

REFLECTIONS ON THE IMPACT OF MACKENZIE SCOTT FUNDING, 2.5 YEARS ON

March 2024

OVERVIEW

In June of 2021, the Freedom Fund received an unrestricted gift of \$35 million from MacKenzie Scott. Two and a half years later, we have reflected on how this funding has impacted our organisation, what we have achieved and where we will go from here.

Thus far, we have invested the Scott funds in existing programs, which has allowed us to plan for the future and commit to long-term funding for our grantee partners. We have piloted and established new initiatives focused on trust-based giving (such as our Survivor Leadership Fund) and building upon existing work from new angles (such as efforts to support movements and individual leaders). We also invested in building our internal capacity so that we can be more effective at serving our partners and communities on the frontlines of modern slavery.

In addition to unlocking significant organisational growth, this gift has impacted the broader anti-slavery movement by enabling us to expand investments and support a more diverse group of organisations. It has increased awareness of our work, the issue of modern slavery and the importance of funding frontline groups. This growing awareness was evidenced by a new Harvard Business School case study, which summarised the Freedom Fund's history, scope of work and the decision-making process undertaken following MacKenzie Scott's gift.

We have found it helpful to reflect upon the ways the funding has affected us as an organisation as well as the challenges that have come along with it. We hope that by sharing the lessons we have learned we can shed more light on the impacts of large, transformative gifts, especially on collaborative funds like ours.

CONSULTATION PROCESS

In deciding how to allocate the funds, Scott's gift provided us with an opportunity to undertake an intensive and transparent consultation process. We used surveys, focus groups and town hall meetings to solicit input from our staff and board. We sought to ensure the funding would have the greatest impact on the lives of vulnerable people and catalyse long-term impact, investment and evidence, and we committed to spending it within five years. We identified priorities for investment, including both existing and new programs as well as operational areas, and categorised them under three themes that reflected our ambitions: global, inclusive and sustainable.

This experience opened doors to more creativity and consultative decision-making within our organisation. It reaffirmed the importance of seeking input from across the organisation, not only to ensure our decisions reflect the diversity of perspectives across our staff, but to foster a culture of transparency and accountability. Our learnings from this process are reflected in our plans to conduct a highly consultative strategic planning process in 2024.

INVESTMENT

On a global scale, we chose to invest Scott funding in the development of new “hotspot” programs. The hotspot model, a core component of our work, focuses on providing funding and other support to geographically concentrated clusters of community-based organisations. We also used the Scott funding to deepen our existing programs and expand our movement building and corporate accountability portfolios.

Sustainability is fundamental to our support for existing hotspot programs. The Scott funding allowed us to continue support for hotspots in countries like Myanmar, Indonesia, Thailand and Nepal. We also expanded into new regions and underfunded issues by developing and launching new hotspots in Kenya, Brazil and Bangladesh, focusing on exploitative child domestic work, forced labour in logging and commercial sexual exploitation of children. We took the time to start each new program with an inception phase, which enabled us to engage deeply with local organisations and communities and integrate their input throughout the strategy development process. We also used some of the Scott funding to increase capacity building offerings to partners to foster greater sustainability (more on this in the following section).

Our corporate accountability portfolio aligns with our focus on driving systemic change by supporting both policy and legal interventions that compel businesses to address forced labour in their supply chains. We were able to dedicate more resources to this portfolio and build our and our partners’ credibility in advocacy circles. This initiative’s expansion through the Scott funding has included an increased focus on strengthening the strategic litigation ecosystem in the Global South, an area that we identified as a clear gap.

We also used Scott funds to expand our efforts to foster a more inclusive and diverse global anti-slavery movement. Our Survivor Leadership Fund provides small, trust-based grants to local survivor-led organisations, giving them the freedom to choose how best to spend the funds to strengthen their organisations and increase their impact. We have expanded Freedom Rising, an intensive movement building and training program for underrepresented frontline leaders, into new geographies. Additionally, our Employment Pathways Fellowship program provides survivors of modern slavery with secure employment and professional skill development. Through the expansion of these programs, we have deepened our commitment to amplifying often-overlooked voices in the anti-slavery movement.

Through our consultation process we also identified several ways in which our internal operations infrastructure needed strengthening, especially as we aim to scale up our programmatic impact. These included investment in a new grant management system, enhanced information technology and human resources capacity, and staffing across multiple

teams such as communications. We see these investments as closely tied to our ability to develop and launch new programs, sustain existing work, raise additional funding and provide the high-quality support that our partners deserve.

SHIFTS IN MINDSET

Scott's giving approach has inspired us to pass along the trust extended to us through our own grantmaking, particularly through the provision of unrestricted grants. Historically, most of our grants have been project-restricted due to the nature of our model and our issue-specific mandate. However, we know that unrestricted general operating funds are critical to organisational growth and sustainability, especially for newer organisations who are just beginning to build their institutional capacity. We dedicated some of the Scott funds to expanding our Survivor Leadership Fund, and we have also begun piloting unrestricted one-time Elevate Grants, provided to hotspot partners who have been funded by the Freedom Fund for at least three years.

These new grant types are also reflective of our broader efforts to provide a wider range of offerings to partners to meet their organisational strengthening needs and support more nascent groups, including those other donors may view as “too risky” to fund. We are developing a more comprehensive suite of resources and offerings to help current partners with institutional strengthening, in areas like fundraising, finance and governance. We have begun including several smaller, more nascent groups in our hotspots, many of them survivor-led. These groups are typically at an earlier stage of development, coming out of informal community groups or survivor collectives formed by existing NGO partners, and they may not have government registration, policies, or governance and staffing structures. Through our new Accelerator Grants, we support these groups to build their organisational capacity so that they can ultimately become hotspot implementing partners and take on additional funding. We foster their growth through other forms of support such as technical assistance or peer mentorship from more established groups.

We have also used the Scott funding to explore new areas for advocacy. This includes embracing our role as champions for funding frontline organisations, recognising the critical importance of organisations that directly impact and involve communities. In summer 2023, we launched Funding Frontline Impact, an online resource that offers practical grantmaking guidance and case studies from the Freedom Fund’s experience supporting frontline NGOs around the world. Scott’s funding allowed us the budget and time to reflect on our best practices and share about our decision-making processes more transparently.

FUNDRAISING & PUBLIC PROFILE

We have been deliberate in our choices when communicating about the Scott funding externally, emphasising transparency and the impact on our mission. Donor retention has always been a priority, and while we experienced some drop-offs, we also secured multiple renewals, reaffirming our partners’ commitment to our work. For example, the Walk Free Foundation renewed their multi-year funding and, together with the Stardust Fund, helped to grow our Survivor Leadership Fund. Looking forward, we recognise the importance of a

sustainable funding model as we contemplate what happens when the Scott funding is fully spent. Navigating the challenges of communicating with donors and securing funding for the more distant future remains a complex task, requiring careful planning and adjustment to a rapidly changing funding landscape.

CHALLENGES

The MacKenzie Scott funding brought with it a unique set of challenges for the Freedom Fund. One of the most significant dilemmas was the tension between expanding our partner network and supporting existing programs. This transformational gift brought about the opportunity to embark on numerous new initiatives which, if not managed carefully, have the potential to dilute focus from our core mission. The addition of multiple new initiatives at once can cause a strain on staff capacity and add to the demands we already place on grantee partners. We have periodically evaluated each new initiative to both check on progress against planned activities and determine if we need to adjust timelines or scale back.

We have also faced unexpected challenges with our India hotspot programs, which, at the time of the Scott gift, composed a significant proportion of our programmatic investments. In July 2021, the Freedom Fund realised that none of its grants were going through to partners in India. Despite efforts over several months to seek official clarification, we realised we were no longer able to fund in the country. We therefore made the very difficult decision to close our programs in India after nearly a decade of support to a large portfolio of partners. The closures forced us to reallocate substantial funding to other regions, including Scott funding that we had previously allocated to India programs.

Additionally, as our funding base grew, it was crucial to ensure that our internal capacity expanded in tandem to effectively manage the organisation's increasing scope and reach. Maintaining discipline in expenditure became crucial as we navigated the complexities of reallocating funds and exploring new initiatives. These challenges also presented opportunities for the Freedom Fund to refine our strategies and ensure our long-term sustainability in the fight against modern slavery.

LOOKING AHEAD

The strides we have made over the last two years serve as a testament to both the transformative impact of large unrestricted gifts and the Freedom Fund team's commitment to our mission. Gifts like Scott's have incredible potential for impact, especially when provided to collaborative funds with deep relationships to frontline groups, well-evidenced models and the infrastructure required to move significant amounts of money efficiently and strategically.

Looking ahead, we continue to seek opportunities for growth. We committed to spending the Scott funds over five years because we felt an obligation to get as much of the funding as possible out to frontline partners in a reasonable time frame, in line with our and partners' capacity. As a result, the Freedom Fund's annual budget has increased from about \$18 million in 2020 to about \$28 million in 2024. As we think longer term, we are focused on securing significant amounts of new funding to sustain our work at this scale beyond the initial Scott

gift. We have invested accordingly in fundraising, communications and other internal systems that will enable us to raise and absorb gifts of a similar size in the future. We continue to reassess the likelihood of raising similar amounts of funding in the next few years, in order to be prepared for the possibility of needing to scale back some of our programmatic work so that we do not encounter a significant and sudden cut to our budget in 2027.

We remain hopeful that this will not be necessary, especially as we build the case not only for the Freedom Fund's ability to quickly and efficiently direct funds to frontline communities but also for the need to significantly increase investment in the anti-slavery movement. We are now more prepared to take on large gifts in the future. We have honed our programmatic thinking about our role in addressing modern slavery and introduced new initiatives and greater nuance within existing work. As we embark on our upcoming strategic planning process and plan for further growth, our learnings from the last two years will be invaluable.