



## Money, Power and Free Lunches: Examining Foundation-Non-profit Power Imbalances in the Context of Capacity-building Programmes

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Focusing on foundation-non-profit relationships, the article reveals how power imbalances affect capacity-building programmes offered by foundations to nonprofit organisations. In doing so, it highlights barriers to equitable, trust-based partnerships and programme outcomes.

How do power imbalances between foundations and nonprofits influence participation, effectiveness, and mutuality within foundation-funded capacity-building programmes?

The author concludes that although foundations recognise and attempt to address power imbalances through trust-based and participatory approaches, inequalities between non-profits and foundations persist. This relationship constrains genuine mutuality and the effectiveness of capacity-building programmes. If more equitable relationships are to be achieved, foundations must acknowledge the influence of this hierarchy and work to diminish it.

[#TrustBasedPhilanthropy](#) [#CapacityBuilding](#) [#Foundation–Non-ProfitRelationships](#)  
[#FunderGranteeRelations](#) [#PowerImbalanceInPhilanthropy](#)

### Background

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### Context



- The **role of foundations** in society is contested. Some praise foundations as a needed **“third space” between the public and the private sphere**. Others criticize insufficient oversight and regulation under UK law and emphasise the potential **anti-democratic** nature of funders who can impose their own ideology and interest on civil society.
- The relationship between funder and non-profit can often be defined as **‘asymmetrical interdependence,’** where the implied threat of the removal of resources ensures recipient compliance; even “empowerment programmes” reinforce this hierarchical power dynamic when they remain one-sided, highlighting the need for more partnership-oriented approaches.
- Increasingly, foundations offer capacity-building programmes for nonprofits, intended to **strengthen non-profits’ internal systems and capacity**.
- Capacity, defined as the resources and assets a non-profit has to fulfil their mission, is **vital if an organisation is to grow and improve**
- The study focussed on a small sample and used **qualitative interviews with leaders from four large UK foundations** to explore how they manage power in capacity-building relationships with grantees.

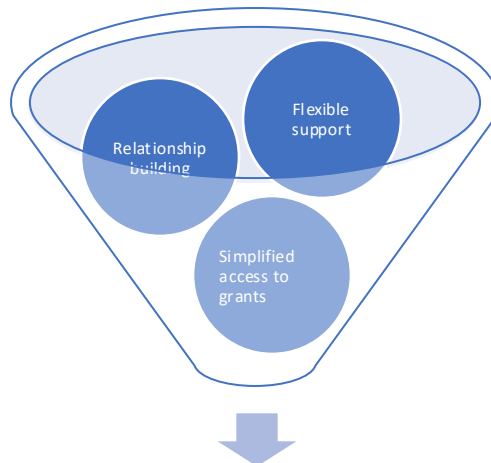
# ERNOP Research Note

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## Take aways & Learnings



- **Foundational power over nonprofits** at the grant-making stage was considerable since foundations determined application processes and successful recipients.
- The surveyed foundations were aware of this hierarchy and attempted to reduce its impact to **achieve mutual benefit**. **Strategies to create a more equal relationship** included attempts to build better partnerships, simplifying and clarifying the grant application processes and offering more flexible support.
- In particular, capacity-building programmes were seen as most effective when non-profits could **communicate candidly about their needs and shortcomings**. Such reciprocal gifting enabled foundations to better support individual non-profits and enhanced programmes as a whole.
- Achieving such reciprocation was, however, difficult due to the power hierarchy in respect of financial grants: non-profits' concerns about losing funding should they admit to weakness or difficulty placed them in a position of **"operational captivity"** and **restricted the programmes' transformative potential**.
- **Non-profit perception of foundational power** at the grant-making stage thus appeared to influence engagement with capacity-building programmes, highlighting the importance of managing the tension between the parties in respect of financial support.



Limited effectiveness in counteracting hierarchical power structures

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