

## The Segal Family Foundation Advantage: Locally-Led Grantmaking

Segal remains one of the only Western-based grantmakers using fully local grantmaking teams to identify and fund early-stage partners. While more funders have Africa-based program officers, the majority still rely upon expat-heavy referral networks or open application forms.

Both of these approaches are structurally biased against early-stage local organizations—who are less likely to have proposal-writing experience and solid reputations and networks among funders.

Our experience has shown that early-stage partners are generally more compelling in person than on paper—which is why site visits and in-person communication in their language of choice are critical. Our community-driven fact-finding allows small, local organizations to shine alongside mature organizations with professional grant writing teams.

We are excited by the increase in energy and momentum in the philanthropic world to invest in local organizations. Many peer organizations rely on Segal as a pipeline for well-vetted, local grantee partners. We are not resting on our laurels.

Despite the momentum and attention given to the localization movement, only 13% of all U.S. philanthropic funding in Africa goes to African organizations. We still have work to do.

Our model and our values keep us in the vanguard of the localization movement. We know that local teams, locally-led grantmaking decisions, locally-authored strategy, and board members sourced from our community of local partners all combine to make Segal Family Foundation a more robust embodiment of locally-driven change. We aim to continue this trajectory of breaking norms within Western philanthropy and remain Africa's best localization-obsessed grantmaker.





## Background on Grantmaking at Segal

The Segal board and staff are allied thought partners in our core business of grantmaking—collaborating to set strategy using our values and a shared understanding of the ever-evolving context of our ecosystem in Africa and the U.S. We also consider our founder, Barry Segal, and ensure that the evolving nature of our work remains loyal to his philanthropic vision, even as we adapt to meet the needs of the moment. This iterative and humble thought leadership led us along the transformation described below, moving steadily to a more decentralized and community-driven approach as the foundation has grown over the years.



### 2006–2010: THE BIRTH OF A VISION

Barry created the foundation to ‘fight for the little guys.’ In practice, this meant finding NGOs working across Africa (mostly in East Africa) that were serving children and youth. He found these NGOs at Clinton Global Initiative, during his travels, and from referrals from friends and a growing network of development practitioners. Some incredible partners were found during this chapter, but it was a very heterogeneous group, with billion-dollar INGOs funded alongside early-stage organizations. During this time, we had dozens of grantees.

### 2010–2012: SETTING A FOUNDATION

Executive director Andy Bryant initially occupied the role of Segal’s sole program officer, scouting partners in one-off visits and evaluating programs based on brief interactions, available data, and phone calls. As the portfolio and foundation grew, a small group of staff and board members met monthly to discuss new partners and grant renewals. Over time, these deep discussions refined Segal Family Foundation’s values as a grantmaker. During this period, we had fewer than 100 grantees.

## 2013-2017: PROXIMITY & SYSTEMS

Segal made the choice to hire local staff on the ground to implement our grantmaking and community building. During this time, our due diligence process was formalized by creating standard operating procedures. Our process was further improved by the introduction of Salesforce, which replaced our previous grant management software, Foundant. At this time, some managers and U.S. team members managed individual partner relationships. However, local program officers presented most potentials and renewals during monthly grant meetings. These meetings included the entire Segal team and representatives from the voting board. While program officers provided recommended grant amounts prior, all items were finalized in these large group meetings. Over time, these calls became difficult to manage due to the overall size of our portfolio, which grew to over 200 grantees during this period.



## 2018-2020: LOCALIZING STRATEGY

By 2018, Segal was embracing a transition away from top-down decision-making and towards locally-authored grantmaking. In 2018, our program officers authored three-year hub strategies to guide our grantmaking in each place and capitalize on their intimate expertise in the places they live. Several years after we undertook this change, there was a massive wave of support for localization within philanthropy partly due to the [COVID pandemic](#), Black Lives Matter, and other social justice movements of the time. These movements encouraged us to localize our grantmaking processes further in subsequent years by building a strong roster of local consultants and adding more partner voices to the board.

As our community grew, we transitioned our application process from accepting unsolicited submissions through our website to implementing an invite-only system that relied on referrals from trusted current partners, funder friends, and others. The open application had previously generated hundreds of ineligible applications a month, costing applicants and staff members valuable time.

In 2019, we created the Grant Ratification Committee within the board. The Committee's mandate is to *oversee the Foundation's grant decision process and present grants for ratification by the board at quarterly meetings*. The committee was invited to participate in M&A meetings, read partner due diligence, and offer feedback during the meeting or via email. Our portfolio grew to ~275 organizations over this time.

## 2021-2023: MANAGING GROWTH & CHAMPIONING LOCALLY-LED GRANTMAKING

As the size of our portfolio and team grew, there was a clear need to streamline our process. Segal staff and board members convened to review the efficiency of our grantmaking process.

This review process informed the following changes:

- Transitioning monthly grantmaking meetings from a decision-making space into a forum where program officers analyze potential partners and provide brief updates on renewals. Grant decisions are made offline by program officers with input from our Strategy and Operations teams.
- Introducing more multi-year grants for renewals. [Multiyear grants](#) provide more stability for partners and signal our confidence in their work—an aspect that proved crucial during the COVID-19 pandemic. They also eased the workload on our staff.

During this period, our board leadership continued to be closely involved in grantmaking meetings. Also during this period, our portfolio peaked at 385 active grantee partners.

## 2024-2026: FULL POWER

Transitioning to program officer grant approvals has been a very positive experience for us, as it allows our team to be flexible and responsive to our partners' needs. It also frees the board to explore big-picture conversations. Today, strategy and vision-setting starts with the Segal board, in consultation with senior staff leaders. Throughout the year, the board and staff convene to reflect on the strategic priorities. They interrogate Segal leadership on how ongoing operations embody the organizational values and how we maintain our duty of care to partners. Segal staff log the feedback, requests, and questions the board poses throughout the year and incorporate them into our overall strategic direction. Our [2024-2026 Strategic Plan](#) is collaboratively built, with the board informing the highest-level vision. This includes questions such as the long-term sustainability of the foundation, the identity and values that Segal projects into the ecosystem, and the broad sector foci that inform our grantmaking strategies.

As outlined above, Segal's hub strategies and grantmaking processes have evolved over time to be predominantly authored by program officers operating on the ground. They take the goals outlined in the 2024-2026 Strategic Plan and employ them contextually depending upon the conditions within their hub. Hub strategies include avenues for sourcing new partners, exploring sub-sectors within the health, education, and livelihoods umbrellas, evaluating grant renewals, and graduating partners as needed.

# Grantmaking Process: Discovering & Screening New Partners

## PHASE 1: SETTING STRATEGY

Grantmaking begins with strategy. Every few years, the Segal Family Foundation board and staff engage in strategic planning exercises that deliver global and hub strategies to guide all our activities, including grantmaking. The hub\* strategies specify what sub-sectors we will focus on within the broader health, education, and livelihood spaces based on the context in each place.

## PHASE 2: SOURCING

After several years of embedding ourselves into local development ecosystems in our hubs, our program officers have a thorough understanding of the landscape within their countries of operation and have established strong networks with local social entrepreneurs and civil society. We build a pipeline of potentials through referrals from:

- [Current](#) or [Luminary Circle](#) partners with a high degree of trust
- Trusted Segal Family Foundation consultants and informal advisors
- Local NGO consortiums and community platforms
- Reputable fellowships, incubators, and peer networks (see [“organizations with trustworthy pipelines”](#) here)
- Peer funders, including INGOs or embassies administering small-scale grantmaking initiatives
- Recommendations from current and former board members, along with former staff members

\* “Hubs” are what Segal calls its distinct grantmaking geographies. Hubs can be single countries (Kenya, Tanzania, Uganda) or several countries in the case of Great Lakes (Burundi, DRC, and Rwanda) and Southern Africa (Malawi, South Africa, Zambia, and Zimbabwe).



Currently, many program officers work seasonally, sourcing and scouting potential partners in batches for part of the year and focusing on current partner renewals for the rest of the year. When program officers build their pipeline, they reference their hub strategies—considering the sectors, scale, and geography of the partners they are looking to onboard for the next several years, and reach out to reference contacts to suggest partners fitting those strategic priorities. As building community is a core component of our [Theory of Change](#), Segal Family Foundation’s local referral network is robust and constantly growing.

## Screening Referrals

1. The first round of screening for potential partners begins when program officers review their network referrals. They do an initial desk review of the information available on an organization and decide if they fulfill [Segal’s visionary criteria](#). These potentials are added to each hub’s respective pipeline trackers.
  - If, upon first examination, the organization fulfills the visionary criteria and their hub strategy criteria, program officers reach out to schedule a virtual or in-person introductory meeting.
2. If the program officer does not see alignment, they provide feedback to the organization during the call or in a follow-up

email with rejection language. Some organizations may be told that Segal will revisit the conversation later or that we will keep their information in our database for relevant opportunities beyond Segal. Common reasons an organization might be rejected at this time are that they do not fit with the hub strategy or fail to meet the visionary criteria referenced above.

### PHASE 3: LIGHT-TOUCH RESEARCH

1. If the organization continues along the screening process, the program officer checks their references to get input on the quality of their work, their leadership, and their reputation.
2. Program officers also consult with hub teammates and the director of strategy per the oversight and accountability process outlined below.

### PHASE 4: SITE VISIT & DEEP RESEARCH

1. If a partner's references are strong and they fulfill all the relevant criteria, a program officer will schedule an in-person site visit to learn about their work.
2. An in-person site visit allows partners to communicate directly with us with minimal interference from application formatting or technology. Program officers follow our standard operating procedures for site visits—including what to focus on and red flags to look out for. They discuss financial management, impact, team, leadership, safeguarding, and the strength of the organization's overall model. The site visit is also an opportunity to interact with other team members (beyond key leadership) and see programs in action, interacting with program participants where appropriate. The notes from this visit will inform the diligence report that will be shared with the wider team.

3. After conducting a site visit, if the program officer wishes to take the organization to the next phase, they will invite them to submit an application. The program officer then completes their diligence report. This includes conversations with the potential partner and obtaining financial statements and supporting documents.



## PHASE 5: APPROVAL & FUNDING

1. The program officer completes their diligence paperwork, including a recommended grant amount and justification, and then submits it to the Operations team. Our grants and compliance manager reviews all grant recommendations and due diligence forms and asks for additional details. The grant is approved once Strategy and Operations have ensured that the diligence is sufficient and the proposed grant is legally compliant and fits within the related hub strategy. Next, the new partner's due diligence is shared with the wider team for review before the next grantmaking meeting.
2. Program officers present new partners and grant decisions during our monthly grantmaking meetings. While this meeting was used in the past as a decision point for grantmaking, it now primarily serves as a platform for engaging in thoughtful discussions about the program officer's assessment and for learning.
3. After the monthly grantmaking meetings, the program officer sends a commitment letter to the new partner, including the grant amount and any relevant feedback from the team's grantmaking discussion.
4. The partner is ultimately responsible for proposing milestones they hope to achieve within their grant cycle. If needed, the program officer can recommend milestones or help compose them. These milestones are informed heavily by the maturity of the partner, their current strategic priorities, and the Segal Family Foundation [partner journey](#).
5. Once the milestones are approved and all compliance checks are completed, the partner receives their Segal grant.
6. The slate of grants is reviewed and ratified retroactively by the board of directors during board meetings.

## FIGHTING FOR FAIRNESS

From 2010 to 2018, Segal Family Foundation had an open application for potential grantees. Today, we rely completely upon trusted referral networks to source new partners. While open applications may seem like a fair playing field, evidence shows [they are biased towards larger organizations with fundraising teams](#). They also favor organizations with experience composing applications in English. Meanwhile, our referral networks are purpose-built to seek out smaller, locally-led organizations. Face-to-face interactions in an organization's preferred language allow local leaders to comfortably showcase their work.

Above all, we strive to be mindful of social impact leaders' time and expectations. Therefore, we try to have a high degree of confidence in an organization's work before we advance them to the more time-consuming parts of the application process.

Today, we have a process that is a) manageable for Segal staff, b) respectful of the time of potential partners, and c) effective in quickly connecting us to the most visionary local organizations out there.

# Oversight, Accountability, & Compliance

## OVERSIGHT

**Strategy Department:** Our director of strategy manages the grantmaking pipeline by screening new applicants for quality and consistency. Together with the strategy manager, they:

1. Conduct monthly calls with program officers to discuss potential partners in Phases 2 and 3 of the screening process.
2. Conduct their own reference checks on potential partners as a safeguarding measure.
3. Conduct bi-annual trips to hubs to visit potential partners and assess firsthand their fit within the hub strategy, the quality of their programming, and relevant Active Partnership opportunities.
4. Facilitate an annual portfolio review discussion with each hub team to assess how partners within their portfolio are:
  - Progressing through our Partner Journey and at what stage they will be ready for graduation.
  - Progressing against their own organizational milestones.

In the spirit of [our core value to learn and innovate](#), the Strategy team occasionally identifies catalytic partnership opportunities outside of our anticipated strategies.

**Segal Board:** Segal has an enormous grantee portfolio, projected to close 2024 with more than 350 partners. This volume means that the burden of overseeing our core business of grantmaking has to be shared across the team. While the board generally does not scrutinize individual grant decisions, our board actively monitors

our ongoing grantmaking by participating in regular team reflection meetings. These meetings examine recently ratified grants.

Board members also review any noteworthy outlier grants, whose criteria are described below. Senior staff leadership reviews the pipeline of potential new partners monthly to identify outliers. The definition of an outlier includes:

- Any proposed grant higher than \$75,000 on an annual basis
- Any organization whose work falls outside the global and hub strategies

## COMPLIANCE

**Operations Department:** Our grants and compliance manager reviews all grant recommendations to ensure potential partners joining our portfolio comply with regulations in their respective countries, have submitted the required financial documents, and have [safeguarding policies/processes](#) in place to ensure they do no harm to their communities. Grant approvals for organizations that do not meet these compliance requirements are kept on pause.

The overwhelming majority of our grants go to African-led organizations without a 501(c)(3) designation<sup>1</sup>. The breakdown, as of April 2024, is:

- 70% equivalency determination
- 22% 501(c)(3) or U.S. fiscal sponsor
- 8% expenditure responsibility



In lieu of a 501(c)(3) designation, we have various options:

#### Equivalency Determinations<sup>2</sup>

We partner with [NGOsource](#) to run equivalency determinations; their team of attorneys evaluates whether an intended foreign grantee is the equivalent of a U.S. public charity.

#### Fiscal Sponsorship

We also work closely with [Myriad](#) (formerly KBFUS—an intermediary that can get funds pretty much anywhere in the world. They call themselves the “alliance for borderless giving”) to support our partners that might not have 501(c)(3) status. An extra benefit is that once they are set up for us, they can also receive funds from other U.S.-based foundations and online from individuals.

#### Expenditure Responsibility<sup>3</sup>

In the relatively rare event that an organization doesn’t meet the requirements of the equivalency determination process—or when we decide to support a social enterprise—we conduct [expenditure responsibility](#) on the grant to ensure that grant funds are spent on the specified charitable purpose.

#### OFAC Compliance

The U.S. government’s [Office of Foreign Assets Control](#) has rules in place to help ensure that funders like Segal do not support any illegal activities abroad. We work with a company called [CSI](#) to run OFAC checks on all grantees, their key employees, and their board members.

### **EXCITED TO LEARN MORE? [CONTACT US.](#)**

We offer consulting and connections to other like-minded foundations, organizations, and philanthropists, because we know we can achieve greater impact, faster, if we share what we learn. We equip donors with diligence, insights, connections, and whatever else they need to start backing locally-led organizations with confidence.

We share...

- Sub-Saharan Africa landscape intel
- Partner referrals and recommendations
- Due diligence
- Our hub and department strategies
- Trusted key informant connections (not just grantees)
- Mechanics of making grants to African NGOs
- Philanthropy sector intel
- Funder-to-funder connections
- Insight into localized philanthropy and community-driven initiatives
- Grantmaking process advice and audits
- Guidance on board:staff dynamic
- Clarity on affinity groups

<sup>1</sup> 501(c)(3) is a U.S. Internal Revenue Service designation for public-serving nonprofit organizations exempt from income tax and eligible to receive tax-deductible gifts.

<sup>2</sup> Equivalency determination: A good-faith determination that a non-U.S. organization is equivalent to a U.S. public charity.

<sup>3</sup> Expenditure responsibility: A set of grantmaking and monitoring procedures and requirements enabling U.S. grantmakers to make grants to foreign organizations that are recognized as neither 501(c)(3) public charities nor the equivalents of U.S. public charities.