

Time to end the dominance of short-term grants: *The evidence for multi-year funding*

February 2024



Authorship and acknowledgements

This paper has been written by Chris Mills, Liz Firth and Ben Cairns, based on a review of academic and practitioner research evidence which was found by:

- Searching the Web of Science database for relevant articles in academic journals with a voluntary sector focus
- Asking colleagues and key informants to suggest relevant literature
- Using Google to search for relevant grey literature written by consultants and practitioners
- Identifying further relevant papers from the bibliographies in these articles

We are grateful to 360Giving for their analysis of UK grants by grant duration.

This evidence was presented for discussion by staff from 36 foundations at the November 2023 Open and Trusting Community of Practice. The conversations at those three sessions inform the reflections shared in Part three of this paper.

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Introduction

In 2022, we asked charities what practical actions funders could take to reduce the wasted time, effort and stress of fundraising and funding relationships. [Their central message](#) came through loud and clear: funders need to give more attention to the negative effects of how funding is given on charities' ability to do their best work. By '*getting the basics right*' in the types of grant they offer and in their application and grant-management processes, funders can make a massive difference to charities and to the people and causes they serve. Of the 1,241 charities who responded to the survey, 92% put better access to multi-year funding high on their list of priorities for change.

Over 125 funders are now signed up to our [Open and Trusting Grant-making community](#), working actively with each other and with charities to make more equitable and enabling funding relationships a reality. In support of this effort and to make the case for change more widely, we have produced reports sharing the academic and practitioner evidence underpinning calls for [more unrestricted funding](#), [better reporting practices](#), and changes to [application and assessment processes](#).

In this paper, we turn to the question of multi-year funding. We begin by examining what the research says about the benefits such funding delivers. We then explore what progress is being made on increasing the availability of multi-year funding. Drawing on discussions at the November 2023 Open and Trusting Community of Practice and beyond, we conclude with reflections on how best to overcome some of the barriers to multi-year funding and help more funders pick up the pace in responding to this urgent priority for charities.

Part one: The benefits of multi-year funding

Multi-year funding is widely advocated. As far back as 2006, the influential US-based Center for Effective Philanthropy reported that foundations can best support grantee organisations by making grants that are longer (and larger) than the vast majority of grants then on offer (Huang et al., 2006). Many others have repeated the call for funders to make more multi-year grants (Brick et al., 2009; Edwards, 2013; Firth et al., 2022; Jagpal and Laskowski, 2012; Saxton and Lindstrom, 2012; Wallace and Saxton, 2018). Six key benefits have been identified.

1 Multi-year funding delivers efficiencies for funders and charities

Charities often say they spend an inordinate amount of time chasing short-term funding (Firth et al., 2022; Saxton and Lindstrom, 2012). This effort comes at a significant cost, especially for smaller charities. Small and medium-sized charities are estimated to spend more than a third of the income raised through grants on making grant applications (Barnard, 2022).

Multi-year grant-making can reduce the administrative burden for both funders and the charities they support. For charities, multi-year grants reduce the amount of time they spend applying for new grants every year. This frees up resources to focus on the delivery of charitable activities, rather than an endless cycle of fundraising for small single-year grants (Buteau et al., 2020; NIRAS, 2020; Wallace and Saxton, 2018). Multi-year grants can be especially important for small charities that lack dedicated fundraising staff and whose programme management staff spend too much time chasing short-term funding (GEO, 2022).

Funders that provide multi-year grants have also come to realise that multi-year grant-making is easier and more efficient for themselves (Buteau et al., 2020; Levine et al., 2019). They spend less time managing the transactional aspects of grant-making, such as assessing new grant applications and issuing new grant agreements, and more time on productive activities that create value, such as building relationships and learning.

2 Multi-year funding provides charities with certainty and stability, which enhances their ability to plan

When charities rely on short-term grants, they constantly worry about organisational survival (GEO, 2022). And when they have to survive on a diet of *single-year* grants, they cannot see beyond the next year with any confidence. They are forced to reapply for funding each year, not knowing whether they will be successful.

In contrast, multi-year grants provide charities with greater predictability of income, which offers greater certainty and helps them to plan for the future (Buteau et al., 2020; GEO, 2022; Greco et al., 2015; NIRAS, 2020; Saxton and Lindstrom, 2012). The predictability of multi-year funding also helps charities to manage risk and deploy resources more efficiently. Having access to multi-year funding can reduce the risk of a shortfall in income, allowing charities to budget confidently and operate with lower reserves (NIRAS, 2020; Mills et al., 2022). When charities can plan confidently, they become more strategic, which benefits the overall delivery of their mission.

This pressing need for greater stability underlies the priority given to multi-year grants by charities responding to IVAR's 2022 survey, when 92% agreed or strongly agreed that *'getting multi-year funding is really important to the stability of my organisation and our work'* (Firth et al., 2022: 6).

3 Multi-year funding sets realistic timeframes for the delivery of activities and change

Most funders are understandably eager for their money to deliver tangible results. However, change rarely occurs within single-year grant cycles (GEO, 2022). Aligning expectations around impact and grant duration is, therefore, an important consideration.

Many charities crave multi-year grants because they provide long-term services to vulnerable people (Saxton and Lindstrom, 2012). They want to be able to deliver these long-term activities without worrying about whether they will get funded next year (Buteau et al., 2020). Multi-year grants also provide charities with the support they need to overcome challenges and achieve their goals safely in the knowledge that the required funding is in place. Multi-year grants align with the timeframes during which meaningful change can occur (GEO, 2022; Greco et al., 2015; Dymnicki et al., 2021). This increases the chances that long-term initiatives will be successful.

Multi-year funding is especially important when tackling enduring and complex problems and where funders desire social and 'systems change' (Brown et al., 2020; GEO, 2022; Grady et al., 2020). In the funding world, we may think of three years as a long-term commitment. However, it may be better to characterise three-year grants as a basic minimum requirement if pursuing social and systems change. Meaningful systems change takes time and requires long-term strategies, and multi-year funding reflects this.

4 Multi-year funding enhances organisational capacity

A significant benefit of multi-year grants is the way it allows charities to build organisational capacity (Buteau et al., 2020; Delfin Jr and Tang, 2008; Greco et al., 2015; NIRAS, 2020; Wallace and Saxton, 2018). As well as providing long-term stability, multi-year grants help charities to invest with confidence in their organisation, with particular benefits around the management of human and financial resources.

Reliable multi-year income has positive implications for the management of human resources because investing in people requires a long timeframe (Buteau et al., 2020; Greco et al., 2015; NIRAS, 2020; Wallace and Saxton, 2018). While short-term funding often drives charities to offer short-term employment contracts, multi-year funding enables charities to commit more readily to permanent contracts. This helps with recruitment and the retention of high-quality employees. It also allows charities to commit to the training and professional development of staff. And with a high-quality and well-trained workforce, charities are more likely to achieve their mission.

5 Multi-year funding builds trust and enables more open relationships

In a well-cited study of US Non-Governmental Organisations, Delfin Jr and Tang (2008) found that grant recipients associated single-year funding with being co-opted and controlled by funders. These findings suggest charities are often wary of funders that provide single-year grants because the funders appear distrustful and want to keep them on a tight rein.

In contrast, multi-year grants can strengthen relationships between funders and charities. From the outset, funders can establish firm foundations for their relationship by making a multi-year grant. This is because when funders provide long-term grants, charities perceive that they are putting their faith in them (Greco et al., 2015; Wallace and Saxton, 2018). In other words, multi-year grant-making is an expression of commitment and confidence in charities.

Multi-year grants allow funders and charities to work together and get to know each other over a long period. This benefits funders because they develop a deeper understanding of charities' work (Edwards, 2013). Working together over a long period also helps to deepen relationships and build trust (Buteau et al., 2020; Dymnicki et al., 2021; Edwards, 2013; Saxton and Lindstrom, 2012; Warner, 2015). This can lead to a more collaborative and mutually beneficial relationship between the funder and grant recipient, which is more likely to result in the achievement of shared goals.

6 Multi-year funding supports better learning to improve practice

The final major benefit of multi-year grant-making is enhanced learning. Multi-year funding can improve programme quality by allowing time to develop operational learning, and for this to be recycled into making programme improvements over the course of a grant (Dymnicki et al., 2021; Edwards, 2013; Greco et al., 2015; Levine et al., 2019, Warner, 2015). In other words, having more time ensures that learning can be developed and applied. This process can be enhanced by funders and funded organisations holding periodic review meetings over the course of a grant, where progress and learning can be discussed (Edwards, 2013; Greco et al., 2015). Ongoing formative evaluations throughout a programme of work also provide opportunities for productive conversations among funders, grant recipients and evaluators (Edwards, 2013; Warner 2015).

Multi-year funding commitments create space for charities to acknowledge mistakes, respond to challenges and adjust work programmes, with the assurance that they have the long-term support needed to do so (Buteau et al., 2020; Dymnicki et al., 2021; Edwards, 2013; Greco et al., 2015). Furthermore, end-of-grant summative evaluations tend to be more meaningful at the conclusion of longer grants because the learning and outcomes are more likely to be significant (Edwards, 2013).

Multi-year funding offers other potential benefits

In addition to the six key benefits above, various other benefits of multi-year grants have been suggested by practitioners and academics. Two of the most significant are that multi-year funding increases both innovation and impact.

It has been suggested that multi-year funding makes innovation possible because time is usually needed to generate, develop and improve innovative ideas (Warner, 2015). Whereas unreliable income creates uncertainty and limits innovation, long-term sources of income can create the necessary stability to support long-term innovation (Ranucci and Lee, 2019). This argument seems plausible, although the amount of evidence currently available to support it remains limited.

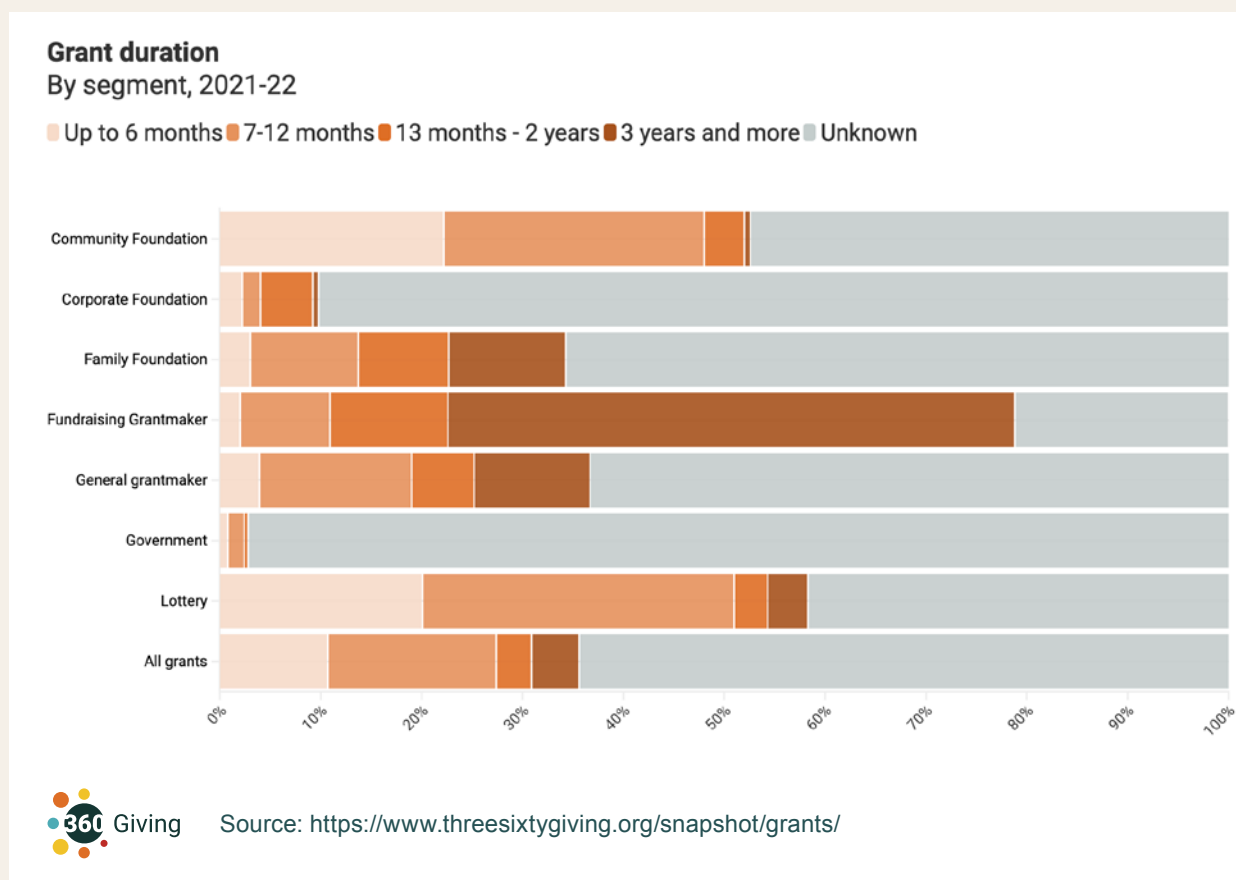
The claim that multi-year grants help charities achieve greater impact rests largely on the benefits noted above. Given the complexity of factors affecting social change and charity impact, the task of separating out the influence of grant duration is a difficult one for researchers. However, in the light of a developing body of evidence which shows that multi-year grants are more efficient, promote long-term planning, enhance organisational capacity, build more trusting funding relationships and generate enhanced learning, it would seem entirely plausible to argue that more multi-year grant-making will increase charitable impact (Buteau et al., 2020).

Part two: The availability of multi-year funding

In the light of the priority charities give to multi-year funding and the increasing commitment of many funders to a more flexible and charity-informed approach, we would hope to see a steady increase in multi-year grants. Unfortunately, available data suggests that progress has stalled – and may even be going backwards.

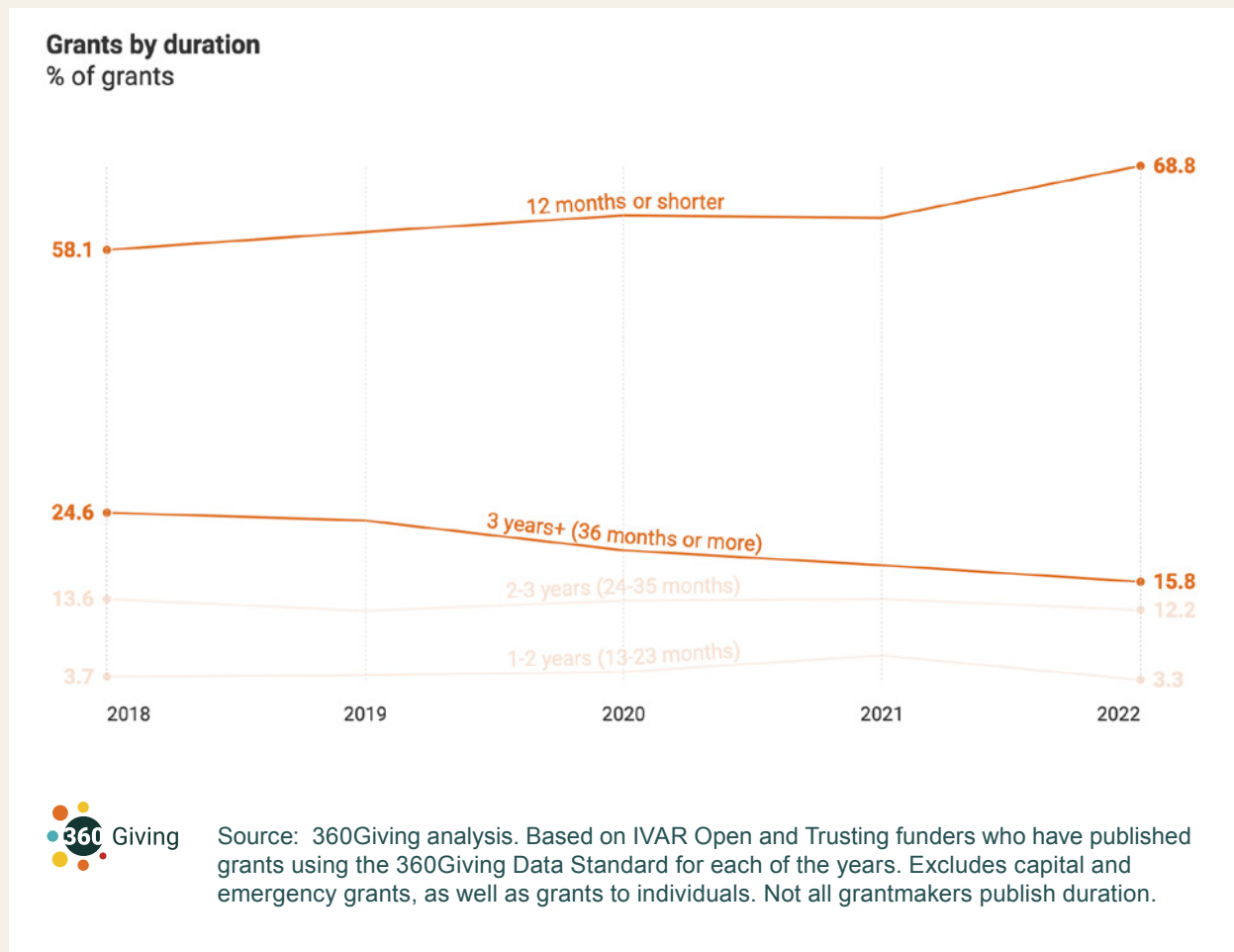
The starting baseline is very low. Recent analysis by 360Giving shows that single-year grant-making continues to be the dominant practice among UK grantmakers. Although reporting grant duration to 360Giving is optional, 36% of grantmakers participating in 360Giving provide this data. Analysis of grant duration by funder type is provided in Figure 1 below. From this data, we know that, in 2021-22, just 13% of grants were for three or more years. Most grants (77%) were for a year or less.

Figure 1 – 360Giving’s analysis of grant duration by funder type for all funders publishing data using the 360Giving Data Standard as at April 2023



360Giving notes that the short-term focus of grants during this period may reflect the level of Covid-19 emergency grants still being made in 2021. But a closer analysis suggests that the overall trend remains discouraging. Within the Open and Trusting community, whose members have made a firm commitment to listen to what charities need and do their best to respond, [data produced by 360Giving](#) suggests that short-term grants may be growing rather than declining. Even when the potentially skewing effect of capital grants, Covid-19 response grants and Cost of Living uplift or response grants is excluded from the data, it shows that there has been an increase in the percentage of grants of one year or shorter over a five-year period, from 58% in 2018 to 69% in 2022.

Figure 2 – Figure 2 – 360Giving’s analysis of grant duration by Open and Trusting funders publishing data using the 360Giving Data Standard



These figures need to be approached with caution. The data set is small. Although a majority of the Open and Trusting community publish using the 360Giving data standard, only 61 report grant duration and only 29 have published across the five years from 2018 to 2022. There are also variations by type of funder. Community foundations give a very high proportion of grants for 12 months or less, and this has consistently exceeded 90% across the period. By 2022, other grantmakers in the sample had reverted to 2018/19 levels of short-term grant-making (at 41%), although the data suggests there may have been a shift away from three-year grants (down from 39% to 33%) in favour of two-year grants (up from 17% to 24%).

None of these figures are decisive. But they do indicate that progress towards more multi-year funding is fragile at best. This concern is reinforced by anecdotal feedback from charities that some funders moved to shorter-duration grants during the emergency response phase of the pandemic and have not reverted to or improved on their pre-pandemic practice.



The overall trend remains discouraging: progress towards more multi-year funding is fragile at best.

Part three: Reflections and questions for funders

Building on the evidence review above and discussions between staff from 36 foundations at the November 2023 Open and Trusting Community of Practice, we offer reflections on how best to overcome some of the barriers to multi-year funding and respond with greater urgency to this high priority for charities.

The context for action

Nobody would argue that short-term funding is always ‘second best’. There are good reasons for funders to make short term grants – and for charities to ask for them. Special events, capital programmes, bursaries and many more one-off activities all benefit from time-limited grants. It is also understandable that funders may be reluctant to commit all their funds for the longer term, compromising their ability to respond to unforeseen emergencies or emerging issues.

But what is wrong with the current situation is that short-term funding is so dominant in the mix of funding available – and so inappropriate for much of the work it supports. Too many charities are forced to rely on short-term funding for long-term costs, sustaining their services and their organisation on a patchwork of grants and dedicating an excessive amount of time and capacity to ‘feeding the fundraising machine’. As is often the case, the burden of this unsustainable approach falls hardest on smaller organisations, who are most likely to be relying exclusively on small, short-term grants to keep going.

Some funders face genuine challenges in decisively shifting the balance away from short-term grants, particularly when – as is the case for ‘intermediary’ funders – their own donors constrain their scope to act. And, in a situation of extreme shortage, it is clear that some charities are worried that more multi-year grants mean they are more likely to miss out altogether.

However, in the face of the disproportionate amount of time and energy that short-term funding demands from both charities and their funders, the evidence of the compelling benefits of multi-year funding, and the clear message from an overwhelming majority of charities that more multi-year funding is crucial to their organisational stability and effectiveness, Open and Trusting funders are clear that we must find positive ways to move forward:

‘The difference for charities between single year and multi-year is so vast – in the administrative burdens, the level of planning and strategic thinking that is possible, and the relationships with funders.’

Overcoming the barriers to action

Our evidence review and debate within the Open and Trusting Community of Practice and beyond indicate that funders see five key barriers to multi-year funding – and in each case they identify some ways to overcome them:

1 Funders feel overwhelmed with demand

There will never be enough funding to go round, and everyone has to make tough choices about what they give and who receives it. Faced with the huge mismatch between need and the funding available to meet it, it's not surprising that many funders are tempted to 'go for volume' – giving small, short-term grants to as many charities as possible. But much of the evidence says this leaves grantees spending too much time on fundraising and with too little money to do the job as effectively as they could.

So what is helping funders to square this circle?

Analysing whether the way they fund supports their ambitions as a funder: Are they asking grantees to deliver long-term social benefit with short-term money? Do they expect charities to demonstrate financial stability or effective delivery with funding that doesn't help them achieve either?

'The benefits of multi-year funding are clear. If you're going to give one year grants you should be able to say why that's right for the charities you support, rather than just for you as a funder.'

Responding to the huge waste of capacity tied up in annual fundraising: By taking tough decisions about their priorities and being clear and open about these choices, funders both reduce the number of charities competing for a finite amount of money and give themselves scope to offer grantees the multi-year support they need to do well:

'Shouldn't we give double the money to half the organisations and give them two years to spend it? There's a strong case that this would be better for those organisations.'

Not mistaking open competition for fairness: Funders often worry that tightly defined programmes are inherently 'less fair' because fewer charities can argue the case for support. But charities can't afford to waste valuable fundraising time. To help them judge their chances of success they want clear information on what funders care about and how they make funding decisions. So funders need to embed principles of equity and fairness into the priorities they set. Some are responding to this challenge by applying different themes to their funding rounds. Each round is tightly defined and has clear priorities but targets a different community or cause, opening up funding opportunities on a rolling basis.

Recognising that low demand doesn't mean charities don't want multi-year funding:

The research evidence is clear – charities put multi-year funding high on their agenda for funders. This doesn't mean that they all feel confident in applying for multi-year support. Many believe that asking for less money for a shorter time means their application is more likely to be approved. This puts the onus on funders both to *'encourage people to apply for what they need, rather than what you think will get you through the door'*, and to build confidence by sharing data on how and how far they are responding positively to applications for multi-year funding.

Exploring options with charities: Of course, many individual charities worry about missing out if more money is tied up in multi-year funding, and experience has conditioned them to expect high degrees of financial insecurity and running everything on a shoestring. However:

'Just because people might settle for lower amounts for shorter periods, doesn't mean that's okay.'

Instead of making assumptions about the views of charities, some (usually geographically focused) funders are discussing this challenge with them. And doing so in a way that – because they align their models of funding with their strategic ambition – means they listen to and take account of the views of charities, and are sure to communicate the decisions they have taken, as the example below illustrates:

*'We asked charities what they needed, and they said larger, multi-year grants for unrestricted funding. The Trustees decided to respond to this and focus our limited resources on smaller numbers of larger grants, concentrating on smaller charities based in Lambeth and Southwark.'*¹

Making their thinking visible: Funders have different priorities, resources and concerns, and they will make different choices. There is clearly a pressing need for more of them to make multi-year grants their default position – to use it as the starting point for their discussions about the grants they offer rather than putting it in the 'too difficult' box. But this does not mean there is no room for short-term funding in the mix, provided this choice is equally carefully thought through and aligns with the funder's ambition and role. All funders can help by being clear about their intentions. Explaining why they have made their choices and trade-offs makes their thinking visible both to other funders and to charities, supporting efforts to learn and move this debate forward:

'We need greater transparency upstream – to remove the guesswork and make the process less opaque.'

¹ Rachel Oglethorpe, Director, Peter Minet Trust, quoted in: Firth, L., Cairns, B. and Hopgood, R. (2021) *The holy grail of funding: Why and how foundations give unrestricted funding*. London: Institute for Voluntary Action Research.

2 Foundation trustees see multi-year funding as more risky

Foundation staff talk about the challenges of persuading their boards to embrace the idea of multi-year funding. Some highlight *'an unwillingness to let go of control'*, in part at least because of concerns about appropriate due diligence approaches for grants beyond 12 months. Others discuss trustee worries about the consequences for existing grantees of changing long-established grant-making models, especially *'moving out of patterns of making small grants for small groups'*. And some see a lack of understanding – particularly from trustees *'not plugged into the charity sector'* – of the damaging implications for charities and the people they serve of relying on short-term funding for long-term work.

Staff are approaching these challenges by:

Taking a step-by-step approach: Experimenting with very light-touch board assurance mechanisms has allowed some funders to make progress. For example, instead of offering a fully unconditional multi-year grant agreement, funders can include a 'get-out clause' by simply making subsequent annual payments subject to satisfactory progress (within an appropriate and proportionate reporting framework).

Working to reframe notions of risk: Shifting board attention towards its responsibilities as *'custodian of the mission rather than just custodian of the money'* is a priority for many. This means increasing the space on board agendas for more rounded debate on sources of risk to the social benefit that grants are supporting – one of which may be the challenges of managing too much short-term funding for work that is intrinsically longer-term:

'It's about looking at the risk of work not going well and what will it take for this work to go well, as opposed to what's the risk of something bad happening to our money. You're making the investment for good work – this needs to be at the forefront.'

Not making assumptions about trustee views: Trustees are often seen by foundation staff as barriers to changes in practice. And perceptions of ‘what the board wants’ exercise a powerful influence on staff confidence to critique established ways of doing things and test out new ideas and approaches. Some, however, argue that many boards are less risk-averse than their staff believe and can prove unexpectedly open to new ways of thinking about risk, provided these are presented clearly and confidently and there is sufficient time to test the implications:

‘We recognised that project and one-year funding was causing a lot of “churn” for small and medium size charities we started looking at risk, asking ourselves whether we were taking enough risk (without ignoring the importance of good governance). We concluded we needed to take “balanced risk”, to work more as partners – to put ourselves in charities’ shoes and, if we decided to fund them, offer them our unequivocal support.’²

3 Funders are concerned about over-committing funds

There are some technical reasons why funders may be concerned about the financial reporting and management of a portfolio with a larger proportion of committed funds but, in practice, both are usually easily managed.

How grants are presented in annual accounts: Accounting rules for charities usually require funders to account for the full value of a multi-year grant in the first year. This will show as a liability on the balance sheet. Many funders have sufficient unrestricted assets on their balance sheet to offset these liabilities and avoid any risk of creating negative unrestricted funds. If for some reason this is not the case, professional advisers may be able to suggest other ways forward. This could include inserting a funder-controlled condition into grant agreements to the effect that the funder need not recognise grant instalments payable beyond the current accounting period.

² Dame Rennie Fritchie, former Chair of Trustees, Lloyds Bank Foundation for England and Wales, quoted in: Firth, L., Cairns, B. and Hopgood, R. (2021) *The holy grail of funding: Why and how foundations give unrestricted funding*. London: Institute for Voluntary Action Research.

Forward financial planning: Multi-year funding may raise questions for funders about implications for the management of their assets/cashflows to pay for the grants. For example, an endowed charitable trust may worry that poor investment performance will leave it unable to generate sufficient financial return to meet grant commitments as they fall due. This is an understandable concern, but most funders are much more strongly placed to manage financial risk than the charities they support. The methods of minimising risk are well-understood and can easily be clarified by the foundation's finance director or financial and investment advisers. For example, it may be possible for funders to assign a portion of their investment portfolio to lower-risk asset classes that will be less prone to short-term capital losses and/or generate income more reliably, thereby ensuring sufficient funds are available to pay out grant commitments as they fall due. There are many examples of funders of different types who successfully deliver multi-year funding through financial planning and risk management. And where funders are reliant on public or other donors, a funder-controlled condition in multi-year grant agreements (i.e. that the intent is to fund over several years 'subject to funds being available') should suffice.

4 Funders are reluctant to constrain their own ability to be agile and responsive

Some funders are concerned that, by committing more money up front, they are limiting their own ability to be responsive. The challenge is to distinguish when retaining greater control over funds is a responsible choice and when it simply privileges funders' agility over charities' need for greater financial stability. Using multi-year funding as the default 'best offer' can help funders to interrogate and explain the legitimacy of deviating from this approach. Three reflections stood out from the conversations in the Open and Trusting Community of Practice:

Holding funds for emergencies: While their individual practices vary, there is broad agreement that being able to help in an emergency – *'to respond to organisations that are at times of crisis when they most need us'* – is an important role for funders and a legitimate reason to hold flexible funds. However, this is not, in itself, a barrier to multi-year funding: it simply means holding a pot of money in the annual budget which is not committed to grants of any kind until an emergency arises.

Multi-year funding is not an 'all or nothing' model: Making a commitment to multi-year funding does not mean funders can do nothing else. Funders remain free to segment their budgets as they wish to support different strategic priorities: *'Core, unrestricted multi-year is absolutely the golden chalice for a lot of charities. But, as a place-based funder, we think it's important to have flexibility in our budget to respond to and support very small local grassroots groups that may only need one year of funding ... so it's a balance, we need to have both'*. The commitment must be for funders to make these choices carefully and strategically, not just to give themselves 'wriggle room'.

Looking at the bigger picture: All types of funding have their place. *‘The flexibility to be responsive to something immediate and short term’* is an important component of the funding ecosystem. And there are times when short-term grants are exactly what charities need, rather than the best they can expect to get. The challenge is engaging more funders in shifting the balance so that many more charities can experience multi-year funding and the benefits it delivers for their organisational capacity and their work:

‘We’re all part of this enormous patchwork – if we move to three year grants, it doesn’t reduce the amount of money going into the sector, it’s just reducing the amount of angst and hassle that comes along with getting that money.’

5 Funders are constrained by the requirement of their own funders

A number of funders – notably community foundations and some sector specialists – disburse funds on behalf of others. Many face constraints which cannot be overcome, at least in the short term. But this does not mean that intermediary funders have to take a passive role around multi-year funding and other common funder practices which they know create challenges for funded organisations. Some are making progress by:

Getting as close to multi-year funding as they can: Although not able to make an unconditional offer because their own funding is determined annually, one now offers multi-year funding subject only to the renewal of funding by its own donor. Although this does not give funded organisations complete certainty, the offer of continued funding without going through a new application process is a significant benefit.

Influencing donors: A number of funders report making good progress in educating donors on the negative impact of a range of funding practices, including short-term grants.

In conclusion

Charities are clear: more multi-year funding is vital. Our review of academic and practitioner literature has identified the six main benefits of multi-year funding.

Multi-year funding:

- Delivers efficiencies for funders and charities
- Provides charities with certainty and stability, which enhances their ability to plan
- Sets realistic timeframes for the delivery of activities and change
- Enhances organisational capacity
- Builds trust and enables more open relationships
- Supports better learning to improve practice

The task now is to turn the current situation on its head. Instead of a funding environment in which more than 75% of grants are short-term, our aspiration is that multi-year funding becomes the default position, rather than the exception. There is, of course, a place for short-term grants in the funding mix in response to needs that are inherently one-off or short-term. But, with the opportunity to add so much value to the communities and causes they care about, it is time for all funders who have not yet taken this step to ask themselves:

‘Why are we not giving multi-year funding and, in the light of all the evidence of need and benefit, isn’t it time that we made a start?’

For any funder thinking of taking some first steps, three questions may help uncover the urgency of challenging current practices and joining others who are making serious efforts to shift to multi-year funding or making greater use of it in their own portfolios:

Q1.

Are short-term grants consistent with your aspirations as a funder?

Can the benefits or changes you want to see be achieved within 12 months or do you want to see the work continue year on year? Are you offering short-term funding for long-term costs?

Q2.

Are your expectations of charities consistent with them having to survive on a diet of short-duration grants?

Are charities hampered in developing the qualities you value by the short-term funding you provide?

Q3.

Are you repeatedly giving single-year grants to the same charities over many years?

If so, what reasons do you have for asking them to apply for funding every year – and do these outweigh the uncertainty and instability this causes for charities whose work you know?

Reflecting on these questions and identifying where the barriers to change may lie will be a useful start on the journey to multi-year funding.

Join the Open and Trusting community



Over 125 UK funders are working together to adopt more open and trusting practices that make life easier for those they fund. We recognise that each funder faces different constraints, and we believe that everyone can go further. By joining the Open and Trusting community, you can:

Access our Community of Practice

Held online three times a year, our expert facilitators hold discussions between funders where people share live challenges, offer peer support and help shape ideas for new research.

Engage your trustees

We run bespoke sessions for individual boards to introduce the Open and Trusting commitments, highlighting key areas for practice development and exploring specific barriers or concerns about going further.

Participate in research

We are currently focusing on four areas of research – unrestricted funding; grant reporting; equity and applications; and public agency funding. Taking part can enable deeper reflection and practice development within your organisation, and/or with funded organisations and partners. It's also an opportunity to share your learning with a wider audience.

Be held accountable

We create opportunities for dialogue between charities and funders, which provide opportunities for challenge within the context of a community on a positive journey, learning and improving together. This includes a collaborative review every two years which you can read more about in [Charities in the driving seat: Findings from the first Open and Trusting Grant-making accountability process.](#)

You can sign up to Open and Trusting [on our website](#), by clicking the button in the top right of the page.

Ultimately, our vision of success is that:

- Funding processes feel easy, straightforward, quick and trusting
- Charities are respected and trusted to know best how to deliver for the communities and causes they serve
- Funders and charities decide together what success looks like
- A culture of mutual understanding and respect becomes the norm

We believe that by making changes to practice, we will begin to influence the culture of UK grant-making, enabling both funders and charities to reduce wasted time, effort and stress.

If you would like to find out more, please don't hesitate to get in touch with us by emailing enquiries@ivar.org.uk

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