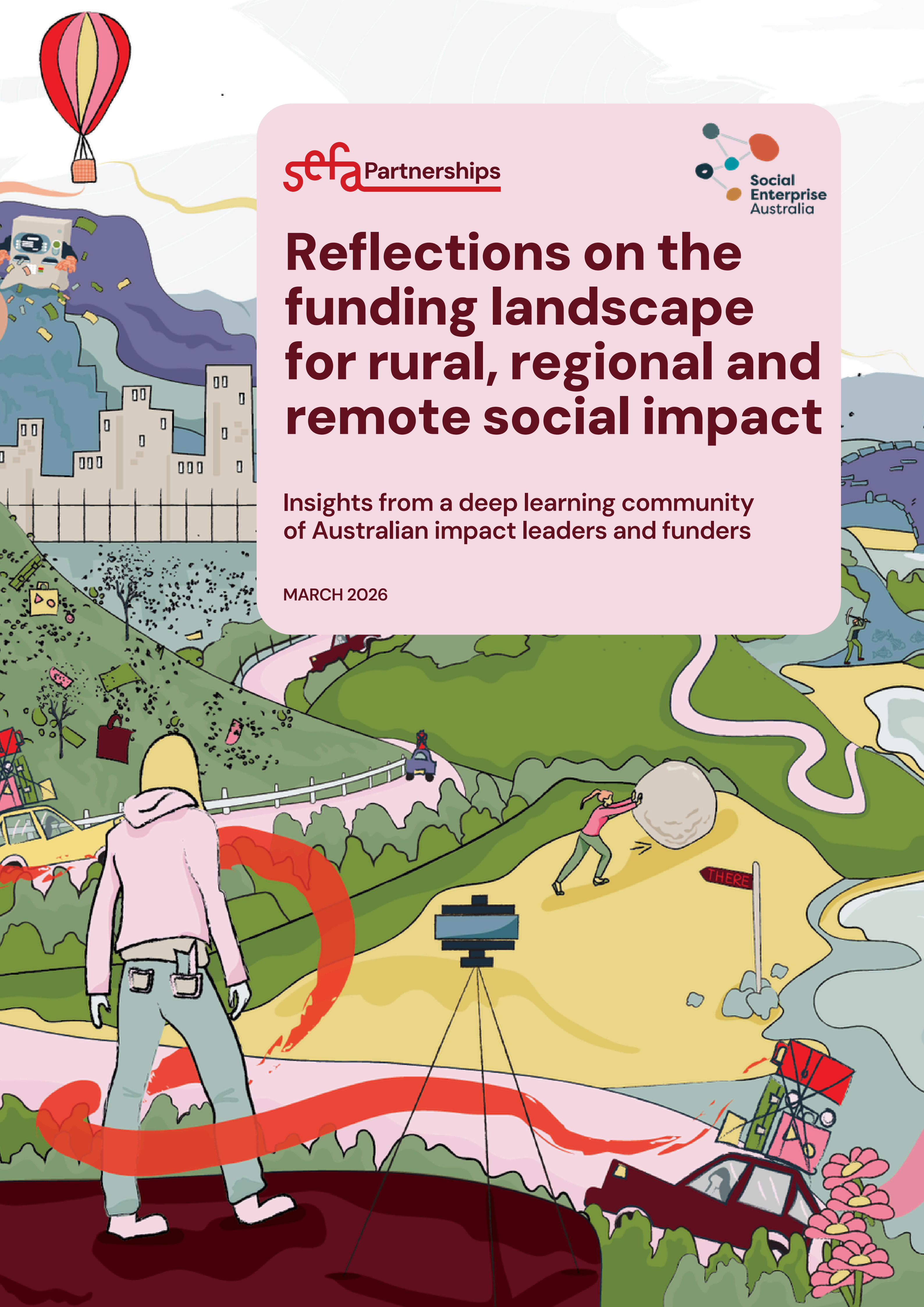

sefa Partnerships

Social Enterprise Australia

Reflections on the funding landscape for rural, regional and remote social impact

Insights from a deep learning community of Australian impact leaders and funders

MARCH 2026

Acknowledgement of Country

Sefa Partnerships acknowledges Aboriginal and Torres Strait Islander peoples as the traditional custodians of this country we call home. We pay our respect to Indigenous Elders past, present and future. We recognise the significant importance of their cultural heritage, values and beliefs and how these contribute to the positive health and wellbeing of the whole community.

This is, was, and always will be Aboriginal land.

Important information

Sefa & Sefa Partnerships
Sefa Partnerships connects philanthropy with social purpose organisations, facilitating capital flow through group programs and industry-specific research. We've delivered successful initiatives like Kickstarter, Dreamstarter, and the Paul Ramsay Social Enterprise Growth Incubator.

Sefa, our sister organisation, is a leading impact investor with 13 years of experience in supporting social enterprises. With close to $140 million deployed and over 130 social enterprises supported, Sefa empowers organisations with both capital and capability-building. In 2025, Sefa ran two learning cohorts under the EmpowerHer program to unlock outcomes for women facing disadvantage in the Riverina and Northern Rivers regions.

About the Artwork
The illustrations in this guide were created by Rachel Viski, a regional NSW artist with lived experience navigating regional realities. Based on prompts from our small group discussions, the artwork does not represent participants' realities, but was used as a tool to spark deeper, more meaningful conversations around participant's experiences.

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Thank you

Thank you to the participants from around Australia who took part in the deep learning community. And special thanks to Social Enterprise Australia, whose funding and support made this report possible.

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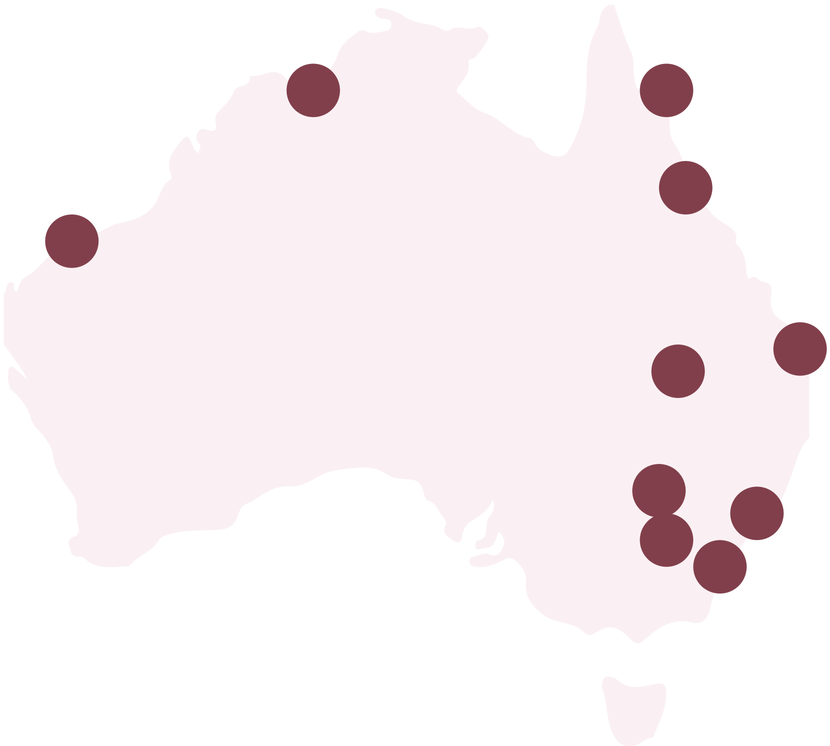


How to use this document

This document is the summary of the key reflections emerging from our deep learning community of practice, funded by SEDI (the Social Enterprise Development Initiative).

Our community comprised 6 leaders based in rural, regional, and remote Australia, and 8 funders with a specific interest in supporting non-urban impact initiatives. We met 10 times over 6 months in 2025, and remotely discussed 3 topics (first in peer groups, then as a collective). We worked with a designer based in Wagga Wagga NSW who helped illustrate some of the feelings, concepts, and ideas discussed in this paper.

This document is not a research report, it does not contain comprehensive, peer-reviewed or statistically representative data.

This report is a summary of the conversations, ideas, and themes that were raised by our community.

Please use this report as inspiration for your practice as an impact leader, funder, researcher, intermediary or community member to think about the role you can play in ensuring that every Australian has access to the resources they need to be able to thrive, wherever they may live.

Executive summary

Data and communication failures are causing market inefficiencies

We don't collect or analyse **data on remoteness**

We often only have **urban "mental models"** of what social impact and funding should look like, which obscures our realities

Funders' **intentions and criteria are often unclear** to impact leaders and **don't account for remoteness**

Leaders often **hide true costs** to compete with urban counterparts **and struggle to communicate the breadth of their impact**

And we use the same words to mean very different things, resulting in misalignment, frustration and distrust

Funding is insufficiently responsive to remoteness

Australia has an enormous **diversity** of geographies and economies that many **funding models don't account for**

Local contexts drive **what is needed**

What it **costs to do the work**

And **how (or whether) it can scale**

4x types of capital have big potential benefit for non-urban impact

Funding to collaborate
Funding to explore, build partnerships and relationships, and develop the connective tissue required for successful local social impact work.

Tiny grants for operations
$5-10k grants for operational expenses, given with minimal administrative and reporting burdens.

Funding to innovate
Funding to try, test and learn with new ideas, and being held accountable for learnings and progress as opposed to outputs.

Big capital for growth
Large investments to help social impact organisations unlock major opportunities such as self-generated revenue streams.

How information and communication gaps obscure the RRR social impact funding landscape

Lack of good data causes market inefficiencies and waste

The conversations indicate that the social impact funding market in RRR Australia is characterised by a **lack of understanding on all sides** of what the other really needs and is capable of, resulting in **market inefficiencies.**

When impact leaders don't know what funders want to see, their incentive is to shape their approach around what they *think* the funder wants.
Similarly, if funders don't understand the reality of creating social impact in RRR contexts, including the true risk and opportunity it offers, they won't shape their practice to support and grow the social impact outside of urban centres.

Things funders didn't know

- **How much of their funding portfolio goes to non-urban operators**

Not many funders we interviewed were gathering this data. Not having this information means funders are unlikely to be accurately understanding the differences between their investments in different contexts

- **Whether rural SMEs default on loans at different rates to metro businesses**

None of the bankers we interviewed before starting the community were gathering or using RRR data, even though there was a strong sense that investments in RRR contexts are more risky.

Things impact leaders didn't know

- **The "real" criteria that funders use to make decisions about whether to fund a project**

Impact leaders reported getting feedback on unsuccessful grant applications that told them there was missing information about things which weren't asked about in the grant application.

- **Why they are unsuccessful when applying for grants**

Every impact leader reported applying for at least one grant opportunity where they received no feedback, and sometimes no response at all. This means impact leaders cannot learn or improve.

Case study: finding ways to combat waste in the system

In 2025, Qantas announced it had received 3,000 applications for its Regional Grants Program, which distributed $2 million. Only 47 projects were funded. **The success rate was just 1.6%.** While the program supported strong initiatives, the time and effort invested by the 2,950 unsuccessful applicants was significant.

Many funders are already working on this

Many funders are aware of this problem and are making positive changes such as:

- Providing an estimate up front of how long the application process might take
- Using two-stage processes (brief initial Expression of Interest to shortlist)
- Publishing assessment criteria and scoring rubrics, and sharing scores and feedback with applicants

Our Learning Community imagined the grant system like a line of cars dropping off luggage at locked gates. Only a small number of bags are taken inside. The rest are left behind. If those applications are simply discarded, the effort becomes waste. But if the information, ideas and needs contained in them are captured and reused, they can create value for the broader system.

Our community imagined these alternatives to waste:

- Harnessing the data from all the applications to more deeply understand what is needed and advocate for change
- Identifying potential procurement partners from applicants
- Finding other ways to contribute in-kind to unsuccessful applicants, such as skilled volunteering or secondment
- Using high visibility media platforms to highlight runners-up to help showcase amazing work
- Using trusted networks to crowd in additional funding to find a good match for a great project

Poor data means we fall back on ill-fitting urban "mental models"

Our deep learning community explored how a lack of RRR-specific data led to people **relying on urban models of impact as they had more data and evidence to support their efficacy, even though they didn't fit the context.**

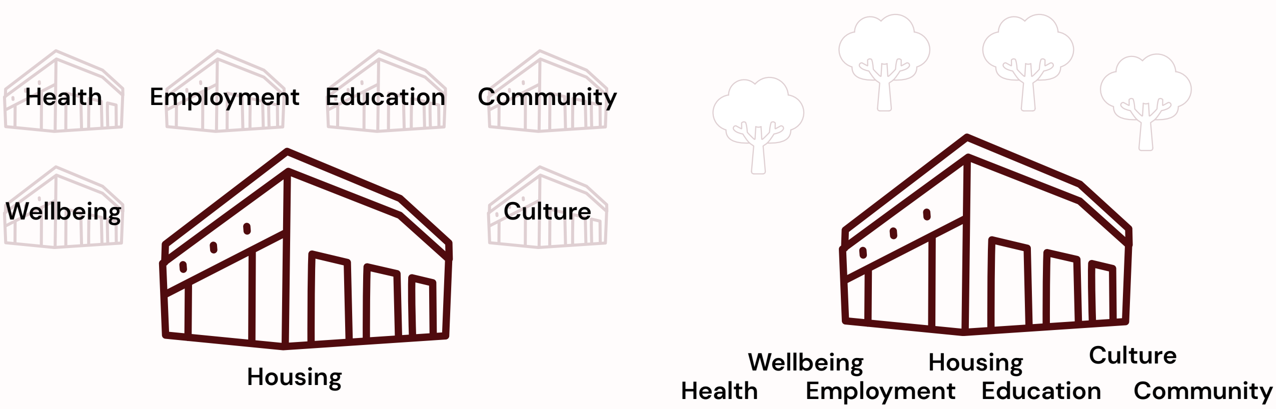
This meant that RRR social impact initiatives were being assessed against "value for money" criteria designed around the economics of urban-based projects, and were not capturing the full value that RRR impact projects were creating.

And we miss out on the power of "economies of scope"

In an urban context, economies of scale mean that an efficient project reaches the maximum number of people at the minimum cost per person. In a rural context, **economies of scope mean that an efficient project delivers the maximum breadth of service using the minimum resources.**

Our deep learning community discussed how the more remote the service provider, the less likely they were to specialise in an area of impact (such as housing) and the more likely they were to specialise in serving whatever the community needed.

Urban service landscape **Remote service landscape**



We can be "separated by a common language"

Our deep learning community identified multiple instances where funders and impact leaders were miscommunicating with each other, either using unfamiliar or technical language or - more confusingly - using the same language to mean different things.

The impact of this is that funders and impact leaders struggle to understand each other, their needs, concerns, or requirements, again causing waste and inefficiencies in the social impact market.

Case study: "Partnership"

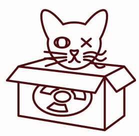
Our deep learning community identified the word "partnership" as an example of a word that can hide more than it reveals. Participants shared stories of "partnerships" that were almost completely transactional, and other "partnerships" that involved the organisations working deeply together, side-by-side, over long time periods.

The illustration we developed shows "partnership" in an opaque box, out of which could come any number of possibilities.

And misunderstand each other's motivations and intentions

Our deep learning community explored the negative ways participants felt seen by others in the impact capital system. These assumptions can get in the way of building trust, and further entrench the dynamics that divide the impact capital system players, stopping us from building relationships, partnerships, and understanding to work together effectively.

Impact leaders talked about not knowing whether to present themselves to funders as highly capable and a good investment, or struggling and deserving of benevolence. Funders talked about concerns of being perceived as "demon ATMs"; people in control of capital with suspicious and unclear motivations.



Ideas to bridge information and communication gaps

FUNDERS

Gather and analyse data on remoteness

Without this data, it will be impossible to know how your funding is reaching and supporting RRR Australia. The Workforce Locator is a free tool to identify remoteness in Australia.

Widen funding themes

Providing funding around narrow themes (such as housing) can mean missing out on the full value of community organisations who provide a breadth of services to their communities. Consider whether your funding strategy can be adapted to better suit the breadth of value that RRR impact leaders create, and allow leaders to provide evidence for why certain services are necessary.

Provide actionable feedback

Although everyone recognises this is easier said than done, as creating the conditions for feedback to be meaningful and honest, and making the space to action the feedback takes time and resources.

Invest in explaining your context, expectations and intentions

In all parts of the impact capital market we saw misunderstandings, negative preconceptions, and language used to mean wildly different things. Using plain language, investing time building understanding and sharing your expectations and intentions openly take bravery, but will be material to building trust, demystifying the market, and making capital flow more easily and efficiently.

IMPACT LEADERS

Share information about your context proactively

The majority of funders are based in urban centres, and may not understand the reality of your specific context, even if they have experience of living in a non-urban place. Providing contextual information on your location, community and work (which they may not explicitly ask for) can help bridge the understanding and experience gap, explain your cost base, and communicate your true impact.

How hidden costs shape the RRR social impact funding landscape

Australia's geography shapes the economics of social impact

Our community explored the mistake of thinking all "non-urban" contexts can create social impact in similar ways and for similar costs. Australia's highly diverse physical and economic contexts shape what social impact work is most needed and how social impact organisations operate.

Key factors driving economic variances

Distance

Regional and remote Australians can face very different challenges when it comes to distance. A project manager in regional Australia might drive eight minutes to a project site; one in remote Western Australia might drive eight hours between communities.

Climate and terrain

The physical context where work happens shapes how impact is delivered.
This includes everyday realities such as flies, heat, or snow, as well as natural disasters such as floods, bushfires and drought.

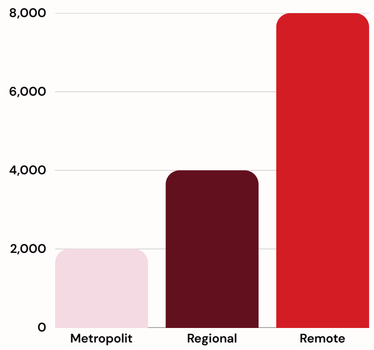
Local economies

The size and structure of local economies shape how organisations operate. In Western Australia distances are vast but resources are large, with major companies investing in social and environmental initiatives. In Tasmania most businesses employ fewer than five people, making microenterprise the norm.

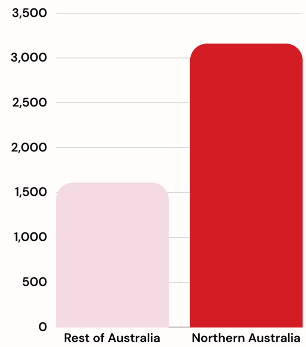
Geography shapes both the cost and availability of resources

Similar social enterprise models could cost wildly different amounts to operate depending on their location. The charts below illustrate some examples of differences in cost and availability of goods and services in rural, regional and remote Australia.

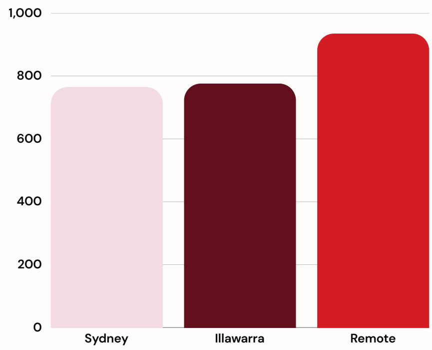
Differences in the cost of goods and services



Cost of "responsive maintenance" of buildings and assets in metropolitan, regional and remote communities
Source: AHURI

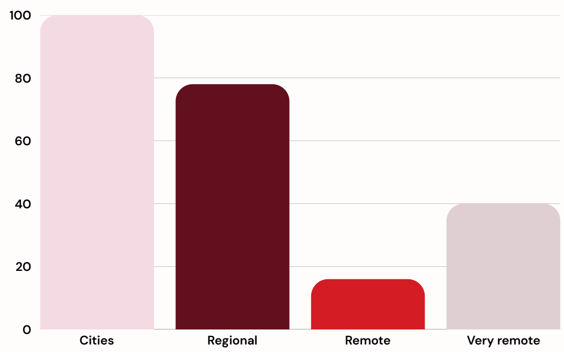


Avg. premium for small business building and contents insurance in rest of Australia vs Northern Australia
Source: ACCC

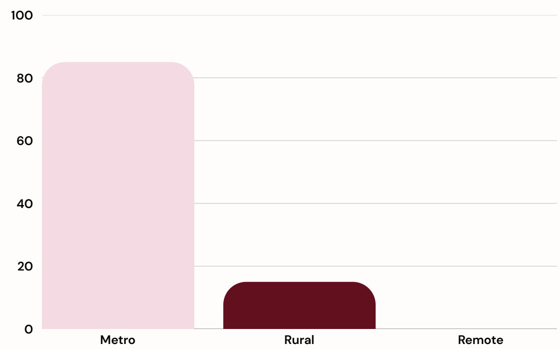


Avg. cost of a healthy diet per fortnight for a family of four in Sydney, Illawarra, and Remote communities Central Australia
Source: Food Environment Dashboard

Differences in the availability of goods and services



Mental health nurses per 100,000 population in QLD 2022-3
Source: AIHW



Percentage of coworking spaces in metro vs regional vs remote Australia
Source: Sydney Business Insights

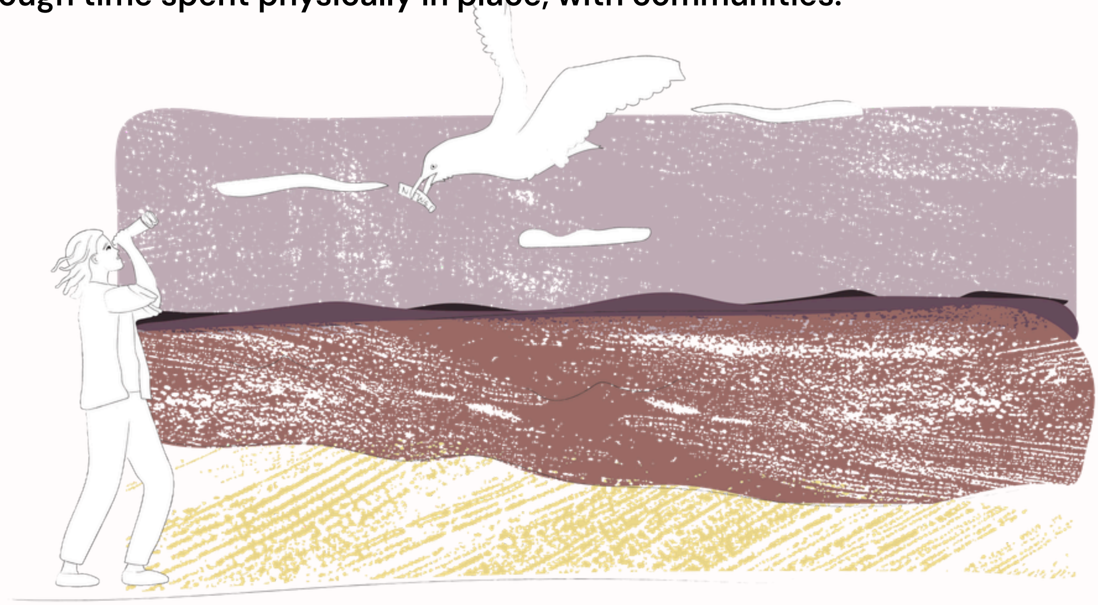
Places shape what is needed, what is easy and what is hard

The enormous diversity of Australia's physical landscape means that at any one time, one impact leader might be working in extreme heat, battling flies, and prepping for bushfires, whilst another leader might be battening down the hatches against a snowstorm. Physical conditions can shift dramatically depending on the time of year, and are becoming increasingly unpredictable due to climate change.

These different contexts can mean **certain activities, such as connecting to a webinar on reliable wifi, are much harder to execute** than in other settings. By a similar token, **some activities are much easier for leaders operating in RRR contexts, such as identifying local assets, risks, and opportunities.**

Building understanding and trust without proximity is challenging

Our deep learning community recognised the movements in philanthropy to "pay what it takes", to build trust, and to fund RRR social impact appropriately. One of the major challenges that increases with remoteness is how to **build trust and understanding in a cost-effective way**, especially considering the challenges of wifi connectivity in remote parts of Australia, and **the critical information that can often only be gained through time spent physically in place, with communities.**



Our deep learning community noted that **developing a usable understanding of local realities requires people to spend enough time** on the ground. Flying in and out (like a seagull) does not give people the time and space to develop a sense of a local community, as **the dynamics that drive communities are not static – they need time and patience to reveal themselves.**

The costs of labour are often hidden

There are many types of labour that go into making RRR social impact initiatives happen. Our community shared some of the ways that labour costs are hidden, making it difficult to truly understand the (financial, emotional, and personal) costs of doing this work. **Without an accurate understanding of cost, we cannot hope to appropriately resource RRR work.**

Hidden labour costs

Our deep learning community shared that RRR organisations were often understating labour costs in grant applications to remain competitive against their less remote counterparts. Many of the RRR projects were succeeding because of unpaid labour, such as overtime, community contributions and volunteer effort. Our RRR community identified that women's volunteer labour seemed particularly undervalued, further obscuring the real cost of delivering impact.

Hidden emotional labour and the blurring of leaders and community

RRR impact leaders are based in (and usually come from) the communities their work serves. Leaders shared how they were often personally affected by the work for which they were seeking funding, with suicides and natural disasters identified as two issues with deep personal and professional ramifications. The model of the leader as somewhat separate from their work, who can impose professional boundaries, seems to become increasingly inaccurate as their remoteness increases. These challenges were not discussed openly, leading to a **feeling of carrying a giant, heavy rucksack of responsibilities, which you had to pretend was not there.**

Hidden collaboration costs

Our community shared how successful RRR projects rarely happen in isolation. They draw on networks across communities. Building those coalitions takes skill, time and resources, often long before funding begins. Leaders were rarely able to apply for funding for collaborative work, and many funders exclude work that has happened prior to a grant application being successful.

Ideas to illuminate the true costs of RRR social impact

FUNDERS

Adapt funding criteria based on context and remoteness

Building processes that allow for how the economics of place play out as remoteness increases can help funders avoid inadvertently disadvantaging non-urban social impact organisations.

Consider the role of hidden, unpaid labour

Unpaid labour plays an outsized role in the delivery of social impact, and can have consequences both for the longevity of organisations, and the scale potential of successful initiatives. Exploring and understanding this hidden element can help funding more accurately meet the realities and needs of communities.

Be transparent about your intentions, your motivations, and the boundaries of your knowledge

Working collaboratively across enormous geographic, technical, and cultural divides requires everyone at the table to be open and honest, and to surface things that are usually implicit or unspoken in our day-today practices.
Transparency about ourselves can be a way to show respect to the knowledge and expertise of the other party. It can also function as a great social leveller - enabling everyone to see each other's domain expertise, as well as their knowledge gaps.

IMPACT LEADERS

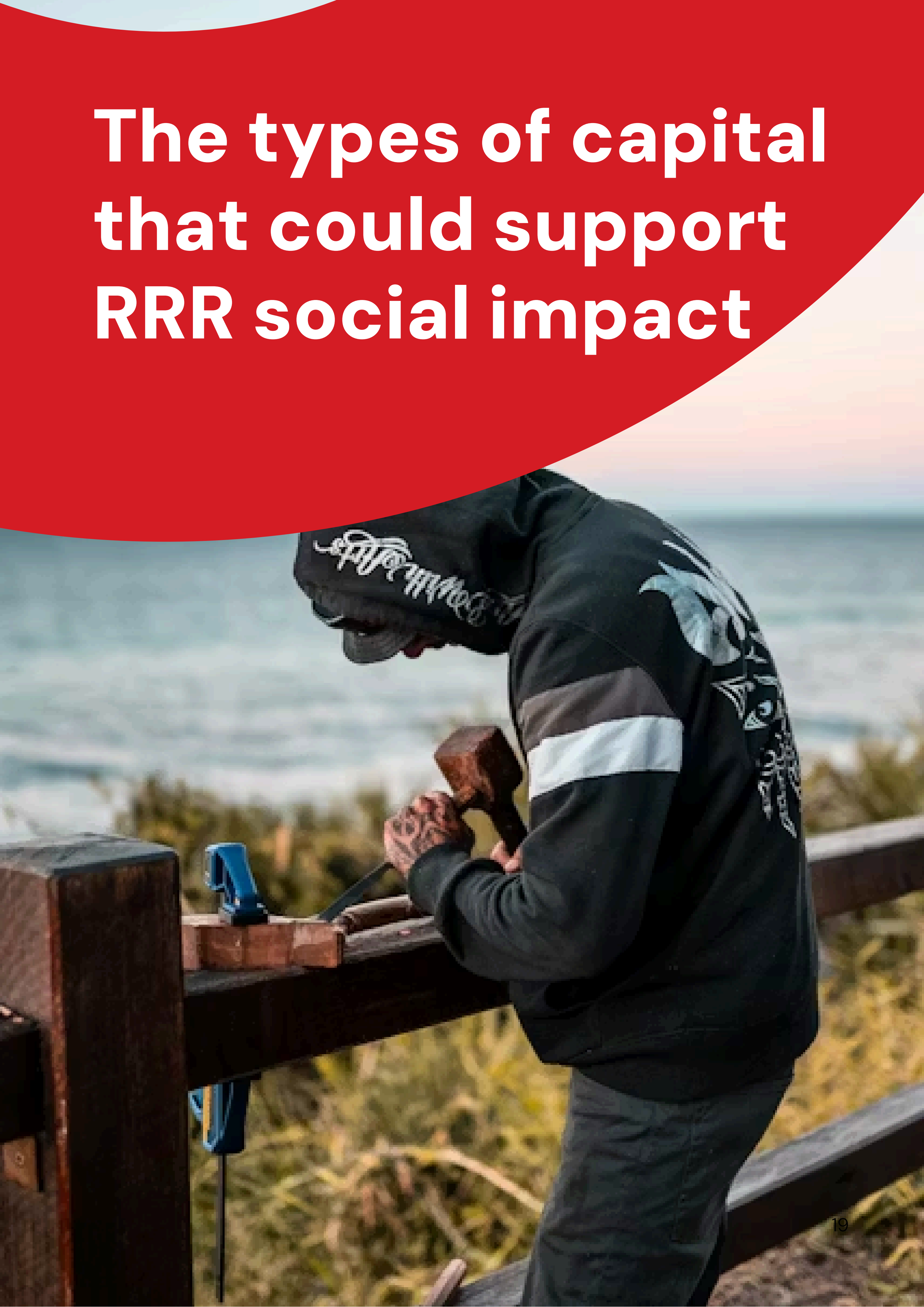
Help funders understand your local economic context

Funders may not account for the cost multipliers or resource constraints that come with remoteness, or with your specific context. Providing background evidence on costings can bring funders into your economic story.

Track and record in-kind contributions

Funders cannot fund what they don't know needs funding. Tracking the in-kind contributions and work that goes into making ideas live is the first step to ensuring that critical work can be supported.

The types of capital that could support RRR social impact



Funding collaboration & innovation

Two of the big ideas our community identified as having great potential in non-urban contexts involve **funding social impact processes**, as opposed to funding specific outputs or outcomes (e.g. number of people trained, % of people with improved mental health).

Funding collaboration

This means funding organisations, leaders, and people in RRR communities to explore, build partnerships and relationships, and create the supportive, connective tissue between them that will make more social impact initiatives more successful.

Why is it important to fund this work?

Local leaders, organisations and communities are already collaborating, but for free. This work appears to be associated with much better outcomes for social impact initiatives across the board, as the community is able to invest their time and resources building relationships and improving overall delivery to community.

Funding innovation

This means funding the processes of exploring new ideas or way of working. Whilst innovation can reliably result in learnings, innovators and funders must be open to "failures", lessons and pivots, and need to tolerate the messy and uncomfortable work of exploration and experimentation to find what works.

Why is it important to fund this work?

For many non-urban leaders, they are working with models, tools and expectations that are unfit for their community. Funding innovation projects, feasibility studies, co-design processes and research can activate local expertise, assets and resources in new and more impactful ways.

Barriers to this type of funding

We identified some of the reasons why processes struggle to get funding, including:

- Preference for funding outputs and outcomes over processes
- Narrow thematic funding discourages collaborative applications
- Impact leaders not knowing how to present these activities for support

Funding organisations with tiny grants and bulk investments

Two of the most promising capital types identified by our community were tiny grant capital for operational expenses, and large, bulk capital, usually to unlock an opportunity such as building a new business with self-generated revenue.

Tiny grants for operational costs

Tiny capital refers to small, flexible investments that are untied and simple to access. Our community discussed how untied grants of ~$5,000 for core costs would be transformative for small organisations.

What impact would this create?

In rural and remote Australia, small organisations are often the only social infrastructure that exists and most are chronically underfunded. Given their size, many operate at a scale where $5,000 of untied funding allows them to invest in the work that keeps their organisations operational.

Bulk capital for investing in growth and revenue

Bulk capital refers to larger investments that support expansion or income generation, such as acquiring an existing business or developing a sustainable enterprise model.

What impact would this create?

For rural organisations, bulk capital can create independence from short-term grant cycles. But access is often constrained by high upfront costs, limited collateral and capability gaps in managing larger financial investments. Bulk capital for capable organisations would help make social impact work more sustainable.

Barriers to this type of funding

Some of the trends that seem to impede tiny grants are:

- Preference for funding programs instead of operations
- Onerous decision-making processes and reporting requirements (see the Boring fund for a speedy and alternative way of getting capital to organisations).

Some of the trends that seem to impede bulk capital are:

- Assumptions about the capability of rural, regional and remote impact leaders
- Finding the right investment structure for the size, risk and length of time required
- Lack of board capability to support organisations transitioning from charity to business thinking

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