



Future Funding Forum

Report from the opening event: Tuesday 21 June 2016, St Luke's Community Centre, London

More than fifty donors and representatives from civil society attended a day-long event convened by Bond with support from Comic Relief, the Big Lottery Fund, Barings Foundation and Stars Foundation to discuss the question:

'How can we foster the leadership, action and conditions required to enable civil society in the 'Global South' to thrive?'

INTRODUCTIONS: Questions and motivations for joining the conversation

- How can donors with greater constraints and less risk tolerance engage with this agenda?
- How do we balance the demand for measurable results with the need to fund grassroots groups?
- How can we overcome the neo-colonial 'North-South' power dynamic?
- How can donors in the so-called 'North' foster local philanthropy and ownership in the 'South'?
- Can we come together to share successes and coordinate to overcome barriers to funding directly?

SESSION ONE: Current barriers to funding Southern civil society, and a vision for the future

Danny Sriskandarajah (Civicus) and Rajasvini Bhansali (IDEX) in conversation.

A video of the session is [here](#).

Danny proposed that donors "haven't been good enough at mobilising domestic civil society" and criticised the lack of investment in Southern civil society platforms and infrastructure, which is now contributing to civil society's lack of ability to respond to increasing government restrictions. He called for a "new generation of accountability mechanisms" to minimise current onerous due diligence requirements of donors. He cautioned against "an oligopolistic civil society" and professionalised Southern CSOs "who look North and not to their constituency." Despite seeing a pivot to domestic resource mobilisation (e.g. Treatment Action Campaign's recent crowd-funding effort) he noted that it is the big INGOs who are "chugging on the streets of Seoul." He called for donors to support Southern civil society to be "at the vanguard of social change." His vision was of a future where "the end of the development industrial complex" has made the very concept of "development" redundant.

Rajasvini explained that the IDEX model, which is "centred on the deep agency of local actors," aims to counter "come-and-go philanthropy." IDEX does this by having a "flexible and experimentation-based approach," as well as providing long-term partnership and co-creating their theory of change with grantees. She called for "new models to be leveraged from the ground up," explaining that the "solutions to the climate crisis already exist." She believes that "philanthropy is going to find and adapt methods that allow for partnership" and that to deliver this, donors will have to become "culturally competent in entirely new ways." Her vision was a future where "strong social movements across the globe hold us all to account," while we fulfil "our role as citizen advocates within our countries."

Other points raised during the discussion with all participants included:

- The long-term investment needed to engage with the middle class in the Global South, and with African diaspora in the US.
- The potential for private philanthropy to take risks that public finance can't, yet the reticence of many high net-worth individuals to do so.
- The need to consider funding smaller actors, not just Southern actors, to ensure an effective ecosystem of civil society.
- The ways in which donors can advocate on behalf of their grantees, including with unusual partners, such as tech firms and Silicon Valley investors.



SESSION TWO: View from 'the South', chaired by Theo Sowa, African Women's Development Fund

Civil society representatives shared the "one thing I'd do if I were a donor, to create a thriving Southern civil society":

- Jiban Karki, PHASE Nepal, talked about partnership: not viewing grantees as sub-contractors: "It feels like a contractor relationship – it would be good to have a more equal basis for a partnership."
- Omattie Madray, ChildLink Guyana, discussed the need to invest in networks, allowing collaboration and solidarity: "Build platforms so we can share expertise."
- Shahid Zia, Rural Business Development Centre, Pakistan, stressed the need for donor collaboration, sharing how the 'Donor Coordination Committee' he established led to more streamlined reporting requirements and support for activity that had previously cut across donor and issue silos.

The following discussion raised an important point about recognising the '**spectrum**' of donors in relation to this agenda.

Evolution ←-----→ **Revolution**

Donors who rely on public funds often have a lower risk appetite, and their current accountability requirements may prevent direct, unrestricted, grassroots funding. Questions were raised of how donors could be segmented to respond to this; how risk-adverse donors could complement those at the more 'revolutionary' end of the spectrum; and – as revolution is not at option for everyone – the ways in which these donors could evolve their practices.

Other points included:

- The goal should not necessarily be about supporting Southern civil society organisations to be able to absorb large sums of money. Scale is not always appropriate.
- Existing funds and networks (such as the [African Philanthropy Network](#)) are capable of getting money to Southern civil society, having built up knowledge and expertise of CSOs in their area.
- Theo gave an example of a 'bottom-up' approach to funding, using the Carnegie Foundation's collaboration with AWDF in response to the Ebola crisis, which provided support to grassroots women's groups identified by AWDF.
- There is a need for integrated approaches to change – it shouldn't be either INGOs or local CSOs.
- The need to foster local philanthropy, in-country foundations, and recognition of existing cultures of community giving (not just focusing on multi-billionaires).

SESSION THREE: Illuminating what's already happening (participants chose one of three breakouts)

1. Where there's a will there's a way: Getting funding to the grassroots

The group acknowledged the regulatory barriers that cause some of the biggest challenges in funding internationally: the Financial Action Task Force and the non-profit platform of donors and CSOs affected by it; the Common Reporting Standard that may impact UK donors, which the Association of Charity Foundations is coordinating advocacy around; and the closing space for civil society in many countries, as documented by the Civic Space Initiative.

Setting aside legislative challenges specific to particular contexts, we considered different approaches to empower local civil society from donors along the scale of the 'spectrum of donors':

- One very large donor revised their approach in an attempt to allow them to go beyond the big INGOs they often fund. By focussing on whether an organisation is community-led, rather than their ability to reach outcomes set by the donor, they can partner with smaller CSOs.

The need to change mindsets - of staff, trustees and other stakeholders - is key. Preconceptions existed that this approach would be complicated and expensive, yet implementation has proved surprisingly straightforward: relinquishing control over outputs allows focus on CSO capacity.

- A grassroots donor has hundreds of activists acting as volunteer advisory boards, allowing them to devolve decision-making and supplement their own capacity constraints. The intention is for these boards to eventually become separate in-country foundations, operating entirely independently.

Although this allows the donor to capitalise on expertise and have strategy set by those closest to the ground, the opportunity to scale is limited and may not be able to respond to increased demand.

- A UK-based foundation shared their approach of building partnerships with INGOs, governments and other agencies with significant international reach, allowing them to solicit proposals via a referral mechanism. This allows them to maintain grant-making in hundreds of countries.

Although the approach has found exciting organisations to fund, it necessitates a significant amount of time to make each grant, and partners need to agree clear shared objectives from the offset.

To encourage all types of donors to consider evolving their funding practice to support the grassroots, donors can share their mappings, due diligence assessments and intermediary selection processes.

2. Accountability and trust: Monitoring, evaluation and learning at a distance

This group considered the dilemma of donors whose need for accountability necessitates reports in some form, yet have to reconcile this with some frustration by civil society around reporting demands.

- Technology may offer options for donors without in-country capacity: participants talked about using mobile phones to communicate with communities that become inaccessible during some seasons for monitoring continuity. Videos and blogs could be alternative, richer and more culturally appropriate ways of telling a story, but they don't offer the proof of results that some donors, regulators or supporters need.
- Comic Relief shared their experiences of working with local grant-makers, whereby – after a rigorous assessment process – they devolve grant-making powers to these intermediaries. The risks around public confidence means that they have to be serious about the chain of impact, due-diligence and monitoring. GMSP pay a 'finder's fee' to intermediaries to identify suitable local partners, and then use consultants to do their M&E.



- Face-to-face time is valued, particularly at the early stages of relationships, but is also used for periodic monitoring. For most, this is limited to a small number of short visits, and these are more efficient where work is concentrated in a manageable geographical area. An example was given of a trust's staff member spending a 6-month period based regionally.
- Donors funding in conflict situations talked about the particular challenges of monitoring in these environments. The rigour needs to come in the initial stages, selecting the right people to fund via due diligence checks, as it is impossible for organisations operating in conflict zones to keep receipts or publically acknowledge funds. Learning is nice, but the urgent need means that accountability demands have to come first. Forms of peer learning and monitoring were mooted as a possibility to be explored.

Principles for good MEL requirements included:

- Appropriate, proportionate and intuitive MEL requirements: use grantees own systems if possible.
- A culture of honesty and understanding: allows learning from 'failure' and faster course-correction.
- Feedback (such as the [Grantee Perception Report](#)) can help donors understand the impact of funding practices.



3. Understanding your place in the funding ecology: Turning collective differences into strengths

Participants in this session felt that the 'funding ecology' concept was helpful and relevant for donors thinking about how best to support Southern civil society. The premise is that donors need to behave like an ecosystem: taking a more collaborative approach, identifying where they really add value and coordinating different approaches that contribute to shared outcomes. Examples of donors who are already using a 'funding ecology' concept to inform how they work, included:

- The [Grassroots Climate Solutions Fund](#), which draws on different strengths of four donors to offer a whole spectrum of support (from awarding a security grant in as little as 12 hours to an activist whose life has been threatened to sustaining established organisations with multi-year support and capacity-building.)
- The '[With and For Girls Awards](#)', which brings together seven donors to address an identified gap in the funding ecology for gender equality work by providing unrestricted flexible funding for girl-led grassroots organisations.

Discussions concluded that important factors for donors adopting a funding ecology approach included:

- Having the agility to move quickly when moments of political space open up opportunities for social change (e.g. when gang rape in India focused global attention on violence against women).
- Being able to identify your specific value in relation to both the issue and an organisation's lifecycle and support needs, recognising that there is a need for different types of donor and funding: some donors can seed-fund high-risk innovation, while others are needed to scale proven initiatives.
- Investing in partnership building skills for staff, and employing different models of partnership (of varying formality) which offer opportunities to share risks and do things outside your organisation's 'business as usual'.
- Building on existing research to gain a deeper understanding of the current financing that civil society is accessing, and understand how donors can support civil society to find or generate sustainable sources of income.

SESSION FOUR: Open space donor-led action planning and discussions

Group one: Constraints of institutional donors

Challenges faced by some donors who are accountable to the public and politicians include:

- Constraints on flexibility: it can seem more straight-forward to rely on rules and regulations.
- Demands for communicating positive, simplistic stories.
- Fear of INGO pressure and criticism (directly and via supporters) if their funding is threatened.

However some donors are seeking ways to overcome their constraints:

- The Dutch's *Dialogue and Dissent* programme acknowledges that different objectives require different funding modalities, in this case flexible funding to support advocacy efforts.
- DFID's Better Delivery model and *Smart Rules* empower staff to consider what they're really trying to achieve. Staff are clear and confident about non-negotiable issues and what can be relaxed.

Group two: Encouraging local and national foundations

Local foundations are emerging and in some cases being established by 'Northern' donors. This offers a response to frustrations around power imbalances, and issues of dignity, as well as sustainability and legitimacy benefits. Points to consider are:

- Support doesn't always have to be financial, although match-funding what's raised can be positive.
- Donors shouldn't set the agenda themselves, but rather react to it.
- Local donors should be included in future networks; we must ensure they have a space at the table.
- Donors will share mappings that have already take place, and how they're working with local funds.

Group three: The 'elephant in the room': What's the role of INGOs?

INGOs are not only recipients of funding but also donors to local CSOs. At best they add value, but at worst they cling to power, dominating resources. How can donors incentivise transformative change?

- This is an 'industry' issue. Could donors highlight evidence that direct funding is more effective?
- Scrutinise INGOs to consider: 'Pivot or Persevere?' Responsible withdrawal should be encouraged.
- Donors should check the rhetoric of INGOs, and could force the issue by supporting remodelling.
- Fund INGOs to merge, streamline and transform. Medium-sized INGOs may be ripe for this change.

Group four: Donor collaboration

Current collaborations included:

- Stars Foundation's work to share due diligence information on grantees with 54 other donors
- The Funders' Initiative for Civil Society to support advocacy on the closing space for civil society
- Existing forums such as the *Ariadne network*, *ACF*, and *International Education Funders Group*.

Examples of how donor collaboration could be increased included:

- Map the appetite among a wider range of donors to share due diligence and assessment criteria.



- Make use of CAF's existing database of due diligence information on organisations around the world.
- Share information with CSOs on findings from due diligence assessments; pool funding to support CSOs to improve financial systems or other areas to help them fulfil requirements.
- Source and share case studies of donor coordination, including from INGOs who do this well.

Group five: Innovation

Risk-adverse funding focuses solely on predetermined outcomes, preventing innovation. We need to change cultures, not establish new funding mechanisms, to support innovation. This could include:

- Strong participation of all stakeholders to move beyond extractive 'consultation' models.
- Embrace complex thinking.
- Innovation should be considered as 'better', not simply 'new': inventing things is not the solution.
- Donors should invest in potential, of people and organisations, not just outputs.

Group six: Power and participatory grant-making

The organisations involved in this discussion had a number of reasons for highlighting this issue:

- One donor was proud of their funding practices (unrestricted, long-term support), but felt that the cutting-edge of responsible and effective funding was in participatory grant-making.
- Another felt that participatory grant-making may offer a step beyond mere consultation, but isn't a panacea. Donors need to consider power dynamics and education up and down their value chain.
- Participatory grant-making, such as [Red Umbrella](#) or [Queen's Young Leaders Fund](#), is one means of addressing power dynamics, but the core concern for donors is how to listen, learn and respect.

Suggestions for the whole sector to overcome power issues and become true allies to CSOs included:

- [Diversity audits](#) of donor decision-makers. Who is represented in power structures?
- Invest in an internal culture of learning; don't only consider how your grantees should be learning.
- Change the role of the grants officer from compliance to capacity development and support.
- Recruit staff on their ability to mobilise and advocate on behalf of partners, not simply manage funds.

Group seven: The potential of technology

There are exciting tech opportunities that too few donors are aware of. Often apathy or fear comes from the top, so digital leadership and tech literacy should be priorities for all. Opportunities include:

- Donors share technological tools with each other and between grantees, e.g. due diligence data.
- Digital education courses for leaders are important to ensure that organisations aren't left behind.
- 'Zero internet' applications, online submission of video proposals and BRIDGE are exciting prospects.
- Power dynamics need to be respected, or we risk entrenching inequality and the digital divide.

Resources to support donors to access the benefits of tech will be shared in the follow-up activities.

Next steps

The convening partners are coming together to agree next steps for this work, using the outcomes and recommendations from the event. Bond will be in touch soon on the follow-up activities and initiatives.

'A lively and interactive discussion about what it actually means - the realities and implications - of disrupting the current development paradigm' (Attendee survey)