Views from the receiving end

Pressure has been growing on philanthropy to change its practices. We asked a number of recipient organisations what changes they have seen from their funders, how far such changes have gone and what they would like to see in the future.

Christoph Schmitz of Acker eV notes ‘a big interest in genuine partnerships, not only between non-profits and foundations, but between individual foundations themselves.’ As Dr Denise Raquel Dunning, founder and executive director of Rise Up, a global organisation advancing gender equity observes: ‘At Rise Up, we have experienced first-hand how funders are not just providing financial support – they are actual allies in the work we do to advance gender equity in the US and around the world.’

atti Worku and Katie Bunten-Wamaru of the African Visionary Fund (AV Fund) have observed ‘a marked increase in the diversity of speakers at large, previously impenetrable, philanthropy conferences and meetings – more people of colour, more Global South leaders, and more varied forms of expertise being highlighted.’ However, they also add that ‘increased visibility does not automatically mean increased power’. One of the problems they highlight in this regard is what they call the ‘tension between a foundation’s desire to partner with an institution like ours, and the level of control they or their board are willing to give up.’

A ‘yes-and’ approach
The most positive development they see is funders taking what they call a ‘yes-and’ approach: “we will move money through proximate intermediaries, “and” we will leverage those networks to find and directly fund African-led organisations.’ These are the funders they see as making ‘the most progress towards equity in their giving’.

Many NPOs were able to offer specific instances of exemplary funder practices from their work. Andrew Youn of One Acre Fund, which works with smallholder farmers in sub-Saharan Africa, held up the Audacious Project which ‘looks for...”

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Left: Christoph Schmitz.
like that. Preparing a presentation, juggling meeting times with everyone and taking the time to sit down together sometimes is no small feat. Preparing a reduced, written report might take less time.’

Of course, Covid-19 played a big part in either suggesting or enforcing changes in philanthropic practice. ‘During the pandemic,’ says Dr Murali, ‘many donors and foundations proactively removed all restrictions on their donations, leaving it up to Room to Read to decide how to best leverage the gift.’ This was particularly valuable for an educational organisation, which had to adapt quickly to school closures. It enabled the option to create, for example, ‘educational content for public radio and television, and deliver learning kits to students’ homes,’ recalls Dr Murali.

The pandemic also produced other innovative approaches. Youn says that one such approach was what he calls ‘surge grants’, grants designed to meet ‘very specific, time-bound programme opportunities… in my genuine opinion, these often present out-sized impact opportunities: for example, we recently had a donor surge to support a promising but risky growth phase for our farmer climate change adaptation strategy.’

Other causes have also contributed to these changes. Worku and Bunten-Wamaru believe that the resurgence of successful organisations that are approaching key inflection moments, and help to fund a transformative new growth strategy. In our case, their support enabled us to grow 6x over five years to serve 1.2 million farm families per year.’ Schmitz praises the Weniger-ist-mehr project, a joint initiative of 30 foundation professionals in Germany and Switzerland, which is focusing on the reduction of bureaucracy in grantmaking.

Dr Geetha Murali of international educational non-profit, Room to Read, has also seen the growth of multi-year commitments: ‘The London Stock Exchange Group recently made a three-year donation of more than $900,000 to support our work across India, Sri Lanka and the Philippines,’ while Warburg Pincus invested $1.2 million over three years. She argues: ‘These longer-term investments are especially beneficial when we are looking to scale our programmes or expand into a new region.’

Flexible reporting
‘Small to medium-sized private foundations are especially demonstrating more openness to trust-based philanthropy principles like providing unrestricted funding and becoming more flexible on reporting requirements,’ say Worku and Bunten-Wamaru. There is one reservation here, noted by Schmitz. Acker eV is in discussion with a funder about replacing the written annual report with a semi-annual meeting. However, Schmitz adds: ‘It also takes time and effort to prepare for a progress meeting of the global Black Lives Matter movement ‘illuminated the blindspots that philanthropy has when it comes to systemic racial inequity and catalysed an effort to remedy the donor community’s role in injustice. There are things considered unacceptable now, that would have been completely typical and common five years ago.’

While Dr Murali acknowledges that the pandemic was the trigger for many changes, donors have ‘recognised that this type of flexibility empowers organisations to have a greater impact as needs fluctuate – and they always do!’. She concludes: ‘The shift in attitudes on the part of funders extends beyond that,’ and she notes ‘a broader understanding of social change as a collective responsibility. This has given rise to more innovative cross-sectoral approaches to addressing societal needs such as ‘ESG frameworks, B Corps and social impact bonds’. Others see new blood changing practices. Schmitz notes ‘a new generation of philanthropists, that are doing things differently… and they look towards project horizons that encompass a longer period than just the next one or two years.’ While Covid ‘forced a new flexible way of working’, Youn believes it’s this new generation of philanthropists ‘who are less tied to conventional norms that are creating the most innovation.’ Dr Murali also sees that ‘younger generations… are developing a strong sense of social consciousness early and are looking to engage with causes earlier in their lives, leading to larger gifts during wealth transfers and longer giving trajectories that are more focused on specific missions.’
Think big, not small!
So what do NPOs take from this and other experiences about the best way for funders to support their mission?

For Worku and Bunten-Wamaru, ‘first and foremost, giving unrestricted funding... Unrestricted funding is how the philanthropic community can create a more balanced power dynamic and foster partnerships that acknowledge proximate partners as experts in the field.’ In addition, Schmitz believes ‘it would help if projects wouldn’t have to be “new and innovative” to be interesting for foundations. If organisations are interested in changing the system, rather than funding one “new” project after another, that does help a lot.’

‘Add a zero,’ urges Youn. ‘If a foundation has a few outstanding organisations, I would encourage them to think about what it would look like to do a 10x larger annual donation over a multi-year period, working together with the organisation to understand their expanded vision. We should be encouraging our social change leaders to think big, not small!’

Dr Dunning echoes many in the sector in hoping the trend of fewer restrictions will continue. She expects to see ‘more foundations and wealthy individuals following in MacKenzie Scott’s footsteps reasons: ‘First, while social enterprises are gaining more mainstream appeal, traditional, community-rooted organisations that do not fit an enterprise model still need support to continue making real, lasting impact. Secondly, foundations and private philanthropy organisations still continue to store financial assets in the form of endowments and DAFs, which still operate in a traditional model of disbursing a small percentage of funds for charitable purposes as opposed to investing in impact development bonds, loans or transformative giving.’

Tradition is not always a bad thing. In Youn’s words, ‘core transformative growth in social change can often be nourished the most effectively through straight grants.’ The big question for NPOs is, what conditions do they come with?

by prioritising larger grants, increasing flexibility, and reducing constraints.’ Rise Up received a generous no-strings gift from Scott which proved a ‘game changer’, allowing the organisation ‘the freedom, resources, and trust to take bold action and put more money into the hands of local leaders and organisations.’

Schmitz is more cautious about the speed and degree of change: ‘It is not like the entire sector suddenly turns around 180 degrees: the sector itself still changes incrementally.’

Despite seeing 2020 as ‘a major turning point for democratising philanthropy’, Worku and Bunten-Wamaru foresee what they call the ‘traditional’ pattern of grantmaking continuing for two main

Above left: Katie Bunten-Wamaru and Atti Worku.
Above right: Geetha Murali.