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“It’s a culture of exceptions.”

“I don’t really understand how decisions are made.”

## INSIGHT

**Grantees crave structure and clarity with regards to 1) the funding process and what to expect from the relationship once funded, and 2) shifting strategic priorities.**

Structured funding processes, clear communication about strategic priorities, and how to secure funding are critical. Without this, potential grantees have inconsistent experiences and misunderstandings can arise.

“For us it’s impossible to make a five-year plan. All of these figures are totally made up.”

“I can’t really comment because our situation is special.”

“Things can be ad-hoc and unprofessional.”

## Insights

When we asked grantees about their experiences with GCE, almost all of them mentioned that theirs was an exceptional or unique case, and not likely to be generalizable feedback. This seems to stem from a lack of structure in the IL/grantee relationship overall. Funding relationships fall somewhere on the spectrum between “hands-on” – meaning customized, high-touch interactions – and “hands-off” – meaning more standardized, low-touch interactions. Both extremes have advantages and disadvantages. Overall, this “culture of exceptions” was associated with a lack of transparency, high unpredictability, and even favoritism.

In more hands-on relationships, organizations felt they had received bespoke engagement from GCE, often describing their ILs as mentors and partners. This makes them feel unique and valued, and allows organizations to ask for help when they need it.

However, some participants told us that a hands-on approach isn’t always better. The downside of a personalized, high-touch experience is that grantees struggled to explain how GCE made decisions. When asked about the main factors in GCE’s funding decision, many interviewees said they could not generalize because “[their] case was an outlier.”

On the other hand, a hands-off relationship doesn’t necessarily mean that all organizations receive the same treatment. While some organizations praised the efficiency of a standardized funding process and stated that they have more trust in a standardized process, many

“Now everyone is interested in [X], but that’s not what we do.”

“There’s an inherent competition among grantees that funders pretend doesn’t exist. It’s hard not to look over your shoulder at the new people getting funding.”

organizations with a “low-touch” relationship with GCE felt that their needs were not being met. They were more likely to see other grantees as competitors for GCE’s attention.

### **STRUCTURE & CLARITY: THE FUNDING PROCESS**

Many participants said they were uncertain about what to expect before and during the process. For example, some interviewees expressed bewilderment about the role of the investment committee. This confusion translated into insecurity about whether they can trust their ILs with information they feel might not be appropriate to share with the investment committee.<sup>5</sup> They wondered about how much information they should share with their IL, especially information that might make their organization look bad, and how much of that would then be shared with the investment committee, who they would likely not have met for the first time until the end of a long process.

Some participants mentioned frustration with burdensome processes that lasted over a year and involved multiple people from GCE. Over two-thirds of interviewees bemoaned a process that was long, difficult, and opaque – one even called it “unprofessional.”

They reported being asked to submit documents on short notice, and having to repeat information, sending the same or very similar information to multiple people at GCE. Some participants mentioned that they found certain periods during the investment process particularly stressful, such as when they weren’t sure if they would receive a final decision from GCE or just a request for more documentation.

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<sup>5</sup> The investment committee is the approval committee for grants and investments.

### **STRUCTURE & CLARITY: SHIFT IN PRIORITIES**

Grantees repeatedly mentioned that the value of their relationship with GCE was more than financial. While part of the GCE portfolio or network (as grantees referred to it), they were able to take advantage of the GCE/ON stamp of approval, enjoy publicity and attention through their connection with GCE/ON, and reap the benefits of a personal relationship with their IL (often a powerful player in their field).

Since the personal relationship with the IL is a signature component of being part of the network, being transitioned out of the portfolio can feel like a personal betrayal. Some participants, that have received longer-term support from GCE, felt that new projects were competitors not just for money but also for attention. Concerns were raised based on what they knew of other organization's experiences, and fears over the stability of their own funding.

This feeling of personal betrayal also goes beyond the relationship with the IL. Many grantees working in the space deeply identify with the issues they are working on. Some participants noted that when GCE pivoted to a different investment strategy, focusing on new and emerging issues, people working in the "old" issue areas felt rejected. It is not only a financial, but also an emotional matter to lose the support of GCE, and one that can be seen to reflect inherent power imbalances in the funder-grantee relationship.

### **THEMES**

- > Funding Approach & Process
- > Trust & Power
- > Funder Identity & Culture

## Recommendations

Bringing structure and clarity to the funding processes increases consistency across the grantee experience and limits potential misunderstanding. The following are some recommended steps to increasing structure and clarity:

- Be transparent about your strategic priorities, and keep grantees informed as to how they may be changing.
- Clarify the steps, inputs and outputs of the funding process, and the process for accessing alternative types of support. Pay particular attention to communicating what is required from the grantee early on in the process.
- Clarify roles and responsibilities of key people involved in relationship management with the grantee. This is particularly important for creating a deep and trusting relationship and provides clarity over who the grantee should direct questions to.
- Clarify what alternative types of portfolio support is available to grantees, why it is being offered, and particularly how this support is intended to help achieve the organization's goals.
- Be clear about expectations and responsibilities of grantees once in the portfolio e.g., with regards to reporting, evaluation, and expected duration of support.
- Look for opportunities to model transparency and honesty in communications with grantees. Greater

## FUNDING PROCESS

transparency from funders around their own challenges and failures will help grantees by reinforcing that their experiences are normal, expected, and worthy of support, and will facilitate a more productive and beneficial funding relationship for both parties.

- When expecting to transition a grantee out of your portfolio, specify a “ramp down” time period, during which grantees have time to adjust to the changes in their finances and plan for the months and years ahead.
- Consider providing strategic and financial planning support, particularly focused on the post-funding phase.
- Consider inviting organizations to do an exit interview or survey at the end of a grant or the funding relationship to collect meaningful feedback on their experience.