The 6 Grantmaking Practices of Trust-Based Philanthropy

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 offers insights and practical recommendations on shifting from traditional to trust-based grantmaking, it’s important to note that trust-based philanthropy encompasses the whole of an organization’s work. This approach invites funders to rely on trust-based values to shape not only grantmaking practices, but also culture, structures, and leadership. The Trust-Based Philanthropy in 4D resource offers guidance for cultivating trust-based philanthropy holistically across these four dimensions.
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 vs. BIPOC-led or emerging organizations? Who has defined the priorities that guide your decision-making and intake? What knowledge gaps 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?

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 biases:** 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.

   **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.”

3. **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.

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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.

Steps You Can Take

- **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?

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.

Steps You Can Take

- **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?

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.

Steps You Can Take

- **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, how does this influence our sector’s norms?

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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. 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?

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.

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.

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.

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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