

The perceived consequences of unrestricted funding for effectiveness of grantee organizations: The case of the Dutch Charity Lotteries

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Abstract (185 words)

We study the perceived consequences of multiyear unrestricted funding for the effectiveness of grantee organizations. We interviewed twenty grantees from the Dutch Charity Lotteries (DCL), which have uniquely provided multiyear unrestricted funding since its foundation in 1989. The grantees we interviewed highlighted a number of key benefits of unrestricted funding. Depending on the type of organization, unrestricted funding may: (1) contribute to organizational and financial sustainability when it is used to fund core costs, acquire other funding, develop the organization and/or fill financial gaps; (2) allow organizations to quickly respond to a crisis or changing context; (3) allow organizations to operate independently and be critical of governments or other funders; (4) enhance innovation and risk-taking; and (5) be used to support unpopular causes. In addition, our respondents identified two risks associated with unrestricted funding: organizations may become less critical of their own work and they may become too dependent on the long-term flow of unrestricted funding. Our results are a first step to better understand the conditions in which multiyear unrestricted funding is most relevant for grantees, their beneficiaries and the grant-making organizations themselves.

Introduction

March 2020, COVID-19 has reached the Netherlands and people are entering an 'intelligent lockdown'. Restaurants, museums, and even schools close, everyone is working from home as much as they can. Like in any other country affected, people immediately start to experience the consequences. One big issue is food insecurity, especially among those that lost their job. The Dutch food banks see a strong increase of people asking for access to their services, while at the same time, their usual sources of food and many of their elderly volunteers stop providing services. On March 31, the Dutch Charity Lotteries announced an unrestricted grant of one million euro to the Dutch food banks (Nationale Postcode Loterij 2020). Using this grant, the food banks were able to flexibly respond to this crisis, and were much better capable to address the increased demand for their services and solve the issue with the volunteers that were afraid to continue their work. The example of the Dutch food bank is just one example of how unrestricted funding can contribute to improved outcomes for grantees, in this case in times of a crisis.

Typically, both governments and funders in the philanthropic sector provide grants in terms of project funding. These project grants impose restrictions on how, when and on what they should be spent, provide limited funding for core operational costs such as rent, utilities and personnel, and are often focused on short-term outcomes. Research has shown that organizations primarily receiving project funding can get trapped in a 'starvation cycle', in which they are increasingly pressured to cut their core operational costs (Gregory and Howard 2009; Lacey and Searing 2015; Schubert and Boenigk 2019).

Recent developments in Europe and the United States (U.S.) show a trend where large foundations move towards models of more 'trust based', unrestricted funding practices

(Trust Based Philanthropy Project 2020). Last year, five large U.S. foundation leaders pledged to implement more unrestricted grant-making practices “to address chronic underfunding of nonprofits’ indirect costs” (Eckhart-Queenan, Etzel, and Silverman 2019). The current COVID-19 crisis has led over 600 U.S. Foundations to sign a pledge promising to loosen or eliminate restrictions on existing grants, and make new grants as unrestricted as possible (Council on Foundations 2020). A similar statement was released and signed by foundations and umbrella organizations across Europe, calling for more flexible grant-making (European Foundation Centre (EFC) 2020).

In this study, we define unrestricted funding as grants given to nonprofit organizations without explicit and formal conditions on how the funding should be spent. We use the terms ‘unrestricted funding’ and ‘flexible funding’ interchangeably. ‘Core funding’ or ‘general operating support’ is related but different, because this is explicitly aimed to invest in ‘core’ organizational or operating expenses like administration, personnel and facilities. Unrestricted funding can be considered part of ‘trust-based’ funding practices. Trust-based funding entails more than just relaxing restrictions, however, because it makes a substantial claim about the relationship between funder and grantee (Trust Based Philanthropy Project 2020).

The grey literature suggests that unrestricted funding has substantial benefits (Buteau et al. 2020; Niras 2019; Reich 2018). Practitioner reports make the case that “unrestricted funding gives grantees flexibility and freedom, especially to invest in ‘less glamorous’ work” (Wallace and Saxton 2018:11), although the effects on overall outcomes seem to depend on other factors like the size and duration of the grant (Huang, Buchanan, and Buteau 2006).

Besides this grey literature, there seems to be little empirical literature on the consequences of unrestricted funding for the work of nonprofit organizations. In accounting studies, unrestricted assets have been associated with financial inefficiency, leading to conclude that “donor-imposed restrictions may serve a vital economic purpose” (Mensah & Werner, 2003: 320). Some restrictions may benefit nonprofits’ operations, but it could be that this advantage disappears when too large a share of total assets are restricted (Surysekar, Turner & Wheatley, 2015). Again, the effects of restrictions seem to depend on the size and structure of nonprofit organizations. Donor-imposed limitations often require extensive planning, implementation and reporting, which can be a large burden especially for smaller organizations (e.g., Gin et al., 2019; Kender-Jeziorska, 2019).

In nonprofit and public administration studies, scholars have examined the effects of different revenue sources on financial performance and operational expenditures. Government grants, which often come with restrictions on how the money is spent, is found to be negatively related with operating reserves (Cortis & Lee, 2019) and administrative spending (Shon, Hamidullah, & McDougale, 2019). Many case studies describe the operational costs that are necessary for acquiring government subsidies and reporting to the funder (Gronbjerg, 1991; Kender-Jeziorska, 2019; Zihnioglu, 2019). Donative income is also associated with lower administrative and personnel expenses, which may be due to public scrutiny and/or explicit restrictions (Shon, Hamidullah, & McDougale, 2019). To our knowledge, no studies in this literature explicitly examine the effects of restricted grants from private foundations.

Therefore, in this paper, we use an explorative qualitative approach, starting from the perspective of the grantees receiving unrestricted funding. The question we ask is: What are

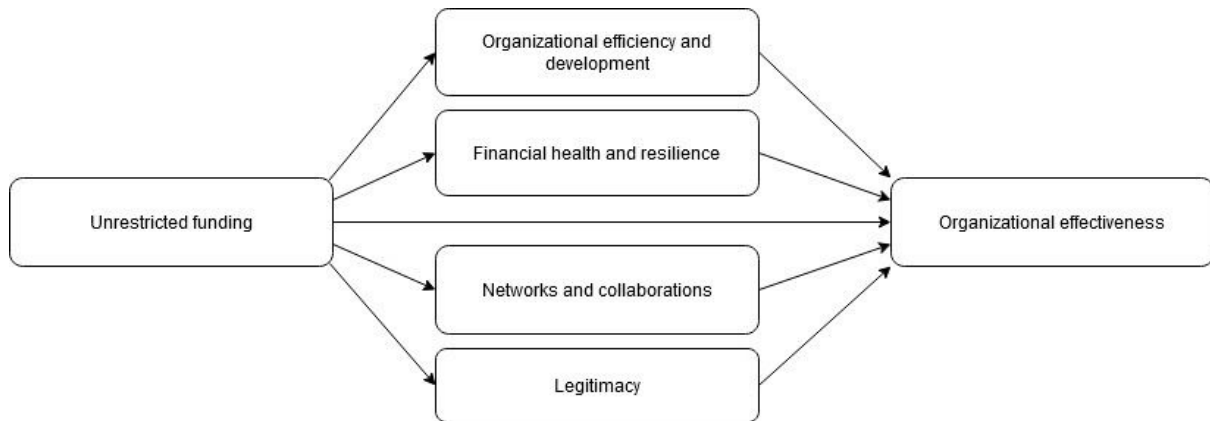
the perceived consequences of multiyear unrestricted funding for the effectiveness of grantee organizations? We interviewed twenty representatives from nonprofit organizations that vary in terms of sector and organizational role. The results from these interviews provide important insights in the nature of the relationship between funder and grantee, the role that unrestricted funding plays in different types of organizations, and how unrestricted funding affects decisions with regards to budget, HR management and organizational strategies. Our results are a first step to better understand the conditions in which multiyear unrestricted funding will be of most relevance for grantees, their beneficiaries and the grant-making organizations themselves.

Conceptual framework

In examining the possible consequences of unrestricted funding for different aspects of organizational decision making by grantees, we started exploring the concept of nonprofit organizational effectiveness (Benjamin and Campbell 2020; Lee and Nowell 2015; Liket and Maas 2015). Benjamin and Campbell (2020: 199) define organizational effectiveness as “the extent to which an organization has achieved its goals”. The overview articles by Lecy et al. (2012) and Forbes (1998) synthesizing the state of the literature on nonprofit effectiveness proved extremely helpful to identify the possible consequences of unrestricted funding for the work of nonprofit organizations. Operationalizing organizational effectiveness is challenging, because there is not a single dimension or criterion that is applicable across all contexts (Lecy et al. 2012). Previous operationalizations have focused on goal attainment, organizational resources or reputations, which resulted in indicators like financial ratios, self-rated effectiveness and multi-dimensional operationalizations (Liket and Maas 2015). For the purpose of the current explorative study we aim to better understand how grantees *perceive* the consequences of unrestricted funding for organizational outcomes, especially organizational effectiveness. We study the decisions that are made in the organization to increase organizational effectiveness using unrestricted funding, and the considerations that motivate these decisions.

In preparation of our interviews, we built an initial conceptual framework (Figure 1) identifying the possible effects of unrestricted funding for nonprofit organizational effectiveness. This framework was based on the identified academic literature as mentioned above, especially Lecy et al. (2012), supplemented with the grey literature and three informational interviews with a U.K. based consultant, a U.S. based former program officer with a large foundation and a current U.S. foundation program officer based in Africa.

Figure 1. Initial conceptual framework to study the influence of unrestricted funding on effectiveness of grantee organizations



The research question we aim to answer with this paper is the following: *What are the perceived consequences of unrestricted funding for the effectiveness of grantee organizations?*

The aim of this paper is to identify the perceived consequences of unrestricted funding for different types of grantee organizations, and identify in which cases unrestricted funding is most beneficial for the effectiveness of grantee organizations.

Study context

The Dutch Charity Lotteries (DCL) are probably the largest private funder of philanthropic organizations in the Netherlands. The DCL organize national lotteries with three well-known brands: Postcode Lottery, FriendsLottery and BankGiro Lottery. By legal requirement, a substantial part of all revenues are granted to organizations and initiatives in the philanthropic sector. Ever since their founding in 1989, the DCL select a number of beneficiaries that receive multiyear grants (usually for a period of 5 years), without restrictions about how the money should be spent. Revenues - and thus grant-making - have been growing over the years. In 2018, the DCL gave away 511 million Euros (about 614 million Dollar), which is estimated to be 9% of all philanthropic activity in the Netherlands (Bekkers, Gouwenberg & Schuyt, 2020).

The current study focuses on grantees of the Dutch Postcode Lottery (PCL) and FriendsLottery (FL). The PCL is the oldest and largest of the three charitable lotteries that make up the DCL, and focuses its philanthropic activities on human rights and environment. In 2020, the year in which our fieldwork was conducted, the PCL was funding 105 organizations with multiyear, unrestricted funding, ranging from 500,000 euro to 22.5 million on a yearly basis. The FL focuses on social causes and sports organizations, supporting 46 organizations with multiyear unrestricted grants at the time of our fieldwork. The grants made by the FL are typically smaller, ranging from 3,000 to 3 million euro.

Data and methods

Sampling

Because this is an explorative study, we wanted to select a range of different grantee organizations for our interviews. We therefore used a heterogeneous (or maximum variation) sampling approach (Patton 2002; Saunders, Lewis, and Thornhill 2009). After a discussion with representatives of the DCL about the different sectors and roles grantees of the DCL represent, we started with selecting two organizations for each combination of the four sectors represented by grantees of the DCL (health, environment, societal and social causes and international / human rights) and the four organizational roles represented by the grantees (service provision, advocacy & spokespeople, innovator, agitator & maverick)¹. Both the DCL and we provided input to a list of grantee organizations that were perceived to have a clear fit with one of the organizational roles within the four different sectors. We then scored all beneficiaries of the PCL and the VL on the four roles, ranging from 1 (role not active) to 5 (role very active), based on organization websites and mission statements. Then we ranked the organizations per role, selecting those organizations that score highest on a role (for example on the role of 'agitator & maverick') within a sector. We preferred organizations that scored lower on the other three roles, but took care to also select some organizations that scored higher on multiple roles (and many organizations scored high on the 'service provider' role). When organizations scored similarly high on a role within a sector, we gave preference to organizations originally suggested by the DCL, as they have intimate knowledge of these grantee organizations.

Our final selection of organizations consisted of 32 organizations, spread equally over the four sectors and roles, supplemented with the three special cases². After this selection we included one recent grantee that only received project funding, making the total number of organizations 36. The DCL provided us with the contact information for their primary contact at these organizations. Interestingly, these primary contacts held various positions within the grantee organizations, ranging from directors, fundraisers to communication professionals. Most often, they were the organization's director. We noticed this at the start of the fieldwork, but decided that this variation this would contribute to the diversity and range of the interviews. When an interviewee did not have information about a topic during the interview, they typically followed up with us later to provide this information.

Even though we started our fieldwork ahead of the COVID-19 crisis in January 2020, from March onwards we experienced significant difficulty making appointments to interview representatives of selected grantees. Our final sample consists of interviews with representatives of twenty grantee organizations. Interviews lasted one hour on average. Incidentally, the primary contact invited one or more colleagues to join the interview. We provide a complete overview of the twenty grantee organizations and their characteristics in Table 1.

¹ Based on the roles for foundations in society most relevant for grantees of the DCL. The different roles for foundations were identified by the Robert Bosch Stiftung (2014:40–41).

² To avoid identification of the selected organizations we cannot share more details on these special cases.

Interviews

We conducted the interviews using a theoretically informed topic list, because we wanted to explore a comprehensive range of areas where unrestricted funding could play a role in organizational decision making and eventually organizational effectiveness. Based on the initial conceptual model (Figure 1), we developed a topic list for semi-structured interviews. We tested this topic list with three pilot interviews with nonprofit managers receiving multiyear unrestricted funding from the DCL, after which we made some minor changes. The final topic list is included as Appendix A.

Analysis

Similar to the topic list, we did not start our data analysis without any theoretical preconceptions. Coding and analysis of the data was done using Template Analysis (Brooks et al., 2015), in which researchers usually start with some a priori themes. Themes and sub-themes were identified in an initial coding template, which is provided in Appendix B (in Dutch). During first cycle coding, themes, sub-themes and sub-sub-themes were added and adapted. In the second cycle, codes were merged and renamed to create more theoretical coherence. Codes on the third level (sub-sub-themes) were sometimes merged and sometimes kept as separate codes when we wanted to keep close to the original wording of the respondents.

While we adopt a realist position in the sense that we acknowledge a social reality apart from human perceptions, we are well aware of the possibility that our predefined knowledge and theoretical categories shaped our interpretation of the data. In the analysis, we tried not to stick to the themes as separate ‘variables’ but rather look at similarities and differences across themes and across cases. An important aim of the study was to examine different processes at different types of organizations. After two stages of coding we created a ‘case-ordered descriptive meta-matrix’ which allows for contrasting and comparing cases across themes, as well as themes across cases (Miles, Huberman, & Saldana, 2020). The results section below does not systematically discuss each theme or sub-theme, but is organized by the main findings that emerged from our analysis.

Describing the grantees

Table 1 shows an overview of key characteristics for the twenty grantees included in this study. It shows the organizational role we used to select the organization in the sample, the duration of the relationship with the Dutch Charity Lotteries, the share of DCL income in the total revenues, and the share of government funding in total revenues.

Table 1: Key characteristics of organizations in the sample (2019)

code	Lottery	Sector	Selected organizational role	DCL beneficiary	Income from DCL¹ / Total	Income from govt / Total
I_SP_b3	DPL	International	Service provider	≥20 yrs	0-25%	25-50%
E_IN_b2	DPL	Environment	Innovator	5-9 yrs	0-25%	0-25%
S_AS_b1	FL	Social	Advocacy & Spokespeople	10-14 yrs	50-75%	0%
H_IN_b2	FL	Health	Innovator	15-19 yrs	0-25%	0-25%
I_AS_b2	DPL	International	Advocacy & Spokespeople	≥20 yrs	0-25%	50-75%
I_IN_b2	DPL	International	Innovator	5-9 yrs	0-25%	0-25%
H_AS_b1	FL	Health	Advocacy & Spokespeople	15-19 yrs	0-25%	0%
I_AS_b1	DPL	International	Advocacy & Spokespeople	15-19 yrs	0-25%	75-100%
I_SP_b1	DPL	International	Service provider	≥20 yrs	0-25%	0%
E_AM_b1	DPL	Environment	Agitator & Maverick	≥20 yrs	0-25%	0%
S_SP_b1	DPL	Social	Service provider	5-9 yrs	0-25%	0%
S_AS_b2	FL	Social	Advocacy & Spokespeople	0-4 yrs	0-25%	0%
E_AS_b2	DPL	Environment	Advocacy & Spokespeople	≥20 yrs	0-25%	0-25%
E_AM_b2	DPL	Environment	Agitator & Maverick	10-14 yrs	25-50%	0%
S_IN_b3	FL	Social	Innovator	0-4 yrs	25-50%	N/A
H_SP_b1	FL	Health	Service provider	0-4 yrs	0-25%	0%
E_IN_b1	DPL	Environment	Innovator	0-4 yrs	0-25%	0%
E_SP_b2	DPL	Environment	Service provider	≥20 yrs	50-75%	0% ²
E_AS_b1	DPL	Environment	Advocacy & Spokespeople	≥20 yrs	0-25%	50-75%

1: Income from DCL here refers to regular, multi-year grants and excludes extra grants.

2: The percentages of E_SP_b2 are somewhat misleading because this organization is part of a broader consortium.

Note: E=environment; H=health; I=international / human rights; S=societal and social causes; IN=innovator; SP=Service provider; AS=Advocacy&Spokespeople; AM=Agitator&Maverick

There was large variation in the funding portfolio's of the organizations included in our study. Funding by DCL is always part of a broader revenue portfolio. The Dutch Charity Lotteries aim to never let their funding be a too large share of total revenues. Our interviewees typically stated that both the income from the DCL and from individual donors were their primary, often only, source of unrestricted income. In the perception of our respondents, private foundations and governments are generally moving towards more strictly regulated funding with "heavy bureaucracy". Some notable exceptions are mentioned of other donors that provide unrestricted funding.

Below we discuss the most important insights that emerged from our interviews. They can be clustered in five perceived effects from unrestricted funding (1) organizational and financial sustainability; (2) flexibility; (3) independence; (4) innovation and risk-taking; and (5) supporting unpopular causes.

Organizational and financial sustainability

In the area of organizational and financial sustainability, we identified four perceived consequences that respondents at grantee organizations associate with DCL funding.

Core costs

First, unrestricted funding allows organizations to fund any expenses associated with core costs or 'overhead'. This may be the most obvious perceived benefit of unrestricted funding. In the nonprofit literature it has been observed that funder requirements on maximum overhead cost ratios may lead to a 'nonprofit starvation cycle' in which organizational survival is under threat (Gregory & Howard, 2009; Lecy & Searing, 2015; Schubert & Boenigk, 2019).

Many respondents observe that funders, both public and private, increasingly provide project-based grants. We would intuitively expect that unrestricted funding then goes to administrative and fundraising expenses. This is indeed the case for some organizations, like this environmental organization:

"Our costs are personnel costs. That always sounds very negative: oh, a lot goes to personnel, but that's exactly what we do... that's our main job, that we employ very good people, biologists and lawyers [...]. That's where most of the money goes." [E_AS_b2]

Other respondents agree that, because they received unrestricted funding, their organization has more room to "just pay salaries and everything" [I_SP_b1]. This is important, as someone else notes: "Personnel is always the most expensive part of your budget" [S_AS_b1].

Other organizations, however, choose to spend the unrestricted funds, or at least a part of it, on direct costs. A couple of respondents indicate that the overhead of their organizations is so small, that basically all revenues go to campaigns [E_AM_b2 and S_AS_b1].

Another respondent says:

“And we know that we use most of the Postcode Lottery contribution for our goals. So barely for overhead.”

[Interviewer:] “So actual project expenses?”

“Yeah, that's what we got it for and use it for. We take that into account very consciously.”

[I_IN_b2]

This respondent, the director of a human rights organization, justifies his choice by referring to what he thinks is the purpose of the funding (“that's what we got it for”). This shows that the funding, although it is formally unearmarked, is not always perceived without presumptions. What people at grantee organizations perceive as the purpose of the funding may depend on the organization. This human rights organization uses DCL money mainly for projects that are not easy to find funding for (see under ‘Unpopular projects’ below), but other organizations have different portfolios and preferences. As such, the type of organization defines the role that unrestricted funding plays in the eyes of people at the recipient organizations.

A remark here is that different respondents may have had different conceptions of ‘overhead’. Although clearly defined in the financial statements and often audited by the Dutch Central Bureau on Fundraising, there can still be some flexibility in the allocation of costs. The respondent from the environmental organization who finds highly skilled personnel so important [E_AS_b2] perceived personnel costs as overhead, although these employees are probably crucial for the organization's projects. The director of the human rights organization [I_IN_b2] talked about project expenses but suggested later in the interview that a large part of the unrestricted funding was used to hire personnel and give permanent contracts, in order to create a core team “with more knowledge and more experience”. These two approaches are remarkably similar, but are framed differently.

Covering overhead costs has important advantages, including for fundraising, as illustrated by this quote:

“Well, the first years we used it very much for marketing. Then we said to our donors: if you make a donation, a hundred percent of your donation goes to [the projects]. This is possible because the Postcode Lottery covers all office and marketing costs.” [I_SP_b1]

Acquire other funding

This leads to the second perceived consequence in the area of organizational and financial sustainability. Having long-term unrestricted funding, some respondents state, helps organizations to acquire other funds. There are different aspects to this. Because many other grants, including those from national and European government bodies, come with all types of conditions and reporting requirements, additional unrestricted revenues are considered crucial. When another funder allows only limited overhead costs, organizations can fund their overhead with unrestricted funding they already have. “Earmarked funding asks for unearmarked funding to execute it in a proper way” [I_SP_b3].

Oftentimes funders require matching funds or co-financing, for which DCL money can be used. This makes it almost indispensable to have some level of unrestricted income. “Of course it is super that we can use [DCL funding] as leverage to bring in other money”, a director says [I_AS_b1].

However, there is a possibility that being known as a long term beneficiary of the DCL works against you. Some respondents feel that other funders “think like: ok, they have

the [DCL], that's all in the pocket, [...] there's little need to support them" [H_SP_b1]. The visibility and outreach of the DCL as a funder, with a lot of media attention for the yearly grants, could not only stimulate, but also hinder further fundraising.

Organizational development

As a third perceived consequence of DCL funding, according to our respondents, unrestricted funding can help to continuously develop the organization. Organizations can use unrestricted grants to set up an administrative department or a research branch, which are crucial for the long-term sustainability but not easy to find funding for. This is especially important for young organizations that are still in development.

A respondent from an environmental organization talks about being able to hire a good employee:

"Then [...] when the project is finished, he has to leave again. While that person has built up a lot of knowledge during the project, but you can't keep him. I think that if you are purely a project organization, so that you don't have any unrestricted money, [...] yeah, then maybe you just become a kind of lobby club on communication without really having the knowledge. While that is precisely our strength." [E_AS_b2]

She thinks that having a sustainable organization with a lot of in-house knowledge has multiple benefits, including being able to quickly react to a changing context and being able to acquire extra funding.

When employees are not tied to specific projects, they can be assigned to other tasks that are deemed crucial for organizational development, like building a network, doing research, or working on marketing and communication. One respondent speaks of "quality development" or a "quality base", which is hard to fund with project financing [I_AS_b1]. Also, developing knowledge within the organization, for example in administrative work, is perceived to lead to increased financial efficiency [I_IN_b2].

Hiring good employees is not crucial for every type of organization. The representative of an advocacy organization indicates that their staff is very small compared to the costs of their campaigns, and that each Euro of additional funding goes to the projects [E_AM_b2]. Something similar is mentioned by another small-staffed advocacy organization, which deliberately decided not to work with fixed contracts to avoid high fixed HR costs [S_AS_b1]. This indicates that HR policies and preferences may be dependent on the type of work and the size of the organization.

Financial sustainability

As a fourth consequence, by covering daily operations and costs in between projects, unrestricted funding may contribute to the organization's financial sustainability. This is a perception which is echoed by many respondents. Unrestricted funding is described as a "buffer", a "foundation", a "bottom" or a "reserve". Indeed, the long-term nature of the DCL funding is important here: most grants are awarded for five years, and after this period the grants are usually renewed. Most organizations who become a recipient, stay a recipient.

Sustainability can be defined as the means by which an "organization will be able to fulfill its commitments to its clients, its patrons, and the community in which it operates" (Weerawardena, McDonald, & Mort, 2010, p. 347). Bowman (2011) distinguishes a long-term and a short-term aspect of financial sustainability. "[A] short-run objective is to

develop resilience to occasional economic shocks while making progress toward meeting long-term objectives. [...] Resilience in the short run requires financial resources without donor restrictions, which can be converted into cash during an economic downturn lasting one or several years” (Bowman, 2011: 39).

Financial stability seems especially beneficial for organizations that primarily operate project based. Multiyear unrestricted funding allows them to cover the costs of their core organization in-between projects. This is what Bowman (2011) refers to as short-term financial resilience, although the challenge here is not to overcome economic shocks but rather fluctuations in other revenues.

The DCL encourages grantees to spend the funding, and not to put it in the organization’s reserves. Still, organizations can save some of the revenues.

“Every organization somehow needs something of reserves for the longer term and if something happens, if there are like hits, and these are not just COVID-like hits, but also just wrong spending in projects, something really goes wrong, I don’t know, you have to be able to take such a hit and that’s difficult if you have no resources. Your own fundraising also offers you the opportunity to build up some reserves, but if you don’t have that then that’s very vulnerable and that’s really essential. It’s not so much about direct spending in a year, but also about building up that buffer in the piggy bank.”

[Interviewer:] “And to what extent is that possible? And how will the Postcode Lottery look at it if that money is used to build up reserves?”

“Well look, the money is of course always meant to be spent hey. We’re not there to pile up, we’re not banks, we don’t want to be banks at all, but that’s very much about the balance... well, any organization... it’s also in the interest of the goal of the organization that you have a buffer there. There are also agreements on how these buffers may be.” [I_AS_b1]

The director of an environmental organization makes an interesting statement about the nature of philanthropic organizations:

“It can also sometimes be that you can use that money as a reserve for your organization. So it’s also very important that you are building up a serious organization; that is to say, that you can pay your people. [And] that you have built up a reserve for difficult times. I think that this should also be possible in organizations that are working with charitable goals. In fact, we can also be regarded as a company, a company does that too, the government does that, everyone does that for the continuity of maintaining qualified people. That’s possible with this DCL money. With government money, for example, that’s much more difficult to achieve. So you have to have a number of these funders who understand what it is like to run and build an organization, and who can build some buffer into it. You want to deal with [our issues] as a mature organization. Then these kinds of money flows are just necessary.” [E_IN_b1]

In this quote, the respondent compares nonprofit organizations with for-profit and public organizations, where it is common to build up reserves for organizational continuity. A “mature organization” should have some reserves. He suggests that not all funders acknowledge this, which relates to broader discussions about the expectations on the financial decisions of nonprofit organizations. Not only do private donors often prefer that their donation is fully spent on the projects, governments may have similar preferences. According to one of our respondents [I_SP_b3], governments are “very sensitive to their

constituencies” and feel the pressure to be critical to funding being spent on other things than the projects themselves.

Flexibility

Some respondents indicate that unrestricted funding allows their organizations to quickly respond to a changing context. Such changes can involve (natural) disasters, emergencies or crises, including the corona pandemic that emerged during our fieldwork. Obviously, the importance of such unforeseen events very much depend on the work of the organization. The corona pandemic for example had a large impact on: organizations that depend on volunteers who could not work (or refused to); organizations that work with vulnerable groups in development aid; or organizations that partly depend on earned income like ticket sales.

The director of an international service provision organization that works in vulnerable areas states:

“If something happens, there is an immediate crisis. If it doesn't rain for six months, the yield from the vegetable gardens will dry up. Or if there is suddenly a plague of grasshoppers, you have a disaster. If corona comes, yeah, that just can't be handled. If you are in a slum where all of a sudden gangs are coming, you have a safety issue from one day to the next where you immediately have to free up a lot of money for surveillance, alarm systems... And then, because you often have to jump into crisis mode, it is incredibly nice that you have free money.” [I_SP_b1]

While the work of advocacy organizations is quite different, their perception of the benefits of unrestricted funding can be surprisingly similar:

“I would very much like to link an amount to that, but unrestricted money gives you so much freedom and flexibility, and we are a very fast and adaptive organization that actually continuously responds to the sentiment and changes in society, and politics, and Corona, and opportunities, the momentum that presents itself. If we would always have to apply for this and then have to deliver everything exactly as we had applied for, we would not be able to do our job.” [E_AM_b1]

Flexibility is perceived to be important for organizations that work in quickly changing social, economic and political realities. Similarly, a communication officer of an environmental organization states that part of the organization's work is “reactive”, in which they have to act upon actions of others:

“One year very little of that happens, and another year you suddenly have three such threats coming at you. Then you want to be able to act and not be like: oh, then we first have to apply for a project to see... then you're too late! Or you have to let it go completely because you don't have people with knowledge.” [E_AS_b2]

This respondent refers to two aspects of being flexible. She mentions the time it costs to apply for projects, which is a large burden if organizations want to respond quickly to unexpected events. She also refers to “people with knowledge”. Being able to jump in new

projects requires in-house knowledge which is not bound to a predefined project but can be capitalized if necessary. This shows the importance of access to highly trained experts and other human resources, which relates to the second perceived role of unrestricted funding.

Independence

A possible danger of funder-imposed restrictions is that recipient organizations are less free to decide what to work on and can be less critical towards their funder (Froelich, 1999; Van Puyvelde et al., 2012). Unrestricted funding can help organizations to overcome this challenge. Increased independence, or autonomy, is particularly important for lobby organizations that are critical of governments.

Some organizations receive government grants for certain projects but still want to remain independent, like this human rights organization:

“And that's the ambiguous thing, so that on the one hand we get money [from the government] for activities we do, and on the other hand we're also an independent organization and therefore try to influence certain legislation of the same central government [...]. That's why we also need the money and can continue to fight for that independent position, I would almost say. The money from the Postcode Lottery is intended for that purpose, among other things.” [I_AS_b2]

For such organizations it is perceived crucial to work with the government, while being critical of the very same government. Other advocacy organizations strive to be fully independent:

“We prefer to have as much unrestricted money as possible. With that we can do what we want and we can change direction if we want to, and we can also... for us it's very difficult to get money from a company or government because we focus on companies and governments [with our campaigns] and we don't want to be curtailed in what we do.” [E_AS_b1]

Multiple respondents state that their organization wants to avoid becoming donor-driven.

“We received a government subsidy to carry out campaigns abroad. Our organization is changing a little bit, but we have to comply with that subsidy obligation, we have to finish that project, while as an organization we might actually want to take a slightly different course. We feel the obligation of the subsidy and we never feel that with the money from the lotteries.” [E_AS_b1]

This is echoed by more respondents, not only from advocacy organizations but also from service providers, like this international aid organization:

“Yes, I think you get maximum results. Because you really do what is necessary and that you're not donor driven. The fact that you do listen to the funder, who often has an agenda and who often to a smaller or larger extent, depending on the funder, determines where the money goes. So that you don't do what is necessary. I think this form of funding really enables us to do what we think is best locally.” [I_SP_b1]

Autonomy was not an explicit factor in our initial theoretical model, but proved to be important for many respondents. After a handful of interviews, we added autonomy as a separate topic in the topic list. It could be argued that autonomy is another dimension of nonprofit effectiveness, which could ultimately maximize organizational impact. This is nicely illustrated by the last quote.

Innovation and risk-taking

Another benefit that was not in our initial model but proved to be important during the interviews, is innovation and risk-taking. To some extent, it is perceived to be one of the goals of the Dutch Charity Lotteries:

“What’s nice about the Lotteries is also that they are in for new ideas and cool new things. They also look very much at: what are ideas that others don’t fund? Then they respond to that.”
[E_IN_b2]

While respondents feel that other funders, especially governments, refrain from risk-taking, the DCL is perceived to support “cool new things”.

Somewhat less directly, unrestricted funding can be used to invest in research and development, even if the outcomes of new ideas are uncertain. The director of a young social organization talks about the kind of new projects his organization can develop, saying: “There’s not always funding for that research phase either, so it also means that you can simply get a wider range of social services” [S_IN_b3].

A respondent from an environmental organization says:

“Well, I also think one of the effects is that sometimes you have venture capital. Suppose a project comes along that you might have to do some research for in the first place, yes then you can use this kind of money for it.” [E_SP_b2]

Some ‘venture capital’ is not only perceived to be important in the first stage of innovations, but can also play a role in the implementation and diffusion phase:

“We sit around the table with tech companies and there are certain innovations that we believe in enormously, and for which we also get money for the proof of concept, so the first step. But for the implementation phase and ultimately for the lobby, it’s difficult to get structural funding. Then you’ll have to come up with good results first. We can partly finance that first step with the DCL money. That also ensures that we can bridge the gaps between concept and implementation with the NPL money. In other words, we have been able to perpetuate the existence of certain initiatives in this way.” [I_IN_b2]

Supporting unpopular causes

When asked how unrestricted funding influences project outcomes for their organization, some respondents bluntly state that the outcomes of their organization’s projects are

improved by unrestricted funding. “An unrestricted Euro flourishes much more, because you have to make other decisions, so we feel that we can realise much more for the same money” (E_AM_b1). Other respondents indicate that it is hard to recognize outcomes that are fundamentally different as a result of unrestricted funding.

Unrestricted funding allows some organizations to fund projects that other large funders do not easily fund. This can be campaigns or long-term projects without a clear end date, for example.

“We can nowhere apply for money for lobbying. That's what people think: we're not going to give money for that.”

[Interviewer:] “That's something that doesn't directly contribute to the goal.”

“Actually it is, but it's not a project with a head and a tail of which you say: this has so much... you can't really measure the impact very well.” [H_IN_b2]

This quote shows the preference of many funders for clearly defined projects with measurable impact. ‘Impact’ is a hot topic among foundations, but some of our respondents argue that part of their work is not easy to measure. Furthermore, respondents mention “strategic projects” [S_IN_b3, I_AS_b1] or “things that are not sexy” [H_IN_b2].

Using funding from the Dutch Charity Lotteries for projects that are “not sexy” presents an intriguing paradox. The DCL sells lottery tickets with active marketing campaigns, in which they showcase the work of the organizations they support. Some respondents suggest that the DCL have a preference for organizations and projects that can be used in their marketing:

“Yeah, you know, it's just a party that, uh... involves charities that they feel are of course doing something good for society et cetera. But also those that are easy to market, so to speak. Those that can ultimately contribute to the sale of more lottery tickets.” [H_SP_b1]

Another respondent states that her environmental organization is not so visible in the marketing of the DCL:

“Our projects are not very popular for this, because a protest rally is not something with which they want to communicate on a large scale. We are very busy with movement building. Of course that is also a very difficult... what is movement building? What does it mean that you want to create support for a sustainable and honest policy? We are not an organization that is very prominent in the lottery as an example of a charity they support. Our projects are not easy to express visually.”

[E_AS_b1]

Later in the interview, when asked if she feels there are implicit expectations from the Dutch Charity Lotteries, she starts talking about ‘extra projects’ where grantees can apply for, which are grants the DCL provide besides their regular support of long-term beneficiaries:

“The lottery is expecting a project and they really want to have one and we are doing our very best to come up with a project for that and it doesn't always work out. But that's an expectation we experience from the lottery and that's going to get more money, but which we actually can't meet that easily because we don't really have any projects that are sexy enough for the lottery to go public with. That's an expectation insofar that we spend a lot of time on

really to do something with, but that we can't live up to yet. [...] We really spend a lot of time on that and we feel, yes this sounds a bit crazy of you feeling a pressure to get even more money, but still we do feel a bit of a pressure to submit a project proposal for that, which we have successfully done a few times, but which is quite difficult for us to find something for.” [E_AS_b1]

These quotes sketch an interesting picture. This respondent perceives the work of her organization as not visually attractive for marketing purposes, and feels some kind of pressure to come up with “sexy” project proposals. But still, her organization is a long time grantee of the DCL, and when it comes to the regular funding she does not express any concerns about mission drift.

Other perceived consequences

Thus far we described the areas in which multi-year unrestricted funding seems to make a crucial difference at certain types of organizations. In this section we discuss four other perceived consequences of unrestricted funding that seem either less significant, or are less solidly backed up by evidence from our interviews.

Legitimacy

Being a DCL grantee is perceived to increase legitimacy and brand awareness in the sector and among the broader public. The DCL has a reputation. “It’s a club that does something enormous” [E_AM_b2], someone says, or: “They’re sort of the Champions League” [E_IN_b2]. According to some - but not all - respondents, being a grantee increases legitimacy. This can not only work as a signal to the outside world, but may also increase the work motivation of employees, as a recognition of one’s work.

Furthermore, the status as grantee is perceived as something that gives a competitive advantage in the fundraising market. As stated before, the Dutch Charity Lotteries are well-known at least in the Netherlands as the largest private funder, and their grants are being announced at fashionable yearly galas with many celebrities on stage. Some respondents think that the status of grantee helps them in the relationship with other funders by increasing brand awareness and/or signaling quality. Being a grantee may be “a recognition for our work” and shows “you are a serious actor”, being “one of the premier charities in the Netherlands that are supported by a lottery” [H_SP_b1]. These grants may then serve as a “seal of approval” which, interestingly enough, is in the literature usually associated with government grants (Handy, 2000; Schiff, 1990).

A director of a social organization says:

“I don’t think with the local people, with the citizens, but with the somewhat larger endowed foundations it may have helped slightly. We now also get money from large endowed foundations. I deliberately say nuanced 'may have helped', which of course you can't exactly prove. [...] But I also think that currently it doesn’t add anything extra anymore, because we are who we are.” [S_SP_b1]

This quote shows that the symbolic role of DCL grants in further fundraising is especially important for younger organizations, who have more to gain in terms of brand recognition

and reputation. When there is information uncertainty, funders may seek for cues that provide information about quality. The quote also shows that the respondent is not sure of the role that the status of DCL grantee plays. In public debates there has been more critical sentiments about the Dutch Charity Lotteries, for example around their supposed selectivity and even supposed politically motivated choice of beneficiaries, but also because of their way of raising money. Although some respondents refer to such possible negative sentiments, the general attitude within the organizations is positive.

Networks

In terms of networks and collaborations with other actors in the field, respondents are not unanimously convinced that the Dutch Charity Lotteries play an important role. Some say the status as grantee helps in finding new partners or that grantees are encouraged to collaborate when applying for 'extra projects', but others do not see a role for the DCL directly or think that "we are working in coalitions anyway" [E_AM_b1]. One respondent states:

"I mean, you have each other in your network anyway, so I don't know if the Postcode Lottery is the biggest hub or something like that, or if it wouldn't work without them. I don't think so, to be honest." [E_AS_b2].

Less critical of own work

As a possible downside of unrestricted funding, organizations may become less critical of their own work. Our data does not allow for close analysis of this argument, because respondents may not recognize inefficient processes and/or may not admit it in an interview. Still, one respondent states:

"Let me put it this way: the way of financing, restricted and unrestricted, should not have any impact on the projects you do [...]. But if I'm honest, I think that if we have earmarked funding, so on a project, partly because of that we ourselves are more critical on what do we actually achieve in this project, if only because the funder asks for it and it forces us to be much more critical of the impact. [...] But it's perhaps a little tricky what I say, but I think that this, well, does happen, unconsciously.

[Interviewer:] "Why is that tricky?"

[Respondent:] "If I would say this to my colleague responsible for projects and programs, he will not agree at all, I think."

[Interviewer:] "And why would he disagree with that?"

[Respondent:] "Because he thinks that what he does... that every project he does absolutely has impact."

[S_AS_b2]

This quote shows how sensible and difficult this topic is. Many nonprofit professionals tend to believe in the work they are doing, and probably believe that they can decide for themselves how to organize impactful projects. The question to what extent efficiency and effectiveness can be increased by imposing restrictions is hard to answer, and the side effects of predefined output, tight regulations and more accountability have to be taken into account. One minute after the previous quote, when talking about finding a balance between

restricted and unrestricted funding, the same respondent admits that “the reporting requirements of [...] foundations sometimes drive you crazy” [S_AS_b2].

Too dependent on funding

Another possible drawback is that organizations may become too dependent on the long-term flow of unrestricted funding. Many respondents think their organization should strive for a variety of income sources, echoing the benefits of revenue diversity that are often described in nonprofit literature (Froelich, 1999; Hung & Hager, 2019). Although the DCL are cautious to let their grants be a too large share of the total income, some recipient organizations finance a large part of their daily operations from them. One respondent says:

“We could do it without the FriendsLottery, because we are big enough and diverse enough in our revenues. But there are parties that are really very dependent on the Postcode Lottery and the FriendsLottery.” [H_IN_b2]

Indeed, some respondents feel this dependency. “We count on this money”, a relationship manager of a long time beneficiary states, and: “we don't expect it, but if the lottery says yes we'll stop it, then we'll have to change our organization very drastically. That would be a tragedy for us” [E_AS_b1].

Discussion and conclusion

This paper provides insights in the choices that nonprofit staff make with unrestricted funding, and the perceived consequences of these decisions.

First, our data show that grantees feel they can make different *choices* with the availability of (at least some) unrestricted funding. Resource dependency theory posits that organizations strive for survival and expansion, and accessibility to funding increases their power to do so. This is reflected in the observation that unrestricted funding is often used to invest in core organizational tasks like administration and research, or to supplement gaps in the budget of other projects.

Yet, there is more than just organizational survival. In different ways and different wording, some of our respondents suggest that their organization is better able to make their own choices with regards to the organization's mission. The agency of grantees could be described as ‘choice within constraints’ (Ingram & Clay, 2000), with constraints being rules, agreements or habits in the organizational context. Restrictions on funding can be considered as one of such constraints. By relaxing these restrictions, grantee organizations may pursue projects that they consider to be not popular or not sexy enough to get funded, for example lobbying, campaigning or projects that do not have a fixed end date. Our respondents consider such projects core tasks for the organization. With staff at nonprofits often being strongly value-driven, this is a typical example of ‘identity accountability’, in which individuals feel responsible to keep track of the organization's mission (Yang & Northcott, 2018).

Second, our data shows the perceived *consequences* of these choices. Grantees think that these choices contribute to long-term financial sustainability, feelings of autonomy, and the conception and development of innovations. In line with resource dependence theory, unrestricted funding is regarded to improve organizational stability by having a “buffer” or building some reserves which are “just necessary” in the long term.

Regarding legitimacy, we find varying perceptions. The Dutch Charity Lotteries are a large and very visible private funder which, contrary to some endowed foundations, actively seeks media attention. Receiving DCL grants thus may contribute to brand awareness and organizational status. However, some respondents suggest negative consequences. Other funders may think that DCL grantees no longer need extra funding, because “it’s all in the pocket”. Being too dependent is indeed a risk, as some respondents acknowledge that their organization would have a serious problem when this revenue stream would end.

High levels of autonomy and ‘identity accountability’ may have a downside. When organizations are only held accountable to their own values, this could lead to less critical evaluations of organizational processes. The question which ‘accountability regime’ (Ebrahim, 2009; O’Dwyer & Boomsma, 2015) leads to the most effective outcomes is a very difficult one, and our paper does not provide a definite answer. We do show how the choice set of nonprofit organizations is fundamentally altered by unrestricted funding, even when it accounts for only a small share of the organization’s financial portfolio. Some advocacy organizations strive for unrestricted funding only, because they find it crucial to remain independent. Other organizations can handle project funding really well, but use additional unrestricted funding to fill gaps and/or bridge periods in between projects. Unrestricted funding seems especially beneficial for younger organizations, who need relatively large budgets for building the organization and hiring employees that are not directly linked to specific projects. By considering the needs of different types of organizations, funders in the philanthropic sector can use the insights of this paper to increase the effectiveness of their grantmaking.

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Appendix A: Topic list

Interview topics for representatives of beneficiaries of the Dutch Charity Lottery

English version (not used in any of the interviews, all interviews were conducted in Dutch)

Introduction:

- Is recording okay?
- Thank you for the possibility for an interview and that you are willing to participate in it. It is very important to our research that we speak to people like you to learn more about the importance of unrestricted funding by charity lotteries for organizations like yours; and for other funders to learn from your insights.
- Before we start the interview, let me say that there are no right or wrong answers to my questions. I am interested to learn more about your experiences, perception and ideas about the funds given to you by the charity lotteries.
- I also like to discuss anonymity: Only the researchers can view your answers. Employees of the charity lotteries do not have access to the data. If you prefer, you have the choice to remain fully anonymous; in that case, we do not refer to your identity, organization or projects in our publications.
 - How can I describe the organization and your position anonymously?
- Do you have any further questions?

0. Can you briefly tell something about yourself?

For example, how long you have worked at the organization.

1. Relationship with GDL in general

- How would you describe the relationship of your organization with the << Dutch Postal code Lottery or Friends Lottery; **NPL and VL in short**>>?

2. Finance and decision making

- Is it always clear how the contribution of the << NPL or VL >> is used?
 - a. If yes: how is the contribution of the << NPL or VL >> mainly used?
 - i. >> If necessary. mention options: for specific projects, as a backstop for shortages, for personnel and housing, to raise further funds...
- How does this income/fund differ from other incomes/funds (i.e. government grants, gifts from other foundations or private donations)?

3. Possible effects (open)

- What do you think are the most important effects of the unrestricted and long-term grant making by the << NPL or VL >> for your organization?
 - a. Can you name examples?
- Are there any other important effects that come to mind? OR>
 - a. You already indicated that << name effect(s) >> is a very important effect of the unrestricted and long-term grant making by the charity lotteries. Are there any other effects that may come to mind?

<< open questions, **do not give examples**. Continue asking, for example >>

- What are the results of those effects?

- a. How is the organization different now?
- Have things changed in your organization as a result of this money/fund?
- What was the first thing your organization did with this money/fund? Your organization received this money/fund, and then...
- Can you also think of possible disadvantages of the financing by the << NPL or VL >>?

3.1 Financial efficiency

- What role does the contribution of the << NPL or VL >> play in the financial health and stability of the organization?
- How do the contributions of the << NPL or VL >> affect other funding flows (i.e. subsidies from governments, gifts from other foundations or private donations)?
 - >> (If necessary, make suggestions: further fundraising can be easier if there is already some financing; or it may be that other financiers drop out if they see that the cause is already supported)
- Suppose funding from the << NPL or VL >> were to disappear, what would change within the organization?
 - >> If necessary ask further questions: what would be cut, what would be better paid attention to? Would layoffs follow?
- Would there also be advantages of the loss of funding from the << NPL or VL >>?

3.2 Organisation, governance and management

- What role do the grants of the GDL play in organizational processes?
 - a. You can think of human resources, the composition of the workforce, training and education.
 - i. >> If necessary. ask further: Can you, for example, hire better qualified personnel for longer periods? Offer better working conditions? Offer training and education? >>> try subtly to ask whether financing from PCL / VL could also ensure that there is no need to intervene in inefficient organizational processes and unnecessary personnel?

3.3 Impact of projects

- With the impact of projects I mean to what extent your organization can help your beneficiaries well / achieve the intended results.
 - a. To what extent are different revenue sources important for this? To what extent do you think that the grants of the << NPL or VL >> influence this? If so, can you name specific examples?
 - b. How is the impact of projects on your organization different thanks to the financing of the << NPL or VL >>?

3.4 Partnerships and networking

- To what extent are collaborations encouraged or hindered by grants of the << NPL or VL >>?
 - a. >> If necessary, ask questions: GDL can bring organizations together, grants give the opportunity to hire staff or start projects in which cooperation takes place << If not mentioned: Can you give specific examples? >>
 - b. Network function?

3.5 Legitimacy

- By legitimacy I mean the status of your organization with the public, in the sector or with governments.
 - a. To what extent does the financing of the << NPL or VL >> increase or decrease your own legitimacy? >> If necessary, continue to ask: For example, that since you are financed by the << NPL or VL >> you have been seen as an authority in the field in which you operate? Or just that others look down on a lottery beneficiary?

4 Objectives GDL

<< show these objectives through screen sharing or with form >>

The charity lotteries themselves state that they provide unrestricted and long-term financing for charities because they:

- 1. Want to strengthen capabilities and learning capacity;
- 2. Want to stimulate innovation and risk taking;
- 3. Want to guarantee independence;
- 4. Want to increase effectiveness;
- 5. Want to initiate a “flywheel” (reinforcing) effect.

- Can you indicate to what extent funding from the << NPL or VL >> has contributed to one of these five objectives? To what extent << several options possible >>?

- Can you give examples of these that you have not mentioned or described before in this interview? What is different for your organization in this area thanks to the funding of the << NPL or VL >>?

- << if question is unclear to respondent: For example: You indicate that the grants from the << NPL or VL >> has made a major contribution to safeguarding your independence. Can you indicate what is different for your organization in this area thanks to the grants from the << NPL or VL >>? >>

- What do you think of these objectives?

- Are they realistic / feasible?
- Do you experience them as expectations?

5 Relationship with the charity lotteries

- Do you often meet (in person, via phone, etc.) with the << NPL or VL >> to discuss the cooperation?
 - § If possible: ask questions and examples: meetings, action plan, frequency, formal / informal conversation.
 - How is the atmosphere in such a conversation/meeting?
 - § Can you give an example?
 - Does the << NPL or VL >> provide guidance in the collaboration?
 - § If so, in what way?
- How do you experience trust between <<organisation>> and the << NPL or VL >>?
 - If possible: ask questions and examples: blindly, are allowed to do what we want, or not.
 - Do you feel you can say what you want?
 - § Can you give an example?
- We have just discussed the explicit objectives of the << NPL or VL >>. In your opinion, are there any other, unspecified goals or expectations (i.e. implicit) in working with the << NPL or VL >>?
 - If so, what are these?
 - How do you respond to these implicit goals / expectations?
 - Do you feel you have the possibility to say no to these goals / expectations?
 - § If possible: ask questions and examples: ignoring, trying to comply, waiting, etc.; communication (reporting), showing that you work together, showing commitment / motivation.
 - What do you think of these implicit goals / expectations?
- In your view, is there an equal relationship? Why or not?
 - Provocation: According to the literature of principal-agent theory, the relationship between the charity and the << NPL or VL >> is fundamentally unequal?
 - § Can you give examples of this equal or unequal relationship?
 - To what extent do you feel you can freely decide on how to spend the revenues from the << NPL or VL >>?
- Do you and / or your organization see any moral or practical objections to lottery funding?
 - If possible: refer back to encouragement / hindrance to collaborations.
 - § If possible: ask questions and give examples: The Lotteries conduct aggressive marketing, lotteries can contribute to gambling addiction. The choice of beneficiaries is not completely transparent and may appear arbitrary. Financing from the GDL can contribute to inequality within the philanthropic sector.

- As a final question: what do you think are points of attention or learning points in the cooperation with the << NPL or VL >>?
 - From the << NPL or VL >>?
 - From yourself / <<organisation>>?

6 Conclusion interview

- Thank you very much for your cooperation. Do you have questions about the interview, the research, etc.?
- Have I forgotten to ask important questions?
- **Open Science:** we make 2 transcripts, one for ourselves from the literal interview and another one that we anonymize completely, get all the recognisability out of it, which we would like to share on a database for, i.e., follow-up research. Is that okay with you?
 - Say that they will receive the transcript anyway and can check whether everything is anonymous enough. Pieces of text cannot be extracted because that would damage the reliability.
- If there are any questions later, we are available. Mail us!

Appendix B: Coding template

01. FINANCIËLE EFFICIENTIE

01.1 _ALLOCATIE GDL-FINANCIERING

- 01.1 Allocatie GDL-financiering is duidelijk
- 01.1 Allocatie GDL-financiering is niet duidelijk
- 01.1 Allocatie GDL-financiering: Overhead
- 01.1 Allocatie GDL-financiering: Projecten
- 01.1 Re-alloceren binnen projecten

01.2 _FONDSENWERVING

- 01.2 als geplande inkomsten wegvallen word je ondernemer
- 01.2 cofinanciering bij projectfinanciering
- 01.2 Extra projecten aantrekken omdat we kennis in huis hebben
- 01.2 Fondsenwerving lastiger omdat we al GDL-financiering hebben
- 01.2 GDL financieren wat anderen niet financieren
- 01.2 geen effect op fondsenwerving
- 01.2 Geen standaard formaat bij aanvraag extra projecten GDL
- 01.2 Geormerkt geld vraagt ongeormerkt geld
- 01.2 in project stappen zonder bang te zijn, daardoor ook andere partijen binnenhalen
- 01.2 investeren in fondsenwerving
- 01.2 status als beneficiant helpt bij andere aanvragen
- 01.2 VL is veilige vorm van beleggen
- 01.2 voor inkomsten VL moet je flink investeren
- 01.2 we richten ons op financiers voor lange termijn
- 01.2 we streven naar unrestricted funding
- 01.2 wij weigeren geld van overheden en bedrijven

01.3 _PORTFOLIO

- 01.3 aandeel GDL niet heel groot, niet afhankelijk van GDL
- 01.3 afhankelijk van financiering GDL
- 01.3 bijdrage GDL groot, zet zoden aan de dijk
- 01.3 diversiteit van inkomsten is belangrijk
- 01.3 GDL-financiering is gesplitst
- 01.3 meeste inkomsten ongeormerkt
- 01.3 NPL is onze grootste donateur

01.4 _CONTINUITEIT

- 01.4 buffer, bodem, fundament
- 01.4 GDL-bijdrage mag niet in reserve
- 01.4 geen effect, we hebben amper reserve
- 01.4 reserve
- 01.4 tekorten dekken, projecten overbruggen
- 01.4 voorspelbaarheid, zekerheid, lange termijn

01.4 we rekenen op bijdrage GDL

01.5 _OVERHEAD

01.5 door GDL-bijdrage minder overhead op andere projecten

01.5 geen effect op efficiëntie

01.5 kernfinanciering

01.5 Overhead moet gedekt zijn, rest is samenwerking

01.5 overhead zo laag mogelijk

01.5 personeel is altijd het duurste onderdeel van je boekhouding

01.5 ruime overhead rekenen op geormerkte projecten

02. ORGANISATIE EN MANAGEMENT

02.1 _PARTNERORGANISATIES

02.1 Afdracht aan confederatie

02.1 landelijke vereniging vs. afdelingen

02.1 partnerorganisaties steunen

02.2 _PERSENEELSBELEID

02.2 geen groot effect op personeelsbeleid

02.2 grote vaste kern met veel kennis

02.2 medewerkers hoeven minder tijd en aandacht te besteden aan werving

02.2 meer fte op moeilijke projecten en innovatie

02.2 niet alleen projectmatig werken

02.2 personeel behouden

02.2 vaste contracten, langetermijnbeleid

02.3 _KWALITEIT ORGANISATIE

02.3 betere bestuurlijke organisatie

02.3 cursussen, trainingen, workshops

02.3 duurzaamheid/sustainability van organisatie

02.3 effect op organisatie lastig te benoemen

02.3 kwaliteitsontwikkeling, kennis opbouwen

02.3 Meer tijd/aandacht voor impactonderzoek

02.3 moreel hooghouden, voldoening, werkplezier

02.3 organisatieontwikkeling

02.3 professionele organisatie

02.3 Training en opleiding niet door bijdrage GDL

02.3 verandering in manier van werken

02.3 We nemen onszelf serieuzer: mooi voor elkaar

02.4 _VERANTWOORDING

02.4 amper verantwoording naar GDL

02.4 je moet je altijd goed verantwoorden

02.4 relatie funders als partners

- 02.4 Salarissen schrijven in projectaanvragen
- 02.4 Salarissen: schaam je er niet voor
- 02.4 salarissen: sober zijn
- 02.4 verantwoording is goed gereguleerd in NL
- 02.4 verantwoording naar GDL minder streng, minder precies

03. PROJECTUITKOMSTEN

03.1 _MOEILIK TE FINANCIEREN PROJECTEN

- 03.1 Campagnes, (politieke) lobby
- 03.1 projecten die niet sexy zijn
- 03.1 projecten in financieel lastige context

03.2 _FLEXIBILITEIT

- 03.2 als kleine organisatie kun je snel beslissen
- 03.2 coronacrisis: effect op organisatie
- 03.2 flexibiliteit
- 03.2 veranderende omstandigheden
- 03.2 vrijheid om missie aan te passen
- 03.2 vrijheid om zelf keuzes te maken

03.3 _RESULTATEN

- 03.3 Door geormerkte financiering ben je kritischer op impact
- 03.3 door goede projecten meer invloed bij overheid
- 03.3 impact/effect is lastig te benoemen
- 03.3 indirect verhoogt het de impact
- 03.3 lokale partnerorganisaties kunnen versterken
- 03.3 meer resultaat
- 03.3 meer structurele, langetermijndoelen
- 03.3 ongeormerkt geld als aanvulling op geormerkt geld in projecten
- 03.3 Onze campagnes kosten veel geld
- 03.3 out of the box denken (bv. droomfonds)
- 03.3 projecten waar veel kapitaal voor nodig is
- 03.3 wijze van financiering zou geen effect mogen hebben op impact projecten

04. SAMENWERKING EN NETWERKEN

04.1 _DIRECT VIA GDL

- 04.1 GDL hinderen noch stimuleren samenwerking
- 04.1 GDL hinderen samenwerkingen niet
- 04.1 GDL stimuleren samenwerking tussen beneficianten
- 04.1 lijntjes zijn korter, contact tussen beneficianten
- 04.1 Naast NLse GDL ook beneficiant in andere landen

- 04.1 samenwerking bij extra project
- 04.1 We leggen veel contacten via GDL
- 04.1 we zoeken samenwerkingen binnen projecten
- 04.1 we zouden meer gebruik kunnen maken van apparaat NPL

04.2 _INDIRECT

- 04.2 GDL-financiering als 'keurmerk', multipliereffect
- 04.2 netwerkbenadering levert minder (snel) concrete output op
- 04.2 tijd om contacten/netwerk op te bouwen

04.3 _SAMENWERKEN DOEN WE SOWIESO

- 04.3 samenwerken doen we sowieso al
- 04.3 samenwerking niet direct door GDL
- 04.3 we werken met iedereen samen, beneficent of niet
- 04.3 We werken met iedereen samen, onafhankelijk en neutraal
- 04.3 Wij willen samen bouwen om problemen op te lossen

04.4 _NETWERK BENEFICIENT

- 04.4 machtsrelatie met partners
- 04.4 Ons netwerk kan ook interessant zijn voor GDL

05. LEGITIMITEIT

05.1 _GDL ALS KEURMERK

- 05.1 ambassadeurs, contacten GDL
- 05.1 ethisch aspect, maar het geld is fantastisch
- 05.1 GDL geen kwaliteitskeurmerk, neutraal (OFF THE RECORD)
- 05.1 GDL heeft een goede naam
- 05.1 GDL vertegenwoordigt deelnemers
- 05.1 geen keurmerk, geen effect op legitimiteit
- 05.1 Imago GDL deels positief, deels negatief
- 05.1 in het buitenland wordt vreemd aangekeken tegen loterij
- 05.1 kwaliteitsstempel, erkenning, serieus genomen
- 05.1 naamsbekendheid
- 05.1 reputatie-effect werkt twee kanten op
- 05.1 Steun GDL: dan zal het wel goed zijn

05.2 _IN COMMUNICATIE GDL

- 05.2 Koffietijd: bredere bekendheid
- 05.2 VL houdt zich bezig met gezondheid in NL

05.3 _LEGITIMITEIT VIA INHOUD

- 05.3 interessanter verhaal in media
- 05.3 solide organisatie
- 05.3 we ontlene legitimiteit aan inhoud

- 05.4 _LEGITIMITEIT VANUIT EIGEN ORGANISATIE
 - 05.4 goede doelen vergroten legitimiteit GDL
 - 05.4 oude, grote organisatie heeft bredere bekendheid
 - 05.4 wij kunnen ook zelf dingen voor elkaar krijgen
- 05.5 _ANDERE KEURMERKEN
 - 05.5 ANBI-status
 - 05.5 CBF Keurmerk

06. ONAFHANKELIJKHEID

- 06.1 _LOBBY, BELANGENBEHARTIGING
 - 06.1 anderen (overheden) financieren geen lobby of campagne
 - 06.1 met subsidie lobby tegen overheid
 - 06.1 onafhankelijk/kritisch kunnen zijn
 - 06.1 onafhankelijkheid is belangrijkste rol van GDL-financiering
 - 06.1 uitvoering voor overheid, tegelijkertijd belangen behartigen: geen probleem
 - 06.1 wij doen geen lobbyactiviteiten
- 06.2 _DONOR-DRIVEN
 - 06.2 Door overheidssubsidies varen we een iets andere koers
 - 06.2 je moet voorkomen dat je donor-driven wordt
 - 06.2 zelf in de drivers seat
- 06.3 _GEVOLGEN VAN ONAFHANKELIJKHEID
 - 06.3 Doordat we onafhankelijk zijn krijgen we makkelijker geld
- 06.4 _ONAFHANKELIJK BLIJVEN VAN GDL
 - 06.4 tegen AH, ook al werken GDL daarmee samen

07. INNOVATIE

- 07.1 _GDL ZOEKEN NIEUWE IDEEËN
 - 07.1 loterijen zijn in voor nieuwe ideeën
- 07.2 _INNOVATIEBELEID
 - 07.2 bestendigen van innovaties na conceptfase
 - 07.2 investeren in innovatiebeleid
 - 07.2 risico's kunnen nemen

08. DOELSTELLINGEN GDL

- 08.1 Slagkracht en lerend vermogen willen stimuleren
- 08.2 Innovatie en lef willen stimuleren
- 08.3 Onafhankelijkheid willen borgen
- 08.4 Effectiviteit willen vergroten
- 08.5 Een vliegwieleffect op gang willen brengen
- 08.6 _OPMERKINGEN BIJ DOELSTELLINGEN
 - 08.6 gek dat ze doelen hebben met ongeoormerkt geld
 - 08.6 Heel plat: GDL steunen goede doelen met geld van spelers
 - 08.6 herken het niet als iets dat GDL nastreven
 - 08.6 ik ervaar dit niet als verwachtingen
 - 08.6 Ik ken deze doelstellingen en waardeer het enorm
 - 08.6 ken het lijstje niet, maar herken veel woorden

09. RELATIE MET GDL

10. COMMUNICATIE/MARKETING

- 10.1 _ZICHTBAARHEID VIA GDL
 - 10.1 extra project is concreet, makkelijk te begrijpen
 - 10.1 GDL probeert ons goed te laten zien
 - 10.1 GDL zou in marketing meer aandacht mogen hebben voor goede doelen
 - 10.1 Koffietijd en andere televisie-uitingen
 - 10.1 orgs verder weg zijn minder zichtbaar in communicatie GDL
 - 10.1 VL heeft grote doelgroep, belangrijk dat wij in de communicatie zitten
 - 10.1 VL is meer geprofessionaliseerd dan Nederlandse Loterij
- 10.2 _GDL WIL GENOEMD WORDEN
 - 10.2 communiceren over projecten met naam GDL
 - 10.2 GDL wil dat wij hun boodschap uitdragen
 - 10.2 GDL wil genoemd worden
 - 10.2 goede ambassadeurs maken GDL zichtbaar
 - 10.2 Je helpt elkaar gewoon
 - 10.2 je moet soms even op je tong bijten
 - 10.2 kiezen wanneer GDL noemen en wanneer niet
 - 10.2 proactief werken aan zichtbaarheid GDL
 - 10.2 VL wil meer aan de voorkant staan van nieuwe projecten
- 10.3 _CONTACT OVER COMMUNICATIE/MARKETING
 - 10.3 contact over communicatie
 - 10.3 GDL steunen ons bij kritiek
 - 10.3 GDL uitnodigen bij evenementen
 - 10.3 kritiek op ons straalt ook af op GDL
- 10.4 _MARKETING

- 10.4 agressieve marketing GDL
- 10.4 GDL begrijpen het principe van marketing
- 10.4 GDL heeft projecten nodig voor lotenopbrengst
- 10.4 merk ontwikkelen
- 10.4 met agressieve marketing haal je ook meer op
- 10.4 onze projecten zijn niet in trek voor marketing GDL

12. ANDERE FINANCIERS

12.1 _ONGEOORMERKT VS. GEOORMERKT

- 12.1 andere financier geeft ook vrij besteedbare financiering
- 12.1 bijna alles projectfinanciering
- 12.1 donateurs: vrij besteedbaar
- 12.1 donatie van anonieme stichting zonder enige verantwoording
- 12.1 fonds geeft geld voor continuïteitsreserve
- 12.1 Fonds gewezen op voordelen ongeoormerkt
- 12.1 geen verschil met besteding bijdrage Nederlandse Loterij
- 12.1 geldstromen worden steeds meer bewaakt
- 12.1 geoormerkt geld van fondsen of EU
- 12.1 gesprek met ministerie over verhouding ongeoormerkt - geoormerkt
- 12.1 overheid geeft projectfinanciering
- 12.1 Overheidssubsidies (steeds meer) geoormerkt
- 12.1 private foundations willen steeds meer weten wat er met geld gebeurt
- 12.1 restricted funding belemmert ontwikkeling
- 12.1 sommige fondsen staan open voor organisatiefinanciering
- 12.1 unrestricted funding is zeldzaam
- 12.1 vroeger waren fondsen minder strikt, nu meer projectfinanciering
- 12.1 We krijgen ook ongeoormerkt geld van andere financiers

12.2 _BUREAUCRATIE

- 12.2 aanvraag en verantwoording kost veel tijd
- 12.2 bij bedrijven hoe je niet tot op laatste cent te verantwoorden
- 12.2 Call bij Europese Commissie is een precies proces
- 12.2 enorme investering om EU-project in te dienen
- 12.2 gek van rapportageverplichtingen
- 12.2 je bent heel veel tijd kwijt als je zoveel moet verantwoorden
- 12.2 keuze voor financieringsbronnen (inspanning vs. opbrengst)
- 12.2 M&E
- 12.2 overheid, bureaucratisch
- 12.2 overheidsfinanciering met zware verantwoording
- 12.2 projectfinanciering overheid is zwaar gedocumenteerd
- 12.2 soms veel verantwoording, soms vrij besteedbaar
- 12.2 veel bureaucratie bij andere fondsen
- 12.2 verantwoording, accountantsverklaring

12.3 _RELATIES EN VERWACHTINGEN

- 12.3 Aannames bij donors over kostenvergoeding
- 12.3 anderen zien belang van ons werk
- 12.3 donateurs hebben liever niet dat geld wordt besteed aan ICT, boekhouding, P&O
- 12.3 je moet wel een algemeen plan hebben, zo schep je vertrouwen
- 12.3 moeilijke gesprekken over verantwoording
- 12.3 Nederlandse Loterij doet steeds meer relatiebeheer
- 12.3 Overheden zijn gevoelig voor publieke achterban
- 12.3 overheid onbetrouwbaar
- 12.3 regeringen zijn vaak argwanend tegenover NGOs
- 12.3 Relatie met andere financiers
- 12.3 Samenwerkingen zijn meer dan alleen financieel
- 12.3 steeds minder financiers gaan uit van vertrouwen
- 12.3 veel financiers zijn niet betrouwbaar

13. ETHISCHE ASPECTEN

13.1 _TOEKENNINGEN

- 13.1 beslissingen over toekenningen zijn niet transparant
- 13.1 GDL kiezen beneficianten op sexiness

13.2 _MORELE BEZWAREN

- 13.2 bij nieuwe financier nadenken over reputatieschade
- 13.2 discussie binnen organisatie over morele bezwaren tegen loterij
- 13.2 geen morele bezwaren
- 13.2 leden hebben kritiek op loterij: agressieve marketing
- 13.2 minder morele bezwaren omdat je zo veel vrijheid krijgt
- 13.2 verambtelijking in organisatie
- 13.2 vroeger wel morele bezwaren, nu niet meer

13.3 _MARKETING

- 13.3 geen probleem met marketing VL
- 13.3 ik wil niet teveel een commercieel gevoel hebben
- 13.3 leden hebben kritiek op loterij: niet milieuvriendelijk

13.4 _TRANSPARANTIE

- 13.4 VL is niet transparant over lotenwerving

14. NEGATIEVE EFFECTEN

14.1 _MINDER KRITISCH

- 14.1 met ongeoormerkt geld minder kritisch op besteding

03.3 Door geormerkte financiering ben je kritischer op impact

14.2 _TE AFHANKELIJK

14.2 te veel rekenen op inkomsten

01.3 afhankelijk van financiering GDL

14.3 _GEEN NEGATIEVE EFFECTEN

14.3 geen nadeel van vrij besteedbaar geld

14.3 kan niets negatiefs bedenken