(In)equality Through Unrestricted Grantmaking: Examining Trust and Power in the Collaboration Between the Dutch Charity Lotteries and Their Grantees

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Introduction

Recent developments show a trend among large foundations toward a model of more flexible, trust-based, unrestricted funding practices (Di Mento, 2019). An interesting and relevant question is how staff at grantee organizations experience this type of funding. A funder–grantee relationship is arguably always unequal, with both visible and invisible power dynamics. To examine these dynamics, this article provides an in-depth analysis of the relationship between the Dutch Charity Lotteries (DCL) — a large social enterprise providing unrestricted funding to a wide range of nonprofits — and a sample of their grantees.

Most funding from foundations and governments comes with restrictions on how it should be spent. An unintended negative consequence of such restrictions is that they can lead grantee organizations into the "nonprofit starvation cycle": unrealistic expectations about overhead costs incentivize grantees to prove to potential funders that they are operating as efficiently as possible by cutting overhead costs, which reinforces funders' expectations and can ultimately threaten organizational survival (Gregory & Howard, 2009). This cycle has been documented in the United States (Lecy & Searing, 2015) and Germany (Schubert & Boenigk, 2019). Preliminary analyses covering a limited period (2007–2017) in the Netherlands do not provide evidence for declining overhead ratios (Van der Woude, 2020), and more research is needed to

Key Points

- Since 1989, the Dutch Charity Lotteries have provided multiyear unrestricted funding, a type of grantmaking that is fairly unique for the Netherlands, to a wide range of nonprofits at home and abroad. This article shares insights into how unrestricted grantmaking influences the relationship between funders and grantees, specifically highlighting how staff at a sample of grantee organizations experience collaboration with this large social enterprise. It discusses hidden and invisible power dynamics that exist in the relationship, even when there are few formal restrictions on grantees' spending.

- Grantee representatives interviewed for this study stated that openness and honesty in communication with the Dutch Charity Lotteries leads to mutual trust, and that they experience few formal restrictions. Nevertheless, even unrestricted funding may come with stated or unstated expectations from the funder, and many grantees reported that receiving the grant support leaves them with a sense that they have to "prove they're worth it." Relaxing formal restrictions gives rise to some uncertainty about what grantees actually have to "prove."

- To ensure a more equal collaboration, it is advisable for foundations to try to detect and consider expectations that are explicit and implicit, conscious and unconscious, and address these. This article offers suggestions for how foundations can do so.

document the potential existence of the cycle in different settings.

Unrestricted grantmaking may break the non-profit starvation cycle. Altschuler & Tirona (2019) argue that unrestricted funding increases the flexibility of nonprofit organizations, allowing them to respond better to opportunities and challenges. Anecdotal evidence suggests that such practices improve grantees' organizational and project impact (Wallace & Saxton, 2018). Riemer, Frank, Rubin, and Merrow-Kehoe (2017) conclude that grantees of a community foundation in Connecticut were "better able to achieve their mission," making progress in "accomplishing strategic plan goals [and] strengthening and/or sustaining their infrastructures," and have been nimble and flexible in carrying out strategic plans in "the face of unpredictable operating environments" (pp. 34–35). Chikoto and Neely (2014) and Eckhart-Queenan, Etzel, and Silverman (2019) suggest that unrestricted funding strengthens nonprofits, because it can be a powerful tool to solve the chronic problem of underfunding.

The Dutch Charity Lotteries

Since 1989, the Dutch Charity Lotteries (Goede Doelen Loterijen) — comprising Vrienden Loterij (Friends Lottery), Nationale Postcode Loterij (Dutch Postcode Lottery), and the BankGiro Loterij (BankGiro Lottery) — have provided funding to nonprofits primarily in the Netherlands, but also abroad. In total, the lotteries employ over 400 people and support more than 100 nonprofits in the areas of social issues, environment, health and well-being, and arts and culture (BankGiro Loterij, 2021).

The Dutch Charity Lotteries (DCL) operate with three permits in the Dutch lottery market. All the lotteries in the Netherlands are, since January 2020, obliged to grant 40% of their revenue to societal causes. There are two exceptions, the State Lottery and the Lotto, which are run

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by the Dutch government and grant 15% and 18%, respectively, of their revenue to societal causes (Nationale Postcode Loterij, 2021). The DCL states that their grants must support innovative, green, and social projects, in line with their overarching objectives and mission for a healthy civil society. The largest share of grants goes to organizations in the fields of international development and environment through the Postcode Lottery, while smaller amounts are allocated to social and health-related projects (Friends Lottery) and culture (BankGiro Lottery).[1] In 2018, the DCL donated 511 million euros (approximately $614 million) to nonprofit organizations. The overarching company Novamedia — which also runs smaller Postcode Lotteries in Sweden, the UK, Germany and Norway — is placed among the largest private donors in the world (City A.M., 2020).

To qualify as a possible grantee, organizations must fulfill some basic requirements, including having a minimum amount of their own fundraising income, at least a national outreach, and standing as a professional and typically

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[1] This article focuses on nonprofits that receive funding from the Dutch Postcode Lottery and Friends Lottery. The Postcode Lottery typically makes grants of at least 500,000 euros and a maximum of 22.5 million euros per year, for at least five years. The Friends Lottery provides smaller unrestricted grants, ranging from approximately 3,000 to 3 million euros per year, typically for five years. In addition, the Friends Lottery allows grantees to sell their own tickets through their lottery, with profits going directly to the grantee.

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certified organization, and they must work in one of the sectors that the DCL supports. The DCL's annual grantmaking process involves four steps:

1. The Charities Department, which is also responsible for maintaining relations with grantees and monitoring their evaluations, makes a first selection on the eligibility of applications.

2. The Charities Department and the board of directors make a long list of possible grantees.

3. The board of directors decides on the final selection.

4. The supervisory board approves the selection.

Power and Unrestricted Funding

The DCL describes their grants as "unrestricted, long-term, and based on trust" (Goede Doelen Loterijen, 2019, p. 2) — an interesting point, because unrestricted funding might also contribute by helping to equalize the power relationship between funder and grantee. Based on the resource dependency theory and principal-agent theory, Froelich (1999) and Van Puyvelde, Caers, Du Bois, and Jegers (2012) argue that a funder–grantee relationship is based on an unequal power relationship. Funders (the "principals") have the resources on which nonprofits (the "agents") depend. If funders set requirements or conditions for their investments, nonprofits will

try to meet them, even if this conflicts with their mission and operations.

However, power is a complicated concept. Gaventa (2006) defines three forms of power:

1. *Visible power* can be defined as the visible and definable forms of power within a collaboration; examples are formal agreements, structures, and authorities.

2. *Hidden power* is held by the ones with power: those deciding who is involved with making important decisions and what is on the agenda.

3. *Invisible power,* the final form, can be described as the psychological and ideological boundaries of power.

Invisible power connects with Foucault's (1978) perspective on power: it may reside in discourses and in being "observed." As people in today's postmodern society are increasingly focused on enhancing their individual well-being, they have lost sight of those who "observe" (Bauman, 2000; Rossi, 2004). As a result, power has become invisible and elusive, or, from a Foucauldian perspective, internalized and normalized. Foucault therefore states that power exists in discourses: in language, in the actions of people, and in the interplay of nonegalitarian and mobile relationships. While the relationship between actors with power (on the side of the funder) and without power (on the recipient side) may appear more equal in unrestricted grantmaking, one might question whether power is actually being exercised in a more subtle, less visible, and maybe even unintentional way.

Given that most assessments, evaluations, and reports are to gauge grantee performance, our research aims to identify how DCL grantees experience the funder–grantee relationship — with a look at trust and power and their impact on the efforts being executed. We will specifically examine the role of unrestricted, long-term grantmaking, as well as the explicit and implicit expectations of both the DCL and those grantees. The scope of the current study

TABLE 1 Organizations and Information

Organization	Interviewee(s)	Sector	Role in Organization	DCL Beneficiary	Income From DCL/Total
Health Organization 1	Relationship manager *(Two interviews)*	Health	Innovator	15-19 years	0-25%
Health Organization 2	Director	Health	Innovator	10-14 years	50-75%
Health Organization 3	• Marketer • Financial employee	Health	Advocacy and spokespeople	15-19 years	0-25%
Health Organization 4	Account manager	Health	Service provision	0-4 years	0-25%
Environmental Organization 1	• Director • Relationship manager	Environment	Innovator	5-9 years	0-25%
Environmental Organization 2	Director	Environment	Innovator	0-4 years	0-25%
Environmental Organization 3	Director	Environment	Agitator and maverick	10-14 years	25-50%
Environmental Organization 4	Account manager	Environment	Advocacy and spokespeople	>20 years	0-25%
Human Rights Organization 1	Connecting officer	International and human rights	Advocacy and spokespeople	0-4 years	0-25%
Human Rights Organization 2	Director	International and human rights	Innovator	5-9 years	0-25%
Human Rights Organization 3	Director	International and human rights	Service provision	>20 years	0-25%
Societal Organization	Vice president	Societal and social causes	Service provision	5-9 years	0-25%
Dutch Postcode Lottery	Relationship manager 1		Funder		
Dutch Postcode Lottery	Relationship manager 2		Funder		

does not entail the consequences of unrestricted grantmaking for the actual work of the organizations, which is discussed elsewhere (Wiepking & De Wit, 2020).

Our results can help both funders and grantees rethink their relationships and the partially implicit and unintentional power relationships they characterize. The suggestions that follow from our results may contribute to ways of engaging and collaborating that are constructive for both funders and grantees.

Research Design

Given that the DCL provides grants to over 100 nonprofits, we used maximum variation sampling to select a variety of grantee organizations to be interviewed.[2] We invited grantees of the

[2] When COVID-19 struck, six planned interviews were delayed or canceled. The sample does not represent the whole population of nonprofits collaborating with the DCL, but it reached a saturation point after 13 interviews. Nine were conducted in the first two weeks before the pandemic hit the Netherlands, and four after the impact became clearer. Questions were asked of those four respondents about how their organizations were dealing with the pandemic and how flexible funding impacted their work amid a global health crisis. Those respondents indicated that unrestricted funding allowed them to shift priorities to address the most urgent needs.

Two main themes emerged from the analysis: (1) the role of trust and power in the collaboration between the DCL and their grantees; and (2) the explicit and implicit expectations of both the DCL and the grantees.

Dutch Postcode Lottery and the Friends Lottery in the sectors of health, the environment, societal and social causes, and international and human rights, and across organizational roles — "service provision," "advocacy and spokespeople," "innovator," and "agitator and maverick" — derived from Robert Bosch Stiftung (Roland Berger Strategy Consultants, 2014, pp. 40–41). (See Table 1.)

We conducted and analyzed 15 semistructured interviews: 13 with representatives of 12 nonprofit organizations and two with relationship managers of the Dutch Postcode Lottery. (See Table 1.) All interviews were coded using two coding cycles. In the primary coding cycle, we used both descriptive and in vivo codes to analyze the first seven interview transcripts. In the secondary coding cycle, we coded axially. The final codes were used to analyze the last eight transcripts.

Two main themes emerged from the analysis: (1) the role of trust and power in the collaboration between the DCL and their grantees; and (2) the explicit and implicit expectations of both the DCL and the grantees.

The Role of Trust and Power in the Collaboration

When asked to characterize the collaboration with the DCL, the representatives of the grantee organizations described it as "transparent," "honest," "trustful," and "communicative." In

discussing the evaluation of the collaboration, the director of one of the human rights organizations said:

> I honestly expected that it would be a formal conversation with an agenda and where we would be critically questioned. Well, for us, I can say that … we had a very pleasant and open conversation about what is going well, what is going not so well, what we can still develop. They also asked about our impact, how we want to do it. So, I found it a very open, informal conversation where we could exchange information with each other. And constructive instead of critical.

Another characteristic of the relationship mentioned most frequently by the respondents is "trust." The trust within the relationship described by the respondents has two layers. First, they say that the DCL trusts the grantees' expertise; as an account manager for one of the environmental nonprofits phrased it, the DCL considers the nonprofit organizations the "expert in their field." The second layer of trust comes from the DCL's low level of monitoring. The DCL does not interfere with the operations of the nonprofits; when it comes to spending decisions, the unrestricted funding really is unrestricted. Also, evaluations are infrequent: generally, once a year.

The transparency in the collaboration is described by the respondents as "open communication." The contact takes place in different ways and on different levels, from face-to-face contact to email, and DCL relationship managers talk with directors of the grantees and vice versa. All forms of contact are often described as "informal" — personal and characterized by a pleasant atmosphere. However, the contact is also described by some respondents as "businesslike": it is, and always will be, a relationship based on agreements. An account manager for one of the health-related grantees described the relationship with the Friends Lottery as "extremely fruitful":

> Look, [the Friends Lottery] is just a party that of course involves charities which they think are doing something good for society, etc., but also the ones that are easy to market, in the end that can

contribute to more [lottery] tickets being sold. … With the Friends Lottery, the collaboration is very interesting. You can make things big, think big. … You can go from small wishes you organize for one client to a large recruitment drive where you try to recruit, I don't know, tens of thousands of new participants. And everything in between. And that's good.

As illustrated here, the collaboration is more than just a funder–grantee relationship. The collaboration can be used for other goals, generating brand awareness for the DCL through the "goodwill" of nonprofits, or using each other's network to connect and collaborate with other organizations.

Equality: Objective Versus Subjective

The second and most interesting (potential) barrier is the equality within the collaboration between the DCL and their grantees. We left the interpretation of the term "equality" up to the respondents because we wanted to see if different respondents would interpret this term differently. When asked if their relationship with the DCL can be defined as equal, all respondents said "no." The answers and interpretations of the respondents can be divided in two forms of equality: "objective equality" and "subjective equality." In terms of objective equality, 12 respondents mentioned that they are, to a smaller or larger extent, dependent on DCL funding. The account manager for the health grantee remarked,

> No, there's never an equal relationship. No. Because they are the ones with the big money that support us. So if you look purely at the collaboration, it's never an equal relationship. But I don't have the feeling that they are Big Brother telling us what to do. … Is there equality between a mother and her child? No. But it's a healthy relationship.

And this is where the second form, subjective equality, emerges. Almost all respondents say that they experience the collaboration as equal, mostly because of the open and trustful nature of the collaboration. This experience of equality allows the respondents to, for example, say "no" to requests of the DCL. The account manager for the environmental grantee explained,

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> If [the request] is achievable, we do it. … If it doesn't work, I also say that. And [the DCL] also accept that. In that sense, it doesn't feel like that you always have to say "yes." If we cannot do it, then we can be honest, which is also fine.

Mutual Dependency

To deepen the subjective experience of equality, we provoked respondents by stating in the interviews, "without charities, no Charity Lotteries." Not everyone acknowledged this statement, but 11 respondents did. One of them, the director of an environmental organization, said,

> Yeah, it's a tricky subject, because … the one who pays has power. But sometimes it gets overestimated, because the funder does not always have an idea. And I think that what's happening is some kind of interplay, a balance …. We have the idea, a knowledge network, and we are the ones executing it. And you have the funder, the DCL, who have interests in the idea being executed well, because they think it's a good idea. In that sense, you can state it pretty straightforwardly: The idea is worth money, and the network we have is also worth money, and [the DCL] has to pay for that. If you keep it that simple, then it's a beautiful exchange.

"The idea" that the director talks about is the network and the projects of the organization, with which the DCL can increase their legitimacy by associating themselves with the

"goodwill" of their charity. Therefore, the most cited characteristic of "the idea" is the ability to generate brand awareness for the DCL. We call this subjective experience of equality and dependency the "mutual dependency" within the collaboration. From the interviews it became clear that if respondents were aware of the reciprocity within the collaboration, they experienced the power distribution at the subjective level as more equal. As a result, how the objective, unequal power distribution is dealt with differs for each individual: if someone is aware of the reciprocity, transparency, and trust within the collaboration, that person experiences more room to maneuver.

Explicit and Implicit Expectations

The second theme of the results focuses on the expectations within the collaboration. At the start of the collaboration with the DCL, the nonprofit signs a contract. In the interviews with the DCL relationship managers, we asked what agreements can be found in such contracts. At first, they said that the agreements are not that extensive, meaning that not much is mentioned apart from subjects like evaluation, payments, and marketing. Said one, "If other funders are mentioned [in marketing campaigns], we also want to be mentioned." These agreements are in line with what the respondents from the nonprofits had to say about the contracts.

Explicit Expectations

In researching the expectations within the relationship between the DCL and their grantees, we used five goals for their unrestricted and long-term support that the DCL mentions in some of their communications (Goede Doelen Loterijen, 2019). These goals are not formal requirements for each grantee, but instead reflect the way in which the DCL describes their general goals for improving civil society:

- Strengthen effectiveness.

- Stimulate innovation and risk taking.

- Guarantee independence.

- Increase effectiveness.

- Initiate a snowball effect.

Most respondents said that they did not know about these objectives before our interviews, but do recognize the objectives as characterizing their collaboration with the DCL. How strongly the objectives apply differs from one organization to another. One respondent stated that independence and innovation are the most recognizable effect for their organization; for other interviewees, all five objectives were important; there were even two respondents who regarded none of these objectives as relevant for their organization. In answer to our question about whether the objectives are realistic and achievable, one respondent said you will never achieve everything for all objectives — something other respondents agreed upon.

Expectations of the DCL Relationship Managers

We also asked the DCL relationship managers about their expectations of the collaboration with the grantees. In addition to the agreements stipulated in the contract, they stated transparency and timely reporting are expected. These are "unwritten explicit expectations": not stated in the contract, but discussed as part of the collaboration. To identify further expectations, we asked the relationship managers to describe the "ideal grantee." One of them said,

> The ideal grantee just does good work [laughs]. I think the ideal grantee is a kind of partner. It's like a marriage, right? So the grantee challenges you now and then. They make you aware of things and finish their homework on time …, and also take you on an adventure, maybe. You know? That you try things together, financing innovations you'd never thought would be possible.

Parts of this quote directly relate to perceptions of grantees. "Finishing their homework on time" can be linked to the timely submission of reports. The challenge in the collaboration can be linked to the intention that the nonprofits continue to innovate and take risks. Strengthening each other's brand — the

marketing — can be found in the "adventure." In this respect, the expectations of the collaboration partners are at the same level.

However, one key result from the interviews is that it is unclear where meeting the explicit expectations ends: When is the DCL mentioned enough in marketing campaigns? When has enough innovation been shown? When do you "finish your homework on time"? We asked the relationship managers what was not stated in the contract but was nevertheless important for the collaboration. "There's a lot which isn't mentioned in the agreement," one responded.

How should grantees deal with the fact that "there's a lot" which is not explicitly mentioned in the collaboration contract? This probably affects the funder–grantee relationship, and has an effect on the agreements, expectations, and objectives within the relationship. The freedom of unrestricted funding may cause expectations within the collaboration to become vague — blurring the line between explicit and implicit expectations. By "implicit expectations," we mean the expectations within the relationship that are not written in formal agreements and are not discussed.

When we asked the DCL relationship managers why collaboration with a grantee might be ended, one replied that they "decide whether an organization is still socially relevant." It also emerged later in the interview that another reason for terminating the relationship could be when a grantee is given the opportunity to participate in a campaign but refuses to do so and "there are a hundred other nonprofit organizations willing to participate." These trade-offs are conscious thought processes for the DCL, but our research does not show whether the grantees are also aware of this.

Implicit Expectations: Conscious and Unconscious

In the interviews, we asked the respondents whether they experience implicit expectations as part of the collaboration. Most respondents said there were none, or that they were not aware of any. Two respondents were aware of

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implicit expectations: the director of the societal organization claiming that the DCL wants to facilitate a "political counterforce" (as a result of the DCL's objectives); the director of one of the human rights nonprofits stating that the DCL expects their grantees to "keep innovating and not slow down." But, as the conversation about the different expectations went on, more interviewees unconsciously mentioned implicit expectations. The most important was that grantees must continuously "prove their worth" in the collaboration.

Proving Your Worth

The collaboration between the DCL and the grantee organizations is described as "unique." Besides the unrestricted nature of the grants, another aspect to consider here is the reputation of the DCL in the Dutch philanthropic sector. Although the DCL is sometimes criticized in the public debate — mostly relating to the selection of grantees — the DCL's grants are typically considered prestigious. They are announced at a gala which has no equal in the Netherlands in terms of size and splendor. "It's a club that does something enormous," according to the director of an environmental organization. Another said:

From our analyses it becomes clear that the funder–grantee collaboration between the DCL and their grantees is characterized by transparency and trust. Our respondents stated that openness and honesty in the communication from the DCL builds mutual trust.

They're sort of the Champions League. … [You are] kind of elected, you are their grantee; and from there comes a lot of appreciation and also a lot of a sense of responsibility, like … we must spend the [funds] the right way.

These observations relate to the implicit expectation that the organizations must prove themselves to be worthy of the collaboration. There is a "sense of responsibility" to spend the money correctly. "If the Friends Lottery asks me something, then we release a press statement or a photo," the director of a health nonprofit said. "Look, they have priorities. If I compare it with something else, then I'm willing to take that extra step to get it done."

Here, that grantee is willing to take "that extra step" to get things done for the DCL. But not every respondent agreed with the statement that they need to prove themselves to the DCL. Four respondents did not find it difficult to say "no" to marketing requests from the DCL, because of the transparent and trusting nature of the collaboration. Therefore, how people experience the implicit expectation of proving their worth depends on three factors: their personal interpretation of the nature of the collaboration; their experience of dependency on the DCL grants; and the sense of responsibility to ensure the funds are spent in the "correct" way,

sometimes keeping the nonformal goals of the DCL in mind.

Theoretical Interpretation

From our analyses it becomes clear that the funder–grantee collaboration between the DCL and their grantees is characterized by transparency and trust. Our respondents stated that openness and honesty in the communication from the DCL builds mutual trust. This is in line with the definition of an integrative collaboration (Austin, 2000): a high level of mutual resources and concern, and honest, open, efficient, effective, and frequent communication. The DCL explicitly states that the collaboration with their grantees is based on trust and partnership, incorporating multiple moments of formal communication, such as evaluations, and of informal communication during events such as charity galas, for example (Goede Doelen Loterijen, 2019).

In line with principal-agent theory (Van Puyvelde et al., 2012), the collaboration between the DCL and their grantees is objectively unequal. However, because the respondents experience a high level of trust and mutual dependency within the collaboration, grantees experience the power dynamics as more equal. This subjective equality is in line with Ganesan and Hess (1997), who state that trust (in researching the relationship between a buyer and a seller) is built on two aspects: credibility and benevolence. Credibility is based on the intention and ability of the collaborating partners to keep promises and commitments. In addition, various characteristics of the collaboration partners, such as competencies and reliability, can influence these aspects. The second aspect, benevolence, is based on the attributed qualities, intentions, and characteristics of the collaborating partners, showing genuine concern for the partner. The interinstitutional trust (the DCL's vulnerability engendered by placing responsibility for spending the money on the charities, and the credibility the charities radiate toward the DCL) and the interpersonal trust (the mutual transparency) between the DCL and their grantees lead

to the balance of power being experienced as equal (Austin, 2000; Ganesan & Hess, 1997).

Personality seems to play a role in the relationship, but it is an open question whether respondents would be able to say "no" if the structures of the relationship were different. Social interactions are structured by formal and informal norms (Nee & Ingram, 1998). In this case, the few accountability requirements are formal norms, while informal norms include the relaxed atmosphere in social interactions. Respondents feel that they can ask for help when needed, be open about organizational choices, and have personal conversations during meetings; these are all informal norms that structure social relations and contribute to an open and trusting relationship. As such, our interviews show that power dynamics depend on both interpersonal and interinstitutional aspects.

Power

Another insight that emerges from our analyses is that there are implicit expectations in the collaboration. These can be divided into conscious and unconscious expectations. When we relate this to Gaventa's (2006) three forms of power, the first, visible power, can be defined as the explicit expectations in the collaboration. The second, hidden power, is held by the DCL: they decide which grantees they want to work with. The question of whether a grantee is still "socially relevant" is an example of how this level of power works: the DCL decides, without direct involvement of the grantees.

Gaventa's final form of power is invisible power, which can be described as the psychological and ideological boundaries of power (Foucault, 1978; Gaventa, 2006). The unconscious implicit expectation among representatives of the grantees that they have to prove themselves to the DCL can be interpreted as an example of invisible power. Two factors are important here. First, the uniqueness of and dependence on unrestricted, multiyear funding, as well as the DCL's reputation as a highly regarded actor in the Dutch philanthropic sector, increases the respondents' sense of responsibility to maintain the collaboration. To do this, they will increasingly have

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to demonstrate to the DCL that they work efficiently and effectively, competing with other nonprofit organizations (Lecy & Searing, 2015). Even if respondents are reluctant to express this in the interviews, there will always be unconscious competition among nonprofits. If they want to distinguish themselves from other organizations, they will have to demonstrate to the DCL their worth: for every grantee, as a relationship manager observed, there are a hundred others.

Second, there is uncertainty about the DCL's objectives. Grantees must "continue to innovate," as one respondent stated, but it is unclear to what extent they should innovate, and what other objectives grantees should meet with the DCL funding. For example, the lack of clarity about the status of the DCL's nonformal goals as specified in a brochure (Goede Doelen Loterijen, 2019) confronts grantees with a gray area in which they feel that they have to prove their worth, but are not certain what it is they have to prove and how they can best do this.

How do grantees cope with this uncertainty? Besides interpersonal relations, there may be institutional dynamics that play a role. Oliver (1991) distinguishes five types of organizational response to external pressure: acquiesce, compromise, avoid, defy, or manipulate. We recognize acquiescence in our data, with grantees complying with the expectations and even proactively acting in line with them — for example, by mentioning the funder's name in communications. Avoidance also occurs, when respondents seem to ignore whatever the funder thinks of them, but active defiance does not

Our research shows that building equal and trust-based relationships is not an easy endeavor. Funders should be aware of the complex power dynamics in their collaborations. A funder is typically most powerful in terms of financial resources, but grantee organizations possess different kinds of resources.

seem a strategy used by the grantees we interviewed. Objectives can also be compromised or even manipulated: the DCL's objectives are fairly broad, and how they work out in practice might depend on the grantee. How organizations "innovate" or "snowball" strongly depends on the values and mission of the organization.

"The Idea" as Symbolic Capital

There is one factor that counters this unequally distributed power relationship between the DCL and their grantees: mutual dependency. As the director of the environmental nonprofit said, the DCL essentially pays their grantees for their "idea," referring to the knowledge (the network and projects) of the grantees that the DCL does not have. Therefore, the DCL and their grantees are dependent on each other: the grantee on the funding, and the DCL on the "idea," with which it can generate brand awareness so it can sell lottery tickets. Sales revenue is what the DCL needs to achieve its vision: improving civil society (Goede Doelen Loterijen, 2019). Essentially, while the funder possesses economic capital, it can be argued that the grantee brings the "symbolic capital" on which the DCL's lottery tickets sales rely (Bourdieu & Wacquant, 2013; see also Bocquet, Cotterlaz-Rannard, & Ferrary,

2020). Given this distribution of different types of resources, some hidden power can also be situated at the grantee organizations. Hence, both the DCL and the nonprofits have invisible power in the collaboration, emphasizing the need for transparent communication and mutual trust to acknowledge this distribution of power (Austin, 2000).

Discussion and Conclusion

Unrestricted funding may have several benefits, including less bureaucracy, greater flexibility to react to changing circumstances, more financial security, more room to build a strong organization, and increased autonomy (Wiepking & De Wit, 2020). Unrestricted funding is often one of the instruments used in "trust-based philanthropy." Yet there is more to trust-based philanthropy than just relaxing formal grant restrictions. Trust-based philanthropy is described as "an approach to giving that addresses the inherent power imbalances between funders, nonprofits, and the communities they serve," which includes "multi-year unrestricted giving, streamlined applications and reporting, and a commitment to building relationships based on transparency, dialogue, and mutual learning" (Trust-Based Philanthropy Project, 2021, p. 1).

Our research shows that building equal and trust-based relationships is not an easy endeavor. Funders should be aware of the complex power dynamics in their collaborations. A funder is typically most powerful in terms of financial resources, but grantee organizations possess different kinds of resources. Without their work, the donor has nothing to fund. This gives grantees power, but it can also lead to expectations regarding, for example, brand awareness. Mission drift is often mentioned as a possible effect of restricted funding, but can also occur when beneficiaries feel they need to develop attractive projects that do well in marketing campaigns.

The case of the Dutch Charity Lotteries is salient because they combine a low level of formal agreement and high levels of trust in their grantees with a broad vision of the civil society

they want to contribute to. At the same time, it is a large social enterprise, and its primary purpose is selling lottery tickets, for which it highlights the work of beneficiaries in marketing campaigns. On the one hand, because of these unique characteristics, we have to be careful in generalizing these findings to other contexts. We do believe the relationship between the DCL and its grantees provides an excellent case study of power dynamics in trust-based grantmaking. Power can be visible, hidden, or invisible. To achieve more equal collaboration, it is advisable for foundations to try to detect and consider the expectations that are explicit and implicit, conscious and unconscious. Even unrestricted funding may come with expectations, hidden or unhidden, on the part of the funder, and many grantees will feel that they have to "prove they're worth it." Relaxing formal restrictions may give rise to a gray area in which there is uncertainty about what grantee organizations actually have to prove.

Broadly speaking, funders can adopt three strategies to handle explicit and implicit expectations. First, they can choose to clearly communicate their overall goals, so that beneficiaries know better what is expected from them. This seems suitable for foundations with a clearly defined vision, mission, and theory of change. A second possible strategy would be the opposite. A large grantmaking organization like the DCL, which funds different types of organizations in different sectors, could try to abandon all expectations and let beneficiaries freely decide what to do with their grants. However, as we have shown, full absence of expectations seems impossible. A third strategy is to adopt a somewhat flexible approach, and to constantly redefine the purpose of the grants in close cooperation with the beneficiaries. This suits the ideals behind trust-based grantmaking, in which funder and grantee try to establish equal relationships and where the grantee is taken seriously as the expert in the field. This requires more than unrestricted funding, and may ask from funders a type of self-reflection which may be inconvenient but necessary to ensure a level playing field (Wong & McGrath, 2020).

Not all our respondents were equally aware of the mutual dependency we described in this article. Interpersonal relations, the duration of the collaboration, and the type of nonprofit activities may all play a role in the extent to which subjective equality is recognized. When there is awareness of the different types of resources that both sides bring to the table, funders and grantees can create the relationship that is needed to work toward a truly integrative collaboration based on mutual dependency and trust.

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