



Capacity Building Definitions

At United Way of Calgary and Area our mission is to improve lives and build extraordinary communities by engaging individuals and mobilizing collective action. Our promise is to help create a city that is great for everyone.

To this end, United Way of Calgary and Area believes that investing in strong organizations and communities is one way in which we can create a better future. Our capacity building grants provide organizations and communities with the support they need to be effective, efficient and sustainable.

What is Capacity Building?

“It is the process by which individuals, groups, organizations, and communities increase their abilities to: (1) perform core functions, solve problems, define and achieve objectives; and (2) understand and deal with their development needs in a broad context and in a sustainable manner.” (United Nations Development Programme, Management Development and Governance Division, 1998)¹.

Within the parameters of the overall mission, United Way has a particular interest in supporting capacity building towards: (1) organizational effectiveness and; (2) community engagement and mobilization. For the 2011 – 2012 investment period, United Way has focused on providing grants that support capacity building efforts towards organizational effectiveness.

Capacity Building for Organizational Effectiveness

What does capacity building for organizational effectiveness mean? It means **supporting organizations to build and maintain the skills, infrastructure and resources to realize their mission**. Research in this area shows that effective organizations deliver results².

¹ UNDP. (1998). *Capacity Assessment and Development: In a Systems and Strategic Management Context*. Technical Advisory Paper No.3. Management Development and Governance Division, Bureau for Development Policy: New York, NY.

² Kramer, K. & Stid, D. (2009). *The Effective Organization: Five Questions to Translate Leadership into Strong Management*. The Bridgespan Group. Available at www.bridgespan.org.

There has been a tremendous amount of interest over the past decade in building capacity for organizational effectiveness. Leading thinkers in this area believe that there are a multitude of dimensions that together, form 4 core areas of capacities for organizational effectiveness³.

United Way of Calgary and Area reviewed the dimensions of capacity within each of the 4 areas, and determined a number of priorities for 2011 – 2012. Available grants will be focused on:

1. **Leadership Capacity** - Leadership capacity is the ability of all organizational leaders to create and sustain the vision, inspire, model, prioritize, make decisions, provide direction and innovate, all in an effort to achieve the organizational mission⁴. This includes areas such as:

- **Governance** – The overall processes and structures used by the Board to direct and manage an organizations operations and activities⁵.
- **Internal Leadership** – This refers to those organizational leaders outside of the Board and their ability to apply a mission-centered, focused and inclusive approach to making decisions and motivating people to act on those decisions⁶.
- **Sustainability** – This is the organization’s ability to cultivate organizational leaders, avoid over-relying on one leader, and plan for leadership transition⁷.

2. **Management Capacity** - The ability of an organization to ensure the effective and efficient use of organizational resources. Essentially, this means an organizations capacity to serve more constituents more effectively⁸. Included here are areas such as:

- **Human Resources** – This includes all areas related to staff management, such as assessment of staff performance, managing performance expectations, program staffing, staff development, salary and benefit administration and relevant policies and procedures⁹.

³ York, P. (2005). *Organizational Effectiveness: The Four Core Capacities*. TCC Group, New York.

⁴ York, P. (2005). *Organizational Effectiveness: The Four Core Capacities*. TCC Group, New York.

⁵ Panel on Accountability and Governance in the Voluntary Sector. (1999). *Building on Strength: Improving Governance and Accountability in Canada’s Voluntary Sector*. Available online at <http://www.vsr-trsb.net/pagvs/>

⁶ TCC Group. (2010). *Fortifying L.A.’s Nonprofit Organizations: Capacity Building Needs and Services in Los Angeles County*. The Weingart Foundation; Los Angeles, CA.

⁷ Ibid.

⁸ Ibid.

⁹ HR Council for the Voluntary and Non-Profit Sector. (2009). *Better Together: A Shared HR Services Framework for Non-Profit Organizations*. Ottawa, ON.

- An important component of Human Resources is the area of *Volunteer Management*. This refers to the capacity of the organization to recruit, train, retain and reward volunteers¹⁰. For many non-profit organizations, this is a critical component of their overall human resource strategy.
 - **Financial Management** – The ability to manage and deploy organizational revenues and assets to ensure efficient operations¹¹.
3. **Technical Capacity** – This refers to whether the organization has the skills, tools and facilities to deliver its programs and manage its operations. Specific areas of focus include:
- **Program Design and Evaluation** – The ability to design and implement an effective evaluation. Effective utilization of evaluation results are explored in *Adaptive Capacity*, seen below.
4. **Adaptive Capacity** – This refers to the ability of an organization to monitor, assess, respond to and create internal and external changes. The concept of a “learning organization” is captured in this area of organizational capacity.
- **Environmental Learning** – The ability to learn about what is happening in the local community as well as staying current with what is going on in the field through networking with community leaders and funders¹².
 - **Programmatic Learning** – The ability to assess the needs of clients, and use the results of program evaluation as a learning tool in enhancing program delivery¹³. This is different than the technical skill of program evaluation above, as programmatic learning refers to the ability of the organization to make use of the results to improve performance and service delivery.
 - **Organizational Learning** – The capability to carry out self-assessments, utilize the findings to carry out and follow through on strategic plans¹⁴.

How to Apply

Please contact your United Way Community Planner for more information regarding your proposed project and how to apply for a capacity building grant.

¹⁰ TCC Group. (2010). *Fortifying L.A.’s Nonprofit Organizations: Capacity Building Needs and Services in Los Angeles County*. The Weingart Foundation; Los Angeles, CA.

¹¹ Stowe, S. & Barr, K. (2005). *The Rural Charitable Sector Research Initiative: Phase II. The Capacity Challenges of Nonprofit and Voluntary Organizations in Rural Ontario*. Imagine Canada: Toronto, ON.

¹² York, P. (2005). “Organizational Effectiveness: The Four Core Capacities.” TCC Group, New York.

¹³ TCC Group. (2010). *Fortifying L.A.’s Nonprofit Organizations: Capacity Building Needs and Services in Los Angeles County*. The Weingart Foundation; Los Angeles, CA.

¹⁴ Ibid.