



#Trust #Creates #Impact

Nine Considerations for the Foundation of the Future

#TrustCreatesImpact is an initiative whose members reflect on and shape the future of foundations and learn from one another in the process. Our nine considerations guide our efforts in this regard. Each of our initiative's members, as an individual foundation and together as a network, is on a journey towards realising the considerations. Through our actions we are able to better reflect on, understand, and drive forward the nine considerations. We invite other foundations to join us in #TrustCreatesImpact, to actively participate in the discourse in the philanthropic sector and to develop themselves towards the realisation of these nine considerations.

We strongly believe that the considerations speak to important issues in the philanthropic sector. That is why we see #TrustCreatesImpact as an important initiative and a vehicle to initiate these processes.

- 1. Foundations of the future are diverse and participatory in their structures.** In order to live up to their social responsibility, they exemplify diversity, gender equality and participatory decision-making processes and implement these in their support and project work.
- 2. Foundations of the future listen.** Not only to those whom they support, but also to all other relevant actors in society who have something to say. By listening and interacting as equals, one learns to critically question one's own assumptions – which has a direct impact on the quality of one's own work.
- 3. Foundations of the future share their power.** When foundations design programmes jointly with funded organisations and involve them in decision-making processes, they consciously act against the power gap between foundations and grantees and strengthen the social impact of their actions.
- 4. Foundations of the future are transparent.** In order to enhance the credibility and legitimacy of their work, foundations must become more transparent. This means that foundations should disclose funding criteria and decisions, share experience, knowledge and data, and interact with



partners in an open and respectful manner.

- 5. Foundations of the future work together in partnerships and networks. Foundations are aware of where important synergies can result from partnerships.** Cross-sectoral partnerships between public institutions, businesses, foundations, citizens and non-profit organisations have many effects: They combine individual efforts, achieve greater scope and attention, improve mutual understanding and increase the knowledge of all actors involved.
- 6. Foundations of the future are innovative in their support.** No matter whether they intend to proactively change existing systems and structures, or whether they want to preserve positive aspects, the following applies in any case: Testing innovative solutions is comparatively unproblematic for foundations because they act independently and plan long-term. However, the fact that grants are only awarded on a one-off basis prevents many foundations from breaking new ground. But the benefits are substantial: Foundations gain new insights and can achieve high impact.
- 7. Foundations of the future have a modern attitude to making mistakes.** When foundations share their experiences, supposed mistakes and failures have positive effects: They strengthen the knowledge and competencies of organisations and the sector at large and often trigger unexpected positive developments.
- 8. Foundations of the future provide sustainable support.** For a strong civil society to be based on strong organisations and not on constant competition between potential grantees, foundations must provide sustainable support. It is therefore important not only to fund projects, but also to provide structural support. The foundation capital should also be invested sustainably and in line with the purpose of the foundation, thus acting as a catalyst for social change
- 9. Foundations of the future provide more than just money.** Non-profit organisations often require more than traditional project funding in order to be successful and effective in the long term. Some of them are better served if foundations make contacts and provide experts, create access to networks, contribute their know-how or get involved with their capital.



Nine Considerations for the Foundation of the Future

The future needs formers and shapers

The future is already here.

And that is why foundations can no longer afford, that:

- Only 23% of Germans think that foundations are transparent,
- funding is almost exclusively used to support projects rather than organisations,
- they overwhelmingly work in homogenous teams, devoid of any trace of diversity,
- mistakes and failures are hushed up because others also do not talk about them,
- they try to solve societal problems single-handedly.

What we must be willing to achieve, however, are new ways of working and thinking – and the courage to recognise and tear down existing power structures. Within ourselves and wherever we encounter them.

A first step: Share your power and let those who are supported participate. To the same extent that funding organisations and the actual target groups are more closely involved, this increases the sustainability and effectiveness of philanthropic activities. Above all, participation creates legitimacy.

#Trust #Creates #Impact – Based on the following nine considerations and your ideas for the foundation of the future, we want to support foundations in rethinking their own future.

1. Foundations of the future are diverse and participatory in their structures.

In total, foundations in Germany have considerable assets, estimated at around 100 billion euros.¹ These resources confer great agency, great potential for impact and, above all, a great deal of responsibility. But by no means all foundations live up to this responsibility.

One example: Diversity, gender equality and participatory decision-making processes have been shown to contribute to higher quality work and more credibility. Reality, on the other hand, says that 57% of all foundation boards get on without women² – which seems to be paradoxical, because the staff of foundations mostly consists of women.³ A second example: According to a survey conducted by the Federal Association of German Foundations in 2016, only four per cent of foundations stated that they currently employ more people with a history of migration than previously.⁴ And that survey was from 2016, not the 1980s.

The list of such examples could be continued indefinitely, but they all illustrate one point: Foundations are well advised to employ people of different genders, backgrounds and biographies. It takes them closer to society and into the present. To identify needs in this respect and to promote a rethinking at all levels requires one thing above all else – time. Foundations that are still just at the beginning in this respect should consider promoting programmes where diversity, gender equality and participatory decision-making processes have long been on the agenda in order to learn.

¹ Estimate by the Federal Association of German Foundations. [\(LINK\)](#)

² Anke Pättsch (Federal Association of German Foundations): [\(LINK\)](#) a study with data by Phineo in cooperation with the Federal Association is to follow; as of 26 April, 2019.

³ Federal Association of German Foundations (2017): *Stiftungsfokus. Personal in Stiftungen – aktuelle Zahlen und Fakten*, p. 5.

⁴ Federal Association of German Foundations (2016): *Stiftungsfokus. Stiftungen und demografischer Wandel*, p. 7.



How can foundations foster greater diversity and participation?

- **D5 Coalition – Advancing diversity, equity and inclusion in philanthropy:** Five-year initiative that has conducted scientific research and reviewed case studies of foundations in the US to increase diversity, fairness and inclusion within the foundation sector.
([Link](#))
- **Principles of good foundation practice of the Federal Association of German Foundations:** At the 2019 Foundations Congress of the Federal Association of German Foundations, the principles of good foundation practice were adopted: “Foundations strive to implement gender equality in their work and take advantage of the opportunities offered by diversity.”
([Link](#))
- **Lucie and André Chagnon Foundation:** The Foundation’s Board of Directors is made up of the Foundation’s own members as well as external stakeholders, including people from the groups it supports.
([Link](#))

2. Foundations of the future listen.

By listening and interacting as equals, one learns to critically question one’s own assumptions – and broaden one’s horizon. Both enhance the quality of the work, but also necessitate stepping out of one’s own comfort zone and meeting criticism. Thus, more exchange can also result in more trust.

We want foundations to engage more with their beneficiaries, treating them as experts of their situation, and to incorporate what they have heard constructively into the foundations’ programmes. In this way, they know better what grantees really need. In addition, foundations will be able to keep abreast of the latest developments in the industry much more quickly and will be able to manage them better (both as a foundation and in project work). After all, let us not fool ourselves: The walls in many foundation buildings are still well cushioned – even against external influences.

How can foundations pay closer listen?

- **Software AG – Foundation:** In its funding activities, the foundation focuses on the quality of the encounters. The foundation strives to meet people on an equal footing and to have a deep understanding in order to engage in personal dialogue as well as to visit potential partner organisations on the ground. This serves as a basis of trust right from the start
([Link](#))
- **Critical Friends of the Deutsche Telekom Foundation:** While revising its overall strategy, the foundation invited key actors from civil society to critically question the foundation’s funding practice and play a constructive role in shaping it. The structured feedback process not only identified new potential impact, but also contributed to the foundation’s integration into civil society.
- **Fund For Shared Insight:** Established in 2014 by a group of sponsors led by the William and Flora Hewlett Foundation, the fund invests in projects that make philanthropy more responsive and participatory, e.g. by sharing information, research and practice on feedback processes.
([Link](#))

3. Foundations of the future share their power.

Foundations have resources that grantees need. Therefore, they are always in the more powerful position. The decision-making paths are correspondingly one-dimensional, and the changes are thus also few and far between.



In addition, societal structures of inequality, such as origin, skin colour or gender, often favour people working at the foundation.

We would like to encourage foundations to work in a more participatory way – for example, by designing programmes together with grantees, which they then implement jointly and on a long-term basis. However, grantees can also be directly involved in decision-making processes and represent the target group on the board of directors. Only those who work together can counteract an unequal balance of power and increase the social impact of their actions.

By sharing the influence and power they wield through their endowment capital, foundations promote social change. Here is an idea: Involve the funding partners in the development of the programme and carry out regular evaluations. It is also conceivable to provide long-term, unrestricted grants or to try out other forms of organisational structure that allow more flexibility in funding (gGmbHs, associations etc.). Both ideas contribute to a different attitude when grantmaking organisations and their grantees meet. Each idea by itself is simple and obvious, but together they promote change.

How can foundations share their power?

- **Kreuzberger Kinderstiftung:** Since 2014, a council of young people at the foundation has been making its own decisions on applications for funding concerning young people. In this way, the foundation shares the influence over funding with its target group of children and young people. The members are between 17 and 25 years old and former scholarship holders of the foundation. ([Link](#))
- **filia.die frauenstiftung:** At filia, an advisory board made up of girls and young women has been involved in project funding since 2012. The target group of the projects are mainly girls who are discriminated against in several ways – and just such girls are also part of the advisory board. ([Link](#))
- **FundAction:** FundAction is a participatory fund founded in 2016 i.a. by the Open Society Initiative for Europe and the Guerrilla Foundation in cooperation with activists from all over Europe. It is not the foundations' staff but a core team of activists that decide on funding. How funds are used is then at the discretion of the sponsored organisations – not of the giving organisations. ([Link](#))
- **Hope Starts Here:** Hope Starts Here is an initiative of the W.K. Kellogg Foundation and the Kresge Foundation whose goal is to improve early childhood education in Detroit. This initiative is characterised by its open and participatory structures, which not only bring together non-profit organisations, educational and research institutions, but - above all - actively involve Detroit's residents in the development of a common agenda. ([Link](#))

⁵ In January 2019, a total of 1,025 persons were interviewed on behalf of the Federal Association of German Foundations. They were presented with twelve opposing pairs of characteristics which they were asked to relate to foundations. The interviewees were able to grade their rating on a scale of 1 to 5. Federal Association of German Foundations (2019): Stiftungswelt. Frühling 2019, p. 15

4. Foundations of the future are transparent.

Never before has it been so easy to make information available to the public. Nevertheless, according to a current representative survey, around one third of respondents believe that German foundations lack transparency.⁵ However, transparency is indispensable in order to sustainably strengthen the credibility and legitimacy of foundations' activities. This transparency could be enhanced by foundations publishing eligibility criteria, establishing decision-making processes, disclosing the use of funds or sharing knowledge and experience.

This degree of transparency increases the equality of access among applicants, the quality of the cooperation, the impact of projects and the practical knowledge of the philanthropic sector in general. Assuming that foundations are aware of their own



objectives and needs – which we do not believe is always the case.

How can foundations become more transparent?

- **Initiative Transparente Zivilgesellschaft:** Since 2010, the signatories of the initiative have committed themselves to making relevant information about their organisation easily accessible to the general public in a specific format ([Link](#))
- **Albert Schweitzer Stiftung:** The Albert Schweitzer Foundation has been using the Social Reporting Standard for five years and was awarded Social Reporting Champ 2017 two years ago by the Social Reporting Initiative e.V. for its annual report. ([Link](#))

5. Foundations of the future work together in partnerships and networks.

We are stronger working together as equals! And that is why we want to establish more cross-sector partnerships – between public institutions, companies, foundations, non-profit organisations and citizens. These multi-sectoral partnerships will achieve greater reach and visibility, contribute to mutual understanding and increase the know-how of all parties involved. To that end, foundations should increasingly consider cooperation funding.

Foundations have always seen themselves as institutions that make connections and enjoy wide acceptance. They are therefore particularly well positioned to bring different actors together. Foundations of the future do not network for their own sake but have an eye for where partnerships are appropriate and profitable for all involved.

How can foundations work within partnerships?

- **Team up:** Ongoing, cross-sectoral cooperation between the German Federal Ministry for Economic Cooperation and Development (BMZ) and three large foundations with the aim of improving the living conditions of young people in rural Uganda. ([Link](#))
- **RuhrFutur:** Initiated in 2012; joint education initiative of the Mercator Foundation, the state of North Rhine-Westphalia (NRW), municipalities and universities from NRW. The aim of the initiative is to improve the educational system in the Ruhr metropolitan area in order to provide all children and young people in the Ruhr region with educational access, participation and academic success. ([Link](#))
- **TalentMetropoleRuhr:** The TalentMetropole Ruhr Foundation is a non-profit organisation whose educational initiative, TalentMetropole Ruhr, promotes young people in the Ruhr region. In a widespread network with partner organisations from the region, they provide children and young people with concrete programmes and support them in discovering their abilities and developing them in the best possible way. Whether in a day-care centre, school or during the transition to university or work, they are committed to giving young people the opportunity to advance to the next level of education. ([Link](#))
- **Zukunftsträger:** In 2018, the cross-sectoral funding initiative was initiated by PHINEO, the JPMorgan Chase Foundation and other supporters. The aim is to use the collective impact approach to better coordinate and dovetail individual programmes that assist disadvantaged young people from school to the start of their careers. ([Link](#))



6. Foundations of the future are innovative in their support.

Regardless of whether foundations aim to proactively change existing systems and structures, or if they want to preserve what is good, the following applies in any case: Testing innovative solutions is comparatively unproblematic for foundations – after all, they are only subject to their own pressure to achieve results and succeed. This enables them to take considered risks and try something new. Reality often looks different: Because funding can only be awarded once, foundations all too often rely on the tried and tested solutions. That is unfortunate, because breaking new ground always also means learning new things, being able to test new methods – and possibly having a greater impact. Innovative foundations know what their work is supposed to achieve and thus significantly drive change within the foundations landscape without being motivated solely by their own interests.

However, innovation should not mean abandoning proven methods, structures and processes for its own sake. Rather, consideration must be given to where innovation is appropriate, where new solutions are needed or how it can facilitate project processes.

How can foundations promote innovation?

- **Partners for a New Economy:** The Oak Foundation, MAVA Foundation, Marisla Foundation and Villum Foundation have jointly set up the Partners for a New Economy initiative. Through this initiative, they promote innovative projects, initiatives and approaches that develop new sustainable models in finance, test social entrepreneurship approaches and initiate new approaches towards a sustainable economy.
([Link](#))
- **Open Society Foundation:** The Open Society Foundation promotes activists and puts issues on its agenda, which not only create a stir politically, but can also lead to direct pressure on the foundation's staff.
([Link](#))

7. Foundations of the future openly talk about their mistakes and learn from it

Nobody likes to make mistakes – and certainly not when they impact human destinies. But the truth is also that in the philanthropic field it is not always easy to separate success from failure. This is not only due to the complexity of the projects, but also because of the different perspectives that foundations and grantees have on cooperation.

It is clear to us that no matter how strategically and jointly programmes are developed, setbacks can never be ruled out. Nevertheless, we are committed to a foundation culture that is characterised by learning and continuous knowledge enhancement.

When foundations share mistakes and setbacks, this can have positive effects: They expand their own knowledge (and that of the entire sector) and often enough trigger unexpected positive developments.

How can foundations maintain an attitude to making mistakes that is worthy of imitation?

- **Ford Foundation:** The Ford Foundation shares its practical experience, partner surveys and programme evaluations on its website under the heading “Learning and Impact”. This allows the public to learn from their successes and mistakes.
([Link](#))

8. Foundations of the future provide sustainable support.

A strong civil society requires healthy and strong organisations. Foundations should therefore less often focus on short-term project success. Rather, it is worth looking



at the grantee organisation as a whole and its real needs – and they may not only be about project funding. It is currently still rare for foundations to award structural grants.

Foundations of the future not only invest their assets sustainably, but also with an eye to achieving their goals. In this way, foundations indirectly strengthen the work of those they support.

Our approach: Supporting organisations long-term and also structurally. In this way, we contribute to ensuring that organisations can establish or maintain professional structures and carry out their work to the required standard. In addition, non-project-related funding enables organisations to react to new developments and unexpected situations.

How can foundations be sustainable in their support?

- **Sigrid Rausing Trust:** The Sigrid Rausing Trust supports organisations around the world that promote human rights. Since 1995, the Trust has collected some 300 million British pounds. Most donations are made without any specific purpose, most of them account for structural costs and overheads.
([Link](#))
- **Drosos Stiftung:** The Drosos Foundation specifically promotes the structures of non-profit organisations, such as cultural or training centres, in the Levante, especially in disadvantaged regions. Capacity-building by local institutions enables them to achieve their impact much more sustainably than would be possible by supporting individual projects.
([Link](#))
- **Mama Cash:** Mama Cash mobilises resources from individuals and institutions, provides grants to self-managed, feminist organisations, helps building partnerships and networks necessary to successfully defend and promote the human rights of women, girls, transgender and intersexual people worldwide.
([Link](#))

9. Foundations of the future provide more than just money.

Classic project funding is not always appropriate when it comes to providing the best possible support to non-profit organisations. Some organisations are more helped by foundations arranging contacts or experts, creating access to networks, contributing their know-how or capital – there is wide range of support and financing tools.

How can foundations provide more than just money?

- **Schöpflin Stiftung:** The Schöpflin Foundation makes entrepreneurial demands on its funding partners – which it also abides by. Depending on requirements, the foundation supports through donations, impact investments and non-financial support.
([Link](#))
- **Auridis:** Auridis provides not only long-term support for funded organisations, but also gives them advice. The foundation has established a network that encourages regular exchange among the funding partners and also offers comprehensive assistance in organisational development.
([Link](#))