

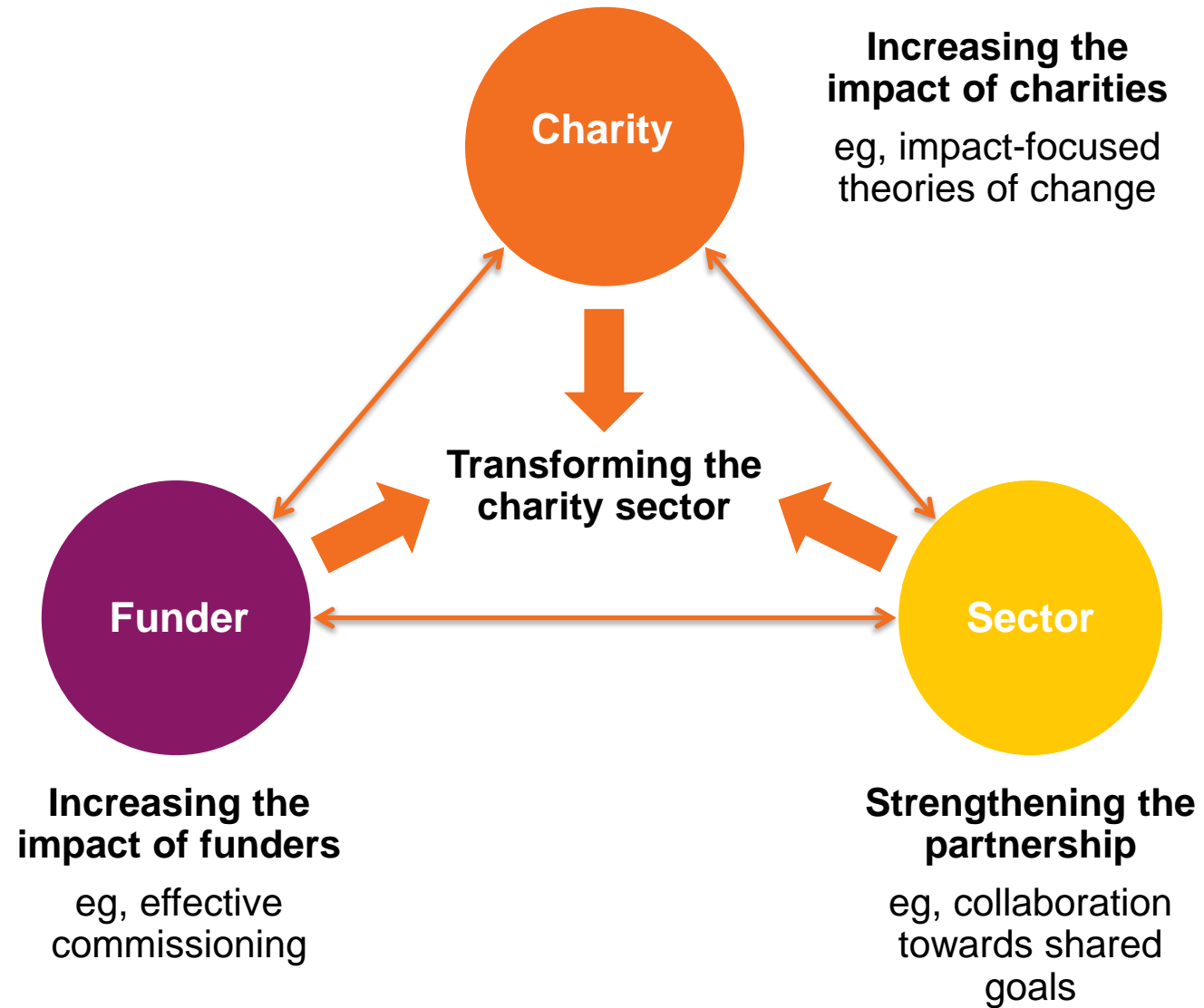
# **PRINCIPLES AND APPROACHES FOR GOOD FUNDER IMPACT PRACTICE**

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March 2023

# ABOUT NPC



# CONTEXT: COVID-19 CHANGED THE WAY MANY FUNDERS APPROACH THEIR GRANT MAKING



Giving generously



Opening up



Flexibility and trust



Grant-making sped up and streamlined



Greater collaboration



Shifting power through participation

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# WHY IS TRUST IMPORTANT?

## Without a trust-based approach, we risk:

- Grantees not being fully open—when things go wrong, when needs change, where they need help;
- Grantees feeling demoralised, or that we lack faith in their skills or judgement;
- Time and money are wasted, with grantees having to dedicate more resource to respond to funder demands;
- Not getting a true picture of needs, or of our impact—including our impact on charities themselves;
- Not making the most of our charitable funds, or worse, even doing harm.



**But trust also does not mean the abdication of relationship—still important to know what is going on**

# A MORE 'INFORMED' TRUST CAN ALSO HELP MITIGATE THE RISK OF TRUST BIAS



## **Affinity Bias**

Feeling a connection to those similar to us



## **Perception Bias**

Stereotypes and assumptions about different groups



## **Halo Effect**

Projecting positive qualities onto people without actually knowing them



## **Confirmation Bias**

Looking to confirm our own opinions and pre-existing ideas.

# PRINCIPLES FOR MAKING TRUST A REALITY



## Trust-Based Philanthropy Project

- Give multi-year unrestricted
- Do the homework
- Simplify and streamline paperwork
- Be transparent and responsive
- Solicit and act on feedback
- Offer more than financial support

## UK Flexible Funders Pledge

- Don't waste time
- Ask relevant questions
- Accept risk
- Act with urgency
- Be open
- Enable flexibility
- Communicate with purpose
- Be proportionate

<https://trustbasedphilanthropy.org/>

<https://www.ivar.org.uk/flexible-funders/>

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# WHAT DOES INCREASED TRUST MEAN FOR MEASUREMENT PRACTICE?



- Measurement often **took a back seat during the pressures of the pandemic**, with requirements from funders lightened to allow grantees to focus their attention on delivery
- Alongside this, funders are acknowledging the need to **trust charities more, reduce onerous requirements, be more open** with their processes, understand their power and increase dialogue—raising obvious questions about traditional measurement requirements
- In some parts of the sector this has resulted in a swing away from impact measurement
- But this risks losing sight of their impact (or lack of it), making it harder to deploy future funds well.
- Reduced impact—or even harm—may not get picked up.
- Funding the right balance is challenging—but important to ensure trust-based approaches become mainstream.

# IMPACT CYCLE



# FUNDERS ARE ACCOUNTABLE FOR THE GRANTS THEY GIVE (RESPONSIBILITY TO FUND FOR IMPACT)

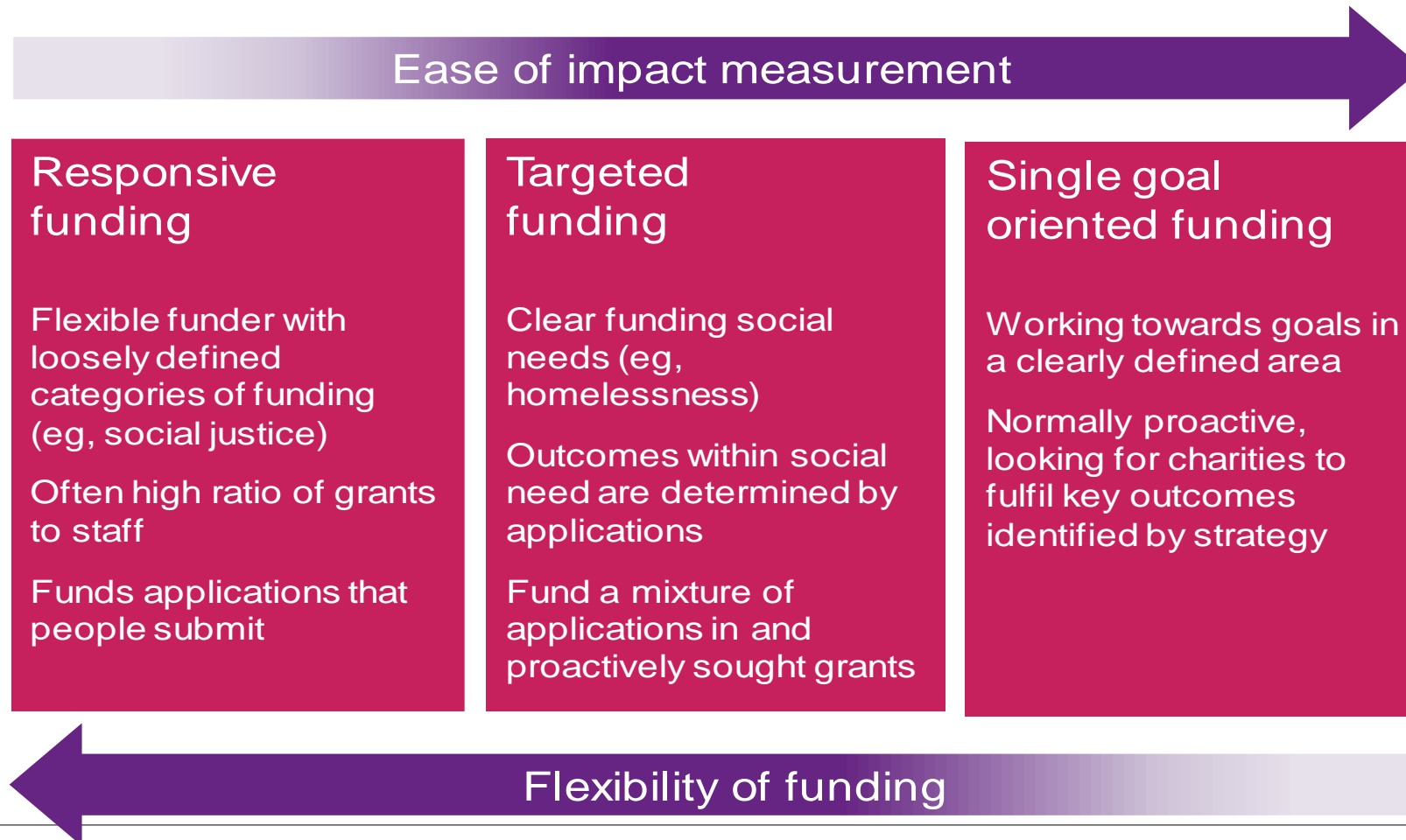


As a funder, some measurement helps to:

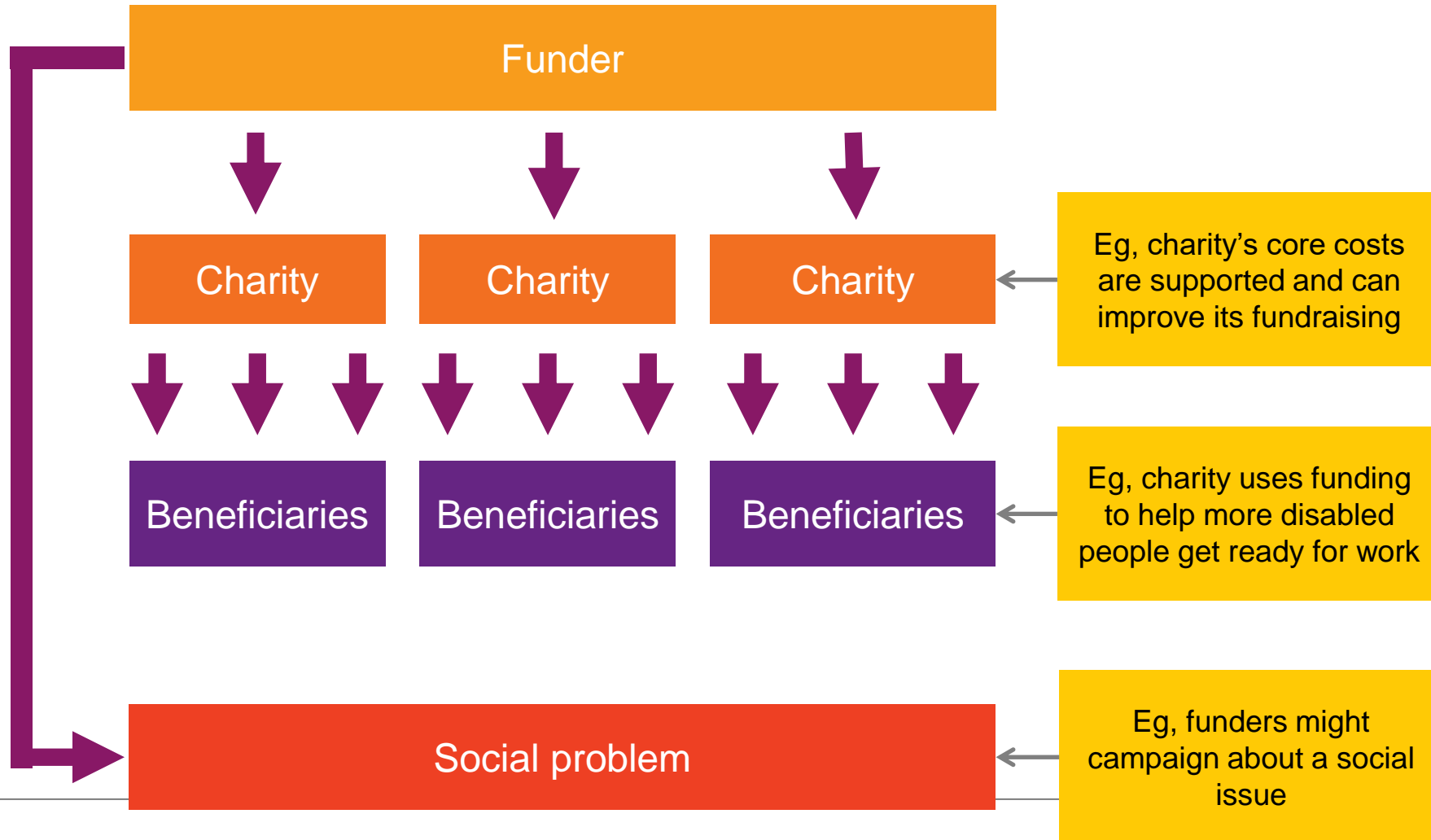
- understand whether you are achieving your aims (and pivot if you find that you aren't!);
- understand the difference your *approach* makes (particularly important when moving to a new approach);
- deepen your knowledge of the areas you fund, and where funds could make most difference;
- share knowledge with others about lessons learned.

# YOUR APPROACH TO MEASURING IMPACT WILL DEPEND ON WHAT TYPE OF FUNDER YOU ARE ...

...so you need to identify the type of funding you give.



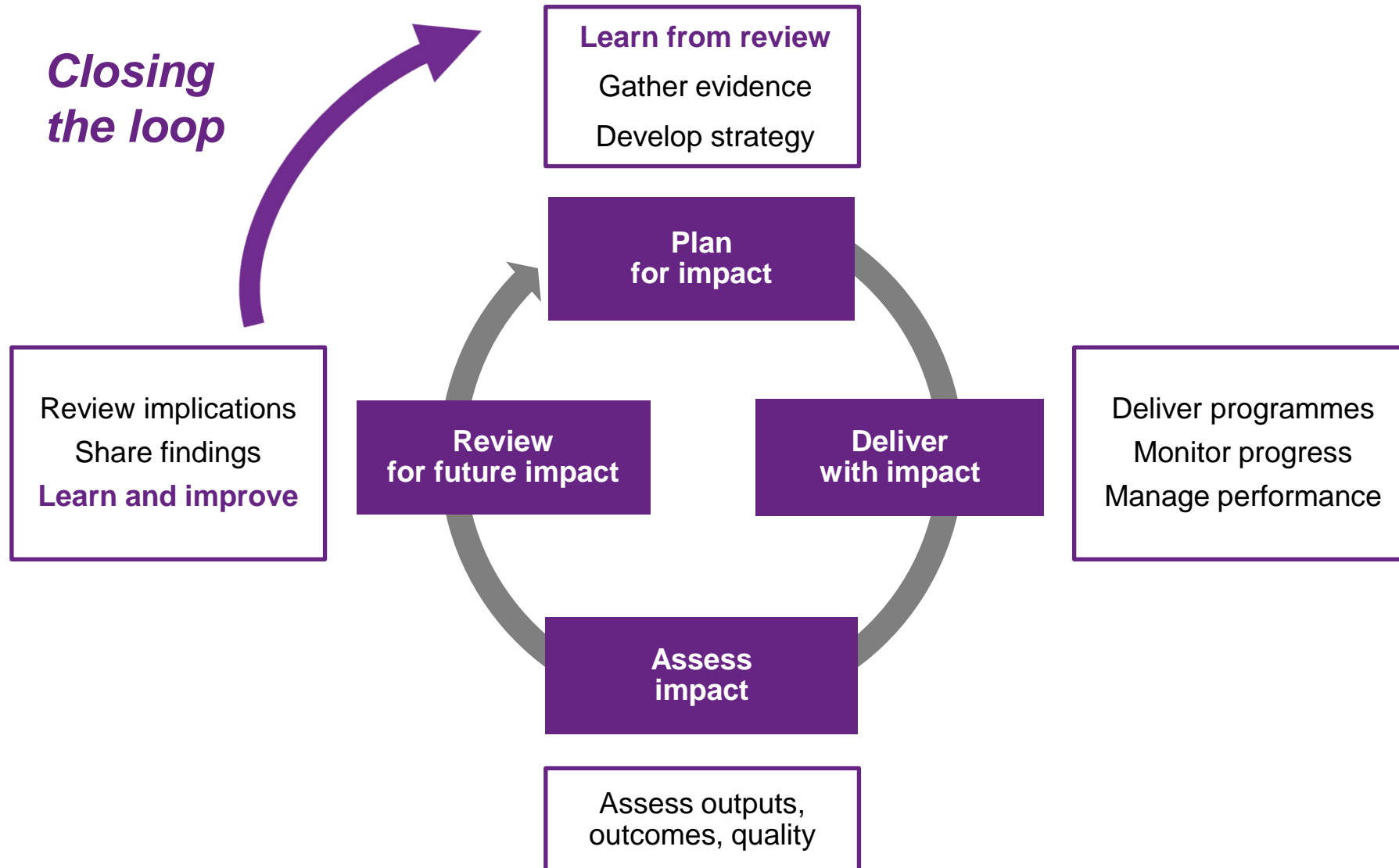
# ... AND ON WHERE YOU ARE MAKING AN IMPACT



# TYPE OF FUNDING AND WHERE YOUR IMPACT IS

	Measuring the impact of funding on <b>charity</b>	Measuring the impact of funding on <b>beneficiaries</b>	Measuring the impact of funding on <b>social problem</b>
Responsive funder	Focus on this	Support grantees to do this	Do not do this
Targeted funder	Can do this	Focus on this	May be possible
Single goal funder	Can do this	Can do this	Focus on this

# THE IMPACT CYCLE



# COMMON ISSUES & TRADE OFFS



*Program teams are not expected to use evaluation to sum up the results of foundation strategies. This would not be the best use of scarce measurement and evaluation resources for two reasons: 1) the impact of our investments cannot easily be differentiated from that of our partners' investments and efforts; and 2) foundation leaders are more interested in learning how our teams can make the best use of resources and partnerships and how to strengthen program execution.*

**BILL & MELINDA**  
**GATES** *foundation*

Aggregation

Flexible/prescriptive

Rigour

Resource

Proportionality.

**THANK YOU**

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