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PRACTICE TRUST, DISTRIBUTE POWER AND SUPPORT LOCAL AGENCY



Philanthropy has traditionally centred on relationships between those who have resources and those who are in need of them, creating an inevitable power imbalance. To overcome this asymmetry, we must shift mindsets and approaches to philanthropy to those that centre strong relationships between funders and their partners, and serve communities and grantees based on trust and mutual respect. The core belief underpinning the most successful examples of a ‘trust-based’ approach is that the knowledge required to solve many of society’s challenges – namely knowledge of the real local needs and how to meet them effectively – is found within those communities themselves. Therefore, since grantees and local partners are often rooted in the communities they serve, foundations must support and strengthen the conditions that enable them to exercise their agency in developing, designing and implementing solutions. Beyond this, we must trust local stakeholders to use the resources effectively, rather than imposing top-down directives and stipulating courses of action.

A philanthropic approach, grounded in trust and more equal distribution of power, has benefits for multiple stakeholders. For funders, it saves time and resources over the longer term by simplifying funding distribution processes. It also increases learning and impact by fostering more honest feedback and collaboration, and enhances a foundation’s credibility and influence by aligning their organisational values with their actions. For grantee organisations, more equitable power dynamics lead to greater flexibility and stability through unrestricted, multi-year grants, and a reduction of administrative burdens and stress by streamlining reporting and communication. This creates conditions for local organisations to think long term, innovate and adapt with much greater effectiveness. It also facilitates investing in strengthening capacity and leadership for both funders and partners. For the communities served by funders, ultimately approaches based on trust promote more equity and justice by shifting power to those closest to the issues, enable greater innovation and adaptation by supporting grassroots solutions, and improve long-term outcomes by investing in sustainable change. However, while



long-term unrestricted grants have the greatest impact, why is this evidence insufficient to move funding practices? Foundations must strengthen their processes, reduce bureaucratic burdens, increase contribution to real operating costs of their local partners, and grow the percentage of unrestricted funding within their portfolios.

As part of trust-based practices, all types of philanthropic funders can also shift different levels of decision-making power to grantees, local partners, communities, and other key members of the public. This participatory approach can take foundations in particular beyond simply listening to their funding partners, by actively engaging those who are traditionally end recipients in decisions about how resources are allocated. Doing so represents a much greater shift in power by funders. Grantees and other constituents can support foundations in defining issues and the foundation's geographic focus, overseeing distribution decisions and participating in strategic planning.

In the broader philanthropy ecosystem (see Principle 5), specific organisations exist to help foundations build trust with local partners and grantees. For instance, socio-environmental funds such as the Instituto Sociedade, População e Natureza (ISPN) in Brazil support deepening connections and synergies between funders and local stakeholders, and practice shifting power in new, innovative ways. These efforts form part of the broader agenda to localise philanthropy¹⁰ – a movement that should be embraced by all funders, especially foundations that have historically found shifting power to be a challenge. Reluctance by funders to truly embrace localisation often stems from a lack of support infrastructure around building successful trust-based models and relationships. Reliable intermediary organisations close to issues on the ground form a crucial part of the broader giving

ecosystem and can foster important connections between funders and their local partners and grantees.

Funders should begin by developing a strong understanding of the communities they serve and building deeper relationships with existing grantees and local partners. Creating a trust-oriented culture, rooted in humility and mutual learning, also includes fostering a mindset of curiosity and openness among the organisation's staff and Board – one which seeks to learn from diverse perspectives and experiences. Foundations, big or small, can leverage their close relationships with grantees and communities, listen to their needs and feedback, provide flexible funding that matches their priorities, offer non-monetary support like networking or advocacy, and collaborate with other funders to increase their impact. They should simplify their processes and requirements, delegate at least some decision-making authority to staff or community members closest to the issues, and, where relevant, support organisational and leadership development for partners/grantees. Importantly, consider the many ways grantees can be included in decision-making processes within the organisation, particularly those that affect them directly.

While there is growing recognition of the importance of trust, debates still arise about how to share decision-making power and accountability. Some funders may feel reluctance or discomfort about the idea of delegating or sharing their authority over decisions with grantees or community members, fearing a loss of control or responsibility. In 2022, Alliance Magazine published a series of editorials debating what trust-based philanthropy and equitable power distribution in philanthropy should look like¹¹. Trust-based philanthropy advocates argue that shifting power can lead to more effective and

10 WINGS (2022). Philanthropy can be a Solution to Making Localisation a Reality.

11 Alliance Magazine (2022). We practise trust-based philanthropy. Here's what it looks like.



equitable outcomes, as well as mutual accountability. By embracing a broader view of power beyond just money, funders may gain an appreciation of how grantees also have sources of power through their social capital, networks, influence, knowledge, experience and expertise.

Funders, particularly foundations, should also commit to both internal and external reflection on issues that may be inhibiting how their organisation practices trust and power shifting. Internally, founders, Board members, and leadership teams should analyse their own privileges, levels of influence and perceptions of the world around them. By becoming more aware of these internal realities, they will be better able to address organisational culture (see Principle 6) before looking externally. More widely, funders are also invited to reflect on issues of inequity, particularly when serving marginalised communities and reflecting on the context in which they operate, regardless of geographic location. We should always remember the key role that local PSOs and 'intermediaries' play in localising philanthropy and shifting power. Investing in these actors can be a powerful strategy for international grantmakers to help generate more and better local resources for bottom-up and sustainable change (see Principle 7).

Fundamentally, building a trusting relationship between funders, grantees and the communities being served involves deep respect, integrity, humility, and supporting others' agency and freedom to live in a world where they can create the change that is needed.

Recommended practices for implementation:

How to get started:

- ✓ Engage in deep listening and learning with the communities you already serve, by regularly seeking input and feedback from local leaders and organisations, to ensure that your funding priorities align with community needs.
 - Recruit and equip staff with the interpersonal skills to listen to and work with community members.
 - Conduct meetings, surveys, and other data collection to learn about community priorities, ensuring this is not an extractive or burdensome exercise.
- ✓ Invest in building genuine, respectful relationships with grantees and community partners and address internal shifts that must happen within your organisation.
 - Focus on building trust over time, through longer-term commitments, rather than simply providing one-off or annual funding before moving on.
 - Include timely sunset clauses when a partnership is coming to an end, to ensure a successful transition.
- ✓ Simplify and streamline paperwork and processes, including ensuring simplicity and clarity, to reduce the administrative burden on grant applications and subsequent reporting for both foundations and grantees.



- Conduct regular evaluations of your feedback and reporting processes – including members from the communities your organisation serves – to improve debilitating administrative burdens.
- ✓ Consult grantees and community partners in ideation, programme design, and decision-making processes.
 - Provide opportunities for communities to lead and shape the work.
- ✓ Commit to learning and inclusive evaluation to continuously improve your work.
- ✓ When possible, work with local ‘intermediaries’ – such as socio-environmental or women’s funds – that have both deep knowledge of communities and capacity to support local groups, while ensuring compliance and professional grant management.
- ✓ Support your local partners in becoming more financially sustainable by investing in resource mobilisation and helping them develop community philanthropy models, where relevant.

To go beyond:

- ✓ Provide funding that is flexible and enables grantees to use the resources in ways that make the most sense for their organisations, and communities.
 - Avoid overly prescriptive funding requirements that may not align with the community’s needs.
- ✓ Consider engaging community members as advisers or co-designers of funding programmes, and involve them in determining funding priorities, strategies, criteria and distribution.
- ✓ Work with grantees and community partners to develop shared goals and strategies for driving impact.
 - This ensures that everyone is working towards a common vision and can help increase collaboration and coordination.
- ✓ Beyond financial support, strengthen partnership through practices such as creating reciprocal structures and mechanisms for technical assistance, mentorship, and training opportunities.
- ✓ Commit to having at least one leader from your stakeholder communities represented at the organisation’s Board or governance level.
 - This goes beyond co-design and co-creation of programmes and directly gives local communities a seat at the funder’s table, allowing real power in allocating funds directly or indirectly.
- ✓ Invest in advocacy and policy change efforts by supporting and applying self-assessment tools developed by grantees and partners to determine if your organisation is delivering on distributing power, providing resources to support community organising, and working to increase diversity, equity, and inclusion.
- ✓ Share learnings and challenges, and collaborate with other funders to promote knowledge-sharing and collective action towards common goals, thereby increasing the impact and sustainability of this model over the long-term.



Potential obstacles



Suggested solutions



Shifting power within foundations can often mean that those in prominent governance or decision-making positions must give up some of their current influence or, at least, dilute it by making room for a wider and more equitable variety of voices. It may further mean that staff and leadership within organisations require specialised training on how to recognise their own contributions to power imbalances.



In situations where shifting power internally within your organisation is difficult or political, be sure to build a compelling case by mapping out all potential benefits that a more diverse, equitable governing structure and intersectionally aware staff will bring. This includes more impactful programming, improved reputation within the sector, and opportunities for wider visibility and greater collaboration.



Building confidence and co-designing/co-creating programmes with local stakeholders may lead to difficult realisations about your organisation's past role in delivering underperforming programmes or subpar impact.



It is crucial that philanthropic funders move away from the idea that all support is good support, and building long-term trust and equitable partnerships with local stakeholders is key to that process. As an organisation, acknowledge that concerns about programming may arise as part of an honest trust-building process, and see this as a rare and exciting opportunity to develop stronger, more resilient funding models going forward.



Misconceptions around trust-based philanthropy persist in the foundation sector, particularly among organisations concerned that unrestricted funding and long-term equitable partnerships might mean a more diminished role for their foundation. They may criticise trust-based philanthropy by creating a false binary with evidence-based philanthropy.



A growing discourse on the benefits of trust-based philanthropy can support any internal efforts at your organisation. It is also important to combat the notion that trust-based philanthropy is somehow not based in evidence or abandons the need for evidence. Rather, building trust and long-term power shifts may facilitate new forms of data and evidence, and require foundations to look beyond traditional metrics that have historically led to inequities and power imbalances.



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