**:

I

Proportionality and “fit” of the assessment

The assessment requirement should be tailored to the the scale, duration, intensity and risk of the intervention. Not every project requires the same level of evidence: for some initiatives, structured monitoring and a set of essential outcomes may be enough; for other, more complex or experimental initiatives, it makes sense to invest in more robust evaluation designs. Proportionality reduces the risk of imposing a bureaucratic burden and increases the quality of evidence that is actually usable.

II

Assessment as an infrastructure, not an annex

If SIA is to generate learning, it needs to be supported as organizational capacity, by means of training, tools, methodological guidance, help with formulating indicators and building data systems. In other words, assessment should not just be requested; it should be enabled. This is particularly consistent with capacity-building programmes, where evaluation is part of the expected organizational change.

IV

Incentives to use the results and not just produce reports

The value of evaluation depends on its ability to influence decisions.
It is therefore important that funding mechanisms reward the quality of learning: openness to course correction, transparency about failures, the ability to integrate evidence into strategy.
This requires cultural change: making adaptation legitimate and recognizing that failure (if analysed) can generate useful knowledge in the same way that success can.

III

Learning spaces and communities of practice

Mature use of SIA requires places and times for interpreting data, discussing deviations, sharing practices and comparing intervention models. Foundations and policy-makers can facilitate this transition by building communities of practice among beneficiaries, forums for comparative feedback, periodic learning reviews, and opportunities for organizations to compare not only results, but also the conditions that made them possible. Viewed through this lens, evaluation generates not only vertical *accountability* (toward the funder), but also horizontal knowledge (between organizations).



On the policy-maker side, the implications converge on one point: the more impact assessment is integrated into policies as a means of improvement, rather than an isolated requirement, the more effective it becomes. This means promoting minimum standards of transparency and comparability, but also supporting organizations' capacity to meet the requirement substantively, so as to avoid turning SIA into a barrier to access or an implicit selection criterion. Ultimately, the development of social impact assessment depends on the system's ability to treat it as a collective good: a knowledge-based infrastructure that enhances the quality of interventions, the legitimacy of the third sector, and the ability of public and philanthropic policies to generate social value over time.

From this point of view, the experience of *Next Generation You* highlights an often underestimated point of method: the quality of an assessment depends in part on how well the organization concerned is equipped to conduct assessments.

When the impact assessment requirement is accompanied by a methodological guide, opportunities for discussion and tools for translating the expected change into goals, indicators and data sources, assessment tends to become an integral part of capacity building

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because it prompts organizations to set out their assumptions, constraints, milestones and conditions of organizational sustainability. Conversely, when measurement is treated as an exercise in providing the required documents, there is a risk that organizations converge towards standardized formats and narratives that difficult to disprove. This gives rise to an operational tip: foundations and policy-makers can boost the effectiveness of policies not only by asking for assessments, but by investing in light-touch, but continuous, guidance and learning infrastructure, so as to make the evidence produced proportionate, appropriate and genuinely usable.



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CHAPTER 7

Beyond evaluation: A changing third sector

Approach, evidence and perspectives from the experience of the *Next Generation You* call for proposals

Editors:

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Drawing upon AICCON's experience as an external referee for the *Next Generation You* call for proposals promoted by Fondazione Compagnia di San Paolo, this chapter is based on an analysis of the applications assessed between 2021 and 2025 and offers an interpretation of the trajectories of change running through the third-sector ecosystem, with a specific focus on the latest edition of the call. The work views evaluation not as a selection tool, but as a vehicle for learning and guidance, which combines identity, organizational design and sustainability in the medium-to-long term. The evidence gathered reveals an evolving sector marked by stark organizational differences and gradual advancement in strategic planning, implementation and considering impact from a community-wide perspective. The chapter concludes by proposing certain changes that could be made to evaluation tools, to enhance their ability to interpret evidence and their transformational potential.



7.1 INTRODUCTION: THE STRATEGIC ROLE OF EVALUATION IN THE THIRD SECTOR

In the contemporary paradigm of the third sector, evaluation is gradually transcending its traditional control function and becoming a strategic process for guiding the development and enhancement of organizations. If properly structured, an evaluation programme¹⁹ does not simply measure results, but acts as a catalyst for innovation, organizational learning and conscious growth, by equipping organizations with tools to help them understand how to evolve and guide their future choices.



This is the backdrop to AICCON's experience as an external *referee* for the *Next Generation You* call for proposals promoted by FCSP. As from the first edition of the call for proposals, AICCON has worked as part of a group of external evaluators to provide FCSP with methodological support on the analysis and evaluation of applications. This role taken root over the years, enabling us to gain an analytical perspective of the organizational transformations taking place in the third sector. Since 2021, we have been involved in the evaluation of a total of 370 applications. As well as insights into individual project proposals, this has given us an overview of the trajectories of change running through the entire ecosystem, and an understanding of the evolution of organizational development applications, the strategic priorities of organizations and the ways they face up to the challenges of sustainability and impact generation.

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Having observed how organizations have evolved over the course of multiple editions, we are now in a position to reflect not only on the effectiveness of individual interventions, but also on the directions that change is taking in the third sector, the internal and external forces driving it, and the tensions generated by the processes of change.

The aim of this chapter is to present the findings that have emerged from this experience, explain the scientific approach taken by AICCON, set out the main evidence highlighted by the analysis of applications and propose certain changes aimed at strengthening the role of evaluation as a vehicle for organizational development and impact generation.

¹⁹ In this chapter, the term "assessment" refers to the preliminary examination process involved in selecting applications and analysing the quality and consistency of the proposed development pathways.



7.2 THE POSITIONING OF NEXT GENERATION YOU

Within this framework, *Next Generation You* is a high-intensity capacity-building intervention, designed to replace conventional grant-making with a structured pathway aimed at facilitating organizational change. The call for proposals was designed, from the outset, to support profound, deliberate processes of change, encompassing the various organizational dimensions of the beneficiary bodies and their ability to design a sustainable future for themselves.

In this respect, grants are viewed not as an end in themselves, but as functional tools for triggering learning processes, building new internal capabilities and testing organizational, process and product-service innovations.

The call's positioning as a capacity-building intervention is clearly visible in the emphasis it places on the quality of organizational analysis, formulating a shared strategic vision, appointing human resources and measuring the effects of change in terms of the social value generated for users, workers and communities. *Next Generation You* therefore helps strengthen not only individual beneficiary bodies, but the entire local ecosystem, by fostering a culture of organizational development geared towards innovation, sustainability and lasting impact.

7.3 AICCON'S SCIENTIFIC AND CULTURAL APPROACH: LOOKING AT MORE THAN JUST SKILLS

To conduct a systemic assessment of organizations, you need a robust analytical framework that looks beneath the surface of individual projects. AICCON's approach combines the interpretive categories defined by FCSP with its own capacity-building model, designed to grasp development dynamics on a cross-cutting, cross-sectoral basis. The underlying idea is that organizational development cannot be achieved simply by updating individual skills, but requires a deeper reading of the forces driving change.



The framework is built upon **three conceptual pillars**:

— **INTRINSIC MOTIVATIONS**

The real driving force behind change lies in the intentions, values, and internal goals that steer what organizations do. It is this sense of identity that provides the ideal basis for mapping out coherent, well-founded growth pathways that remain effective over time, by aligning strategy with the organization's most deeply rooted aspirations.

— **ORGANIZATIONAL DESIGN**

An organization's structural configuration is not just an operating tool for achieving results, it is a component part of its identity. The organizational structure, management processes and governance models have a profound impact both on an organization's internal operation and the way it interacts with the external ecosystem, and are therefore key factors for exerting a transformational impact in the medium-to-long term.

— **THE CROSS-CUTTING DIMENSIONS**

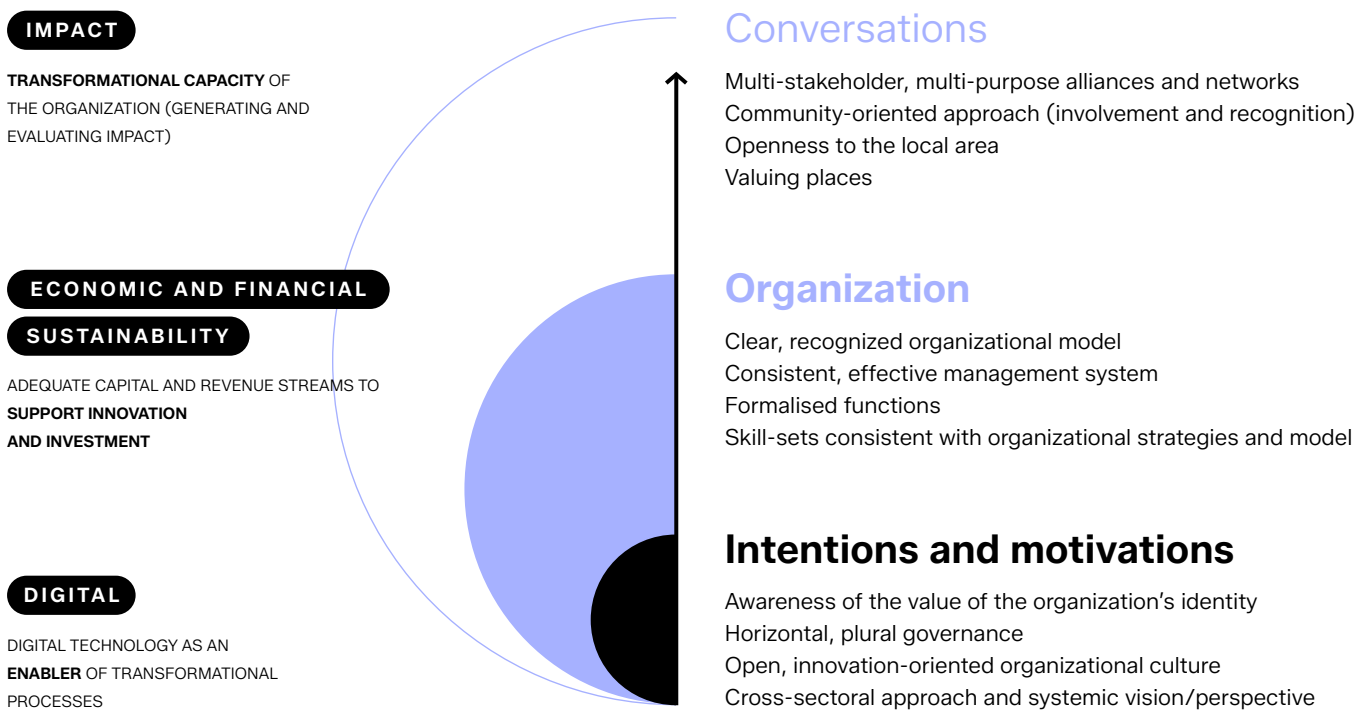
In order to make a full assessment of development trajectories, the framework strategically combines three key dimensions. Focusing on social impact, economic and financial sustainability and digitalisation processes provides a comprehensive view of an organization's ability to establish itself and respond to future challenges in a structured way.



FIGURE 17

The framework of capacity building

Source: AICCON (2024), our formulation





On the basis of these assumptions, the working team **took a positive view** of applications that succeeded in:

- 1 **Setting out the intentions** behind the development process and innovation pathway embarked upon, with particular reference to the organization's identity, how it gains recognition from the communities it serves, its governance model, its strategic planning and its level of organizational innovation.
- 2 Presenting a **model of economic sustainability** based on a diversified *funding mix*, consistent with the development strategy.
- 3 Covering **functions and skills pertaining to digital transformation** and managing organizational complexity.
- 4 Valuing the organization's **community-centred role** and its ability to integrate and exchange views with the various stakeholders.
- 5 Designing activities in such a way as to involve the community in the **design and delivery of the services**.

This theoretical framework was put into practice by means of a rigorous operating methodology designed to translate the principles into a coherent and systemic assessment process.

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7.4 WORKING METHODOLOGY: A STRUCTURED PROCESS YIELDING A SYSTEMIC VISION

The assessment methodology was designed to avoid undue fragmentation of the process, so as to ensure consistency and rigour at every stage. With this in mind, the analysis was assigned to an integrated team, whose complementary skill-sets gave rise to a multi-dimensional reading of the applications.

The assessment team consisted of:

- **A liaison officer from the Advisory & Capacity Building Area**
with a specific focus on criteria related to the quality of the proposal, the implementation of the project and its expected impact.
- **A chartered accountant and statutory auditor**
whose analysis focused on economic and financial indicators, such as: completeness and accuracy of the as-is analysis in the economic sphere; adequacy and robustness of the budget for the executive project; appropriateness of the sources identified to ensure the sustainability of the executive project and the organization's ability to generate new revenue streams or savings.



The Scientific Coordinator played a crucial role in overseeing the whole process, by ensuring that the working team remained aligned with the theoretical framework, and building the outcomes of the assessments into a coherent overview.

The **operating process** was divided into three separate stages:

STAGE 1

Analysis of applications

Each assessor examined the applications individually, applying the indicators relevant to their own sphere of competence and referring to the shared methodological approach.

STAGE 2

Internal discussion

the team met for a collegiate review of the findings, during which they compared their analyses, discussing any differences of opinion and reached a consensus on the initial assessment.

STAGE 3

Discussion with the coordinator

a final meeting with the Scientific Coordinator was held to verify the overall consistency of the scores awarded, resolve any differences of opinion and validate the final assessment before sending them to FCSP.

Applying this methodology yielded a detailed picture of the health and development trajectories of the third sector.

7.5 EVIDENCE OF A CHANGING THIRD-SECTOR ECOSYSTEM

An analysis of the 46 applications assessed in 2025 provides a cross-sectional view of the state and evolutionary dynamics of the third sector. It reveals a dynamic, highly diverse and constantly moving ecosystem, capable of combining established approaches with innovative practices to respond to increasingly complex social needs.

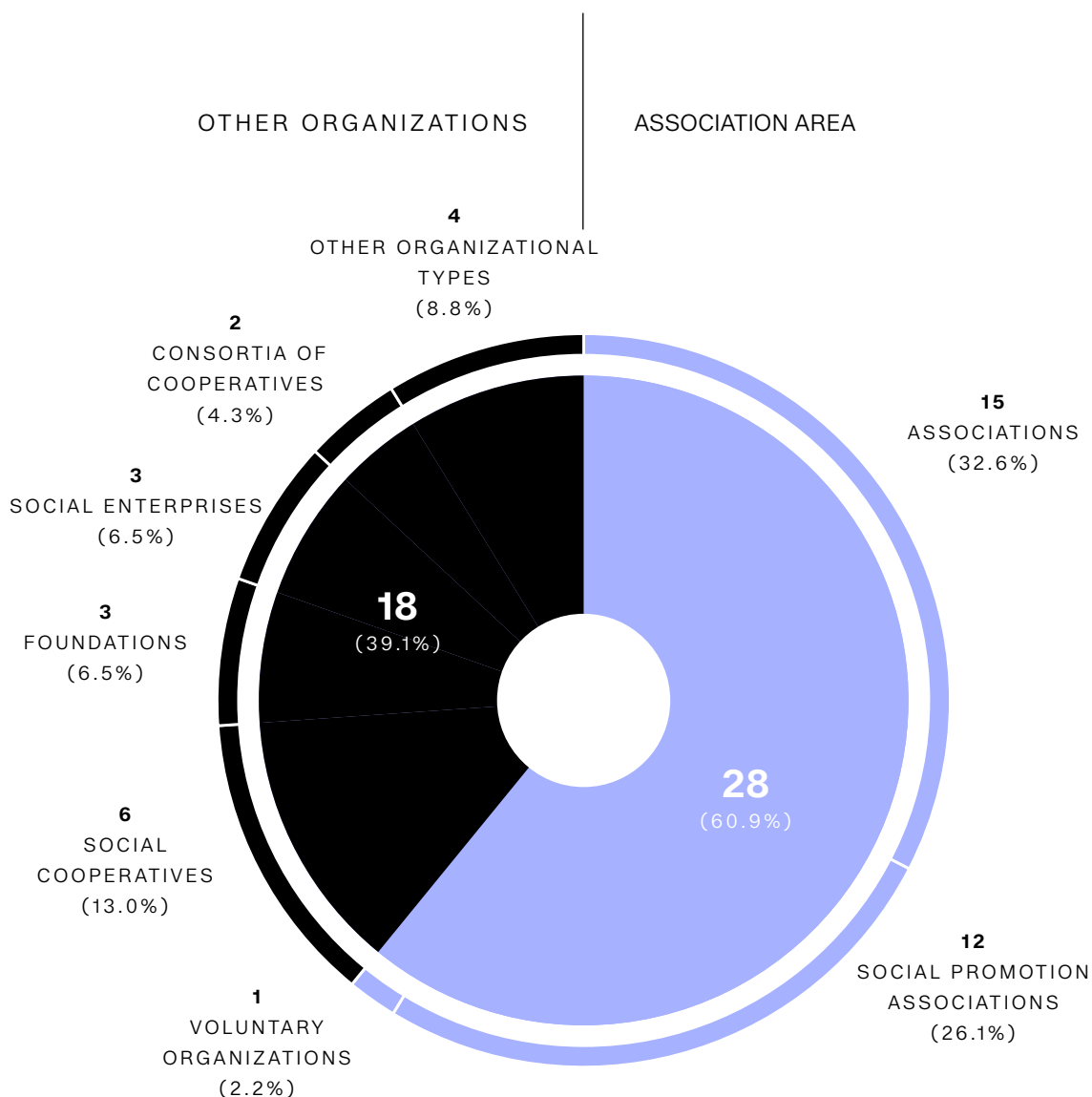


LEGAL FORMS OF ORGANIZATIONS

A breakdown of organizations by legal form reveals a diverse landscape. The **association area** makes up the largest group, which is divided into three main categories: associations, social promotion associations and voluntary organizations. Together, these categories account for **60.9%** of applications, confirming the prevalence of entities with simple organizational structures, high reliance on voluntary resources and deep local roots. More specifically, associations account for 32.6% of the total, social promotion associations 26.1% and voluntary organizations 2.2%.

FIGURE 18

Legal form of organizations applying for the NGSYou call for proposals in 2025





Alongside this grouping, there are legal forms with a more structured organizational framework. **Social cooperatives** account for **13%** of applications, followed by **foundations** and **social enterprises**, both on **6.5%**. Completing the line-up are two **consortia of cooperatives (4.3%)**, one mutual aid society and a small group of organizations that fall into the residual category defined as “other types of organization”. The overall picture is therefore diverse: all the organizations share a common commitment to creating social value, but they differ in terms of governance, design capacity and organizational maturity.

Comparing this edition with previous editions reveals a change in the breakdown of participating organizations. In the previous edition, associations accounted for 41% of the total, while social cooperatives, foundations and social enterprises accounted for a substantial and broadly similar share (20%, 15% and 13% respectively).

The 2025 edition, however, saw an increase in the association area, to a total of 60.9%. This dynamic can be explained partly by the emergence of new organizations, formed in response to emerging social needs, and partly by the further consolidation of established organizations, which see the call for proposals as a strategic opportunity to enhance their structure and build their capacity to act.



AREAS OF INTERVENTION OF THE ORGANIZATIONS

The participating organizations action reported a wide range of areas of action, reflecting the diverse portfolio of skills they have developed and the variety of social needs that exist in the catchment area. Efforts were therefore made to group these specific **areas of intervention** into broader macro-areas.

Social welfare and education

Social welfare and education made up the largest macro-area. This includes organizations whose role involves taking care of vulnerable individuals and families, minors, people with disabilities, new citizens and young people at risk of exclusion. Collectively, they offer personal support services, educational interventions, social assistance schemes, inclusive housing initiatives and empowerment pathways aimed at people with frailties. This concentration indicates that many organizations' core social action is focused on improving people's capabilities and leading them towards independence, against a backdrop of new and increasingly complex socio-educational needs.

Cultural and creative domain

A second macro-group is made up of organizations operating in the cultural and creative domain, involved in artistic production, enhancing and showcasing cultural heritage, and developing participatory practices linked with culture. The large number of cultural organizations confirms the growing role that culture plays in generating social value, cementing community bonds, encouraging participation and helping invent new ways of enjoying the catchment area.

As well as operating as content providers, cultural organizations increasingly offer settings that foster participation, facilitate collective learning processes and supporting forms of continuous engagement. In a complex and rapidly changing information ecosystem, cultural organizations are fast becoming full-blown social infrastructure spaces, capable of fostering cohesion, sowing the seeds of shared projects and helping local communities interpret and manage the changes taking place²⁰.

²⁰ Content reformulated from the keynote speech of Pierluigi Sacco at the beginning of the course "Culture and Fundraising". Sustainability tools for cultural and creative organizations." The Fundraising School, 2025.



Entrepreneurship and socio-economic development

A third macro-area covers the promotion of entrepreneurship and local socio-economic development. This category includes interventions aimed at unleashing entrepreneurial skills, from creating economic opportunities for young people and adults, to regenerating local economies and road-testing new models of community welfare. There is a recurring emphasis on organizations' ability to act as facilitators of local development and support inclusive economic transitions.



Other areas

The last macro-area comprises organizations operating in emerging areas, such as **environment**, **social agriculture** and **social housing**, which are signalling a shift towards increasingly hybrid, cross-sectoral and multi-dimensional models of intervention.

Analysis by assessment area

The analysis of individual assessment criteria provides further food for thought.

→ Economic domain

The analysis of economic and financial indicators revealed a structural divide between enterprises (both social and cooperative) with high levels of capital, and associations, which, by their nature, have simpler reporting systems. To correct this potential distortion, additional points were awarded to third-sector bodies that, despite not being obliged to do so, have voluntarily adopted more advanced reporting systems, such as income statements, balance sheets and income/expenditure forecasts, thus rewarding transparency and advanced management. Observing these scores across the different legal forms reveals a number of underlying trends: social enterprises and cooperatives with more mature structures tend to show higher levels of strategic coherence, management capacity and economic solidity. Social promotion associations, other associations and foundations show higher levels of internal variability, whereas voluntary organizations show more signs of fragility deriving from simplified governance structures and scarcity of administrative resources.



→ **Quality**

The analysis of quality assessments reveals several significant points relating to the organizational maturity, self-reflection capacity and development potential of the participating bodies. Firstly, there are clear signs of growing awareness of organizational analysis as a tool for strategic guidance. This awareness is also evident in the increase in average quality level of applications. Rather than just describing their structure, the highest-scoring organizations take an approach that highlights interconnections, operating logic and levers for improvement. This attitude reflects a major cultural shift, by which organizational analysis is no longer perceived as a requirement to be fulfilled, but as a useful tool for drawing up future strategy.

→ **Implementation**

The analysis of this area also confirms a general increase in the quality of executive projects and organizations' growing ability to translate strategy into more robust operational plans than in the past. Despite this positive picture, differences remain in the way organizations interpret and structure the implementation of activities: on the one hand, there are organizations with a mature management culture, which are capable of planning, coordinating and supporting the planned actions over time; on the other, there are organizations that outline interesting design ideas, but then fail to bridge the gap between strategic vision and implementation capacity. A recurring feature of the assessment is the value attributed to projects that combine organizational development and capacity-building interventions with medium-to-long-term governance actions, giving broadly equal weight to each. This integration of multiple strands was viewed as a clear indicator of robustness and sustainability:

organizations that invest in internal growth prove to be better equipped to deal with uncertainty of context, adapt to change and sustain their goals over time.



Combining these elements adds value because, as well as contributing to the organization's development, it helps build the necessary conditions generating long-term transformational impact.

Similarly, the assessors took a positive view of organizations that had been able to draw up a strategic plan for enhancing their in-house skill-set. Investing in targeted staff development pathways consolidates know-how within the organization, maximises the value of existing staff and reduces reliance on external expertise. This approach makes growth more sustainable and independent, by enhancing organizations' ability to innovate, learn and adapt.

→ **Impact**

The section on impact examines organizations' ability to consider the future and interpret the link between strategy and local community in such a way as to steer their contribution towards processes of transformation.

The assessors' opinions on this section highlight a cross-cutting factor: the most positively rated organizations are the ones that view the strategic plan as a tool for change.

Here, the highest scores are attained by organizations whose interpretation of impact goes beyond the organizational dimension and encompasses the community as a whole. Change means more than just improving one's performance, and extends to the ability to open up to the local area, actively engage communities and build alliances that support shared transformational processes. The highest-rated organizations also demonstrate an in-depth understanding of the target context, based on analysing needs, listening to stakeholders and observing socio-economic dynamics.

Lastly, there are signs of a growing emphasis on linking strategic goals to the United Nations Agenda 2030 and other local, national and European reference frameworks. This tendency is indicative of a more advanced ability to use shared frames to define strategic priorities and an increasingly explicit willingness to fit in with broader transformation processes, linked with and actively contributing to the implementation of higher-level institutional strategies.



Overall, the results reveal major developments in the way organizations conceptualize impact, which is steadily becoming a more integral part of strategic design, with a deep-seated connection to the local area, local communities and major development goals.

On the one hand, this body of evidence provides a snapshot of an evolving system; on the other, it requires us to think critically about the suitability of today's evaluation tools, which are struggling to cope with growing polarization in the sector.

7.6 PROPOSALS FOR CHANGE

The picture that emerges from an integrated analysis is that of a third-sector system evolving towards growing complexity and professionalization. While this is a sign of maturity, it also highlights the limitations of traditional evaluation tools, which are increasingly unsuited to interpreting the diversity of organizational models, development trajectories and operational capabilities that now exist.

Against this backdrop, the prospects for change can be traced back to a unifying vision based on civic management, as a concept around which to rethink assessment tools and processes. Viewing today's scenario through the lens of civic management means recognizing that assessment is neither a neutral nor a merely technical exercise; it is a mechanism that helps structure the way organizations define their priorities, take strategic decisions, allocate resources, and report back to the communities they serve. Viewed from this perspective, which is consistent with the approach promoted by AICCON, assessment is an integral part of governance and change, rather than a separate or subsequent action.

The growing organizational complexity of the sector not only requires more sophisticated indicators and a wider range of metrics, but also needs a more radical rethink of the role of evaluation in decision-making and change management. The evolution of evaluation tools could therefore involve closer integration between evaluation and deliberate organizational change, thus making evaluation a more effective, long-term means of guiding consistent, conscious transitions. This in turn would involve a closer focus on consistency between stated purpose, strategic choices and management configurations, as well as organizations' ability to translate those choices into meaningful, shared, comprehensible metrics for stakeholders.



Within this framework, the analysis reveals growing polarization between small organizations, often with simple structures and high reliance on voluntary resources, and large, highly structured organizations with advanced administrative and management capabilities. As the analysis of scores and legal forms reveals, this diversity does not reflect differences in merit, but structurally different operating conditions, which make comparison difficult and could introduce unintended asymmetries into evaluation processes. In particular, participation in the call for proposals is more onerous for smaller organizations, because they have limited administrative resources and find it more difficult to deal with complex documentary requirements.

A possible solution to this would be experiment with differentiating the call for proposals between two levels, not in the form of rigid categories but as evaluation pathways designed to match different stages of organizational development and different approaches to management as a civil practice. The first level, aimed at small non-commercial entities, would involve less onerous documentary requirements, designed to determine clarity of purpose, alignment of action with the needs of the catchment area and the ability to forge meaningful relationships with the community. The grants awarded at this level would be proportionate to the operational scale and aimed at supporting initial organizational consolidation, by enhancing core skills and essential project design capabilities.

The second level would be aimed at more structured organizations, such as social enterprises, cooperatives, foundations and complex associations, already equipped with formalized management structures and greater experience in project design and reporting. At this level, the assessment process would continue to entail wider-ranging requirements that would reflect the complexity of the proposed organizational models and interventions, and would award adequate grants to support larger-scale projects, including in relation to more advanced impact goals and medium-term processes of organizational change.

As well as meeting the need for procedural fairness, this two-level experiment would provide a differentiated support tool, designed to recognize and value different approaches to management as a civil practice. The adaptation of evaluation tools would therefore be a necessary step towards supporting organizational development models in line with the view that impact is a collective, transformational process, not an isolated outcome.

On this basis, evaluation could transcend its role as a selection tool, to become a strategic vehicle for growth, learning and development. This would also reduce the risk of evaluation becoming a mechanism of exclusion, and would enhance its ability to unleash the transformational potential of organizations, in keeping with their identity, their stage of development and the public value they aim to generate.



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PART III



The impact of *Next Generation You*

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CHAPTER 8

How has the relationship between organizations and FCSP evolved? What was the impact of the project?

Evidence from the qualitative evaluation

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Editors:

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This chapter presents a selection of results of a qualitative evaluation study of the first edition of FCSP's *Next Generation You* call for proposals. The aim of this study was to examine the evolution of the relationship between FCSP and its beneficiary bodies, and the transformational effects generated at the organizational, cultural and local level. Drawing upon 17 semi-structured qualitative interviews with beneficiary bodies, four interviews with strategic consultants and two mini focus groups with FCSP staff, the study reconstructs the ways in which *NGYou* facilitated strategic repositioning, internal reorganization, the development of data culture and the enhancement of management skills. The results show a transition from a traditional funding and support model to a partnership-based philanthropic guidance model, based on trust, listening, presence and joint responsibility, with lasting effects on the sustainability of innovations and the positioning of organizations in their respective geographical areas. Alongside positive outcomes, the study finds a number of challenges to relating monitoring management, digital platforms and consultants' work load, suggesting scope for improvement to the project design model.



8.1 INTRODUCTION: FROM THE EVALUATION OF OUTCOMES TO THE EVALUATION OF RELATIONAL QUALITY

From the outset, the various editions of FCSP's *Next Generation You* call for proposals were accompanied by evaluation processes, of a primarily quantitative nature, aimed at measuring the outcomes of capacity building in terms of enhancing the management capabilities and economic and financial sustainability of the beneficiary bodies. This evaluation study (see also ← Chapter 4) involved the winners of the second stage of the call for proposals and the transformational action introduced by *NGYou*. Its epistemological perimeter, however, needs to be integrated with a qualitative, dialogue-based, transformational approach, capable of capturing the relational and reflective nature of the pathway, the changes perceived by the actors, the mutual learnings and the shared construction of meanings between FCSP, beneficiary bodies, consultants and other stakeholders. The relationship between FCSP and third-sector bodies thus becomes a focal point of the evaluation: it involves questioning the generativity of this relationship, its capacity to bring about changes in organizational practices, to activate cultural and organizational processes, and to generate impact. The aim was to gather evidence and specific features of the effectiveness of the pathway, its meaning and the organizational durability of the organizations involved in relation to their strategic planning and management capacity in the medium and long term. The theoretical starting point, as mentioned above, is the evaluation of what can be defined as the relational quality of a project, which underlines the importance of evaluating not only the outcomes of an intervention, but also the quality of the relationships that it generates and transforms (Moscatelli, 2013).

In light of this, factors such as trust, mutual recognition, listening and convergence of visions play a central role in interpreting the effects of a programme like *NGYou* and are the main areas on which the analysis focuses.

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This approach to evaluation is based on a relational perspective that reads the generative dynamics of relationships between parties (Donati, 2013), where those relationships are more than just means to an end: if generative, they be relational goods, capable of creating social value, innovation and internal and external change. They constitute the primary place of production of meaning and direction of action, and evaluation must therefore be viewed as a reflective process that brings to light the quality and effects of those relationships. This chapter examines how relationships between organizations and consultants opened up new possibilities, how they enable organizations to achieve self-awareness and internal change, and how they impact on the spaces of joint responsibility, mutuality and institutional care. These relational factors play an important role in building *accountability*, i.e. practising transparency on the basis of shared responsibility and social legitimacy (Bovens, 2007; Ebrahim, 2005). This also extends the concept social



sustainability, which, instead of being viewed as a straightforward economic and financial balance, should be seen as the ability to generate social and cultural value over time, inside and outside organizations, by means of networks, alliances and shared infrastructures of meaning (Bebbington & Gray, 2001; Freeman, 2010).

This chapter, which complements ← Chapter 4 , therefore provides a descriptive account of the results of the qualitative evaluation study carried out on the first edition of the *NGYou* call for proposals, with a particular emphasis on:

- the **evolution of the relationship** between FCSP, consultants and beneficiary bodies;
- the processes of **organizational and cultural change** triggered by the programme within alliances, alongside transformational externalities;
- the **challenges that arose and the improvements** proposed by the stakeholders.

8.2 METHODOLOGICAL FRAMEWORK OF THE QUALITATIVE STUDY

This part of the study was carried out with a view to gaining an in-depth understanding of how the relationship between the beneficiary bodies and FCSP evolved after the implementation of the *Next Generation You* call for proposals, by examining the characteristics of the alliance pathways built and the impacts generated at an organizational, cultural and local level. The chosen methodological approach is qualitative and exploratory in nature, geared towards reconstructing the experience from the point of view of participants, by means of narrative and dialogue-based methods. In keeping with its framework, the evaluation therefore took the form of a “relational, multi-vision device”, incorporating:

- the materials produced during previous **monitoring campaigns** and **evaluations** (questionnaires, monitoring forms, financial statements, internal documents);
- FCSP's **databases**;
- **triangulation between the viewpoints** of the actors involved (interviews with strategic consultants and beneficiary bodies, focus groups with FCSP functionaries).



As mentioned in the previous chapter, three levels of listening were deployed:

Listening level 1

2 mini focus groups with FCSP managers and staff

Aimed at exploring internal perceptions, lessons learned and transformational processes experienced by the Foundation itself.

Listening level 2

17 semi-structured qualitative interviews with beneficiary bodies

Mainly with project managers and, in some cases, chief officers and managers involved in the governance and strategy of the *organizational development* programmes.

Listening level 3

4 semi-structured qualitative interviews with strategic consultants

With a specific focus on hands-on support processes, communication dynamics and the effects of the consulting models used.

This chapter focuses primarily on the viewpoint of the organizations and consultants. As previously mentioned, they were selected on the basis of intentional and theoretical criteria, with a view to representing the diversity of the portfolio of organizations selected, in terms of:

- sector of activity (cultural, social, educational, social innovation);
- organizational dimension;
- geographical location;
- different stages of organizational maturity.

A few difficulties arose in the interviews with organizations, due to the wide diversity of organizational contexts, which sometimes posed barriers to common language, comparison and the use of the same set of questions for different actors. Any difficulties affecting the interviews with the consultants were attributable to the time that elapsed between project and interview, and its effect on clarity of recollections.

The triangulation between the different perspectives made it possible to build three-dimensional picture of the relationship, the changes generated and the problems that emerged along the way. The study investigated the evolution of the relationship with FCSP (with particular reference to communication), generativity, mutual learning, convergence of values, and endogenous and exogenous organizational changes in the short, medium and long term (impact and sustainability of innovations). The interviews made use of open narrative questions, visual and metaphorical stimuli (icebreakers, critical episodes) and guided chronological reconstructions.



The **operating process** was divided into four stages:

STAGE 1

SETTING UP THE STUDY

Formulating the evaluation tools and questions.
Mapping the stakeholders.

STAGE 2

Collecting qualitative data

Conducting semi-structured interviews (online and in-person).
Conducting mini focus groups.
Full recording and transcription.

STAGE 3

Analysis

Thematic coding with an inductive approach based on grounded theory.
Categorization by core theme.
Triangulation between the perspectives of the three groups of actors.

The analysis was conducted by means of open coding of the transcriptions and construction of cross-cutting core themes, recurrent patterns and dissonances, while selecting significant citations to support the evidence found.

STAGE 4

OUTPUT

Preparation of summaries by cluster.
Comparison table of organizations by theme.
Integrated narrative report.
Citations.



8.3 RESULTS

8.3.1 Evolution of relations between beneficiary bodies and FCSP

One of the first cross-cutting points to emerge from the interviews relates to the **generative aspects** of the relationship between the beneficiary bodies and FCSP. The words most frequently used by respondents to describe the experience with *Next Generation You* were:

growth
guidance
reflection
change
opportunities
learning

Respondents perceived the experience as an opportunity for reflection and regeneration, which helped bring strategies and priorities into focus. Some described it as *"an opportunity to improve their structure"* or *"a workout for building sustainability"*. They described the relationship as a continuum marked by *"authentic listening"* *"operational and human proximity"*, *"transparency"*, *"trust as an enabler of change"*. Many organizations emphasized how their perception of FCSP changed from grant-maker to strategically and travelling companion. The relationship with FCSP was often complex at the beginning, almost like embarking on something new and unknown. Initially, some organizations found it quite difficult to get in touch with their own thoughts and feelings and with the journey

"A bit like taking a careful look at yourself in the mirror for the first time or like going to a psychologist for the first time."

Organization 14

as if it were a new experience with the potential to destabilize an existing equilibrium. This initial complexity and disorientation often proved to serve a purpose, however, and made it possible to address the challenges critically, in a clearer, more manageable way. Taking part in the call for proposals thus provided support, guidance and tools that helped participants feel less alone in the face of challenges, and turned initial feelings of inadequacy into motivation and confidence in the programme.



The moments and contexts when the relationship established itself as a partnership (a full-blown alliance) differed from one organization to the next. One association described collaboration as a structured and procedural work process:

"It was a way of guiding each other... we guided each other step by step."
Organization 2

Another highlighted the understanding and support they received at a difficult period in the organization's life, which provided a starting point for building a strong relationship:

"I appreciated their attention and understanding, even of our struggles."
Organization 3

Organization 1 reported a difficult start, which then turned into meaningful guidance based on specific tools:

"There was a certain difficulty at first [...] then they offered support, guidance and tools that made you feel like you weren't just on your own."
Organization 1

Overall, the organizations perceived their relationship with FCSP as a highly dynamic, transformational "development partnership," rather than just a relationship between a provider and beneficiary of services or tools.

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Alongside the many positive aspects of the relationship, there were a few **problems** in the way the programme was run (as mentioned in ← [Chapter 4](#)), relating to structural aspects of the relationship or operational tools, such as questionnaires and monitoring forms:

"Too many questionnaires, which were repetitive and not very functional."
Organization 1

or changes in the digital platform without sufficient support and forms that were not user-friendly, resulting in too much work to be done in too little time. Some organizations, however, emphasised that this complex apparatus for supervising and managing their development plans was important (see also ← [Chapter 4](#)): in view of the long time-frame for implementation, these tools really drove a change that would not otherwise have happened.



Some of the consultants reported that, as the collaborative relationship developed, many organizations opened up, shared data and discussed their internal problems and deep-seated strategic visions. In several cases, the relationship took on an almost maieutic and transformational dimension, offering both personal and professional guidance:

“Change [...] works if you are alongside people and work for and with them.”
(Strategic Consultant 1)

The quality of the relationship was closely linked with the level of organizational maturity of the organizations: the more structured organizations collaborated more continuously, whereas small organizations and those with high reliance on voluntary resources showed less reciprocity in their expectations, and more difficulty in coping with the time-frames, coordinating or accepting cultural change.

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“Some were not very cooperative [...] they treated the programme as a grant.”
(Strategic Consultant 2)

Certain problems – similar to those that emerged in the mini focus groups with FCSP staff, as discussed in an earlier chapter – arose where entities treated the call for proposals simply as a means of gaining access to economic resources, which gave rise to misunderstandings regarding the role of the consultants. In the vast majority of cases, however, the relationships were described as deep and lasting, and often continued beyond the end of the project. Moreover, the relationship proved to be particularly important and productive where there were personal relations and previous collaborations between organizations and FCSP, which facilitated the implementation of the various projects and boosted their impact.



8.3.2 Impacts generated by the project on organizations

Many organizations emphasized the transformational impact of their relationship with FCSP, and the **organizational** (A) and **cultural** (B) **change** triggered by the programme:

“The programme pathway forced us to stop and look inside ourselves, to understand who we are and where we want to go.”

Organization 14

In fact, all the organizations studied underwent major changes, not only of a technical and managerial nature, but also, and more especially, of a cultural nature. The **economic impacts** (C) were equally significant, and contributed to the sustainability of the changes introduced. The question of the **sustainability of the changes** (D) is pivotal, and proved to be ambivalent: while most of the changes became part of the organizations' evolution and went into full operation, in some cases organizations needed further support in establishing a longer-term longitudinal development plan.

A

ORGANIZATIONAL EFFECTS

New functions and structures, changes to governance, and growth in staff numbers

The project generated profound and far-reaching organizational effects on a wide range of different organizations. As a result of the activities carried out under the call for proposals, organizations introduced new internal functions, revised their governance, defined roles and responsibilities more clearly, and established or enhanced areas relating to development, staff welfare and project design. All respondents describe a process of organizational development, which often resulted in the formalization of internal procedures and increased strategic awareness. Starting with the most significant organizational changes, an emblematic example of the transformation triggered by the consultancy stage was the decision by one organization to physically relocate to a new headquarters, which took a year and considerable expenditure, but eventually led to the creation of a new cultural hub (Organization 12). This enabled the organization to bring more structure to the division between its various areas, and improve its visibility and its ability to network with actors.



For another organization, for example:

“the experience was a huge challenge, which helped us address latent needs for change and put the necessary changes into practice thanks to the strategic and operational work launched with the consultant.”

Organization 15

The project introduced new management practices, such as operational briefings and online pre-sales of events, facilitating a comprehensive reorganization of internal flows. Another organization highlighted how it enhanced its staff’s skills, with particular reference to identifying and taking new opportunities, while also clarifying, formalizing and sharing processes, and bringing more rigour and structure to work as a whole. Organization 9 reported redefining its services, and strengthening its team:

“It changed the portfolio of what we can now offer [...] and gave us a boost.”

Organization 9

This effect is also attributable to the receptive approach of the organization and its ability to change and be independent, not only to the effectiveness of the call for proposals: the Training Department of that organization (Organization 9) played a central role in disseminating the results internally and socializing the deliverables, thus helping to permanently establish the innovations introduced (*“more than the external consultant did”*).

NGYou also had a major transformational impact on the organizational processes of Organization 14, which used the programme as an opportunity for analysis and self-reflection: *“Mirror (of our experience)”*. The strategic consultant’s support enabled it to reorganize its digital communication and introduce a systematic process for optimizing mentoring and fundraising, which helped it *“eliminate inefficiencies and optimise the time-to-quality ratio”*. This internal restructuring has resulted in better monitoring capacity and direct benefits for its service users:

“By improving our own structure, we brought more value to our beneficiaries.”

Organization 14



Organization 14 reported introducing digital processes and a new work framework, while Organization 15 stopped operating as an informal collective and adopted a robust organizational structure with new briefing systems, structured events management and online pre-sales: *"Huge challenge", "The briefings before the events were emotionally moving"*.

Some organizations introduced **new organizational functions**. A particularly emblematic case is that of Organization 2, which established a staff welfare department as a result of reformulating its vision, mission and model of accountability, and creating an "identity card" for itself. Organization 17 reported an overall transformation of staffing, which led to increasing the size of the team. This in turn made it possible to reopen a theatre and introduce new management and a CRM. The latter constituted a significant digitalisation process that opened up new strategic functions:

"It was the spark that triggered the whole process [...] total transformation."
Organization 17

Organization 12 hired a number of people from civil service, changed the roles of staff and introduced a better way of dividing the various departments.

Organization 8, by contrast, worked mainly at the governance level, by implementing an **internal reorganization**, expanding and renewing the Board of Directors, introducing new area managers and launching structured operational coordination. Organization 13 also reorganized its internal structure after a change of leadership, while also enhancing its skills and visual communication, and boosting its independence in project design:

"Out of all the funded projects, this is the only one still operating and still full of life." Organization 13

Another organization (Organization 11) made a major structural change by means of a merger. This too resulted in a complete change of governance, as well as the internalization of accounting and payroll management, and the development of the project design area through the recruitment of new strategic staff. Key items of feedback include the following:

"[NGYou] enabled us to make structural change [...] and equip ourselves for the next 30 years."
"We have turned into a single company, we have completely reorganized the administrative area."
Organization 11



Another organization formalized its Human Resources Department, reorganized its Project Department, launched a digitalisation process and consolidated a gastronomic line, with substantial involvement of the governance.

In some cases, changes came as a result of struggles, **moments of conflict**, and organizational tuning:

"The former Chair took offence and left the room yelling [...] but that episode was crucial."

"It was proof that the cooperative's interests came before personal opinions."

Organization 10

For many years, some organizations had viewed FCSP mainly as a funder: "the ones who give the money", an actor perceived as distant, to be approached with projects already perfectly formulated, in the cleanest possible form. NGYou changed this perception

"Because we wanted to build a relationship based on mutual trust, capable of kick-starting useful connections and networks, and co-designing and working together on processes, without basing everything on a financial exchange."

(Coord. 1)

This transformed the relationship: from a formal, vertical interaction to a more open **space for collaboration**. An emblematic example of these transformations was an organization that

"Used to be a classic 'beneficiary' of institutional support, but over time became one of the most important allies for our mission. [...] it received a national award and became one of the consultants for the NGYou call for proposals. This was a case of radical transformation. "

(Coord. 1)

According to the consultants too, who organizations perceived primarily as facilitators of internal awareness processes, one of the most important aspects was specifically this **enhancement of governance**: the project encouraged more active involvement from Boards of Directors and working teams, by introducing planning and monitoring schemes that had not previously been very systematic:

"Monitoring became an integral part of their organizational culture [...] they start putting development plan monitoring on the agenda of board meetings."

(Strategic Consultant 3)



In many organizations, work on the development plan was the first exercise in medium-to-long-term strategic vision, beyond routine activities. The change was not just methodological, but also cultural: building internal trust and structuring decision-making processes proved to be pivotal. Where organizations embraced the project as an opportunity for transformation, growth was evident and lasting; where they saw it as just a funding instrument, however, the processes ran aground without producing any profound results:

"The more structured the organization, the easier it is to link routine operations with the support work [...] others struggled because they were short of time."

(Strategic Consultant 4)

B

CULTURAL TRANSFORMATIONS

Learnings, mission, leadership and convergence of values

Many of these organizational changes were possible because there was a transformation at the cultural level. Respondents perceived the experience as transformational not only in technical terms, but also in terms of values. Many organizations report having rediscovered the importance of mission, collaboration and caring for people within their own structures.

"We rediscovered a common language around values: sustainability, trust, social innovation."

Organization 5

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The **convergence between organizations' values and those of FCSP** is a recurring theme: organizations see the programme as a shared vision of sustainable development and measurable social impact.

Learning is described as profound and lasting, precisely because it is cultural: a change that goes beyond the project itself and the call for proposals.

Organization 14 confirms the cultural effect also in terms of value for beneficiaries: "It has brought more value to beneficiaries." For example, the project reinforced the view that sustainability is a crucial to the organization's credibility:

"[NGYou] enabled us [...] to see sustainability and sources of funding more clearly".

Organization 14



At the cultural level, the project enriched lexicons and improved communication methods, resulting in a more open approach to research, experimentation and problem-solving, in line with the current needs of the third sector in the face of contemporary challenges. It has fostered greater strategic awareness and a sharper and more shared vision, by overcoming initial doubts and uncertainties and fostering a culture of innovation (Organization 9). In several cases the experience also prompted reflection on identity. One association, for example, decided to abandon its events-based model and take a new strategic direction, namely education, which is now *“the focus of their activity... this year they have hosted 7,000 children.”* (Organization 15). For the spokesperson, despite relational and operational difficulties, *NGYou* was *“an incredible call for proposals”*, which spawned conflict but also a new vision of sustainability. Other organizations reported that their sense of identity really crystallised:

“We learned to think like an organization, not just a group of motivated people.”
Organization 13

The programme pathways had a strong impact on organizational identity and internal cohesion. In more than one case, the work led to clarification of the mission and consolidation of the sense of belonging. A theatrical organization reported how a team-building programme led to a shared definition of its mission:

“It spawned a new mission for the theatre [...] to recognize itself as a cohesive community.”
Organization 5

In several cases, *NGYou* was perceived as an opportunity to build **new forms of widespread leadership**, to manage generational successions, and make governance more participatory and transparent. According to the consultants, the cultural change involved the cultural vision of the leadership and the ways people interact within the organization: Strategic consultant 1 pointed out that this level of change is possible when *“We read third-sector organizations as living beings... if we can't forge a relationship, we can't proceed”*. According to the consultants too, the organizations treated the guidance programme as an opportunity to clarify their identity, with recognition coming from the organizations:

“You have a cathartic psychological function... you manage to give us a vision of ourselves that we have within us somewhere but never manage to put together into a clear picture.”
(Strategic Consultant 2)

This process overcame a closed culture and fostered collective accountability and shared decision-making, as highlighted by the Strategic Consultant 3:

“The organizations opened up to us, told us their problems, their challenges... showed us their data, financial statements, constitutions, documents, the whole lot.”
(Strategic Consultant 3)



Where, by contrast, the internal culture was rigid or geared entirely towards raising funds, the transformation processes were less strong:

"They addressed the call for proposals by [...] focusing entirely on the monetary grant without any real strategic approach."

(Strategic Consultant 2)

"In some cases, organizations' leaders said: we don't need it, we're fine as we are."

(Strategic Consultant 2)

Cultural change did not just affect the organizations, it affected **FCSP too**.

"This stimulus [NGYou] was an opportunity to change the nature of our relationship, to make it about project potential, rather than just grants [...] so that organizations would no longer think 'I call FCSP once a year to get the grant', but would interact with us on an ongoing basis to discuss project design and share strategies."

(L.O. 1)

The mini focus groups revealed how the approach proposed by the NGYou call for proposals was not aimed solely at organizations but also at FCSP, which wanted to transition from being just a funder to being

"An actor capable of triggering transformational processes designed to make organizations self-sufficient and no longer dependent on us. Being an organization that just provides money to fund pre-packaged projects is no longer our vocation, we want to change in this respect, too."

(Coord. 3)

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Use of **empirical verification sources** (data) and **digitalisation** is another of the programme's targets of impact:

"Next Generation You forced us to project ourselves into the future."

Organization 12

NGYou made a major contribution to the spread of data culture and the adoption of more advanced management tools. Organization 3 reported that the pathway they followed generated major changes in the professional field and in terms of protocols: the organization built a new database, adopted an all-new accounting management system and reinforced its administrative area by introducing a role with specific responsibility for accounting and assigning management control functions. At the same time, it launched a



specific training course on impact assessment, which enabled in an in-house member of staff to become a certified evaluator. These interventions all left lasting, tangible results:

"Next Generation You gave us a clear insight into the importance of data culture."

Organization 3

And Organization 6 also described the transition from "home-made" tools to structured control systems:

"Before we used to use notes in Excel, now we have a business programme [...] now we have real management control."

Organization 3

As previously mentioned, a key step, also according to the consultants, was the strengthening of data culture and monitoring as a tool for continuous learning, rather than just a formal requirement.

Summing up, cultural changes were some of the most significant and lasting impacts, and the main outcome was the **shift from solitary operation to strategic sharing**, and developing data culture and internal transparency, supported by a strong, transformational relationship with the consultants, in synergy with the leadership of the organizations involved.

At present, the cultural change within FCSP remains difficult to assess definitively. So far, *NGYou* has been run as an experimental project, orchestrated on a cross-cutting basis. As time goes by, the extent to which the programme has had a lasting impact on FCSP's practices, lexicon and methods of guidance will become clearer. The actual scale of this change and its ability to take root in organizational routines will therefore only become visible over the next few years.

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C

ECONOMIC IMPACTS

Funding and diversification of income streams

There is plenty of evidence of the economic impact of *NGYou* on the participating organizations. For example:

"Expansion of training opportunities [...] over 200,000 euros of economic impact."

Organization 5

Organization 7 reported the addition of a new person in the development area, which is now fully supported by the organization itself:

"One person added to the Development Area [...] now supported entirely by us."

Organization 7



Organization 15 draws a line between digitalisation and growth in revenues. In fact, the project had a major impact in terms of strategic awareness of relationships and funding. One organization invested more in engaging with the public and with investors already present in its community, without immediately rushing into looking for new sponsors. Another participant reported:

"Everything we launched as part of the programme has been kept in place, and the good practices we developed have taken root."

Organization 5

This organization had a positive experience of crowdfunding, which it could repeat, whereas for other fund-raising purposes the director believes it is worth continuing to work with external consultants, especially in order to forge relations with private sponsors. Over the past three years, the organization has successfully diversified its sources of funding, winning various calls for proposals and acquiring greater operational independence. Although it does not yet have a member of staff dedicated specifically to fund-raising, the internal management of calls for proposals – although time-consuming – enables it to work more thoroughly and with more motivation. At the same time, its strategic awareness its ability to take opportunities have both increased coherently and sustainably, by avoiding *"biting off more than it can chew"*. In many cases, *NGYou* has supported the **diversification of income streams**, mainly through increased dialogue with private companies, access to European calls for proposals, and consolidation of partnerships and networks:

"Income streams now diversified thanks to relationships with private companies."

Organization 6

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However, not all organizations experienced actual change in their income streams, as reported by Organization 4, for example:

"No, no diversification [...] we consolidated the same sources."

Organization 4

According to the consultants, the guidance pathway helped organizations introduce economic planning skills and tools, enabling many organizations to build stronger financial models, formulate fund-raising strategies and reduce their dependence on individual channels or public calls for proposals. As Strategic Consultant 4 points out, in some cases the programme triggered a real cultural change in economic management, which also involved governance bodies that have traditionally had little exposure:

"We did a lot of work on fund-raising [...] partly by introducing the Board of Directors to practices other than the 5 per mille tax donation scheme, to steer it towards gift culture."

(Strategic Consultant 4)



The process of strategic reflection triggered by *Next Generation You* also enabled organizations to boost their positioning and local attractiveness, by opening new lines of collaboration and partnerships, with positive economic effects. As Strategic Consultant 1 points out, improving project design quality and organizational structure also gave rise to opportunities:

"With many organizations, we then did other things [...] the programme stabilized relationships and spawned subsequent projects."
(Strategic Consultant 1)

To put it succinctly, economic impacts were not confined to the grant received; they also took the form of enhanced capacity to generate resources, plan in the long term and build more diversified and sustainable financial underpinnings.

D SUSTAINABILITY OF CHANGES

Regarding the sustainability of the changes, three years after the end of the programme, many of the innovations were still in place and being supported independently, thanks in part to the gradual diversification of sources of funding. Some organizations reported that the innovations introduced had become an integral part of internal practices and did not fall into disuse when the project ended:

"All the innovations have become an integral part [...] they didn't fade away at the end of the project."
Organization 8

"All of them [...] we have not taken any steps backwards."
Organization 11

At Organization 9, for example, the organizational innovations introduced as a result of the *Next Generation You* project are now fully sustainable and integrated into day-to-day operations:

"The organizational machinery put in place during the project works and we are able to keep it going independently with our internal resources. We are still benefiting from the outcomes achieved, and the organizational changes we were prompted to make are permanent and do not present any problems in terms of management."
Organization 11

However, although the organization is small, it is engaged on multiple fronts and activities simultaneously, and this requires continuous investment in skills development and process innovation. The sustainability achieved therefore relates to the changes already put in place, whereas future trajectories of change will require



further investment and the acquisition of new skills in different sectors and directions. The organizations interpreted the concept of sustainability broadly, as the right balance between mission, resources and social impact. Furthermore, the pathway embarked upon under *NGYou* often consolidated sustainable practices, raised uniform awareness among members and paved the way for more structured and independent future developments, while retaining collaboration with external consultants for more specialized aspects. As noted above, this pathway also helped raise organizations' awareness of their dependence on economic sponsors and the importance of diversifying sources, while still recognizing their own structural limitations. Organization 7, for example, pointed out those colleagues who took part in the call for proposals benefited from a process of learning and reflection that other members of staff had not had. Various organizations have managed to increase their participation in European calls for proposals and boost their capacity to prepare social reports, although this has often been done with the support of new consultants. Organizations have often focused on driving growth by developing in-house skills, so as to be able to pursue goals more independently, for example by appointing more staff to development roles, and building new services.

According to the consultants, the *NGYou* pathway prompted **major change in organizations' understanding of sustainability**, especially in the economic and organizational domain. Organizations developed a more clear-sighted ability to distinguish between fixed and variable costs, understand their sources of funding and boost their ability to diversify them, which gave them more courage to open up new lines of fund-raising (Strategic Consultant 2, Strategic Consultant 3). At the same time, the work done on identity, governance and internal processes helped organizations establish a strategic, longitudinal vision of organizational development (Strategic Consultant 1). According to Strategic Consultant 2 and Strategic Consultant 4, some organizations have understood how the philanthropic world is moving away from the practice of simply awarding grants towards that of instigating processes designed to help beneficiaries "*walk on their own two feet*", while acknowledging the complexity of this; others, however, have not yet reached a full awareness of it. Overall, sustainability does not manifest itself as an immediate outcome, but as a cultural process: organizations leave *NGYou* with stronger tools and mindsets, albeit to varying degrees, to build more stable organizational and economic models over time.

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8.3.3 Positive externalities: new networks and improved reputation

In terms of external relations, participants often report a **boost to their reputation**, making them more attractive to stakeholders and partners and enhancing their local recognition:

"We have saved several situations [...] we're recognised as an authoritative organization."

Organization 11

Organization 5 also enhanced its external communication capabilities and methodologies, especially for events. Alongside these outcomes, some **suggestions** point to the importance of extending opportunities for **inter-organizational exchange**, by setting up participations and horizontal exchanges:

"There weren't any opportunities to meet other organizations."

Organization 17



Despite this criticism, several organizations reported launching new collaborative projects or networks, which is a sign of a dynamism triggered by the programme, sometimes by harnessing European funding opportunities. The experience of Organization 12 provides an example of this process: building a unified structure, capable of hosting various events, led to wider visibility. One special occasion, culminating in the opening of a new headquarters, for example, attracted a high degree of public attention. In this same case, the redevelopment of the space also made a major contribution to urban and local regeneration. Previously, the association was small and made use of university sites and other low-cost solutions, but now it can centralize projects and events in one place, thus reaching a wider audience, while also opening the premises to students in search of study space. Long-standing relationships were consolidated and many new ones were developed: external services started approaching the association with proposals for projects and exhibitions, and collaborations with schools were put in place (PTCO [a combination of schooling and work experience] and extra-curricular activities). The association even involved the police headquarters, for example on issues relating to victims of violence, by hosting awareness-raising events and building good relations. The move to a single building also made it possible to establish partnerships and networks: a previously fragmented association was able to establish a central hub and start developing and integrating external relations into projects, thus diversifying networks and building collaborations with other networks that now host shared activities and initiatives. Building new networks was a pivotal development for many of the associations involved: various organizations entered into European collaborations with comparable centres. Organization 7, for example, focused on how European policy-making approaches culture. This gave rise to another transformational externality, in the sense that the consultant involved became a partner on other projects. The Development Area of that organization now has a member of staff permanently assigned to working with management on sustainability, building partnerships and incorporating content and skills into a system, and integrating them with the opportunities offered by calls for proposals (Organization 7).

From the consultants' point of view too, taking part in *Next Generation You* generated important positive externalities for many organizations, by encouraging the expansion of new relational networks and boosting the visibility and reputation of partners and FCSP itself in the eyes of local communities.



The consultants acknowledge that the programme pathway triggered a sense of institutional recognition and legitimacy, thus helping strengthen the credibility of organizations and their ability to forge external collaborations. As the Strategic Consultant 4 pointed out, the fact that relationships were built made the organizations feel valued and more connected:

“We got invited to concerts, neighbourhood meetings [...] some really special relationships were built.”
(Strategic Consultant 4)

Strategic Consultant 1 also reported that the call for proposals consolidated and extended existing connections, thus generating further opportunities:

“With lots of these organizations, we then did other things [...] we facilitated an exchange of good practices.”
(Strategic Consultant 1)

8.3.4 Challenges facing the process of change and areas for improvement

One of the most challenging aspects of the process (like the others presented in an earlier chapter), was the difficulty of getting uniform levels of engagement from all members of the beneficiary organization. In one case, for example, the organization was small and consisted of seven people: training was not always easy and, at times, the group felt embarrassed that they were behind the times in relation to the new methodologies being proposed. However, as Organization 1 pointed out and as already presented above, even in small organizations, the work raised levels of self-awareness significantly – like a process of self-analysis – enabling organizations to recognize their strengths and limitations clearly, and learn to develop directly on the basis of the experience. In addition to the positive outcomes, the study highlighted other cross-cutting difficulties that limited the impact of the initiative and are now being treated as areas for improvement of the model: one of the most recurrent of these was the overload felt by consultants, especially in the early stage of the programme:

“One consultant in particular cut the number of people they were following [...] there was a lot of difficulty in following everything and everyone within the time-frames.”
Organization 8

There was also critical feedback about the timing of the follow-up interviews, which many felt were held too long after the end of the project life-cycles, and the geographical distance of the consultants, who in certain cases could have achieved better results if they had been more strategically located. Many of the recommendations shared by participating bodies are aligned on points such as the need to provide more opportunities for feedback and peer learning between organizations; reducing duplication between narrative monitoring and digital platforms; and establishing a more partner-based consultancy model,



with an emphasis on customization, which was not always perfect. It was also suggested that specific guidance should be made available on governance and generational succession. Here, Organization 9 stressed the importance of tools that place more value on narrative methods:

"The Excel templates worked, but there need to be opportunities for narrative feedback."

Organization 9

The consultants reported that the organizations involved faced challenges in different areas. The Strategic Consultant 3 described the difficulty in drawing up the development plan, with particular reference to formulating cost items and, sometimes, to passive assimilation of the plan, to the extent that some organizations had to be pushed to write at least parts of the plan themselves". In some bodies, there was a gap between the leadership and the basic organizational levels, where for example there was a generational misalignment between human resources with seniority and young operators, or where the management was not fully engaged or asked to leave the programme (Strategic Consultant 1). Some organizations viewed *Next Generation You* as a traditional call for proposals, and hence a means of obtaining financial resources for their projects, without taking on-board the underlying rationale, which involved a holistic approach to boosting the organizational health of beneficiary bodies. This led to partial involvement of resources, without the opportunity to extend the thought processes triggered by the project to internal groups, sometimes resulting in poor alignment with the consultant (Strategic Consultant 1, Strategic Consultant 2). According to several consultants, smaller organizations found it difficult to keep pace, keep their agenda aligned and maintain coordination with the various stages of the project (Strategic Consultant 3, Strategic Consultant 2). A final difficulty, as mentioned in an earlier chapter, lay in the tools imposed by FCSP (e.g. the online application system, uploading report documents), which were perceived as functional but redundant, as were the monitoring sessions, which the consultants also reported as being widely perceived, at least initially, as a source of anxiety (a "necessary evil"). It took a long time for organizations to start treating them as useful opportunities for exchanging views (Strategic Consultant 2, Strategic Consultant 3, Strategic Consultant 4).

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To sum up, the programme showed signs of **difficulty in involving people uniformly** and maintaining **pace and coordination** (partly due to internal gaps), which was aggravated by the fact that the consultants were overloaded and the monitoring tools were perceived as redundant. This is why organizations are asking for more peer learning, less duplication, and more customised guidance, with a closer focus on governance and narrative reporting.



8.4 CROSS-CUTTING SUMMARY AND COMPARISON CHART OF PARTICIPATING BODIES

Table 5 compares the positions of participating bodies in relation to the key dimensions.

TABLE 5
Comparison chart of participating bodies by key dimensions

Organization	Evolution of relationship with FCSP	Internal transformational impacts	External effects	Sustainability	Downsides and suggestions
Cluster LONG-STANDING RELATIONSHIPS FACING CHANGE					
Organization 1*	From initial complexity to firm support and trust	Improved internal communication and staff empowerment	New networks with stakeholders and the public	Improved capability in applying for calls for proposals	Too many questionnaires and monitoring sessions
Body 2	Two-way operational and relational guidance	"Staff Welfare" Department, Organization 2 identity card	Stronger identity and cohesion	Continuity with internal resources	Distantly located consultants
Organization 3*	Support through a difficult period, high degree of listening	Introduction of data culture & new business management software	Better <i>accountability</i>	Total independence	Technical language
Body 4	Listening, less reciprocity	Reorganization and clarification of roles	Internal network maintained	Organizational sustainability, but not economic sustainability	-
Organization 5*	Support and trust	New shared mission and team-building	Cultural positioning	Economic impact of over €200,000	Complex tools
Cluster RAPIDLY GROWING RELATIONSHIPS					
Organization 6	Human and operational proximity	Business management software and management control	Networks with private companies	Diversification of income streams	-
Organization 7	Presence and care	New development area, European training	International networks	Integration of budgeting roles	Consultants' workload



* Past beneficiaries of support for institutional activity



Organization	Evolution of relationship with FCSP	Internal transformational impacts	External effects	Sustainability	Downsides and suggestions
Organization 8	Robust and structured	New governance and area managers	Local coordination	Permanent innovations	Overload
Organization 9	High professionalism	New governance and third-sector body manifesto	Enhanced external reputation	Growth of team	Monitoring times
Cluster	MEDIUM-SIZED ORGANIZATIONS WITH POTENTIAL FOR DEVELOPING PARTNERSHIPS				
Organization 10	Trust and changing support	Branch B, HR, digitalisation	Better relationship with stakeholders	Sustained innovations	Internal friction
Organization 11	Genuine listening and guidance	Merger, internal accounting, new model	Local leadership	Full continuity	Complex monitoring
Organization 12	Consolidation of relationship	Relocation to new HQ, creation of cultural hub	High visibility, long-standing relationships strengthened, new relationships formed	Diversification of collaborations and sources of funding	They feel like a small organization
Cluster	SMALL ORGANIZATIONS WITH A STABLE RELATIONSHIP				
Organization 13	Very high trust, growth	Internal reorganization and visual communication	Relationships with for-profit entities	Project still running	Demanding monitoring sessions
Organization 14	Genuine listening and continuous support	Process framework, mentoring, fund-raising	Value across beneficiaries and networks	Independent continuity	Hurried change of direction
Organization 15	Light-touch but intense relationship, to be taken seriously	Event management, briefing, online pre-sales	Strategic repositioning towards education	High revenues from new processes	Problems with consultants and online application system
Organization 16*	Discovery and mutual trust	Organizational and management overhaul, new constitution and, third-sector bodies	External networks and local development projects strengthened	Co-design and new sources of funding	-
Organization 17	Honesty and transparency	CRM, digitalisation, expansion of team	National cultural networks	Rapid expansion after call for proposals	Demanding monitoring sessions, tight time-frame

* Past beneficiaries of support for institutional activity



A glance at the four clusters reveals that the organizations with long-standing relationships with FCSP show strong internal learning and an improvement in external positioning, but still only partial sustainability, which is sometimes still structurally fragile. Organizations with rapidly growing relationships with FCSP, by contrast, show profound and lasting impacts on governance, skills and networks, accompanied by more diversification of resources, offset, however, by an increase in organizational work-load, with the risk of stress. Medium-sized organizations with potential for developing partnerships use the relationship as a strategic vehicle for overcoming transitions and strengthening their local leadership, while still perceiving dimensional misalignment at times. They showed high potential for scalability, however, when given targeted guidance. Lastly, small organizations with a stable relationships show that relationships based on trust and listening can generate major changes and rising levels of sustainability, where small interventions have large impacts, although monitoring and the complexity of the tools was a cross-cutting issue for them.

8.5 CONCLUSIONS

To sum up, beneficiary bodies experienced the *Next Generation You* initiative as a transformational pathway that often had a major impact on:

- their **relationship with FCSP**, which became a partnership based on trust, listening, presence and shared responsibility;
- **organizational structures**, which saw the introduction of new functions, governance configurations, and digital and business management tools;
- **organizational culture**, which became better geared towards reflection, data culture, sustainability and self-assessment;
- **networks and external positioning**, with enhanced reputation and enhanced ability to establish meaningful relationships with public and private stakeholders.

The quality of the relationship (listening, trust, presence) is the main driver of change. Internal impacts systematically precede external impacts. Levels of sustainability rise as innovations become structural and internalized. The challenges that emerged, especially in relation to engaging all organizational units and monitoring (especially for small and medium-sized organizations) and digital platforms, represent useful focal points for fine-tuning the guidance model. In the longer term, *NGYou* can be seen as a model of strategic relational and generative philanthropy, in keeping with a context in which organizations are not only recipients of grants, but actors bearing joint responsibility for the change being promoted.



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CHAPTER 8

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Vita e Pensiero



CHAPTER 9

Organizational and managerial capacity of third-sector organizations.

The impact of the *Next Generation You* programme

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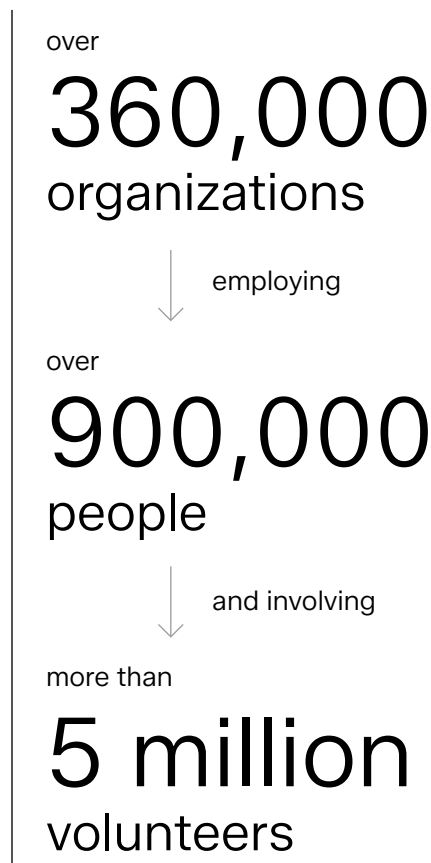
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This chapter examines the impact of FCSP's *Next Generation You* programme in terms of strengthening the organizational and management capabilities of third-sector bodies in Piedmont, Liguria and Valle d'Aosta. In light of third-sector reform in Italy, which requires increasing levels of transparency, *accountability* and professionalization, FCSP supported the preparation of development plans aimed at enhancing internal skills, economic and financial sustainability, market positioning and collaboration networks. The gross impact assessment of the programme reveals positive changes linked with the strengthening of the internal structures and external relations of the organizations involved. The net impact analysis, which is confined to social cooperatives and enterprises only, shows an effect on the solidity of their economic and financial profile. No major changes can be seen in revenues, debt structure or investment appetite, however, suggesting that impact on growth-related dimensions manifests itself over the medium-to-long term.



9.1 INTRODUCTION

According to the most authoritative national statistics (ISTAT, 2025), Italy's third sector encompasses:



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This broad and variegated scenario, consisting of multiple organizational forms (associations, social cooperatives, social enterprises, foundations and amateur sports clubs) and professional and voluntary staff, is an essential part of Italy's socio-economic fabric, making a major contribution to social cohesion, service innovation and the promotion of collective values. The role of the third sector has steadily developed in recent years, in both quantitative and qualitative terms. Third-sector bodies have developed management skills, governance models and forms of collaboration that are increasingly integrated with those of public institutions and the private sector. They operate in strategic areas such as social welfare, health, education, culture, the environment and sport, and have become key players in the production of goods and services of general interest. The third sector's ability to mobilize civic resources and build local solidarity networks is now a key means of addressing the challenges posed by an ageing population, social inequalities and the ecological and digital transition processes that are transforming Italian society.



Against this backdrop, the recent reform of Italy's third sector has put considerable pressure on third-sector bodies to address and manage major changes across multiple areas of their operation and management. In the administrative and accounting sphere, the reform has introduced specific obligations that require third-sector bodies to upgrade their administrative skills and raise the level of professionalism required for internal management. The regulatory changes include the **introduction of new rules on preparing financial statements**, which:

- **aim** to simplify certain procedures for smaller organizations
- while at the same time **imposing** stricter and more uniform criteria to ensure greater transparency and comparability between organizations.

At the same time, obligations relating to transparency and *accountability* have been extended, with particular reference to compliance requirements, such as the obligation to register with the national register of third-sector bodies – Registro Unico Nazionale del Terzo Settore (RUNTS) – which marks a key step towards the formal recognition of third-sector bodies and access to the opportunities offered by the new legislation.

The reform also requires organizations to upgrade their organizational structure, in line with more advanced, efficient management models that fully comply with the applicable legislation. In other words, third-sector bodies are required to professionalize their resources and processes, and adopt organizational and management systems that meet new governance, reporting and sustainability needs effectively. Overall, Italy's third sector still has a limited level of organizational and management maturity. The organizations operating in this field often have largely informal management structures, make little use of monitoring and internal evaluation tools and are still developing in terms of technological innovation (Borzaga and De Pedri, 2014). The lack of systematic use of internal monitoring and evaluation tools makes it difficult to measure the impact of activities and promptly identify areas for improvement or development opportunities. It also has a negative impact on organizations' transparency and *accountability*. Moreover, the adoption of new technologies and the digitalisation of administrative and management processes are progressing slowly, partly due to the scarcity of economic resources and the limited availability of specialist skills within organizations.



In view of the above, professionalization and management skills development clearly represent a strategic priority for Italy's third sector, as a means of both consolidating its role in the socio-economic fabric, and taking full advantage of the opportunities offered by the new regulatory framework and capacity development programmes. Organizational and managerial capacity are particularly crucial in third sector organizations, where the complexity of activities, large number of stakeholders and limited resources require structured skills, effective management processes and robust governance (Balser and McClusky, 2005; Salamon, 2010). There is therefore a pressing need to develop this capacity, which can be defined as an integrated set of skills, structures, resources, processes and behaviours (Spanos and Prastacos, 2004; Mladenova, 2022; Bryan, 2019; Shumate et al, 2017; Walters, 2020) that enable an organization to acquire, mobilise and coordinate the resources needed to achieve its strategic goals²¹.

With this in mind, FCSP prepared a specific call for proposals, entitled *Next Generation You*, aimed at supporting developing the organizational and management capacity of third-sector bodies, mainly in Piedmont, Liguria and Valle d'Aosta (Compagnia di San Paolo, 2022). Launched in 2021, and now in its third edition, *NGYou* falls within the framework of philanthropic strategies aimed at consolidating the organizational capital of the third sector, in line with the priorities set at European level in relation to local cohesion and sustainable development (European Commission, 2020). In view of the experimental and innovative nature of the *NGYou* call for proposals, FCSP commissioned CNR-IRCrES (the Italian National Research Council's Institute for Research on Sustainable Economic Growth) to carry out extensive monitoring and evaluation on its first edition. After briefly setting out what *NGYou* is and how it works, this chapter discusses the impact assessment methodology used and the results it yielded.

21 This definition implicitly emphasises the multi-dimensional nature of organizational and management capacity: rather than being a stand-alone characteristic, it is the result of a complex interaction between multiple components (strategic capacity, operational capacity, financial capacity, human resource management capacity, technological capacity, relational and partnership capacity). Organizational and management capacity therefore plays a crucial role in the growth, sustainability and effectiveness of any organization.



9.2 THE FIRST EDITION OF THE NEXT GENERATION YOU PROGRAMME

Launched in 2021, the *NGYou* call for proposals was designed to support the organizational development of third-sector bodies in Piedmont, Liguria and Valle d'Aosta, operating in the target domains of FCSP's **three Goals**: Culture, People and Planet. By fostering processes of growth and streamlining aimed at the innovation, sustainability and independence of the above organizations, the call for proposals set out to maximise the efficiency, effectiveness and impact of organizations operating in FCSP's catchment area, by helping them develop their organizational and management capacity and encouraging them to take an informed approach, geared towards sustainable development. The call was also designed to help organizations identify innovative models of change and in the consequent actions to be taken, so as to prepare them to take advantage of new opportunities for development, positioning and fund-raising, and to increase their chances of obtaining resources made available by European planning and *Next Generation EU* and thereby improving their economic and financial independence.

Operationally, *Next Generation You* involved a two-stage funding mechanism that third-sector bodies could apply for from 11/05/2021 to 29/06/2021, by submitting a proposal for organizational analysis and the outline of a development plan.

STEP 1

In stage one, the selected candidate organizations were awarded a grant of up to 15,000 euros to commission a consultant (from an approved list drawn up by FCSP) to work alongside them in drawing up an organizational analysis and a full development plan.

€15,000

maximum grant

FOR →

strategic consultancy

STEP 2

In stage two, on the basis of the development plans submitted, the organizations competed for a grant not exceeding 50,000 euros to implement the plan drawn up in collaboration with the consultant. The development plan had to be completed within a maximum of 18 months²².

€50,000

maximum grant

FOR →

implementation of the development plan

²² The 18-month time limit was not been met by all development plans. As at 29/02/2024, the date of the 5th monitoring session, 20 months after the launch of *NGYou*, 15% of the plans had not yet been completed. These remaining plans (with the exception of a single case where the organization gave up the funding) were completed by 28/06/2024, the date of the 6th monitoring session, 24 months after the launch of *NGYou*.



A total of 190 applications were submitted for the first stage of *NGYou*. A selection panel selected 140 of these to go through to the second stage. In a subsequent selection procedure, the panel then awarded the 50,000 euro grant for the implementation of the development plan to 100 organizations. Work on implementing the individual development plans started between June and July 2022.

FCSP also required the implementation of the plans to be followed by monitoring and evaluation, to **assess its impact on the organization** and its activities. This evaluation had to be carried out 12 months after the development plan had been implemented, and was required to estimate the effects of the actions implemented by each organization, as a result of the call for proposals, on a range of dimensions. These were:

- the organizational and management **capacity** of each organization;
- the **expansion** of its activities and improvement of its market positioning or economic and financial independence and sustainability as a result of opening and stepping up traditional fund-raising channels;
- its **access** to resources made available by European planning and *Next Generation EU*;
- the **opening** of innovative fund-raising channels;
- the **enhancement** of management control processes and improvement of market positioning;
- the **expansion** of its network of contacts and strategic collaborations with other actors/institutions in the catchment area.



9.3 IMPACT ASSESSMENT: A THEORETICAL PRIMER

The impact assessment of a project or programme can be defined as a combination of practices and methods designed to provide a credible estimate of the extent to which that project or programme has actually effected changes in the target population or context, and to distinguish between what simply happened after the intervention (gross impact) from what is actually attributable to the intervention itself, net of external factors (net impact). The distinction between gross and net impact is a central point in the literature on impact assessment (Rossi et al, 2003), with reference to both theory and practice.

Gross impact



The term “gross impact” describes all of the changes in outcome and impact indicators, following the implementation of an intervention or policy, regardless of whether those changes are actually a direct consequence of the intervention itself or are influenced by other external factors or contextual dynamics. Gross impact is usually measured by simply observing the differences in the main indicators between the pre-intervention and post-intervention period for the target population or area.

The usefulness of gross impact lies in the fact that it is relatively simple to calculate and easy to communicate: it provides initial evidence of the changes associated with the intervention period, which is useful in short-term reporting and in the exploratory phase of evaluation. In the absence of adequate control for exogenous factors, however, gross impact does not make it possible to distinguish between changes actually caused by the intervention in question and changes that would have happened anyway, as a result of other factors, such as market dynamics, economic cycles, other policies or social changes (Martini et al, 2012). Essentially, gross impact is the overall picture of the situation as it appears after the implementation of the initiative, including both the effects actually attributable to the policy adopted and those that might have occurred irrespective of it. Gross impact analyses are therefore often the starting point for more in-depth evaluations aimed at isolating and quantifying the actual effect attributable to the policy under study.

Net impact



Net impact, by contrast, is defined as the portion of overall changes that can reasonably be attributed to the intervention, once they have been controlled for influence by external factors, temporal trends, characteristics of the target population, and contextual dynamics. More specifically, the net impact assessment examines the observed change with a view to isolating the effect of the funded intervention from the dynamics that would still have arisen in its absence, by reconstructing the causal link between action and effect on the target variable(s).



Counterfactual logic suggests that the net effect of an intervention is the difference between the situation of the beneficiaries of an intervention after that intervention (the factual situation) and the situation that the same people would have experienced, within the same time period T, if the intervention had not taken place (the counterfactual situation). The comparability of these two scenarios is purely theoretical: in reality, a target group may or may not be exposed to an intervention (treatment), but only one of the two scenarios can be applicable at any one time. The counterfactual situation, however, can be duly reconstructed, as the difference between two target groups:

- **one “treatment” group** (exposed to the intervention)

- **one non-treatment group** (not exposed to the intervention), also known as the **“control group”**, which is identical except for the application of the treatment.

There are several investigative strategies for selecting the control group, which ensure equivalence with the treatment group with varying degrees of reliability. The ideal solution is to use an experimental research design (Rossi et al, 2003), where the effect is measured as the difference in the average value of the target variable found in the “treatment” group (exposed to the intervention) and its counterpart in the “control” group (not exposed to the intervention). Provided the sample size is sufficient, selecting the control group by means of randomization (random extraction) ensures that the two groups are comparable and eliminates the effects of contextual factors that might influence membership of one group or the other. However, the experimental option, which is widely used in the medical field, is difficult to apply in the socio-economic field, where its use poses major ethical and legal problems because it entails the arbitrary exclusion of rights-holders. It is therefore customary to use the family of non-experimental designs to assess impact in this field (Campbell and Stanley, 1963; Martini and Sisti, 2009). Non-experimental designs focus on the availability of observational data relating to the targets of the intervention and on the ability to use them to identify a control group with comparable characteristics to those of the treatment group. The most important of these is the statistical matching design. The idea behind statistical matching is to create an *ex-post* control group, made up of the non-treatment individuals most closely resembling the treatment individuals in their observable characteristics. This is done by choosing a duly identified set of matching variables. Once the *ex post* control group has been chosen, the effect of the treatment is the difference between the average values of the outcome variable in the treatment group and the matched non-treatment group. In certain conditions relating to the availability and reliability of the data, the statistical matching design yields comparable results to the experimental design in terms of reliability, adapting them to the context of the programme.



9.4 THE METHODS USED TO ASSESS THE IMPACT OF NEXT GENERATION YOU

In view of the above and due to the intrinsic characteristics of the intervention programme, it was not possible to make use of an experimental design for the impact assessment of *NGYou*. The diverse nature of the third-sector bodies selected as winners of the *NGYou* call for proposals (social cooperatives, social enterprises, associations, cultural foundations, sports clubs, etc.) resulted in differing availability of observational data on the characteristics and performance of the beneficiary bodies. The choice of assessment design was therefore chosen on the basis of the nature of the organization, in line with two distinct **strategies**:

- one **covering the full line-up of organizations**, involving a single-group before-and-after assessment design, for calculating gross impact
- one **covering social cooperatives and social enterprises only**, involving a statistical matching design for calculating net impact. The sub-paragraphs below take an in-depth look at the distinctive features of the two different assessment models, and provide a detailed explanation of the procedures used to implement them.

9.4.1 Single-group before-and-after design

In the single-group before-and-after design (Campbell and Stanley, 1963) used to assess *NGYou*, gross impact is determined on the basis of observational data collected from the treatment group only, before the intervention and after the end of the intervention, leaving a reasonable period of time for the effects to arise. As mentioned above, the limitation of this design is its strong tendency to generate estimates of impact that suffer from *bias* due to extraneous phenomena capable of influencing the final outcomes in the same way as the intervention. They are therefore able to confirm whether a change has occurred in the wake of an intervention, but not to causally link it to the intervention itself (Capp, Thyer and Bordnick, 1997). In the case of the *NGYou* assessment, the single-group before-and-after design was used for all the different types of participating bodies for which it was not possible to identify credible control groups, due to the impossibility of randomizing participation or the lack of suitable observational databases to support an assessment design based on statistical matching (which was, however, used for social cooperatives and enterprises). This method made it possible to produce **estimates of the change** that occurred, by **comparing the situation before and after intervention**. The comparison was made on the basis of data collected by means of an online questionnaire, made up of 72 questions, which elicited the values at the start of the programme (*baseline*) and 12 months after the full implementation of each individual development plan (endline), for a number of key variables in the areas of expected change. The areas of change were identified by means of an assessment brainstorming session conducted by the assessor and involving the FCSP staff responsible for designing and managing *NGYou*.



This exercise was conducted on the four specific **areas of expected change** (also referred to as secondary outcomes):

- **Organizational and management capacity**
- **Economic and financial independence and sustainability**
- **Activity and market positioning**
- **Network of contacts and strategic collaborations** with other actors/ institutions in the catchment area.

For each area of change, the assessment brainstorming session identified the specific sub-capacities that were considered as expected primary outcomes. One or more indicators were selected for each of these primary outcomes and measured by means of the previously mentioned online questionnaire, which respondents completed both at the start of implementation of the development plan in question and 12 months after the end of its implementation. Table 6 shows the dimensions, sub-dimensions and indicators taken into account.

TABLE 6
Dimensions and sub-dimensions of expected change, and respective indicators

Dimensions of expected change	Sub-dimensions of expected change	Indicators
Improved organizational and management capacity	Capable of equipping itself with internal assessment tools	– Type of internal assessment practices in place (structured monitoring systems)
	Capable of equipping itself with <i>accountability</i> tools	– Number and type of <i>accountability</i> tools in place
	Capable of building representative boards	– Composition of board (by age, gender, nationality) – Involvement of the board in the organization’s decision-making processes – Management presence and characteristics
	Capable of managing human resources efficiently	– Number of volunteers out of total staff – Productivity index (revenues / employees + volunteers)
	Capable of changing its organizational model as new operational needs arise	– Organizational model used (advanced organization chart)
	Capable of enhancing and leveraging staff skills	– Number of staff who have attended training and updating courses
	Capable of attracting new experts (external skills)	– Number and type of external consultants





Improved organizational and management capacity (continued)	Capable of changing its structural functions as new operational needs arise	– Number of structural functions introduced
	Capable of supporting the running of the organization by adopting new technological solutions	– Number and type of new technological solutions adopted – Number of staff with digital training certifications
	Capable of circulating institutional information by means of digital tools and social media channels	– Number and type of digital and social media tools adopted
Improved economic and financial independence and sustainability	Capable of strategically planning the use of resources	– Number and characteristics of existing planning tools
	Capable of financial independence	– Financial independence index (own capital / total capital invested) – Percentage of revenues from public funding out of total revenues
	Capable of taking fund-raising opportunities	– Number of fund-raising channels in place – Revenues from public calls for proposals (European, national, local)
	Capable of managing financial resources efficiently	– Debt ratio (financial debt / own capital) – Ratio between sources and uses
	Capable of collecting and analysing financial and management data	– Number and type of management control tools used (financial data, management data)
Expanded range of activities and improved market positioning	Capable of innovating and repositioning itself on the market	– Number and type of new services/products offered to the public – Market share (organization's revenues/revenues of the sector as a whole) – Revenues
	Capable of developing opportunities to commercialise products/services	– Number of sales channels in place
	Capable of reaching different types of beneficiaries	– Number and types of target beneficiaries
Enhanced network of contacts and strategic collaborations with other institutions in the catchment area.	Capable of listening to the local community	– Number and type of tools for local analysis (needs analysis, competitor analysis, co-design with beneficiaries, local help-desks)
	Capable of managing local development networks (impact generation)	– Type and quality of the network (stakeholders, institutions and organizations)



Gross impact was analysed by means of an assessment methodology based on the before-and-after comparison of composite indicators for each dimension of expected change and the construction of a composite indicator for the final synthesis (OECD, 2008). Initially, the differences between the pre-intervention and post-intervention values were analysed for each indicator, and the trends that emerged were recorded. Then, for greater synthesis, the percentage change for each indicator (V_i) was calculated according to the formula:

$$\Delta\%(V_i) = \frac{\text{Post value} - \text{Pre value}}{\text{Pre value}} \times 100$$

Next, to make the data comparable and aggregable (bearing in mind that the indicators have different units of measurement and ranges), it was normalized by carrying out two key steps. First, the assessors identified the highest positive percentage change value from among all the selected indicators – the maximum variation, $\text{Max}(V_i)$ – and then they calculated the standardized index (Z_i). Each variation V_i was normalized against $\text{Max}(V_i)$, and the results were assigned to a common scale (0 to 100), where 100 corresponds to the maximum positive change recorded:

$$Z_i = \frac{V_i}{\text{Max}(V_i)} \times 100$$

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This ensures that a 100% increase in one indicator (e.g. number of products) is comparable in weight to a 100% increase in another (e.g. staff on permanent contracts), when compared to the maximum change observed.

Lastly, all the standardized indicators Z_i were aggregated into a single synthetic value known as the Composite Development Index (CDI). The CDI is the weighted sum of all the standardized indices, calculated using the formula:

$$\text{CDI} = \sum_{i=1}^n (Z_i W_i)$$

where i is the weighting chosen for the individual indicator (which in our case is uniform). The final CDI (expressed on a potential scale of 0 to 100) made it possible to identify a synthetic measurement of the overall gross impact of *NGYou* on the organizations analysed, by integrating performance across all areas of change.



9.4.2 Statistical matching design

Organizations falling into the category of social cooperatives and enterprises, for which reliable observational data exists (financial statement data held in the Bureau van Dijk Aida database), by contrast, underwent net impact assessment, using a statistical matching design. For the 24 entities making up this subset of funded organizations, it was possible to use matching techniques to identify a control group, duly selected on the basis of the observable characteristics of the units under assessment. The control group, which has more members than the treatment group, included up to five statistical twins, depending on the analysis carried out²³.

The statistical matching procedure, aimed at defining the control group for the cooperatives involved in *Next Generation You*, was put together on the basis of a detailed sequence of analytical activities. First, the 24 social cooperatives and enterprises whose development plans received funding in the first edition of *Next Generation You* were found in the AIDA database of financial statements of Italian enterprises.

The geographical location and legal form of each entity identified was then verified in order to construct the control sample accurately and avoid potential bias arising from these variables. The analysis showed that the cooperatives in the treatment group operated in both Liguria (7 units) and Piedmont (17 units), and almost all of them (23 out of 24) were identified as limited liability joint-stock consortium companies (SCARLPA – Società Consortile a Responsabilità Limitata per Azioni).

Having restricted the area of geographical origin to Piedmont and Liguria and the legal form to SCARLPAs only, an initial short-list of enterprises registered in the AIDA database was drawn up. Extracting the AIDA data made it possible to build a dataset of 8,332 enterprises, including the 24 cooperatives making up the treatment group. A sub-group of enterprises, whose economic activity (ATECO) code matched that of the cooperatives in the treatment group, was then separated from this population.

23 In the statistical matching process, it is advisable to include a higher number of statistical twins (control units) than members of the treatment group, for various reasons:

1. To increase the accuracy of the estimates: a larger sample provides a more solid basis for evaluating the differences between the treatment group and the control group.
2. To compensate for variability: a higher number of statistical twins can help compensate for variability in the characteristics of the control units compared with those of the treatment group. This helps ensure a more accurate match and reduces the risk of bias in results.
3. To increase the robustness of the analysis: a larger sample reduces the impact of random deviations or measurement errors. This helps generate more reliable and generalizable results.
4. Cover possible data losses: in the matching process, some units may need to be excluded due to lack of data or other reasons. Having a larger initial number of statistical twins provides greater flexibility in dealing with such situations without compromising the validity of the analysis.



Table 7 shows the sectors of economic activity taken into account.

TABLE 7
Economic activity (ATECO) sectors of the cooperatives

ATECO	Description
108301	Coffee processing
562100	Catering for events, banqueting
581100	Book publishing
781000	Staff search, selection, placement and re-assignment support services
829999	Other business support services
870000	Residential social care services
872000	Residential care facilities for people with mental disabilities, mental disorders or a history of substance abuse
873000	Residential care facilities for elderly and disabled people
879000	Other residential social care services
880000	Non-residential social care
881000	Non-residential social care for elderly and disabled people
889100	Kindergarten and day care services for children with disabilities
889900	Other non-residential social care services
900101	Drama activities
931910	Sports organizations, promotion of sports events
931999	Other sporting activities
932990	Other entertainment activities



The sample thus selected consisted of 1,183 units. A *propensity score matching* procedure was applied to this sub-group, in order to associate five control enterprises – identified on the basis of the variables of revenues, number of employees and province – to each treatment-group enterprise. The choice of variables made it possible to identify “twin” enterprises in terms of both business size (revenues and number of employees) and geographical location (province).

The set of variables used for the purposes of matching was selected in accordance with the relevant scientific literature, and made it possible to mitigate bias linked with the structural characteristics of the enterprises (size), the distinctive features of the target markets (sector and province), the composition of the service users (province) and the existence or otherwise of public or private support policies (province).

From a methodological point of view, the *propensity score matching* procedure used the Mahalanobis metric, which enables two units to be matched according to the proximity of the covariates (i.e. the variables used for matching), measured in terms of standardized Euclidean distance. The Mahalanobis distance between a vector y and a distribution characterized by a mean μ and a covariance matrix C is defined as follows:

$$d = \sqrt{(y - \mu) C^{-1} (y - \mu)'}$$

The distance d represents how far y is from the mean in number of standard deviations. The strategy adopted, which was made possible by the significant size of the control sample compared with the treatment sample, made it possible to identify an adequate number of statistical twins²⁴.

²⁴ It should be noted, however, that the control sample was found to consist of 111 enterprises instead of 120 (i.e. 24*5), because nine control enterprises (id_PSCORE: 140; 143; 151; 195; 210; 246; 334; 418; 477) were associated with more than one treatment-group enterprise. The case of the two treatment-group enterprises with id_pscore 537 and 557 warrants particularly attention because they share four out of five twin enterprises in the control sample, which suggests a marked similarity between the two enterprises in terms of the variables in question.



For the selected cooperatives, the impact assessment was carried out on the dimensions of economic and financial independence, sustainability and efficiency, which can be represented by variables derived from financial statement data. There are eight target variables in total, as shown in Table 8.

TABLE 8
Indicators used, type and purpose

Indicator	Type	Purpose
1 Revenue differential	Economic and financial independence	Indicates is the performance of revenue from the sale of goods and services by an enterprise over a given period.
2 $\frac{\text{Revenues}}{\text{Financial debts}}$	Economic and financial sustainability	Indicates the enterprise's ability to generate sales revenues for every euro of financing received from banks or other lenders.
3 $\frac{\text{Revenues}}{\text{Financial debts} + \text{Grants}}$	Economic and financial sustainability	Indicates the enterprise's ability to generate sales revenues for every euro of financing received from banks or other lenders or grants.
4 $\frac{\text{Investment}}{\text{Own capital}}$	Economic and financial sustainability Hedging	Indicates the degree of exposure to third parties. It is a hedging index that assesses whether long-term investments are covered, at least in part, by the enterprise's own capital.
5 $\frac{\text{Investment}}{\text{Own capital} + \text{total debts}}$	Economic and financial sustainability Hedging	Indicates the percentage of the total capital at the enterprise's disposal (both own and from third parties) that is "tied up" in long-term assets that cannot be quickly turned into cash.
6 $\frac{\text{EBITDA}}{\text{Revenues}}$	Efficiency	Indicates the enterprise's ability to generate profit from its production and commercial processes, before the impact of non-monetary factors (depreciation) or financing choices (interest).
7 $\frac{\text{Net assets}}{\text{Total assets}}$	Economic and financial independence	Indicates the enterprise's ability to self-finance without being over-dependent on external capital (banks, suppliers or other creditors).
8 $\frac{\text{Total debt} - \text{Total credit}}{\text{Total assets}}$	Efficiency	Indicates the percentage of the enterprise's assets that are financed by "real" debt, i.e. calculated net of the amount the enterprise is still owed by customers or third parties.



To determine whether the difference between the indicators of the the treatment-group enterprises and those of the control group was statistically significant, the assessors used the Student's t-test. This method makes it possible to determine whether there is a difference between the averages of two indicators from separate distributions, as in the case in point, and also makes it possible to establish whether this difference is higher or lower between the groups concerned. The statistical formalization of the t-test involves calculating the following statistic:

$$t = \frac{\bar{x}_1 - \bar{x}_2}{\sqrt{s_p^2 \left(\frac{1}{n_1} + \frac{1}{n_2} \right)}}$$

Where $\bar{x}_1 - \bar{x}_2$ is the difference between the averages of the two samples; n_1 and n_2 represent the sample number and s_p^2 is the *pooled variance*.

$$s_p^2 = \frac{(n_1 - 1) s_1^2 + (n_2 - 1) s_2^2}{n_1 + n_2 - 2}$$

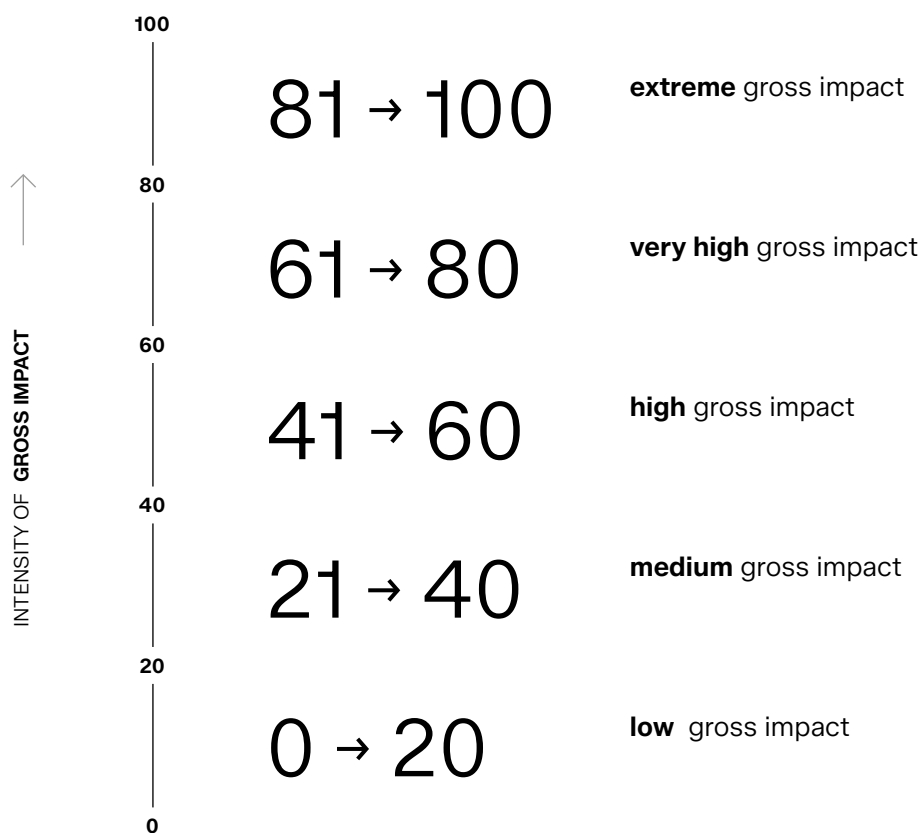
If the absolute value of the statistic t is high (typically > 1.96 for a significance level of 5%), the null hypothesis that the coefficient is zero, i.e. that the two averages are equal, is rejected. In this specific case, the assessors referred to the two-tailed test, but by considering the one-tailed test, it is also possible to determine whether one of the two averages is statistically greater than the other.

Here, we provide the results of this test in which the averages are compared, and establish whether there is statistical evidence that the changes achieved by the treatment-group enterprises between 2021 and 2024 are statistically higher than the control sample. In this case, we can establish that the participation in *NGYou* did indeed generate an effect on its beneficiary enterprises.



9.5 RESULTS OF THE IMPACT ASSESSMENT

The chosen assessment designs made it possible to quantify both gross impact and net impact, although the latter was confined to a limited set of variables and social cooperatives only. Gross impact was measured by calculating the CDI both for individual macro-dimensions and for the the set of macro-dimensions as a whole. The values found were classified on the basis of the following scale²⁵:



The macro-dimension of organizational and management capacity recorded a CDI of 29.79 ([Table 9 →](#)), indicating that a positive gross impact of medium intensity was observed in this area in the wake of *NGYou*. Within this result, positive and statistically significant changes were found on enhancement of internal valuation tools (+4.06 points, equating to a 14.8% rise in the number of tools used) and *accountability* tools (+4.62 points, representing a rise of 16.9%).

²⁵ The assessors opted to use equally spaced thresholds (20 points each) on a normalised scale of 0-100 to simplify interpretation of the changes and ensure linear proportionality between the index and its qualitative assessment.



+10.3%

+4.4%

+25.2%

The staff structure was also enhanced, with positive changes in the number of employees on permanent contracts, the overall workforce and the number of employees taking part in training.

On the governance side, the most significant finding is the increase in stakeholder involvement in operational decisions (+2.33 points, equating to +8.5%), against a slight decrease in the involvement of directors and managers in strategic decisions (-0.06 points, equating to -0.2%).

The CDI for independence and sustainability was 2.23 ([Table 9](#) →), indicating a positive but low-intensity gross impact in this area. This result, however, was caused by just one major critical component, which was also exogenous. Indeed, public funding generated the most negative partial impact (-20 points, equating to -34%), reflecting a significant decrease, presumably due to the decrease in extraordinary resources received by third-sector bodies during the pandemic. This was offset by the positive contribution of financial independence (+4.96 points), which showed an improvement in the overall independence and independence from public resources (+2.45 points), indicating that the reduction in public funds has been compensated for by an increase in alternative sources, although the changes are not statistically significant. The stand-out feature of this picture is the highly positive and statistically significant contribution of planning tools (+12.1 points, equating to +20.4%), indicating a very marked improvement in economic and financial planning capacity and in the *ex ante* management of resources.

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The activity and market positioning macro-dimension, meanwhile, showed medium-intensity gross impact, with a CDI of 30.37 ([Table 9](#) →). The intervention appears to have impacted on organizations' ability to reach and expand their audiences, particularly among young people in the 14-29 age group (+9.09, equating to a rise of 96%), the increase of which is statistically significant. On the supply side, while there has been a reduction in traditional services to new targets (-0.90) and innovative services (-1.73), accompanied by a fall in sales channels (-1.56), there has also been an increase in traditional products to new targets (+3.00) and, above all, in innovative products (+4.33). However, none of these results are statistically significant.

Lastly, in the wake of *NGYou*, there was a high-intensity gross impact on the networks and strategic collaborations macro-dimension, with a CDI of 47.31 ([Table 9](#) →). Over the period in question, the treatment-group organizations significantly boosted their integration into local contexts and partnership systems. The biggest, albeit not statistically significant, changes affected collaborations with public institutions (+20.00) and businesses (+16.72), but local networks as a whole benefited from a major impact (+8.82). The only area running counter to these trends is that of tools for analysing and listening to



local communities, which suffered a partial negative impact (-1.73), reflecting a slight decline in capacity to read local needs systematically. Summing up, the average CDI measured at the end of NGYou for all the dimensions take together was 27.43 (Table 9), indicating a gross impact of medium intensity.

TABLE 9
CDI individual dimension and overall

Macro-dimension	CDI	Intensity of gross impact (positive)		
		low	medium	high
Organizational and management capacity	29.79			
Economic and financial independence and sustainability	2.23			
Activity and market positioning	30.37			
Networks and strategic collaborations	47.31			
Overall CDI	27.43			



The findings from the gross impact assessment were then supplemented by the net impact assessment. The latter was carried out on a limited number of economic and financial variables, as described in the section on method, and on just one category of entity: social cooperatives and social enterprises²⁶. In order to rigorously assess the impact of the grant awarded to the enterprises, statistical tests were applied – as explained in the previous paragraphs – to the averages of the economic and financial indicators measured using the values recorded at the start (2021 financial statements) and end of the programme (2024 financial statements). The analysis focused on comparing the treatment group and the control group, with a view to verifying whether the differences between the two populations were attributable to the grant, rather than to random factors.

Table 10 details the results of these tests, making it possible to determine the statistical significance of the differences between averages²⁷.

TABLE 10

Test of difference between indicator averages of treatment group and control group

Indicator	Difference in averages between treatment group and control group ($\mu_{\text{treatment}} - \mu_{\text{control}}$)
Change in revenues	+0.169
Revenues / Financial debts	-1,313.302
Revenues / (Financial debts + Grants)	+238.629
Investments / Own capital	+0.730
Investments / (Own capital + Total debts)	-0.008
EBITDA / Revenues	+0.056**
Net assets / total assets	+0.073*
(Total payables – Total receivables) / Total assets	-0.073*

*** p < 0.01

** p < 0.05

* p < 0.1

26 Social cooperatives and social enterprises play a key role in the cohesion and development of society, because their aims are to foster mutual aid and solidarity, and promote social inclusion, the employment of disadvantaged people and the provision of essential services to the community. Unlike traditional businesses, their goal is not to maximize profit, but to create social value, by means of activities such as social care, health care, employment, educational services and cultural services. This mission makes them strategic actors in tackling crucial challenges such as combating poverty, reducing inequalities and supporting vulnerable population groups. However, their non-profit approach and more fragile financial structure compared with for-profit businesses expose social cooperatives to higher risks in terms of economic sustainability. That is why public and private financing plays an essential role in ensuring the continuity and effectiveness of their activities, and enabling them to innovate, expand their services and respond promptly to the emerging needs of society. Ultimately, investing in social cooperatives means investing in social capital and collective welfare.

27 In terms of interpretation, obtaining significantly different averages is empirical evidence to support the assumption that the treatment generated a measurable effect on the performance of the enterprises. Conversely, the absence of statistical significance suggests that the changes observed are not sufficient to establish that the grant had a direct impact, but could be explained by natural variability or other structural characteristics of the samples analysed.



← **Table 10** shows the results of the tests on the differences between the averages of the treatment group and the control group on a selection of financial statement indicators. The statistical significance thresholds are based on one-way tests, which are adequate when the direction of the expected change is clear, and are efficient when working with small samples (Lakens, 2017). The results for the first five indicators are consistent in all the configurations analysed: there were no cases in which it was possible to reject the null hypothesis, because the p-values were consistently higher than the threshold of 0.10. This implies that the differences observed between the two samples are not statistically significant, and it is not therefore possible to unequivocally attribute a measurable effect on the indicators in question to the *NGYou* programme. In other words, the observed changes may have been due to normal data variability rather than to any direct impact of *NGYou*.

The indicator linking EBITDA with turnover represents the operational profitability of the enterprise. In the case analysed, the one-way test on the difference in averages is significant, disproving the null hypothesis and suggesting that the EBITDA to revenue ratio is, on average, 5.6 percentage points higher in the treatment-group cooperatives than in their control-group counterparts. It is worth noting that the change is positive in the treatment group and negative in the control group, suggesting that the former have the capacity to reverse a trend taking place in the latter.

In other words, the treatment-group of cooperatives shows higher operational efficiency, better cost control and/or a mix of services with higher margins.

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This translates into in greater ability to self-finance, higher resilience to cost and demand shocks, and more room for investment (e.g. in technology and quality improvement).

The indicator comparing net assets with total assets shows capitalization and capital strength. Again, the one-way test is significant, suggesting that the average value is 7.3 percentage points higher for the treatment-group cooperatives than for their control-group counterparts, with a positive change for the former and a negative change for the latter. This points to a more prudent financial structure, less leverage and greater ability to absorb losses. This goes hand in hand with lower cost of capital and greater flexibility in dealing with adverse cycles or co-funding projects.



Lastly, the indicator representing payables minus receivables over total assets combines debt and working capital management profiles. In this case, the test shows that the control-group enterprises have a higher average value, suggesting that the treatment-group cooperatives have lower indebtedness (-7.3 percentage points on average, in relation to total assets) and more efficient working capital management. This is linked with increased spending capacity and more operational stability.

In short, the significant indicators show that the treatment-group cooperatives have a stronger economic and financial profile and higher operational efficiency. However, it cannot be established beyond doubt that this performance is a direct effect of the grant received, because the time interval between award of the grant and the impact assessment (2024) is relatively short. It cannot be ruled out that the effects of the grant will become clearer over a longer period of time.

9.6 CONCLUSIONS

The *Next Generation You* programme, promoted by FCSP, offers important insights into how to support the development of organizational and management capacities in third-sector bodies. Through targeted investment in bespoke development plans, FCSP demonstrated how philanthropy can act as a catalyst for the systemic transformation of third-sector bodies in the catchment area (Piedmont, Liguria and Valle d'Aosta), in line with the goals of UN Agenda 2030. In this respect, *NGYou* was an innovative intervention, whose value goes beyond its ability to foster management innovation and financial independence in the organizations concerned. In fact, its implementation also involved creating a fully fledged support ecosystem, made up of experienced consultants and sectoral experts, which contributed to the strategic and operational rearrangement of the beneficiary bodies in the process of organizational and management development. This incremental approach, covering 100 third-sector bodies (social cooperatives, social enterprises, associations, cultural foundations) in its first edition, against a backdrop of declining public resources, is an example of how philanthropy can be a pro-active player in the third sector and facilitate its development.

Furthermore, the decision to back up the programme with monitoring and evaluation demonstrates FCSP's commitment to building shared knowledge on the effects of its interventions, based on rigorous methods of causal validation thereof. In this respect, the evaluation activities covered in this chapter, despite not yielding definitive, incontrovertible evidence of the effectiveness of the intervention, have nevertheless highlighted certain trends that warrant further investigation.



In particular, the gross impact analysis of *Next Generation You*, using a before-and-after design and conducted on 84 third-sector bodies 12 months after the end of implementation of the development plans, revealed a scenario of medium-intensity positive change, condensed into a Composite Development Index (CDI) of 27.43, built on normalized data for the various areas of expected change. The clearest finding is that *NGYou* acted as a structural lever, triggering differentiated **trends of change** across the dimensions analysed.

1 RELATIONAL DIMENSION

The first and most evident trend concerns the relational dimension: the networks and collaborations area achieved the highest CDI (47.31), indicating that this domain underwent the most marked change following the implementation of *NGYou*. The data feeding into this index shows systematic strengthening of connections with key players in the catchment area, with increases in collaborations with public institutions, businesses and others, all of which point to the organizations' enhanced capacity to network and participate in shared local development processes. The data paints a picture of third-sector bodies that are less isolated, more interconnected and probably better recognized as interlocutors in institutional and socio-economic circles.

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2 ORGANIZATIONAL AND MANAGEMENT CAPACITY

A second major trend, also backed up by the data, concerns organizational and management capacity, which achieves a CDI of 29.79. This value points to a structured, rather than episodic, change, stemming from widespread improvements across multiple sub-domains:

- more systematic use of self-assessment tools
- enhancement of *accountability* practices
- investment in internal skills
- evolution towards organizational models that are more consistent with product, service and project strategies.

This marks a trend towards better-informed organizations, with the ability to assess their own performance, report to stakeholders and adapt their internal structures to medium-to-long-term goals, shifting from mainly operational to more strategic approaches.





3 ACTIVITY AND MARKET POSITIONING

A third line of change, represented by a CDI of 30.37 on the ability to develop their activities and market positioning, highlights how, following the implementation of *NGYou*, the participating bodies have enhanced their offering and boosted their presence among their target audiences. The normalised data indicate an increase in innovative activities and products, as well as the ability to target new segments of beneficiaries, with a particular emphasis on young people (aged 14-29). The trend points to the fact that organizations are not merely consolidating what they already do, but rethinking their products and services on a more competitive and differentiated footing, with a view to positioning themselves more clearly in specific niches or supply chains. As for economic and financial independence, the CDI of 2.23 shows a less marked trend than in the other dimensions. The data shows some progress in capacity to plan the use of resources, but the findings are constrained by the context, particularly by the decline in public sources of funding, which limits the scope for translating organizational changes into substantial steps forward in terms of independence. In short, the underlying trend here is one of improved management that is not yet fully matched by improved financial independence, suggesting that philanthropic leverage alone, while helping improve internal management, is not enough to overturn structural economic balances.

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Taken together, these trends indicate that, following the implementation of *NGYou*, the third-sector bodies involved have become more structured, better connected and more capable of assessing and governing their own development, but they remain exposed to external financial conditions, clearly indicating the main areas of strength and, conversely, the areas that could benefit most from future support policies.

The net impact analysis complemented the evidence obtained from the gross impact analysis, by providing a more stringent assessment of the actual effectiveness of the *NGYou* programme in relation to the main economic and financial indicators, for social cooperatives and social enterprises only. By comparing the treatment group with the control group, the assessors were able to verify the statistical significance of the differences observed, and separate the effects potentially attributable to *NGYou* from those that could be attributable to external factors or normal data variability. Overall, the results paint a broadly neutral picture: for most of the indicators (revenue, debt structure and investment appetite), there are no statistically significant differences between the two groups. This suggests that, over the time-frame concerned, the grant has not yet generated large-scale measurable effects in the growth and investment of



beneficiary enterprises. Empirical evidence, however, points to positive signs in specific performance profiles. In particular, the significance of the EBITDA/revenue index suggests an improvement in the operational profitability of the treatment-group enterprises, attributable to more efficient cost management and increased ability to self-finance. Similarly, the improvement in the ratio of net assets to total assets testifies to greater capital strength and less exposure to debt, to the benefit of medium-term financial sustainability. Finally, the lower value of the index derived from $(\text{Total payables} - \text{total receivables}) / \text{total assets}$ in the treatment group suggests more efficient use of working capital and more balanced management of cash flows.

Although only partial, these results point to a trend that is in line with the goals of *NGYou*: taking part in the programme and implementing the development plan appear to have improved the financial balance and operational resilience of the participating enterprises.

In any event, the limited statistical significance of the other indicators and the short time-lag between awarding the grant and measuring its effects suggest that the results should be interpreted with caution. It is plausible that the impacts fully attributable to the programme will only appear in the medium-to-long term, once the enterprises consolidate their investments, and the structural effects of the economic support become more evident.

The results of the net impact assessment provide other food for thought, too: on the one hand, they highlight the need to take account of the sectoral and structural specificities of the enterprises analysed, when assessing the effects of support policies; and on the other, they suggest that the impact of the aid could manifest itself in areas not directly captured by the economic and financial indicators used in this analysis, such as employment stability, social innovation capacity and the quality of services offered.

Nonetheless, the net impact analysis could be improved in future by introducing longitudinal designs with more post-intervention monitoring episodes, to measure medium-to-long-term effects and to distinguish transient changes from structural transformations more effectively. Furthermore, it could be useful to combine quantitative analysis with systematic qualitative components (comparative case studies, in-depth interviews) to illuminate the causal mechanisms underlying the observed impacts, and put the numerical results into context. This would equip programmes like *NGYou* with a more robust evaluation framework, designed not only to document their effectiveness, but also to provide targeted guidance for developing future philanthropic strategies.



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CHAPTER 9

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CHAPTER 10

The financial and economic sustainability of organizations.

The results of the *Next Generation You* impact assessment

Editors:

Silvio Cuneo, Riccardo Pelosi, Marco Ratti / Committee for the evaluation of the economic and financial sustainability of the winners of the *Next Generation You* call for proposals

FCSP's *Next Generation You* call for proposals aims to strengthen the capabilities of its beneficiary organizations, almost all of which are non-profit entities, by means of a capacity-building programme co-funded by FCSP. This chapter produces and examines a selection of empirical evidence of the effects of participation in NGYou on the economic and financial sustainability of the participating organizations. It focuses on three levels of evidence, each determined both in absolute terms and by comparison with a sample of organizations similar to those that took part, but that did not benefit from the same programme. The first level, which is descriptive, analyses certain financial statement items, *ex ante* and *ex post*. The second level examines transition matrices for an indicator of "economic and financial sustainability" (EFS), which is comparable to a risk indicator. The third level consists of an econometric estimate of the change in the ESF indicator from its initial level, controlling for size and legal form, and a *dummy* indicating participation (or non-participation) in the call for proposals. Based on the three levels of evidence examined, it seems reasonable to conclude that participation in the call for proposals was accompanied by an improvement in economic and financial sustainability, both in absolute terms and, above all, by comparison with the control group of similar organizations that did not take part.



10.1 INTRODUCTION

The overall aim of the *Next Generation You* call for proposals was to promote the organizational development of the beneficiary organizations, by deploying specialist consultants. There were six **specific goals**:

- to maximise the **efficiency, effectiveness** and **impact** of organizations operating in FCSP's catchment area, including in hinterland and mountainous areas, by helping them enhance their organizational and managerial capabilities and encouraging them to adopt an informed approach to the three dimensions of sustainable development – environmental, economic and social;
- to help identify **innovative models** to transform the organizations and their consequent actions;
- to promote **relations between organizations and organizational development professionals**, in order to design structured analysis and transformation processes, by leveraging the necessary skills;
- to prepare organizations for **new development, positioning and fund-raising opportunities**, with a particular emphasis on improving their access to resources available under European planning and the PNRR (Italy's recovery and resilience plan), and the economic and financial independence that such resources can bring;
- to improve **FCSP's** opportunities to **get involved in new areas of activity and forge relations with new people**, thus expanding its range of action and identifying partners with which to launch further innovative collaborations aligned with its strategies;
- to promote a widespread sense of **participation** in the challenge of collectively contributing **to the equitable, lasting and sustainable development** of the catchment area, in line with the goals of UN Agenda 2030, the European Agenda 2021-2027 and the Missions of the PNRR.



The NGYou call for proposals is divided into **two stages**.

STAGE 1

Applicant bodies present a **proposal for an organizational analysis**, and an outline of their development plan.

STAGE 2

The organizations selected to go through to the second stage present the **results of the organization analysis** and the **development plan** drawn up in conjunction with their strategic consultant.



The organizations selected at the end of this stage receive a **grant for the implementation of their** development plan.

10.2 AIMS OF THE ASSESSMENT

The aim of impact assessment is to isolate the effect of a policy intervention or initiative from the dynamics that would still have arisen in its absence, by reconstructing the causal link between the intervention and one or more target variables. In order to isolate the “net effect” attributable to an intervention, it is necessary, in principle, to compare the factual situation, i.e. the difference observed between the participants’ situation before and after the intervention, and the counterfactual situation, i.e. the one that would have arisen if the *same individuals* had not taken part in it – the latter situation being, by definition, unobservable. The counterfactual situation can, however, be duly reconstructed by selecting a non-treatment group of entities, also known as a control group, which is statistically identical to the treatment group, except for the fact that it has not been exposed to the treatment (Martini, Sisti, 2009). Estimating impact thus boils down to comparing the differences observed between the two distinct groups of actors: those that took part in the initiative and those that did not, the latter being otherwise identical to the former in terms of a specified set of characteristics.

One of the approaches to counterfactual assessment typically used in social sciences is the quasi-experimental design. Taking advantage of the availability of observational data relating to the treatment group, they identify a control group with comparable characteristics to those of the treatment group, which replicates the counterfactual situation as far as possible.

The description of the call for proposals provided in the previous paragraph has implications for the evaluation of its effects. *Firstly*, the multiplicity of specific goals implies that the overall assessment has to be multi-dimensional (Brown et al., 2001; Costa et al., 2023; Pearson, 2011), as evidenced in other chapters of this white paper. The specific aim of this chapter is to evaluate the possible effect of the call for proposals on the economic and financial sustainability of the beneficiary organizations, using a proxy of conditions of access to bank loans as an outcome variable. To do this, multiple investigation methods have been adopted, for the purpose of qualifying and exploring the results of the impact assessment in greater detail.



10.3 ASSESSMENT TOOLS

The assessment drew upon several **sources**:

- **the financial statements** of the organizations selected to go through to stage 2 of the first edition of the call for proposals, **for the year prior to** the start of implementation of the multi-year development plan (2021); these shall be defined as the *ex ante* financial statements;
- **the financial statements** of the organizations selected to go through to stage 2 of the first edition of the call for proposals, **for the year following** the completion of the executive project (2023); these shall be defined as the *ex post* financial statements;
- **the *ex ante* and *ex post* answers to a qualitative questionnaire** prepared with the support and expertise of Intesa Sanpaolo, which issues a similar questionnaire to its customers.

This data was supplemented with data from Intesa Sanpaolo (ISP) intended to serve **two purposes**:

- 1** to offer an **indicator of economic and financial sustainability** that could provide a concise measurement of the degree of solidity presumed to have been promoted in the organizations by the call for proposals;
- 2** to identify a **sample of non-profit organizations** comparable to the beneficiaries, to enable comparisons to be made between what happened to beneficiaries before and after the call, and hence a “causal” analysis rather than just a “before-and-after” analysis.

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The first purpose was achieved by reformulating the original risk indicators, which were re-aggregated into six levels (V1-V6) before proceeding with the analysis²⁸. Essentially, this produced an indicator that balanced the aim of protecting the confidentiality of Intesa Sanpaolo customers, because the original indicator cannot be disclosed outside of the bank, while maintaining a certain degree of granularity of the sustainability judgements²⁹.

EFS indicator



The **EFS (Economic and Financial Sustainability)** indicator is the most widely used yardstick in this study.

²⁸ See also De Laurentis, Maino (2009).

²⁹ This granularity was also deemed appropriate in light of the desire to associate each level with a default probability – calculated as the unweighted average of the DP associated with each original risk indicator – which, for the worst classes, differs considerably between one level and the next, and therefore introduces errors in measurement of DP due to the aggregation of contiguous classes.



The **6 EFS classes** correspond, indicatively, to the following **risk indicators** on the S&P scale:

classes **V1** **V2** correspond to **investment grade** (AAA / AA / A on the S&P scale)

classes **V3** **V4** correspond to **intermediate risk indicators** (approximately BBB on the S&P scale)

Classes **V5** **V6** correspond to the **at risk area** (approximately BB and lower on the S&P scale)

On the second point, the control pool is made up of the non-profit entities that are ISP customers and have a branch in one of the regions within FCSP's catchment area, namely Piedmont, Liguria and Valle d'Aosta. The number of customer organizations whose data is available is in the order of several thousand, which is obviously favourable, but also makes it advisable to stratify this wealth of information in such a way that the line-up of customer organizations duplicates the line-up of beneficiaries as as closely as possible. Please note that all data relating to the control pool was duly anonymised.

10.4 METHODOLOGY

Following an initial review of the available data, the researchers defined the overall structure of the study, which takes account of the coverage of the data from ISP on all of the beneficiaries of the call, as well as the completeness of the *ad hoc* findings and the financial statement documentation. The evaluation therefore comprised **three** main **strands**:

- a **descriptive analysis of the beneficiaries** at the start of the organizational development programme, drawing upon the qualitative questionnaire and EFS data;
- a **pre-post-intervention analysis**, drawing upon the reclassified financial statements and EFS observed;
- a counterfactual **impact assessment**.

In addition, with a view to extending the results to the group of beneficiary bodies that were not ISP customers, the working team produced an estimate of the change in ESF for those organizations that had sufficient data from financial statements and answers to the qualitative questionnaires. Described in greater detail in [section 10.8](#) →, the model made it possible to extend the pre-post analysis on the latter's EFS.



Table 11 shows the analytical techniques used and the reference perimeter of each.

TABLE 11
Analytical techniques used and their reference perimeter

	Qualitative description (N = 98)	Financial statement analysis (N = 80)	"Observed" EFS pre-post analysis (N = 62)	Counterfactual analysis (N = 62)	"Augmented" EFS pre-post analysis (N = 84)
ISP customers	N = 62	N = 52	N = 62	N = 62	N = 62
Non-ISP customers	N = 36	N = 28	n.a.	n.a.	N = 22

Lastly, it should be noted that the effects of participation in the call for proposals may not yet be fully reflected in the end-of-2023 data, especially for those organizations that completed the plan during 2024. This applies to both the analyses based on financial statement data and those based on the EFS indicator, where, in particular, the financial statement indicators in force in December 2023 were used. The results of the analyses described in this paper should therefore be considered as preliminary, and to be confirmed over a longer time-horizon, including at least the end-of-2024 information.

10.5 EX ANTE CHARACTERISTICS OF THE ORGANIZATIONS SELECTED FOR NGYOU

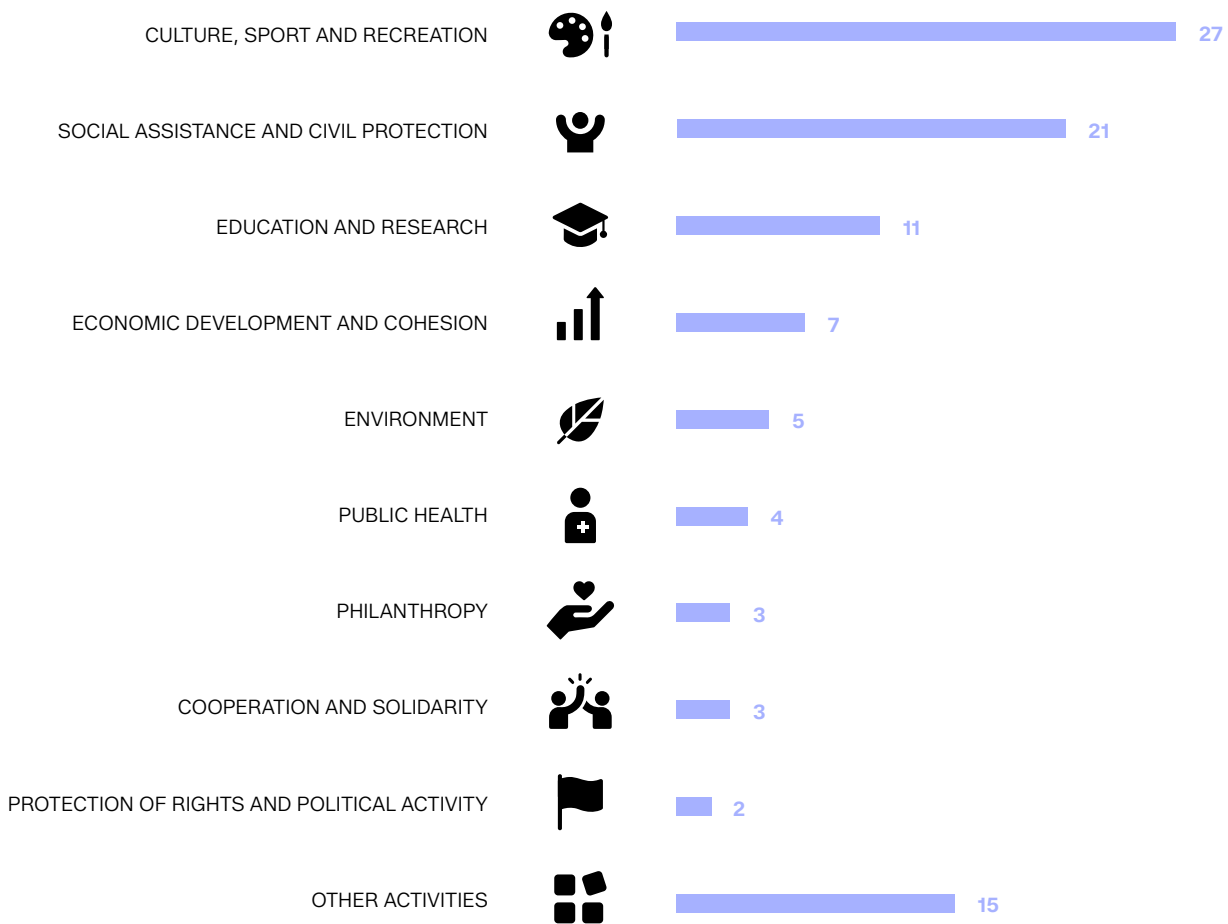
As can be seen from the qualitative questionnaire, issued between July and September 2022, to which 98 organizations responded, the line-up of winners can be generally described as "non-profit entities of reasonable quality, mainly civil". The distribution of sectors within that line-up is dominated by "light" sectors (culture and sport, social welfare) and under-represents the most economically significant sectors (health, education, economic development). This is consistent with the greater need for capacity building in areas where economic management is likely to be perceived as less important than civil management (Reid, Gibb, 2004).



FIGURE 19

Sectors of activity of beneficiaries

(Absolute values)

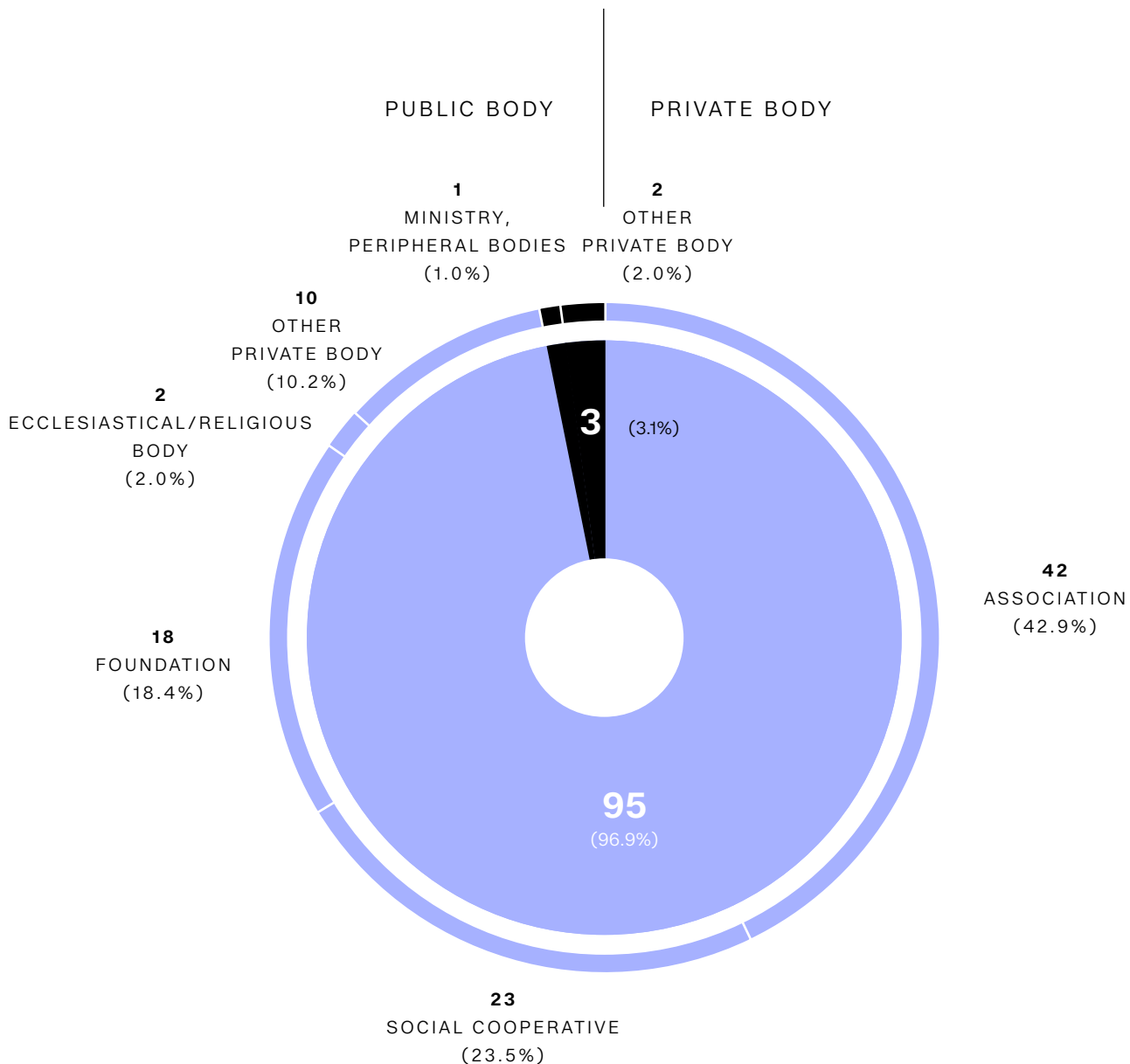


These are mainly private organizations, both *de jure* and *de facto*. Public participation in decision-making, which is absent in 81 beneficiaries and present in the remaining 17, appears to be consistent with the characterization proposed above.

Associations are the most widely represented legal form, but there is also a good representation of other legal forms. The chart below groups public bodies into two categories (peripheral bodies and other public bodies) and introduces a residual category of "other private bodies", which includes two higher education institutions, two foundations, one NGO focusing on adoption, one srl (limited liability company) and one amateur sports club, among others.



FIGURE 20
Legal form of beneficiaries



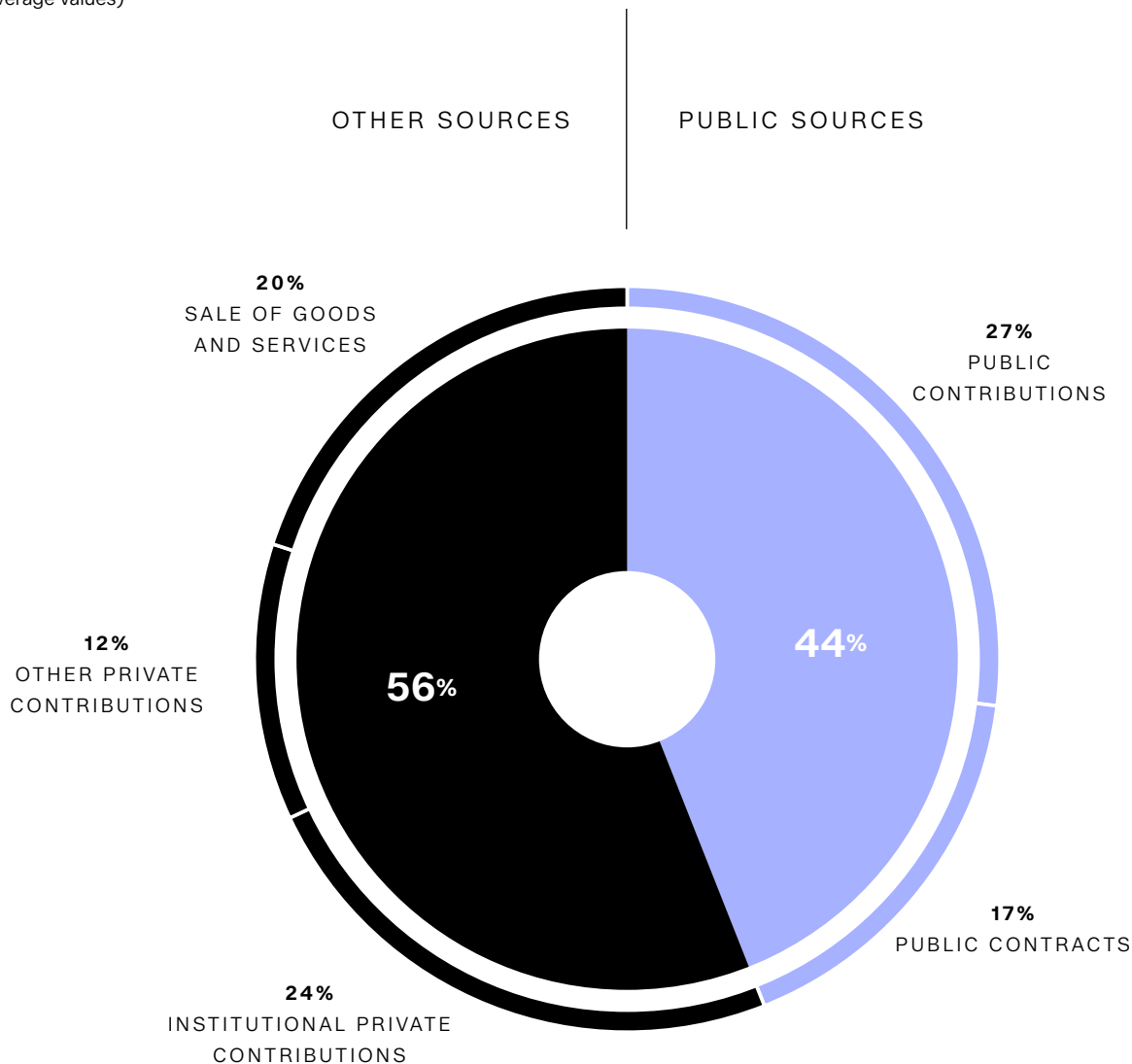
Many of the selected organizations have a degree of complexity. 29 organizations belong to second-tier networks, while governance – defined as the allocation of responsibility for strategic decision-making – seems reasonably widespread: 14 organizations have 1-2 decision-makers, another 35 have up to 5, while 36 have up to 10, and 13 have more than 10. These are almost always decision-makers with an institutional role: the governing bodies (83 cases), management (61) and founder (26). External experts and “others”, who could also be partners, account for only a small share. With the necessary adjustments, the same applies to decisions on the organizations’ ordinary operation, with a slightly increased bias towards employees and members.



Directors appear to have a high level of experience. As many as 70 organizations report that their directors have over 10 years of experience, but in many cases this figure is actually 20, 30 and up to 40 years. In conjunction with the major role of directors in decision-making, and the need to develop management capabilities (which was the reason for taking part in the call for proposals), this “length of service” does not appear to be a particularly positive factor; and it is also a feature of Italian (and perhaps wider) non-profit organizations, that they have not had any significant generational or hence managerial succession.

FIGURE 21
Sources of income of beneficiaries

(Average values)



Note: due to problems in collecting the *ex-ante* data, the distribution of the income sources shown in the figure is as reported by respondents at the end of the programme (*ex-post*).



As regards self-reported economic capacity, exactly half of the group (49 organizations) reports having permanent assets, which could be used as collateral in financial transactions, and are therefore at least partially *asset based* (as opposed to *cash based*) in the sense defined by Salamon and co-authors (Bengo, Ratti, 2014; Salamon, 2014).

When asked whether the organization aims to become independent of donations (defined as less than 20% of total revenue from donations), 17 organizations say they have already achieved this, and another 28 want to achieve it in the future (11 organizations within 5 years, 14 within 3 to 5 years, and 3 in less than 3 years). The remainder either say that they cannot (27) or that it is not one of their goals (26). It would appear to be fair to say that, for a modest majority of organizations, capacity building is not aimed at gaining economic independence, whereas for the others, this is a possibility, but in the longer term³⁰.

The aggregate distribution of unweighted averages appears to be evidence of equal distribution of income sources, but this conceals marked individual differences.

Some organizations are highly dependent on one or two sources and very little on others, but the majority (and minority) sources differ greatly between organizations.

It follows that the pursuit of a more balanced distribution of income sources therefore seems to be a worthwhile goal, as it is conducive to achieving greater economic and financial independence.

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30 See Jenner, P. (2016). Social enterprise sustainability revisited: an international perspective. *Social Enterprise Journal*, 12(1), 42-60.



FIGURE 22

Numerical breakdown of initial EFS classes

(Absolute values)



As regards economic and financial sustainability, Figure 22 shows the distribution of organizations between the EFS classes at the start of the programme. There is a noticeable, and perhaps initially unexpected, concentration in the high (V1-V2) and intermediate (V3-V4) EFS classes. This may reflect the possibility that beneficiaries granted loans by Intesa Sanpaolo may have stronger organizational profiles than those not granted loans. The high frequency of very high EFS classes among beneficiaries, which nonetheless coexists with a minority of bodies with mediocre performance, has prompted internal reflection at FCSP, with particular reference to the selection criteria applied at the preliminary examination stage.

COMPARISON OF EX ANTE AND EX POST EVIDENCE

The *ex-ante/ex-post* comparison was first made using the financial indicators already used in the 2022 as-is analysis (2021 financial statements), which were constructed with a view to representing typical areas of credit analysis: profitability, debt service capacity (DSC), structure (liquidity and capitalisation).



Although the comparison is not entirely uniform, because the availability of financial statements differs between the two years³¹, Table 12 clearly shows several trends:

- **profitability decreases** significantly, undoubtedly as a result of systemic crises that affected the two-year period;
- **debt service capacity** shows a **slight improvement**, although this is largely apparent because it is attributable to the reduction of the dimensional indicator in the denominator;
- **structural indicators** show an **improvement**, evidenced by an increase in liquidity and capitalisation and a reduction in debt.

In terms of changes EFS, the transition matrix between the beneficiaries' EFS classes in 2021 and 2023

TABLE 12

Financial indicators 2023 vs 2021

(Median)

	Indicator	2023	2021	Delta
Profitability	ROS	0.31%	0.71%	-0.41%
	GOM/REV	4.73%	6.69%	-1.96%
	CF/REV	4.89%	6.60%	-1.70%
	ROA	0.25%	0.43%	-0.18%
	GOM/TA	5.05%	6.44%	-1.39%
	CF/TA	5.78%	6.91%	-1.13%
	ROE	1.09%	2.28%	-1.19%
	GOM/NA	16.19%	25.77%	-9.57%
	CF/NA	18.47%	29.83%	-11.36%
DSC (Debt Service Capacity)	FIC/REV	0.14%	0.00%	0.14%
	FIC/GOM	16.92%	1.98%	14.94%
	FIC/FINDEB	6.16%	2.01%	4.15%
Structure	FA/TA	20.42%	18.78%	1.64%
	NA/TA	29.82%	25.66%	4.16%
	NETDEB/NA	-18.03%	-10.57%	-7.46%
	FINDEB/NA	5.75%	11.42%	-5.67%

³¹ The 2023 financial statements were collected at the same time as the qualitative questionnaire was issued, between June and July 2024. Not all beneficiaries responded; for some of the non-respondents, it was possible to obtain the missing documentation from the national register of third-sector bodies. Even among respondents to both surveys, however, there were discrepancies between the 2021 and 2023 documentation (e.g. full financial statements for 2021 and financial statements with no balance sheet for 2023), which partly affect the uniformity of the comparison between the two years.



FOCUS 10

Financial statement indicators

Profitability indicators

ROA	<i>return on assets</i>
GOM / REV	gross operating margin / revenue
CF / REV	cash flow / revenue
ROE	<i>return on equity</i>
GOM / NA	gross operating margin / net assets
CF / NA	cash flow / net assets

DSC - Debt Service Capacity indicators

FIC / REV	financial income or charges (+ if income) / revenue
FIC / GOM	financial income or charges (+ if income) / gross operating margin
FIC / FINDEBT	financial income or charges (+ if income) / financial debt

Structural (capital) indicators

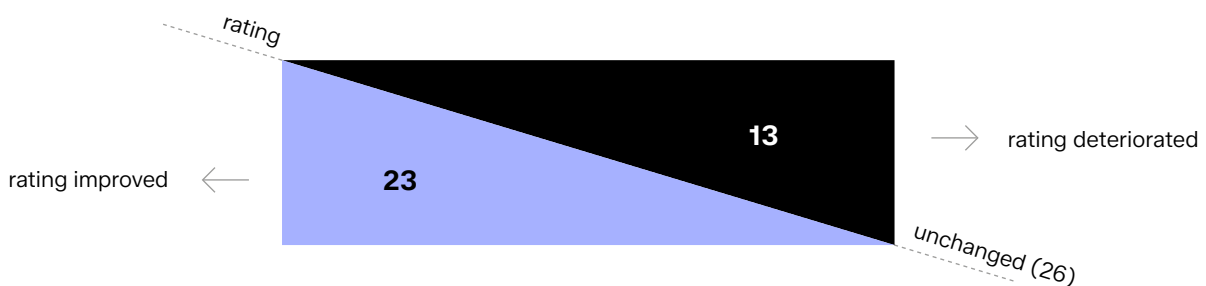
FA / TA	financial assets (cash and equivalents + other liquid assets) / total assets
NA / TA	net assets / total assets
NETDEB / TA	net debts (total payables – total receivables) / total assets
FINDEB / TA	financial debts / total assets



(Table 13) shows an improvement in economic and financial sustainability over the period in question: of the 62 organizations for which the EFS is available for both years, the valuation class remained the same in 26 cases, improved in 23 and deteriorated in 13. The trend is general: apart from class V1, which can only deteriorate, all classes show a higher number of improvements than deteriorations.

TABLE 13
Transition matrix of beneficiaries' EFS pre-post intervention

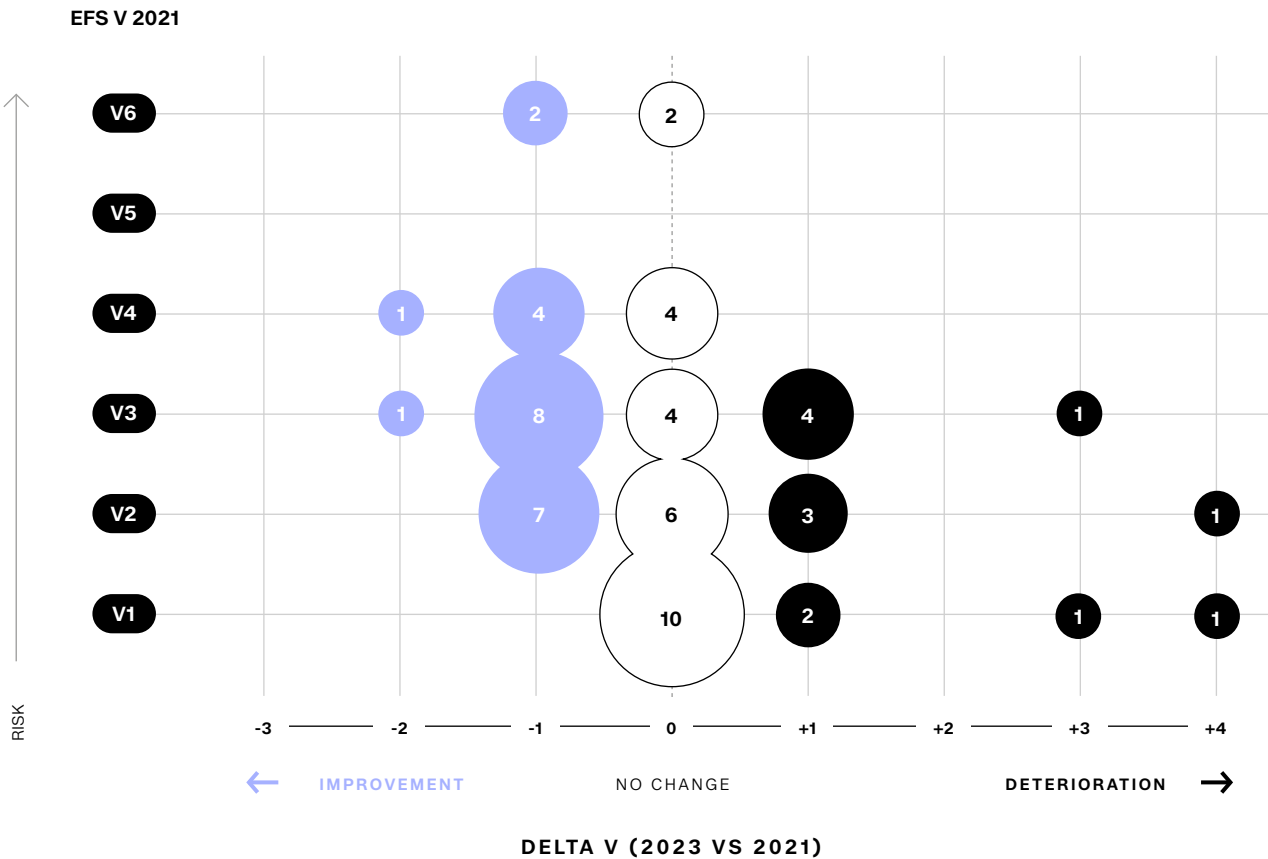
		EFS 2023						Total
		V1	V2	V3	V4	V5	V6	
EFS 2021	V1	10	2	-	1	1	-	14
	V2	7	6	3	-	-	1	17
	V3	1	8	4	4	-	1	18
	V4	-	1	4	4	-	-	9
	V5	-	-	-	-	-	-	-
	V6	-	-	-	-	2	2	4
	Total	18	17	11	9	3	4	62





As regards changes in class in relation to initial class, Figure 23 shows that EFS changes are generally modest, insofar as movements by one class (27) account for 77% of overall changes. Furthermore, while the most marked deteriorations (right side of the quadrant) mainly affect organizations with high initial EFS, the opposite applies to improvements, which mainly affect organizations with less favourable initial EFS.

FIGURE 23
Changes in EFS from initial EFS
 (Absolute values)





10.6 IMPACT ASSESSMENT

As mentioned at the beginning of this chapter, the choice of control group plays a crucial role in impact assessment, because it provides the basis for estimating the counterfactual situation. The working team opted for an empirical strategy based on gradual refinement of the control group, so as to correlate the results to the breadth and heterogeneity of the database used from time to time. The following were produced as part of this process:

- 1 an **exploratory estimate** (non-counterfactual), by means of multivariate regression without statistical matching;
- 2 a **counterfactual estimate**, using matching techniques that gradually reduced the number and heterogeneity of the control group.

CONSTRUCTION OF THE DATABASE AND CONTROL GROUP

A number of preliminary operations were carried out on the ISP database, which initially held 10,000 records of non-profit organizations located in Liguria, Piedmont and Valle d'Aosta. Organizations that did not reflect the legal form and geographical location, at provincial level, of the beneficiaries of the call were excluded from the sample. As a precautionary measure, in order to avoid possible contamination of the control group, the analysis excluded ISP customers who were found to be beneficiaries of the second edition of *Next Generation You*, whose creditworthiness profile in 2023 might have reflected, at least in part, the launch of executive projects started in the same year. These operations reduced the heterogeneity of the pool of ISP customers, while maintaining a ratio between beneficiaries and non-beneficiaries in the order of 1:100. The database described above was used as a benchmark to compare the change in EFS between the treatment group and the non-treatment group, as well as for the regression analysis. For the counterfactual assessment, however, the control pool was further refined to ensure a higher degree of homogeneity between beneficiaries and non-treatment organization, as described below.

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Matching



Statistical matching consists in creating a control group made up of the non-treatment entities with the closest similarity to the treatment group, in terms of observable characteristics. The matching variables should be chosen in such a way as to ensure that the two groups are balanced in terms of the variables that may affect the organizations' economic and financial sustainability. The working team selected the following characteristics, measured prior to participation in the call for proposals: the legal form of the organization; its size class, approximated by the financial assets reported in its financial statements; and its initial EFS class.

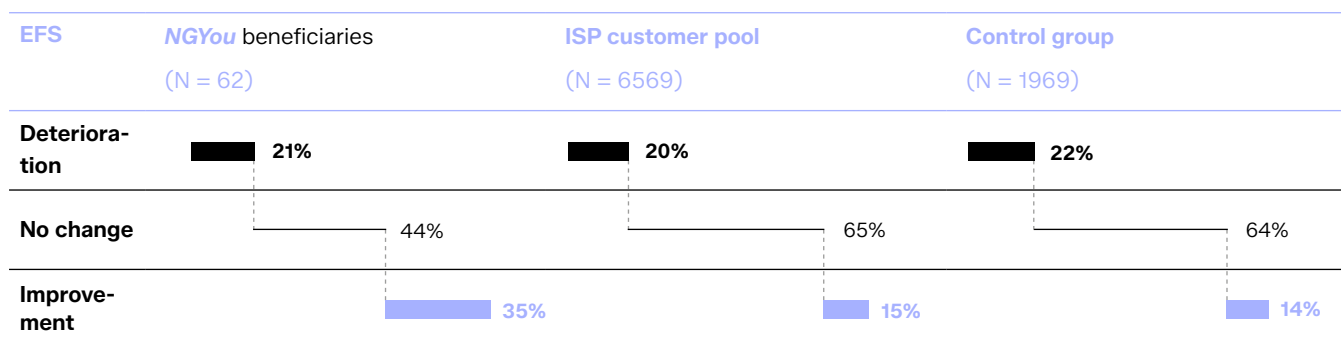


The nature of the categorical variables, whether nominal or ordinal, made it advisable to select the control group by means of *exact matching*³², i.e. between a treatment group and control group obtained by stratifying the sample by legal form, size class and initial EFS³³. It should be noted that the limited number of organizations in the treatment group necessitated certain methodological choices, including the need to exclude geographical location from the sample stratification variables. However, the three sample stratification variables are deemed to ensure a satisfactory degree of homogeneity between the groups.

During the analysis, several sample stratification criteria were tested, and produced comparable results in terms of estimated coefficients and statistical significance. In our view, the most satisfactory results in terms of group balancing were achieved by stratifying the sample by legal form, initial EFS and size class, and by introducing, for non-recognized associations (NRAs) only, a stratification into four size classes, created by dividing the bottom class into two sub-classes: up to 15,000 euros and 15,000 to 50,000 euros. Applying this criterion removed the strata relating to the smaller NRAs, which were not present among beneficiaries. This reduced the ratio between the control sample and the beneficiary population to around 30:1, with much more homogeneous distribution of organizations.

Table 14 shows the change in EFS over time by comparing the beneficiary group, the ISP customer pool and the control group described above. The different population sizes make it necessary to compare relative frequencies, which, for ease of representation, were aggregated, considering only improvements and deteriorations. More specifically, the comparison groups show a much higher share of unchanged EFS, and above all a higher share of deteriorations than improvements.

TABLE 14
Change in EFS over time, by reference group



32 See Cunningham, S. (2021). *Causal inference: The mixtape*. Yale University Press.

33 The distribution of financial assets included *outliers*, some of which were suspected compilation errors, and significant differences between 2021 and 2023, even within the same organizations. To minimize the impact of these factors on the quality of the statistical matching, it was decided to discretise the continuous variable, thereby obtaining size classes.



Taking account of the evidence on financial statement indicators set out above, it is reasonable to argue that the beneficiaries of the *NGYou* programme were able to offset the negative effects of the external conditions affecting that period (reflected in the profitability indicators) by strengthening their capital and financial structure, thereby achieving, on average, an improvement in their economic and financial sustainability, which was not the case for the organizations in the control sample examined.

FOCUS 11

Regression analysis

The effect of the participation in *NGYou* on EFS was first analysed by regressing the variation of the EFS in relation to the beneficiary group *dummy* variable (D_{NGY}), without any change to the other conditions among the regressors. It is useful to note that the variable in question captures the effect of several aspects associated with the call for proposals: the candidates' decision to take part in the call (self-selection effect); their ability to produce a capacity-building plan (the organizations engaged in this in person, but the contribution of the consultants could be a key factor); implementing the executive project and reaping its benefits. Each of these stages could be responsible for the observed outcome, as well as any other uncontrolled trends in our regressions. Statistical significance does not therefore guarantee that there is a causal link between capacity building, in itself, and improved EFS.

Having said that, the table below shows the results of the regression, where the EFS and the FA logarithm in the initial period have been added as control variables. To interpret these results, it must first be noted that a positive ΔEFS indicates an increase in EFS class, i.e. a deterioration in economic and financial sustainability, and vice versa. The negative coefficient associated with 2021 EFS is therefore caused by a technical effect: the highest (worst) classes have more negative (improvements) than positive variations, and vice versa (the worst class can only improve and the best class can only deteriorate).

The initial FA coefficient is negative and indicates that the dimension (in terms of available funds) had a positive effect on the improvement of EFS, as might be expected.

What is relevant to our analysis is the negative and statistically significant coefficient of the beneficiaries' *dummy*, which indicates that participation in the *NGYou* programme is significantly associated with





an improvement in EFS, for the same conditions represented by the the control variables.

It should be noted that other similar regressions, where the ΔEFS was replaced with the change in DP or its logarithm, have less robust results: the coefficient of the *NGYou* beneficiaries' *dummy* is still negative but not statistically significant. Indeed, the proposed regression model suffers from several statistical problems (low beneficiary/sample number ratio, likely multicollinearity due to the correlation between EFS and FA 2021³⁴), which make it advisable to repeat the analysis with the stratified control sample.

TABLE 15
Regression analysis results

MODEL (1) $\Delta EFS = \beta_0 + \beta_1 EFS_{2021} + \beta_2 \ln(FA_{2021}) + \beta_3 D_{NGY}$				
	β	$\sigma(\beta)$	t-test	p-value
Const	2.03	0.08	26.58	0.00
EFS_{2021}	-0.34	0.01	-33.69	0.00
$\ln(FA_{2021})$	-0.07	0.01	-13.57	0.00
D_{NGY}	-0.39	0.10	-4.11	0.00

MODEL (2) $\Delta DP = \beta_0 + \beta_1 DP_{2021} + \beta_2 \ln(FA_{2021}) + \beta_3 D_{NGY}$				
	β	$\sigma(\beta)$	t-test	p-value
Const	0.152	0.005	29.95	0.00
DP_{2021}	-0.68	0.01	-64.03	0.00
$\ln(FA_{2021})$	-0.0096	0.0005	-19.79	0.00
D_{NGY}	-0.007	0.010	-0.74	0.46

34 See Wooldridge, J. M. (2010). *Econometric analysis of cross section and panel data*. MIT Press.



10.7 ESTIMATE OF IMPACT OF PARTICIPATION IN *NGYOU* ON BENEFICIARIES' EFS

Estimating the impact of participation in *NGYou* involves comparing the 'factual' situation of the beneficiaries with the 'counterfactual' situation, i.e. the situation that would have existed if the beneficiaries had not taken part in the call for proposals. As described above, the average effect of participation in *NGYou* on EFS was estimated by means of exact matching and difference-in-differences (DiD):

$$\hat{\tau}_{EM}^{ATE} = E [\Delta EFS | NGY = 1, X] - E [\Delta EFS | NGY = 0, X]$$

where:

$$X = (LEGFORM_{2021}, FA_Cl_{2021}, EFS_{2021})$$

The results shown in Table 16 confirm the direction of those obtained above, albeit with lower coefficients and, as far as DP is concerned, close to the threshold of statistical significance. This could be attributable to three factors: firstly, that the levels of both EFS and, more especially, DP are measured with error; secondly, as a result of aggregation into more granular data classes (which are natively estimated, furthermore); and thirdly, due to likely native errors in assigning certain observations to the risk thresholds³⁵. The results suggest that participation in the *NGYou* programme resulted in a statistically significant improvement in financial sustainability, amounting to an improvement of 0.58 ± 0.21 classes or 3 ± 1 percentage points of DP³⁶.

TABLE 16
Impact estimate stratified by EFS, size and legal form

	β	$\sigma(\beta)$	t-test	p-value
ΔEFS	-0.58	0.21	2.73	0.01
ΔDP	-0.03	0.01	1.82	0.07

³⁵ The ISP indicator automatically updates, unfavourably, if it is not revised. Former loan-holding customers – for which the indicator exists but is not renewed – may therefore have higher EFS than is justified by their current situation. The decision was taken to keep the data in the database nonetheless, despite knowing that there was a small number of errors of this type (probably 4 beneficiaries and an unknown number of controls), so as to avoid manipulating the data.

³⁶ The quantification should be treated less as a predictive indication than as an average figure, indicative of statistical significance.



FOCUS 12

Robustness test

By way of further confirmation of the results, and due to the limited sample size, robustness tests were carried out, by repeating the estimates on a subset of beneficiaries. In particular, the analysis excluded organizations with characteristics that appeared disproportionately between the treatment and control groups, i.e. small non-recognized associations with intermediate initial bankability ratings (V4). The results of these further tests, carried out on a sample of 60 beneficiaries, confirm the above results in terms of direction, albeit at a statistical significance threshold of 90%.

TABLE 17
Robustness test results

	β	$\sigma(\beta)$	t-test	p-value
Δ EFS	-0.34	0.19	1.83	0.07

In conclusion, a combination of regression analyses and evidence in the form of financial statement indicators and migration matrices, as described in previous paragraphs,

indicates that the beneficiaries of the *NGYou* programme were able to compensate for the negative effects of external conditions during the period, thereby achieving on average an improvement in their economic and financial sustainability, whereas the opposite trend arose for the organizations in the control group examined.

This opposing dynamic is statistically significant in almost all of the models tested.



10.8 EXTENSION TO ENTITIES WITH INCOMPLETE DATA

A further development of the analysis consists in extending the EFS estimate to NGYou beneficiaries that are not ISP customers, and which do not therefore have a sustainability indicator assigned by the bank. It should be noted that the exact model producing the risk indicator is subject to confidentiality restrictions and that the financial statement data and qualitative questionnaire data is not sufficient in itself to produce an accurate estimate of a debtor's EFS, in the absence of data on its credit history.

The availability of the EFS indicator for approximately two out of three beneficiaries made it possible to draw inferences on the accuracy of the statistical model, before extending the results to organizations that are not ISP customers. The specific procedure involved was as follows:

1 Analyse the determinants of DP

Trace the financial statement and qualitative variables correlated with the DP *observed* in 2021 and 2023 among the organizations with complete data.

2 Estimate the DP (*estimated DP*)

By means of the qualitative and financial statement data of the organizations with complete data.

3 Assess the accuracy of the estimates

Once the *estimated DPs* have been linked with the *estimated EFS* classes, checks must be conducted to ensure that:

- the estimated EFS classes approximate the observed EFS and to what extent;
- The pre-post change in estimated EFS retains the same sign as the change in observed EFS.

4 Extend the results

Based on the accuracy of the estimates, extend the results to the non-customer group.

The analysis of EFS determinants was conducted by means of multivariate regression (OLS) by identifying the variables correlated to, using a *stepwise* iterative procedure.

The results, which are not reported here for reasons of space, suggest that:

- Net financial income is negative, in line with expectations. This means that an increase in the percentage of total revenue they account for causes, other conditions being equal, a reduction in DP and hence an improvement in EFS.
- Conversely, financial debts have the effect of increasing DP, again in line with expectations.

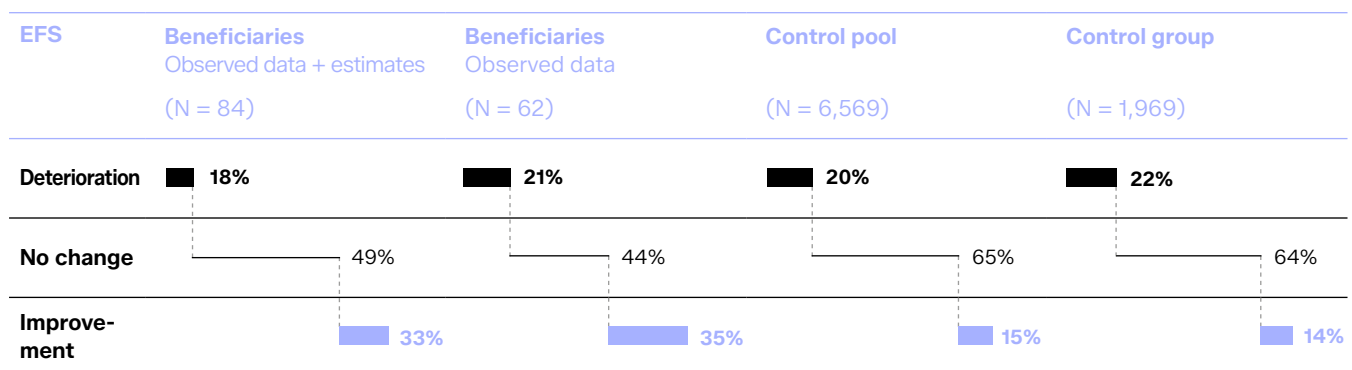


- Lastly, the governance variable indicates that the presence of a third party (public body or private funder) in the administrative body improves the organization's DP³⁷.

Although the model has not generally produced accurate estimates of EFS, if we focus on the observed EFS for intermediate levels thereof only, the results are more reassuring, in terms of the model's ability to capture the sign of the pre-post change. Of the 14 organizations that showed a positive change, the model identified 12 (86%); of the 10 organizations that deteriorated, the model correctly classified 8 (80%); of the 19 organizations whose credit profile remained unchanged, the model identified 23 (21% more)³⁸.

The table below shows the changes in EFS between beneficiaries and the population of ISP customers. Although otherwise the same as ← [Table 14](#), the first column of Table 18 includes not only the observed data for the 62 customer beneficiaries, but also an additional 22 organizations for which the change was estimated using the model described above. In the light of the above, it is not surprising that the results point in the direction of greater stability, which is partly attributable to the model, as it tends to overestimate the share of zero changes in EFS. However, the differences remain clear, especially in the share of improvements, with the sample of ISP customer organizations and the stratified sample.

TABLE 18
Change in EFS over time, by reference group



37 The impact is not particularly significant from a quantitative point of view, and its statistical significance is below the reference values usually used; we have seen fit to keep it in the model, however, because of its economic significance.

38 There are 86 cases with complete data (43 organizations observed at two moments in time). It was not enough for organizations to have an EFS indicator, as they also needed to have sufficiently comprehensive financial statement data to be able to estimate the model.



10.9 CONCLUSIONS

The participants in the 2021 edition of the *Next Generation You* call for proposals were analysed from the point of view of economic and financial sustainability. The available database consists of the financial statements to December 2021 (identified as the pre-programme situation) and to December 2023 (as the first *ex post* evidence), plus the answers to the qualitative questionnaire issued on dates fixed accordingly.

Where available, the risk indicators issued by Intesa Sanpaolo and applicable to December 2021 and 2023, were also retrieved and duly aggregated into EFS classes. Overall, the EFS was available for both dates for 62 organizations. Steps were also taken to build control samples, consisting of Intesa Sanpaolo customers not participating in the call for proposals, that met certain criteria of representativeness.

The analytical methodologies used were the changes in financial statement indicators (for participating organizations only), the migration matrices and the EFS regression analyses (with comparison to the control samples).

While taking a duly cautious approach to the causal interpretation of the results of the statistical analysis, and bearing in mind that the 2023 EFS may not reflect the full implementation of the executive projects, the evidence gathered indicates, with good statistical significance, that the set of activities carried out under *Next Generation You* is likely to have contributed to improving economic and financial sustainability of the participants, as approximated by the index used in the study. In the case in point, the beneficiaries of the *NGYou* programme appear to have been able to compensate for the negative effects of external conditions during the period, thereby achieving on average an improvement in their EFS, whereas the opposite trend appears to have arisen for the organizations in the control group examined.

This evidence is also broadly confirmed by extending the analysis to organizations whose EFS rating was assigned by means of a model designed, by the working team, to replicate the ISP EFS rating.



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