

Optimizing the use of donor investments to drive transformative frontline change

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At the Freedom Fund we look to bring new funding and innovative investors into the anti-slavery space, with the goal of mobilising the capital needed to work on the frontlines, drive systemic change and strengthen the anti-slavery infrastructure globally. In order to ensure we effectively deliver and steward this investment, we set ourselves the objective of being a vehicle of choice for investors in the anti-slavery space.

We therefore regularly review our organisational efforts and undertake a candid self-assessment of whether our frontline impact, thought leadership, management systems and donor servicing are indeed meeting the highest standards and maximizing impact for both our beneficiaries and our investors. This paper outlines some of the key areas that we feel underpin our competitiveness as an investment vehicle.

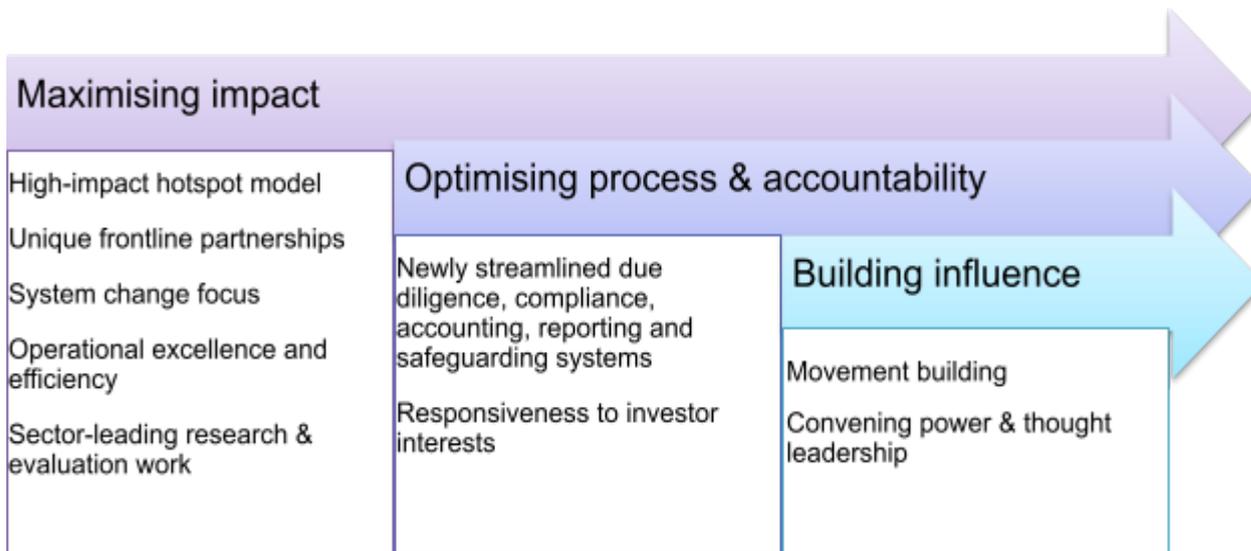
What does an 'investment vehicle of choice' mean?

Our mission - to mobilise the knowledge, capital and will to end slavery - frames the way we define and articulate our impact. The most visible part of our work happens in our hotspots, where we are increasingly defining impact in terms of not just direct impact but broader systems change. Ultimately, however, our hotspots are a means to an end, enabling us to harness our frontline work in order to identify and scale effective practices, policies and investments across countries and at the global level. Applying this lens, we believe this does not equate to using the cheapest method to reach the maximum number of vulnerable people, although of course, we are cost-conscious in our decisions. Rather, our focus must be on making targeted, long-term and pivotal investments to drive lasting, transformative change and influence the behaviour of service providers, governments, businesses and donors.

While donors come into the space driven by a multitude of personal and intellectual passions and interests, most of them will assess options with respect to three core areas:

1. Impact per investment (How much sustainable impact does my investment generate? Does it reach my intended target group?)
2. Process and accountability (Is my investment managed efficiently and transparently?)
3. Global influence (Does my investment further my ability to influence policy dialogue and the donor landscape?)

We firmly believe that our ambitious impact and cost-effectiveness objectives closely align with our investors' expectations, with many of our strengths and priorities directly supporting donor interests.



A. MAXIMISING IMPACT

1. Cost-effective hotspot model

Working with and through clusters of strategically aligned grassroots initiatives, the Freedom Fund's 'hotspot' model ensures that programs are deeply informed by and relevant to the needs of the vulnerable communities which we serve, producing sustainable change and delivering both direct impact for target beneficiaries, as well as far-reaching systemic benefits for their wider community.

'Hotspot' programs are identified according to a set of qualifying criteria. Interventions are focused in top-prevalence areas with high impact potential, based on extensive baseline, feasibility and cost-benefit assessments, and built on successful trials elsewhere. The hotspot approach of convening and investing in the most effective frontline initiatives, reduces costs and maximises impact in a number of ways, including but not limited to:

- Concentration of resources in key areas, so that sufficient investments are made to achieve measurable impact;
- Improved efficiency through clustering, taking advantage of partner synergies and economies of scale, and reducing program management costs (as localised clusters require less geographic dispersal of Freedom Fund staff and resources and allows for common training programs);
- Investment in capacity of frontline organisations, who can achieve more for less and who will continue to represent marginalised communities and drive sustainable change long after project ends;
- Facilitation of voice and agency - so as to ensure the views of impacted communities are represented at the highest levels;
- Lean organisational footprint with typically no more than 2-3 staff on the ground in any hotspot, and overheads below a 15% ceiling;
- Emphasis on intensive monitoring, evaluation and research to allow for adaptive programming and improved effectiveness of this and other anti-slavery interventions;
- Minimum investment period of 3-5 years to allow frontline organisations to build with confidence, investments to bear fruit and return on investment (cost-effectiveness) to reach its optimum level.
- Emphasis on forming and supporting a range of community structures to ensure sustainability (boosting long-term cost-effectiveness).
- Responsible exit from a hotspot - including consideration of sustainability, key objectives achieved, and where cost-effectiveness (i.e. impact per input) declines to a point where continued presence is no longer warranted or needed.

2. Exceptional frontline partnerships

To our knowledge the Freedom Fund is the world's largest funder of frontline anti-slavery NGOs, and we engage far more intensively with those partners than traditional donors. This includes support thorough due diligence, regular capacity assessments, capacity building and technical support and on-going monitoring and evaluation. Few funders in the space have developed a similarly effective approach to boosting frontline capacity and driving exponential impact while ensuring transparency and safeguarding donor interests. Independent impact assessments confirm our commitment to community-based, grassroots organisations as the most effective agents of change. They understand the communities they are serving, the powerholders they are challenging, and how progress is possible. Moreover, supporting frontline NGOs and boosting local civil society increases the long-term sustainability of that impact, far beyond our engagement cycle.

The Freedom Fund's experience and established protocols in managing these types of (relatively high-risk) relationships enables investors to channel funding directly to the most effective frontline groups at minimum risk to them or their investment.

3. Operational excellence and efficiency

Program strategies are based on robust evidence, constantly evaluated and adapted and taking advantage of existing synergies. They work to detailed objectives and targets, measured through a complex system of reporting, monitoring and evaluation. Lessons learned in one country or area of operation are immediately fed into work in other areas (where appropriate), thus minimising waste and enabling continuous improvement across the entire program portfolio. Freedom Fund staff are responsible for ensuring that programs are coherent, capitalise on synergies and maintain a single-minded focus on long-term goals and objectives, while nimbly adapting program interventions to maximise impact and respond to monitoring and evaluation findings.

Internally, we place emphasis on recruitment and retention of quality staff, while staying lean and nimble as an organisation (keeping our overheads below the Board-mandated threshold of 15%). We also make significant efforts to model and apply organisational values of excellence and agility in our governance and decision-making.

4. System-change as impact multiplier

Despite the modest scale of our hotspot activities compared to the size of the host countries, we have been able to generate a ripple effect at the sub-national and national levels by uniting and amplifying the voices of our local partners. It has allowed us to demonstrate the effectiveness of inclusion, agency and voice as a powerful route to change. This is not a widely shared strategy in the sector; we believe it makes the Freedom Fund an attractive channel for a philanthropist to achieve policy impact in high prevalence countries at a reasonable cost.

Having previously focused on documenting only our direct impact (in terms of assistance to beneficiaries) we have been increasingly shifting our attention towards driving (and documenting) broader systems change - disrupting the norms and rules that enable modern slavery to persist. As we are growing our networks and engaging with multiple stakeholders, our partners are initiating and catalysing policy and legislative change, improving business practices, influencing public attitudes towards marginalised groups, and building more effective social movements. This comprehensive approach which includes both a broad spectrum of direct assistance activities in marginalised communities, as well as system-change-focused policy, advocacy, research and movement building work distinguishes us from many others in the space who tend to define their scope more narrowly.

5. Sector-leading research and evaluation

The Freedom Fund is one of the largest funders of slavery research, which informs not only our work but also that of practitioners, researchers and governments. Since 2014, we have completed 76 research projects examining the scale and consequences of modern slavery, as well as the efficacy of programmatic and policy responses. To date, we have partnered with 43 research organisations across 13 countries, always aiming to build the research capacity of in-country organisations and activists.

Investment in prevalence studies and survivor-led research provides a much richer understanding of the scale and consequences of modern slavery; and assessing the effectiveness of programmatic responses helps us prioritise finite resources. We use research into how our work shifts government policies to better target our systems change interventions, while other studies are used to exert pressure on businesses to commit to and deliver on ethical practices. In short, our emphasis on research allows us to continuously recalibrate our programs for maximum impact and cost efficiency.

B. OPTIMISING PROCESS & ACCOUNTABILITY

1. Streamlined systems, policies & processes

Over the past two years, we have invested heavily in the review and upgrade of a variety of internal systems and processes. This was called for in light of a period of rapid organisational growth and the expansion of our donor base, including a number of highly complex government partnerships. To optimise our frontline partnerships, we have upgraded – among other things – our due diligence, capacity assessment, monitoring and safeguarding processes. In addition, our broader organisational policies and procedures have been designed to comply with the stringent requirements of, in particular, the UK, U.S. and Norwegian governments, and we are confident that our set up meets the highest standards of grant compliance and transparency.

As a result, donors wishing to channel funding to frontline initiatives can make full use of the Freedom Fund's specialist expertise and established procedures in supporting and managing funding to grassroots groups - most of which would otherwise be unable to access such (especially government) funding.

2. Responsiveness to donor interests

We have always maintained a close and engaged partnership with many of our key donors who are often deeply engaged in the anti-slavery space. Many of our programs were conceived and realised with input from our partners, beneficiaries and donors. These donors continue to monitor and influence the direction our work is taking – via broader funder participation in our Board or Advisory Council. This allows us to benefit from our investors' vast and varied expertise while providing funders an unusual and mutually beneficial opportunity to engage with the work they support.

C. BUILDING INFLUENCE

1. Movement building & thought leadership

Building and empowering an effective anti-slavery movement is one of the pillars of the Freedom Fund's mission, and movement-building efforts stretch across all the Fund's activities.

At hotspot level, the creation and enabling of networks of frontline groups - civil society organisations, community groups, and survivor collectives - and where possible their connection with each other and with broader national and international advocacy networks is a central driver of sustainable system change, as outlined above. Having a movement that is representative of those who suffer from slavery, and with access to evidence and learning, ensures the best possible outcomes for funds invested in the anti-slavery fight. In addition to frontline programs, the Freedom Fund's global thematic initiatives allow for an exchange of learning between different geographic locations and between global policy fora and the frontline. And through our Freedom Rising program, we are actively building and empowering a network of emerging women leaders that will further energize and professionalise the grassroots while shifting the sector's gender balance in a meaningful way.

The knowledge that we gain through both the hotspot programs (accompanied by a rigorous body of research), as well as the thematic work done through our global initiatives, serve as powerful leverage for the Freedom Fund's engagement with major global anti-slavery stakeholders. As a result – and despite its relatively short history and moderate size – the Freedom Fund has positioned itself as a leading voice in

the space, able to convene influential researchers and practitioners, engage with businesses around supply chains concerns and to generally participate in and influence the global dialogue. Our investors are both catalysing the Fund's influence through their funding, expertise and connections, and in turn benefitting from the exponential impact this drives at the global scale.

2. Convening power in the donor space

Donors – whether private, foundation or government – play a major role in determining anti-slavery outcomes, through their funding decisions, innovation, priority setting, advocacy messaging and (particularly in the case of government donors) their diplomatic engagement. However donor funding remains at a relatively low level and is often fragmented. The Freedom Fund pursues a two-pronged donor engagement strategy aimed at both mobilising additional resources for the sector and generally advising and shifting donor attention towards modern slavery issues. While continuing to benefit from the remarkable support of its anchor donors, the Fund has been successful in recent years in growing and diversifying its donor base as well as its influence with key donor stakeholders. This includes leading government funders, several of which are providing significant multi-year funding, and which are increasingly relying on the Freedom Fund's specialist expertise, research and ability to convene others in the civil society space.

For investors this means a) maximization of the impact and reach of work they fund, and b) an opportunity to collaborate, align strategies, and share common resources with other Freedom Fund donors and collaborators.

The Freedom Fund – filling a unique role in the anti-slavery sector

From its very inception, the Freedom Fund was conceived as a catalyst to provide much-needed coherence, thought leadership and resources to the anti-slavery sector, both at local and global level. We are neither the biggest, nor the most publicly known player in the space. We do not seek to cover all sectors or countries, and the lion's share of the funding we receive is immediately re-invested in our partners and a set of strategic thematic or research initiatives. Our role is that of convener, enabler and educator – with the aim to build sector-wide knowledge and capacity so we can all contribute our respective specialist expertise and resources to end slavery in our lifetime. We also play a unique role in ensuring frontline voices and experiences are heard, amplified and inform the global dialogue.

Looking at the global anti-slavery sector, we are filling crucial gaps and connecting dots where others are absent or only partially active. Through our sector-leading research we are making a major contribution to closing the data gap and setting standards and modelling good practice for others. We are supporting more grassroots groups than any other funder in the space, building capacity and injecting vital resources in a more strategic fashion than anyone else. With our multi-year commitments, we are offering our partners better financial security and allowing for real change to take hold. (Experience shows exponential impact growth tends to occur after about four years of investment.) Finally, we have developed best-in-class due diligence and monitoring mechanisms, offering detailed oversight that helps drive impact maximisation while minimising investor risk. It is for all of these reasons that we believe the Freedom Fund stands as an investment vehicle of choice in the anti-slavery sector.

The Freedom Fund – Looking forward

After seven years of intense work to design, test and fine tune our model, we are seeing our efforts validated by tangible and prolific impact on the ground. In a time when old structures and siloed thinking are being challenged and we are increasingly recognising the need for different sectors and stakeholders to work together for social justice and a more equitable distribution of resources, we hope our model of collaboration can inspire partnerships beyond our immediate sector.

There is immense movement and energy in the donor landscape at the moment, with great opportunities for new and innovative joint ventures.

There is also a huge need. Even before the pandemic some 40m people globally were estimated to suffer conditions of modern slavery – in the form of bonded or forced labour, forced or early marriage, or extreme forms of child labour. Yet despite the scale of the problem and its impact on those most vulnerable funding remains relatively small and fragmented. The pandemic, and its fall out represents both a risk and an opportunity - a risk that millions of more people will be left vulnerable, and an opportunity to accelerate change and build back better for everyone.

We believe that offering a vehicle for investors to reach the frontline and to dismantle the systems that keep people trapped in slavery has never been more important.