Asia Community Foundation

Funding in Practice:

Insights from Southeast Asia on Funding, Flexibility, and Impact

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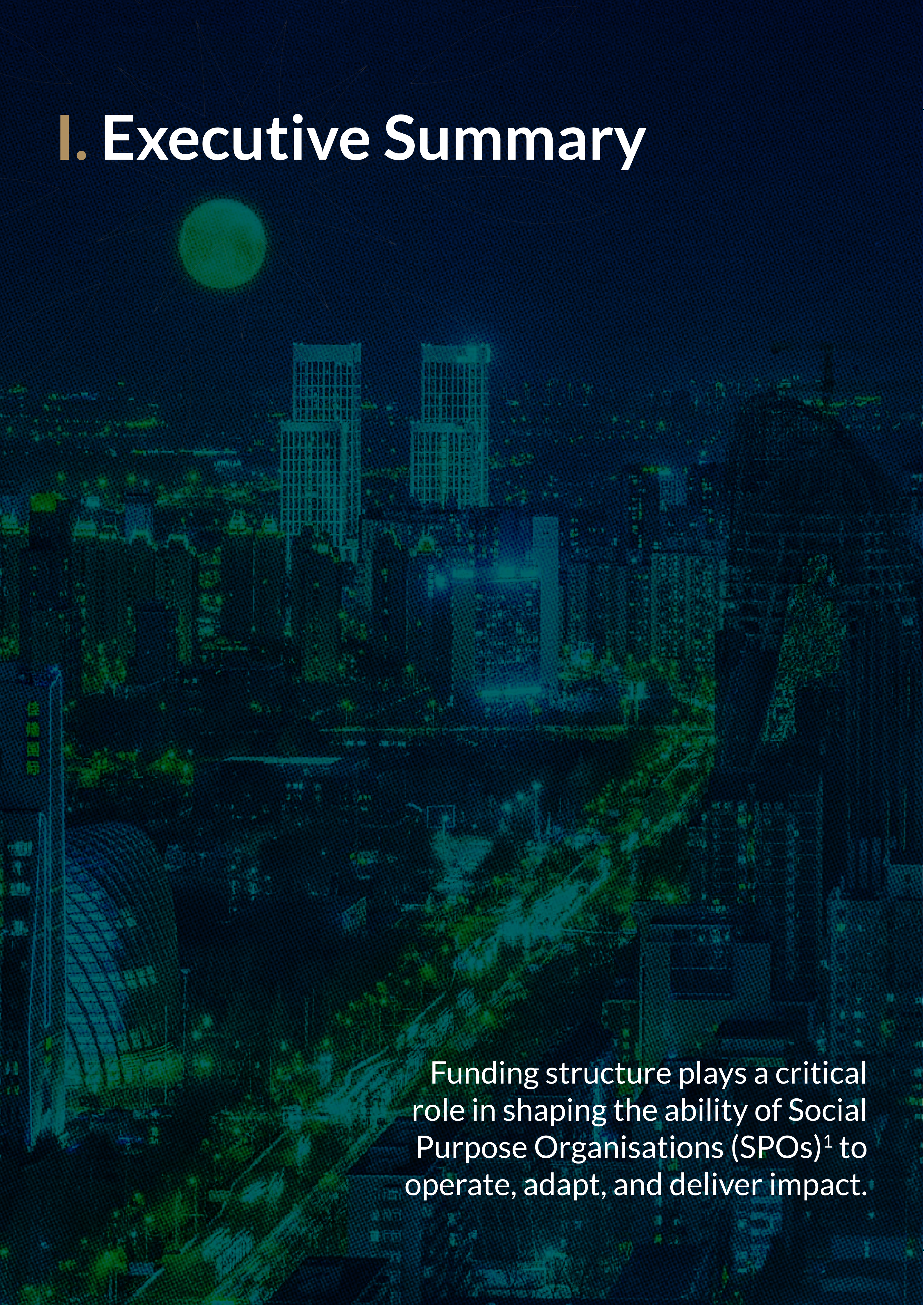
TABLE OF CONTENTS

I. Executive Summary



Funding structure plays a critical role in shaping the ability of Social Purpose Organisations (SPOs)[1] to operate, adapt, and deliver impact.

In recent years, we have seen growing global interest in more flexible approaches to grantmaking. But to date, only a limited body of research has examined how different funding structures impact SPOs in Southeast Asia. Asia Community Foundation surveyed funders and SPOs across the region to better understand the prevalence of various funding models, as well as how different funding practices are reported to support or constrain impact across the grant lifecycle. Five key insights from our sample emerged:

1. The funding landscape in Southeast Asia is characterised primarily by restricted, short-term grants, with flexible and multi-year funding still comparatively scarce.

Restricted funding remained the norm for our sample, with 68% of surveyed SPOs reporting that they received over 80% of their annual income from restricted grants. Of those grants, SPOs reported that 72% were highly restricted—that is, tied to specific budget lines or activities, with minimal flexibility.

Unrestricted funding in our sample was materially less common than restricted. Less than one third of surveyed SPOs reported receiving more than 20% of their annual income from unrestricted grants, with notable disparities by geography and organisation size.[2] Singapore-based organisations were the *most* likely to access unrestricted support, while smaller organisations were the *least* likely: no surveyed organisation with an annual budget below USD 100,000 reported receiving more than 20% of its income from unrestricted grants.

Multi-year funding was more prevalent than unrestricted, with 55% of organisations reporting that they received more than 20% of their income from multi-year grants. However, although the majority of surveyed SPOs (62%) reported that both flexibility of funds and multi-year funding were equally important to their organisation's ability to achieve its mission, relatively few organisations received substantial amounts of either: only 14% of surveyed SPOs reported that more than 20% of their annual income was unrestricted *and* that more than 20% was multi-year, although these funding streams did not necessarily overlap.

2. In practice, unrestricted funding in Southeast Asia functions less as "no-strings-attached" philanthropy and more as flexible funding with guardrails.

While the theoretical understanding of unrestricted funding is often associated with minimal oversight, both the funders who provided such funding and the SPOs who received it within our sample, described a different reality: for our respondents, unrestricted funding typically functioned as flexible funding with defined guardrails, and was subject to expectations around use, progress towards outcomes, and reporting. Importantly, unrestricted did not mean unaccountable. In some cases, SPOs reported that unrestricted funding was actually associated with *greater* transparency than restricted grants, as organisations were more likely to proactively share challenges, risks and strategic concerns with their unrestricted funders. Funders similarly shared that, in some cases, their provision of unrestricted funding actually improved operational insight and strengthened their grantee relationships.

3. Unrestricted funding often serves as the operational backbone that allows SPOs to function

SPOs receiving over 20% of their income from unrestricted funding reported using it mainly to pay salaries, sustain programmes, cover core operating costs and bridge funding gaps left by restricted grants. Thus, rather than primarily functioning as "discretionary" capital, unrestricted funding seemed to play an important role in SPOs' day-to-day operations. In practice, unrestricted funding was reported to frequently "subsidise" restricted grants, by filling budget gaps—particularly around salaries, overheads and organisational capacity—that restricted grants left unfunded, but were necessary for SPOs to function.

4. Across every stage of the grant lifecycle, longer-term, flexible funding practices are associated with improved reported SPO effectiveness and stronger funder-grantee relationships.

Across five dimensions of the grant lifecycle—pre-deployment considerations, grant duration and renewal, use of funds, reporting, and funder-grantee relationships, SPOs consistently reported that longer-term, flexible, collaborative approaches were associated with improved organisational effectiveness and stronger funder-grantee relationships. In particular, SPOs reported that flexible fundind: improved programme delivery by allowing them to respond dynamically to learnings and changing community needs; strengthened organisational capacity by allowing for investment in staffing and internal systems; and encouraged deeper and more strategic funder-grantee relationships. Conversely, SPOs reported that top-down project design, rigid Key Performance Indicator (KPIs), and excessive reporting burdens often constrained impact.

5. Smaller and emerging organisations may often be excluded from the flexible funding they need to build stronger systems

Many funders reported that they hesitated to provide unrestricted funding when an organisation lacked strong governance, reporting or operational systems. But SPOs reported that they often required unrestricted funding precisely to build those systems. This is the Capacity Trap —a structural Catch-22 which means that smaller or emerging SPOs may be structurally excluded from the very funding structures they need to strengthen themselves. Our findings suggest that funders can help bridge this gap through smaller, early-stage flexible grants, direct capacity-building grants, or in-kind operational support.

Across this study, SPOs who received flexible funding consistently described its effect on their organisations as transformative. And many funders who provided such funding reported not only greater perceived impact, but deeper partnerships and increased transparency. These findings suggest that moving away from tightly restricted funding models does not require abandoning accountability. Instead, flexible approaches to grantmaking have the potential to strengthen SPOs, improve funder-grantee relationships, and maximise long-term impact across the region.

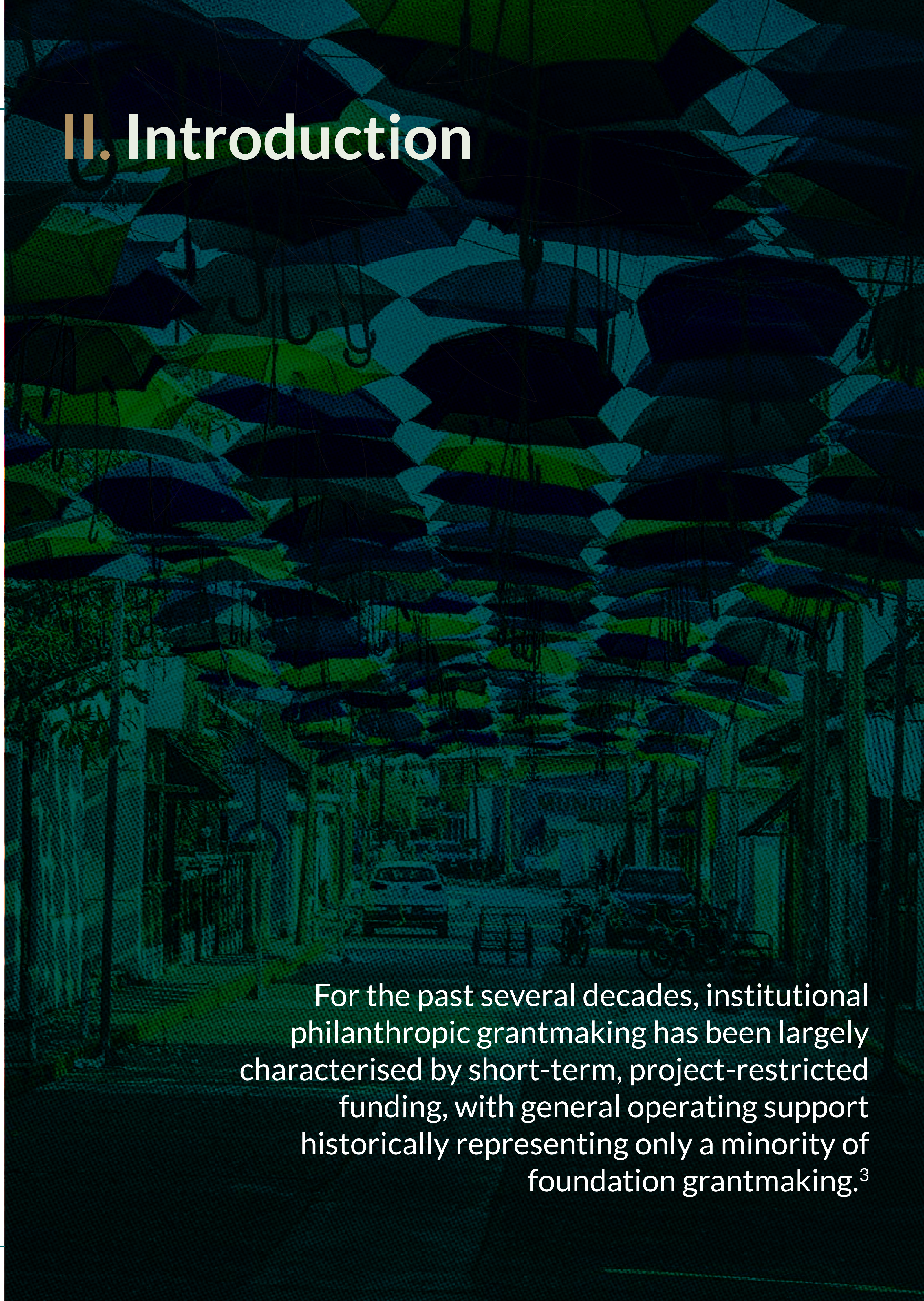
DEFINITIONS

We used the following definitions for purposes of our survey.

Multi-year funding
Funding that is committed for at least two years, whether disbursed in tranches or upfront.

Unrestricted funding
Funding provided to an organisation without any donor-imposed restrictions on purpose, activity or timing, allowing the organisation to use the money at its own discretion for its charitable mission.

Restricted funding
Funding given under the condition that it be used only for a specific purpose. This can range from funding designated for a single project with defined budget line items, to funding earmarked for a broader programme or area of an organisation's work (for example, funds may be used flexibly to support an organisation's education-related activities, but may not be put towards its healthcare work).



II. Introduction

For the past several decades, institutional philanthropic grantmaking has been largely characterised by short-term, project-restricted funding, with general operating support historically representing only a minority of foundation grantmaking.[3]

This approach emphasises funder oversight and attribution, and reflects prevailing governance, accountability, and reporting norms within the sector. In recent years, however, the model has shown signs of shifting. In 2016, for example, the Ford Foundation launched BUILD (Building Institutions and Networks), a programme which provided USD 1 billion in five-year, primarily unrestricted grants[4] to over 350 non-profits.[5] In 2019, the presidents of five major U.S. foundations committed to increasing unrestricted funding to cover grantees' indirect costs.[6] Also in 2019, MacKenzie Scott began paying out the first distributions of an unprecedented ~ USD 26 billion in unrestricted, lump-sum grants to over 2,000 organisations.[7]

Emerging research suggests that such multi-year and unrestricted grants are associated with healthier, more resilient organisations, and better programmatic outcomes. In 2022, Ford Foundation conducted an external evaluation of BUILD: among other things, grantees reported increased financial resilience (83%); improved strategic clarity (92%); and better staff retention and development (91%). Such institutional strengthening translated to 91% of grantees reporting that BUILD helped them achieve mission impact; and 98% reporting that BUILD enhanced their support for their field and networks, and made them stronger.[8]

When the Center for Effective Philanthropy (CEP) evaluated Scott's gifts, their findings were similar. 90% of organisations reported that the grant strengthened their financial sustainability, as well as their ability to achieve their missions. 56% of grantees reported they were very successful in engaging in new programmatic initiatives, 61% were very successful in expanding existing programmes to new populations, and 60% were very successful in expanding existing programmes to new geographies. Nearly 90% of leaders said that Scott's gift strengthened the fields and communities in which their organisation seeks to have impact.[9] Nearly 90% of leaders also reported that the grant had no negative consequences for their organisation or work, and more than 80% of leaders reported that their organisation encountered no challenges with use or receipt of the grant.[10]

A few other, smaller studies examining unrestricted giving by Ballmer Group, the Walter & Elise Haas Fund, and Lloyds' Bank Foundation also support the conclusion that unrestricted multi-year funding strengthens organisations.[11] And a 2025 analysis of French foundation Epic's giving goes one step further and draws a link between Epic's unrestricted multi-year grants and downstream impact: 96% of grantees reported that Epic's support allowed them to increase their number of direct beneficiaries, and 92% reported improved practices / methods for supporting those beneficiaries.[12] In the context of the United States and Western Europe at least, unrestricted multi-year funding seems associated with improved organisational health and, to some degree, stronger programmes.

But this relatively sparse evidence base dwindles further when the geographic scope narrows to Asia. We identified only a handful of Asia-focused studies on the impact of unrestricted funding, of which most are specific to the COVID-era. When AVPN studied the twelve grantees of its KKR COVID Relief Fund for APAC Recovery + Resiliency, it found that one year after disbursement, unrestricted funding had helped cover hidden and "unfundable" costs, empowered organisations to respond nimbly to changing community needs, and improved internal morale.[13] The D.H. Chen Foundation surveyed 50 Hong Kong based non-profits and found that core operational funding during COVID had boosted morale, supported talent development and strategic planning, enhanced internal operations, improved existing services and increased capacity to speed up new service development.[14] And a May 2022 study by the Center for Asian Philanthropy and Society which surveyed 35 Hong Kong based non-profits found that operational funding supported "the overall vision and mission of [non-profits] by helping cover the crucial costs associated with keeping [the organisations] going."[15] While these studies provide valuable insights, their findings are constrained by small sample size, limited geography, and crisis conditions. The remaining literature from Asia consists almost entirely of articles and normative or practice guides, which broadly support unrestricted multi-year giving, but are not rooted in empirical analysis.[16]

To our knowledge, few, if any, studies have broadly examined the impact of unrestricted, multi-year funding on organisations in Southeast Asia. This matters because, without localised evidence, both SPOs and funders must rely on largely foreign case studies or anecdotal experience when considering the benefits and challenges of different funding structures. Through surveys and interviews with SPOs and funders, this snapshot study seeks to contribute additional practitioner-led insights into how funding structures may shape organisational performance, programme delivery, and funder-grantee relationships across the region.[17]

III. Methodology and Demographics

This study adopted a mixed-methods approach, combining quantitative survey data with semi-structured interviews of SPOs and funders operating across Southeast Asia.

The survey was developed following a review of existing literature and prior studies on unrestricted and multi-year funding (see Appendix E). The survey was hosted online between 18 January and 1 March 2026 and translated into Tagalog, Khmer, Thai, Vietnamese, and Bahasa Malaysia to broaden regional accessibility.[18] Respondents provided informed consent prior to participation.

To encourage candid responses, the survey did not collect identifying information beyond optional contact details for respondents interested in follow-up interviews or receiving the study findings. Analysis was limited to complete responses from organisations operating in at least one Southeast Asian country, and all survey data was anonymised and analysed in aggregate.[19]

Interviews were conducted primarily with survey respondents who indicated openness to follow-up participation, supplemented by a smaller number of additional interviewees identified through referrals. Interviews followed a semi-structured discussion guide aligned with the study's core research questions. To support open discussion, interviews were conducted by an independent researcher, held online, and transcribed for analysis. Interviewees also provided informed consent regarding the use of their insights and quotations. All interview quotations included in this report are anonymised. Quotes have been lightly edited for clarity, grammar and syntax, while preserving the substance and intent of the original remarks.

The study drew on survey responses from 132 SPOs and 19 funders, alongside interviews with 29 SPOs and 15 funders.

SPOs

132
Surveyed

29
Interviewed
(27 recruited through the survey)

DONORS

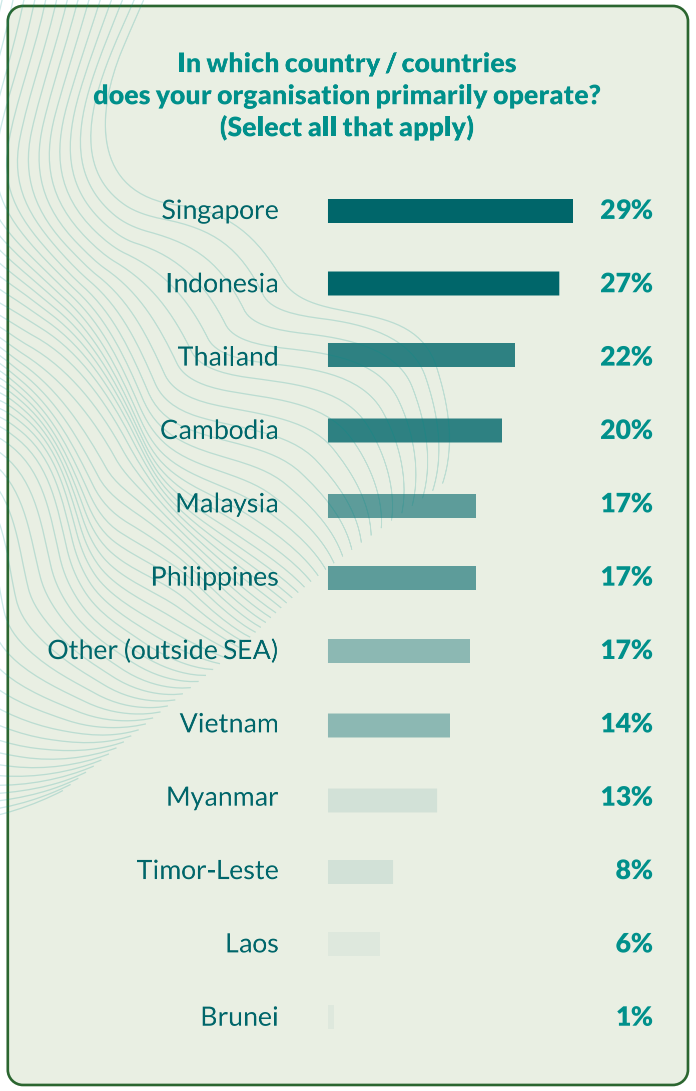
19
Surveyed

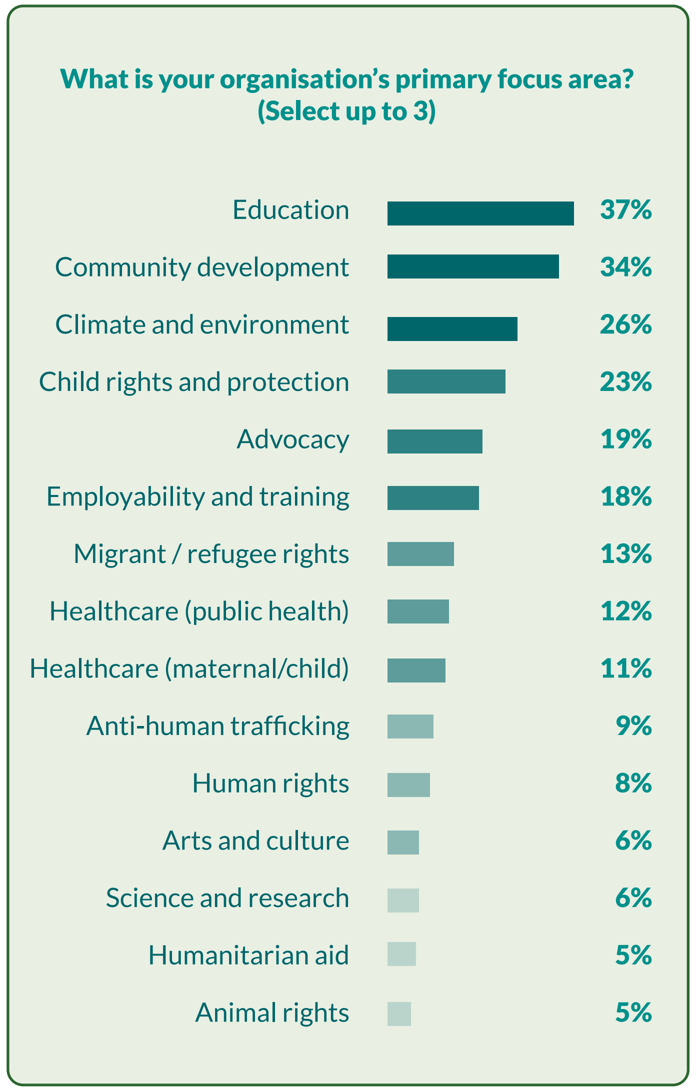
15
Interviewed
(5 recruited through the survey)

RESPONDENT DEMOGRAPHICS

SPOs

Of the 132 respondents, most operated in Singapore (29%), Indonesia (27%), Thailand (22%) and Cambodia (20%). The least represented countries amongst survey respondents were Brunei (1%) and Laos (6%). Most respondents' sectors of focus were Education (37%), Community Development (34%), and Climate (26%). Fewest worked in Humanitarian Aid (5%) and Animal Rights (5%).





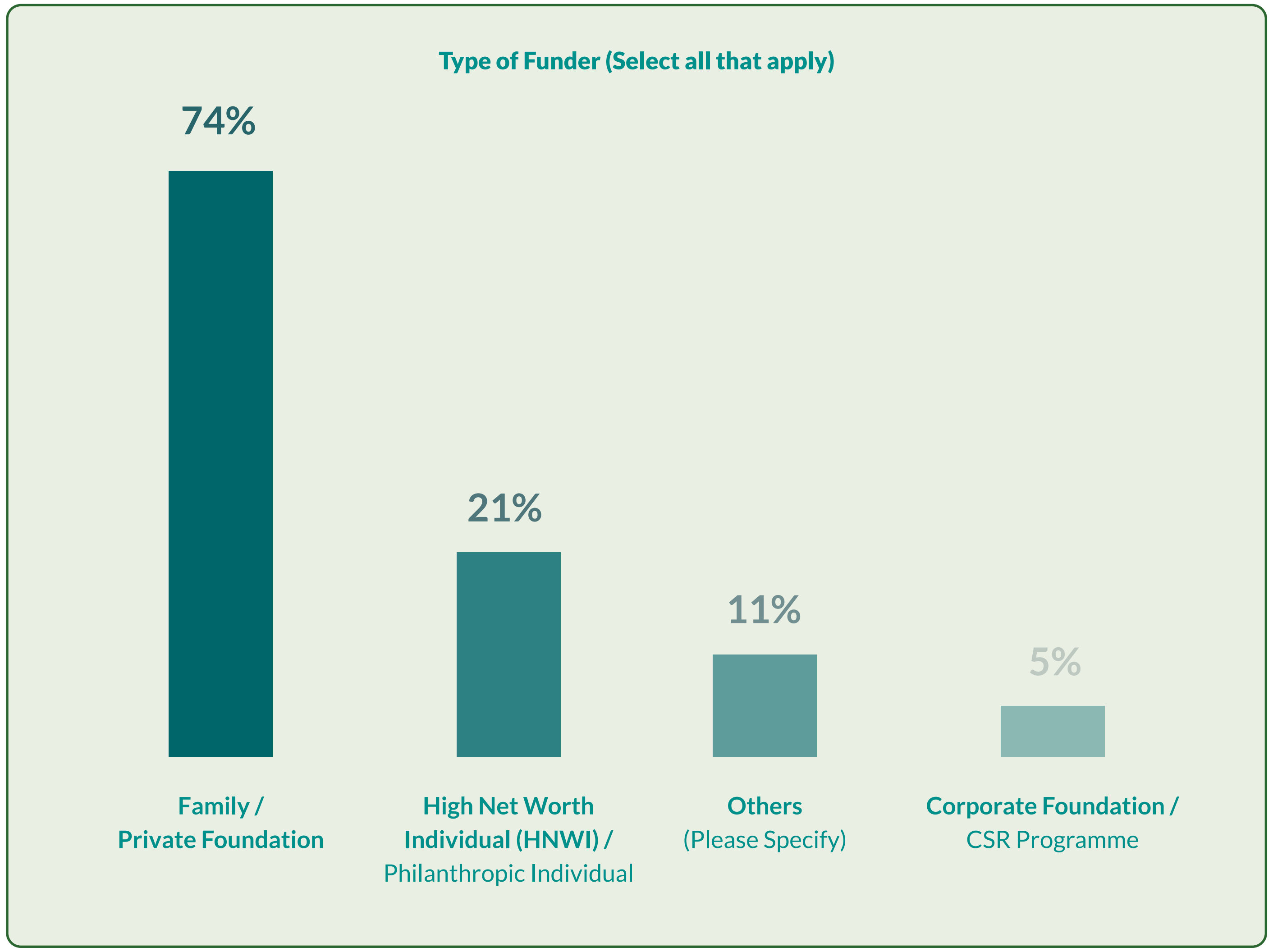
***Percentages do not sum to 100% as respondents could choose multiple options for both questions. 'Other (outside SEA)' refers to respondents whose organisations also operate in countries outside of those explicitly listed.**

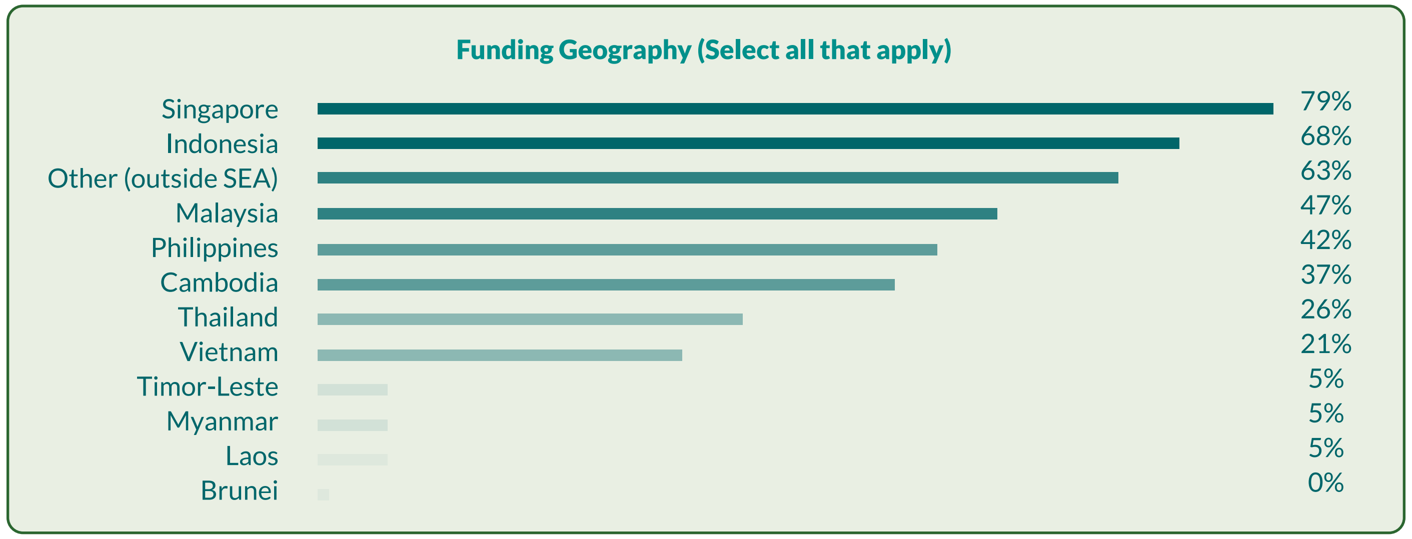
For this study, we have defined a Social Purpose Organisation (SPO) as an organisation whose primary purpose is delivering products and services that address a societal need. This definition includes both non-profits and social enterprises. Of surveyed respondents, 92% were registered charities / non-profit organisations, 7% were social enterprises or mission driven businesses, and 2% identified as "other."

*Percentages do not sum to 100% due to rounding.

Funders

Among the 19 funders surveyed, giving within Southeast Asia was concentrated in Singapore (79%), Indonesia (68%), and Malaysia (47%). Most funders (74%) were family or private foundations or High Net Worth Individuals (21%). The two responses for "others" were a philanthropic network and a public foundation.





*Percentages do not sum to 100% as respondents could choose multiple options for both funder type and funding geography.

LIMITATIONS OF THE SAMPLE AND STUDY

SPOs

Our pool of surveyed SPOs skewed towards larger and more mature organisations. Among respondents, 79% had been operating for over eleven years, 73% had annual operating budgets greater than USD 500,000, and 71% had ten or more full-time staff. As such, we recognise that the survey is not fully representative of Southeast Asia's broader social sector landscape, where many SPOs are smaller or less formally structured.

As explained above, surveyed SPOs were geographically concentrated in Singapore (29%), Indonesia (27%), Thailand (22%), and Cambodia (20%). As such, this study may reflect funding dynamics and experiences more common within these geographies than across Southeast Asia as a whole.[20]

Funders[21]

Our surveyed funder sample similarly skewed quite heavily towards more experienced and flexible grantmakers. Among respondents, 95% were individuals or private foundations, 63% had been actively providing grant funding for more than six years, 79% provided at least some unrestricted funding and 89% provided at least some multi-year funding. The gap between funders' reported provision of unrestricted and multi-year funding and SPOs' reported receipt of such funding suggests that our funder sample is not representative of the broader region and likely overrepresents funders already engaged in flexible funding practices. For full clarity, the funders interviewed are not necessarily funding the SPOs that were surveyed or interviewed.

Study Design and Limitations

We acknowledge that Southeast Asia is an extremely diverse region, with wide variation in social sectors, organisational structures, and philanthropic practices across countries and communities. While care was taken to consider respondent demographics and capture a broad range of perspectives, this study does not claim to be fully representative of the region's social sector or funding landscape and, as noted above, the sample for both funders and SPOs leans towards particular groups.

Additionally, Asia Community Foundation is not an academic or specialist research institution. This is a practitioner-led study intended to surface practical insights, lived experiences, and self-reported patterns across the region. It should therefore be understood as a snapshot study rather than a comprehensive academic research project.

Finally, while efforts were made to improve accessibility through survey translation into other Southeast Asian languages, the majority of responses were submitted in English, and all interviews were conducted in English. This may have influenced both participation and the framing of responses.

IV. The current funding landscape in Southeast Asia

To better understand the funding models currently available to SPOs across Southeast Asia, we first examined the prevalence and distribution of key funding structures across survey respondents.

Our sample size limits the statistical significance of country-level comparisons; however, the data suggests a hierarchy of funding adoption, as well as some directional patterns and trends across geography and organisation size.

Within our sample, restricted funding remained the dominant model

The majority of funding available to SPOs in our sample was restricted.

- For 68% of the 132 surveyed SPOs, restricted funding made up 80% or more of their annual income.
- Of this restricted funding, nearly three-quarters (72%) was highly restricted—meaning that the funding was tied to a specific project and budget, with little to no flexibility in how money could be spent.

Within our sample, unrestricted funding was rare—and unevenly distributed across geographies and organisation size

Less than one third (32%) of surveyed SPOs received over 20% of their annual income from unrestricted funding.[22]

- By contrast, unrestricted funding appears more common outside of Asia—in the Non-profit Finance Fund's 2025 State of the Non-profit Sector Survey, for example, 63% of US non-profits reported that more than 20% of their grants and donations were unrestricted.[23]
- Some geographic patterns also emerged within the sample:

  Organisations operating in Singapore were more likely to report receiving unrestricted funding, with 38% receiving more than 20% of their total income from unrestricted funds, compared to only 29% of organisations operating outside Singapore.

  Organisations operating in Vietnam reported the lowest levels of unrestricted funding, with only 16% reporting that they received more than 20% of their total income from unrestricted funds, compared with 35% of organisations operating outside Vietnam[24].

- **Organisation size also appeared linked to availability of unrestricted funding, with small organisations reporting that they were less likely to receive unrestricted funding.**

  No surveyed organisation with an annual budget below USD 100,000 reported receiving over 20% of its income from unrestricted funding.

  This mirrors findings from the United States, where smaller non-profits were also significantly less likely to receive meaningful unrestricted support.[25] Notably, the CEP study of Mackenzie Scott's unrestricted giving found that her grants were made exclusively to non-profits with annual budgets greater than USD 500,000—despite the majority of US based non-profits operating with budgets below this threshold.[26]

Among surveyed funders, self-reported provision of unrestricted funding was relatively widespread, but often limited in depth across their portfolios.

- While 79% of funders reported providing at least *some* unrestricted funding, only 33% reported providing it to more than 75% of their grantees.
- This pattern suggests that unrestricted funding may be used selectively, rather than as a dominant grantmaking approach. These findings broadly align with global trends. In the United States for example, a 2020 CEP study found that though nearly 60% of surveyed US foundations provided *some* multi-year general operating support, only 11% provided such support to over 50% of their grantees.[27] Outside North America and Western Europe, unrestricted funding appears even less common—globally, general operating support represented only 16% of all philanthropic giving between 2016 and 2019.[28]

Multi-year funding was more prevalent than unrestricted funding, though far from universal

- Just over half (55%) of surveyed SPOs reported receiving over 20% of their annual income from multi-year funding.
- Organisations operating in the Philippines reported receiving the highest levels of multi-year funding, with 70% receiving more than 20% of their annual income from multi-year grants, as compared to 51% of organisations operating outside the Philippines. By contrast, organisations operating in Malaysia reported receiving the lowest levels, with only 39% receiving more than 20% multi-year funding, compared to 58% outside Malaysia.
- 13% of SPOs reported receiving no multi-year funding, compared to 22% who received no unrestricted funding.

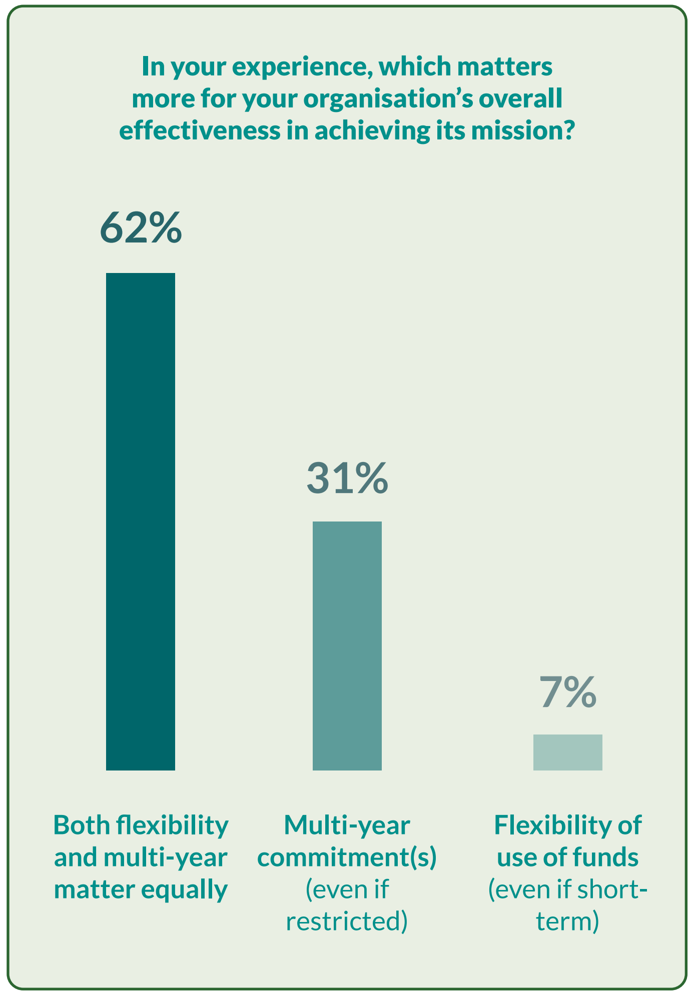
Among surveyed funders, reported provision of multi-year funding was high:

- 89% reported providing at least some multi-year funding.
- Within this subset, multi-year funding was split relatively evenly between restricted and unrestricted grants. On average, funders estimated that 47% of their multi-year giving was restricted, and 44% was unrestricted.

Though most SPOs reported valuing both multi-year commitments and flexibility of funds, the two rarely coincided

- For SPOs who received more than 20% of their total income from multi-year funding, we asked whether funding flexibility, multi-year commitments or both mattered most for their organisation's overall effectiveness in achieving its mission.
- Only 7% of surveyed SPOs reported that flexible funding—even if short term—was more important to organisational effectiveness. By contrast, nearly a third (31%) reported that multi-year commitments—even if restricted—were more important. **However, the majority of surveyed SPOs (62%) reported that both flexibility of funds and multi-year funding were equally important to their organisation's ability to achieve its mission.** Taken together, these findings suggest that for SPOs in our sample, stability mattered more than flexibility alone. If forced to choose, organisations would generally prefer longer-term funding over short-term, flexible grants. However, the clearest message is that the funding structures perceived as most effective combine both longer-term commitments and flexibility of use.
- **Despite SPOs' strong reported preference for both flexible and multi-year grants, only 14% of surveyed SPOs received more than 20% of their annual income from both types of funding.** In the absence of more recent regional comparisons, pre-pandemic data from the CEP found that 41% of US non-profits received multi-year general operating support, and that such support constituted less than one-quarter of those non-profits' foundation funding.[29] from our sample, taken together, the data suggests that meaningful levels of unrestricted, multi-year funding remain rare for SPOs both regionally and globally.

While the CEP number is higher than the comparable, the true regional baseline may be even more restrictive.



Given the skew of our sample towards larger, more established SPOs and funders already providing at least some flexible funding, the prevalence of unrestricted and multi-year funding across the broader ecosystem may be lower than what our survey results suggest.[30] A 2024 Organisation for Economic Co-operation and Development (OECD) report, for example, noted that Asian SPOs are the least likely beneficiary of unrestricted dollars, with a less than 2% predicted probability of receiving such funding. The CAPS Doing Good Index 2024 similarly noted that 84% of surveyed SPOs in the region find it difficult to secure unrestricted funding.[31]

Why is multi-year and unrestricted funding scarce? Perceived and reported barriers from SPOs and funders

Multi-year

Our surveyed funders reported high rates of multi-year giving, with 89% providing at least some multi-year support[32] and 68% reporting no significant constraints on their ability to do so[33]. Again, this likely reflects the specific nature of our funder sample and may not be representative of the broader regional ecosystem. Where funders *did* report constraints in committing multi-year grants, they were largely administrative and centred around annual budgeting cycles (21%), the desire to preserve annual allocation flexibility (16%), and difficulty forecasting future funding availability (11%)[34].

SPOs' reported perceptions of why funders hesitate to provide multi-year funding similarly centred around institutional caution: funders' uncertainty around future priorities (49%), funders' preference for annual cycles (38%), and funders' internal approval processes (34%)[35]

Unrestricted

When it came to unrestricted funding, both funders and SPOs identified deeper concerns around trust, control and accountability. Among surveyed funders who provided restricted grants, the most commonly cited reason was that restriction was often used during early-stage or new grantee relationships (58%), suggesting that many funders viewed restricted grants as a trust-building mechanism before possibly transitioning to greater flexibility. Requirements for project-specific metrics or deliverables (42%), weak grantee reporting (37%), and difficulty attributing impact under unrestricted models (26%) also emerged as major factors for providing restricted funding.[36]

SPOs' perceptions of why funders hesitate to provide unrestricted funding largely mirrored funders' stated concerns. SPOs cited funders' desire for project-level attribution (49%), preference for tight control over resource allocation (48%), and concerns around financial management or misuse (34%) as the primary barriers to providing unrestricted funding.[37]

These trust-related concerns echo a broader "trust deficit" in Asian philanthropy identified by the CAPS as a key structural barrier to private social investment in the region.[38,39]

Interestingly, across both multi-year and unrestricted funding, both SPOs and funders reported minimal concerns around regulatory barriers, compliance requirements or internal capacity constraints. And while no *surveyed* funders identified resistance at the board / principal level as a reason for not providing multi-year or unrestricted funding, *interviewed* funders had a somewhat different perspective. Several funders shared that while they may personally have wished to provide more long-term or unrestricted funding, decision-making authority often rested with trustees or principals who may have a different view.

"We don't do fully unrestricted funding because that would not, I think, be something the trustees would feel comfortable with currently."

"My principal is quite flexible and open, but at the same time cautious as well, and that is one of the key reasons why we started off with [programmatic] grants."

Taken together, the data suggests that funder hesitations—particularly around trust, control and internal decision-making—play a significant role in the decision to provide unrestricted and/or multi-year grants.

WHAT SHAPES FUNDER MINDSET?

Interviews offered some interesting insights as to why funders might choose to give flexibly. Many funders who provided flexible funding pointed to their own prior experience working within non-profits. Having directly experienced the operational realities of running organisations, they were often more skeptical of tightly restricted, short-term funding models.

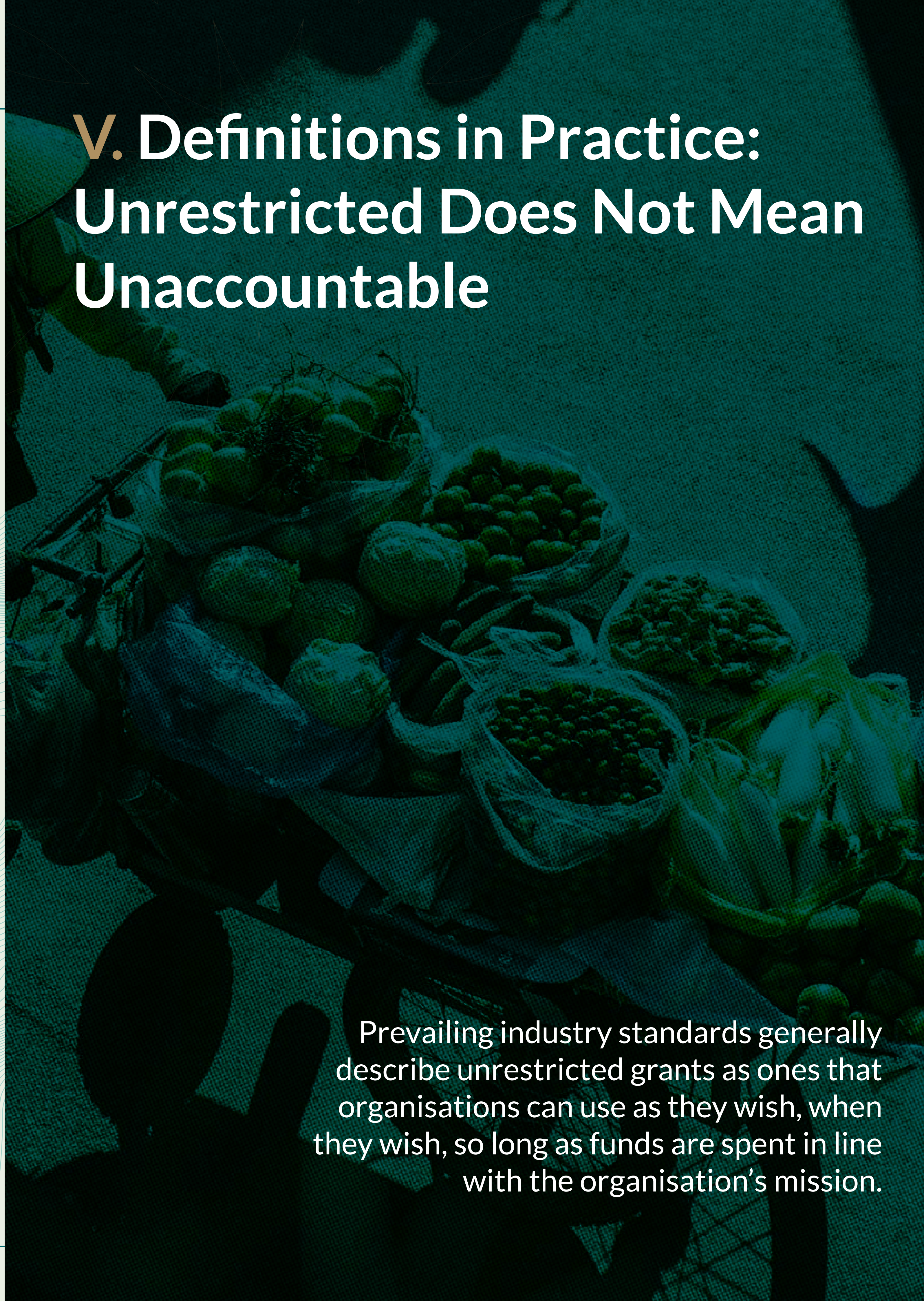
> *"We provide flexible funding because we all have been practitioners. We have run organisations, we have started organisations."*

> *"Having spent eight years in a non-profit, I've personally experienced how difficult it can be to navigate the expectations of different funders while still trying to focus on the actual work."*

> *"From my own experience founding and supporting charities, I know firsthand how hard it is to raise funds towards building organisational capacity … Donors and grantmakers who have not built a charity themselves may not realise that restricted giving, however well-meaning, can constrain the very impact they seek."*

Other funders justified their provision of flexible funding through private-sector analogies, particularly from entrepreneurship and venture investing, where long-term investment in teams and organisational capacity were often viewed as essential to success.

> *"Our founders are tech entrepreneurs … [if] you say to them, go and build [large tech company] with a year's project funding, get the best staff … it's just completely illogical. So if you want to do big things you don't fund a project, you back a team to do something extraordinary with core funding over multi-years."*



V. Definitions in Practice: Unrestricted Does Not Mean Unaccountable

Prevailing industry standards generally describe unrestricted grants as ones that organisations can use as they wish, when they wish, so long as funds are spent in line with the organisation's mission.

SELECTED DEFINITIONS OF "UNRESTRICTED FUNDING"

> *"No strings funding that organisations can use for anything within their charitable objects."*

https://www.ivar.org.uk/unrestricted-funding.

> *"Grants or donations non-profits get to spend any way they believe is appropriate to further their mission."*

https://theconversation.com/what-is-unrestricted-funding-two-philanthropy-experts-explain-164589

> *"Grants or donations that allow the non-profit to self-determine how the funds will be used, rather than being restricted or allocated to a specific purpose. Also referred to as core support, general operating support, and flexible funding, this type of support gives non-profits the ability to plan ahead, be responsive to emergent needs, and cover other essential expenses that are rarely covered by project-specific grants."*

https://www.trustbasedphilanthropy.org/tools-resources/tbp-glossary

For purposes of our survey, we similarly defined "unrestricted funding" as:

Funding provided to an organisation without any donor-imposed restrictions on purpose, activity or timing, allowing the organisation to use the money at its own discretion for its charitable mission.

Evidence from our snapshot study, however, suggests that this definition does not fully reflect how respondents experienced such funding in practice.

A DIFFERENT REGIONAL UNDERSTANDING

When surveyed funders and SPOs were asked to describe what they considered "unrestricted" funding, they consistently articulated a different model than what the definitions above describe.[40] Our sample understood unrestricted support as funding that is co-designed and collaborative, but still subject to clear parameters around use, reporting and ongoing funder engagement. In other words, for our surveyed actors, unrestricted funding functioned less as total freedom and more as flexible funding with defined guardrails.[41]

IN THEORY

Unrestricted funding is:

"Funding provided to an organisation without any donor-imposed restrictions on purpose, activity or timing, allowing the organisation to use the money at its own discretion for its charitable mission."

INSTITUTIONAL GUARDRAILS
- Governance and board oversight
- Risk management policies
- Legal and regulatory compliance
- Internal audit and controls

STRATEGIC GUARDRAILS
- Shared mission and values
- Agreed focus areas or priorities
- Theory of change alignment
- Population or geographic focus

OPERATIONAL GUARDRAILS
- Budget parameters
- Activity or use of funds parameters
- Reporting requirements
- Regular check-ins and updates
- Consultation before material change

IN PRACTICE

Unrestricted funding functions as flexible funding with guardrails

As one SPO explained:

"We get a grant from a well-known, 'unrestricted' funder, but even there, they don't just give us the money and say do what you want. They ask us what we need, and we agree on how we will use the money. We give them a budget and a plan."

Another noted:

"They are flexible. But also not so easy that you don't have to do what you said you would … if you're going to change what you've agreed, you still have to make a case for doing it, and I think that's good."

And more bluntly:

"Unrestricted like they give us an envelope … and say you're free to go? No, we've never had that … you always have to supply a focus area and a budget."

Beyond these formal guardrails, our findings suggest that unrestricted funding can actually encourage *more* transparency in some cases—not less. Under highly restrictive funding models, some interviewed SPOs reported that they may limit communication to only project-specific metrics, hesitate to share risks or failures, or feel pressure to shape reporting according to donor expectations.[42] By contrast, in more flexible funding relationships, some SPOs reported being more willing to share challenges, communicate about the organisation as a whole (rather than a specific project), and engage with the funder on broader strategic and operational issues.

"I think people who give very restrictedly think that you get to control more … but actually what ends up happening is that organisations report to your rubric versus actually telling you what's going on and where impact comes from. The kind of the flip side to [restricted funding] is that you only see what the organisation ends up wanting you to see in order to give you what you want. Versus for unrestricted trust-based funding, where you actually get to go a lot deeper, and you get to understand organisations more, and get to really understand the mechanisms for why certain things work, and why they don't work."

"For [our flexible funders] we send them a lot more information, the kind of information that is usually only for the staff or the board, because I really want them to know what is going on, the work we're doing, the challenges we face. And they've told us, they really appreciate this level of proactive communication, so that they could build trust."

"Even though it's flexible and they don't require [much] reporting, we want to provide the best services we can, we want to stick to what we have promised…. Even though they don't request details, we still provide them, because that's the quality we want to build … It's a good burden – they have trusted us by giving us flexible funding, and to maintain their trust, we deliver the best that we can."

Some of the funders who provided unrestricted funding similarly emphasised that it strengthened—rather than weakened—their visibility into grantee operations.

"[The SPO] feels safe sharing their entire budget, because very often, otherwise, budgets presented are for what the donor is funding. We never want that. We want to discuss the full budget and how it supports the execution of their strategic plan."

At the same time, interviewees suggested that this transparency was not created by the unrestricted nature of funding alone. Trust, candour and psychological safety were also shaped by factors such as the length of the funder-grantee relationship, individual funder behaviour, and whether SPOs felt they could speak honestly without jeopardising ongoing support. Flexible funding may therefore be less a standalone driver of transparency than one element of a broader trust-based relationship.

"With our longer-term partnerships, we often have more flexibility during the implementation process. As we have a closer relationship, they—hopefully—understand they can tell us anything, including things that do not go well, and they can challenge us as well when we say or suggest things that they see differently. And when we go to the field, we often feel more like part of the team than being a donor." **[Funder]**

Taken together, what these reflections suggest is that **unrestricted does not mean unaccountable.** Within our sample at least, unrestricted funding functioned as flexible funding with guardrails, rather than pure, no-strings attached philanthropy. And importantly—and perhaps counter-intuitively—insights suggest that this model, especially when paired with longer-term relationships, can actually support deeper trust, more transparency and greater accountability than highly restrictive grantmaking.

Our next question then becomes practical: How do successful flexible funders structure their grants to maximise effectiveness while still preserving accountability and oversight?

A NOTE ON TERMINOLOGY MOVING FORWARD:

Through the rest of this report, we use the term "unrestricted" when referring to specific survey responses or broader industry definitions, but otherwise use "flexible" to describe how most unrestricted funding operates across our sample.

VI. What Funding Practices Support—or Constrain—Impact?

To better understand how funding structures influence SPO performance, we present our findings across five distinct aspects of the funding cycle: 1) Pre-deployment Considerations; 2) Grant Duration and Renewal; 3) Use of Funds; 4) Reporting; and 5) Funder-Grantee Relationship.[43]

Across the above aspects of the funding cycle, a consistent pattern emerged: the funders that SPOs identified as most supportive tended to adopt funding practices that were longer-term, collaborative, adaptive and proportionate. These funders paired flexibility with accountability, providing support that allowed organisations to adapt to community needs, invest in their own capacity, and sustain impact over time—while still maintaining appropriate oversight and transparency.[44]

1. PRE-DEPLOYMENT CONSIDERATIONS: PARTNER SOURCING AND SPO PROGRAMME DESIGN

While our survey data most clearly captured the downstream impact of funding practices, interviews with SPOs and funders revealed that pre-deployment considerations played a critical gatekeeping role in determining which SPOs accessed funding in the first place—and whether that funding was aligned with real operational and community needs. This section focuses on two areas:

A) The sourcing and selection of grantee partners

B) The design of funded programmes

A) Grantee Partner Sourcing and Selection: Trust is the Key to Unlocking Flexible Funding

For funders, one of the primary reported barriers to providing flexible funding was the challenge of sourcing and selecting partners, with 26% of surveyed funders listing "difficulty identifying trusted, high-performing grantee[s]" as a reason they restricted funding.[45]

Through interviews, funders reported sourcing partners through various channels, including open applications, referrals, personal networks, intermediaries or direct outreach. Regardless of pathway, respondents reported that trust was usually built through some combination of grant applications, personal relationships, and/or formal due diligence. Interviews with both funders and SPOs highlighted that, depending upon how these processes are conducted, they could be either burdensome or useful.

Many SPOs reported that conventional grant applications were often long, complex and resource-intensive, and particularly disadvantaged smaller organisations, who might not have dedicated grant-writing staff.

"Two of us spent four days of high-level labour on a single funding proposal that yielded nothing. I'm not bitter about the rejection because that's the nature of the sector, but the real sting was in the lost momentum. That 'heavy lifting' was time and energy effectively taken away from the frontline work where it was actually needed."

"You know, I tried one time to apply for a [major] grant. The manual for the application form was 100 pages long, on top of which I had to apply to be registered as a vendor to the organisation. But after I did all of this [preliminary work], when I downloaded the [actual application], then I was like, "Oh my God". I called my [co-founder] and said I'm sorry, we're not getting this because I don't know how to do it."

"We made one proposal, two proposals, they asked us to refine it once, twice, thrice, only to ultimately tell us no, we don't have a strategy for this. That took one year."

In our sample of flexible funders, some reported bypassing open applications in favour of directly identifying potential partners and conducting their own due diligence. One funder noted spending:

"[C]lose to a year getting to know an organisation [before deciding whether to fund]. We go over everything with them, so governance, people, finances, HR, impact … spending time one-on-one with the teams, just so that we are sort of as comfortable as you can be."

For this funder, successfully completing the process gave them confidence to provide multi-year, flexible funding. But clearly such direct due diligence requires time and resources—from both funders and SPOs. A major private funder noted that responsibly conducting due diligence required "a high quality [internal] team", with appropriate knowledge and experience, and acknowledged that the model was not suitable for every organisation.

On their side, SPOs reported that the extensive diligence often required to unlock flexible funding might be worth it, provided such funding was significant and multi-year.

"The due diligence process is quite heavy for our teams. It can take months of preparing documents from the government, or bank, or whatever that we need to provide. But I would say, in a sense, it's… it's manageable, or it's at least proportionate to the funding. It does take up time, but we expect a long-term return. But for unrestricted donors that we need to renew annually, this workload challenge remains, so that we are redoing [this work] over and over every year for the grant."

How, then, can funders build trust with SPOs and develop confidence that they are well-run and effective, while minimising unnecessary burden for both themselves and potential grantees?

Interviews gave insights into several approaches that funders, who provided flexible funding used to address this challenge:

- Some funders began with high-level or light-touch screening before embarking on more extensive due diligence.

"Some of the funders that partners apply to … they have to jump through so many hoops without any real expectation of whether this is going to work or not. With us, if you get to that point, there's a very high expectation that you are going to be successful, and the process itself is pretty light on its feet, I think."

- Where funders had limited internal capacity, they considered funding based on peer or intermediary recommendations, or leveraging peer insights. As one interviewed funder explained:

"Our due diligence is open source. We have all this great intel and understanding and analysis on organisations and I'm always very happy to share it."

Another funder similarly noted that intermediaries have made her giving more efficient:

"Why should I replicate the whole thing myself? I don't have the bandwidth to do it nor the necessary structures in place, but a professionally run "grant-making" platform that can take over the necessary due diligence and other administrative tasks for me, interacts with the grantee, provides me feedback and shares their reports, saves me valuable time and money whilst making a meaningful impact on my giving, this is the best of both worlds."

Over-reliance on informal networks or personal relationships in partner sourcing can risk introducing bias or narrowing the pipeline of potential grantees. Funders may wish to think carefully about broadening their network of referral partners to reflect a range of experiences, and should also conduct appropriate due diligence on intermediaries to confirm their knowledge and expertise.

- Other funders provided small, initial grants to build trust, then determined whether to increase size, duration and/or flexibility.

"We always start with a one-off grant. We don't ever go into multi-year funding right away. [And] we ask quite a lot of questions for our initial applications. Once we invite a multi-year application, we've already had a report from the partner and we know the sort of work they're doing, so we're then very relaxed. We don't [even] have a form, we just say 'tell us what you want to do in no more than four sides of A4.'"

"We started recently doing a [small] one-year get-to-know-you grant, where we don't have to do a [long] due diligence process first."

"You know, for us, initially [it's] gauging, assessing the partnerships ... getting to know each other, and then ... the percentage of flexible funding increases over time."

TAKEAWAYS

Trust emerged as the foundation for both providing and receiving flexible funding. At the same time, SPOs and funders alike described a tension between conducting sufficient diligence to build that trust and imposing processes that were excessively burdensome, particularly for smaller organisations with limited capacity. The examples above highlight some approaches that flexible funders have used to try to address this challenge.

B) The Design of Funded Programmes: The importance of Listening and Learning

In addition to partner sourcing and selection, SPO interviews also highlighted recurring challenges related to programme design. In particular, many SPOs described tensions that arose when funders' grantmaking priorities did not align with on-the-ground community needs.

"Some donors they'll come in and say 'I specifically want to do this.' And we say, 'Well, actually, [the communities we serve] want to do X, not Y.' And that's a perennial challenge."

"The less positive [funders] have top-down processes and therefore have a very clear quote-unquote theme that is coming from their own realities, not our realities."

"They already have a specific thing that they want you to roll out and they're just looking for an implementing partner, but honestly it doesn't help because many, many times that's not what the communities need."

Another recurring challenge SPOs identified was a perceived funder bias towards "new" or "innovative" ideas. While innovation is certainly valuable, interviewed SPOs reported that excessive preference for new pilots or experimentation could actually undermine existing, proven models with measurable impact.

"People keep wanting to fund pilots and innovation and new, novel things that they can put their names on."

"Funders [never] want to fund something that is already up and running. They always want something new. And it is really unsustainable for an organisation."

"They [funders] like to fund only new things. So they fund for three years and then okay, goodbye."

By contrast, SPOs reported finding approaches that facilitated listening and open discussion helpful:

"Instead of issuing a call for proposals, it was a bottom-up approach. So, we said [to the funder] this is the need, please, what can you do? And then, we went through the proposal together, we were able to openly discuss what we thought was important and where they agreed and disagreed … and then we built together."

"What I like the most is that they listen to us … we can have a talk even before the proposal is submitted … we can discuss, how to shape things."

"The thing I liked a lot about this [funder] is that they listened to our current struggle … and they allowed us to express it very bluntly in the proposal."

"They ask us for proposals, and therefore they are coming from what our needs are."

"Something [I] really appreciate is being able to collaborate in designing the project from the beginning, as opposed to some of those cold calls for proposals that sort of require you to change your programme to fit the funder's box."

Several flexible funders similarly emphasised that the first step to true partnership was asking organisations what they actually needed.

"We've always tried to be non-prescriptive … we take a view on the [SPO] and then say to them "What do you want? What is your priority?"

"Many non-profits get into this situation where a funder comes along and dangles a large amount of money and says, you know, we really want you to move into Province X and the non-profit thinks, well, we didn't really want to go to Province X, but we can get a lot of money if we do it, so we will … that's absolutely not the way [we as a funder] work."

"[So many SPOs] have said this is so unusual, the fact that we were able to chat to you beforehand and not waste time applying for something that you didn't want to support. And we could have a conversation and understand what you were likely to fund and what you weren't. It just made it all so easy. I think that's a more respectful way of doing it."

"For us, the proposal co-creation process is often the beginning of a capacity-building journey, and is valuable in its own right for the SPO. It also allows us to surface and incorporate core capacity needs that may not have been previously articulated or prioritised by the organisation. We usually only start this process once we already know we want to fund the organisation, so that we don't end up wasting their time. That's also why we don't ask for upfront proposals—the proposal emerges through the co-creation process itself."

Not every funder will be positioned to adopt highly collaborative or open-ended approaches to grant design. For example, a larger funder from our sample noted that their deep in-house expertise meant that they approached grantmaking with a defined theory of change and so largely looked for SPOs as implementing partners for an already envisioned project.

"Because our comparative advantage lies in driving technical advances and supporting the development of evidence-based solutions, we generally lean toward programmatic grants where we can contribute both funding and technical expertise."

However, across interviews, the broader principles of listening and open discussion emerged so consistently, that even funders operating within more structured models may wish to consider how their processes could create greater space for SPO input and expertise.

TAKEAWAYS

These reflections highlight the extent to which genuine dialogue between funders and SPOs during programme design is valued. SPOs consistently emphasised that funding was most effective when funders respected their on-the-ground expertise, avoided overly top-down assumptions, and balanced innovation with support for proven work. Such approaches helped ensure funding was aligned with actual community needs.

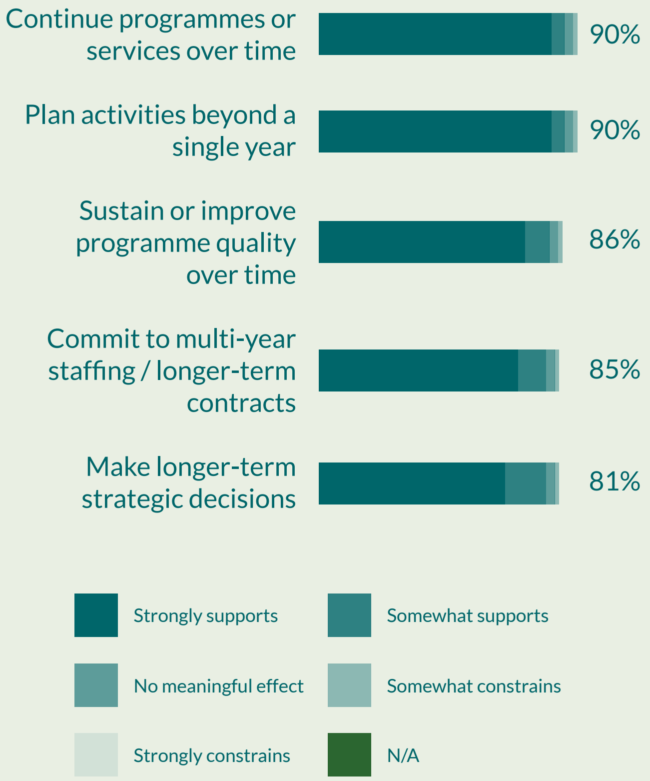
2. GRANT DURATION AND RENEWAL

Data from our study indicates that multi-year funding is perceived as one of the most clearly beneficial funding practices for organisational performance. Among SPOs receiving over 20% of their income from multi-year support, 96% reported that multi-year funding somewhat or strongly supported their ability to:

- **Plan activities beyond a single year**
- **Sustain programmes and services over time**
- **Sustain or improve programme quality over time**
- **Commit to longer-term staffing and contracts**
- **Improve strategic decision-making**

Notably, over 80% of respondents rated multi-year funding as strongly supportive in all the above areas, suggesting that such funding is not merely helpful, but often viewed as critical to organisational performance.

How does multi-year funding affect your organisation?



Funding Horizon and Predictability Helped Shape Organisational Outcomes

Interviews built upon these survey findings, with SPOs reporting that short-term funding cycles created an atmosphere of uncertainty, which diverted precious resources from the core mission to fundraising churn, while longer-term commitments allowed organisations to focus on effective service delivery.

"The certainty of knowing that we can plan 6 to 12 months in advance, it's transformative … people feel secure so they don't worry about losing their jobs, they can just get on with the work. They can see a pipeline of work, so they know they can invest back in their own communities or families. So you see an enormous ripple effect that you wouldn't see before, because there just wasn't that confidence that there would be future programmes."

"Things were super uncertain, we were always thinking about financial sustainability, [worried about whether] we would go into liquidation, not being able to give our partners or our contractors any certainty beyond a few months in advance. So, yeah, very unstable."

"You barely have time to start a project before you need to find someone else to take over."

"I have never had more than 9 to 12 months full cash flow, but when I hire someone I want to be sure I have at least a year of salary for them. I think it's the minimum you must commit to as an employer. But it's just fingers crossed for that."

"Instead of hiring them for one year, we're able to hire them for two years. So we are not insecure as an organisation and the workers and their families are also not insecure."

On the benefits of multi-year funding, our surveyed funders and SPOs were closely aligned—95% of surveyed funders agreed that multi-year funding was effective at improving non-profit performance, and recognised that impact is rarely achieved in a year.

"Well, first of all, the world's problems are not going to end in one day, two days, or one year. This is obvious to us: from climate change to social inequality, to human trafficking, modern slavery, women's education, child nutrition, to women's maternity health, everything, it is all cross-sectional. To support these causes, I need to have a plan that likely goes beyond my lifetime, it will not be a one-year grant

"Changing social norms takes a long time. Sticking with [a partner] for almost a decade … we see that the investment can lead to [meaningful] changes."

"Everyone wants results like yesterday, right? But it doesn't work that way, especially not in the social sector."

However, SPO interviews further suggested that clarity around renewal timelines and probability was important too. Even when funding was technically multi-year or renewable, annual reapproval structures—particularly where SPOs were uncertain as to whether support would continue—could create significant instability.

"We have to go through an annual renewal process with [a major funder]. They typically tell us around December the 23rd that the funding is confirmed for January the 1st. And I've pointed out several times that we have to give our staff one month's notice, right? Like … in Europe, I think you'd have to do more than that. And they say, oh, yeah, yeah, sorry about that, you know, it's just our process, and it takes a while. I'm like, well, can you change it?"

"In the past there was certainty that we would get funding from them on an annual basis [but] now it's like pulling teeth. It's completely uncertain. And that's difficult for us to manage."

"They never actually said at any point how long they would likely fund us. And so for the first, I think, 2 or 3 years, I had to apply every year. And then, after that, it became 2-year grants. But until the last 2-year grant, I didn't know that their model was to stay with grantees for many cycles … I kind of felt like maybe somebody could have told me that was a possibility, because it was so nerve-wracking every year."

SPOs indicated that their more supportive funders communicated transparently around the likelihood of renewal and timeline, provided advance notice when a grant would *not* be renewed and, where feasible, offered transition support either in the form of exit grants or direct capacity building to help ensure a grantee's future sustainability.

"What's great about them is that they commit long-term and it's a very clear relationship, it's clear what's expected of us, they don't change the rules, it's not on their whim."

"We had one funder who funded [us] for many years, and they gave us a three-year exit grant. [It was] a good and ethical way to exit what was a long-term funding relationship."

"Their rules say they can't just keep giving us money forever, but if they're experienced enough to anticipate what's going to happen to us, and there's ways they can help like pointing out we need to improve our messaging, or fix the website … [that's very helpful]."

TAKEAWAYS

The survey data and interviews suggest that multi-year funding with clarity around grant cycles and support with transitions supports strategic planning, stable hiring and continuity of programmes, with less staff time diverted to fundraising churn.

A REPORTED FUNDER TENSION: LONG-TERM SUPPORT VS. DEPENDENCY RISK

The concern—some funders reported a worry that repeated renewals could create organisational dependency, reduce incentives for diversification, and weaken innovation.

The counter—others argued that once they found a good grantee partner, sticking with them maximised both impact and efficiency.

"If funders stayed committed to a core group of organisations—whether that's 10, 15, or even 40—we would likely have enough capital for many non-profits to thrive. The constant exiting and switching between organisations fragments funding in a way that feels counterproductive."

"I think NGOs will always need some type of grant funding and so we get quite annoyed when people say, oh you know, you've got to cap it at however many years ... we still have many organisations in our portfolio who continue to do great work, who are evolving, so yeah ... we don't have an endpoint."

Our interviews with SPOs suggested that arbitrary exits may undermine effective organisations by destabilising proven models. Where high-performing SPOs were delivering measurable results, funders withdrawing for "the sake of it" could create inefficiency rather than innovation. SPOs were often forced to divert resources from successful programming to fundraising, and funders sometimes ended up playing a game of musical chairs, which increased administrative burden on both their internal teams, as well as their grantee partners.

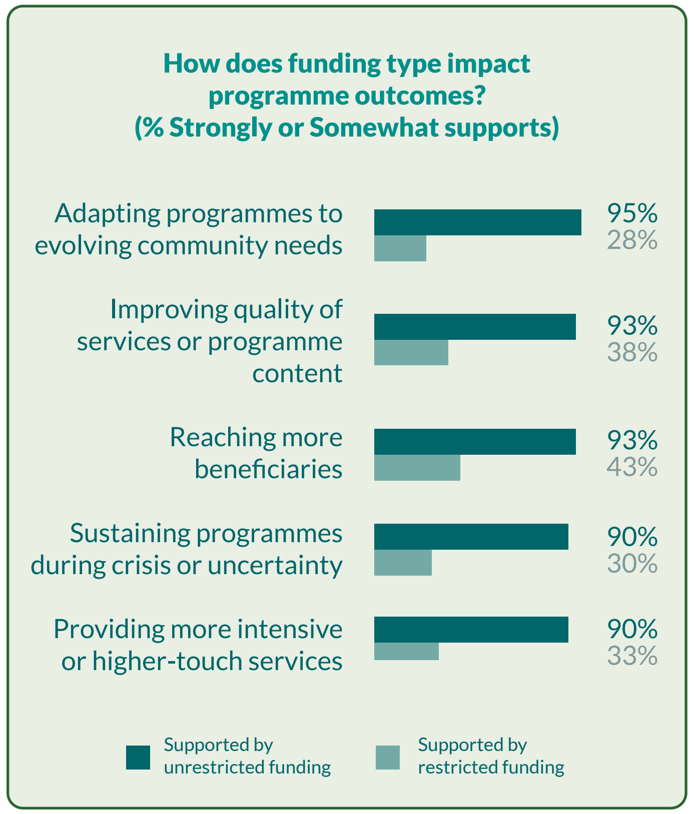
3. USE OF FUNDS (PROGRAMMES & ORGANISATIONAL CAPACITY)

The Transformative Impact of Flexible Funding

One of the most critical dimensions of the funding lifecycle is how funds can actually be used. Insights from the survey and interviews suggest that funding structure significantly shapes whether SPOs can effectively deliver programmes, adapt to changing realities, and build the internal systems necessary for long-term sustainability.

Across our study, the findings were striking: 100% of SPOs receiving over 20% of their income from unrestricted funding reported that such funding supported their ability to achieve their vision and mission. Across every measured dimension, SPOs rated unrestricted funding as "more supportive" than restricted funding in supporting programme delivery, specifically: adapting programmes to evolving community needs, improving the quality of services or programme content, reaching more beneficiaries, sustaining programmes during uncertainty and providing more intensive services.

Programmatic Impact



The same trend can be seen in relation to organisational capacity, where SPOs again consistently rated unrestricted funding as more supportive than restricted funding across every metric: longer-term strategic planning; staff retention, recruitment and development; leadership stability and effectiveness; ability to build financial reserves; advocacy and external relationship building; investment in Monitoring, Evaluation and Learning (MEL) systems; technology and infrastructure investment; and investment in internal management systems.

Organisational Capacity

SO, WHERE IS RESTRICTED FUNDING HELPFUL?

As seen from both graphs above, SPOs reported that restricted funding does offer some support across all domains. Thus, the message seems not that restricted funding is inherently inutile or harmful, but rather that SPOs perceive unrestricted funding to be significantly *more* helpful.

Restricted funding's highest reported support rates were in the context of allowing SPOs to reach more beneficiaries (43%), improve quality of services or programme content (38%) and reach more marginalised or hard-to-reach populations (36%). In line with this data, interviewed SPOs confirmed that restricted funding can be effective when a programme is clearly defined with predictable activities; outputs are measurable; and the context is stable and known.

"It works very well when you have a very defined project that is already up and running, that you know you're going to do no matter what."

"Restricted funding seems to work quite well if there's a project or a programme where ... you already know how it works, and how to run it, and maybe you just want to move it to a different geography, or you want to run it for another year, and it's quite established already."

"I don't [always] see it as negative, because we do have programmes, and they do have budgets, and they do need to be funded."

The survey and interviews indicated that restricted funding can help SPOs scale or deepen proven, predictable programmes in stable contexts. But while restricted funding may support specific projects, the data suggests that flexible funding is what provides the staffing stability, institutional infrastructure, and strategic investment required for meaningful, sustained impact.

... AND WHAT ARE THE CHALLENGES ASSOCIATED WITH MORE FLEXIBLE FUNDING?

Interviewed SPOs noted that for smaller or newer organisations, flexible funding may be most effective in conjunction with strategic guidance from trusted funders.

"If you have too much freedom, I think you could make bad decisions. You do need some guiding hand ... a donor you trust, who understands the strategic planning, who is a sounding board."

"Sometimes structure helps ... in the case of young founders, to make sure we are prudent."

As previously mentioned, some SPOs also acknowledged that the due diligence associated with receiving flexible funding could be time consuming, though interviewees generally viewed this a worthwhile trade-off. Overall, however, most SPOs reported few downsides to flexible funding.

"What issues could it bring up? I don't know ... over-excitement? Just needing to calm everyone down?"

How SPOs Actually Use Flexible Funding

The findings above align with how SPOs reported that unrestricted funding was actually used. Organisations receiving over 20% of their total income from unrestricted grants reported using it primarily to: pay salaries (86%); cover gaps left by restricted grants (50%); deliver programmes (43%); and cover core operating costs (43%).[46] While these categories overlap, the pattern is revealing: flexible funding seldom functions as 'discretionary' or 'excess capital'. Instead, findings suggest it often serves as the operational backbone that keeps organisations functioning—allowing them to pay staff, sustain programmes, and cover essential costs, including gaps left by restricted funds—gaps that, if left unfilled, might prevent programmes from running at all.

"My [unrestricted] funders end up kind of subsidising the [restricted] funders, the flexible people allow me to wrap around the more restricted folks."

"We've got this jigsaw puzzle, where we use the unrestricted to fill in the gaps."

"When we get flexible funding, that's what we use to cover the things that need to be funded in order for everything to run, but you know, they're not sexy, so that's what nobody else wants to fund."

The Challenges of Restricted Funding

SPOs consistently reported that the primary constraints of restricted grants fell into three categories:

1. RESTRICTED FUNDING OFTEN FAILED TO COVER THE TRUE COST OF A PROGRAMME, PARTICULARLY SALARIES.

Many restricted grants excluded or limited funding for essential operating costs—especially staffing—despite such costs being critical for service delivery. This forced SPOs to patch budget gaps through other funding sources (often, more flexible grants), under-resource programmes, or cut programmes altogether.[47]

"I've been in situations that I have had a lot of programme funds, but I have to return them, or I have to say, you know, I can't actually do it because I don't have the people to run the programmes, and you're not paying for the person to run the programmes."

"Well, restricted funding sometimes has a tendency not to recognise that the most significant resource in development work is the human resource."

"[Funders say] thank you for people like you, and by the way, do you get a salary? And I'm not joking, I've had that question many, many, many, many times. Many times. Do you get a salary? ... that's the perception of the work that we are doing."

"Nobody wants to pay salaries, because it doesn't sell well."

2. INFLEXIBLE KPIS OR PRE-SET GRANT PARAMETERS HAMPERED PROGRAMMATIC ADAPTATION.

SPOs reported that restricted grants sometimes prevented them from responding nimbly to new learnings, evolving community needs, or crisis conditions. Surveyed SPOs gave examples of how this forced organisations to prioritise donor-imposed structures over work the SPO wished to do; exclude particularly vulnerable populations if they were not funder priorities, or turn down opportunities that were beyond the scope of grant parameters, even where such opportunities could better serve beneficiaries and strengthen the broader ecosystem.

"[With one of our most restrictive grants] you know, we wanted to continue the programme in the same village for another year, and they said, "No. you should have finished… you've

had long enough to solve the problem in that village. We require you to start working in a new village. And that's difficult, because actually we feel that we haven't had the impact we want yet, but we're being forced by the money to move on."

"We have a few projects where [community members] have come to us and said, we really want to do this, and we have to say, we can't fund this, we don't have the money. [Having unrestricted funding] would allow us to be more flexible, more innovative."

"Right now, we're very cautious about the programmes that we design and what we kind of put as targets for what we can deliver, because we feel so much pressure that, okay, like. this is the funding we have, and we have to hit this target, and we have to do this and that. So maybe we don't take some risks that could yield much better results because of that fear of … well, what if it doesn't work?"

By contrast, SPOs reported that flexibility in funding allowed them to better serve communities and have more impact.

"There is flexibility, a very significant flexibility between budget lines, but also in terms of needs. So this is something that… is very practical. This is something very unusual. And this is, yeah, I think this is the punch … flexibility, being responsive, co-constructed, that's… I think that's what we should expect from every financial partner."

"[Unrestricted] really helps us if there's an emergency or some kind of shift in policies where we need to change the direction of our work."

"It really allowed us to focus on our full model, to not have to worry about ticking boxes in terms of … how many kids are we reaching, but instead really gave us fuel to look at our strategy. And kind of lean into … what we believe the communities need, and what approach would be most adaptive to the context that we serve."

3. TIGHT OVERHEAD CAPS PREVENTED INVESTMENT IN ORGANISATIONAL CAPACITY AND SUPPRESSED GROWTH, AND HAD THE POTENTIAL TO PARTICULARLY DISADVANTAGE SMALLER ORGANISATIONS.

Interviewed SPOs anecdotally reported that most of their restricted grants capped overhead costs at no more than 20%, limiting investment in fundraising, infrastructure, technology, communications, governance and visibility.

"They don't support any admin, so you know, the electricity, the laptops, all of those things that people need to actually do their work can't be covered. And it's just… there are, unfortunately, a lot of donors that are like that."

"[I wish funders] would think about supporting the back office more than just the front part of the programmes, because… when you fund up a vision, and when you fund up the back office, you are actually future-proofing the organisation. And that's real sustainability. Sustainability is not sustainability of the programmes, but the sustainability of the organisation and its vision, so that it can continue to fulfill its cause and mission."

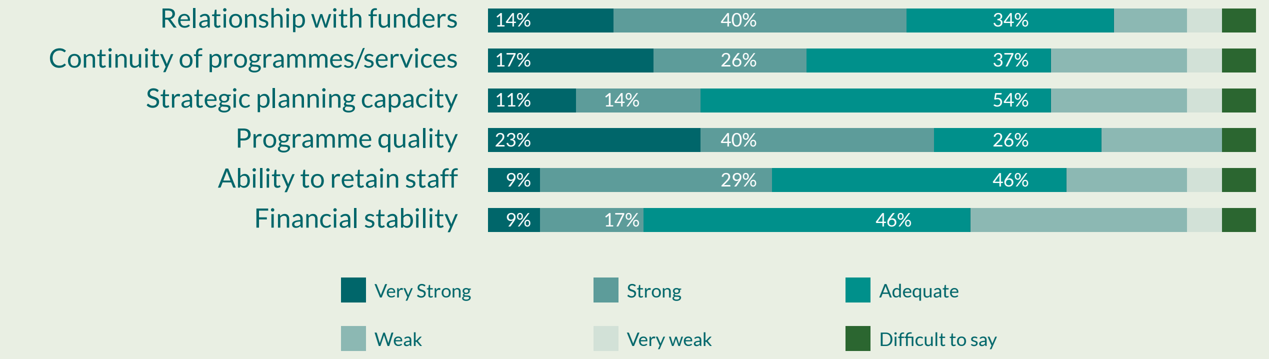
This can result in the structural Catch-22 of the Capacity Trap: SPOs are expected to demonstrate strong internal systems in order to attract flexible funding, but often need flexible funding to build those systems in the first place. As one SPO explained, "[Funders say] you should have the highest level of governance and transparency and financial management before we give you money … but we don't pay for overheads. Okay, well, so how do I do that?"[48]

Smaller organisations may be the most vulnerable to the Capacity Trap. Our data showed that no organisation with a budget less than USD 100,000 received more than 20% of its income from unrestricted funding.

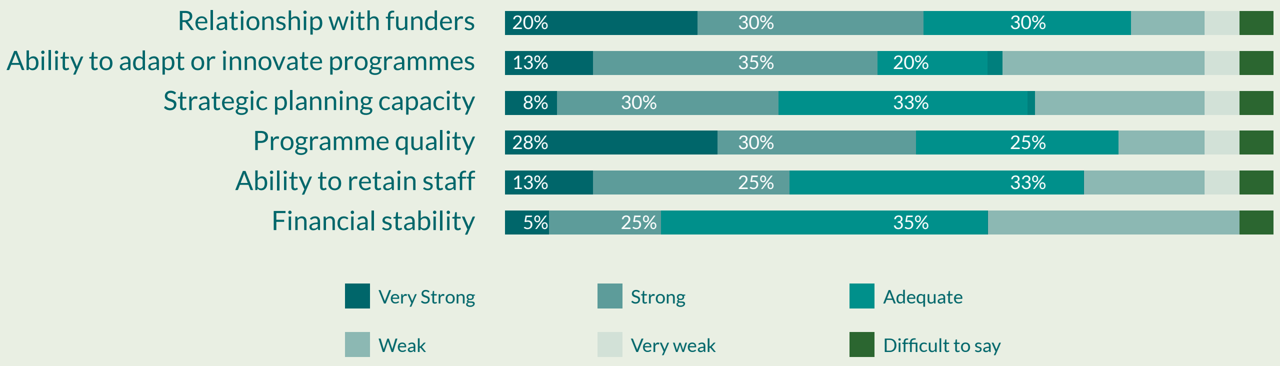
Funders' general requirement for strong systems as a predicate to flexible funding means the system appears to channel such funding towards larger, more established organisations.

Similarly, when we asked organisations who had experienced a meaningful increase in multi-year or flexible funding to rate their own performance prior to the increase, they overwhelmingly rated their performance as adequate to very strong. While we recognise that this was a self-reported perception, it again suggests that relatively strong organisations are the ones to attract multi-year and flexible funding.

[For those who experienced an increase in multi-year funding]
Thinking about the twelve-month period before you received more multi-year funding, how would you characterise your organisation's performance in the following areas?



[For those who experienced an increase in unrestricted funding]
Thinking about the twelve-month period before you received more unrestricted funding, how would you characterise your organisation's performance in the following areas?



One flexible funder ruefully acknowledged this tension:

"The bigger organisations are usually well equipped to come with really solid proposals and because they have the machinery behind it, they can build strong log frames, and they have all that. The smaller ones do not as they often lack the capacity or expertise despite having often a better understanding of the communities. But we are constrained by the fact that we don't have 100 employees ... we don't always have the capacity in our team to work alongside the smaller ones to get to the same quality of project design."

"If you want to support a young organisation, but you give them restricted funding, then you are not helping them."

Some funders reported addressing this challenge by investing directly in organisational capacity, whether through grants targeted towards systems strengthening, in-kind support beyond the funds, or both.

"If I feel that the organisation badly needs to improve its governance and systems and processes, then that's where I direct my donation."

Another funder described pairing flexible funding with practical support.

"What we heavily focus on is the capacity building side. When we give an unrestricted grant, we don't have KPIs per se, but we want to see progress on, let's say, the website, because you're not going to attract new funders [if you don't update it.] And if you don't know how to do it, we can help you, or we can get you the help that you need."

In turn, SPOs reported valuing this kind of support, particularly where funders contributed expertise beyond the grant itself.

"There's plenty of donors that believe in what we're doing, they want to support our work, but what they do is give us a grant and manage that grant. Maybe they could help us with our branding, see that our website is out of date, help us navigate financial decision making ... I would welcome [that kind of advice]."

Fundraising support was consistently mentioned by SPOs as particularly valuable.

"If we had someone who could say here's what other donors want, let's go through your documents and make sure you have what you need,... that would be wonderful."

Other SPOs noted that existing, trusted funders could play an important role in helping organisations become sustainable, by advocating for them with prospective donors.

"They will also sit side by side with me in a big meeting with another potential funder, and they will say, well, this is why we invest in [SPO], and this is the due diligence that we did when we wanted to. So they actually support me to leverage their money to attract new funding."

TAKEAWAY

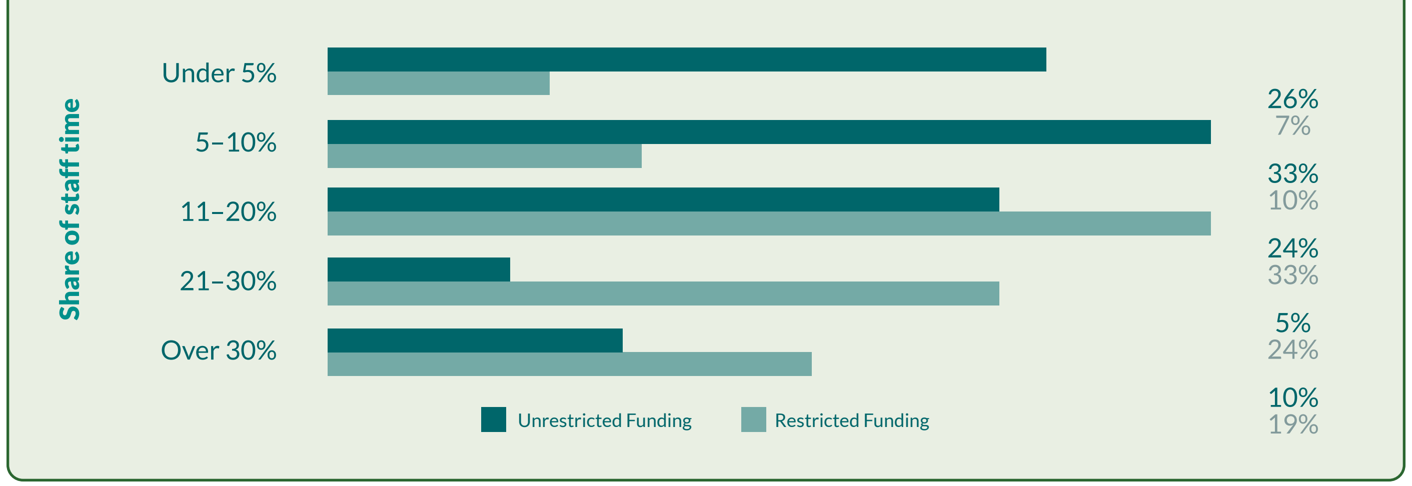
Restricted grants can be effective for supporting specific projects and/or scaling defined programmes. However, SPOs consistently reported that flexible funding is what allows organisations themselves to operate, adapt and sustain impact. While restricted grants may fund activities, they often underfund the staffing and infrastructure necessary for long-term effectiveness.

This dynamic may disproportionately disadvantage smaller or emerging organisations. Funders' understandable preference for strong governance, reporting and operational systems can result in the Capacity Trap, where flexible funding is channelled to larger, more mature SPOs, while smaller organisations remain excluded from the very funding needed to build such systems in the first place.

4. REPORTING

SPOs reported that restricted grants imposed significantly more administrative burden than unrestricted grants. Among SPOs who received over 20% of their funding from unrestricted grants, 83% spent less than 20% of their time on grant-related administration and reporting on their unrestricted grants. By contrast, 43% spent more than 20% of staff time on grant-related administration and reporting for their restricted grants.

Approximately what share of your organisation's total staff time is spent on grant-related administration, reporting, and compliance for each funding type?



76% of SPOs receiving over 20% unrestricted funding similarly reported that such funding supported their ability to minimise time and resources spent on grant reporting, compliance and administration. By contrast, only 24% of SPOs receiving over 80% restricted funding said the same of restricted grants.

The Challenges of Restricted Reporting

SPOs in our sample consistently noted that restrictive grants often imposed reporting structures that were disproportionate to grant size, excessively granular, built around donor-specific templates, and burdensome when even minor changes required extensive justification.

"I remember I had to justify in a two-page letter why we spent a dollar and a half more [than expected] on stationery."

The funding is minimal but the level of reporting is really, really high and very picky … and it's just the discrepancy between the level of funding and the level of commitment [we] have to put in for this funding."

"Sometimes [with] restricted grants … you spend a lot on all the administrative parts [and so] you just do paperwork, [it is] time consuming … [you are] not working on what really makes sense, which is making an impact."

"You have had to ask your funder for changes for, like, can I buy five roller banners instead of two, you know these kind of crazy things … you waste a lot of time in back and forth just to have small changes in your budget being approved which is not helpful for your organisation."

"It was supposed to be annual reporting, then it became monthly, now they want to have a bi-monthly update on our numbers. [But] we run activities on a monthly basis, so there is nothing to update."

"We had a relatively small grant and [when we traveled] there was a local little hole-in-the-wall eating place across the street where we wanted to go and get our breakfast, but we couldn't because we needed to have formal receipts, official receipts, and… they only could write it down on a piece of paper and give it to us. So if we wanted to have our meals reimbursed, we "You have had to ask your funder for changes for, like, can I buy five roller banners instead of two, you know these kind of crazy things … you waste a lot of time in back and forth just to have small changes in your budget being approved which is not helpful for your organisation."

"[The reporting] is so granular in detail that actually, some of these projects we're running at a loss … we're having to use our cash reserves to fund the overhead, the administrative cost of implementing these projects."

REPORTING OPPORTUNITIES

It is important to note that no SPO advocated for minimal or no reporting. Instead, interviewed SPOs consistently expressed valuing reporting that was proportionate to grant size, grounded in existing organisational systems, co-developed with realistic metrics, and centred around open dialogue.

"We meet with them quarterly, and give updates, very thorough updates, but they're the kind of updates that are based on how we want to report them, as opposed to the funder overlaying an extensive reporting framework."

"[I wish funders used] more creative ways of reporting … [like] a telephone call [or] a visit [or] using our own format to report back on."

"The reporting style is just conversational … When it comes to financial, they want everything … But when it comes to the team's reporting, it's just verbal … the team sends me their reports, I sit down with [the funder] and we do the [final] report together."

"They would ask us, what about the reporting requirements? Are they okay for you? Because we know that you have other partners, and can we make it easier somehow? We don't want you to struggle too much with this. So, very considerate, right?"

"Their indicators are very grounded and realistic and developed with partners."

At the same time, 37% of surveyed funders cited weak or unreliable grantee reporting as a reason they hesitated to provide unrestricted funding. This is a critical tension and another example of the Capacity Trap—funders are reluctant to provide flexible grants without strong reporting systems, but restrictive funding often underfunds the internal infrastructure needed to strengthen reporting capacity. Here again, funders could consider investing directly in MEL and reporting infrastructure, or supporting back-office capacity in addition to programmes.

REPORTING PRACTICES SPOS AND FUNDERS FOUND HELPFUL

Several flexible funders described using an SPOs' own internal metrics and learning frameworks as the foundation for reporting, rather than requiring their own funder-designed systems.

"What we care about are the internal ways the organisation is assessing its own performance and impact. We don't create anything for ourselves … we look for their ability to measure their own work impact and how they learn from it."

"The [grantee] suggests to us what are the outputs they have been tracking. We do a sense check [of] whether this is the right indicator to be tracking … and then the final result 90% is driven by them, 10% by us."

Both SPOs and funder also repeatedly identified site visits as a valuable tool in building understanding of an organisation's work.

"The reality is that when … people see the work being done, that's when the funding comes." **[SPO]**

"It would be great if they come visit once in a while to understand the dynamics. You have a [more] complete understanding. And once that is established, I think they will … have a better way of allocating the grant." **[SPO]**

"If you were to set up tiers of ideal funder engagement, for me, site visits would be on the top….walk in the shoes of the people that we serve, even for a day, and that … facilitates the deepest shared understanding." **[SPO]**

"Being on the ground … we got to see firsthand in terms of the difficulties that they face in implementing the [project] itself." **[Funder]**

"Usually, the partners that we are closer to are those that we have met in person and spent a few days with." **[Funder]**

"To understand these change-makers' work, let me visit them, meet them in person, understand what drives these founders and their teams, witness how they execute their mission and work, after being better informed, I would then decide to support or not." **[Funder]**

While funders may consider such visits in lieu of more traditional reporting structures or alongside less stringent written reporting requirements, site visits are not universally appropriate and may depend on the nature of the organisation's work, the communities involved and the operational context. Funders conducting site visits should sign and respect all relevant organisational policies, particularly when interacting with beneficiary communities, and may wish to coordinate with other funders to be mindful of SPO time and capacity.

DISAGGREGATING IMPACT

Some funders reported concerns that providing flexible funding limited their ability to track the advancement of their own programmatic goals, or attribute outcomes specifically to their grants. This is an understandable concern and was also acknowledged by some funders who give flexibly.

"It's messy, because we're all human and it's tricky to know – if you pull our money specifically out, what difference does it make and in what way?"

Some flexible funders reported managing this through reframing how they think about impact. In particular, funders noted that they assessed their own impact by evaluating how their support strengthens grantee organisations, rather than linking their funds directly to end-beneficiary outcomes.

"I think it's just a different matrix, you know, to look at [the impact of] flexible funding. We look at whether the organisation is analysing problems differently. Are they thinking of different innovations? Do they have a better way of capturing data? And then these [things], I think, can all be attributed to, funder support."

"Our [way of measuring whether the] grant is working or not working [is by measuring whether] the organisation is working or not working."

"We track [organisations] with a self-reported resilience scorecard that tells us every year, have you got the right leadership? Have you got succession planning? Is your financial capacity strong? Are your governance capabilities strong? How are you progressing on your core [organisational] metrics?"

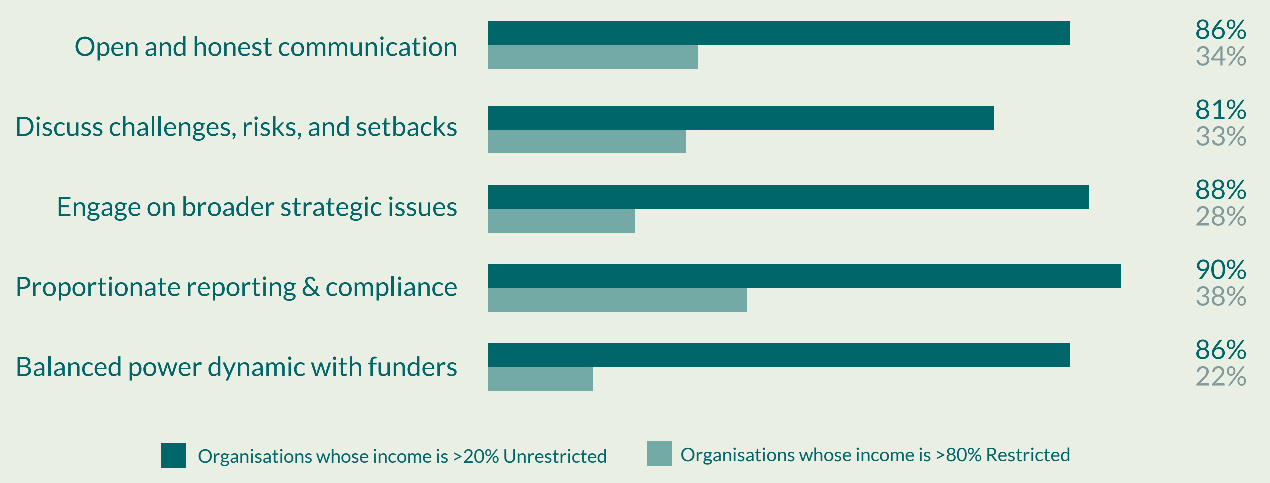
TAKEAWAYS

Proportionate, streamlined reporting helps support SPOs by allowing staff to focus on programme delivery rather than administrative requirements. However, strong reporting may first require funders to invest in supporting an SPOs' organisational systems.

5. FUNDER-GRANTEE RELATIONSHIP

Survey findings indicated that funding structure can contribute to shaping not only organisational performance, but also the quality of the relationship between funders and grantees. SPOs consistently reported that flexible funding was associated with stronger communication, greater honesty, and deeper partnership.

[Responded Strongly or Somewhat supports]
How does unrestricted/restricted funding impact your funder relationships in the following areas?



These findings suggest that restricted funding can lead to narrower, more transactional funder-grantee relationships, centred around compliance and formal reporting. By contrast, more flexible funding structures may lead to broader partnership by encouraging SPOs to share challenges more openly, discuss risks proactively, and engage funders in wider strategic dialogue. Many SPOs in our sample reported engaging with their flexible funders as thought partners, not just funders.

"I've gone to [an unrestricted funder] for feedback on my strategic plan, on what they thought as the KPIs were evolving, how that compared with what they saw elsewhere in the sector. They gave me a fundraising consultant, who taught me everything that I would not have known. I've also engaged them with looking into our MEL work. We can have these conversations, knowing that we won't be overburdened, but rather that it is strategic, it's what makes sense for the organisation."

"The way we nurture [our unrestricted relationships] is being very proactive about sharing updates [without] waiting for the funder to ask. We found that kind of dynamic … having a very proactive way of communicating [at every stage] … asking for a call [and] talking through challenges … it goes beyond just beautiful fancy reports where you're selling yourself but instead making sure you're giving them a full picture."

At the same time, funding structure is likely only part of the picture. The quality of the funder-grantee relationship may also be shaped by a range of other factors such as the length of relationship, communication styles, consistency of engagement, and degree of trust built over time.

REPORTING PRACTICES SPOS AND FUNDERS FOUND HELPFUL

While surveyed funders generally agreed that unrestricted funding improved funder-grantee relationships, they consistently perceived the reported challenges of restricted funding as less severe than SPOs did.

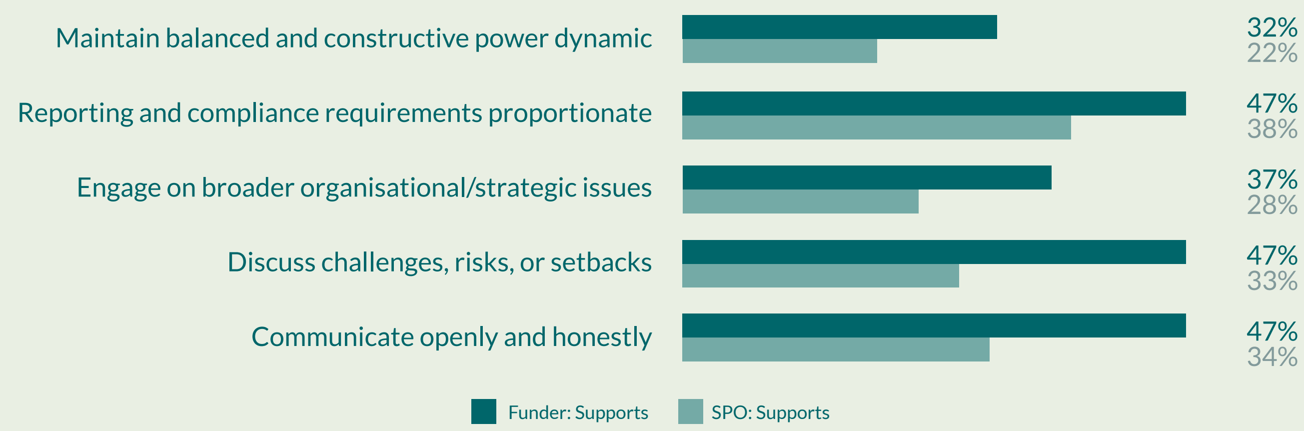
For example

Nearly 50% of funders thought that restricted funding supported their ability to communicate openly with grantees .... but only 34% of SPOs agreed.

Similarly

Nearly 50% of funders thought that restricted funding supported their ability to set proportionate reporting expectations ... but only 38% of SPOs agreed.

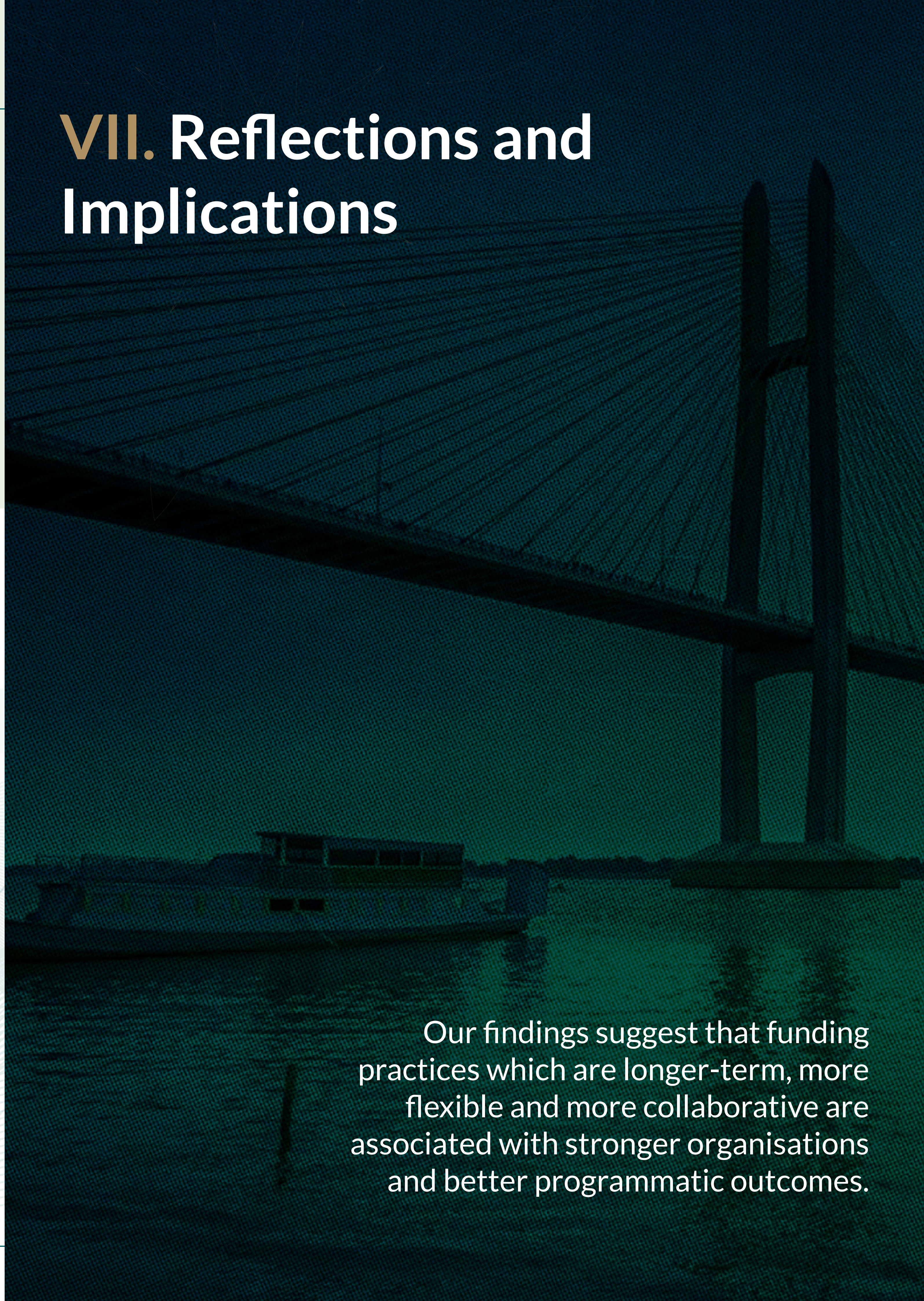
[Responded Somewhat or Strongly supports] How does restricted funding typically affect your relationship with grantee organisations/funders in the following areas?



Perhaps, given the inherent power imbalance between funders and grantees, this gap is unavoidable. But it underscores a critical reality: funders should not assume they receive fully candid feedback simply because communication seems positive on the surface. Where one party controls access to capital that the other party desperately needs, SPOs may be naturally incentivised to tell funders what the SPO believes they want to hear.

TAKEAWAYS

The findings suggest that more flexible funding structures may help foster broader, more strategic funder-grantee relationships. SPOs consistently reported feeling more able to discuss challenges, setbacks and organisation-wide issues with flexible funders. However, this openness may be shaped not only by funding structure, but also by communication style, length of relationship, and overall level of trust.



VII. Reflections and Implications

Our findings suggest that funding practices which are longer-term, more flexible and more collaborative are associated with stronger organisations and better programmatic outcomes.

Across the study, the distinction was rarely between accountability and flexibility. Rather, the most positively regarded approaches combined accountability with trust, adaptability and meaningful partnership.

Importantly, organisations valued flexibility not simply because it provided them with greater discretion over how funds were used. Rather, they consistently linked flexible funding to their ability to plan ahead, retain staff, invest in systems and capabilities, respond to changing circumstances, and pursue impact over a longer time horizon.

For some funders, adopting or expanding such practices may require adapting existing grantmaking models and assumptions. The following reflections distill practical funding practices that SPOs and funders consistently identified as most supportive across each stage of the funding life cycle. These are, of course, simple summaries; readers are encouraged to refer to the relevant section of the report for fuller discussion and context:

1. PRE-DEPLOYMENT CONSIDERATIONS

A) Partner Sourcing

- Consider simplifying and shortening application or diligence processes, particularly at early stages, to reduce unnecessary burden on SPOs
- Where a funder's internal capacity is limited, leverage peers, intermediaries with relevant expertise or shared due diligence[49]
- Start with smaller or shorter-term "learning grants" where possible and appropriate, then expand duration or flexibility as trust develops
- Ensure sourcing processes are proportionate to grant size, likelihood of funding, and SPO capacity

B) Project design

- Design funding around stated community needs, and respect SPO operational expertise
- Where possible and appropriate, consider supporting a balance of innovative projects and pilots, while sustaining existing high-performing models and approaches.
- Structure grants to strengthen effective existing work of SPOs where appropriate

2. GRANT DURATION AND RENEWAL

- Provide multi-year grants where feasible
- Communicate clearly about renewal likelihood, timelines and expectations
- Provide advance notice when support will end
- Consider transition grants or capacity building support when funding sunsets

3. USE OF FUNDS

A) Programmes

- Cover the full cost of programmes, including salaries and associated or relevant overhead
- Utilise flexible grant parameters that allow for SPOs to adapt programming in response to learnings and evolving community needs
- Allow for budget-line flexibility

B) Organisational Capacity

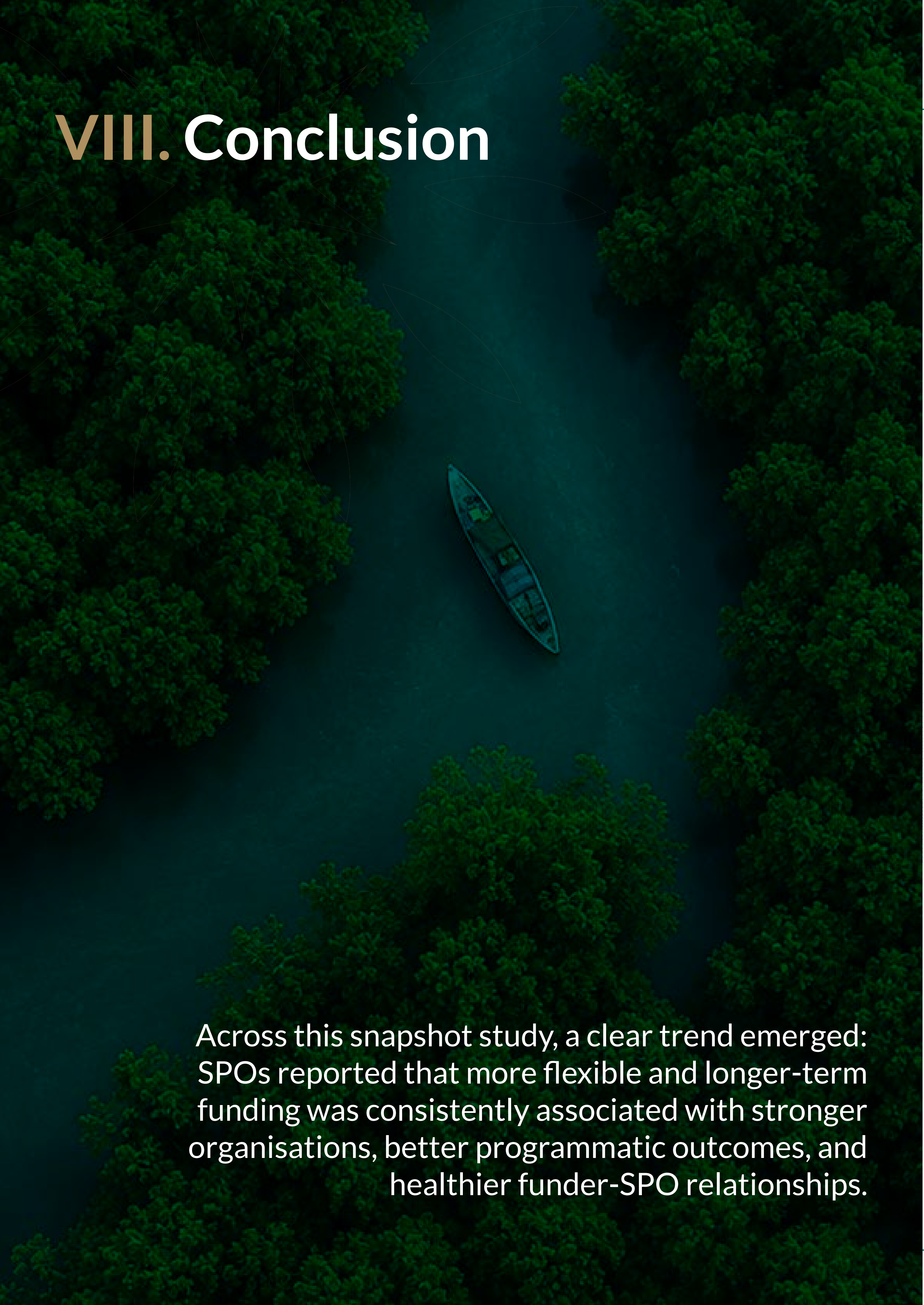
- Provide sufficient funding to support core operations and internal infrastructure
- Recognise and address the "Capacity Trap", where organisations are often expected to demonstrate strong governance, systems, and reporting capabilities before receiving the flexible funding needed to build them.
- Where possible and appropriate, proactively allocate funding to smaller and early-stage SPOs
- Where possible and appropriate, offer targeted capacity building grants or in-kind operational support, co-designed with the SPO

4. REPORTING

- Where possible, use SPOs' existing MEL framework as the baseline for reporting
- Co-create realistic indicators and metrics or use the SPOs existing MEL structure
- Prioritise proportionate reporting requirements, particularly for early-stage organisations
- Supplement formal written reporting with calls, ongoing dialogue and site visits, while respecting organisational policies and beneficiary communities, and ensuring that funder engagement does not impose unnecessary burdens on SPOs
- Consider measuring funder impact as impact on the SPO as an organisation (rather than solely the SPOs' impact on end-beneficiaries)
- Invest directly in grantee reporting and MEL systems where those systems are weak

5. FUNDER-GRANTEE RELATIONSHIP

- Engage with grantees as experts, not merely implementers
- Broaden conversations beyond project-specific deliverables to include organisational health and strategic planning
- Seek opportunities to better understand the operational realities, constraints, and decision-making processes of SPOs



VIII. Conclusion

Across this snapshot study, a clear trend emerged: SPOs reported that more flexible and longer-term funding was consistently associated with stronger organisations, better programmatic outcomes, and healthier funder-SPO relationships.

And providing such funding does not mean abandoning accountability or oversight. Rather, SPO and funder interviews suggested that flexible funding may both improve organisational resilience and increase the potential for donor visibility.

We recognise that not every grantmaker can provide meaningful amounts of flexible funding. Governments, multilaterals and corporates are often structurally constrained from providing flexible support, while individual giving may be smaller or less predictable—but this positions private philanthropy as one of the actors best able to provide flexible, multi-year funding at meaningful scale. By pairing such funding with thoughtful grant design and proactive relationship management, private philanthropists and SPOs have the opportunity to move towards a model of true partnership that could transform philanthropy across the region.

IX. Appendices

APPENDIX A: ACKNOWLEDGEMENTS

This research was a true ecosystem effort which would not have been possible without the generous support and collaboration of our partners. We would like to extend our deepest gratitude to:

Dissemination Partners

- Asia Philanthropy Circle
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- Real Impact Advisors
- The Bridgespan Group
- The Majurity Trust

Translation Partners

- Chonlada Janpum from ECCA Family Foundation
- Firetree Philanthropy
- Phung Le and Duyen Le from the Nguyen-Phuong Family Foundation
- Safe Wongsunopparat from The Social Investment Consultancy

APPENDIX B: SPO PROFILES

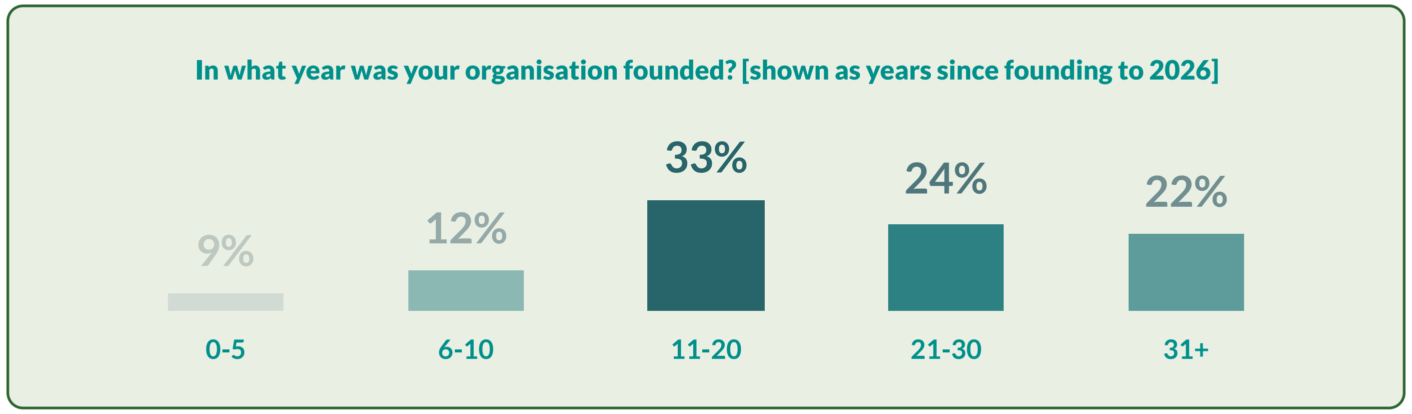
This section details the distributions across the full sample of SPO survey respondents (n=132). Each chart below visualises the share of organisations falling into each response bracket for a single survey question.

Staff size

Staff size is fairly evenly distributed across small, mid-sized and large organisations, with a slight skew toward larger organisation (21% have 100+ staff). The smallest bracket (0–4 staff) is the least represented at 11%.

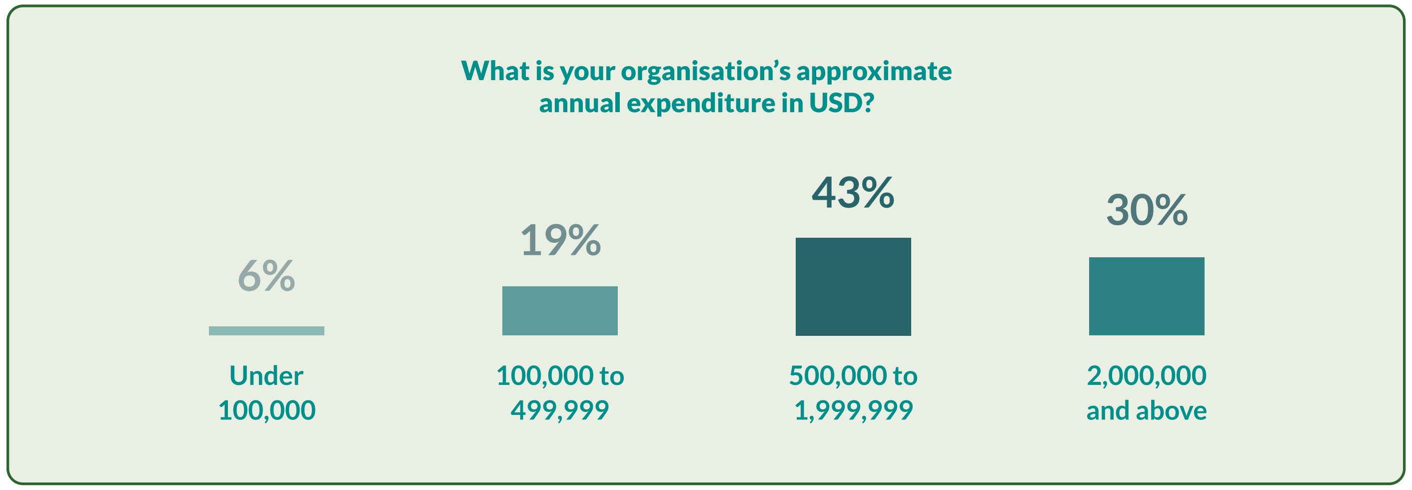
Organisational age

The sample skews towards more mature organisations: 79% of organisations were more than 11 years old, with the largest single bracket being 11–20 years (33%). Newer organisations (≤5 years) made up only 9% of respondents.



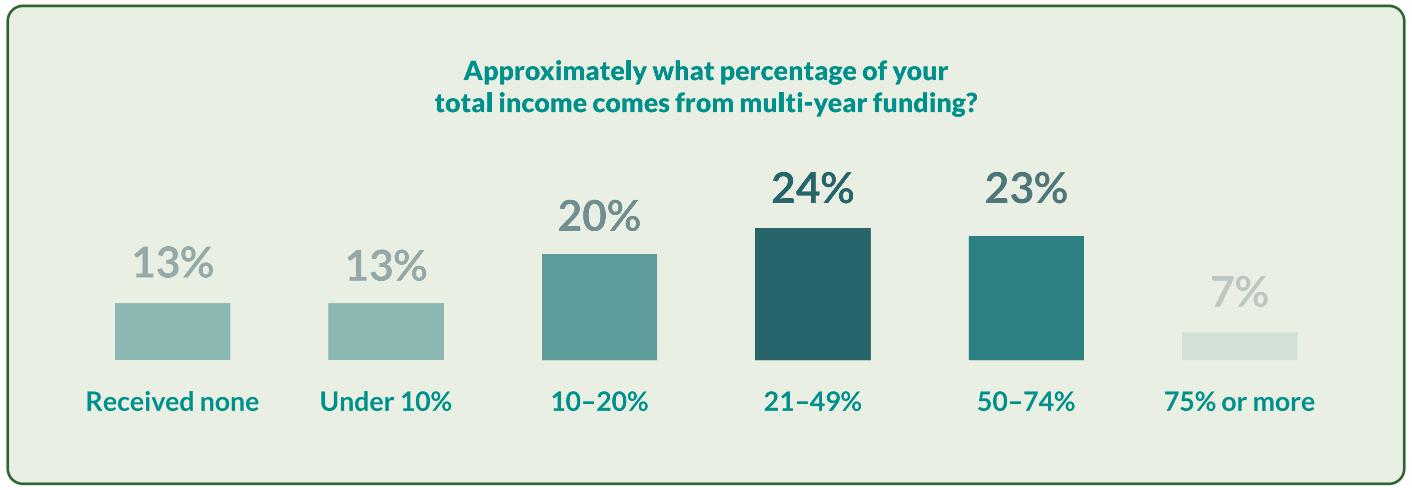
Annual expenditure

The sample skews toward well-resourced organisations: 73% have annual expenditure of USD 500,000 or more, and 30% spend USD 2M per year. The mean (USD 5.8M) is heavily pulled up by a small number of very large organisations.



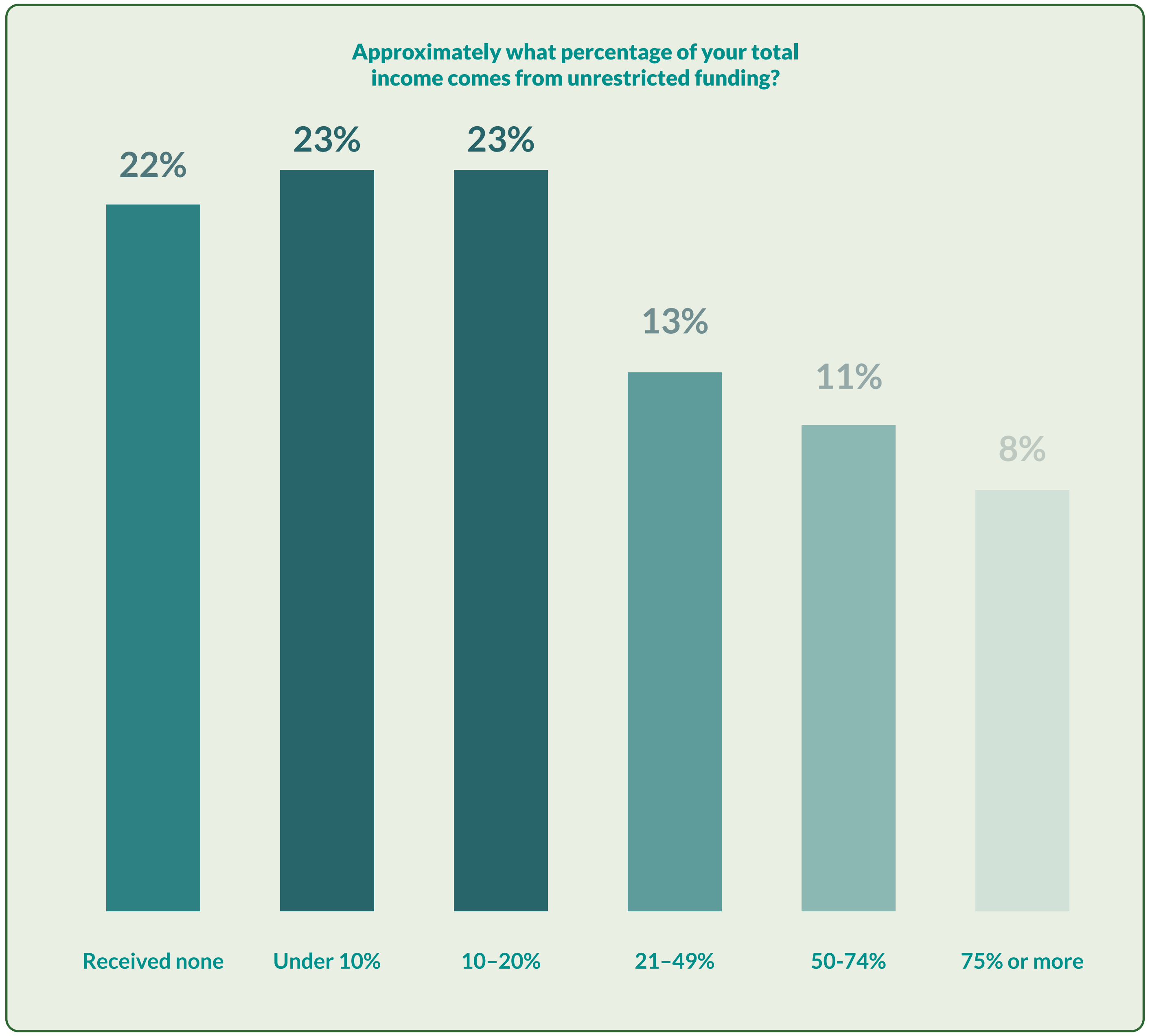
Extent of multi-year funding

55% of surveyed organisations received more than 20% of their income from multi-year sources, and only 13% received none at all. The distribution is concentrated in the 21–49% and 50–74% brackets.



Extent of unrestricted funding

22% of surveyed organisations receive no unrestricted funding at all, and only 32% receive more than 20% of their income from unrestricted sources.

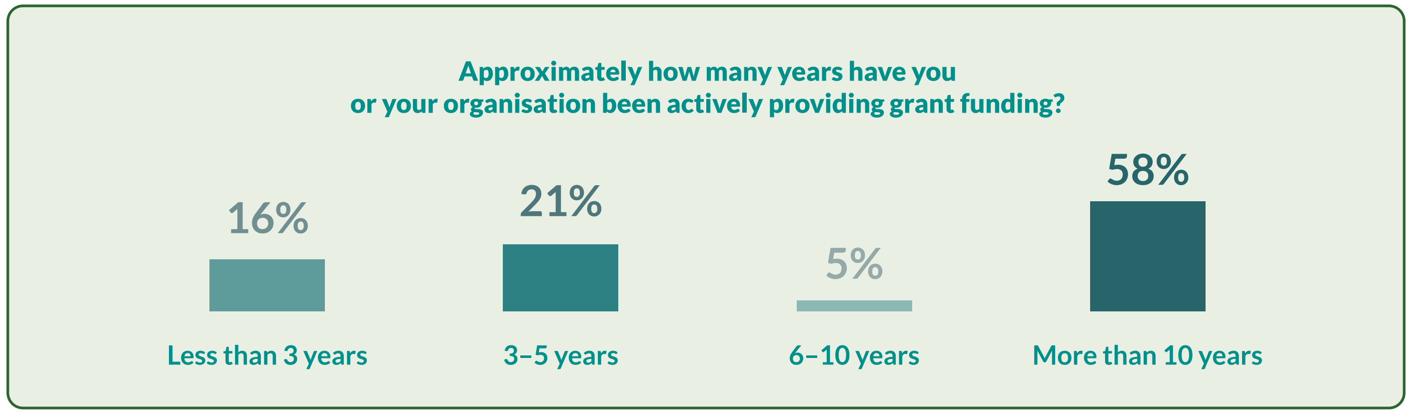


APPENDIX C: FUNDER PROFILES

This section details the distributions across the full sample of funder survey respondents (n=19). Each chart below visualises the share of organisations falling into each response bracket for a single survey question.

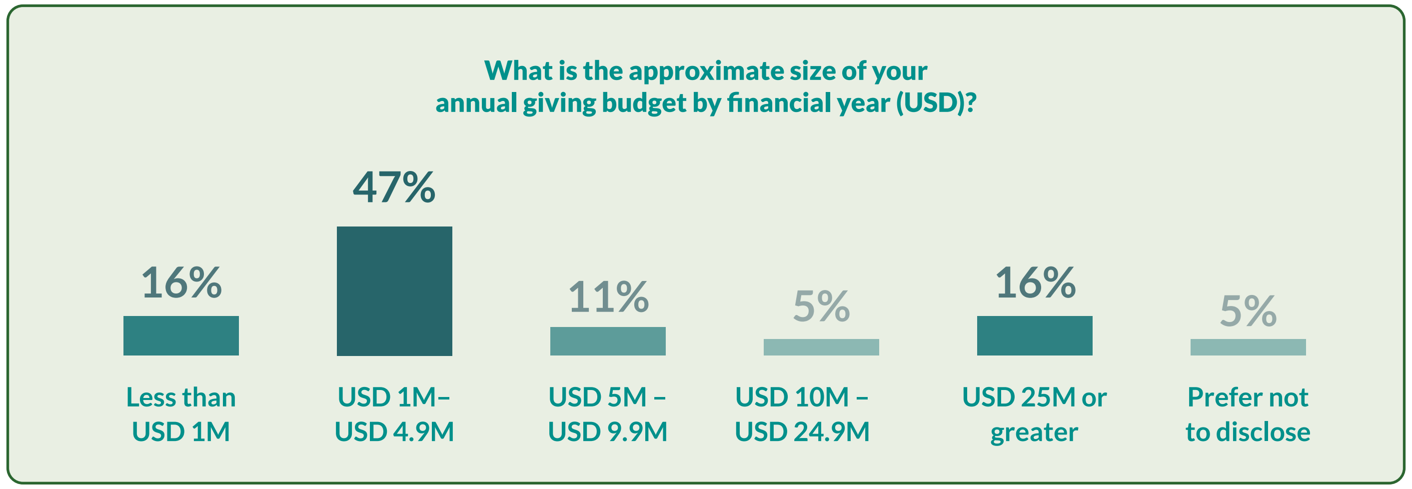
Years of operation

Most funders in our sample are highly experienced, 58% have been actively grantmaking for more than 10 years. 16% have been giving for fewer than 3 years.



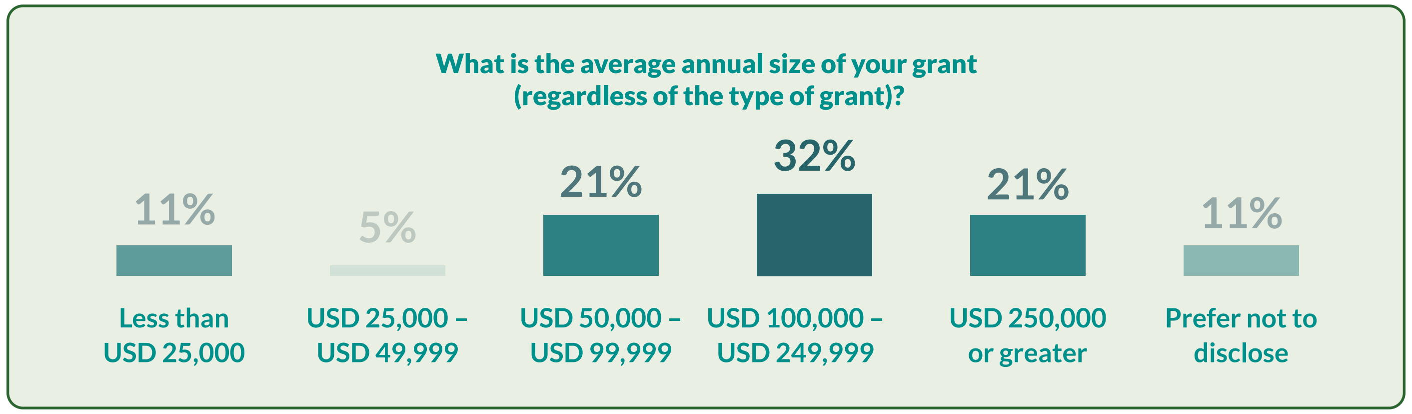
Budgets

Annual giving budgets cluster in the lower-to-mid range: 47% of funders report budgets of USD 1M-4.9M, with another 16% under USD 1M. Larger funders (USD 25M+) make up 16%.



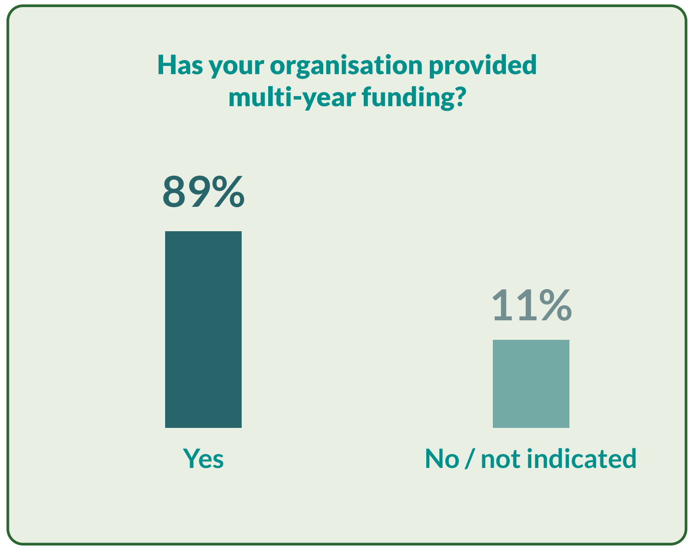
Average grant size

Average grant sizes are concentrated between USD 50,000 and USD 249,999 (53% of donors). Smaller grants (under USD 50,000) account for 16%, while larger grants (USD 250,000+) account for 21%.



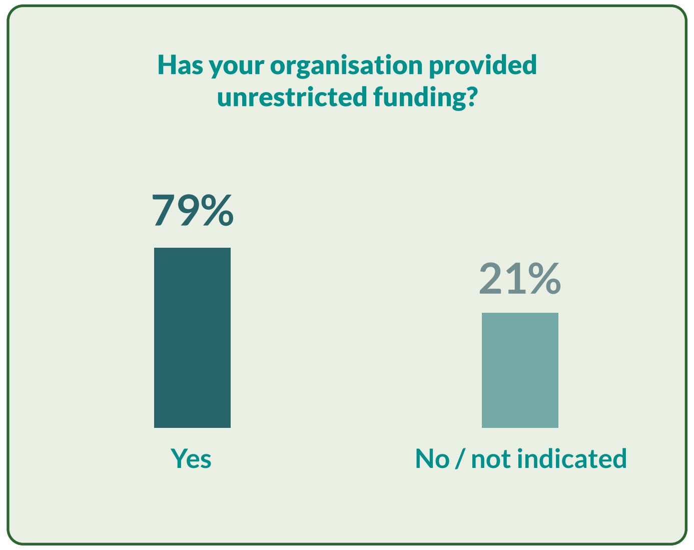
Provision of multi-year funding

An overwhelming 89% of funders report having provided multi-year funding, with only 11% indicating they have not.



Provision of unrestricted funding

79% of funders report having provided unrestricted funding at some point, while 21% report not doing so.



Breakdown of giving

Funders were asked to report the proportion of their grantmaking portfolio allocated across categories defined by funding type and duration. Portfolios of funders surveyed skewed toward both multi-year restricted (47%) and multi-year unrestricted (44%) support. As funders allocated proportions to each category independently, and the figures presented are means across a sample rather than a single portfolio, the totals do not aggregate to 100%.

However, it should be noted that given the small sample size (n=19) and high standard deviations (SD) indicating that individual practice varies considerably across funders. These figures should be treated as indicative rather than conclusive.

In your latest completed financial year, approximately what percentage of your total grantmaking was allocated to each category?

28.6% One-year restricted support (Mean)	**26.9%** One-year restricted support (SD)	**47%** Multi-year restricted support (Mean)	**27.7%** Multi-year restricted support (SD)
20.5% One-year unrestricted support (Mean)	**15.9%** One-year unrestricted support (SD)	**43.9%** Multi-year unrestricted support (Mean)	**32.9%** Multi-year unrestricted support (SD)

APPENDIX D: FULL SURVEYS FOR BOTH FUNDERS AND SPOS

FOR FUNDERS

The purpose of this survey is to better understand how funders in Southeast Asia structure their grantmaking—through the use of unrestricted, restricted, one-year, and/or multi-year funding—and how these choices are shaped by organisational priorities, practices, and constraints.

We are interested in learning from a range of experiences and approaches, including what works well and what is challenging.

Access the full survey here:

FOR SPOS

The purpose of this survey is to better understand how SPOs in Southeast Asia experience different funding structures—including unrestricted, restricted, one-year, and multi-year funding—and how these structures affect organisational capacity, programmes, and relationships with funders.

We are interested in learning from a wide range of SPO experiences, including what has been helpful, what has been challenging, and how funding practices shape day-to-day decisions and long-term planning.

Access the full survey here:

APPENDIX E: FULL LITERATURE REVIEW

The existing literature on unrestricted and multi-year funding is directionally consistent, but uneven in terms of both rigor and geographic scope. To help distinguish between different types of evidence, we organize the reviewed literature into three broad tiers. These tiers are intended as an analytical framework for this report, rather than a formal evidence-grading methodology, and some sources may span more than one category.

Access the full review here

REFERENCES

[1] We define a Social Purpose Organisation (SPO) as an organisation whose primary purpose is delivering products and services that address a societal need. Our definition includes both non-profits and social enterprises.

[2] We note that these disparities are not statistically significant, but rather suggest trends across our sample.

[3] Grantmakers for Effective Organisations (2022), Centering Equity Through Flexible, Reliable Funding, https://www.geofunders.org/wp-content/uploads/2022/05/GEO_2022_CenteringEquityThroughFlexibleReliableFunding.pdf; Center for Effective Philanthropy (2021), Foundations Respond to Crisis: Lasting Change?, https://cep.org/wp-content/uploads/2021/11/CEP_Foundations-Respond-to-Crisis_Lasting_Change-1.pdf

[4] ~60% of each BUILD grant was fully unrestricted general operating support, while the remaining ~40% was dedicated to institutional strengthening. Ford Foundation(2022), BUILD Evaluation: Final Report, https://www.fordfoundation.org/wp-content/uploads/2017/09/build-evaluation-final-report.pdf

[5] While Ford Foundation is currently phasing-out BUILD as a standalone programme, many of its core principles, including multi-year, flexible funding, have been integrated into the Foundation's broader grantmaking approach.

[6] The five foundations were Ford Foundation, the William and Flora Hewlett Foundation, the John D. and Catherine T. MacArthur Foundation, the Open Society Foundations, and the David and Lucile Packard Foundation. Bridgespan, Five Foundations Address the Starvation Cycle, https://www.bridgespan.org/insights/five-foundations-address-the-starvation-cycle

[7] Associated Press (2025), Philanthropist MacKenzie Scott gave $7.1 billion to non-profits in 2025, a major increase, https://apnews.com/article/mackenzie-scott-giving-2025-d7a1d58500696446406b1157058ae402

[8] Ford Foundation(2022), BUILD Evaluation: Final Report, https://www.fordfoundation.org/wp-content/uploads/2017/09/build-evaluation-final-report.pdf

[9] Centre for Effective Philanthropy (2024), Breaking the Mold – Final Report, https://cep.org/wp-content/uploads/2025/02/CEP_Breaking_the_Mold_FNL.pdf

[10] 17% of surveyed leaders reported encountering a minor challenge with Scott's grant, and 2% reported encountering a major challenge. Center for Effective Philanthropy reports that those difficulties were most often related to managing relationships with other funders.

[11] See, e.g., Centre for Effective Philanthropy / Bridgespan (2023), Impact of Large, Unrestricted Grants—A Five-Year View, https://cep.org/blog/the-impact-of-large-unrestricted-grants-on-non-profits-a-five-year-view; Fund the People (2025), Long-Haul Grantmaking, https://fundthepeople.org/report-long-haul-grantmaking; IVAR (2023), Under the bonnet of unrestricted (with Lloyds Bank Foundation), https://static1.squarespace.com/static/607452f8ad01dc4dd54fc41f/t/65282bd50933376fe07f3533/1729001701514/Under-the-bonnet-of-unrestricted-with-Lloyds-and-Partners-IVAR.pdf; see also Wiepking & DeWit (2023), Unrestricted Funding & Non-profit Capacities: Developing a Conceptual Model, https://onlinelibrary.wiley.com/doi/full/10.1002/nml.21592 (study of grantees of Dutch Postcode Lottery and FriendsLottery reported that unrestricted funding supported financial management, operational capacity, staff management, adaptive capacity, strategic planning, mission orientation and innovation)

[12] Epic Foundation (2025), Impact Study, https://drive.google.com/file/d/1wT0wleYyVfacmCxsNViSxbfVS1QHtgiE/view (grants also strengthened organisational capacity, notably helping grantees innovate (88%) and take more risks (92%)).

[13] AVPN(2023), Giving Trust: The Result of Unrestricted Giving on Asian Non-profits, https://avpn.asia/resources/blog/giving-trust-the-result-of-unrestricted-giving-on-asian-non-profits/

[14] D.H. Chen Foundation(2023), Project Fuel Impact Report, https://dhchenfoundation.com/wp/wp-content/uploads/2023/12/Project-Fuel-Impact-Report-SP.pdf

[15]Centre for Asian Philanthropy and Society (2022), Operational Funding: why it matters now more than ever, https://caps.org/wp-content/uploads/2026/02/Operational-Funding_CAPS.pdf

[16] A robust series of reports and practice guides from Bridgespan's "Pay What it Takes" project in India suggest that restricted, short-term, low-overhead funding constrains the organisational capacity of Indian SPOs, and ultimately stunts impact. These reports focus on the constraints of restricted funding, specifically underfunding of indirect costs, rather than the counterfactual impact of unrestricted funding. See, e.g., Bridgespan (2022), Bridging the Gap on Funding the True Costs of NGOs in India, https://www.bridgespan.org/getmedia/0ce-f78ac-b5e3-44e6-b3b4-80d4acb0e9ed/bridging-the-gap-on-funding-true-costs-of-ngos-in-india.pdf.

[17] We acknowledge that Southeast Asia is an extremely diverse region, encompassing very different political systems, regulatory environments and philanthropic ecosystems. While charitable giving and mutual aid have long histories across the region, more formal institutional philanthropy is comparatively newer and unevenly developed across countries. This report does not treat Southeast Asia as a single, homogenous funding environment, but instead seeks to identify broad patterns and recurring themes that emerged from our survey sample.

[18] Complete surveys as presented to both SPOs and Funders are available at Appendix D.

[19] Survey distribution relied on broad sector collabouration, including outreach through Asia Community Foundation's network, intermediary organisations, peer referrals, and regional social sector networks, supplemented by social media dissemination.

[20] For example, Singapore's Tote Board provides substantial government-supported grantmaking programmes for SPOs, such as the Enhanced Fundraising Programme (EFR) which provides unrestricted funding to match eligible donations raised by approved organisations.

[21] We use "funders", "donors", and "grantmakers" interchangeably throughout this report.

[22] While direct regional comparators are limited, this figure is still materially higher than the closest available Asia-focused benchmark—the Doing Good Index 2024, which found that only 15% of Asia-based Social Delivery Organisations received consistent donor support for capacity building, a related though not directly equivalent indicator of unrestricted support.

[23] Non-profit Finance Fund (2025), State of the Non-profit Sector Survey 2025, https://nff.org/state-of-the-non-profit-sector-survey/2025-state-of-the-survey-non-profit-sector-survey/2025-survey-analyzer/

[24] In the absence of regional comparators, this aligns with the Doing Good Index finding that only 15% of Vietnamese Social Delivery Organisations received consistent support for capacity building. It should be noted that this is a proxy indicator and this study does not intend to conflate unrestricted funding with capacity building funding.

[25] US non-profits with budgets under USD 100,000 were less likely to have more than 20% of funding from unrestricted sources. Non-profit Finance Fund. (2025), State of the Non-profit Sector Survey 2025. Accessible from https://nff.org/state-of-the-non-profit-sector-survey/2025-state-of-the-survey-non-profit-sector-survey/2025-survey-analyzer/

[26] Centre for Effective Philanthropy (2024), Breaking the Mold: The Transformative Effect of MacKenzie Scott's Big Gifts, https://cep.org/report-backpacks/breaking-the-mold-the-transformative-effect-of-mackenzie-scotts-big-gifts/?section=overview#overview

[27] Center for Effective Philanthropy (2020), New Attitudes, Old Practices: The Provision of Multi-year General Operating Support, https://cep.org/wp-content/uploads/2020/10/Ford_MYGOS_FNL.pdf

[28] OECD Centre on Philanthropy (2024), No strings attached? Making sense of flexible financing in philanthropy, https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/03/no-strings-attached-making-sense-of-flexible-financing-in-philanthropy_beeeb332/0264b47f-en.pdf

[29] New Attitudes, Old Practices: The Provision of Multiyear General Operating Support, https://cep.org/report/new-attitudes-old-practices/

[30] OECD Centre on Philanthropy (2024), No strings attached? Making sense of flexible financing in philanthropy, https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/03/no-strings-attached-making-sense-of-flexible-financing-in-philanthropy_beeeb332/0264b47f-en.pdf.

[31] Centre for Asian Philanthropy and Society. (2024). Doing Good Index 2024: Examining the Readiness of Asia's Social Sectors to Thrive, https://doinggoodindex.caps.org/

[32] In response to the question: "In your latest completed financial year, what did your grantmaking consist of?"

[33] In response to the question: "What are the main constraints, if any, that limit your organisation's ability to commit funding over multiple years (regardless of whether funding is restricted or unrestricted)? (Select up to 3)"

[34] In response to the question: "What are the main constraints, if any, that limit your organisation's ability to commit funding over multiple years (regardless of whether funding is restricted or unrestricted)? (Select up to 3)""

[35] In response to the question "What do you think are the main barriers preventing more funders from giving multi-year grants? (Select up to 3)"

[36] In response to the question: "Which internal factors most influence your organisation's use of restricted funding? (Select up to 3)"

[37] In response to the question: "What do you think are the main barriers preventing more funders from giving unrestricted grants? (Select up to 3)"

[38] Shapiro, R. A., Mirchandani, M., & Jang, H. (2018). Pragmatic philanthropy: Asian charity explained. Springer Nature.

[39] Centre for Asian Philanthropy and Society. (2024). Doing Good Index 2024: Examining the Readiness of Asia's Social Sectors to Thrive, https://doinggoodindex.caps.org/

[40] We also asked funders and SPOs to define "restricted" and "multi-year" funding. On these terms, both groups were largely aligned with each other, as well as with the definitions provided by ACF for purposes of the survey.

[41] Our intention is not to make a judgment on which definition of "unrestricted" funding is correct, or to elevate one interpretation over another. We simply report how, according to our sample, such funding operates in practice in Southeast Asia.

[42] We discuss these issues in more depth in Section VI.

[43] While our survey and interview data were not originally structured around these categories, this framework helps clarify how specific funding practices either support or constrain organisational and programmematic effectiveness at each stage of the grant lifecycle.

[44] Throughout this section, we make extensive use of anonymised interview quotations to illustrate recurring themes and ground our findings in practitioner perspectives. We also include examples of grantmaking practices shared by interviewed funders. These examples are presented not as validated models or endorsements, but as illustrative practices that may offer useful insights for other funders and SPOs operating within the region.

[45] In response to the question: "Which external factors most influence your organisation's use of restricted funding? (Select up to 3)"

[46] Interestingly, surveyed organisations receiving over 80% of their total income from restricted grants envisioned that, if their funding composition were to change, they would use unrestricted funding somewhat differently: to build financial reserves (47%), pilot new programmes or innovative approaches (39%), invest in MEL systems (38%), or strengthen organisational functions (37%). This disconnect between vision and reality underscores the point that while organisations who do not receive unrestricted funding dream of strategic investments, organisations who do receive it end up spending such funds on survival basics.

[47] The 2024 Doing Good Index, for example, notes that almost three-quarters of SPOs struggle to recruit staff, and 69% report difficulty retaining staff, and that donors could better support organisations by providing more funding for capacity building.

[48] The 2024 Doing Good Index reports that almost a third (32%) of SPOs have never received support to strengthen their capacity. The percentage of those who receive consistent support has seen a slight downward trend over the years, dropping from 17% in 2020 to 16% in 2022 and 15% in 2024.

[49] Relevant permissions must be sought for shared due diligence.