



Potential obstacles



Suggested solutions



Organisational culture, internal misalignments, or conservative internal regulatory interpretations may create tensions and limit scope for experimentation and risk-taking.



Identify the different types of risk and the level of real and perceived risks and impact. Engage in discussions across the organisation to prioritise and develop contingency and risk management plans. Organisations can start by piloting proven models in the sector, such as flexible or core funding programmes, creating a contingency fund for unforeseen circumstances and encouraging the sharing of failures and lessons learned.



Members of a philanthropic Board may be risk-averse and prefer to stick with tried-and-true grantmaking practices, despite the fact that these may not be generating high levels of sustainable impact.



Grantmaking between donors and recipient organisations may remain a core model of the philanthropy sector – and can in some instances be considered a form of risk capital. In order to realise the risk-taking potential, share examples of risk-taking philanthropy programmes, share risk through potential collaborations with other foundations, encourage cross-organisational collaboration among Board members of different stakeholder organisations to build buy-in (see Principle 4), or diversify your Board/governing body.



A funding organisation is interested in experimentation, but does not have enough internal expertise in this arena and fears taking the wrong decisions.



Where possible, an organisation can bring in temporary or full-time experts in a particular field to support the development of a viable pilot programme. Joining a relevant network to foster greater peer-to-peer learning is also an excellent option here (see Principle 5). Even after learning from experts, there is still a risk of the experiment failing, but embracing failure as part of the broader philanthropy learning process should be encouraged.



Resources

Aggarwal, A, Logan, K. and Kapur, N. (2020). [Bridging the Gap: How Philanthropy Can Unlock Impact Investing.](#)

Alliance Magazine (2022). [Funders, it's time to change how we think about risk.](#)

[The Audacious Project.](#)

AVPN (2018). [The Continuum of Capital in Asia: Highlights Across the Full Spectrum of Social Investment.](#)

Braemer, C. (2015). [Philanthropy: The New Risk Capital?](#)

Bridgespan (2018). [Bold Philanthropy in India: Insights from Eight Social Change Initiatives.](#)

Centre for Strategic Philanthropy (2022). [When Two Rivers Cross: Impact Investing and Philanthropy in Nigeria.](#)

European Venture Philanthropy Association (2016). [A Practical Guide to Venture Philanthropy and Social Impact Investment.](#)

[Fail Festival.](#)

Latimpacto (2020). [Una aproximación a la inversión por impacto.](#)

Open Road Alliance (2020). [Risk Management Toolkit.](#)

Rockefeller Philanthropy Advisors (2009). [Solutions for Impact Investors: From Strategy to Implementation.](#)

Stanford Social Innovation Review (2017). [Navigating Risk in Impact-Focused Philanthropy.](#)