Environmental Funders Network

Increasing the effectiveness of environmental funder-fundraiser relationships

Lead author: Sophia Cooke (EFN)
Second author: Ellen Kinsley (The Wildlife Trusts)

The Environmental Funders Network (EFN) works to transform environmental philanthropy in the UK: increasing funding levels, improving effectiveness and supporting people and organisations helping to create a thriving planet. We provide tailored support across the funding community to strengthen their work – whether that's within our membership network for funders and advisors, or in our forum for fundraisers. We share knowledge, expertise and research, and foster connections. We also work to motivate and inspire those not yet funding environmental causes to give. The need for strategically-deployed environmental philanthropy has never been greater. Our aim is to give the funding community the knowledge, networks and agency they need to address these key challenges of our time.

Co-authors (ordered alphabetically): Oliver Armstrong (EFN), Jane Cabutti (EFN), Julie Christie (EFN), Liz Gadd (EFN), Emily Kinder (Centre for Sustainable Energy), Aoife O'Leary (Opportunity Green), Charlotte McMenamin-Walshe (Green Alliance), Emma Miller (Whale and Dolphin Conservation), Florence Miller (EFN), Marcus Pugh (Eating Better), Lotte Rietveld (Proforest), Jane Robinson (Keep Britain Tidy), Blanche Shackleton (Green Alliance), Kat Stephenson-Hall (Climate Catalyst), Abi Stovold (WWT Slimbridge), Joseph Wood (Whale and Dolphin Conservation).

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Foreword

Credit: Raphael Pouget, Climate Visuals Countdown

In parallel with broader environmental action, environmental funding is not scaling at the pace necessary. The climate and ecological emergency urgently requires both increased funding and enhanced effectiveness in how these funds are given, used and evaluated. Unfortunately, myriad areas of ineffectiveness remain across the sector, particularly including a critical lack of long-term and unrestricted funding. This report offers many practical examples of how funders can contribute to ongoing improvements and inspires me with hope that some of the required changes are already underway. Nevertheless, much work remains and it is imperative that we do not allow these long-standing challenges to persist further.

This is the first report of its kind in the UK environment sector. We know that philanthropic power-dynamics impact conversations even in strong funder-grantholder relationships. As such, we hope readers will welcome the courageous honesty and celebration of effective practices compiled anonymously within these pages. In pooling their experiences, environmental fundraisers are offering a depth and breadth of constructive feedback never seen before, to help environmental philanthropists to achieve greater impact in their giving.

There are numerous examples of good practice among funders and grantholders detailed in this report. Many readers may experience a sense of relief that they have already made improvements, and are perhaps even leading the way. If that is you, there are indications that you are part of a significant minority, and so we urge you to maximise your contributions to peer-to-peer sharing, learning and influencing. Others may feel daunted by potential challenges. If so, remember that you are not alone and that there are many people willing to share their experiences and tips.

Looking to the future, I am excited to see these shifts unfold across the sector.

The transformational, systemic change required by societies across the world demands new ways of being, and funding, for us all. For funders and grantholders, our potential for increased impact through more and better collaboration is perhaps our most promising opportunity. Whatever the future holds, honest open conversations within and between funders and grantholders is central to creating a fairer, healthier and more sustainable future for people and the planet.

Liz Gadd, Interim Director, EFN

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Executive summary

There is a serious shortfall in finance for the environment sector, which receives less than 9% of funding awarded by UK trusts and foundations. While one solution is to grow the available funding, another important strategy is to increase its effectiveness, ensuring maximum impact for every pound spent. This report examines areas of ineffectiveness in the funding landscape, homing in on twenty key issues facing environmental fundraisers. We also explore funder-driven solutions to these challenges and synthesise them to offer six cross-cutting broad recommendations. Many of our findings are not new but have been echoed repeatedly in other research and campaigns. We hope that, by compiling and assessing these issues here, we can catalyse progress in the environment sector, foster the wellbeing of fundraisers, increase the resilience of environmental groups and amplify the impact of funders.

Key issue categories

A) Funding availability

Eligibility criteria concerning organisational structure and status often prevent environmental groups from applying to funders, even when their missions are well-matched. This can disproportionately affect grassroots groups and those experiencing racial and other inequities, hindering diversification of the sector. Geographic restrictions also reduce the potential reach of environmental work, which typically does not fit within borders. Short-term funding cycles severely limit impact, while support for core costs, and activities such as research, scoping, data management and advocacy, remains very difficult to secure.

B) Grant applications

Obscure funding opportunities and invite-only systems create barriers for environmental groups, particularly those less well connected. Unclear eligibility criteria and technical issues with application portals can waste significant fundraiser time. Short application windows encourage out-of-hours working and can limit the quality of proposals. Meanwhile, complex questions and the requirement for bespoke, detailed applications even for small grants increase the cost of applying and can disadvantage applicants who are less experienced in fundraising, face inequity, live with disabilities or work in other languages. Long processing times and lack of feedback further complicate planning for environmental groups.

C) Grant management

Lack of trust is perceived to be a common challenge in the sector, often manifesting as high involvement and oversight by funders, which can hinder relationship-building and disempower environmental groups. Balancing reporting requirements and frequent updates with core project work can stretch resources, particularly for less experienced groups. Demonstrating impact, especially of systemic changes, takes time, and expectations for quick results may not always align with the realities of long-term work. Additionally, environmental groups often face unforeseen challenges such as changes in climate, politics, and costs, which can be difficult to address within existing funding structures.

D) Collaboration & coordination

Lack of coordination among funders in terms of requirements, processes and timelines for application and reporting can consume excessive resources and time on the part of fundraisers. Even when match funding is required, grantholders are not typically offered networking opportunities or introductions to other funders. Additionally, support for collaborative projects is often insufficient, limiting coordination among environmental groups.

Recommended approaches

1. Focus on people and outcomes rather than projects and outputs

We ask funders to consider prioritising unrestricted funding that supports a wide range of activities and the wellbeing and diversity of the people behind them, helping to ensure long-term impact rather than focusing on specific projects.

2. Underpin all funding behaviour with trust and flexibility

We encourage funders to build trusting relationships with grantholders, allowing flexibility and reducing oversight to empower environmental groups to adapt and to maximise their impact.

3. Make decisions based on a combination of long-term thinking and urgency

Alongside providing quicker feedback on applications, we encourage funders to offer multi-year support as standard where possible, reflecting the long-term nature of environmental work, and helping to facilitate planning and retention of experienced staff.

4. Design application and reporting processes carefully and relax requirements where possible

We suggest that funders simplify and standardise application and reporting processes to save time and resources, enabling environmental groups to focus more on delivering impactful work.

5. Collaborate as much as possible

We encourage funders to enhance collaboration by adopting common application formats, coordinating funding cycles, seeking to fill gaps, joining collaborative platforms and supporting collaborative funds, all of which can improve effectiveness and collective impact.

6. Create and embrace opportunities to hear from grantholders

We ask funders to embrace relational and participatory grantmaking, actively seeking feedback from grantholders to improve their practices.

Environmental fundraisers encounter significant hurdles in securing funding, which create substantial administrative burdens and limit the effectiveness of environmental groups. Despite some funders demonstrating leadership in tackling these issues, sector-wide progress remains slow. We call on funders to adopt more flexible, trusting and collaborative funding models that are better suited to tackling the urgent and broad-ranging environmental challenges we face. While we recognise that not all funders will be able to implement every recommendation, we hope this report can provide guidance for progress to be made where possible. The insights and actions proposed here also have relevance outside the environment sector, and we echo similar calls for a shift in funding practices across the entire charitable sector.

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Introduction

The threats facing our natural world are enormous and multifaceted. From deforestation and biodiversity loss to pollution and climate change, our planet is under unprecedented stress. This affects not only other species, but also the health, wellbeing, equality and ultimately the survival of our own. We are at a critical juncture where urgent action is needed to prevent runaway climate change and ecosystem collapse. Numerous dedicated environmental groups are working tirelessly to address these issues, raise awareness, and implement solutions. However, the impact of these groups is regularly impeded by a common obstacle: insufficient funding.

The UK environmental grantmaking sector is relatively large compared to other European countries,[1] but environmental causes still receive less than 9% of funding from the nation's trusts and foundations.[2] In the 2021/2022 financial year, these grants totalled just over £600 million – a sum insufficient to cover a year of funding for organisations such as the National Trust or Cancer Research UK. There is a serious shortfall in funding for the environment sector and so it is paramount that every pound available is given, spent and used as effectively as possible. Unfortunately, the current set-up of the funding system does not enable this.

UK charities spend an estimated £900 million a year applying for grants, much of which is spent on managing a constant turnover of short-term, prescriptive grants.[3] Back in 2009, New Philanthropy Capital recommended that funders provide unrestricted grants and commit to funding charities for at least three years.[4] In the fifteen years since, there have been repeated calls for greater access to unrestricted funding and longer-term support, including in EFN's What The Green Groups Said research,[5] numerous reports by the Institute for Voluntary Action Research[6] and Bull and Steinberg's 'no-brainers of Modern Grantmaking'.[7] Although the Covid-19 pandemic saw a temporary increase in flexible funding[8], in EFN's 2021 research 35% of respondents reported that unrestricted grants were becoming even harder to access.[9] Whilst an impressive 145 funders are listed as members of the IVAR Flexible Funders community,[10] this is still only 1% of (an estimated 13,000) UK Trusts and Foundations.[11]

Securing unrestricted funding and long-term support are just two of the persistent challenges facing environmental fundraisers. EFN's research has highlighted limitations in the funding available for particular topics and approaches, as well as for collaboration.[12] In addition, fundraisers in all sectors report difficulties with poorly-designed application processes, overly complex reporting requirements, a shortage of funding for core costs, and a general lack of flexibility and trust among funders (IVAR 2022, #FixTheForm).[13]

As highlighted in EFN's latest Where the Green Grants Went 9 research, some environmental funders may actually be costing the sector more than they are contributing.[14] One piece of research calculated that, on average, the cost of applying for grants under £3.6k exceeds the value of the grant itself (this cutoff rises to £6.6k if you include the costs incurred by the funder).[15] These systemic barriers to funding can disproportionately impact groups led by communities facing racial inequity, and indeed, the environment sector is among the least diverse in the UK.[16]

This report details our efforts to review the main challenges faced by environmental fundraisers, examine how funders are already addressing these challenges, and suggest additional solutions. While budget constraints, decision-making processes, and limited staff capacity may hinder some funders from implementing all recommendations, we hope this report will inspire progress. The work of environmental funders is crucial, and by adopting these recommendations, they can amplify their impact significantly. Our overarching goal in undertaking this work is to foster dialogue between funders and fundraisers, ultimately enhancing the efficiency and effectiveness of environmental funding flows. While centred around the environment sector, our findings and recommendations are also applicable to other funding sectors.


Credit: Dave Gardner Creative, National Forest Foundation

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8. Wait, S., (2023). 'Funders are more flexible in how they dispense funds since pandemic, report finds', *Civil Society*, 18 January 2023, Last accessed on 11 September 2024: https://shorturl.at/Syf0A.

9. Williams, H., et al., (2022).

10. See IVAR's website for more on their Flexible Funders programme: https://www.ivar.org.uk/flexible-funders/.

11. 'Highlights', (2024), *UK Grantmaking*, June 2024. Last accessed 11 September 2024: https://www.ukgrantmaking.org/report/2024/highlights

12. Williams, H., et al., (2022). Cracknell, J., et al., (2024). Also see Cremona, P., Williams, H., Miller, F. & Cracknell J., (2021), 'Where the Green Grants Went 8', *EFN*, November 2021. Last accessed 11 September 2024: https://shorturl.at/GJEPe.

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14. Cracknell, J., et al., (2024).

15. Neill-Eagle, T., (2019), '46% of grants cost more than they're worth', *Plinth Blog*, 7 August 2019. Last accessed 11 September 2024: https://blog.plinth.org.uk/grants-cost-more-than-they-are-worth/.

16. The Race Report is an excellent resource for understanding racial inequity in the environmental sector. Learn more: www.race-report.uk.

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Methods

In January 2024, we held an online meeting with 53 members of EFN's Green Fundraisers Forum (GFF), an international network of environmental fundraisers. In the hour-long session, we discussed challenges facing fundraisers in the environment sector that are related to funders, with a particular focus on persistent issues that have seen minimal improvement in recent years.

After an initial introduction, we asked participants to contribute to a central, live document. First, we provided a list of common issues reported to us by environmental fundraisers and asked everyone to select those they had experienced in the past 18 months. Then, working in groups, we invited participants to input any additional funder-related challenges they had faced in the same time period. Finally, we asked them to list examples of good funder practice they had witnessed in relation to the issues identified, and also to suggest further possible solutions.

Following the meeting, we grouped all of the challenges identified into four categories:

A) Funding availability
B) Grant applications
C) Grant management
D) Collaboration and coordination

We then shared these categories with the wider GFF in the form of a survey, asking participants to give examples of experiences with these issues in the past 18 months. As in the live session, we also asked for examples of funders addressing these issues and other suggestions of potential funder-driven solutions for each of the four categories. Thirty-five people responded to this survey. As it was anonymous we cannot tell the exact extent of the overlap between survey and meeting participants. However, from assessing the answers, we believe only around five to ten people contributed to both, suggesting original input to this work from approximately eighty individuals.

Using NVivo 14,[17] we analysed the outputs from both the meeting and the survey together. We categorised all of the challenges and solutions according to the same four categories used in the survey. Subsequently, we expanded slightly the definitions of these categories (and the topics within them) to encompass all of the data collected.

17. NVivo is a qualitative analysis software (QDA). More information on their website https://lumivero.com/products/nvivo/.

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Issues & solutions

Outlined on the following pages are the challenges identified in the four categories, as well as witnessed and suggested solutions to them. All quotes have been taken directly from either the meeting or survey outputs.

A) Challenges experienced by fundraisers relating to funding availability and witnessed or suggested solutions

A1) Applicant restrictions

Reported issues: Eligibility criteria relating to applicant structure and longevity can prevent environmental groups from applying for grant funding despite clear mission alignment. Applicants are often required to be registered charities with a proven delivery and financial record, which excludes alternative models (e.g. Community Interest Companies or fiscally-hosted structures) and start-up organisations. This restriction can directly impede diversification of the sector, disproportionately affecting grassroots groups and those experiencing inequities. Meanwhile, eligibility exclusions relating to annual turnover can disadvantage groups of varying sizes. Small to mid-sized organisations are often too big for local funding and too small for larger-scale grants. Conversely, larger organisations are frequently unable to access funding as they are deemed not to have sufficient need.

'With many funders we can't get in the door as our income is over their threshold.... I look at what we're doing as an organisation and the amazing things we're achieving, and I think, why do they care more about income than impact?'

Suggested solutions: Funders (particularly those offering larger grants) might offer opportunities for discussion when organisational structure, longevity or turnover criteria present as barriers to applying.

Allowing potential applicants to explain when, for example, they are only temporarily above an income threshold due to project-specific funding, would be helpful. In addition, these limits could be relaxed when a project is a particularly good fit, or lifted entirely where appropriate.

'A financially stable charity is more likely to make good use of a funder's money than an impoverished one. Healthy financial reserves (and a reserves policy) are a sign of a prudent charity and shouldn't ever be given as a reason not to offer support.'


Credit: Avijit Ghosh, Climate Visuals

A2) Location restrictions

Reported issues: Environmental issues typically do not stop at borders and a broad reach is required to deliver systemic change. The fact that most funding calls are made available only to groups located, or working, in particular places is a frequent barrier in fundraising, with many areas being less well-covered than others by available funding (e.g. the latest Where the Green Grants Went 9 shows less funding available for the east of the UK).[18] In working around these geographic restrictions, some groups are forced to restrict their work to certain areas, limiting their potential impact.

'To expose a big oil company we need to raise awareness of the environmental racism/harm being felt in countries around the world, as a result of a British company – and this didn't fit in a lot of [UK-restricted] funders' boxes.'

Suggested solutions: Further development of research and tools that enable understanding among funders about the levels of funding received by different areas would be beneficial. In addition, funders could be more open to work that includes, but is not restricted to, their area of interest. Also, those whose geographic choices reflect personal preference as opposed to particular expertise, or a strategic place-based approach, could choose to be more flexible, focusing instead on whether an applicant matches their overall strategy.

A3) Topic restrictions

Reported issues: Environmental work often falls between different funder priorities and programmes, leaving fundraisers trying to reshape work to fit into specific categories. This can reduce the richness of the work being undertaken as well as leaving vital systemic work, and groups working through a systems lens, unfunded. In addition, many 'Cinderella' causes and newer, less understood, issues continue to be overlooked when it comes to environmental funding.

'Environmental funders say our work is too health related and health funders say it has too much of an environmental focus.'

Suggested solutions: As well as seeking to fund projects within their specific interests, funders could welcome applications where the work clearly aligns with their overall ambitions but is broader than existing work strands and/or covers multiple topics of interest. They could also amplify their impact by seeking to understand and support more emerging and underfunded issues (with support from organisations such as EFN).

18. Cracknell, J., et al., (2024).

A4) Approach restrictions

Reported issues: As well as particular issues being left behind, certain approaches are also very difficult to find funding for. For example, little funding is available for groups carrying out data management work, despite this providing vital support for others doing more direct 'on-the-ground' work. Funder wariness around being seen to be political also means essential advocacy, policy and movement-building work is often left underfunded. The latter in turn increases the risk of unnecessary duplication of NGO efforts, as movement-building work is vital for sector streamlining.

'Not having "boots on the ground" or doing "sexy" stuff like releasing bison, it's harder for us to find funders who will support the services we provide, even though our work underpins the whole conservation sector.'

Suggested solutions: Wider recognition of the vital services that underpin the more 'attention-grabbing' public projects would be very helpful. Funders could also consider engaging more with environmental groups to understand the nuances of advocacy, policy and movement-building work and their vital role in securing impact. Greater emphasis could be placed on the desired impact a project or group aims to achieve, rather than the methods being employed.

A5) Project development restrictions

Reported issues: There is a lack of funding available for research and scoping activities such as collecting baseline data, building trust with stakeholders, setting up software, and staff training. This type of work is integral to the success of a project yet very difficult to fund as many funders express less interest in the early but necessary stages of activity needed. Asking grantholders to take on large financial commitments before being able to complete this work is risky for both parties.

'Lots of funders either want to fund human wellbeing impacts or on-the-ground practical conservation work at a defined site rather than important early-stage scoping work.'

'We strive for our work to be evidence-based and to do this our modus operandi is to begin with research – but we have found it very difficult to find funding for this initial research.'

Suggested solutions: More research and development funding could be made available to allow grantholders to conduct feasibility studies, build capacity and fill knowledge gaps, before being asked to prove impact. Development-specific grants could be offered as a way of strengthening projects for multi-year/larger bids. In the context of partnership bids, development funding should be offered to cover the time and resources required in initial planning stages.

'It would be great to see funders offer research and development grants, accepting that this work may not result [immediately] in tangible outcomes for the environment, but it can go on to do so as the research informs further work within and beyond an organisation.'

A6) Continuity restrictions

Reported issues: Securing funding to continue a project can be much harder than fundraising for something new. Funders often appear to be interested only in new, 'innovative' work, rather than established work, despite the latter already showing proof-of-concept. As well as limiting overall momentum this increases staff turnover in environmental groups with experienced people having to be let go at the end of each funded project.

'Continuation funding can be a challenge when funders want 'new' projects every year. Surely tried and tested should be the most worth funding!'

Suggested solutions: More value should be placed on maintaining and (when appropriate) scaling successful, proven areas of work. While funding should also be made available for new projects, the value of continuing ongoing work, and sustaining existing teams, should not be overlooked.

A7) Timeline restrictions

Reported issues: Environmental initiatives are typically long-term, yet most funding for them is only offered on a short-term, typically annual basis. 'Long-term funding' is usually considered to be three years – five years at most – which is still a relatively short period in an environmental context. Funders who do provide multi-year funding often require grantholders to reapply each year, which is a considerable burden on time and resources. Others even forbid applications for a particular time period after a grant is awarded. In addition, funders can take a long time to decide whether to continue funding an initiative. All of this can make it difficult for environmental groups to plan their work, maintain traction, retain experienced staff for a project, support staff wellbeing, and build relationships with funders.

'We have a funder that tends to grant just one year of funding at a time and only tells us whether we are going to get that in December for a grant that starts in January.'

'The length of time that funders' processes often take means that we have to start fundraising a year or more in advance of needing the funds. When many funders only give 1-2 years of funding, there's no rest – we are constantly fundraising for the same things just to keep going, never mind trying to achieve more or do new things.'

Suggested solutions: Where funders are financially able, they could offer multi-year grants as standard, covering at least three to five years and ideally much longer, especially when the annual amount given is small. The practice of informing grantholders well in advance whether, and to what level, funding will continue, should also be adopted widely.

'Having a commitment up front for a longer time period allows us to plan with greater certainty and ambition in our mission.'

A8) Core cost restrictions

Reported issues: Staff are the greatest asset of environmental groups and funding to cover them properly, along with other organisational costs, is crucial. However, core cost funding remains a frequent unmet need with many funders preferring to finance specific project-related actions rather than day-to-day operations and strategic development. These restrictions make it difficult for grantholders to undertake basic work such as supporting staff, training, safeguarding and raising further funds, ultimately limiting both impact and staff wellbeing.

'I have two funders that have restrictions on the amount I'm allowed to spend on indirect costs. I have asked both to please sit down with me and explain which of my indirect costs I shouldn't be spending (I shouldn't pay rent? I shouldn't hire an accountant? I shouldn't provide staff training, etc?) but have received no response.'

'Why will funders pay for trees, but not the staff needed to plant them?'

'It is very challenging to find and retain fundraisers and there are very few funders who will fund this cost. This creates critical points of failure where fundraisers leave the organisation and inherent knowledge and relationships are lost, but finding funding to mitigate that risk is arguably the most challenging form of funding to generate.'

Suggested solutions: Ultimately, more core cost funding is keenly needed across the sector to help secure the longevity and resilience of grantholders and therefore the success of their projects. Funders could consider simply adding funding for core costs to each project grant given, or welcome applications focused on core costs.

Alternatively, pooled funds for core costs could be another mechanism by which funders could support environmental groups, alongside offering funding for specific projects of their choosing.

B) Challenges experienced by fundraisers relating to grant applications and witnessed or suggested solutions

B1) Application accessibility

Reported issues: Keeping track of the processes of different funders and finding new funding opportunities is extremely time-consuming. In addition, many funders are invite-only, creating barriers for potential grantholders who do not have prior connections. As such, the same groups can receive support year after year, while others are overlooked without the chance to demonstrate their suitability. Even funders with public calls have been known to tip off preferred or existing grantholders in advance. The invite-only system also risks creating a bias towards groups able to maintain connections with funders and a strong online presence.

'It can be hard to get a foot in the door when perceptions are established and there's no opportunity for engagement. For example if your work involves animal welfare so they discount it, but from another angle it's actually about food systems.'

Suggested solutions: The more a grant opportunity can be publicised, and made accessible, the better. If oversubscription is a concern, AI technology can be utilised in initial review stages. Where funders maintain a rule on not accepting unsolicited applications, they could look at offering ways for new potential grantholders to get on their radar. There could be various (and even potentially fun!) ways for funders to open themselves to meeting new environmental groups, e.g. speed-dating events. One idea could be to have small pots of funding for potential new partnerships, separate from existing ones. Funders with invite-only systems are also encouraged to take an active approach to increasing inclusion and diversity among their grantholders.

B2) Application clarity

Reported issues: Spending a long time digging through guidance to uncover eligibility criteria or simple information e.g. grant size, is a cause of inefficiency. In some cases, non-negotiable restrictions are only shared by funders after the application process is underway. This wastes the time of fundraisers and also that of the wider delivery and operational team working to supply required information.

'The quibble I have is when a restriction is buried rather deep. I did some work preparing an application and then only as I progressed through it did the question about the size of our charity's investments come up – and I realised we were over the limit.'

'A funder rejected my proposal because it wasn't close enough to their operating location, but they hadn't specified their target area in the guidelines.'

Suggested solutions: Funders should publish clear information about the opportunity on their websites, with all basic information, e.g. grant size and focus area, at the top of the information page (avoiding the user having to click on links or download documents to access it). Information on geographic restrictions should also be clear (including clarification on the term 'national' which can refer to the UK or one of its constituent parts). Skimmable guidelines could also be provided, covering what they will and won't fund, and explaining where flexibility is possible or not. Where there is a fixed and/or quantitative restriction e.g. annual income or type of organisation, this should be immediately obvious from the outset.

B3) Application timelines

<u>Reported issues:</u> Application windows are often too narrow, especially when funders require consortia, letters of support or match funding. Funders could be missing out on more impactful submissions as environmental groups scramble or fail to meet short notice deadlines. This issue also contributes to poor wellbeing in the sector, with fundraisers often feeling forced to work on evenings or weekends.

'We were applying for a project with eight partners and the funder believed they were giving us plenty of time. I ended up working on weekends and days off to get it done on time. I think funders sometimes don't appreciate that we have lots of other work to do at the same time – it's not just one application at a time.'

<u>Suggested solutions:</u> Each application window should stay open for a minimum of six weeks and the time range should be publicised beforehand to enable potential applicants to plan their time. Consistent, rolling deadlines could be adopted where possible.

B4) Application systems

<u>Reported issues:</u> Many funders use online application portals which present various challenges. Technical failures often occur and errors, such as outdated materials and word count discrepancies, are commonly reported. Usability is also problematic, with cumbersome forms, the need for repeated logins, and limited visibility of questions and word/character counts. Document upload issues arise frequently due to awkward file type and size restrictions. Additionally, some portals restrict access to single users, hindering collaboration among colleagues.

'All online applications I've done recently only grant access to one user – this leads to poor practice because it's tricky for a manager to check and sign off.'

<u>Suggested solutions:</u> All application questions and guidelines should be published clearly on funder websites and word/character count limits should be clarified (including whether spaces are included or not). When an online system is being used, providing Word/Google doc versions of application forms alongside it would ease completion and collaboration. Offering an alternative submission method for attachments, such as email, would also help to mitigate difficulties with document uploads.

'Online forms that can be saved are great but as a small charity working across teams we tend to save the long questions as a Word or Google doc and then use it to collaborate before feeding in those questions to the online system. Good practice is being able to submit your own document using guidance on what the funder is looking for.'

'Portals should be designed so that it's easy to draft an application offline (often you can't see the questions in the next section without filling in the first).'

B5) Application processes

Reported issues: Applying for funding can be very long and time-intensive, requiring a high level of written detail and information, even just for an initial application. This is particularly costly and inefficient when the size of the grant is small. Application templates can be very constraining, making it difficult to explain a project clearly and requiring repeated reformatting. In addition, questions are often unclear or multi-faceted. All of this means a large amount of time and a high level of skill is required even for low-level grants or the first stage of the application process. As such, resources are wasted and groups without experienced fundraisers or writers, and applicants with disabilities, those facing inequity or those working in different languages, can be greatly disadvantaged.

'One application took us a week to write up, and required multiple staff members to be involved. It was impossible, and we were rejected by a technicality that our percentage was off by 1%. There was no room to resubmit.'

Suggested solutions: Funders should ensure application processes are accessible, transparent, and made clear prior to the application window, so that applicants know what to expect. Questions should be clear and applications made as simple and flexible as possible, especially in early stages. If resources allow, funders could offer to have calls with potential applicants prior to formal application, to see if they are likely to be considered. Having a simple first stage, such as inviting 'expressions of interest', where ideas can be initially received and responded to before a full application, is very helpful. Ideally funders could accept applications in various formats and/or accept applications that have been written for other funders.

'One of our funders accepts video or text applications and the first stage is very straightforward. The second stage is more bespoke questions based on the information from the first (elaborating and not repeating anything) and there is no template so organisations are free to present it as they like.'

B6) Application feedback

Reported issues: Funders can take months to process applications, and these timelines are often not made clear, leading to challenges for environmental groups in recruiting, budgeting and planning. In addition, rejections are sometimes not communicated, and even when they are, feedback is rarely provided despite the resources that have often gone into the application. This leaves applicants unclear as to whether or how they might try again, potentially wasting both their time and that of the funders.

'Nearly all funders take a surprisingly long time to respond to applications – up to 6 months. I am a Trustee of a grantmaking trust and we set our meetings for the week after the deadline and let organisations know the following week – why can't other funders do this?'

Suggested solutions: Funders could enhance their communication regarding timelines and turnaround for grant decisions to help environmental groups to plan better and allocate resources effectively. Even if a grant application is unsuccessful, informing applicants (or at least setting a limit by which they would have heard if successful) prevents them from remaining in limbo or needing to chase for updates. Where possible, funders could provide even very brief feedback, to help applicants refine their projects and proposals and understand whether to apply again. As above, an initial or 'expression of interest' stage, where feedback (and rejection if necessary) can be provided before a full submission, can greatly increase the efficiency of fundraisers.

'Occasionally, small funders will email briefly to say if something was unsuccessful and why. This is very helpful as it guides whether or not to apply to that funder again (and if a different focus might interest them more), and sometimes refines bids to other funders.'

C) Challenges experienced by fundraisers relating to grant management and witnessed or suggested solutions

C1) Funder involvement, trust & communication

Reported issues: Some funders are perceived to be overly involved in the work, leaving grantees feeling controlled and untrusted. When frequent meetings and updates are requested, grantholders spend significant resources preparing for these, rather than carrying out the proposed work. The power dynamics involved also mean they may end up doing work they don't actually agree with. In addition, funder engagement is often unfunded, adding financial strain. Overall, micromanagement can be damaging for relationship-building between funder and grantholder, reducing the impact that they can have together.

'I feel they are treating us like a contractor, not a partner or even a grantee. They are micromanaging us, which suggests they don't trust us to deliver the work. It's frustrating to think of all the time this wastes – for the funder and grantee – in a sector that is already underfunded and very stretched.'

Suggested solutions: Across the funding landscape, a culture of trust should be fostered, with interactions between funders and environmental groups streamlined as much as possible. If regular updates are needed, the process should be made as informal and flexible as possible, co-designed with the grantholder. Ultimately, funders should recognise that grantees are experts in their fields, listen to them and be able to offer support without dictating.

'In general the holy grail is funders who are happy to do a check-in, ask questions and ask how they can support, rather than pushing you to do particular work that may not have an impact.'

C2) Reporting timeframes

Reported issues: Being able to demonstrate impact often takes significant time, especially when the aim is systemic change. Funders sometimes look for a 'successful proof of concept ASAP' but this does not fit with the reality of project development and causes unnecessary stress for grantholders. In addition, asking for frequent reports puts undue pressure on environmental groups and encourages prioritisation of easily presentable work, rather than long-term, sustainable successes.

'One funder contacted us for an update less than a month after the grant was awarded, and that month included the Christmas break.'

Suggested solutions: Reporting expectations should be clear from the outset and limited to no more than annually or at the end of a grant period. If additional updates are needed, these could be in a less time-consuming format, such as a video call. Ideally, timelines should be mutually agreed to allow grantholders to coordinate delivery of their reports to each funder, while also aligning with project requirements.

'I just asked a funder to remove their requirement to submit two reports per year and take it down to one. They agreed! This halves the time I will spend on reporting on the grant and gives me more time to run the project.'

C3) Reporting criteria

Reported issues: Reporting requirements can be rigid and often fail to acknowledge the myriad ways in which impact can be achieved. As above, quantifying impact when systemic change is the goal can be particularly difficult. The need for formal written reports can also disadvantage less experienced groups and those with disabilities, facing inequity, or working in different languages. Moreover, these requirements can be excessively time-consuming, with this time rarely covered by the grant, and the effort required can far outweigh the scale of funding provided. In particular, the detail required on financial spend can be impractical, with more focus put on expenses than the actual results of the project.

> **'I've seen funders expect a full receipt for every single expense, rather than an overall acceptance that the event budgets were £200 etc.'**

Suggested solutions: As with reporting timeframes, funders could seek a collaborative approach, agreeing upon the nature of reports and the definition of impact with grantholders in advance. Allowing grantholders to provide simple reports in a format of their choice (e.g. video, slide-deck) would increase accessibility and decrease the time required, as would accepting reports written for other audiences or purposes (e.g. annual reports). Reducing the detail required for reporting expenditure, particularly when audited accounts are already provided, would also greatly reduce the time-intensity of reporting. Some funders have begun using email exchanges and AI-transcribed and summarised meetings with grantholders throughout the grant period to form the basis of a report, which greatly reduces the reporting burden.

C4) Funder flexibility

Reported issues: Environmental groups often face unforeseen challenges and changing circumstances, to which funders are not always perceived to be responsive. These include changes in climate, politics, staffing, the work of other groups and expenses. For example, the cost-of-living crisis significantly increased many project expenses, while fluctuating exchange rates can impact projects located in different countries. Grantholders must either justify additional support from existing funders or seek new funding part-way through a project. The former risks implying inadequate planning, while the latter disrupts ongoing work. In addition, the specificity required in many applications leaves little room for even small budget adjustments without the involvement of the funder.

> **'We were "caught out", with estimates for a project being overtaken by cost-of-living increases – nobody wants to "shore up" somebody else's project. We have had to divert effort into obtaining small grants to cover the surplus.'**

Suggested solutions: Recognising the multitude of external and internal factors that can affect a project is crucial. Some funders were noted to have increased grant amounts in response to the cost-of-living crisis, which enabled recipients to continue running their projects as planned. Allowing contingencies in budgets is also very helpful. Another option could be to establish a rapid turnaround emergency fund, easily accessible to existing grantholders. In general, funders can support environmental groups by cultivating a non-judgemental and understanding approach, accommodating mid-project changes, and receiving reports with an open mind. This enables grantholders to adapt better to unexpected situations and maximise the chances of project success.

> **'Two of our funders have both given us financial uplifts on the projects they fund, due to cost of living increases, without being asked!'**

D) Challenges experienced by fundraisers relating to collaboration and coordination and witnessed or suggested solutions

D1) Relationships between funders

Reported issues: From the perspective of fundraisers there is little coordination between funders, with huge variation among application and reporting criteria, processes and timelines. These all create administrative and financial stress for environmental groups and mean a large amount of time is wasted repeatedly reworking the same information for each funder. The inability of grantholders to adopt a consistent approach to monitoring and evaluation across separately funded projects can also limit overall learning. In addition, few funders provide any support to fundraisers in signposting or introducing them to other funders, even when they specify match funding as a requirement.

'Reporting is different for every funder – it is now almost a full-time post for a philanthropy officer in our organisation.'

Suggested solutions: When a common vision exists among numerous funders, they could collaborate on flexible and accessible pooled grants, or share applications between themselves (with permission from applicants). Collaborative grants specifically for providing match funding could be established. Additionally, systems could be created to allow environmental groups to apply to many funders in one go, reducing the need for repeated rewriting of proposals. There would, of course, be a role for these groups to play in terms of establishing projects/programmes of work with broad appeal to multiple funders. Another option would be for funders to adopt standardised application and reporting forms, with bespoke questions added when necessary. In addition, a collaborative calendar of application timelines would negate the need for each individual environmental group to duplicate efforts in creating its own.

'Funders would get more bang for their buck by joining forces to issue larger grants and we would get access to larger grants which were aligned in terms of timing and with a single reporting requirement. Win-win.'

D2) Relationships between grantholders

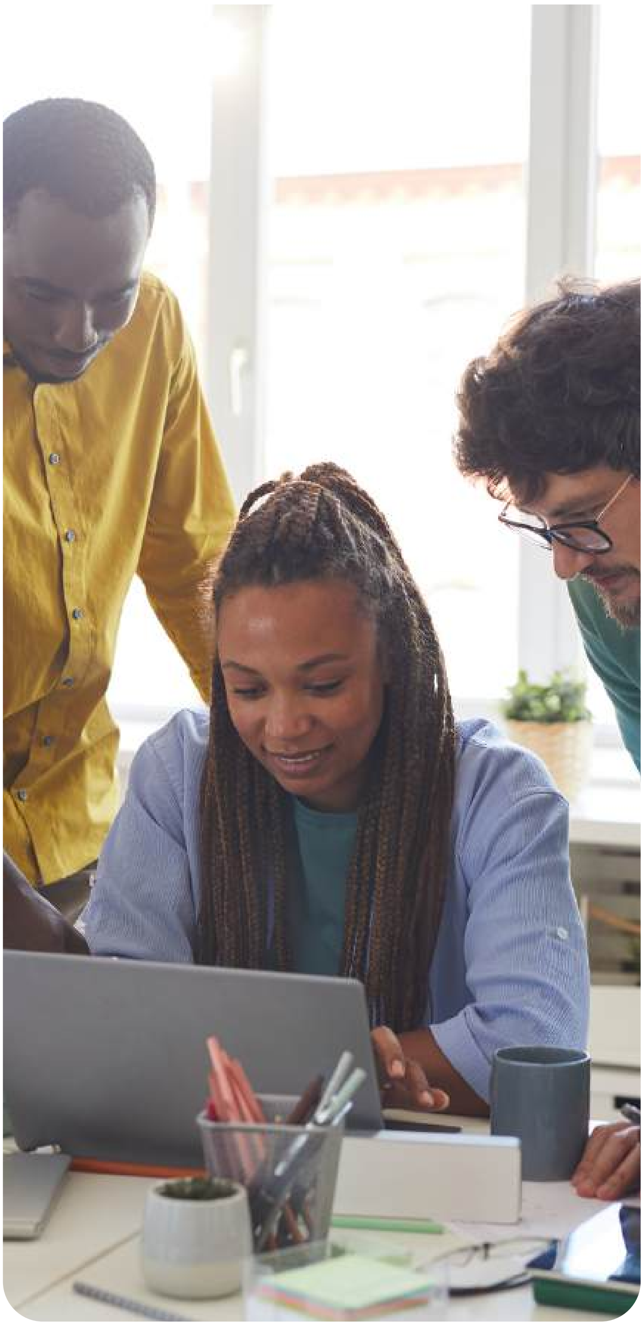
Reported issues: The current environmental funding landscape inadvertently promotes competition and individual approaches over collective efforts, yet the long-term resilience of environmental groups and their projects depends on creating connections and synergies between them. While many funders express a desire for NGO collaboration on projects, they rarely provide sufficient practical support or funding for it. Collaborative projects require additional time and activities (e.g. networking events) but these are rarely facilitated or funded, even under partnership grants, leading to underfunding for each party. Moreover, mandating collaboration between grantholders can be counterproductive if the partnerships are forced rather than encouraged to develop organically.

'We have looked at opportunities for partnership bids but found that the figures didn't stack up – funders don't double the funding for collaborative projects: each charity gets less funding by partnering, not more.'

'Collaboration is not encouraged at all in our sector. Lots of funders talk about liking the idea of NGOs collaborating but in practice there is very little done to support that and the competitive process actively discourages organisations working together.'

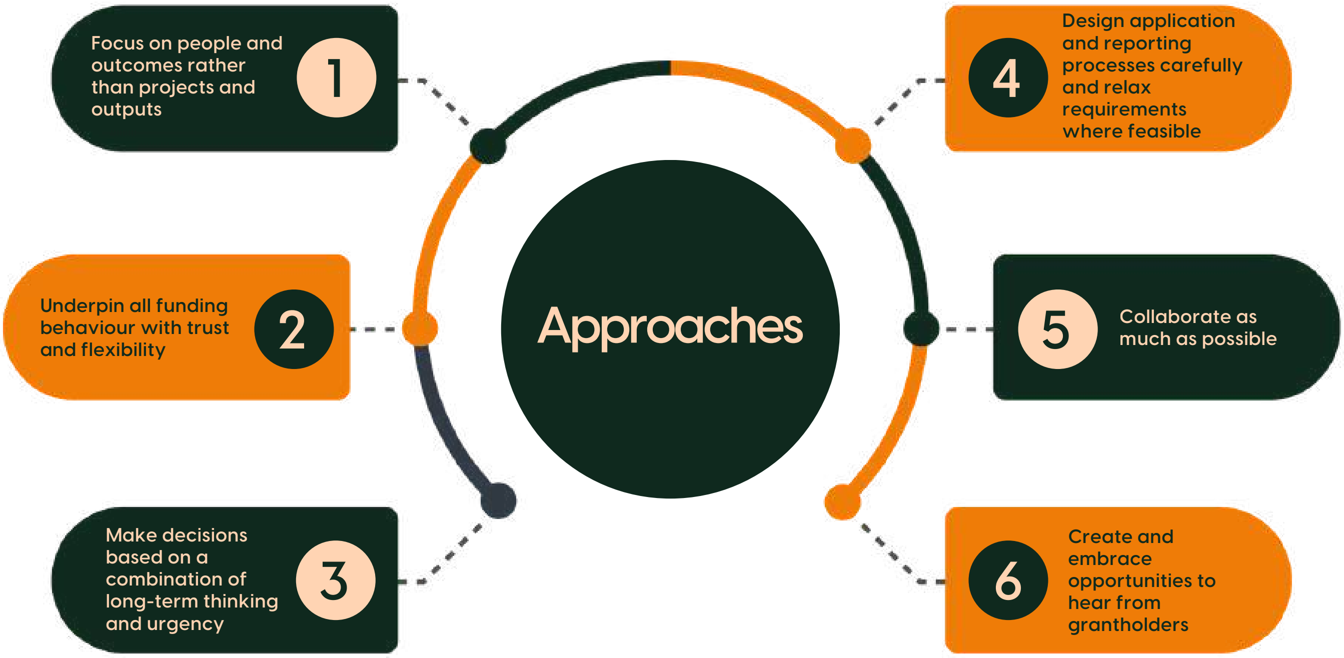
Suggested solutions: Increasing funding for partnership bids would incentivise collaboration by ensuring sufficient allocations for each partner. Applicants should be encouraged to apply as partnerships, but this shouldn't prevent them from applying individually at the same time. As mentioned above, offering funding for project development is particularly important when it comes to partnership bids. Funders could also aid collaboration between environmental groups by hosting networking sessions and using their convening power to connect groups working on similar topics.

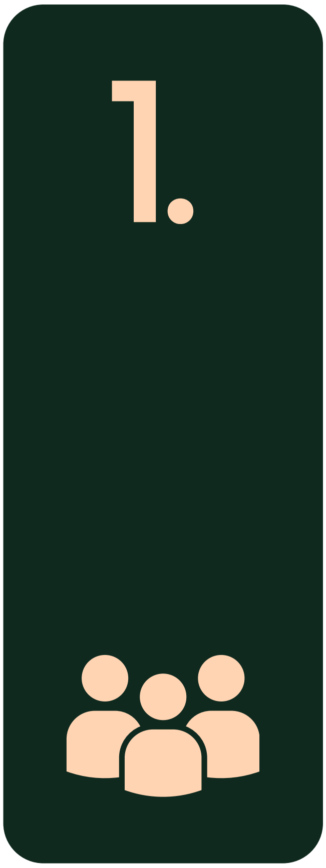
They could also facilitate the development of mentor-mentee relationships among grantholders as well as collaboration infrastructure, i.e. network and coalition groups. Larger organisations could be supported to work with smaller ones who perhaps don't have the capacity to apply for and manage large funds. Creating discussion spaces for common themes and ideas often allows impactful collaboration to develop naturally and authentically.



Recommended approaches

Several cross-cutting themes run clearly through the issues and solutions presented in the previous pages. While working to address specific barriers is important, many improvements would come naturally if environmental funders were to adopt a few key approaches consistently across their practices.





Focus on people and outcomes rather than projects and outputs

Across the environment sector, fundraisers report that the norm is for funders to provide grants for specific projects and often only 'on-the-ground' activities within those projects. This leaves large funding gaps, including for staff salaries and wellbeing. Funding work without supporting the people needed to do that work is clearly impractical. In addition, a wide range of activities are needed in the environmental world, such as data management, communications and policy work. As one quote touches on above (see Results A8), habitats cannot be restored by simply buying trees. Funding is required for people to plant the trees, plan activities, monitor progress, engage the local community and advocate for protection of these new trees. It also makes little sense for groups of people not to be able to plant trees just because they don't have a specific legal structure. What is most needed is unrestricted funding that supports a range of sector-specific and intersectional activities and approaches, along with the personnel required to implement them and to raise further funding, all directed to a diverse array of environmental groups. In short – inclusive, unrestricted, outcome-focused funding. There are various methods that funders can use to achieve this including funding groups[19] (e.g. as practised by The Fore) or individuals (e.g. as practised by Thirty Percy) instead of projects, or adding an unrestricted donation on top of every grant given[20] Regardless of the method chosen, a proactive commitment to increasing diversity and inclusion throughout the sector should be central to decision-making.

19. Mayo, E. (2024), 'Can we talk about organisations and not just projects?', *EFN*, 22 February 2024. Last accessed on 11 September 2024. https://www.greenfunders.org/2024/02/22/can-we-talk-about-organisations-and-not-just-projects/.

20. This idea was suggested in a blog by Nick Addington, Chief Executive at William Grant Foundation. Addington, N. (2021), 'Two practical ideas to increase unrestricted funding', *IVAR*, March 2021. Last accessed on 11 September 2024. https://www.ivar.org.uk/blog/two-practical-ideas-unrestricted-funding/.

2.

Underpin all funding behaviour with trust and flexibility

The most important ingredient of any productive relationship is trust. When funders trust grantholders to make decisions and do the necessary work effectively, they can catalyse impact. Instead of responding to frequent demands for updates or detailing small expenses, grantholders have more time to manage their teams and run their projects. The same holds true when changes are necessary – grantholders should be encouraged to adjust course as required, rather than feeling they have to stick to an original plan even when impractical. Change is often inevitable, and funders can play a key supportive role during it by, e.g., covering additional incurred costs without judgement. Ultimately, funders should seek to empower rather than to control, building 'power with' grantholders, rather than holding 'power over' them[21] (see EFN's WTGGW9) and be willing to take more risk in order to increase their impact. Philanthropic funders are able to be more risk-taking than others and so can also be much more catalytic if they choose to adopt a more grantholder-led approach. The Trust-Based Philanthropy movement[22] and IVAR's Flexible Funders' campaign have long encouraged more trust and flexibility in grantmaking but approaches like these have not yet spread widely or deeply enough.

3.

Make decisions based on a combination of long-term thinking and urgency

Funding is typically offered on a short-term basis, limiting the ability of environmental groups to plan ahead and to undertake multi-year projects. However, few environmental projects are complete in a year and impact takes time to show. For a project to be successful, months of planning may also be needed, but this planning often has to be rushed to fit projects into short-term funding cycles. These short cycles also inhibit relationship-building between funders and grantholders, feeding into the lack of trust discussed above. In addition, funders often seek to fund new initiatives, rather than continuing existing ones, meaning time can frequently be wasted developing projects which then have to be halted. Both of these issues have knock-on impacts on the wellbeing of staff, who suffer high job insecurity and unpredictable workloads. Wherever feasible, multi-year funding (ideally for a minimum of three to five years) should be offered as standard. While environmental work can be slow in nature, it is also urgent, and funder behaviour should reflect this too. By making quicker decisions on applications and informing applicants when they have been rejected, funders can help increase efficiency across the sector.

21. Cracknell, J., et al., (2024).

22. See Trust-based Philanthropy Project website for more on their movement: https://www.trustbasedphilanthropy.org/.

4.

Design application and reporting processes carefully and relax requirements where feasible

Huge amounts of fundraiser time are wasted unnecessarily in dealing with complicated, glitchy and opaque application and reporting processes. Technical issues in application portals are reported to waste up to 30% of applicant time.[23] Ideally, funders should consider accepting both applications and reports in a wide range of formats and discard bespoke application forms. Asking a small number of funder-specific questions is understandable, but environmental groups face significant opportunity costs from having to rewrite the same basic project information for every application. When an individual applies for a job, they are not (usually) asked to rework their CV. Might 'project CVs' become just as acceptable? In the same vein, understanding is needed that each grantholder is likely reporting to numerous different funders. If they are able to submit the same report to each, or even just their annual reports, much time, and therefore cost, is saved. In addition, initial or 'expression of interest' application stages, allowing feedback to be provided prior to a full application, can save time on the part of both grantholders and funders.

5.

Collaborate as much as possible

Many of the above issues could be addressed through increased collaboration and coordination between funders. Where funders are unable to accept a broad range of formats, they could agree common ones for applications and reports. Other possibilities include coordinating funding rounds and using centralised application systems, knowledge-sharing platforms (e.g. Conservation Connect, set up for biodiversity-focused funders) or grant calendars (e.g. EFN's funding opportunities database[24]). When managed openly and flexibly, pooled and collaborative funds can also improve funder impact-to-cost ratios (e.g. EFN's Rapid Response Fund, the Farming the Future Fund and opportunities through Synchronicity Earth and the Funders Collaborative Hub). These approaches can reduce the time fundraisers spend reworking information and managing different funder timelines. National funders could also work through place-based funders or trusted local leaders, drawing on their relationships and contextual knowledge to reach organisations that might otherwise be overlooked. Funders can support fundraisers further by sharing applications with other funders (with applicants' permission) and facilitating introductions. EFN's Where the Green Grants Went research can help inform choices relating to topics and locations by identifying underfunded areas and opportunities. Alongside networking through EFN and other bodies, funders can learn directly from those already demonstrating good practice (see the list of special mentions above).

23. Grant Advisor, (2021).

24. Contact Sophia Cooke for more information on this initiative.

6.

Create and embrace opportunities to hear from grantholders

Finally, some of the best advice will come from grantholders themselves, as seen throughout this report. Relational[25] and participatory[26] grantmaking, where grantholders are welcomed as collaborators, fosters effective action[27]. Funders should request and welcome feedback from grantholders, and seek to learn from it. This should be done in a way that allows grantholders to be open about their experience. Anonymous feedback for many UK funders can also be found on the GrantAdvisor website.

25. Petzinger, J., (2023), 'Grammars of grantmaking: exploring the normativity and governance of relational philanthropy within a UK-based foundation', *St Andrews Research Repository*, 16 June 2023. Last accessed on 11 September 2024: https://research-repository.st-andrews.ac.uk/handle/10023/26987.

26. Advancing Participation in Philanthropy Tool (APPT), 2023, Last accessed on 11 September 2024: https://www.advancingparticipation.com/.

27. Doane, D., (2023), 'Participatory Grant Making is Key to Shifting the Power', *Rights CoLab*, 28 November 2023. Last accessed on 11 September: https://rightscolab.org/participatory-grant-making-is-key-to-shifting-the-power/.

Recognising ‘good practice’ funders

In this research, several funders were highlighted repeatedly for their efforts in reducing the burden on fundraisers and being progressive in their approaches to grantmaking. These include the examples on the following page.

City Bridge Foundation

Offers multi-year grants; provides helpful support and advice to grantholders; generally considered to be a trusting and flexible funder.

Esmée Fairbairn Foundation

Offers multi-year and unrestricted funding which covers core costs; provides development grants; requires only infrequent reports; accepts both proposals and reports in any format, including those that have been written for other funders.

Garfield Weston Foundation

Has light-touch application and reporting processes and broad requirements for the format of both; offers unrestricted funding and covers core costs; generally considered to be a trusting and flexible funder.

The William Grant Foundation

Is progressive, supportive and flexible; understands the importance of long-term and unrestricted funding; accepts reports written for other funders.

John Ellerman Foundation

Has very thorough application guidelines; provides support through the application process and offers feedback on application drafts; is a flexible funder with light-touch reporting requirements.

People's Postcode Lottery

Offers unrestricted funding, covering core costs and strategy development; is committed to long-term partnerships; focuses more on organisations than individual projects; provides clear guidelines for applications ahead of time; trusts those it funds and doesn't constrain grantholders with constant reporting requirements.

The Waterloo Foundation

Offers multi-year grants; covers core costs; has straightforward application and reporting processes with no specific formats; generally wants to make things easy for applicants and grantholders.

Resources for funders

As well as support and research from EFN (e.g. the Where the Green Grants Went 9 and What the Green Groups Said 2021), there are many groups and resources available to provide support in making some of the transitions detailed above. These include the examples on the following page.

Resources

The Institute for Voluntary Action Research

IVAR has designed eight commitments and ten actions for funders, under their Open and Trusting Funders programme.

Modern Grantmaking

Bull and Steinberg provide a practical guide for funders looking to amplify their impact and improve the experience of grantholders.[28]

Funding for Real Change

A website providing resources to support good grantmaking practice, with a focus on unrestricted and multi-year funding.

#FixTheForm

An international movement that outlines the biggest issues experienced by fundraisers related to application systems.[29]

#CrappyFundingPractices

This campaign calls out bad practice among funders.[30]

Grant Advisor

A website hosting anonymous posts and reviews of funders by grantholders.

The Center for Effective Philanthropy

They provide resources for funders including research into how they can support good wellbeing among environmental groups.[31]

Association of Charitable Foundations

ACF promotes effective grantmaking, via initiatives including '40 pillars of practice' and the Funder Commitment on Climate Change.

The Funders Collaborative Hub

The Hub provides opportunities for funders to connect and collaborate on numerous initiatives. One such opportunity is the AI for grantmakers collaboration, a network for discussion on the uses of AI technology in grantmaking.[32]

Still trying to get your head around why all these changes need to be made? Have a watch of this video relating grantmaking practices to ordering a pizza.[33]

28. Bull, G., & Steinberg, T., (2021).

29. Grant Advisor, (2021).

30. Le, V. (2023), 'Join the movement to end Crappy Funding Practices!', *Nonprofit AF*, 15 May 2023. Last accessed on 11 September 2024: https://nonprofitaf.com/2023/05/join-the-movement-to-end-crappy-funding-practices/

31. CEP Staff, (2024), 'How Foundations Are Supporting Grantee Staff Well-Being', *The Center for Effective Philanthropy*, June 2024. Last accessed on 11 September 2024: https://cep.org/report/how-foundations-are-supporting-grantee-staff-well-being/

32. Check out this opportunity on the Funders Collaborative Hub's website here: https://www.funderscollaborativehub.org.uk/collaborations/ai-for-grantmakers.

33. Human Services Council, (2018), *Everyone Deserves A Fair Slice*, YouTube. 12 December 2018. Last accessed on 11 September 2024: https://www.youtube.com/watch?v=-gELZnORV4U.

34

Conclusion

Environmental fundraisers face significant challenges in securing funding for the vital work of the groups they represent. Limited available funding is further strained by resource-intensive processes, such as navigating complex application procedures, fulfilling distinct reporting requirements for each funder, and repeated re-application for short-term grants. As such, the impact-to-cost ratio of many funders can be less than they might think and some grants may actually cost more to apply for than they are worth.[34]

These challenges not only hinder the impact of environmental groups, but can also compromise the wellbeing of fundraisers. In addition, they can disproportionately affect certain groups including those working at a grassroots level and those experiencing racial inequity. In a sector focused on such critical challenges, these areas of ineffectiveness and exclusion urgently need addressing.

Throughout this report, we advise funders to adopt more flexible, trusting, collaborative and inclusive approaches, echoing other campaigns including the Trust-Based Philanthropy movement and IVAR's Flexible Funders. The (mostly temporary) increases in flexible funding offered during the COVID-19 pandemic demonstrated the potential for funders to adapt their strategies in response to urgent needs.[35] The ongoing environmental and climate crises we face should be viewed with the same level of urgency, and we encourage funders to make such progressive changes permanent. Although we do not expect every funder to be able to implement all of the suggestions in this report, particularly those with limited resources or unpredictable, investment-linked income, we urge funders to adjust their processes where they feel they can.

From simplifying applications to increasing their contributions to pooled funds, there are myriad ways in which funders can improve the effectiveness of their relationships with fundraisers. In doing so, they can significantly enhance the impact, resilience and diversity of the environmental groups they support, ensuring they have the necessary resources to tackle critical challenges head-on. Achieving the systemic change and long-term success we are all working for is only possible through collaborative, equitable and efficient interactions between funders and fundraisers.

34. Neill-Eagle, T., (2019) and Cracknell, J., et al., (2024).
35. Wait, S., (2023).

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48 High Street, Long Crendon, Aylesbury, Bucks HP18 9AF
info@greenfunders.org · www.greenfunders.org