

Funding to Transform Social Impact

Missed Opportunities & Recommendations for Philanthropic Funders

Authors: Isla Wilson, David Bishop, Qidan Wang





HKU Jockey Club Enterprise Sustainability Global Research Institute

The HKU Jockey Club Enterprise Sustainability Global Research Institute is established by HKU Business School and funded by The Hong Kong Jockey Club Charities Trust, to establish a world-class hub for best practices of Sustainability in Hong Kong, Asia and beyond. Our mission is to promote excellence in the field of Sustainability by bringing together globally distinguished scholars from diverse fields, integrating knowledge and practice, inspiring innovation, fostering collaboration, and conducting impactful research. We work in partnership with academics, government departments, NGOs, and corporate partners to harness the transformative power of environmental, social, and corporate governance to create a sustainable and equitable future.

Funding to Transform Social Impact Missed Opportunities & Recommendations for Philanthropic Funder

TABLE OF CONTENTS

01 INTRODUCTION -----4	02 COWORKING SPACES -----6	03 SHARED SERVICES MODEL -----9
04 IMPACT MEASUREMENT -----11	05 GOVERNANCE -----14	06 COLLABORATION, CONSOLIDATION AND MERGERS -----17
07 COLLABORATIVE FUNDING MODELS -----20	08 CONCLUSION -----24	



INTRODUCTION

Philanthropic donors and funders, whether they realise it or not, shape the charity sector. Their choices in selecting thematic priorities, directing funding, and setting reporting requirements, shape the very way non-profits operate. Charities, to survive, often must pivot to meet these demands, aligning their strategies with donor expectations. This dynamic inevitably leads to inefficiencies within the non-profit sector, and a focus on compliance rather than impact.

Yet, with this degree of influence comes substantial untapped potential for donors to positively shape the sector. If donors approached their role with a strategic mindset, focusing on collaboration, efficiency, and cost-saving, they could profoundly reshape the social impact landscape for the better. Such an approach could also ease the administrative burdens that often weigh charities down, freeing them to focus on what matters most: creating meaningful change.

Applying business-like efficiency within the non-profit space could spark a transformation in impact. Yet, given the inherently complex and mission driven nature of non-profit organizations, such progress hinges on innovative donors willing to lead the way. These donors have a crucial role in developing expertise across diverse areas, from thematic programme design and global best practices in social impact to governance, cross-sector collaboration, and impact measurement. By strategically organizing the social impact funding ecosystem, donors could serve as powerful catalysts to transforming the social impact landscape in Hong Kong.

Though for the purpose of this report, we will consider the non-profit sector collectively, it is important to acknowledge the diversity amongst Hong Kong non-profits, by organisational size, budget, and operations. Many of the challenges outlined in this report apply particularly to smaller organisations, with lower budgets, fewer staff, limited operational funding and lack of access to government subvention and therefore sustainability. Larger, non-profits in the Hong Kong context, comparatively are more likely to be government-subvented, offer competitive salaries, have specialised staff, and have access to multiple funding streams which enables stability. Smaller organisations on the other hand, are forced to do more with less, and look for creative solutions to funding and operational challenges. Figure 1 provides a comparative example of the range in size of social service non-profit organisations by operational budget. Addressing these disparities is essential for building a more resilient and effective non-profit sector in Hong Kong.

Based on a series of key informant interviews with experts, including funders and social impact organisational leaders, as well as extensive desk research, this report will explore some of the challenges that are preventing non-profits in Hong Kong from doing their most impactful work, putting forth a range of opportunities for philanthropic donors to lead. By highlighting existing examples of impact among funders and stakeholders in Hong Kong and global best practices, the report puts forth recommendations guided by practitioners for funder-led solutions to social impact challenges in Hong Kong.

Table 1: Frequency Distribution of 381 non-profits by Annual Income (2010 data)

Total Income in the Last Financial Year (HK\$)	No. of SSO (%)
Over 500 million	5 (1.85%)
Between \$300 and 499 million	6 (2.22%)
Between \$100 and 299 million	30 (11.11%)
Between \$50 and 99 million	17 (6.30%)
Between \$10 and 49 million	53 (19.63%)
Between \$5 and 9.9 million	41 (15.19%)
Below \$4.9 million	118 (43.7%)
Total	270 (100%)

<https://ccsg.hku.hk/wp-content/uploads/2024/01/Annual-Report-on-the-Civil-Society-in-Hong-Kong-2009-%E2%80%93-Presentation.pdf>



COWORKING SPACES

Challenges & Missed Opportunities

In Hong Kong, restricted grant funds and programme-specific funding challenge organizations¹ ability to sustain their operational costs. High rental costs in Hong Kong also pose a significant operational burden for non-profits. Data indicates that at an average cost of HK\$89.30 per square foot, Hong Kong is among the most expensive office markets globally². This puts financial strain on social impact organisations, limiting funding that could otherwise go to programme delivery or staff costs³. It leads smaller organisations to operate from remote locations, making outreach and community service more difficult⁴. A 2020 British Council study of social enterprises identified availability of a suitable premises as one of the top challenges faced by social enterprises in the last three years (Figure 1). While direct funding is common, in-kind support such as office space remains an underutilized yet powerful tool for social impact. Funding co-working and shared spaces dedicated to non-profits not only addresses this need but also creates opportunities for innovation hubs. Shared workspaces enable non-profits to connect, network, and build partnerships more easily. For foundations whose wealth is derived from real estate, dedicating physical space—rather than just providing funding—offers a powerful way to contribute to social impact. This approach leverages their core assets and expertise to develop community spaces that foster social initiatives. Although Hong Kong's non-profit sector has seen emerging examples of collaborative workspace initiatives, these remain underutilized by the broader foundation community.

Figure 1: Major barriers faced by social enterprises in the last three years



Case Example:

The government funded **Social Innovation and Entrepreneurship Development Fund (SIE Fund)**⁵ has previously provided office stipends. SIE Fund's Enhanced Social Innovation Coworking Space Subsidy Scheme has provided up to HK\$144,000 over 36 months to reimburse co-working space rental expenses, with a maximum subsidy of HK\$6,000 per month per business⁶.

1 <https://ccsg.hku.hk/wp-content/uploads/2024/01/Annual-Report-on-the-Civil-Society-in-Hong-Kong-2009-%E2%80%93-Presentation.pdf>

2 <https://www.scmp.com/business/article/3317036/slowing-decline-hong-kong-office-rents-unlikely-benefit-distressed-landlords>

3 <https://cogi.hk/cgi.org.hk/ngo-governance-hong-kong>

4 <https://pdfs.semanticscholar.org/0dad/d91f82235ba352aa25e670b794ccedb18d57.pdf>

5 <https://www.sie.gov.hk/en/who-we-are/sie-fund.html>

6 <https://www.dreamimpacthk.com/dream-impact-social-innovation-coworking-space-subsidy/>

Sector Best Practice:

The **WYNG Foundation**, a private foundation⁷ operates WYNG Space, a co-working space specifically offered to NGOs and other projects that the foundation supports. This model represents direct foundation investment into infrastructure to enhance the capacity of grantees and foster collaboration among supported organizations.

Recommendations for Philanthropic Funders

- Gaps in access to co-working spaces for non-profits in Hong Kong, have led other organisations to incubate solutions to meet this demand. For example, Dream Impact and Foundation for Shared Impact (FSI) operate co-working space for non-profits and social entrepreneurs at affordable rates.
- However, these resources do not meet current city-wide needs indicating opportunities for funders to contribute more significantly. As most foundations in Hong Kong do not currently leverage their resources to provide office space.
- To address this gap, funders should develop dedicated non-profit co-working facilities or offer subsidized or free workspace to grantee organizations.
- For long-term sustainability of shared spaces, relying on funding from just one funder could be a risk, which highlights the potential impact of funder collaborations in this area. Funders can focus on creating collaborative environments that will foster knowledge sharing amongst non-profits and contribute to the development partnerships, strengthening the social impact ecosystem in Hong Kong.
- Funders should take into account the diverse needs of various non-profit organisations. For example, community service operators may need larger and more accessible offices while organisations with a strategic focus may not.
- Spaces tailored to organisational needs will work better than a one size fits all model.

Sector Best Practice:

The **Majurity Trust** in Singapore established The Foundry, a co-working space and social impact hub. This initiative addresses a critical system-level barrier for new non-profits: the high cost of rent and the lack of a collaborative environment. By providing affordable workspace, they foster an ecosystem of partners who can share knowledge and work together.



SHARED SERVICES MODEL

Challenges & Missed Opportunities

Limitations on how non-profits can spend funds, often tied to programmatic only or restricted funding, leave organizations with limited resources for operational costs and the hiring of specialized staff for back-office functions. Expert interviews detailed how in Hong Kong funding is often restricted funding or programmatic only funding, sometimes even limiting allocations for core programme staff, which means smaller non-profits lack the resources to hire personnel for critical roles such as fundraising, communications, finance, and administrative support. In smaller organizations, these responsibilities often fall upon programme staff, stretching their capacity with implications for programme delivery and organizational impact. Survey data from the Centre for Asian Philanthropy (CAPS) indicates, that among 35 non-profit organisations, 74% had been previously denied operational funding, with donors reluctant to fund salaries and organisational costs, preferring to support projects directly⁸. Another source highlights that for many organisations less than 10% of funding can be spent on administrative costs, and restricted approaches to funding remain the norm among Hong Kong funders⁹. Funders who allocate dedicated resources for personnel to fulfil these roles across multiple grantees could significantly improve operational efficiency and reduce costs. A shared services model, where a central entity provides these services to multiple organizations, presents a valuable opportunity for funders to strengthen organizational capacity.

7 <https://wyng.hk/>

8 https://wordpress.caps.org/wp-content/uploads/2022/05/Operational-Funding_CAPS.pdf

9 <https://www.asiancharityservices.org/the-significance-of-unrestricted-funding-for-sustaining-an-ngo-part-1/>

Sector Best Practice:

Shared Services Initiative for Charities, Singapore¹⁰

In Singapore, the Commissioner of Charities launched the Shared Services Initiative for Charities to address resource constraints faced by small charities and to professionalise the charity sector¹¹. The initiative provides low-cost or free support services to charities in operational areas such as governance, talent recruitment, IT solutions, accounting, finance, and regulatory compliance. Services are delivered in partnership with universities, private sector, and national bodies such as the Institute of Singapore Chartered Accountants (ISCA) – and are intended to improve governance and productivity within the sector by pooling resources and expertise.

Recommendations for Philanthropic Funders

- To seize opportunities in this area, funders could allocate a percentage of each grant to support a shared services model.
- Resources could be directed to a single service provider offering support to multiple organizations across various functions such as bookkeeping, digital marketing, communications, grant writing, and impact reporting.
- This approach would ensure grantees have the budget to access high-quality support in these areas, professionalizing the sector, leveraging economies of scale, and enhancing non-profits' capacity to deliver upon their missions.

Sector Best Practice:

The Majority Trust, Singapore

In some cases, funders may also recognise that budgetary constraints prevent non-profits from providing essential employment benefits to their staff, such as health insurance or access to mental health support. The Majority Trust, recognizing that non-profit work can take a mental and physical toll on employees, partnered with the platform Intellect to provide mental wellbeing support to their grantees and partners. This is a systems-level intervention that supports the long-term health and resilience of the entire social sector.



IMPACT MEASUREMENT

Challenges & Missed Opportunities

Impact measurement is crucial for ensuring that non-profit work effectively addresses the problems it aims to solve. However, the field of impact measurement for social good is widely debated and requires a deeper discussion and analysis than can be provided here. Nonetheless, it is essential for non-profit organizations to have a methodology, such as a logic model, that demonstrates how and why their work is effective. A recent survey among 93 local non-profits and social enterprises, found that impact measurement helped to demonstrate results (88%), improve strategy (69%) and services (67%) and even lead to partnerships and funding¹². Despite the clear benefits, challenges persist, as resource constraints and lack of technical skills may hinder comprehensive impact measurement among non-profits. Funders in Hong Kong have an important role to play by considering which organizations and programmes are truly impactful when granting funding. While many funders already require theories of change, log frames, and key performance indicators, additional efforts can be made to strengthen capacity in this area among social impact organisations. Funders are uniquely positioned to encourage organizations that may be inefficient or ineffective to measure their impact and pivot if their services are not achieving the desired outcomes. However, they should be careful to work alongside organisations to measure data that is related to and reflective of services, rather than burdening organisations with unnecessary reporting.

10 <http://sscharities.com/>

11 <https://www.charities.gov.sg/Pages/Charities-and-IPCs/Grants-and-Support-for-Charities-IPCs/Shared-Services-Initiative-for-Charities.aspx#>

12 <https://purposeimpactaction.com/5-ways-impact-measurement-unlocks-your-organizations-potential/>

Case Example:

The Hong Kong Jockey Club Charities Trust

Some funders have created resources that act as a starting point for understanding impact measurement. For example, the Hong Kong Jockey Club Charities Trust has funded the development of workbooks and templates to guide practitioners in thinking about impact measurement¹³.

- Impact measures could be required as a condition for funding, while ensuring that expectations remain flexible and adaptive to the specific context and capacity of grantees, avoiding overly burdensome and costly reporting processes that could impede social impact initiatives.
- Additionally, funders can invest in capacity-building initiatives as part of their grants, providing organizations with the time and resources needed to develop their own monitoring and evaluation frameworks.
- Funders could also consider offering direct access to specialized service providers who can upskill organisations in impact measurement, allowing them to streamline impact indicators into existing programmes to better measure impact.



Sector Best Practice:

Skoll Foundation

Skoll Foundation's approach to impact measurement begins by co-creating a shared map of the system with grantees and identifying points of leverage and goals, to align measurement with the purpose of the organisation¹⁴. Rather than requiring exhaustive reports, they monitor clear signals, such as changes in policy, collaboration, public narratives, and relationships. Grantees contribute qualitative data through stories, learning logs, and outcome mapping to document system shifts that numbers alone cannot describe¹⁵. Quantitative metrics are selectively used but only where they align with the organization's theory of change and mission, avoiding the pitfall of 'data for data's sake'. Reporting requirements are limited, focusing instead on dialogue, periodic reflections, and shared sense-making workshops, to emphasise trust in grantees as experts in their fields and allowing them to choose measures that demonstrate systems change without heavy administrative work.

Recommendations for Philanthropic Funders

- Funders should enhance their understanding of innovative impact measurement models being utilized in the global development sector to ensure their funding requirements reflect best practices.
- After developing expertise in this area, funders could facilitate knowledge-sharing sessions on best practices to share insights with their grantees.
- Funders should be wary of creating overly burdensome reporting requirements, but rather work with organisations to develop measures, whether qualitative or quantitative, that accurately captures the impact of their work.
- As indicated in the above example, impact measurement should be adaptable, flexible, and tailored to the organisation, minimising unnecessary reporting that detracts from service delivery.

13 https://www.sehk.gov.hk/upload/pdf/SocialImpactMeasurementWorkbook_Astep-by-stepApproachDevisingOutcomeIndicators.pdf

14 <https://skoll.org/2024/09/09/measuring-systems-change/>

15 <https://www.bridgespan.org/insights/how-nonprofits-and-ngos-can-measure-progress-toward-systems-change>

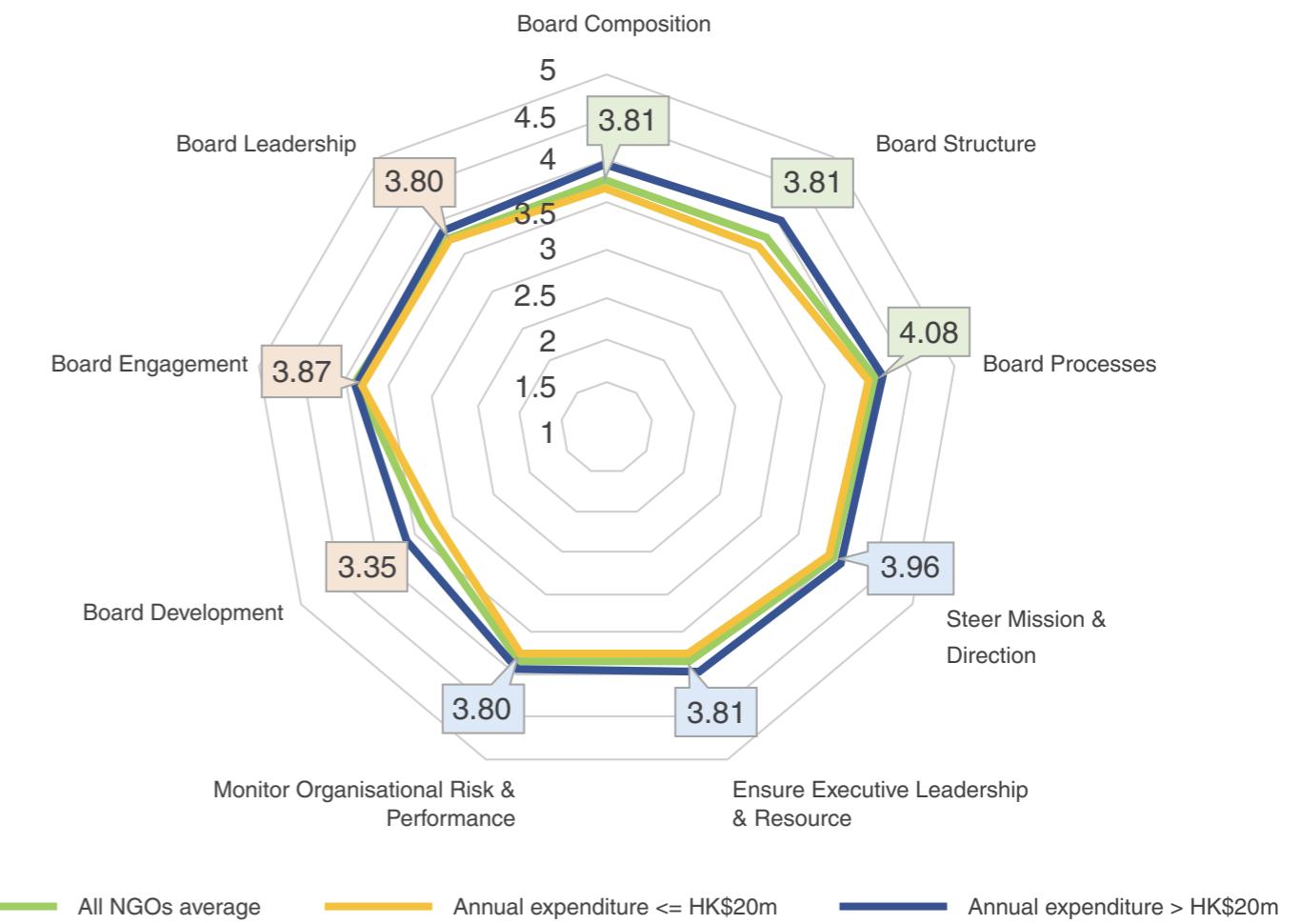


GOVERNANCE

Challenges & Missed Opportunities

Effective governance is essential for building a resilient and trustworthy non-profit sector. Recent analysis by the Hong Kong Chartered Governance Institute highlights that the absence of a formal charity commission in Hong Kong results in inconsistent governance practices, which can undermine public trust¹⁶. Without a dedicated regulatory framework, the responsibility for good governance largely falls on internal oversight mechanisms, which in some cases are absent or inadequate. Government research indicates that many non-profit boards lack diverse expertise and face challenges in meeting accountability requirements¹⁷. Additionally, organizations often struggle to attract suitable board members, particularly individuals willing to undertake demanding voluntary board roles, limiting access to diverse talent¹⁸. A self assessment study on governance of non-profits among 50 organisations of varying size, ranging from budgets of HK\$5 million to HK\$200 million indicated that roughly a third of organisations (32-36%) neglected succession planning, board recruitment procedures as well as board assessment and learning opportunities (Figure 1)¹⁹. Non-profits must also navigate the varied and sometimes conflicting expectations of stakeholders—from government agencies to private donors, and beneficiaries—often within constrained funding environments²⁰. These challenges present opportunities for funders to play a more active role in enhancing oversight related to accountability, legal compliance, internal controls, and board governance, thereby strengthening the sector's integrity and public confidence.

Figure 2: NGO Governance Health²¹



Ford Foundation

Sector Best Practice:

Ford Foundation

The Ford Foundation has made capacity-building a strategic focus by providing funding, technical assistance, and leadership development aimed specifically at strengthening governance within NGOs. They prioritize fostering strong board leadership, ethical practices, and organizational resilience to ensure sustained impact²². Their strategy involves funding tailored governance training programmes, supporting leadership development for NGO boards, encouraging adoption of best practices and combining financial support with mentorship and technical assistance, rather than just providing grants.

16 <https://cji.hkcgi.org.hk/charity-governance-hong-kong>
 17 <https://www.swd.gov.hk/storage/asset/section/594/en/ngo/corp-gov-eng.pdf>
 18 <https://cji.hkcgi.org.hk/ngo-governance>
 19 https://governance.hkcss.org.hk/sites/default/files/Executive%20Summary_2022.pdf
 20 <https://cji.hkcgi.org.hk/ngo-governance>

21 https://governance.hkcss.org.hk/sites/default/files/Executive%20Summary_2022.pdf
 22 <https://www.fundsforgngos.org/how-to-write-a-proposal/20-donors-funding-capacity-building-projects-for-ngos/>

Recommendations for Philanthropic Funders

- Funders should leverage their extensive networks across the private and public sectors to connect non-profits with potential advisors or board members who can offer strategic guidance and support.
- They can also provide grantees with access to governance support, including training, resources, and connections to professional services that help strengthen internal governance mechanisms and ensure accountability.
- Funders can also provide resources to strengthen board development, capacity building and learning of board members.
- Additionally, funders might consider taking seats on grantee boards or acting as formal advisors, enabling them to directly contribute to strategic oversight, leverage their networks for organizational sustainability, and ensure long-term impact.



COLLABORATION, CONSOLIDATION AND MERGERS

CHALLENGES & MISSED OPPORTUNITIES

Currently, the fragmented nature of Hong Kong's non-profit sector leads to overlapping programmatic activities, often targeting the same beneficiary groups. While organizations do form coalitions and working groups to address issues collaboratively, they face barriers to effective collaboration and shared strategic direction. A 2009 study of 381 social service non-profits, showed that about 50% of organisations delivered services on their own with little collaboration among their peers, particularly on advocacy²³.

Operational limitations further hinder these efforts, as multiple organizations compete for a limited pool of funding from the same donors. They are neither incentivized nor have the capacity to avoid duplication with other organizations. Instead, their primary focus is on demonstrating the effectiveness of their own programmes. This often results in duplication of services, with multiple organizations allocating funds toward administrative overhead to support similar initiatives. A 2020 British Council report supports this, indicating a lack of sector-wide strategy to pool resources, incentivising competition over cooperation for financial support, which was the top challenge faced by social enterprises²⁴.

Many organizations may be working jointly to tackle systemic problems, however adopting a harmonized strategic approach could facilitate more rapid and efficient resolution of societal challenges. Currently, the time that NGOs spend coordinating with other organisations is frequently beyond staff responsibilities, which contributes to a fragmented approach to policy change and systemic impact.

²³ <https://ccsg.hku.hk/wp-content/uploads/2024/01/Annual-Report-on-the-Civil-Society-in-Hong-Kong-2009-%E2%80%93-Presentation.pdf>

²⁴ https://www.britishcouncil.org/sites/default/files/british_council_hong_kong_social_enterprise_web_final.pdf

Case Example:

Hong Kong's Migrant Domestic Worker (MDW) Non-Profits

Research has revealed overlap among organizations serving similar constituencies, with dozens of NGOs currently providing activities and services for migrant domestic workers across legal, social, educational, and medical support areas. Coalition groups are increasingly working hard to streamline government engagement efforts. Still many NGOs in the space provide similar services, without coordination, leading to inefficient resource allocation²⁵. From a funding perspective, MDWs in Hong Kong are not entitled to government funding earmarked for NGOs that support ethnic minorities, exacerbating competition for a small pool of financial resources²⁶.

- Taking the example of organisations working across the migrant domestic worker space, the Bayan Family of Foundations²⁷ in 2024 led a workshop of this kind, which brought together MDW organisations, government actors, and academics, who convened to strategically map out challenges in the sector and identify strategic interventions.

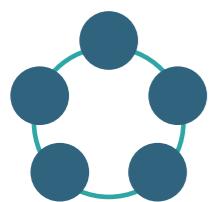


MERGING

- For scenarios where merging of organisations would be most strategic, funders could provide merger bonuses or transition funding to organisations willing to combine operations, and support processes through professional services funding.
- The advantages of mergers would be to reduce administrative expenses, consolidate overhead costs and reduce duplication of services. Combined organisations could pool resources, expertise, and networks to address root causes of social issues more effectively²⁸.
- Larger merged entities may also have greater financial resilience and sustainability. Research has indicated that organisations with an annual expenditure above HK\$20 million demonstrate higher adoption of good governance practices compared with smaller entities²⁹.
- Establishing economies of scale within the non-profit space could improve operational effectiveness and create more powerful entities capable of addressing complex social challenges.
- Caution must be taken however, to ensure that mergers are not simply about forcing smaller organisations to merge with already existing larger organisations.
- Rather in considering this option, it is imperative that funders consider organisational impact, good governance structures, efficiency, and effectiveness, to avoid disadvantaging smaller, leaner, and potentially more innovative organisations from accessing funding.

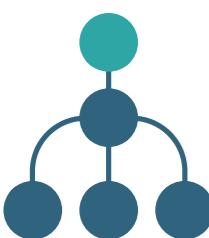
Recommendations for Philanthropic Funders

- With their considerable leverage in shaping the charity sector, funders could use their resources to prompt organisations to collaborate, consolidate programme activities, or in some cases even merge operations. This would allow for more efficient use of resources and better economies of scale.



COLLABORATION

- At the least donors could encourage collaboration amongst organisations working to tackle the same strategic problems as a prerequisite for grants.
- Providing funding to multiple organisations would incentivise collaboration, allowing organisations to prioritise this in exchange for funding, rather than on an ad-hoc basis or in addition to their daily work.



CONSOLIDATION

- For donors that fund specific thematic areas, they should focus on certain funding areas for a period long enough to see progress. By gaining knowledge of the breadth of programmes non-profits are undertaking, funders may promote cross-organisational information sharing, mandatory sharing sessions among grantees, to ensure organisations are not duplicating programmes and each organisation plays to their strengths.
- Funders could even provide space and resources for joint cross-organisational strategy workshops, allowing organisations to jointly brainstorm impactful interventions and split work/activities according to their organisational capabilities.

25 <https://collections.unu.edu/eserv/UNU:8280/Mapping-Opportunities-for-Technology-Interventions.pdf>

26 <https://www.bayanfamilyoffoundations.org/>

27 <https://www.bayanfamilyoffoundations.org/>

28 <https://www.forbes.com/councils/forbesnonprofitcouncil/2023/12/20/mergers-and-acquisitions-for-nonprofits/>

29 https://governance.hkcss.org.hk/sites/default/files/Executive%20Summary_2022.pdf



COLLABORATIVE FUNDING MODELS

Challenges & Missed Opportunities

Effective collaboration in the non-profit sector extends beyond partnerships between grantee organizations; it should also encompass stronger collaboration among funders. The primary benefits of such collaborative funding are to more effectively address complex societal problems that are too large for any single entity to resolve alone. Certainly, tackling Asia's extensive social and environmental challenges requires the swift mobilization and coordinated distribution of private wealth. Cross-sectoral partnerships, bridging the private and public sectors, can be even more impactful, as they leverage the unique strengths of each sector. Recent research conducted in 2024 indicates that while interest in collaborative funding models is growing in Asia, formal models are still relatively uncommon³⁰. Progress in this area often depends on key individuals driving the process, frequently led by international foundations. Challenges include aligning diverse donor interests, overcoming preferences for direct control, and navigating governance requirements. Nonetheless, some early efforts at collaboration within Hong Kong's philanthropic sector have shown early promise.



Case Example:

The Yeh Family Philanthropy's Education Circle, Hong Kong

The Yeh Family Philanthropy's Education Circle comprises seven donors with a common interest in education. Through regular meetings the group has established a shared vision for education reform, approaching the Education Bureau with a unified voice, leading to the release of an education curriculum framework which reflects many of their approaches.



Case Example:

Bridge the Gap Campaign, Hong Kong

In Hong Kong, the Bridge the Gap Campaign was launched by the Chen Yet-Sen Family Foundation, which coordinated efforts among nine private foundations to support local charities that were experiencing funding shortages during the Covid-19 pandemic. The Foundation encouraged public giving, agreeing to match donations to rapidly mobilise unrestricted funds that charities could use to stay afloat³¹. The campaign demonstrated the potential for collective mobilisation to address localised community needs during a time of crisis. It illustrated how a "champion" funder can rally other philanthropists through a simple and straightforward ask that lowered the barrier to collaboration.

Recommendations for Philanthropic Funders

- While existing collaborative initiatives among funders show promise, there is still significant potential to develop more comprehensive collaborative funding models.
- Enhanced information sharing, alignment of priorities, and staying informed can help funders better drive systemic change and prevent the development of siloed mindsets, much like those seen among non-profits.
- Collaborative funding among donors can take various forms, including aligned funding, where multiple donors contribute to a common cause while maintaining individual control over their contributions; pooled funding, where resources from different donors are combined into a single fund for strategic distribution; and public-private partnerships, which involve collaborations among the private sector, foundations, and government funds to achieve broader strategic impact.
- Core recommendations for funders include building trust, cultivating a strong donor community, and maintaining flexibility and agility in their approaches.

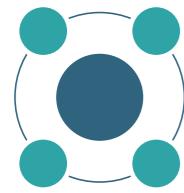


**BUILDING
TRUST**

Funders should shift from transactional grant-making toward building meaningful relationships with other funders, both personally and professionally, especially those supporting similar programmes. It is recommended to organize regular meetings, workshops, and learning sessions to facilitate experience sharing and rapport-building in an open and transparent manner³². Before moving toward pooling funding, funders can establish consortiums or networks to share research, best practices, and due diligence. Starting with a small, well-defined pilot project can help to ensure early success, thereby building momentum for more extensive collaboration.

30 https://wordpress.caps.org/wp-content/uploads/2024/10/CAPS_DECODED_Collaborative-Giving_Final.pdf

31 <https://cysff.org/bridge-the-gap-hk-calls-for-critical-support-for-hong-kongs-struggling-ngos/>
32 https://wordpress.caps.org/wp-content/uploads/2024/10/CAPS_DECODED_Collaborative-Giving_Final.pdf



IDENTIFYING LEADERSHIP

Collaborations are highly dependent on a “champion,” whether an individual, family, or anchor foundation, who can provide momentum and strategic direction. In the Hong Kong context, the Hong Kong Club Foundation exemplifies a funder that facilitates networking among philanthropic organizations as well as between grantees. Champions can leverage their networks and reputation to convene others, creating opportunities for collaboration. By making an initial investment of time and capital, these leaders help de-risk participation for others, encouraging broader engagement and commitment.



RESPOND TO LOCAL CONTEXT

Funder collaboratives should remain responsive and attuned to the evolving needs of the local context, remaining agile in addressing social and environmental challenges. To effectively respond to local realities, funders should stay closely connected with implementing organizations, actively crowdsourcing feedback and adjusting their strategies as needed. It is essential for funders to address genuine local needs by relying on the expertise of frontline organizations and beneficiary populations when setting agendas and priorities.



Case Example:

Partnership Fund for the Disadvantaged, Hong Kong

A 2008 study by Polytechnic University examined the success of Hong Kong's Partnership Fund for the Disadvantaged in fostering collaborations between non-profits and businesses³³. It found that over 60% of projects led to strategic partnerships, with one-third becoming committed collaborations. The research concluded that successful partnerships required funders to design mutually beneficial programmes, supporting non-profits with networking and marketing to enhance visibility with the private sector, while also encouraging corporate clarity on CSR priorities. Partnerships that were sustainable were those where corporates participated in project planning and implementation and involved staff at various levels of the business. Funders are advised to create platforms, events, or databases to facilitate connections and provide training and resources on relationship management, financial accountability, and impact measurement to non-profits.



Sector Best Practice:

The Majority Trust, Singapore

An example of an adaptive and community-responsive funding model is the “hyperlocal” Majority Trust in Singapore. This organization manages pooled funds that focus on addressing immediate community needs. They mobilize resources and oversee collective funds tailored to different community groups across Singapore³⁴. Additionally, the Trust offers masterclasses and learning sessions on strategies such as financial sustainability, impact measurement, data utilization, and leadership development, aiming to build capacity across the entire social impact ecosystem. The Trust also collaborates directly with donors through philanthropy advisory services, helping them refine their giving portfolios to maximize social impact and ensure their contributions effectively meet community needs.



CONCLUSION

Unlocking Hong Kong's Social Impact Potential

This report underscores the potential for philanthropic donors to transform Hong Kong's social impact landscape through strategic, innovative, and collaborative approaches. Funders have a pivotal role in shaping a more effective, transparent, and impactful non-profit ecosystem in Hong Kong. Embracing these opportunities requires bold leadership and a shared vision for meaningful change within the sector. By actioning these recommendations, donors can unlock greater social returns, reduce inefficiencies, and build a non-profit sector where social impact is sustainable and maximized for the benefit of Hong Kong's communities.



HKU Jockey Club
Enterprise Sustainability Global
Research Institute

Established by



Funded by



香港賽馬會慈善信託基金
The Hong Kong Jockey Club
Charities Trust