

# SECURING NON-PROFIT FUNDING:

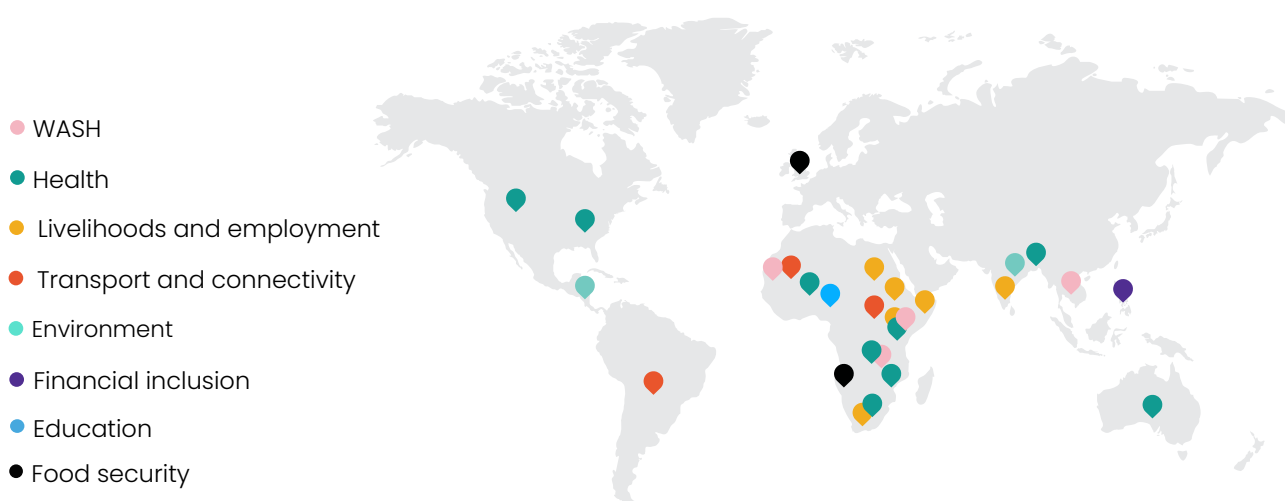
How 28 leading organisations  
secured funding to increase  
their reach and impact

## EXECUTIVE SUMMARY

The world is faced with great social and environmental problems. It is not enough to generate innovative solutions that reach a few people – we need non-profits to transform systems and make meaningful dents in the size of these problems.

Securing funding is one of the biggest challenges non-profit leaders face on the journey to impact at scale. Spring Impact has conducted a study to understand the funding models that have enabled solutions to create impact at scale, focusing on who funds these efforts and how non-profits secure these funds.

We interviewed leaders and analysed operating budgets of 28 non-profits operating in over 70 countries and across 10 issue areas. The vast majority of these organisations (25 of 28) are delivering solutions in low- and middle-income countries.



This report presents the key insights from the unique journeys of these organisations. We look at who is paying for non-profits to sustain solutions at scale, and examine the trade-offs and lessons specific to each payer type (philanthropy, governments, corporates, bilateral and multilateral institutions, end users).



**PHILANTHROPY**



**GOVERNMENTS**



**INSTITUTIONS**



**CORPORATES**



**END USERS**

We hope the lessons within this study offer ambitious non-profit leaders valuable insight to navigate the complex and dynamic funding landscape, and ultimately make more meaningful dents against society's most pressing challenges.

We also recognise it is ultimately funders who hold the power to address problems at scale. To truly become allies, funders must bridge this power gap and use the findings of this study to rethink how to deploy funding in ways that drive meaningful, scalable impact.

# EXECUTIVE SUMMARY

## Key insights on non-profit funding for scale

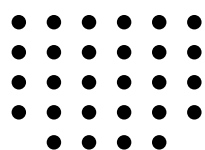
- #1 Many successful non-profits finance impact at scale by embedding solution delivery costs in their partners' systems** – this requires designing solutions to be embedded within and delivered by partner systems, and ensuring the surrounding ecosystem incentivises partners to continue delivering with quality and impact
- #2 Non-profits need to bridge the funding gap for the costs associated with supporting partners to deliver the solution effectively**
  - Governments are crucial for enabling scale, but they typically provide minimal funding, if any, for the ongoing support that non-profits provide them in implementing a solution at scale
  - All types of partners usually require long-term support to deliver a solution at scale, but will rarely pay for it
- #3 Non-profits still need philanthropy, even when operating at scale** – many philanthropic funders expect their grantees to eventually find other major backers, but non-profits normally require ongoing philanthropic support to sustain impact at scale
- #4 Unrestricted, long-term funding is critical for both scale and sustainability** – non-profits need the flexibility to allocate resources where they are most needed and respond quickly to challenges
- #5 Non-profits must pursue cost effectiveness relentlessly and demonstrate that their solution can be delivered within the payer's price point**



## EXECUTIVE SUMMARY

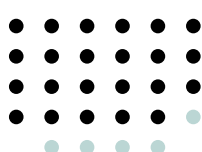
### #1 Philanthropy remains the most significant source of funding for organisations, even when operating at significant scale

Whilst non-profit leaders highlighted the importance of diversification of funding streams, philanthropy underpins the majority of these organisations' funding models. Many philanthropic funders expect their grantees to eventually find other major backers, but this study shows that non-profits normally require ongoing philanthropic support to sustain impact at scale.



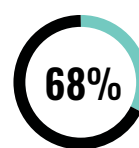
**28 OUT OF 28**

**Organisations receive funding from philanthropy**



**23 OUT OF 28**

**Organisations have philanthropy as their primary payer**

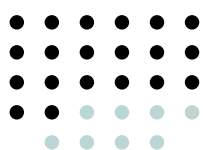


**Average percentage of organisational funding that comes from philanthropy (of those who receive it)**

### #2 Unrestricted funding has played a crucial role for the majority of organisations in this study

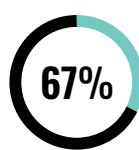
Some amount of unrestricted funding is a powerful catalyst for achieving impact at scale, offering organisations the flexibility to allocate resources where they are most needed, respond swiftly to changing circumstances, invest in testing innovative solutions, and cover core costs.

Whilst not all non-profits need a majority of unrestricted funding to achieve their goals, the absence of it can be very restraining and ultimately threaten a solution's likelihood of achieving impact at scale.<sup>1</sup>



**20 OUT OF 28**

**Organisations in this study have secured more than 50% unrestricted funding**



**Unrestricted funding makes up 67% of the 28 organisations' funding**

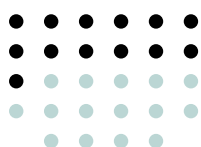
<sup>1</sup>7 of the 28 organisations in this study received MacKenzie Scott funding. 5 organisations received this funding in the same fiscal year we analysed. We re-ran analysis excluding these 5 organisations and found the results hold: 16 of 23 (70%) have secured more than 50% unrestricted funding; Unrestricted funding makes up 66% of the 23 non-profits' funding.

## EXECUTIVE SUMMARY

### #3 Transferring solution delivery costs to government is an effective strategy for financial sustainability at scale

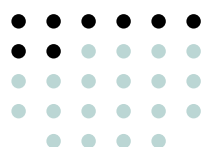
13 of the 28 organisations in this study have achieved scale by embedding at least some aspects of their solution into existing government structures, such as health, education, or transport systems. This is an effective strategy for reducing the overall costs of a solution at scale, and giving the solution the best chance of long-term sustainability.

Other organisations (8 of the 28) have effectively secured some level of funding from national or local government to pay the non-profit directly for implementation, however this rarely covers the full costs of solution delivery.



**13 OUT OF 28**

Organisations achieved scale by embedding at least some aspects of their solution into existing government structures



**8 OUT OF 28**

Organisations effectively secured some level of funding from national or local government



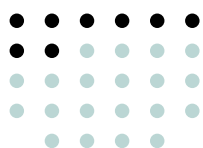
## EXECUTIVE SUMMARY

### #4 Governments typically provide minimal funding, if any, for the ongoing support that non-profits provide them in implementing a solution

Governments are crucial stakeholders to enable scale. All 28 organisations in our study engage with government in some capacity. Whilst some aim for governments to cover solution delivery costs, governments are rarely the full payer of sustaining a solution at scale.

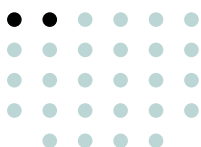
Further, non-profits usually provide critical, ongoing support to sustain the solution, but are rarely paid by governments for this. Only 5 of the 12 organisations providing this support are compensated by the government, and most receive less than 15% of their annual funding from the state.

This insight is crucial for both non-profits and philanthropic funders. For the organisations in our study, philanthropy has played a crucial role in enabling them to provide the required ongoing role in ensuring the solution is sustained at scale.



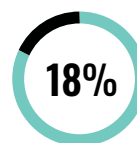
**8 OUT OF 28**

**Organisations receive funding from governments**



**2 OUT OF 28**

**Organisations have government as their primary payer**

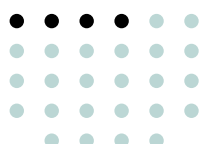


**Average percentage of organisational funding from government (of those who receive it)**

### #5 Non-profits almost always provide long-term support to the doers delivering a solution at scale, but are rarely paid by the doer to provide this support

In addition to working with government, non-profits seek to scale through other 'doers', such as other NGOs, CBOs, private sector actors, schools, to implement their solution at scale. Often, the ambition is to enable doers to implement the solution autonomously, and some non-profits aim to charge a fee in exchange for their support.

All the non-profits in our study scaling in this way have found that they have to play a significant ongoing role to sustain quality implementation. Only 4 charge a fee, which provides only a very small amount of their total income.



**4 OUT OF 28**

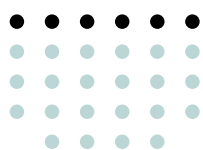
**Organisations receive payments from other NGOs or CBOs**

## EXECUTIVE SUMMARY

#6

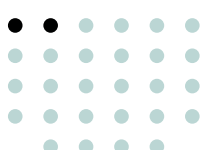
### End user income is not appropriate for many non-profits and is rarely the primary driver of sustainability

Only six organisations in this study charge end users, and just two generate over 50% of their revenue this way. While potentially valuable, end user fees pose significant risks, especially for those serving low-income populations, often excluding those they aim to help. Most organisations can't cover costs through these fees alone, requiring additional funding sources for sustainable impact.



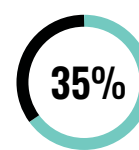
**6 OUT OF 28**

**Organisations receive funding from end users**



**2 OUT OF 28**

**Organisations have end users as their primary payer**



**Average percentage of organisational funding from end users (of those who receive it)**



# LESSONS FOR SUSTAINABLE FUNDING AT SCALE

These findings underscore the difficulty of securing funding for scale. Other doers, especially governments, require ongoing support to implement a solution, yet will rarely pay for this. Philanthropy remains the most significant funding source at scale, yet philanthropic funders usually want to find exit strategies for their grantees.

Despite the challenges, these 28 non-profits have successfully raised funding to transform lives at scale. Having walked the journey, they offer clear lessons and guidance to other non-profit leaders on their mission to create impact at scale:



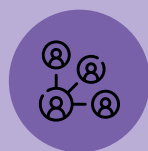
## Pursue cost effectiveness relentlessly

Learn what price point payers are willing to pay. Demonstrate your solution can be delivered affordably within that price point, which often requires a low cost per outcome.



## Build evidence of impact

Convince payers your solution is the best return on investment for their contribution. Build evidence that your solution is more effective than others, usually through randomised control trials (RCTs).



## Influence other doers to absorb costs directly

Design your solutions to be embedded within and delivered by other doers – including existing government systems. Influence the wider ecosystem to incentivise other doers to adopt your solution.



## Test, learn and adapt

There is no silver bullet funding model; all funding sources can be volatile and involve making trade-offs. Take an agile approach, constantly testing, learning, and adapting.



## Diversify across different payer types

Most non-profits have learnt the hard way that any payer types can be fickle, and over reliance on any funding stream is risky.



# SPRING I M P A C T

**To read the full report please visit**  
[springimpact.org/securing-nonprofit-funding-report](https://springimpact.org/securing-nonprofit-funding-report)

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