

Trust-based philanthropy

– a financing model that augments the
capacity of non-profit organisations and
boosts impact

A case study of the Swedish Postcode Lottery's Flexible Support

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1. Trust-based philanthropy – an introduction

Trust-based philanthropy is a philanthropic giving model based on trust and transparency designed to reduce the power imbalance between grantmakers and grantees. The model is founded, not on detailed requirements and strict control, but on the belief that no one knows their operations better than the organisations themselves and that they are consequently also best equipped to know how resources can be used most effectively.

The primary objectives of trust-based philanthropy are to:

- provide flexible, often multi-year grants that organisations can use where they are needed most, including as investments in fundraising or other infrastructure;
- reduce administrative burdens through simpler application and reporting processes;
- build long-term relationships between grantmakers and grantee organisations;
- shift power towards the people on the ground and recognise their expertise;
- create open and transparent dialogue, rather than control and micromanagement

The aim of trust-based philanthropy is to augment organisations' capacity and increase their self-determination, and thereby enhance their potential for achieving real and sustainable impact and societal benefit. The model has achieved more and more recognition over the last ten years amongst international foundations and philanthropists, thanks to, amongst others, MacKenzie Scott and Melinda Gates, who donate large amounts based on the trust-based philanthropy model¹.

Philea, a European umbrella organisation for philanthropists and foundations, highlights the fact that what matters is not just *what* foundations finance, but, first and foremost, *how* they do it. Flexible financing – non-earmarked support – enhances organisations' ability to adapt when circumstances change, to take risks, and to be innovative².

¹ <https://fortune.com/2026/02/26/mackenzie-scott-more-generous-philanthropist-than-ex-husband-jeff-bezos-amazon-founder-billionaire/>
<https://www.givingpledge.org/pledger/melinda-french-gates/>

² <https://philea.eu/opinions/beyond-trust-how-philanthropy-should-move-towards-more-flexible-funding-to-maximise-impact/>

Trust-based funding for a stronger civil society

The mission of Giva Sverige (the Swedish Fundraising Association) is to increase giving to support and strengthen civil society – a mandate that includes increasing knowledge of trust-based philanthropy and flexible funding. When financing is not micromanaged or project-orientated, organisations are afforded the scope to prioritise correctly, to change course when change is needed, and to work both strategically and focus long term. It is based on an underlying trust principle and one that is fully in line with Giva Sverige's focus on governance to support trust and safe giving: that no one knows the organisations' target groups, their operations, and the social challenges they address better than the organisations themselves. If funds raised are to have the maximum impact – not just here and now but in the longer term, too – investments in both fund-raising capacity and quality assurance, governance, and monitoring systems are required to ensure that resources are used responsibly and where they are needed most.

A case study based on data from the Swedish Postcode Lottery of their non-earmarked flexible support for the Lottery's beneficiaries has been carried out to provide the first empirical evaluation investigating the significance of trust-based financing in Sweden. Access to the flexible support from the Swedish Postcode Lottery is contingent upon, among other things, membership of Giva Sverige and it has hence been possible to compare trends over time between those member organisations who have received flexible support from the Swedish Postcode Lottery and those who have not had access to this support.

This case study illustrates the potential of long-term and flexible funding that enables organisations to invest in key capacity that is otherwise often deprioritised, such as professional fund-raising activities, governance, system support, and monitoring. This has proved to be particularly important in terms of smaller organisations' ability to grow.

Trust-based philanthropy also generates scope for innovation, for testing new methodologies, and for changing course as needed. Our analysis indicates that long-term funding based on trust and transparency not only strengthens individual organisations, it can also help build a viable and more independent civil society. Long-term, non-earmarked support from both private funders and the public sector can strengthen the democratic infrastructure and generate greater societal benefit.

2. A case study of the Swedish Postcode Lottery's flexible support: non-earmarked funding generates increased income from donations and grants

The Swedish Postcode Lottery has been working with a trust-based approach to funding for members of the Swedish Postcode Lottery Association (the Lottery's beneficiaries) since many years. Giva Sverige has conducted an analysis of the Swedish Postcode Lottery's flexible support scheme in order to determine whether trust-based funding has a positive effect on non-profit organisations' financial development, measured as changes in income from donations and grants over time. The flexible support is a non-earmarked contribution that the organisation can use where it is most needed, including as investment capital to enhance its fund-raising capacity and monitoring.

The analysis indicates that non-profit organisations that receive long-term, non-earmarked flexible support see an increase in their income from donations and grants over time that exceeds that of organisations without such support. The differences remain, even after adjustments for organisational size and purpose, suggesting that trust-based funding helps augment organisations' basic capacity and generates greater societal benefits over time.

Methodology and sample

The analysis comprises 100 organisations who have been members of Giva Sverige since 2014, and follows their development over a 10-year period (2014-2024). 35 of these organisations have had access to the flexible support from the Swedish Postcode Lottery throughout the period, while 65 organisations did not.

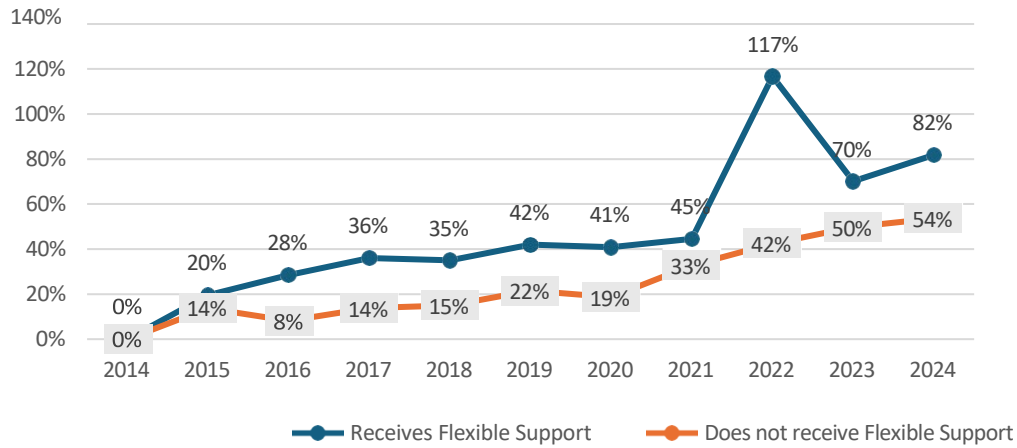
The organisations' income from donations and grants has been tracked and compared over time. The groups have also, in order to minimise the risk of the results being due to other factors, been analysed on the basis of the organisations' size, purpose, etc., and the way in which income trends were affected in conjunction with major societal events, such as Russia's full-scale invasion of Ukraine. The analysis shows that the impact of the flexible support seems to remain, even when these factors are considered.

Greater increase in donations and grants over time for organisations with flexible support

Organisations that receive flexible support note, on average, a 52% greater increase in income from donations and grants than organisations not receiving flexible support. Donations and grants increased by 82% for the Swedish Postcode Lottery's beneficiaries in comparison with an increase of 54% for organisations without the flexible support.

An analysis of only those organisations with less than SEK 50 million in funds raised also showed that organisations in receipt of flexible support saw 23% higher growth. A clear effect in the form of 47% higher growth in funds raised remains, even if organisations that received large sums in conjunction with the invasion of Ukraine are excluded. The analysis indicates, therefore, that when organisations are given the opportunity to take a long-term approach through non-earmarked resources, their ability to bolster their own viability and to generate greater societal benefit over time is enhanced.

Private donations and grants, ex. Flexible support - Members of Giva Sverige



3. Additional information on trust-based philanthropy

For additional and more in-depth information on trust-based philanthropy and flexible funding, see the [Trust-Based Philanthropy](#) initiative in the USA and [Why Philanthropy Matters](#) in the UK, etc.

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