

Giving Circles: Unlocking Generosity by Bringing Donors Face-to-Face with Beneficiaries

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Background

Workshop for Civic Initiatives Foundation (WCIF) is a national grantmaking foundation, based in Sofia, Bulgaria, which regrants funds from international institutional donors and in-country corporate donors in support of civil society development. WCIF has been systematically supporting the development of grassroots organizations since its inception in 2001. WCIF has become a source of funding combined with technical support and access to training for community-based organizations and their leaders. A special focus of our work has always been the mobilization of local resources. We believe that communities have resources and we believe in their ability to find indigenous local solutions to long-standing problems by tapping into context specific knowledge. In our 15 years of work, WCIF has supported both issues-driven local civil society organizations (CSOs), which engage with local donors for their particular cause, and community foundations whose primary focus is the developing of local giving.

Since 2009, WCIF has supported the development of community foundations in Bulgaria by providing matching grants for institutional development, as well as training and technical support for the utilization of international expertise in the field of local philanthropy. Our experience with community foundations has led us to the conclusion that community philanthropy is a more flexible and accessible income source for local civil society needs than external funding. Locally funded initiatives can take a more holistic and bottom-up approach to long-standing problems than government-led development programs. However, in order to unleash its full potential, community philanthropy often needs an external spark: a matching grant or another incentive, which triggers local donor interest to engage in regular giving.

Community philanthropy in Bulgaria had become a relatively stable source of income for civil society in the years after 2000, but it was negatively affected by the financial and economic crisis of 2008/09, and later by the political instability that began in 2012. Massive civic protests in 2013 against the oligarchic government and early general elections shook local giving trends. In this very challenging context, WCIF introduced and disseminated the giving circle model, developed by The Funding Network, UK, of which we are now an international Affiliate. We have spread the model across Bulgaria with the help of the community foundations and today, local giving circles are among the most productive tools for gathering donors and motivating them for joint action in support of grassroots organizations. This paper examines the reasons for the great popularity of the giving circle model in Bulgaria.

What is a Giving Circle (Donor Circle)?

A **giving circle (sometimes called a donor circle)** is a form of participatory philanthropy where groups of individuals donate money to a pooled fund and decide together how and where to give it, usually to a charity or community group. In doing so, they seek to increase their understanding of and engagement in the issues covered by the charity or community project¹.

Many circles, in addition to donating money, also contribute time and skills to support local causes.

A giving circle can be formal or informal. It may vary in size from just a few people meeting around a kitchen table to a few hundred people meeting at a formal event. It could be themed or un-themed (e.g. women's issues, human rights etc.) and meetings can be "live" or virtual (i.e. facilitated over the internet). In the Bulgarian context, giving circles are medium sized (50-70 people), "live", geographically based, initiated by local philanthropy organizations, usually community foundations. They raise funds for local NGOs addressing a wide range of social problems affecting all sections of society with a strong focus on marginalised groups.

Initially the Bulgarian giving circles attracted the host organisation's regular donors – what one might describe as the "usual suspects" - but with the growth of their popularity among local NGOs and donors, subsequent events attracted new donors, greatly diversifying the network of individuals who are donating to civil society causes. Thus, they have grown because of the initial "sparkle" provided by the community foundations followed by the enthusiastic word of mouth of donors and NGO participants. The giving circles helped increase the level of giving in the communities in which they were formed, and brought new money to the philanthropic sector.

The Funding Network's (TFN) giving circle methodology is easy to replicate. Developed in London by art dealer and philanthropist, Dr Frederick Mulder CBE and a small group of friends, it describes itself as the UK's first open giving circle. Dr Mulder's aim was to create a way for people of all levels of wealth to come together and have a greater impact on issues they cared about by pooling their funds with others, learning and having fun in the process.

The key features of TFN's methodology are the following:

- **Events are live;** people are brought face to face and have the chance to talk informally as well as hearing presentations and having the opportunity to ask questions. This provides an opportunity to breakdown barriers between different groups of people and challenge preconceptions.
- **They are open to everyone.** There is no minimum wealth requirement as is the case with some giving circles and there is not even a requirement that you give – although nearly everyone does.
- **Events follow a standard format:** timed presentations (6 minutes each) by four organisations, followed by the chance for questions from the audience and a public pledging session. In this way, guests always know what the evening will hold and expectations are managed.
- **Non-profit organisations have been through a rigorous selection process often involving donors.** In Bulgaria, community foundations (the local hosts) carry out a formal selection

¹ This section includes many references to training materials, developed by Eugenie Harvey, Director of TFN Global Program.

procedure to identify the organizations, which will be invited to present projects at the giving circle event. Some community foundations make special efforts to involve new donors in the selection procedure, while others rely primarily on their established selection committees, which usually involve local donors. In both cases, local donors have the opportunity to influence the selection process, which gives them a stake in the event and ensures their active participation.

- **All selected organisations have the same chance to appeal to donors:** each is given the same presentation time and time for questions (six minutes for each). Timekeeping plays a key role in the effectiveness of the giving circle meeting. The host makes sure that the event does not become too long and boring – one of TFN’s mantras is “if we look after people’s time, they’ll have confidence we’ll look after their money!”
- **Selected organisations receive support and training in preparing their six-minute pitch.** Host organization holds an information meeting at which they explain the format of the event and provide advice on making a good pitch. Preparing for the pitch increases the public speaking skills of the organizations; within 6 minutes, they manage to provide short background information about the organization and its mission, present the project idea and its major activities and explain the expected outcomes and societal benefit from the project.
- **Beneficiaries will often be invited to answer questions or join for the presentation.** Organisations are strongly encouraged to bring beneficiaries and to offer them the chance to provide first hand account of their experience. This is often very moving, provides testimony and offers the audiences unique and powerful insights into the lives of the marginalized.
- **Donors receive a short report from the organizations they fund 12 months later.** This report explains how their money was used, the difference it made and any obstacles or unexpected challenges faced along the way.
- **The benefits of the TFN methodology extend far beyond the actual funds raised,** with many organizations gaining new, long-term supporters, volunteers and mentors as well as useful introductions and connections to other individuals or organizations. The presentation skills gained through the process is valuable capacity building for the organizations and the overall confidence that projects gain from telling their stories in their own words and experiencing the support of a room full of donors is very powerful. Equally valuable, giving circle events increase local donor knowledge of local issues and the organizations that address them. The events create opportunities for participants to experience a sense of solidarity, often against prevailing social norms.

Pictures from donor circle meetings in different Bulgarian towns: Burgas, Ruse, Varna, Stara Zagora and Sliven.



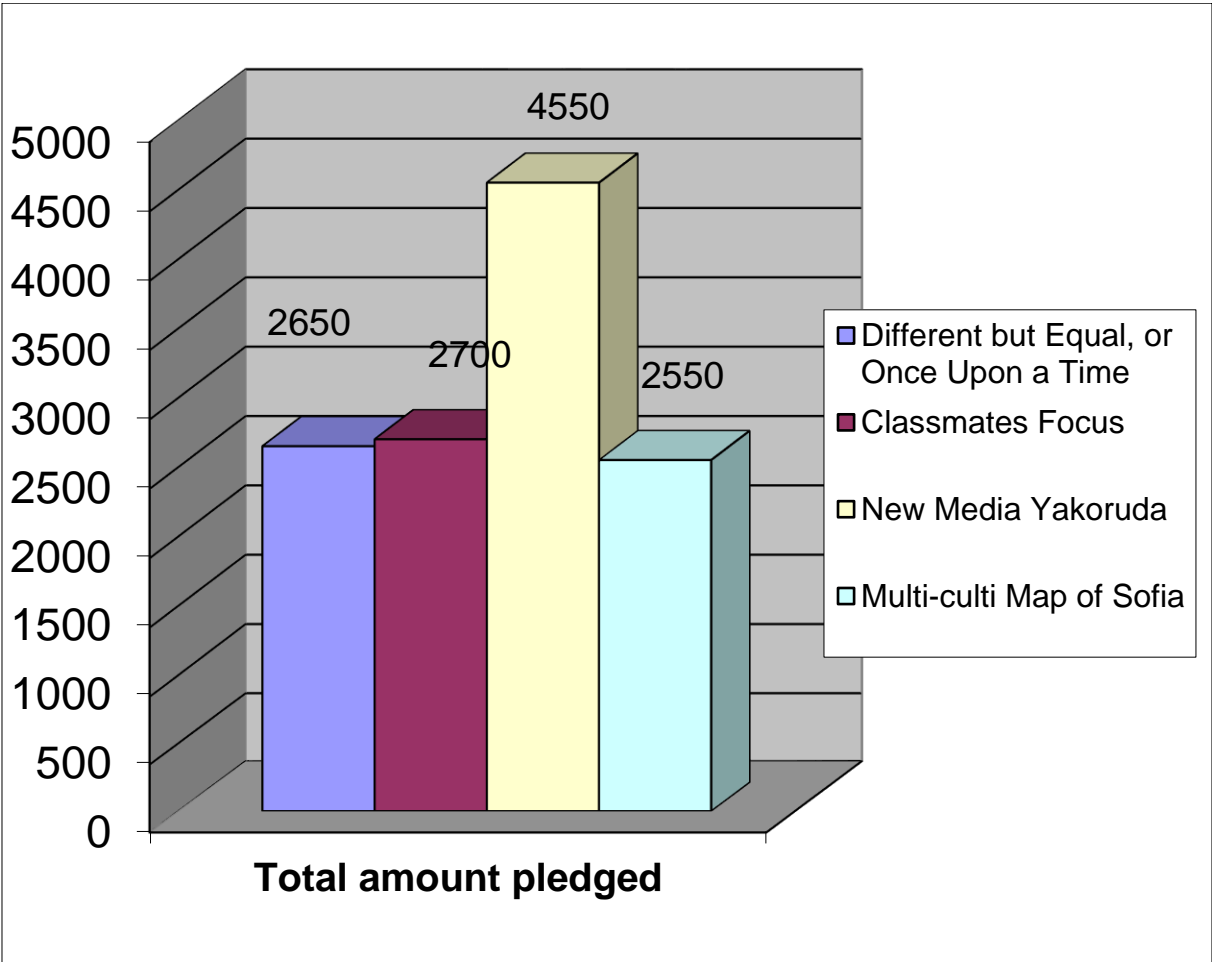
Other notable features of the model include that the selection of projects follows a set of established criteria and the completed application form does not exceed 2 pages. The process is very accessible even for volunteer-based organizations that do not have experience with project writing.

The pledging session during which the audience is invited to make pledges towards each organization's target is structured in the same order in which the organizations have presented their projects. There is a fixed minimum pledge, which is BGN 50 in Bulgaria. The amount of the minimum pledge is calculated to be as much as the cost of a dinner for two people at a mainstream restaurant: thus, it need not challenge guests too greatly.

The aim of the pledging session is to meet the target amount for all projects and to exceed it. Organizations are able to receive more money than they apply for, if a project is very much liked by the local donors. The pledges are inserted into an Excel spreadsheet, which is shown on a large screen

showing the target amount in one column and the pledged amount in a second column. Thus, all attendees are able to see how a project is doing. There are usually 2 pledging rounds, so people have the opportunity to think twice about donating for a particular project. The representatives of the organizations seeking funding usually leave the room during the pledging session and are invited to come back when the pledging is over. Then, the amount which their project has raised is announced, followed by a round of applause. The atmosphere of the pledging sessions is usually very stimulating, and donors who have participated, shared with us that they have pledged more than initially planned. Matching funds play an important role in the pledging session. In some cases, the host organization negotiates in advance with a particular larger donor to use her/his funds as matching stimulus when a project is not doing so well in a pledging session. This usually works productively for reaching the target.

Below is a screen-shot from the Excel sheet showing the aggregated amounts for all projects at the giving circle event in Sofia, October 2012.



The host community foundations in Bulgaria have so far covered the costs for organizing the giving circle events from grants, with the exception of one, which sells tickets to the event, and covers the catering from the money raised by these tickets. To be sustainable, the TFN model requires charging a levy and paying the costs for events from it. Giving circles affiliated to TFN commit to deducting a maximum of 10% as the levy and to making public the amounts raised, deducted and granted to organizations.

The key principle of the giving circle is that everyone can give, but nobody has to give. Often people, who have attended one event as observers, come back in the next event as donors. The model also

provides the opportunity for anonymous pledges. When a donor does not want to reveal her/his identity, the donor is able to pass a note to a member of the team or ask someone else to pledge on her or his behalf.

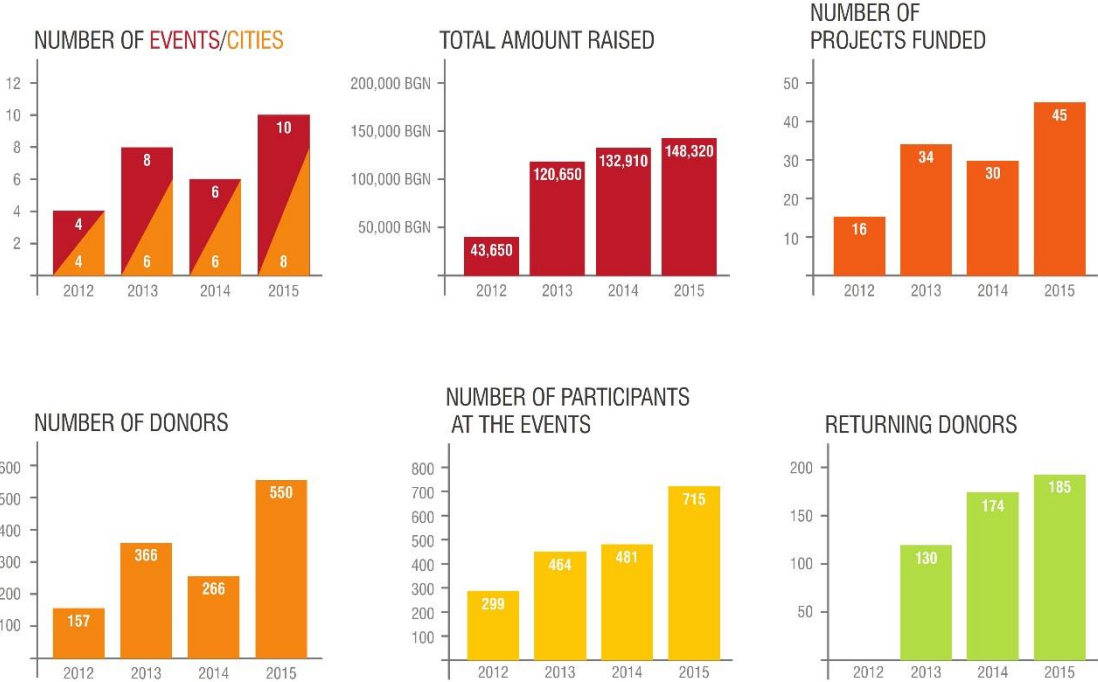
The key message (and the applause) at the end of a giving circle meeting is how much the participants have accumulated together. The focus is on the aggregated amount of pledges, not on the individual contributions. Every giving circle meeting is an opportunity for announcing the aggregated impact of all giving circle events in that particular community, and sometimes, in the country as a whole (usually announced by the representative of WCIF who keeps track of all events).

The donors fill in pledge forms with 2 identical parts, one of which is left to the organizers, and the other stays with the donors to remind them of the amounts that they have to transfer to the host organization after the event. In Bulgaria, the pledged funds are usually donated by bank transfers within a week or two after the events.

After the event, the host organization maintains communication with the attendees; sends out thank-you notes and invites feedback. The host organization is also responsible for signing grant contracts with the NGOs who had presented their projects, and transferring the aggregated funds for each project. The host organization reports back to donors on the results of the funded projects, and makes sure to popularize these results across the community for inspiring greater participation in forthcoming giving circle events.

The graph below demonstrates the growth of the giving circles in Bulgaria in the last few years.

GIVING CIRCLES TOTALS



What makes the open giving circle so effective in a challenging for philanthropy context as Bulgaria?

Firstly, the donor circle methodology appealed to local donors in Bulgaria, because it responds to **context-specific challenge such as** low trust in the NGOs ability to absorb philanthropic gifts. The image of the Bulgarian third sector has been problematic since the 1990s, when NGOs grew mainly with international support. Currently, there is an overwhelming negative discourse on some foundations as a conduit of foreign interests, inspired by radical-nationalist parties and their media. This is one of the factors, which affects negatively the development of local giving. Local donors prefer to give directly to organizations that they trust. Giving through an intermediary is relatively rare, and this presents great challenges to the community foundations when they try to raise funds for broadly defined causes. The giving circle became a preferred method of giving for many of the traditional donors of the community foundations as well as for new donors, because it raises money for specific local projects and initiatives, and allows for a face-to-face interaction between the donors and the organizations seeking funding. The direct contact between donors and beneficiaries within each giving circle event creates a sense of trust and accountability.

Secondly, the giving circles in Bulgaria raise funds from donors for projects that are local to those donors. This allows for **easy-to-monitor effect of the giving**. The outcomes of the funded projects can be experienced by the donors themselves, or by people they trust. The host organization usually dedicates a few minutes at the beginning of every giving circle event to report back to donors on projects that have been completed with funding from previous events. Donors also receive links to publications and media coverage. Often, they ask around to find out how a funded organization is doing, and conduct their own monitoring. The greater the visibility of the funded organization and the funded programs, the higher the trust.

Local pride is another factor, which stimulates giving in the Bulgarian donor circles. Donors are generally proud to support local organizations that they care about and which address important social issues. Sometimes, local donors are proud to fill in gaps in the state or municipal-level funding, for services that they consider important for the community wellbeing.

The **compelling atmosphere at a giving circle event** is another factor, which contributes to inspiring donors. Although one of the key messages of the pledging session is that nobody has to give, the mere presence of like-minded donors (sometimes people from the same social circle) in the room, creates a positive and enabling spirit of connectedness, which encourages more generosity during the event.

Last, but not least, **giving circle events are fun to attend**. They present highly social opportunities for local donors to meet, learn and feel connected and empowered. In one Bulgarian town, the giving circle events have grown up to become major social events, which attract more than 100 people and many from the local elite.

Changing the landscape of local giving in Bulgaria in a humble way

Local giving in Bulgaria is still largely focused on mainstream issues, which affect the majority. Controversial issues, such as accepting diversity, enhancing equality and non-discrimination, overcoming segregation of minorities are usually not part of the agenda of local giving events. Human rights projects are never included in mainstream local giving events. Even projects, which address horizontal issues, such as support for people with disabilities, reducing violence at school or gender-based violence, are usually developed in a way, which excludes the most marginalized groups: Roma, LGBTI, refugees.

This situation is slowly beginning to change with the help of philanthropy-support organizations, such as WCIF. The role of WCIF in making the giving circles open to diversity and daring to address difficult issues has been crucial. WCIF provided a bold example of how this can be done by organizing several giving circle events in Sofia, and inviting representatives of the community foundations as attendees. One of these events, in October 2012, was held with the support of TFN and Dr. Frederick Mulder, who moderated the pledging session. The event was themed “Multiculturalism” and included projects with the following target groups: migrants, who run ethnic restaurants in Sofia; Bulgarian Pomacks (a religious minority inhabiting geographically isolated areas in the Rhodopi Mountains) and Roma. All of the projects also included communication strategies that change the perceptions of the “movable middle” of the abovementioned minorities. In another giving circle event in Sofia, WCIF included projects that supported Sofia Pride (the main LGBTI visibility event in Bulgaria); people with severe mental disorders (who are among the most marginalized and despised minorities in the country) and Roma.

Our sensitivity to social justice issues and integration of minorities has been communicated to the community foundations in many conferences, trainings and workshops that WCIF has organized over the years. We strongly believe in philanthropy as an instrument for enhancing social justice, equality and non-discrimination. At the same time, we realize that these values cannot be disseminated in an aggressive way. WCIF has never interfered in the planning of the local giving circle events, or in the selection of projects. Local committees set by the community foundations and involving local donors do the latter. We lead by example, and the first few giving circle events organized in Sofia provided a framework for reference to the community foundations. Our example was followed in several communities, especially ones, which have very large Roma minorities.

Sliven is a town of about 100,000 people, in which the Roma population is more than 15%. Most Roma people live in a ghetto, which is isolated from the city, and has some of the worst living conditions in the country. Although the number of Roma children in the schools of Sliven is constantly growing due to the higher birth rate of Roma and the high emigration rate of ethnic Bulgarians (there are some schools in town with 100% of Roma students), most community-driven projects targeting children and youth were strictly oriented towards the ethnic Bulgarian children and youth. This situation gradually began to change when the Community Foundation of Sliven created the local giving circle. The project selection committee adopted the principle that any project, supported by the giving circle of Sliven should encourage participation of Roma people, and especially projects targeting children and youth should make special efforts to integrate Roma children together with ethnic Bulgarian. This principle was introduced in a very modest way, without too much emphasis on Roma integration, because the community foundation leaders knew that this might drive away many local donors. The community foundation simply selected such projects and let the NGOs talk about the expected positive outcomes face-to-face with the donors. Thus, they began changing local donor attitude by involving difficult issues in the giving circle pool of projects. The giving circle created a milieu in which differences were easy to accept, because the organizations selected for funding talked about them in a natural way that appealed to the local donors.

The Community Foundation of Varna took a similar approach. It included in the giving circle agenda a scholarship fund aiming to support access to higher education for students from the Roma communities of Varna. The presenter emphasized that Varna is proud of its image as a university town, and increasing the diversity of students will have many positive effects for the community. The idea was well accepted by the local donors.

In conclusion, the giving circles can contribute towards building acceptance of diversity and enhancing social justice in the communities, because they create a setting in which local donors communicate

directly with organizations addressing such issues. The role of the host is crucial in setting a framework, which involves certain values, such as solidarity, caring about the wellbeing of all, respect for equality and open-mindedness. In addition, the host organization (the community foundation) makes sure to communicate these values in a way, which is understandable by the mainstream and links with other shared values, such as improving of the quality of life in the community. The result is an increased level of support for projects that benefit minorities and enhance their integration.

The global impact of the TFN model

Since 2012, The Funding Network has focused on spreading the giving circle model globally to achieve a shared, context-specific response to both traditional and emerging issues facing societies, particularly issues, which are difficult to fund, or which fall outside of the mainstream.



TFN Affiliates are selected on the basis of an alignment with TFN’s mission, their capacity to deliver events and the need and opportunity for an increase in philanthropy in their country². They must also share TFN’s passion for the giving circle model and an interest in developing it further and sharing ideas and learning. Typically, Affiliates are national organizations with the capacity to cascade the model throughout the country to CSOs working regionally and in smaller towns and cities – such as WCIF in Bulgaria, ARC Romania, TUSEV in Turkey and the Centers for Philanthropy Development in Slovakia and Poland

Since the TFN Global Affiliates Program launched in 2012, over 130 events have raised over £2.3 m (about USD 3 m.) for 480+ social change projects in 13 countries outside of the UK. Over 30 CSOs around the world are now trained and delivering giving circle events based on TFN’s model.

The global impact of the TFN model is also the dissemination of its values. The open giving circle is a democracy-based vehicle for philanthropy enhancement. It creates synergies and enhances the impact of individual giving. It is open to donors of all levels, and inclusive of diversity in terms of supported causes, with a focus on especially difficult ones.

The giving circle allows for addressing global issues through local responses, based on participatory democratic practices. The aggregated effect on the global level is measured not only in monetary units,

² Reference: <http://www.thefundingnetwork.org.uk/tfn-international> accessed on Sept. 19, 2016.

but also on the basis of strengthened networks of like-minded individuals, who believe in the role of NGOs as catalyzers of more equality and justice in the world.

In a world, which is becoming more connected in terms of the issues facing all societies, yet more divided in terms of values, the enhancement of local philanthropy as a democracy-building and equality-strengthening tool is of great importance. Giving circles provide one possible way of doing so.

ⁱ Monika Pisankaneva, Bulgaria

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