



Effective philanthropy requires a deliberate and strategic approach, and the tools and techniques available to donors can help you hone your giving strategy, measure your impact, and collaborate effectively with other stakeholders.

Chapter 4

Exploring Existing and Emerging Approaches to Giving

No matter what funding vehicle you choose, it is important to take time to review and assess the range of existing approaches and focus areas, depending on what you want to achieve with your giving.

What follows is a quick snapshot of the ways giving is keeping pace with the creativity of the frontline leaders you seek to support.

In this chapter we will consider the following models:

- Trust-based philanthropy
- Participatory grantmaking
- Equitable evaluation
- Prize philanthropy
- Giving circles, crowdfunding and mutual aid
- Impact investing

Managing the Power/ Equity Dynamic

It is important for you to be aware of the power dynamics that exist between yourself as donor and your grantees. Here are a few things to be aware of when managing this relationship, whichever giving model you choose.

Financial Resources

As most philanthropies lead with financial resources, they hold power. Embedding equity in an Operating Archetype involves sharing or ceding this power by engaging in flexible, unrestricted giving; easing applications processes; and including grantees and members of frontline communities in your decision-making.

Talent

To center internal and external equity, focus on hiring people with lived experiences who bring a diversity of perspectives and who are bridges to the communities you are serving.

Governance and Decision-making

Ensure that the board represents a diversity of perspectives, lived experiences and communities.

Communication

Actively using robust feedback loops and allowing grantees and communities to interact openly without your direct participation will encourage openness from your grantees. It is common knowledge that candor can be muted if a funder is present.

Networks and Relationships

Shifting power dynamics require you to be mindful about the networks you participate in and thereby avoid the echo chamber trap.

Risk

Philanthropies seeking to integrate equity should undertake intentional efforts to cede power by embracing risk and learning from failure.

Trust-Based Philanthropy

Trust-based philanthropy, a growing movement in the philanthropic sector, focuses on building relationships, trust and mutual respect between funders and their grantees. This approach is grounded in the belief that those closest to the issues being addressed are the experts and should have the agency to guide the work.

As a family funder, you should consider trust-based philanthropy to build deeper relationships with your grantees and empower them to lead and to create a more equitable and impactful philanthropic practice. This can help you further your philanthropy by shifting the power dynamics and providing the resources and support necessary for your grantees to achieve their goals. Trust-based philanthropy allows you to be a true partner in the work, rather than a distant funder with strict guidelines and requirements.

When considering trust-based philanthropy it is important to weigh the benefits of this approach against the challenges you might face. One of the primary benefits of this approach is the ability to build strong relationships with your grantees based on trust, transparency and open communication. By taking a collaborative approach, you can create more effective and sustainable solutions to complex problems. Additionally, trust-based philanthropy can lead to a more equitable distribution of resources and a shift in power dynamics that can result in more impactful and community-led solutions.

However, you may face challenges. This approach requires your willingness to let go of control and trust that grantees have the knowledge and expertise to guide the work. It may also require a shift in your organizational culture and practices. This can be difficult to navigate. Additionally, it may be necessary to reassess grantmaking processes and priorities to ensure they align with this trust-based approach.

To get started in trust-based philanthropy, it is important to first examine your own biases and power dynamics as a funder. This means reflecting on your own privilege and how it may impact your grantmaking decisions. Next, it is important to engage in open and honest communication with your grantees and listen to their needs and priorities. This involves conversations about power dynamics, funding priorities and evaluation methods.

Another important step is to provide unrestricted funding to your grantees, which allows them to have more agency over their work and how they allocate resources. It is also important to provide capacity-building programs that help grantees strengthen their organizations and achieve their goals. This can involve providing technical assistance, networking opportunities and other resources.

Participatory Grantmaking

Participatory grantmaking puts decision-making power in the hands of those who are directly impacted by the issues being addressed. As a family funder, you may want to consider this approach because it can help to center the voices of underrepresented communities, increase accountability and transparency, and ultimately lead to more effective and sustainable solutions.

By engaging the communities you serve in the grantmaking process you gain valuable insights into their needs and priorities, as well as build relationships of trust and collaboration. This can lead to a more equitable distribution of resources and, ultimately, more impactful outcomes. Participatory grantmaking also helps to democratize the power dynamic between funders and grantees, allowing for greater collaboration and co-creation of solutions.

Again, there are dynamics to consider. For example, there may be a learning curve as you navigate the complexities of involving community members in the grantmaking process. Additionally, it may take longer to make funding decisions as you engage in dialogue and co-creation with the community. However, these challenges can be mitigated by thoughtful planning, clear communication and a commitment to building authentic relationships with the communities you serve.

There are a few key steps you can take when starting out in participatory grantmaking. First and foremost, it is important to clearly define your goals and priorities for the grantmaking process. This will help you to identify which communities and stakeholders to engage with and which issues to prioritize. Next, you will need to establish a process for soliciting input and involving community members in the grantmaking process. This may involve holding focus groups,

convening advisory committees or creating online feedback mechanisms.

Once you have engaged with community members and gathered their input, it is important to integrate their feedback into your decision-making process. This may involve creating a scoring rubric that incorporates community input, or establishing clear criteria for selecting grant recipients informed by community feedback. Throughout the process, it is important to maintain clear communication and transparency with community members, keeping them informed of the status of their input and the decision-making process.

Prize Philanthropy

Direct giving is an emerging trend in philanthropy. Awarding prizes and scholarships, for example, has been a mainstay in giving approaches that look to support or propel individuals and teams to a higher level of performance and impact. Scholarships and prizes have a level of prestige that can help elevate issues and support innovations that may be otherwise hard to support or support adequately.

Prize philanthropy is a relatively new approach that has gained significant attention in recent years, and can be a powerful tool for advancing equity and promoting positive change.

To get started in prize philanthropy, there are several key steps to consider. First, it is important to identify a specific issue or challenge that you want to address through the prize. This could be anything from promoting environmental sustainability or advancing racial justice, to supporting innovative solutions for global health challenges.

Once you have identified the issue, you will need to develop a clear set of criteria for the prize. This might include the specific goals or outcomes you want to achieve, as well as any eligibility requirements or restrictions on who can apply. It is also important to establish a clear process for evaluating and selecting winners, which should be transparent, fair and inclusive.

A key way to ensure that prize philanthropy is more equitable is to prioritize diversity, equity and inclusion

throughout the process. This might include actively seeking out and engaging with communities that are most affected by the issue you are addressing, as well as intentionally including underrepresented groups in the selection and evaluation process.

Another way to promote equity is to design the prize in a way that specifically addresses systemic barriers or structural inequalities that contribute to the issue you are addressing. For example, if you are addressing racial justice, you might consider creating a prize that specifically targets innovative solutions that address systemic racism or promote greater equity and inclusion.

There are many benefits to prize philanthropy, including driving innovation, creating new partnerships and collaborations, and achieving greater impact than traditional grantmaking approaches.

However, you should consider practicalities such as the need for significant resources to establish and administer the prize, as well as the potential for unintended consequences or negative impacts on the communities or issues being addressed.

Despite these challenges, prize philanthropy can be a powerful tool for advancing equity and promoting positive change. By taking deliberate steps to design and launch a competition that is equitable, inclusive and aligned with the needs and aspirations of the communities it seeks to serve, you can create meaningful impact and inspire greater innovation and progress.

Giving Circles, Crowdfunding and Mutual Aid

Technology and the digitization of our day-to-day has given rise to another important set of collective giving practices that have emerged and grown online and are coupled with the desire by many to be agile and responsive to disasters such as hurricanes, wildfires, earthquakes and war.

Giving circles, crowdfunding and mutual aid are increasingly popular approaches to philanthropy that offer a unique opportunity for you to engage

in more participatory and equitable giving practices. By pooling resources and expertise with like-minded individuals and communities, you can leverage your giving power and accelerate your impact in a way that is both fulfilling and transformative.

One reason why you should consider alternatives such as giving circles, crowdfunding and mutual aid is because they provide a way to directly connect with and support the communities and causes that matter most to you. In addition to being a more direct way of giving, these approaches can also offer family funders the chance to learn from and engage with the communities they are supporting.

Giving circles, for instance, allow you to collaborate with peers to fund grassroots organizations and movements, providing greater support to underfunded causes and empowering communities that have been historically marginalized.

Crowdfunding, on the other hand, offers donors a way to engage with their communities and support innovative and emerging projects that might not be eligible for traditional funding streams.

Mutual aid involves individuals coming together to provide each other with support, resources and care in a decentralized and grassroots way. Through mutual aid you can develop deeper relationships with communities and gain a better understanding of the challenges they face, leading ultimately to more effective and informed philanthropy.

Direct cash assistance is similar to mutual aid but is more direct and operates on a smaller scale. This practice is common outside the US. In India, for example, The Soondra Foundation provides daily laborers (who earn approximately \$5 a day) with grants from \$25 to \$1,500 for medical expenses in a country where most people cannot afford medical care.¹³ The funds go directly to providers to cover patients' medical bills, while partner organizations oversee the disbursement of funds. During the Covid-19 pandemic, when medical care was difficult to access but the need was high, the foundation helped 15,600 people with food rations and medicines.

Crowdfunding sites also host or support giving circles. Most giving circles have roots in ancestral

¹³ <https://soondra-foundation.squarespace.com/about>

community care practices but are now available both in person and online. These circles bring like-minded donors together and move resources to NGOs and communities that can be anywhere, either in a local neighborhood or thousands of miles away.

Platforms such as Give2Asia, GlobalGiving, Grapevine, Philanthropy Together and the bilingual HIPGive platform offer donors – either individuals or foundations – opportunities to channel resources quickly to places impacted by natural and human-made emergencies. They conduct due diligence, ensure responsibility for cross-border giving, and frequently support recipient NGOs and communities with tools and training to engage in long-term fundraising and how to connect with donors around the world.

However, it's important for you to carefully consider these different approaches and weigh the benefits and challenges of giving circles, crowdfunding and mutual aid. Some factors to consider include the level of control you want to have over your giving, the level of transparency and accountability you require, and the amount of time and resources you are willing to commit.

While giving circles and crowdfunding rely on a volume of donors giving in personally significant amounts, they also benefit from larger foundations or corporates matching funds. Many identity-based giving circles, such as those hosted by Asian American/Pacific Islanders in Philanthropy (AAPIP) and Latino community funds, have raised and redistributed millions of dollars in recent years. This increase hints at a growing reliance on community-specific giving and on giving at various income levels that supports donors in forming connections with other givers.

Mutual aid is another well-established practice. Increasing attention to, and reliance on, mutual aid reflects a growing trend toward connection, localization and immediate response. With the aid of technology, though, it is now often the easiest and perhaps only way that people impacted by disasters can receive immediate support. During the Texas winter storms of 2021, large parts of the state were without power, water and heat, making communications nearly impossible. The efficiency of app-based mutual aid helped thousands meet their basic needs.

Impact Investing

Impact investing is a powerful tool that allows you to align your investments with your philanthropic goals. It's more than just making money; it's about creating positive social and environmental impact. By investing in companies and organizations that are making a difference, you can amplify the impact of your philanthropic efforts and generate financial returns that can be reinvested.

When considering impact investing it's important to weigh the potential risks and returns. While impact investments can be profitable, they may also carry greater risks than traditional investments. You'll need to carefully evaluate the investment opportunities, assess the social and environmental impact, and consider the financial risks.

Getting started in impact investing can be overwhelming but there are some concrete steps you can take. First, establish your impact goals and determine the sectors and issues that align with your family's values and philanthropic priorities. Then, identify investment opportunities that align with those goals and seek out reputable impact investment funds and managers.

Once you've identified potential investments it's important to conduct thorough due diligence and assess the risks and potential impact. This may involve analyzing financial reports, examining the track record of the investment manager, and assessing the social and environmental impact of the investment.

To make the most of your impact investing, it's important to work with a team of experts who can guide you through the process and provide ongoing support and advice. This may include investment advisors, philanthropic advisors and impact measurement experts.

Overall, impact investing is a powerful way to amplify the impact of your philanthropy and generate financial returns that can be reinvested. By carefully evaluating investment opportunities and working with a team of experts, you can make informed decisions that align with your values and priorities.

Assessing Your Progress – Equitable Evaluation

As a donor and philanthropist you have the power to make a significant impact in the world through your philanthropic efforts. However, it's important to recognize that traditional evaluation methods may not always be the most effective way to measure the success of your grantmaking.

Equitable evaluation is a powerful approach that can help you achieve greater impact, build stronger relationships with communities served and ultimately make a more significant difference in the world.

Family funders should consider this approach because it centers on the voices and experiences of the underrepresented communities served. Traditional evaluation methods often overlook the perspectives and needs of marginalized communities, resulting in programs and initiatives that are not truly responsive to their needs. By incorporating equitable evaluation into your grantmaking process, you can ensure that your programs and initiatives are more responsive, effective and impactful.

Equitable evaluation can also help you build stronger relationships with communities served. By engaging in a collaborative evaluation process that involves community members and stakeholders, you can build trust, foster mutual understanding and create a more authentic partnership. This can lead to more effective grantmaking, as you gain a deeper understanding of the needs and perspectives of the communities you serve.

When considering this approach, it's important to consider a few key factors. You need to be committed to building an equitable and inclusive evaluation process. This means actively engaging with underrepresented communities, listening to their perspectives and experiences, and incorporating their feedback into your grantmaking process. It also means being willing to shift your approach and adapt to changing circumstances as community needs and perspectives evolve over time.

Another important factor to consider is the potential impact of equitable evaluation on your grantmaking process. By incorporating a more inclusive and collaborative evaluation process, you can increase the effectiveness and impact of your programs and initiatives. This can help you achieve greater results and make a more significant difference in the world.

Ultimately, equitable evaluation is a powerful tool that can help you achieve your philanthropic goals in a more meaningful and impactful way. By centering the voices and experiences of underrepresented communities served, you can build stronger relationships, achieve greater impact and make a more significant difference in the world. It requires a commitment to inclusivity, flexibility and adaptability, but the results can be transformative for both you as a funder and the communities you serve.

Incorporating equitable evaluation into your philanthropic strategy can be a challenging but rewarding process. It requires a willingness to engage in deep listening and reflection, build authentic partnerships with communities served, and be open to adapting your approach based on feedback and new information. However, the benefits of this approach are clear: stronger relationships, greater impact and more meaningful change. With a commitment to equity and a willingness to engage in a collaborative and inclusive evaluation process, you can make a significant difference in the world through your philanthropy.

Conclusion

Deciding on which philanthropic approach to take is not easy but it is critical. By reflecting on the available options and the unique goals of your philanthropy, you can create more impactful and sustainable change in the world. It is important to stay open-minded to new and emerging approaches and to continually reassess and adapt to the changing landscape of philanthropy. By taking the time to thoughtfully consider your options, you can make a real difference and create a legacy of positive change for generations to come. Remember, it's not just about giving back, but giving wisely and with intention.