FUNDING MODELS IN PHILANTHROPY

Unrestricted funding
(flexible funding)

Core funding

General operating support (GOS)

Organisational support
PERCENTAGE OF US FOUNDATIONS PROVIDING GENERAL OPERATING SUPPORT IN 2005

AT A GLANCE: How Common Is It?

- Among the largest 1,200 private and community foundations, 20 percent of grants were for general operating support in 2005, compared with 45 percent for program support.
- Over three-quarters of California foundations report providing grants for general operating support, although these grants make up a relatively small share of their overall grantmaking.

### GENERAL OPERATING SUPPORT

<table>
<thead>
<tr>
<th>Year</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>percent of number of grants</td>
<td>15</td>
<td>18</td>
<td>20</td>
<td>22</td>
<td>25</td>
<td>27</td>
<td>28</td>
<td>30</td>
</tr>
<tr>
<td>percent of grant dollars</td>
<td>10</td>
<td>12</td>
<td>14</td>
<td>16</td>
<td>18</td>
<td>20</td>
<td>22</td>
<td>25</td>
</tr>
</tbody>
</table>

Source: Foundation Center®

Source: Grantmakers for Effective Organizations, 2007: 8
UNRESTRICTED FUNDING

THE CHRONICLE OF PHILANTHROPY

Five CEOs of Wealthy Foundations Pledge to Do More to Help Charities Pay Overhead

By Maria Di Marzo | SEPTEMBER 4, 2019

THE LEADERS INVOLVED IN THE EFFORT ARE PATRICK GAGGARD OF THE DAFFNE FOUNDATION, UNRESTRICTED FUNDING

The leaders involved in the effort are Patrick Gaggard of the DAFFNE Foundation, Larson of Packard, and Darren Walker of Ford.

A CALL TO ACTION:
PHILANTHROPY'S COMMITMENT DURING COVID-19

Join the 785 Organizations who have Signed the Pledge!

The impact spread of COVID-19 has created a global health and economic crisis that is taxing every part of us. We know that the shock of this “new normal” is severe and unprecedented for our sector and grantee partners.

As leaders in philanthropy, we recognize the critical need to act with force and urgency to support our nonprofit partners as well as the people and communities hit hardest by the impacts of COVID-19.

We invite foundations and other leaders in the philanthropic sector to join us in making these commitments and collectively holding ourselves accountable to them by signing this pledge of action.

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Bundesverband Deutscher Stiftungen

Stiftungseingang im Zeichen der Corona-Krise. Ein Aufruf vom Arbeitskreis Förderstiftungen

Stiftungen sind für viele Organisationen im Sozial-, Kultur-, Umwelt- oder Bildungsbereich unentbehrliche Partner, um Projekte und Angebote zu finanzieren.


Allen geförderten Organisationen und Projekten möchten wir unseren Dank und unsere Anerkennung für ihr Engagement in dieser schwierigen Situation aussprechen: Wir versichern Ihnen, dass Sie auf uns als Stiftungen zählen können:

- Wir sehen es als unsere gemeinsame Verantwortung an, Sie in dieser Krise zu unterstützen, damit Sie sich während und nach der Epidemie weiterhin für Ihre Ziegruppen einsetzen können.
Three key reports from the gray literature about unrestricted funding:
From the Center for Effective Philanthropy (2006, 2020) and nfpSynergy (2012)
Research question:
What are the effects of restrictions on funding on the effectiveness of grantee organizations?
Unrestricted funding has perceived effect on:

1. Enhancing organizational and financial sustainability, including for:
   - Funding core costs
   - Attracting other funding
   - Developing the organization
   - Bridging financial gaps
2. Allowing flexibility to respond to a crisis or a changing context
3. Allowing the organization to operate independently and be critical
4. Enhancing innovation and risk-taking
5. Enhancing the organization’s ability to support “unfundable” or “unpopular” causes
“ [...] for the implementation phase and ultimately for the lobby, it's difficult to get structural funding. Then you'll have to come up with good results first. We can partly finance that first step with the Dutch Charity Lotteries money. That also ensures we can bridge the gaps between concept and implementation [...].”

[CEO – Human rights organization]
“And that's the ambiguous thing, so that on the one hand we get money [from the government] for activities we do, and on the other hand we're also an independent organization and therefore try to influence certain legislation of the same central government [...]. That's why we also need the money and can continue to fight for that independent position, I would almost say.”

[Head of finance - international organization]
PERCEIVED DOWNSIDES UNRESTRICTED FUNDING

Critical
Background Pamala: VU (https://vunet.login.vu.nl/services/pages/practicalinformation.aspx?cid=tcm%3a164-954174-16), edited by Oli Mihalache (used with his permission)

Slide 6: Source image: https://designbycosmic.com/insights/articles/breaking-the-starvation-cycle-with-true-cost-funding (reprinted with permission)


Slide 11: https://postcodebijadres.nl/postcodes-nederland
https://www.reclamedienstverspreidingen.nl/reclameverspreiding/reeuwijk/2811


Slide 16: Library Rijksmuseum Amsterdam. Credit image: Sebastian Koppehel, CC BY 4.0, via Wikimedia Commons.

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