Trust-Based Philanthropy:
An Overview

Too often, foundations get in the way of nonprofits doing the work they know best. This can slow down progress, perpetuate inequities, and obstruct nonprofit growth and innovation. Trust-based philanthropy reimagines that dynamic, building a world in which funders authentically partner with grantees in a spirit of service.

> **Trust-based philanthropy** (truhst bāst fi'lan'thruh'pē) *n.*
>
> An approach to giving that addresses the inherent power imbalances between funders, nonprofits, and the communities they serve. At its core, trust-based philanthropy is about redistributing power—systemically, organizationally, and interpersonally—in service of a healthier and more equitable nonprofit ecosystem. On a practical level, this includes multi-year unrestricted giving, streamlined applications and reporting, and a commitment to building relationships based on transparency, dialogue, and mutual learning.

How do power and inequity show up in philanthropy?

There is an inherent power imbalance between funders and nonprofits, with funders calling the shots on how—and how many—resources are allocated to the work.

As grantmakers, we have a responsibility to confront the ways our sector has contributed to systemic inequities, both in the ways wealth is accumulated and in the ways its dissemination is controlled. This history is entrenched in racism, patriarchy, and other forms of oppression, which are at the root of every social issue nonprofits seek to address. We must recognize how these norms have shaped, informed, and influenced philanthropy—including who is deemed trustworthy, and who is not.

Being a trust-based funder requires constant and continuous examination of the implications of these power imbalances and biases in our day-to-day decision-making, culture, and practices. When we fail to examine these dynamics, we run the risk of reinforcing or amplifying inequities in our grantmaking and causing further harm to Black, Indigenous, and people of color (BIPOC) leaders, and other communities that have often been overlooked by philanthropy.

How to Use this Guide

While this guide is mainly focused on grantmaking practice, it is important to remember that trust-based philanthropy encompasses the whole of an organization's work—practice, culture, values, and leadership. This guide is a useful starting point for funders who want to explore or deepen their commitment to trust-based philanthropy. It can also spark deeper discussions at grantmaking organizations around the role of leadership and staff in upholding a trust-based culture.

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Six Practices of Trust-Based Philanthropy

1 Give Multi-Year Unrestricted Funding

The work of nonprofits is long-term and unpredictable. Multi-year, unrestricted funding gives grantees the flexibility to assess and determine where grant dollars are most needed, and allows for innovation, emergent action, and sustainability.

Get curious: *Who is most likely to get unrestricted funding? Despite the vital importance of this type of support, organizations led by people of color are significantly less likely to receive it. A recent study found that net unrestricted assets for organizations led by Black leaders are 76% smaller than for those with white leaders.*[1]

Steps You Can Take

- **Examine your portfolio:** How many of your grants are unrestricted? How many are multi-year? Do you have longtime grantees that still have to apply every year? Why is that?

- **Assess:** If you give multi year unrestricted grants, how many go to white-led or legacy grantees v. BIPOC-led or emerging organizations? Who has defined the priorities that guide your decision-making and intake? What blind spots or assumptions might be driving your portfolio mix?

- **Readjust:** Take intentional steps to move your work toward multi-year unrestricted grants. Readjust your criteria so that at least half of your funding is going to organizations led by those with lived experience in the issues they seek to address.

- **Think long-term:** Are you investing in ways that allow your grantee partners to build their reserves and long-term sustainability? If not, why?

FAQs About Multi-Year Funding

How many years are ideal? Multi-year grants generally range from 2-10 years, with the majority landing in the 3-5 year range. Depending on your starting point, you may decide to shift from 1-year to 2-year grants, and then gradually increase to 3, 4, or 5 years.

What about new grantees? Some funders offer 1-year unrestricted grants for the first year of relationship-building. This allows the funder and the grantee to get to know each other before entering into a long-term relationship.

[1] From Bridgespan and Echoing Green's 2020 Report, "Racial Equity and Philanthropy."

2 Do The Homework

Oftentimes, nonprofits have to jump through countless hoops just to be invited to submit a proposal. Trust-based philanthropy flips that script, making it the funder's responsibility to get to know prospective grantees, saving nonprofits time in the early stages of the vetting process.

Get curious: *When doing the homework, are you gravitating toward leaders or organizations that feel comfortable or familiar? Push yourself to recognize implicit biases in real-time. The ideal partners are ones that demonstrate accountability to and collaboration with the communities they serve.*

Steps You Can Take

- **Assess your criteria:** Do your grant requirements give preference to more established or well-funded organizations? How might you revisit your grantmaking criteria to center the needs, experiences, and priorities of the people closest to the issues you seek to address?

- **Check your blind spots:** Think about how you currently learn about prospective grantees, and the limitations within that. What would it look like to create a more inclusive process that allows other organizations to get on your radar?

- **Diversify your network:** Examine the networks you turn to most to inform your decisions: your board, staff, colleagues, professional organizations, media outlets. Are they reinforcing the same networks? If so, work to diversify your board and proactively seek out different sources.

Open applications v. invitation-only?

There isn't a consensus on which approach works best in a trust-based context. Be sure to consider the following:

If you have an open application process: Be transparent about your grantmaking priorities, and make sure your requirements don't alienate organizations that are volunteer-run, fiscally-sponsored, or in earlier life stages.

If you do not accept unsolicited proposals: Explain why, and be clear about how you work to identify prospective grantees. Be intentional about looking beyond your usual circles, attend community events, talk to community leaders, and diversify your grantmaking committee to widen your reach.

3 Simplify & Streamline Paperwork

Nonprofits spend an inordinate amount of time on funder-driven applications and reports, which can distract them from their mission-critical work. Streamlined approaches focused on dialogue and learning can pave the way for deeper relationships and mutual accountability.

Get curious: *What is the purpose of your foundation's applications and reports? What are the implications for small or emerging organizations that have limited bandwidth or that lack formal training in grantwriting?*

Steps You Can Take

- **Clarify what you need to know:** When we ask grantees to step away from their mission-driven work, it should serve a nameable, values-driven purpose. Only ask questions that you: a) cannot determine on your own, and b) need to know.
- **Eliminate jargon:** Check your application and reporting processes for jargon that may alienate or exclude certain organizations, such as theory of change, quantifiable metrics, and scalability.
- **Seek out conversation over transaction:** Consider using face-to-face meetings, phone calls, or video conversations in lieu of applications and reports. There is so much more to be learned in a conversation than in a written document.

4 Be Transparent & Responsive

Open, honest, and transparent communication supports relationships rooted in trust and mutual accountability. When funders model vulnerability and power-consciousness, it signals to grantees that they can show up more fully.

Get curious: *Are you expressing vulnerability and transparency in your conversations with grantees? Are you showing up more authentically with some than others? How can you be more aware of these dynamics, especially with younger leaders and leaders of color who may have to navigate these power imbalances more frequently?*

Steps You Can Take

- **Be crystal clear:** Be explicit—verbally and in writing—about what you do and don't fund. Openly communicate decision making processes and timelines.
- **Be swift in saying no:** Be upfront if an organization is not a good fit for funding, so as not to mislead or waste a nonprofit's time.
- **Respond in a timely manner:** Be responsive to grantees' emails and calls, and be particularly mindful of perpetuating trauma for BIPOC leaders, youth, and others who might feel disregarded or overlooked by other funders.
- **Communicate your equity journey:** Outline how your foundation is working on racial equity, be transparent about what you have gotten wrong, and assert a genuine receptivity to feedback and learning.

5 Solicit & Act On Feedback

Philanthropy doesn't have all the answers. Grantees and communities provide valuable perspective that can inform a funder's strategy and approach, inherently making our work more successful in the long run.

Get curious: *What perspectives are shaping your organization's work and focus? How can your work be more inclusive and equitable? In a sector wherein 92% of U.S. foundation presidents and 70% of program officers are white[2], how does this influence our sector's norms?*

Steps You Can Take

- **Survey your partners:** Anonymously survey current, past, and declined grantees about your practices as a funder. Hire an independent evaluator or use CEP's Grantee Perception Survey.
- **Get input on strategic questions:** Before making major changes or updates—such as revising your strategic plan or theory of change—glean grantee feedback to inform those changes. This can be done one-on-one, through surveys, or via focus groups.
- **Acknowledge and affirm:** While you won't necessarily be able to honor every piece of feedback you get, reporting back to grantee partners what you're hearing and how it will influence your actions helps build trust and create accountability.
- **Compensate:** If what you're asking of grantees requires a significant amount of time outside of their usual work, offer compensation the same way you would for a consultant.

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[2] Chronicle of Philanthropy, "Nonprofits Led by People of Color Win Less Grant Money With More Strings."

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6 Offer Support Beyond The Check

Responsive, adaptive, non-monetary support bolsters leadership, capacity, and organizational health. This is especially critical for organizations that have historically gone without the same level of networks or support than their more established peers.

Get curious: *Nonprofit executive directors of color report a significantly higher number of sustainability challenges than their white counterparts.[3] Are you checking in with grantee partners, especially BIPOC-led organizations, about what other kinds of supports you can provide to alleviate barriers and further their work?*

Steps You Can Take

- **Be responsive, not prescriptive:** Listen to your grantee partners for any needs, challenges, or opportunities that you might be able to respond to with support.
- **Make it optional:** Even if you've built a solid relationship, grantees may still feel obligated to accept your support. Clarify that their response will not affect current or future funding.
- **Be a connector:** Introduce your grantees to prospective funders, and emphasize to those funders what you've learned from these organizations. This can have an outsized impact for smaller, younger-stage, and BIPOC-led organizations without large networks.
- **Showcase grantees:** Find ways to amplify grantee partners whose work may not be getting enough attention in the sector—on your website, in your newsletter, and through your social media channels.

Examples of Support Beyond the Check: Making introductions to other funders - Promoting grantees' work - Providing mentorship - Offering emotional support during tough transitions - Advisory committee service - Hosting restorative retreats - Offering meeting space - Sabbatical grants and transitional support - Access to professional services - Writing letters of support - Sponsoring events

[3] From Building Movement Project's 2019 report, "Nonprofit Executives and the Racial Leadership Gap."

Trust-based philanthropy is not possible without a commitment to and action toward racial equity. Like a trust-based approach, racial equity work is an ongoing process that requires constant reexamination and dialogue, and a commitment to addressing inequity comprehensively throughout your organization's culture and practice.

If you are interested in deepening your equity journey, we encourage you to seek out additional resources from organizations that specialize in this.

Organizations Focused on Racial Equity in Philanthropy

- **Philanthropic Initiative for Racial Equity**
- **Racial Equity institute**
- **Justice Funders**
- **The Bridgespan Group and Echoing Green**
- **Capital Collaborative by Camelback Ventures**
- **Equitable Evaluation Initiative**

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