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Donor expectations limit success of not-for-profit organisations, says research

Thursday 31 March 2022, Australia – Today, social enterprise Thankyou has launched a new video titled [Donor Dysfunction: 'The giving system is broken, and we helped break it'](#), revealing how traditional philanthropic systems designed to end global poverty can actually cause more harm than good.

Drawing upon several studies, the [video](#) presents the audience with data and lived experience as a funder to explain the concept of 'Donor Dysfunction' and how funder-created obstacles account for challenges organisations face. This includes a 5-year study on 'what goes wrong' in impact-focused projects, which has found that funder-created obstacles account for 46% of the financial challenges organisations face – an issue known as 'donor dysfunction'¹. This figure sits considerably above other more obvious issues — fraud and theft, and violence and conflict account for a mere 4% each².

The video explains Thankyou's experience as a funder and how sometimes donors with great intentions can unconsciously hinder the success of communities that are living in poverty. For example, projects with seemingly bigger numbers or tangible solutions that make sense to funders are more attractive to fund. This leads to many social businesses and corporations giving only to solutions that their consumers resonate with versus what is really needed.

"As a donor, when you're the one with the funds, you can find yourself feeling like you're in the driver's seat. But imagine giving a heart surgeon money and then directing them on how you want that surgery done because it's your money? As bizarre as that sounds, this is the best picture we can paint to describe where much of the funding for the global development sector, and many others too, is at," says Thankyou Co-founder Daniel Flynn.

"As we began to ask questions and learn from effective and experienced philanthropic organisations and our impact partners, we realised we'd been unknowingly part of the problem. In this process, we became aware of the areas that we'd got it so wrong in. It was at that point we realised we had no option but to change our entire impact model."

The research suggests that rather than limiting the way impact-driven organisations can utilise donations, donors should aim to empower these organisations by giving them unrestricted funds to undertake innovative work within the development sector — for greater, exponential impact. In 2020, Thankyou shifted its giving model to unrestricted funding — giving \$8 million to 16 impactful partners around the world.

Thankyou joins pioneers within the unrestricted funding space, including the Mulago Foundation³ and Mackenzie Scott, who last year donated an unrestricted \$2.67B (USD) to organisations driving change⁴. Thankyou also joins over 800 global foundations pledging to offer flexible funding during the COVID-19 pandemic, with most committing to continue to give unrestricted funding permanently.⁵

"We believe that unrestricted funding supports innovative pathways and approaches to achieve the scale of social impact this world needs to see. So we're going all-in on it. We look forward to seeing who will join the movement in years to come and seeing donors support a revolutionary call to change for revolutionary outcomes," says Flynn.

Watch Thankyou's 'Donor Dysfunction' video [here](#).

¹ "Roadblock Analysis Report" By Open Road Alliance, 10 April 2018 <https://openroadalliance.org/resource/ora-roadblock-analysis-report>

² "Roadblock Analysis Report" By Open Road Alliance, 10 April 2018 <https://openroadalliance.org/resource/ora-roadblock-analysis-report>

³ <https://www.mulagofoundation.org/articles/just-give-em-the-money-the-power-and-pleasure-of-unrestricted-funding>

⁴ <https://mackenzie-scott.medium.com/116-organizations-driving-change-67354c6d733d>

⁵ http://cep.org/wp-content/uploads/2021/11/CEP_Foundations-Respond-to-Crisis_Lasting_Change.pdf

About Thankyou

Thankyou was founded in 2008 and, in only 14 years, has grown into a movement of millions of people taking small steps to create big change.

Thankyou Co-founders Daniel Flynn and Justine Flynn believe Thankyou is a bridge between our world's two extremes, extreme poverty - the 736 million people living in it - and extreme consumerism - the now \$63 trillion spent as consumers annually.

Thankyou sees a world where not one person lives in extreme poverty. Their mission is to amplify impactful change-makers serving the world's poor by redistributing wealth from consumer spending. It starts with offering consumer products that people love to use and encouraging people everywhere to choose Thankyou.

Thankyou showcases life-changing products in their personal care and baby care ranges, as well as a best-selling book "Chapter One."

Thankyou's products are stocked by major retailers in Australia and New Zealand, with every product contributing to helping end global poverty. To date, Thankyou has raised over \$17 million for global-change makers in the fight against global poverty. The sectors that Thankyou's impact partners work across differ from partner to partner, but they all focus on tackling extreme poverty (people living on less than \$1.90 a day).

Thankyou is as committed to preserving the earth as it is to helping those living on it with its responsible business goals. For more information on Thankyou and its goals, visit its website at www.thankyou.co.

For further information about Thankyou, please visit www.thankyou.co or follow the journey at [@thankyouaus](https://twitter.com/thankyouaus) and [@thankyou.nurture](https://twitter.com/thankyou.nurture).

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