

Vol 24  
Number 1  
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# Alliance

For philanthropy and social investment worldwide

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Special feature

## Systems change

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Julian Corner

Lankelly Chase Foundation

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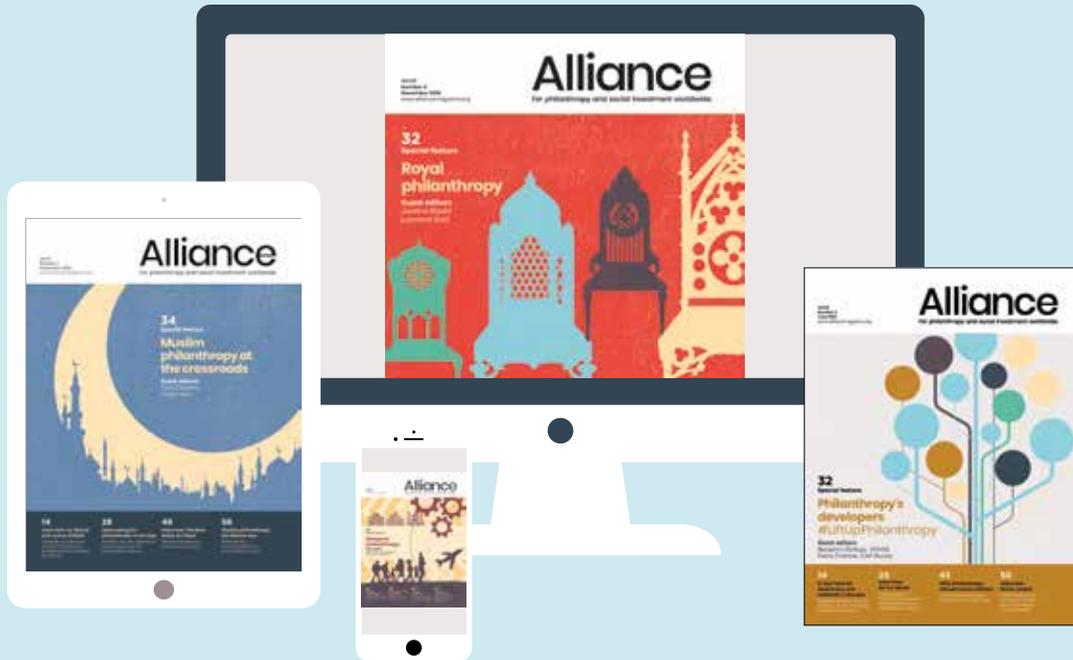
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### It's in the genes

Sandro Giuliani explains the Jacobs Foundation's approach to systems change in the Ivory Coast

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Jonah Wittkamper, Nexus

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*Democracy and**Media Foundation***Editorial****Changing the philanthropy system****Charles Keidan**Editor, *Alliance*.

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Debates are raging about the standing of philanthropy in democratic societies. Today's critics point to the ways in which philanthropy enables wealthy individuals and families to exercise (and enjoy) public influence off the back of economic success – essentially 'winners take all', not just once but twice over to paraphrase the title of Anand Giridharadas' recent book. In this issue, we talk to another trenchant critic of philanthropy, Stanford scholar Rob Reich. All too frequently, according to Reich, 'the decisions that philanthropists make tend to undermine democracy'. In our interview to discuss his new book (also reviewed in this issue) he makes bold proposals to 'domesticate' philanthropy and bring it into line with democratic ideals.

Yet, fears that philanthropy is an exercise in plutocracy seem at odds with the laudable efforts of some foundations, also documented in this issue, to open up space for civil society and stop crackdowns on rights and freedoms by certain regimes around the world who should know better. Defenders of our sector worry that charging philanthropy with elitism will simply empower these regimes to go further and limit our ability to respond. The stakes are clearly high and this new scrutiny of philanthropy points to its growing importance and relevance.

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Bigger and bolder efforts to effect 'change at scale' and 'systems change', the topic of this issue's special feature, could in theory re-enforce these concerns.

If so, our coverage of this topic may come as a surprise. Superbly guest edited by Julian Corner of the Lankelly Chase Foundation, the discussion of systems change on these pages takes a more self-critical turn with a focus on changing one's own behaviour, scaling 'deeply' and being intimately attuned to communities. I hope you enjoy an in-depth discussion of systems change fit for these sceptical times.

Finally, *Alliance* would like to thank the Jacobs Foundation for making this issue free to read online, everywhere, and to Fondation de France which has sponsored our article on the state of French philanthropy to mark its 50th anniversary.

But whatever faults or virtues you see in these pages are ours alone and we invite you to share your feedback. Thank you for reading and enjoy the new issue.

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Putting a foot in Europe's  
closing doors

As recent political developments threaten civic space in Europe, foundations are stepping forward to defend it, writes European Foundation Centre chair Massimo Lapucci.

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The state of French philanthropy

It's an auspicious moment for philanthropy in France but the sector is still finding its feet, reports *Alliance* associate editor Andrew Milner.

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without protest

Threats to the right to protest have caught liberal funders in the US unprepared, but the response is gathering momentum, reports Melissa Spatz of the Piper Fund.

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## Philanthropy and systems change

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Philanthropy and  
systems change

Philanthropy and systems approaches are an obvious coupling but the future of their relationship remains far from clear, writes guest editor, Lankelly Chase Foundation CEO Julian Corner.

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In profile: Systems  
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The work of funders is as varied as the systems they want to change. Andrew Milner profiles a selection of donors and organisations taking a more systemic approach.

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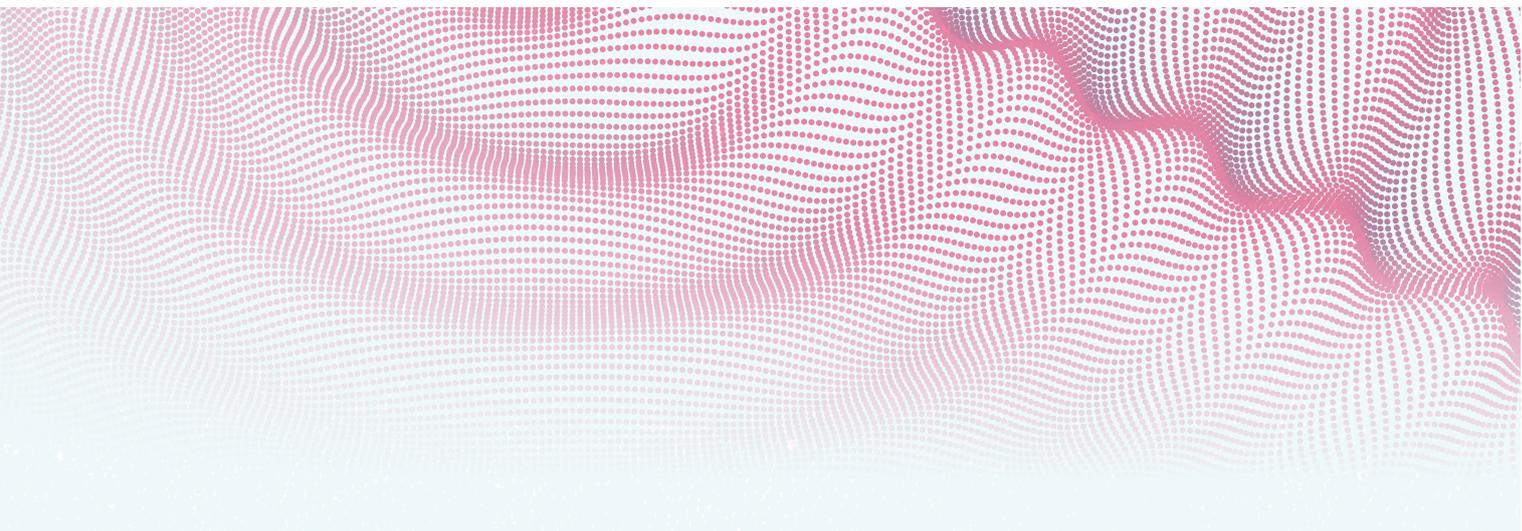


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Scaling Deep

Lankelly Chase Foundation's Alice Evans talks to Stephen Huddart and Darcy Riddell of the McConnell Foundation about how a systems change approach has led them to reconsider their operation as an organisation, and their attitudes as individuals.

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#### Decolonising systems change

The intervention of development organisations in the global South has given rise to accusations of 'neo-colonialism'. Edwin Huizing and Sjoerdsje van Ommen explain how Netherlands-based Hivos is addressing this legitimacy issue.



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#### System transformation? It's in the genes

Systems change is more than just a popular catchphrase, but its effectiveness depends on aligning strategies with a foundation's institutional DNA, writes Sandro Giuliani of the Jacobs Foundation.

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Achieving systems change is a dynamic, continuous, and sometimes chaotic process. Co-creation is key to success, argues Guayana Páez-Acosta, founding member of the Regional Group for Philanthropy in Latin America.

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How should funders understand and respond to the forces that create systems change? Executive director of Thousand Currents Solomé Lemma considers some potential answers.



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Arianne Shaffer and Tobias Troll spotlight how society is structured to put the profit and privilege of a few before the well-being of the planet and its inhabitants.



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## The bigger picture lying behind royal philanthropy

I appreciate *Alliance* focusing on the philanthropy of royal families around the world (December 2018) because in order for philanthropy to be effective and accountable, it does need to be scrutinised. Several articles in the issue ask whether royal philanthropy can

genuinely contribute to creating equal opportunities given its dynastic origins. This question is pertinent but the answers lie in a different line of enquiry.

For the most part, big philanthropy (the kind that involves big money) is a by-product of unequal social and economic systems and inequalities of opportunity that allow the accumulation of wealth by a few. The philanthropy of the royals, the old industrial tycoons, the new corporate leaders, and other wealthy people all fall somewhere on this spectrum. They need to be asked the same questions: Is such philanthropy advancing human dignity? Is it helping to create resilient communities and sustainable solutions to the problems the world faces today? Does the work justify the tax exemptions?

Using a separate mirror for philanthropy by the 'royals' runs the risk of cutting it some slack, of normalising or accepting the infantilising of 'subjects' – re-cast now perhaps as 'beneficiaries' – without agency of their own. Accepting the symbolism of 'royal patronage' and the benefits as *sufficient* makes it harder to see and to question what is really at stake – what is unclaimed that allows royal philanthropy to exist in the first place.

### **Chandrika Sahai**

Coordinator, Philanthropy for Social Justice and Peace (PSJP), India

## Power is a complex issue



The *Alliance* editorial and lead article introducing the issue on Royal Philanthropy raised thoughtful questions about covering some of the most consequential donors in the world: royalty. Yes, there are very specific power dynamics when we engage with and solicit from members of royal families. But we often forget that there is power on the charities' side of the equation,

too. Any funders, and royalty is no exception, rely on charities and other NGOs to fulfil their mission. Charities ensure that funders fulfil their desire to demonstrate impact, benevolence, and relevance. Funders rely on charities that are well run, with compelling missions, effective boards, and demonstrated impacts. No funder, including royalty, can do anything without a partnership with charities and NGOs. That's power, and it is held evenly by funders and charities alike.

### **Robin Heller**

Principal,  
RHI Fundraising

# Fascinating insight into working at scale



I enjoyed reading the interview with James Chen (*Alliance*, December 2018). James' steadfast approach to philanthropy, leveraging deep domain expertise to catalyze social impacts, is worth emulating by those who seek to do good outside of their home environments. His works over the past decade are great examples of bridging between local know-how and global expertise to scale social innovations. They also show the critical role of working with local champions to drive on-the-ground execution. Perhaps most importantly, focusing on interventions that benefit from deep domain knowledge to create replicable, outsized impacts.

Specifically, his work leading the Clearly campaign demonstrates that solutions at scale do not necessarily require new technology, but a reframing of an issue. In this case, uncorrected poor vision afflicting 2.5 billion people globally - tackled by good enough screening and affordable

glasses replicated on a global scale - can dramatically increase productivity. By linking this issue to the global UN Sustainable Development Goals, policymakers around the world now have the tools - and increasingly the evidence - at their disposal to act to correct poor vision.

**Philo Alto**  
Asia Value Advisors,  
Hong Kong

## Watch... Share... Be Inspired!

*Turkey's Changemakers Program in its Tenth Year*



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**Talking Hands** works for employment of hearing impaired/deaf people through finding solutions on equal opportunity in education. Online and in-class math trainings are organized with sign language.

## Open your black books



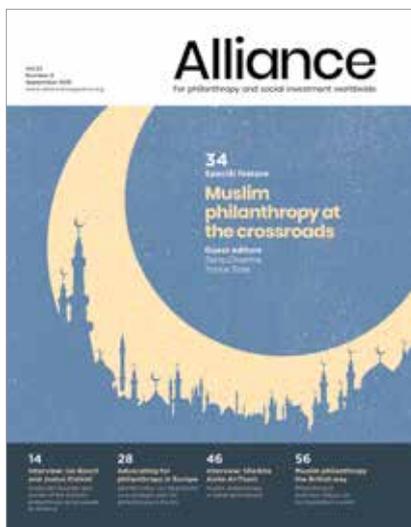
It excites me no end when I see what can be achieved without a personal agenda.

reciprocated or you can rest assured that something positive can happen!

**Juliet Valdinger**  
Philanthropy consultant

When Charles Keidan mentioned in passing that the September 2018 edition of *Alliance* would look in-depth at Muslim philanthropy, I commented that I could introduce him to Yunus Sola and Tariq Cheema, who were in mid-flow setting up the Global Donors Forum – the biennial gathering of the World Congress of Muslim Philanthropists which was taking place in the same month. To see Yunus and Tariq become guest editors of an important special feature, *‘Muslim philanthropy at the crossroads’*, and then read analysis of the topic from around the world and follow-on letters continuing the debate, well, it really shows how a casual introduction can make a difference.

So, with that in mind, I invite everyone to open and share your black book of contacts, even when you see no way that it will directly benefit you. A thoughtful introduction will either be



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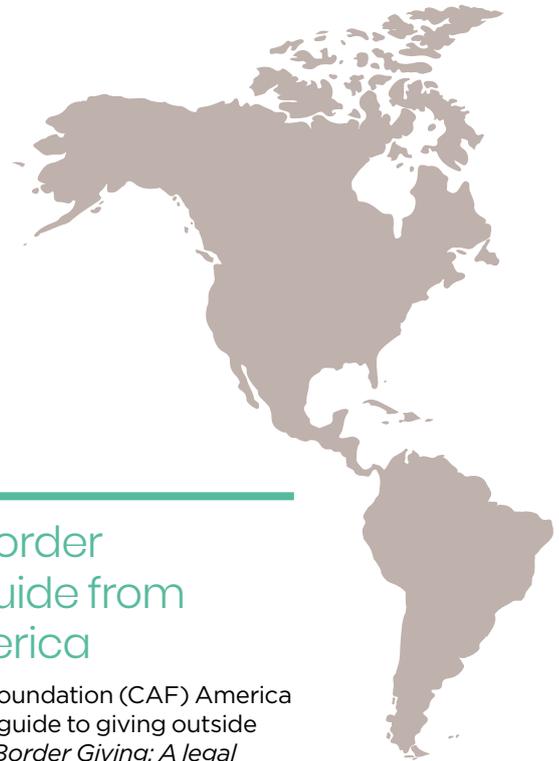
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# The Americas



## New law to regulate endowments in Brazil

Brazil has passed a new law to regulate endowment funds, which could bring an estimated \$1.2 billion into its philanthropic coffers, according to the country's Institute for the Development of Social Investment (IDIS).

The absence of regulation had meant there were no restrictions on the use of endowments, with the result that they were often used for private, not always legitimate purposes, which led philanthropists to be wary of them. IDIS estimates there are currently only 27 endowment funds active in Brazil. The law marks a victory for the *Coalizão pelos Fundos Filantrópicos*, led by IDIS, which has been campaigning for such legislation since 2011.

<https://tinyurl.com/Brazil-endowment-law>

## Cross-border giving guide from CAF America

Charities Aid Foundation (CAF) America has released a guide to giving outside the US. *Cross-Border Giving: A legal and practical guide* is described as a new resource for grantmakers and organisations seeking US-based donors. It covers ethical grantmaking, the closing space for civil society, equivalency determination and expenditure responsibility, and preparing for an audit. CAF America hopes the guide will help offset what CEO Ted Hart described as 'complex US and international regulatory frameworks', which can deter both donors and grantees from crossing borders.

<https://tinyurl.com/US-CAF-guide>



## 2016 election prompts US foundations to refocus giving



One in four US foundations have made changes to their giving as a result of the 2016 elections, according

to a survey of some 450 foundations at the end of last year. The most notable changes are more funding for advocacy and organisations,

rather than programmes. Exponent Philanthropy's Pulse Check Survey found that half of those who had made changes had either begun to fund advocacy or increased their support of it. Thirty-two per cent had changed their allocations to specific funding areas, 30 per cent had added a new funding area, 29 per cent were giving more general operating grants and 23 per cent were giving more capacity building grants.

<https://tinyurl.com/US-election-giving>

# Europe



## IOTA is first foundation based on crypto-assets



The IOTA Foundation is the first foundation whose capital consists entirely of a crypto-currency. Based in Germany, the aim of the

foundation is to 'develop the technology behind IOTA through a part of the donated capital and to build and promote an entire ecosystem so that sustainable innovations can be realised', said co-founder Dominik Schiener. IOTA is what the foundation's website describes as 'a permissionless distributed ledger for a new economy'. Its aim is to solve 'the inefficiencies of the Blockchain', which have led to slow transaction times and high fees. IOTA will enable feeless transactions and allow 'machines and humans to participate in flourishing new permissionless economies'.

<https://tinyurl.com/IOTA-crypto-assets>

## Promising early results of Amal Project



While early results of the Amal Project, which uses arts and cultural engagement as a way to bring together British Muslims and non-Muslims, are encouraging, further exploration is needed to pronounce the approach a definite success, according to a report on the project's pilot phase. Launched in 2017 by the Said Foundation, Amal provides support to a range of Muslim arts and cultural organisations, whose work under the project has brought more diverse audiences to Muslim arts productions, helped challenge negative stereotypes among non-Muslims and enabled young Muslims to express themselves through art, generating confidence and a greater sense of belonging.

<https://tinyurl.com/Amal-report>

## French equivalent of Giving Pledge launched

Two French businessmen and philanthropists, Denis Duverne and Serge Weinberg, have launched *Changer par le Don* (roughly translated as 'change by the gift') with the aim of encouraging wealthy French people, or those 'whose financial situation is comfortable' – in the words of the initiative's website – to donate at least 10 per cent of their wealth. Inspired by the Gates-Buffett Giving Pledge, the initiative has some 40 signatories, including writer Marc Levy, the pharmaceutical manufacturer Alain Mérieux and Jean Todt, former head of the Ferrari F1 team. The founders hope this number will have risen to 400 by the end of 2019.

<https://tinyurl.com/Changer-par-le-Don>

## Potantin targets integration

To mark its 20th anniversary, the Vladimir Potanin Foundation has launched a Centre for Philanthropy Development. Its aims are to help Russian philanthropy integrate into a global context and foster new partnerships, and to review the philosophy of philanthropy in Russia and beyond. Among its first projects will be research on big data usage in philanthropy. According to Oksana Oracheva, the foundation's general director, the centre will become 'an intellectual hub which creates, accumulates and shares state-of-the-art knowledge and practices that are going to change the philanthropy landscape in Russia'.

<https://tinyurl.com/Potanin-Centre>

# Africa and Middle East



## Gatsby Foundation's Africa director killed in Nairobi



The Gatsby Foundation has announced that Luke Potter, its programme director for Africa, was killed in the January terrorist attack in Nairobi.

Gatsby Africa is the operating arm of the UK's Gatsby Foundation, one of the largest of the Sainsbury Charitable Trusts.

<https://tinyurl.com/Gatsby-Africa-director>

## Ghana CSOs unprepared for leadership transition

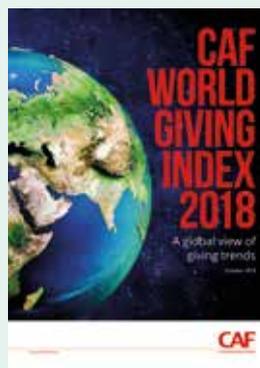
Many Ghanaian CSOs lack the governance structures and systems to support effective leadership transitions, says a new report, leading to turmoil when the time comes to replace a leader. Only one of the 15 CSOs studied by the WACSI Research Fellowship on Leadership and Governance had a succession plan, while 60 per cent of the sample's executive directors and founders had a limited understanding of governance, tending to confuse it with management and most boards were not proactive about dealing with the challenges posed by leadership transition.

<https://tinyurl.com/Ghana-CSOs>

## Africa closing gap on more 'philanthropic' continents

The 2018 CAF World Giving Index suggests that giving across Africa is rising in comparison to the rest of the world. Giving is broadly construed by the index, which creates a ranking based on volunteering and helping a stranger, as well as giving money. It shows four African countries in the overall top 20, and though no African country makes the top ten of giving money to charity, when it comes to helping a stranger, five of the top ten countries are African. The gap between the highest scoring continent in the index, Asia, and Africa, traditionally the lowest scoring, has narrowed from six percentage points five years ago, to one in 2108.

<https://tinyurl.com/Index-giving>



## Multi-sector partnership aims to reduce stunting in African under-5s

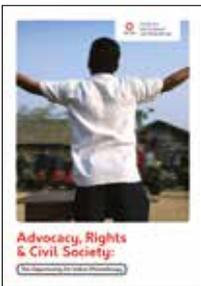
A multi-sectoral plan to reducing stunting in Africa has been launched by the African Development Bank. Through the Multi-Sectoral Nutrition Action Plan, launched in partnership with Big Win Philanthropy and the Aliko Dangote Foundation, the bank will scale up the proportion of investments that are 'nutrition-smart' in agriculture, water, sanitation and hygiene, social and health sectors. Dangote Foundation CEO, Zouera Youssoufou, said: 'We know we cannot do this by ourselves, so it made sense to put money at the African Development Bank to develop this nutrition strategy.' No figure for investments has yet been mentioned, but the aim of the programme is to reduce stunting in African children under the age of five by 40 per cent by 2025. The continent is currently home to a third of the world's stunted children of that age.

<https://tinyurl.com/AfDB-stunting>

# Asia and the Pacific



## Indian rights and advocacy funding gap



Rights and advocacy work in India is facing a funding gap due to decreasing foreign funding over the last 3-4 years. This situation has been aggravated by

amendments to the Foreign Contributions Regulation Act (FCRA)

aimed at cutting the supply to these organisations. *Advocacy, Rights and Civil Society*, by the Centre for Social Impact and Philanthropy, suggests how Indian philanthropy can support rights-based work by assisting with FCRA compliance, organising legal support for groups contesting FCRA de-registration and replacing lost support from overseas. Over the longer term, Indian funders can help by developing the capacity of rights-based organisations and adding a rights element to their funding.

<https://tinyurl.com/India-funding-gap>

## New resource for environmental funders in China

At its first forum in November 2018, the China Environmental Grantmakers Alliance (CEGA) launched the CEGA Environmental Protection Organization, an information platform.

The platform aims to remedy the lack of basic data on environmental grantmaking in China, facilitating the distribution of resources to where they are needed and outlining which organisations and funders are doing what. The forum also marked the launch of the CEGA 2018 report, the most up-to-date resource on environmental grantmaking in China, domestic policy and international conventions.

<https://tinyurl.com/CEGA-data-resource>

## \$7.1m support for NZ biomedical research hub

New Zealand's Hugh Green Foundation has pledged \$7.1 million to build a world-class biomedical research technology hub at the country's Malaghan Institute of Medical Research.



Spread over a five-year period, the investment will enable the institute to develop a purpose-built centre using state-of-the-art cytometry, microscopy and histology technology platforms to investigate the inner workings of the cells and tissues in health and disease settings. Institute director, Professor Graham Le Gros described the foundation's support as 'game changing... for both the institute and New Zealand' and predicted it 'will have a lasting impact on the health research sector'.

<https://tinyurl.com/NZ-biomedical-support>

## Schoolchildren nutrition programme wins Gandhi Peace Prize

The Akshaya Patra Foundation has been awarded the Gandhi Peace Prize for providing midday meals to schoolchildren in India. Begun in 2000, the organisation now feeds 1.76 million children daily in 14,702 schools across 12 states. Although the prize is intended to be annual, no award has been made since 2014. Previous winners of the Gandhi Peace Prize include Nelson Mandela, Desmond Tutu and Vaclav Havel.

<http://tinyurl.com/akshaya-prize>

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### Africa needs a philanthropic revolution



**Halima Mahomed** argues that African philanthropy is failing to meet the needs of the continent's dynamic social movements.

### Christopher Parker, Inside Oak Foundation



The Foundation's most recently-appointed trustee, 28-year-old **Christopher Parker**, tells Charles Keidan how its work across the world in fields as wide ranging as the environment, human rights and child abuse, fits together.

### Corporate philanthropy in India in the era of mandatory CSR



**Andrew Milner** looks at the effects of a surge in corporate funding for India's social sector and what the development implications are.

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Seth Cochran, Operation Fistula

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## Alliance *audio*

### Systems change in philanthropy

In the eighth *Alliance* audio podcast, Charles Keidan discusses what it means to conduct philanthropy 'at scale' with Rakesh Rajani of Co-Impact and Donzelina Barroso of Rockefeller Philanthropy Advisors.

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# Interview: Rob Reich

For Rob Reich, co-director of the Stanford Center on Philanthropy and Civil Society, the first question to ask about philanthropy is not how well is it doing, but what is it for? In an influential new book<sup>1</sup> Reich argues that major philanthropy is an exercise in power which needs reform to bring it into line with democratic standards. He tells Charles Keidan the remedy...

Rob Reich



Christine Baker

# Domesticating the plutocrats

## Can you outline the premise of your book for *Alliance* readers?

As my academic discipline is philosophy, I am trying to bring the lens of a political philosopher to the practice of philanthropy – how to think about the public policies and social norms that help to give structure to and guide the practice of philanthropic activity. The goal for me was to try to understand not just descriptively how philanthropy exists in democratic societies, but philosophically or normatively how it should support, rather than as is too frequently the case, subvert democratic ideals.

## Your book also raises concerns about philanthropy's difficult relationship with justice and equality. Why do you think philanthropy and equality are in tension?

The tension with equality is pretty straightforward. There's the long tradition that exists in many places that charity or philanthropy is about alms giving, it's about assistance to the poor. Yet, in almost all societies that I covered, shockingly little charity actually goes to combat disadvantage or to provide assistance to the poor. In the US – the setting I did the most empirical work in – if you make the most generous possible assumptions about what would count as giving to the disadvantaged, you get to about a third of all charitable giving.

## Why is philanthropy in tension with democracy?

What we have in a democratic setting is the standing invitation to wealthy people to use their private resources to affect the public. And in many cases, that includes the effort to change public policy. It's an exercise of power and we citizens should ensure the exercise of that power is supporting democracy rather than undermining it. And I think far too frequently, the decisions that philanthropists make tend to undermine democracy. Think of the rhetoric people use: 'philanthropy can be smarter than the inefficient bureaucratic state', 'the activities of smart people in the marketplace can be transformed into social enterprises and philanthropic entities for the benefit of other people'. That's essentially to try to by-pass democratic governance.

## How do you think philanthropy should support democratic governance?

I think we need to understand what philanthropy might be able to accomplish that other sectors can't. My answer, especially with respect to large foundations, is its 'discovery' function. Philanthropists can take long time horizon bets. There's a way in which the public policies could provide a structure to allow wealthy people to direct their private assets to some public purpose – what I call an extra-governmental source of experimentation and innovation. Philanthropists present their successful experiments to a public for ultimate democratic stamp of approval, which would involve scaling successful innovation to everyone's benefit, usually through ordinary tax dollars. The best example is Andrew Carnegie's stimulation of the public library system. Carnegie did not say he'd foot the bill in perpetuity for any town wanting a public library. He set up an experiment which, when popular and successful, was transferred to the public purse.



The goal for me was to try to understand not just descriptively how philanthropy exists in democratic societies, but philosophically or normatively how it should support, rather than as is too frequently the case, subvert democratic ideals.



### Doesn't giving plutocrats that role actually cement their power?

I would rather describe it as 'domesticating' plutocrats, in order to serve democratic purposes. Alternatively, there are rare occasions when philanthropically stimulated innovations might be brought to scale through the marketplace. The best example of that in recent years is micro-lending which was philanthropically pioneered and which then became an activity of for-profit banks. But the point is that philanthropists always have to seek an exit strategy. Philanthropic assets are not as large as public assets or the capital assets in the marketplace and it's important for philanthropists to see that they're ultimately second to both of those.

### Is Mark Zuckerberg's famous charter school experiment in New Jersey the kind of discovery-type experiment you'd welcome?

It's potentially a welcome experiment,

but the manner in which he undertook it – never having visited Newark but imagining that a donation of \$100 million would transform a community that has a history of tension with outsiders – was the mark of a relatively young man, over-confident in his philanthropic ambitions. In the Chan Zuckerberg Initiative, they now speak as if they no longer want to do things *to* people. Instead, they want to work with people by engaging the agency and voices of those they aim to serve. It's early days. We'll see what happens.

### The Chan Zuckerberg Initiative is structured as a Limited Liability Company and not a foundation. What do you think about that?

To my mind, that's one of the more interesting and troubling developments in US philanthropy. It allows the philanthropist to engage in ordinary grantmaking to non-profit organisations and to seed

#### **Above:**

Not our ballpark – it's doubtful whether philanthropy can level the playing field.

investments in for-profit companies that are meant to have some social purpose. With Chan-Zuckerberg, that means political activity. So the Initiative almost certainly spends a lot of money to try and elect its preferred education politicians, with practically no transparency, but with the tax benefits that are attached to the grantmaking part.

**That seems to suggest less domestication rather than more!**

Correct. This is why my book is ultimately not about what any particular philanthropist should do, it's about what public policies should be.

**Talking of public policies, there's a suggestion that tax subsidies to foundations might also be undermining democracy, taking revenues that would be public and putting them under private control. Do you think there are any circumstances in which tax subsidies for big philanthropy or foundations are justified?**

Possibly, but I would want to see good empirical evidence that the creation of such subsidies was essential to getting people to undertake philanthropic activity at all. The Carnegies and Rockefellers, for example, created enormous foundations without any tax benefit. In part, because there was no personal income tax. Wealthy people often say that they're not motivated by taxes to undertake philanthropy, but of course they deploy their accountants to 'tax optimise'. For certain kinds of philanthropic activity, there's good reason to believe that the tax incentives don't matter.

Bobak Ha'eri



Philanthropic assets are not as large as public assets or the capital assets in the marketplace and it's important for philanthropists to see that they're ultimately second to both of those.

If that's the case, there's no reason to lose money from the exchequer if we're going to get the same activity – and we're talking about \$50 billion a year in the US.

**So the onus is on those that want it to be able to justify tax subsidies to foundations. You don't believe that the justification is there?**

That's right.

**So restricting tax benefits is quite a big public policy recommendation flowing from your political theory of philanthropy?**

That's absolutely right. The mechanism in the US is really a deduction from otherwise

taxable income, which benefits the wealthy at the expense of the middle class. In the book, I argue instead for a tax credit because that would allow each person an equal voice.

So for example, if everyone were assigned a \$1,000 tax credit or charitable giving in which 25 per cent of any gift we made was then a tax credit up to a limit of a \$1,000, that would mean that both Bill Gates and I (a much smaller donor) would get the same credit on a donation. Public policy weights our voices, our philanthropic preferences identically.

**Do you think there's an argument for giving tax credits or benefits to those foundations that either diversify their boards or show a greater level of transparency or commit to your rationale of discovery?**

Yes. I think that's the way that public policy, especially tax policy, should be oriented. Let's figure out what we wish to do with foundations – if it's more diversified governance, a different pattern of giving that's oriented around discovery, or perhaps a time-limited existence, then to the extent that we have tax benefits at all, they ought to be conditioned by these various things.

**Your view in the book seems to be that you can't answer those questions unless you're thinking about what role philanthropy should have. Is that correct?**

Yes. But let me add one more thing. My colleague at Stanford, Paul Brest, is a pioneer of strategic giving or effective philanthropy. And of course, I have no opposition to the idea that philanthropy should be strategic or effective. But rather than just saying 'dear donor, what's the goal you have in mind? And let me help you be effective at reaching that goal', the more appropriate way to confront the question of effectiveness is to have a background theory about what philanthropy should be effective at in the first place.

**Yet you note in the book that philanthropy has been under-theorised. Why do you think that is?**

One reason, I think, is that there have been few university-based entities dedicated to studying philanthropy. Virtually every university has a graduate school of business, and there are departments of political science or schools of public policy, which examine every micro-dynamic of a democratic state. So this massive and obviously important third sector has little scholarly apparatus dedicated to its examination. Part of what I want to do in the book is to direct the attention of political and other social scientists as well as philosophers to these questions. Whether or not someone agrees with my conclusions is less important than that they see the topic is worth attention.

**Stanford University has an endowment of over \$20 billion and counting. Its development office employs hundreds of fundraisers. Is there a tension between scholars raising searching and sometimes critical questions about philanthropy and a university, despite in theory being an environment for free thinking, actually relying on the very philanthropy you're calling into question?**

There is a tension. It's one of the ironies of the book that I received philanthropic support to write it. One thing you can do to minimise that tension is to give scholars tenure which insulates them from any form of accountability, in much the same way that endowments are insulated from any form of accountability.

**A discovery rationale of your own?**

Correct. I have come to think that if there are arguments for unaccountability of the performance of foundations or their assets in particular, the arguments have to look something like the reasons for tenure for a faculty. Tenure insulates me from any forms of accountability short of breaking the law. If tenure is justifiable, it has to do with me undertaking long time horizon discovery projects that are knowledge producing. One of the things that makes that analogy trickier is that tenure for scholars goes away because we all die or retire, but foundations are frequently set up to exist in perpetuity.

While I'm in favour of long time-horizons and the discovery rationale, I'm against perpetuity. The argument that I come to in the book is that foundations should close perhaps 50 years after the initial donor dies. An alternative would be some form of governmental repurposing of assets after 50 years.

**One of Stanford's donors, John Arrillaga, supported numerous capital projects at the university but in some cases used his own construction companies to deliver them. Arrillaga was helpful to the university's then president, John Hennessy, because it enabled him to build things like swimming pools and athletics facilities which are harder to justify when you have to meet academic budgets. According to his autobiography,<sup>2</sup> Hennessy had some misgivings but pushed on regardless. Do you think that was an acceptable approach or was that blurring the boundaries too far?**

The Arrillaga name is adorning some not trivial number of buildings at Stanford and sometimes those buildings have been constructed by the very company that Arrillaga owns. It's just one of a number

of different tensions in the status-seeking or tax-optimising behaviour of philanthropists that involves – and I'm not suggesting that this was necessarily the case with Arrillaga – a type of reputation laundering. The cases, for example, where oil companies wish to endow the departments or chairs of climate scientists. There are obvious worries about the type of reputation laundering that philanthropy can represent.

**All of which seems to reinforce your idea that philanthropy deserves scrutiny.**

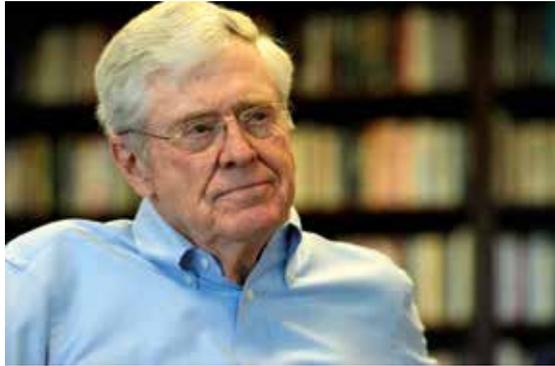
Exactly. If the book has one overarching message it's that the standard-issue gratitude given to philanthropists should shift to scrutiny. Philanthropy is an exercise of power, and power is not something that is going to be dissolved. The point is to orient the power to serve democratic purposes. We should scrutinise all philanthropic activity so that there's some public confidence that it's democracy-serving rather democracy-corrupting.



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**Below left:**  
Carnegie Library,  
Washington DC:  
long-time horizon  
philanthropy.



**Right:** Plutocrats at  
work. Are Charles  
Koch and George  
Soros two sides of  
the same coin?



**Academics and academic institutions are well placed to do that, but what about philanthropy focused media like *Alliance* and others who try to hold up a mirror to philanthropy? Do you see a democratic role for media in scrutinising philanthropy?**

A hugely important one. The role of journalists can't be understated here. There's the sector media, like *Alliance* or *The Chronicle of Philanthropy* but it's essential that the mainstream media also do this, that there are mainstream journalists whose beat is philanthropy and the non-profit sector. To the best of my knowledge, that doesn't exist.

**This issue of *Alliance* is looking at systems change in philanthropy. To some, discussion about systems is couched in terms of improving the effectiveness and efficiency of philanthropy rather than to ask more fundamental questions about its own role in existing systems. What do you think about philanthropic efforts aimed at changing systems? Do you think that the longer-term horizon rationale of philanthropy could be reconciled to an approach dedicated to changing systems?**

I'm not sure I have enough of a grasp of what the term 'systems change' means to a philanthropist, but insofar as it's meant to affect structural forces rather than just provide modest benefits to a particular class of people, I think systems change is completely defensible, so long as the ultimate aim of the change is democratically legitimate, rather than an isolated donor announcing that he or she has an idea about how to reform the system. Do we want plutocrats engaging in systems change just because they believe they have better ideas? No, that's just undermining democratic governance, in which we participate in systems change as citizens, not as donors. Do we want philanthropists who think that they might be able to improve systems by pioneering new social experiments that are then presented for democratic approval? Sure, that's the discovery rationale I have in mind.

**Since we last met, systems of democracy in the West have come under pressure, with the resurgence of populist and nationalist forces. Do you see a direct role for philanthropy in improving the democratic system, or is that dangerous territory for a foundation?**

It can be. Insofar as philanthropists are trying to uphold longstanding expectations of constitutional democracy, say, voting rights for citizens, then I think there's no tension. The worry is that there may be a self-reinforcing dynamic that diminishes public confidence in foundations and in democratic governance at the same time. If wealthy people see the dysfunction of democracy as giving them reason to by-pass democratic life as a citizen and see themselves as saviours, the rest of us might look at that in the same way we look at some technocratic politician, who is twiddling the knobs of power from some distant place and undermining the agency we have as citizens. Donors can play a role in stimulating civic agency but, ultimately, if we want to improve democracy, we have to engage with it as a citizen rather than as a donor.

**And you believe that's true for donors perceived to be more on the left of the political spectrum as well as the right?**

Absolutely. This is not just about the Koch Brothers, this is about the Steyers and the Soroses too. ●

<sup>1</sup> Rob Reich, *Just Giving: Why philanthropy is failing democracy and how it can do better* (See Book Reviews, p62-63).

<sup>2</sup> John L. Hennessy, *Leading Matters: Lessons from my journey* Stanford University Press (2018).

# Putting a foot in Europe's closing doors



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Recent political developments are threatening civic space in Europe. Foundations are stepping forward to defend it

This year marks three decades since the establishment of the European Foundation Centre (EFC), as well as the fall of the Berlin Wall. Given what Europe was going through in 1989, and the ups and downs it has encountered in the 30 years since, it is quite something to observe that the political situation has never been more complicated – or precarious – than it is today.



Institutional philanthropy is an integral part of civil society and many foundations work on ensuring an independent, active and flourishing civil society space. The whole ecosystem depends on the freedom to act and the ability to respond to current trends affecting this space.

## Negative trends...

Recently, a number of challenges have arisen that threaten foundations' capacity to carry out their vital work. These include restrictions on foreign funding (notably in Hungary), complicated and sometimes discriminatory tax regimes, hurdles in cross-border actions, the impact of legislation on counter-terrorism/money laundering and other excessive burdens, or smear campaigns against CSOs and excessive interference by public authorities in several European countries. These challenges are also confirmed by the recent report from the EU Fundamental Rights Agency.<sup>1</sup>

Restrictions on civil society space manifest themselves in different ways and are motivated by different reasons, including arguments around national security, economic interests, and sovereignty. While national and regional laws remain a key driver and designer of civil society and philanthropy space, EU-level policy and legislation can have a serious impact too. This applies mostly to legislation that does not directly address the civil society sector, but rather has an indirect impact, such as the Anti-Money Laundering Directive, VAT Directive, tax evasion policy, and General Data Protection Directive, to name but a few.

In response to these changes, some EFC members have adapted their behaviour and funding approaches. In some cases they have even moved their offices. The Open Society Foundations' move to Berlin is perhaps the most high profile example, but it is not unique.

**Left:** Hungarian prime minister Viktor Orbán.

### ...positive signs

At the same time, there is more appetite among philanthropic actors to defend democracy, the rule of law and fundamental rights. There are a series of important initiatives in progress or in the pipeline which show what philanthropy and its infrastructure can do with wider civil society actors and experts to enlarge and protect the space.

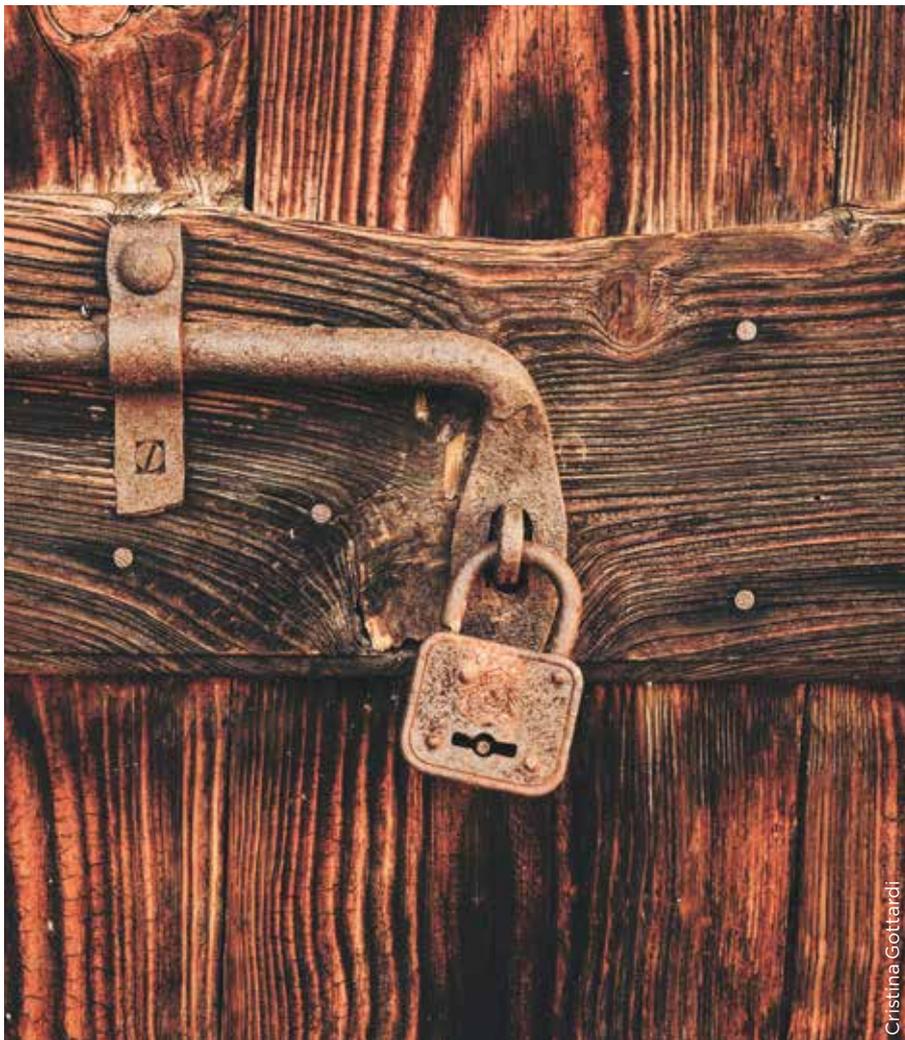
The EFC's European Democracy Network facilitates more effective philanthropic support to strengthen democratic values and participation in Europe through cooperation and exchange of information. The Grantmakers East Forum, which, fittingly, took place in Budapest at the Central European University last October, explored the role of foundations in confronting the new threats and challenges to civil society in Europe as well as innovative approaches to fostering social cohesion.

A further project is the Philanthropy Advocacy Initiative. Carried out jointly by EFC and DAFNE, it aims to shape fiscal policy, anti-money laundering legislation, freedom principles and co-granting and co-investment programmes in the best interests of Europe's philanthropic organisations. It calls for a Single Market for Philanthropy. Within this joint initiative, EFC and DAFNE have prepared a draft Philanthropy Manifesto in the run-up to the European Parliament elections. We aim to use it in 2019 to inspire briefing documents for the new European Commission, to get some of the ideas into the election programmes and to raise public awareness of our sector and its policy recommendations.

Lastly, Civitates, a consortium of 16 foundations launched during the 2017 EFC Annual General Assembly in Warsaw, is committed to upholding democratic values in Europe.



In the fraught political climate, philanthropy is called upon more than ever to play a significant leadership role in maintaining the civic space.



Cristina Gottardi

### Philanthropy infrastructure's contribution

In the fraught political climate, philanthropy is called upon more than ever to play a significant leadership role in maintaining the civic space. Because of that, we must have a legal environment that allows us to play this role as effectively as possible. It is also clear that institutional philanthropy organisations must work together to develop new initiatives, collaborations and synergies. This is where philanthropy infrastructure has a key role to play.

Looking at the scale of this trend, it is important to work with new allies, test innovative solutions, trust the expertise of others and above all to have all parts of the ecosystem (local and other) contributing in a collaborative spirit.

In the EFC's 30th year, we are driving further engagement with our member organisations who are stretching themselves to do new things, and work outside of their traditional mandates.

If you consider your organisation fits this dynamic, and if you would like to engage further in addressing these challenges, I urge you to join us in Paris for the 2019 EFC Conference,<sup>2</sup> the same period as the European Parliament elections. The conference will bring together global philanthropy leaders to identify what our sector can do to secure freedom, equality and solidarity around the world: the philanthropic antidote for the resurgence of extremism in Europe and beyond. ●

<sup>1</sup> <https://tinyurl.com/FRA-challenges-report>

<sup>2</sup> The 2019 EFC Conference takes place in Paris on 22-24 May. To register, visit <https://www.efc.be/aga/2019-paris/>



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# The state of French philanthropy



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## It's an auspicious moment for philanthropy in France but the sector is still finding its feet

In May, the European Foundation Centre will hold its annual conference in Paris and 2019 also marks the 50th anniversary of Fondation de France, founded with the support of Général de Gaulle to promote philanthropy in France. The sector has undergone prodigious growth since the turn of the century. It's a bit like a baby giraffe, though – it's grown quickly, but sometimes seems as if it hasn't entirely found its feet. Traditional ambivalence towards philanthropy is still evident in France and the conservative stance of its foundations towards the most divisive issues of French society – the *gilets jaunes* protests are still fresh in the mind – raises questions about its role and purpose.

### Dramatic growth in giving

One of the most notable trends, as almost all respondents to this article point out, is the rapid growth of the foundation sector. According to Fondation de France's 2015 national survey (new data is expected later this year), in 2014 there were 2,229 foundations in France, with €21.9 billion in assets and total spending of around €7.4 billion a year. Their size is also increasing. Fifty foundations had assets of over €100 million in 2014, compared with 10 in 2001.

Individual giving has also risen. According to the *Panorama national des générosités*, altogether the French gave €7.5 billion in 2015, the biggest share of which came from tax deductible gifts under the *impôt sur le revenu* (IR). These rose by 70 per cent in the period 2006-15, reaching €2.62 billion. Crowdfunding is still small with only around 30 per cent going to philanthropy (the rest is loans and investments), though 'the portion that goes to NPOs is really growing' notes Laurence de Nervaux who oversees Fondation de France's research arm, L'Observatoire de la philanthropie.



*Alliance wishes to thank Fondation de France for its sponsorship of this article to mark the Foundation's 50th anniversary. All views expressed in this piece are the author's alone.*

**A big state**

Probably the biggest single impetus for this growth is the encouragement provided by the government. There's a curious irony here – the dominance of the French state has dictated both the previous limitations of the sector and assisted its recent growth. In a series of measures in the 1990s and more particularly in the early 2000s, the government introduced very considerable tax advantages for donors (France has probably the most favourable tax regime in Europe) and eased the conditions for setting up foundations.

The principal motive for this change is financial. As Jean-Jacques Goron of BNP Paribas Foundation succinctly puts it, 'the government is favourable but, as with most governments, they are looking for money'.

However, the generally positive picture needs some shading. Several observers note that a change in the basis of the wealth tax (ISF) led to a real drop in gifts last year. Whether this is a blip on the chart or a longer-term trend is too early to say but it is putting increased pressure on an NGO sector already struggling for resources. Karen Weisblatt, a Paris-based philanthropy consultant, notes that while the government is generally supportive of philanthropy 'it's struggling with seeing how it could be writ large'.

Moreover, French foundations remain relatively small. The largest, the Fondation Bettencourt Schueller, created by the heiress of L'Oréal, is about 'equal in size to the 100th largest foundation in the US and that's really an outlier in the French context,' says Anne-Claire Pache, philanthropy chair at ESSEC Business School.

Marie-Stéphane Maradeix, executive director of the Fondation Daniel and Nina Carasso bears this out: '[Carasso] is supposed to be the second-largest family foundation in France, the first being Bettencourt... they are supposed to be giving around €50 million per year and my budget is only €15 million... this shows you that it is a tiny market.'

Maradeix also notes that 'there are too many types of legal status... the panorama of foundations in France is a nightmare'. On the other hand, 'it's a weakness that we have too few large, forward-thinking foundations... that's to say we have too few philanthropists'.

**Corporate foundations**

Corporate foundations are a key pillar of the French foundation sector. They play a prominent role according to consultant

Judith Symonds, who teaches a course on philanthropy and civil society at Sciences Po. Symonds suggests that, 'as of three years ago, corporate foundation giving was equal to private foundation giving... In the US, corporate giving is five per cent.'

Two possible reasons for this prominence are, according to Symonds, the *Loi Aillagon*, passed in 2003, which gave a great impetus to corporate philanthropy, and the development of a strong network body for the sector in Admical. Added to this is the fact that corporate foundations developed on the whole much earlier than private foundations. BNP Paribas Foundation, for instance, was set up in 1984.

**Sheltered foundations**

Another singular characteristic of the French foundation sector is the idea of the hosting foundation. Fondation de France is the oldest and probably the largest of these – it hosts 840 charitable funds and foundations, some of which are large. Fondation Carasso and BNP Paribas Foundation are among them. It's a practice, says de Nervaux that is 'developing in response to demand and growing interest'.



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So what are the benefits of being hosted? Freedom in two senses, says Marie-Stéphane Maradeix. 'We are completely free regarding our grantmaking and our investment policies and I am not burdened by administration.' In addition, under the aegis of Fondation de France, governance arrangements are less restrictive than they are for an independent foundation. In the latter case, the family would have only a few board seats, 'so if you want to have a real family project, like the Carasso Foundation is, it's much better to have sheltered status than to be an independent foundation'.

**New ways of working?**

Maradeix believes that in her seven years' experience with Carasso, foundations have





Olivier Ortalpa

**Above:** Anti-terrorist protests prompted creation of the *Fonds du 11 Janvier*.

begun to show signs of greater collaboration. Admical, for instance, set up a collaboration of corporate foundations on education a few years ago, 'specifically to deal with educational drop-out. It started off as a working group and little by little they decided to pool funds to support a few, selected funds working in the area,' she says.

Similarly, other French foundations are becoming more strategic, 'trying to do much more capacity-building, convening, networking, that kind of thing'.

#### Safe causes

That said, most agreed that French foundations were inclined to focus on less controversial issues, 'rather than on more difficult issues of rights or social division', as Anne-Claire Pache puts it. Karen Weisblatt also notes that 'NGOs countering hatred in racial or religious discourse have not been greatly supported here. Mostly, that's because there is a desire among the foundation sector generally to work on areas that are consensual.' She sees this in part as a result of the fact that there are 'few large, independently endowed foundations'.

The Observatoire's statistics underline these views. In terms of areas of expenditure, by far the largest are health and medical research at 39.8 per cent and social welfare at 34.5 per cent. The next biggest issue area is higher education and initial training – at 5.3 per cent.

But respondents saw other reasons why French foundations tend to play safe. Paradoxically, one of them may be a law whose spirit is anti-discriminatory, as Marie-Stéphane Maradeix points out: 'In France it is forbidden to collect statistics on religion and ethnic origin... so we cannot do anything in this area for want of data.' However, she notes that after the Charlie Hebdo terrorist attack of 2015, a dozen or so foundations from different backgrounds created 'the *Fonds du 11 Janvier* [11 January Fund, the date on which there were anti-terrorist demonstrations in Paris]. Out of that we began to fund projects dealing with racism, anti-semitism, etc, and we have funded many projects in schools.'

A second reason, notes Anne-Claire Pache, is that they are centralised. There are few foundations outside Paris, while the heartland

of the recent *gilets jaunes* movement, for example, is really rural or semi-rural areas, 'areas where private philanthropy is really not very active', according to Pache.

A third reason for the relatively conservative areas of expenditure of French foundations, believes Judith Symonds, is the predominance of government influence – and what she sees as the consequent weakness of French civil society which limits the funding options of foundations. Social justice, for example, is seen as a domain of the government, so the social justice sector of civil society is limited.

### The growth of the social economy

France's strong tradition of mutualism is a double-edged sword when it comes to the development of French philanthropy. The growth of *l'économie sociale et solidaire* (ESS), organisations which seek to combine economic activity and social equity, has been both an impediment to the development of formal philanthropy, and an encouragement to philanthropic behaviour. Because of this tradition, notes Symonds, 'they would rather invest, in my opinion, in entrepreneurial activities that have a social mission than be philanthropists'.

Karen Weisblatt, too, observes 'a very active ESS sector', which has benefited from government support. It is also drawing more public attention, especially among young people who see it as 'a very attractive, third-way approach to engaging in professional life'.

An obstacle to growth here, says Laurence de Nervaux, is funding. 'What is happening increasingly is that social enterprise models are no longer eligible for tax-deductible giving because they have some degree of profitability, even though many of them have a very high social added value.' This is also something Fondation de France is

working on and 'on which we're making recommendations to the fiscal administration so that they'll change the way they interpret the criteria for eligibility for tax deduction'.

### Impact investing

Opinions are mixed among respondents as to how much headway the use of investments, as against grants, has made in French philanthropy. Laurence de Nervaux called it 'a growing concern and a developing practice'. Fondation Carasso itself is a case in point: 'In 2015, we set up a small pot for impact investing – it was about three per cent or 13 million euros at that time,' says Marie-Stéphane Maradeix, a figure which within the next five years will reach '15 per cent of our portfolio'. In spite of Carasso's commitment, though, Maradeix is doubtful how much ground such approaches have gained generally. 'Many of them talk about it, very few [foundations] are doing it,' she notes. 'One possible explanation is that there are very few grantmaking foundations with large endowments.'

### Public perception

It's also debatable whether public attitudes to philanthropy are changing. Maradeix thinks that 'the public image of philanthropy in France is good'. Anne-Claire Pache also sees 'more people speaking out about their philanthropic activities, some people even being prominent in the media, encouraging others to give'. The most notable of these is probably Alexandre Mars, a successful entrepreneur and founder of the Epic Foundation. Jean-Jacques Goron feels that 'more comprehension is helping – letting people understand that what we are doing is really for the common good and this is not whitewashing or a mere public relations exercise'. In December 2018, two prominent business leaders launched a French version

### Below left to right:

Anne-Claire Pache,  
Jean-Jacques Goron,  
Judith Symonds.





The growth of *l'économie sociale et solidaire* (ESS), organisations which seek to combine economic activity and social equity, has been both an impediment to the development of formal philanthropy, and an encouragement to philanthropic behaviour.

**Below left to right:**  
Laurence de Nervaux,  
Karen Weisblatt,  
Marie-Stéphane  
Maradeix.

of the Giving Pledge, *Changer par le don*, encouraging rich people to give ten per cent of their assets to philanthropy.

But ambivalence about philanthropy remains. Mars has received his share of criticism. Interestingly, the two non-French respondents, Judith Symonds and Karen Weisblatt (both are Americans, based in France and having long experience of the philanthropy scene in both countries), were more cautious about the public perception of philanthropy. Symonds believes that the general attitude to philanthropy is 'still pretty cynical. The view still is that the government should be providing support for social and environmental issues. The French feel they are paying their taxes for that and do not want to recognise the shrinking government resources.' Weisblatt believes that 'the public's attitude towards philanthropy is not as positive as it might be'. She draws an interesting distinction: 'I think people want to give, but giving is not seen as the same thing as philanthropy... I don't think philanthropy as a field is well regarded, nor are the big foundations.'

### France's philanthropy infrastructure

For Laurence de Nervaux, the development of philanthropy infrastructure in France has proceeded in tandem with its professionalisation of the sector. Fondation de France, whose original purpose was the development of French philanthropy, has been instrumental in many of these developments. Having set up the Observatoire internally to produce data on giving and foundations, the need for external academic research was felt. In 2002, a chair in social enterprise and social entrepreneurship was created at ESSEC, followed by the creation of a philanthropy chair in 2011. Fondation de France was a founding partner of both. The philanthropy chair has co-funding from some large private foundations and a few individual donors. Anne-Claire Pache, who teaches one of the courses at ESSEC, stresses the significance of foundation support, as showing they are 'taking responsibility to fund and support the production of... rigorous, independent, potentially critical research on the sector'. The courses and similar initiatives at Sciences Po





Left: *Gilets jaunes* street protest.

and the one now being launched at Université Paris 8 are, she believes, 'a sign that the sector is maturing', adding, 'it's an additional way to put the sector on the map and in public discourse'.

Judith Symonds feels that 'sector bodies are becoming much more activist towards the government than they were before because the foundation world is becoming a real sector. It's not quite there, but it's becoming stronger.'

However, challenges remain. 'There's no equivalent of the [US] Foundation Center,' says Karen Weisblatt. 'There is not a single institution, one-stop shop where people can go to get up-to-date, easily accessible information about foundations themselves, who they fund, how they fund,' she argues.

For Marie-Stéphane Maradeix, there are also 'too many representative organisations. We should speak with one or two voices.' Anne-Claire Pache agrees: 'There's one organisation promoting corporate philanthropy, Admical, then there's Centre Français des Fonds et Fondations which promotes mainly foundations, there's Fondation de France which has historically played a very active role and which is really the leading institution in that space - that's already three different actors.' She concedes that the diversity of voices has a positive dimension, since it helps to represent the breadth of opinion, but they don't necessarily lobby in common. 'More unity and more consensus on the way in which we could grow the sector could be more helpful,' she believes.

### The future

Will the present growth continue? Most respondents think so. 'There's a recognition that we need to find alternative resources for social causes,' says Anne-Claire Pache, 'so I would be quite optimistic that there is a general recognition that private philanthropy is needed alongside state contributions.' She foresees that the current US debate over the challenges philanthropy poses for democracy will arise in France, especially given that inequality, as elsewhere, is a critical and very public issue. The *gilets jaunes* movement, she thinks, has highlighted the question of taxation paid by the wealthy and the responsibility of the rich towards society, 'so the whole debate about taxation and philanthropy is likely to arise'.

In common with philanthropy elsewhere, Karen Weisblatt notes that the ability of French foundations to diversify their boards and staff may help its long-term legitimacy. Philanthropy need to address 'all of the questions connected to diversity', not least so that 'foundations themselves look more like the populations they are serving... that would change the way philanthropy operates and would give it a better reputation'.

French philanthropy has come a long way in a short time. A rapidly expanding foundation sector, and increasingly sophisticated working practices and infrastructure, have been backed by favourable legislation. The general sense, though, is of a country still punching below its philanthropic weight. As Karen Weisblatt says, 'there's quite a long way to go'. ●

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# There's no democracy without protest



**Melissa Spatz** is director of the Piper Fund, an initiative of the Proteus Fund.  
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## Threats to the right to protest have caught the liberal funding community in the US unprepared, but the response is gathering momentum

**T**hreats to freedom of assembly are growing in the United States. We have never witnessed such significant and coordinated attacks on the right to protest and this has required advocates and funders alike to quickly assess and respond to these threats.

Traditionally, while American foundations have supported the protection of these rights abroad only a handful of funders – such as environmental and rights funders the 11th Hour Project and the CS Fund – have dedicated resources to the issue here in the US. In the past year, however, additional funders have entered the field or increased investment in it, and we have learned important lessons for our work in future.

This work is a response to three trends:

### 1. Anti-protest legislation

Perhaps the most direct threat to freedom of assembly has been the proliferation of proposed laws to restrict and even criminalise protest. In the past two years, 34 US states have considered bills ranging from restrictions on student activism, criminalising pipeline protests, increasing penalties for blocking traffic, and more; laws have now been implemented in nine states. In Louisiana, protestors against the Bayou Pipeline are facing felony charges. In addition, the federal government has proposed regulations that would effectively close most of Washington DC to protests or vigils of any kind. From banning protest in front of the White House to making the process to obtain permits more onerous and expensive, these regulations will dramatically restrict participatory democracy and free speech at the centre of federal government, and

at many times in our history, the site of iconic public demonstrations.

As these bills began to appear in 2017, Piper Fund, a donor collaborative to defend democratic institutions, an initiative of Proteus Fund, recognised that local groups – those best placed to engage their communities around this threat – had no resources and little knowledge about these bills. Not only were few foundations supporting this area of work, but virtually none were funding at the state or local level. Piper responded by establishing a pooled rapid response fund that has now funded public education efforts in eight states and the District of Columbia.

But grantmaking is only one aspect of what is needed so, in 2018, Piper and Piper Action Fund worked with 17 national organisations to launch Protect Dissent, a national network to support state groups as they fight back against these laws, providing legal and communications expertise, and helping to connect state groups with one another. Finally, to harness

the power of philanthropy on the issue, Proteus Fund and Wallace Global Fund circulated a funder sign-on letter to oppose the DC regulations, with 141 donors submitting a joint statement in opposition to closing civic space in Washington.

## 2. Litigation: the rise of SLAPP suits

A second threat to freedom of assembly has been the use of litigation to chill protest, through the proliferation of SLAPP suits (Strategic Lawsuits Against Public Participation) that seek exorbitant damages from organisations and individuals engaged in advocacy work against corporate actors.

These lawsuits are not necessarily designed to win. Rather, they tie up defendant organisations and individuals in court, draining their resources as they are forced to focus on litigation rather than their substantive work, which limits their effectiveness.

SLAPP suits chill dissent in the field more broadly, as other organisations and activists begin to fear being named as defendants. The 2017 lawsuit filed by Energy Transfer Partners (ETP) against Greenpeace USA, Greenpeace International, BankTrack, the movement Earth First!, and four individual defendants is a prime example of a SLAPP suit in action. Not only does the suit seek \$900 million in damages, but it also names defendants John and Jane Does 1-20. By leaving space to name additional defendants to the suit, ETP may cause other environmental justice organisations and activists to think twice before taking action.

In 2018, groups across various movements formed a new coalition, Protect the Protest, through which organisations are standing united against SLAPP suits, and are raising public awareness about the threats they pose to a free society. The Wallace Global Fund, the Open Society Foundations and the 11th Hour Project, among others, have provided seed support for this new coalition.

**Right:** Piper Fund grantee Louisiana Bucket Brigade protests ahead of the 2018 Global Climate Action Summit in California.

## 3. Surveillance

A final strand is the increase in surveillance of activists, primarily in communities of colour. Of great concern is an FBI programme on 'Black Identity Extremism', which frames those who criticise the ways in which police departments interact with communities of colour as 'radical' and even as terrorists.

Last year, the Ford Foundation supported the organisation Color of Change to organise a Digital Dissent and Security Convening to strategise a response from the racial justice movement. Color of Change partnered with the Center for Media Justice and Center for Constitutional Rights to bring local and national organisations together around this set of issues.

## Moving forward

In a field that has long been underfunded, significant new resources are needed to build the capacity to defend freedom of

assembly in challenging times. And philanthropy will need to be nimble in rising to the challenge, offering rapid response funds on multiple fronts while simultaneously building needed infrastructure at both the national and state levels.

Our grantmaking will also need to break down traditional funding silos. Threats to freedom of assembly affect many different constituencies – student protestors on campus, racial justice activists, environmental justice leaders, and more – and our response must similarly engage these groups to work together to defend the right to protest. Networks such as Protect Dissent accomplish this, bringing a variety of issue area groups together under one banner; similarly, Piper Fund has expanded its grantmaking to include support for environmental justice and youth organising groups.

Funders are also beginning to recognise the need to focus on narrative. In the light of recent rhetoric about 'paid protestors' or even 'angry mobs', communications work is sorely

needed to highlight the important role that freedom of assembly plays in a healthy democracy. Funders have begun a conversation about how we might better engage hearts and minds in maintaining open civic space in the United States. ●



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Special feature

# Philanthropy and systems change

If philanthropy wants to change the system,  
does it need to change itself first?



Guest Editor  
**Julian Corner**

Overview

# Systems change and philanthropy



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Philanthropy and systems approaches are an obvious coupling but the future of their relationship remains far from clear

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**T**his special feature explores a growing aspiration in philanthropy to achieve system-level change. It looks at the potential and pitfalls by profiling a number of approaches adopted by different foundations.

Where to begin? This is a perennial question when working with systems. If everything is interconnected, there is rarely an obvious point from which to start. So I will kick off with my own journey, if only because while exploring systems I have learned that micro-level characteristics often have strong macro-level parallels.

I became CEO of the UK's Lankelly Chase Foundation in 2011. I surprised myself by applying, because I'd come to view foundations as quite conservative and often clumsy with power. However, I sensed that things could be about to change.

Over the previous decade, I'd worked in government and the not-for-profit sector. Increasingly I'd felt uneasy about the widespread assumption that social

outcomes could be specified, commissioned and delivered. My experience suggested that the effectiveness of evidence-based interventions depended on local context, that the business models of not-for-profit organisations contributed to siloed behaviour, and that programmes lacked the flexibility to respond to change. It was a method that led to frontline staff feeling boxed-in and to already-marginalised citizens experiencing further stigma and exclusion.

By 2011 fiscal austerity – cuts to government welfare and service provision budgets – was beginning to take hold in the UK. It seemed certain that the shortcomings of existing systems would start to be cruelly exposed once they were put under ever greater stress. This was both a real risk to the lives of our most disadvantaged citizens, and a painful opportunity. Without the money to soften the worst outcomes of the systems we'd created, we'd be forced to explore fundamental alternatives.



My experience suggested that the effectiveness of evidence-based interventions depended on local context, that the business models of not-for-profit organisations contributed to siloed behaviour, and that programmes lacked the flexibility to respond to change.

**Above:** Micro and macro level interconnection.

I wanted to work in philanthropy because foundations possessed exactly the right qualities to do the work that now needed to be done: independence, flexibility and longevity. I argued that if foundations wanted to play a historic role in turning a crisis into an opportunity, they would need to stop rescuing current systems, and by extension those who were their victims.

It quickly became apparent that others were reaching similar conclusions. We noticed the term 'system change' showing up elsewhere, most notably among foundations in the US and Canada. A mantra was emerging of moving from symptoms and needs to causes and drivers. Looking back we can see that the financial crisis helped bring about a collective awakening both to the complexity, scale and profundity of the issues we now face, and to the extent to which these were outstripping the mechanistic approaches previously beloved of foundations.

This awakening had its origins in the field of climate change, and was now spreading to other fields such as inequality, discrimination and political polarisation. All of these phenomena started to look highly interconnected in ways that weren't so obvious before, casting our need to categorise and control into quite a different light, surfacing new questions about power and oppression.

My own impulse to dig deeper into systems long predated my awareness that there was a discipline called 'systems thinking'. It was only when I realised I didn't have the competence to deal with the issues emerging through my work that I googled 'systems'. For quite a while, therefore, Lankelly Chase was talking and thinking about systems without any formal systems thinking expertise.

Many organisations feel no need to move beyond this point. There are plenty of ways of trying to shift a system that do not draw on systems thinking explicitly. However, the idea that there are systems to be shifted, and that the problems we seek to solve are created by interdependent factors and dynamics, is thanks to the systems-thinking discipline, whether or not this is consciously acknowledged.

As we dug further, we discovered that ideas and paradoxes we could barely articulate had been given masterly shape decades earlier by system thinkers such as Russ Ackoff, Donella Meadows, Peter Senge and Margaret Wheatley. And again, we were not alone. Looking around, we saw a fresh wave of actors from different fields discovering systems thinking as if it were newly minted for 21st century challenges.

**Compatible, yes, but productive?**

While the fortunes of systems thinking have ebbed and flowed over the decades, it has mainly occurred on the margins of organisations. This time something different seems to be happening, at least in terms of philanthropy. A number of major foundations are embracing systems approaches as a core methodology. How should we understand this?

Foundations do seem particularly well-placed to undertake systems work. Their freedom allows them to make choices about entering and exiting systems, and about the role they wish to adopt in relation to them. Unlike other actors, foundations can make independent choices about the parts of a system they consider relevant to their purpose, and by investing in those parts they still do not become wedded to them. They can also adopt many different modes of working in a system, such as fostering innovation and disruption, building consensus, amplifying unheard voices, creating institutions, growing grassroots, investing capital, reframing arguments. No one else enjoys this combination of manoeuvrability and meaningful resources.

The **12** ways foundations are transforming themselves to transform their impact

**Staffing Philosophy**

Redefining capacity needs by

**1**

Viewing staff as impact multipliers, not cost drivers

**2**

Designing teams based on functions, not formulas

**3**

Using size-based benchmarking as a compass, not ruler

**Structure and Design**

Unlocking new sources of value by

**4**

Colouring outside the lines of classic philanthropic giving

**5**

Transforming back-office support into front-line impact

**6**

Busting silos between issues, people and teams

**Skill Development**

Reconceiving and nurturing talent by

**7**

Seeking out and supporting five key mindsets

**8**

Welcoming and valuing diverse and lived experience

**9**

Boosting breadth and depth of professional development

**Supportive Culture**

Fostering openness and authenticity by

**10**

Committing to continuous learning and adaptation

**11**

Attending to power dynamics with partners

**12**

Mirroring internally what is sought externally



Unlike other actors, foundations can make independent choices about the parts of a system they consider relevant to their purpose, and by investing in those parts they still do not become wedded to them.

Philanthropy and systems approaches therefore seem an obvious coupling. Like any relationship though, it is not clear what kind of couple they will make. Can a philanthropic foundation, with all its power and privilege, become a good practitioner of a marginal discipline like systems thinking? Can systems thinking survive the embrace of foundations? Will foundations allow themselves to be changed by systems thinking?

The future of this relationship hinges on a single question: what do foundations understand by a systems approach? Behind the language of 'systems change' are very different ideas about 'systems' both between foundations and within them. Some of these are exemplified in this special feature: GAPA (page 58) has brought together multiple stakeholders to change the policing system in one city; EDGE Funders (page 60) sees one overriding system determining all the problems we seek to address, and which we can either choose to perpetuate or disrupt; and Hivos (page 48) has changed its own system of philanthropy in order to avoid contributing to neo-colonial power structures.

I detect at least four broad approaches or attitudes to systems in foundations' work, all of which have been at play in Lankelly Chase's work at different points:

#### 1. The system as a unit of intervention

Many foundations are trying to take in a broader canvas, recognising that both problems and solutions are generated by the interplay of multiple variables. They hope to find leverage points among these variables, so that their investment can unlock so-called system-level change. Some of their strategies include: working for policy changes, scaling disruptive innovations, supporting advocacy for people's rights, and improving the evidence base used by system actors. These approaches seem to work best when there is common

agreement on an identifiable system, such as the criminal justice system, which can be mapped and acted on.

#### 2. Messy contested systems

Some foundations find they are drawn deeper into complexity. They unearth conflicting perspectives on the nature of the problem, especially when there is a power inequality between those defining it and those experiencing it. As greater interconnection emerges, the frame put around the canvas is shown to be arbitrary and the hope of identifying leverage points begins to look reductive. One person's solution turns out to be another's problem. Unable to predict how change might occur, foundations shift towards more exploratory and inquiring approaches. Rather than funding programmes or institutions, they seek to influence the conditions of change, focusing on collaborations, place-based approaches, collective impact, amplifying lesser heard voices, building skills and capacities, and reframing the narratives people hold.

#### 3. Seeing yourself in the system

As appreciation of interconnection deepens, the way foundations earn money, how they make decisions, the people they choose to include in (and exclude from) their work, how they specify success, all come into play as parts of the system that need to change. These foundations realise that they aren't just looking at a canvas, they are part of it. At Lankelly Chase, we now view our position as fundamentally paradoxical, given that we are seeking to tackle inequality by holding accumulated wealth. We have sought to model the behaviours of healthier systems, including delegated decision-making, mutual accountability, trust-based relationships, promoting equality of voice. By aiming for congruence between means and ends, we and our peers contend that effective practice and ethical practice become the same.



Petr Olly

#### 4. Beyond systems

There comes a point when the idea of systems itself can feel reductive. Different values are invoked, those of kindness and solidarity. The basis on which humans relate to each other becomes the core concern. Inspiration is sought in other histories and forms of spirituality, as suppressed narratives are surfaced. The frame of philanthropy itself is no longer a given, with mutuality and even reparation becoming the basis of an alternative paradigm.

In setting these out sequentially, I don't intend to suggest a hierarchy. My sense is that a foundation's effectiveness must depend on how consciously and meaningfully it aligns its purpose with its attitude to systems. Foundations aiming for radical paradigm shifts can still find themselves tackling 'The System' with spanners and wrenches. As we have found at Lankelly Chase, it is very easy to slide between these four attitudes, or to hold more than one at the same time. The discipline of any systems approach is in part therefore the ability to come clearly from one attitude to systems while acknowledging that you hold others.

Foundations can be viewed as both 'of' and 'outside' any system. This is a tension that



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Ultimately, there are significant implications here for the role and shape of foundations that are only just starting to come fully into view. There is a particular question of how a governing body assures itself of impact while holding the space for uncertainty, difference and ethical ambiguity. My prediction is that the more foundations pursue systems-level change, the more these implications will need to be understood and addressed. I hope this special feature will make a helpful contribution to that task. ●

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## In Profile

# Systems change in effect

The work of funders is as varied as the systems they are hoping to change. Andrew Milner profiles a selection of donors and organisations taking a more systemic approach

## Bertha Foundation, UK

Founded in 2009 by pharmaceuticals multi-millionaire, Tony Tabatznik, the Bertha Foundation supports field-building and collaboration between activists, lawyers and film-makers. Through its work with storytellers, it supports not only the creation of content in many forms, but also training in media for individuals and communities. Its four film funds have enabled the making of over 200 documentaries and their promotion among communities through distribution initiatives including Dogwoof, AfriDocs and Sundance.

The foundation has also established the Bertha Justice Initiative which provides fellowships, networks and convenings. The fellowships, which have a global reach (spanning 154 countries, according to Bertha's website) provide two-year training for social justice and movement lawyers at public interest law centres around the world.

<http://berthafoundation.org>

## The Freedom Fund

The Freedom Fund 'identifies and invests in the most effective frontline efforts to eradicate modern slavery in the countries and sectors where it is most prevalent'. It was set up in 2014 by Walk Free Foundation, Legatum Foundation and Humanity United. It has also benefited from ongoing support from the Children's Investment Fund Foundation, C&A Foundation, the Stardust Fund and UBS Optimus Foundation. Working with 120 frontline organisations in eight of what it calls 'global slavery hotspots', scattered across India, Nepal, Ethiopia and Thailand, it claims to have liberated 20,000 people from slavery and to have placed over 45,000 at-risk children back in school. The fund also works to counter the systems that permit slavery to exist, strengthening anti-slavery infrastructure globally, engaging governments, media and the private sector in the hotspot areas and providing platforms, and information such as Slavery News Weekly for other anti-slavery initiatives. The fund is launching a Freedom Leadership Program in 2019 to support and develop a new wave of frontline practitioners, especially women practitioners.

<https://freedomfund.org>

## Centre for Social Innovation, Germany

Research and engagement on social innovation and social entrepreneurship are the prime focus of the Centre for Social Investment and Social Innovation (CSI) at Heidelberg University in Germany.

Its inclusion here is due to its involvement in systems thinking, most notably the System Innovation Lab (SIL), which it ran with Wuppertal Institute in 2016. Its purpose was to bring together sector professionals, policymakers and representatives of interested civil society organisations to propose innovative ways towards a sustainable future for energy in Europe. It represents an attempt at 'thinking big and being specific at the same time', trying to understand a system, then breaking down 'the complexity into specific steps of action for changemakers to take', as its website puts it.

[www.soz.uni-heidelberg.de/forschungsstelle-csi](http://www.soz.uni-heidelberg.de/forschungsstelle-csi)

## Central Square Foundation, India

Founded in 2012, Central Square Foundation's (CSF) mission is to transform the school education system in India, improving the learning outcomes of children, especially those from low-income communities. Notable in this respect is the Adarsh Yojana

programme, launched by the state government in Rajasthan, which has suffered low levels of educational attainment. CSF has worked with the state government and with partners from the private, public and philanthropic sectors, including Boston Consulting Group, Michael & Susan Dell Foundation and Unicef, to establish schools in each of the state's 9,895 *gram panchayats* (village councils), which are fully staffed schools with trained teachers and principals and providing high quality education. In keeping with its system-wide approach, the initiative focuses on improving governance processes for education, reducing teacher and school leadership vacancies, and upgrading school infrastructure, as well as improving teaching materials.

<http://centralsquarefoundation.org>

## Friends Provident Foundation, UK

Friends Provident Foundation (FPF) was established in 2001 following the demutualisation of Friends Provident Life, an insurance company with Quaker roots. One aspect of its work on resilient economies focuses explicitly on systems change, 'a radical assessment of how "disruptive innovation" might change arguably the most pervasive and enduring system of all, the financial system'. Starting from the premise that financial systems have become increasingly remote from the real needs of people, FPF funds organisations that are either devising or advocating alternative models, such as the Finance Innovation Lab whose aim is a financial system which is democratic (more people having control over their money), responsible (capital goes to people and projects working for social good) and fair (facilitates a just society).

[www.friendsprovidentfoundation.org](http://www.friendsprovidentfoundation.org)

## KR Foundation, Denmark

Set up by Villum Fonden and the descendants of civil engineer Villum Kann Rasmussen in 2014, the mission of KR Foundation is to stimulate changes of attitude to the economic models and the use of resources in a world facing irreversible ecological damage and climate change. Through its two programme areas, sustainable finance and sustainable behaviour, it supports those seeking to shift financial flows at a scale that reduces fossil fuel supply, and the demand to remain below the 2°C increase in global temperature set out in the Paris Agreement. It also seeks to create long-term behaviour changes to reduce humanity's material footprint and strengthen pro-environmental attitudes and values. Among other organisations, it supports Climate Analytics, whose aim is to phase out coal-fired power stations in the EU, WildAid's GOblue Low-carbon Transportation Campaign, and the Children's Radio Foundation's youth radio dialogues on climate change and sustainable livelihoods across Africa. KR Foundation works internationally, collaborating closely with The Velux Foundations and the V Kann Rasmussen Foundation.

[http://krfnd.org/kr\\_foundation/](http://krfnd.org/kr_foundation/)

## Omidyar's Democracy Fund, US

Part of the Omidyar Group and funded by Pierre and Pam Omidyar, the Democracy Fund's aim is to strengthen citizen participation in democratic institutions and processes in the US, making use of new digital possibilities to do so and advocating what it calls 'bipartisan solutions' to challenges faced by the US political system. According to Pierre Omidyar, writing on Huffpost on the fund's founding in 2013, it is animated by three core beliefs: democracy must put the public first in governance processes; healthy democracy requires a

better-informed and active electorate; and government must have the capacity to solve problems effectively to retain the electorate's trust. While technology remains central to its work, the fund also works on 'advocacy and policy reform, as well as facilitating communication and collaboration across differences to solve problems'.

[www.democracyfund.org](http://www.democracyfund.org)

## The value of networks: Bosch Foundation, Germany

Alice Evans, deputy CEO at the Lankelly Chase Foundation notes: 'In Germany, the Bosch Foundation is taking a very interesting approach to networks. With the International Alumni Center they have established an intermediary that supports a network approach in philanthropy.

The Alumni Center works with alumni from around the world, giving coordinators a budget to help connect alumni together so that they can continue with their work and connect with others. I think this networked approach is an important one for foundations. Bosch have been involved in lots of the discussions around systems change for foundations and "network theory" is something that I think could potentially really change traditional models of funding.'

## Peer Dialogue

Scaling  
deep

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**Right:** Stephen Huddart and Darcy Riddell

Lankelly Chase Foundation's Alice Evans talks to Stephen Huddart and Darcy Riddell of the McConnell Foundation in Canada about how a systems change approach has led them to reconsider not only the way they think and work as an organisation, but their attitudes as individuals

**Alice: How did the McConnell Foundation come to this systems change approach?**

**Stephen:** My predecessor, Tim Brodhead, realised that philanthropy alone wasn't enough to create change at scale, that it needed a different relationship with other sectors. Eventually the foundation formed a working partnership with a private sector incubator and commercialisation institute called MaRS Discovery District, the Waterloo Institute for Social Innovation and Resilience (WISIR) and the PLAN Institute in Vancouver, which looks at questions of disability rights and citizenship. It was from this that SiG (Social Innovation Generation)<sup>1</sup> arose. That type of loose partnership with organisations that were quite different from us created the space for research, experimentation, learning and testing. We often describe SiG as a secondary operating system for the foundation. But even before that the foundation was looking at how promising new ideas could be supported from idea to scale in terms of a broader impact but also in terms of the organisation's own capacity to go deeply into an issue.

**Darcy:** Frances Westley of WISIR was researching grantees' experiences so we got

into a learning relationship with those grantees and were able to see what underlay their practice and some emerging patterns. We identified that they were involved in replication or scaling out of programmes and then scaling up advocating to change laws and policies. But we were also seeing different kinds of practice for scaling in both of those ways that were looking at changing hearts and minds and at the profound role that culture plays in maintaining our systems. So the idea of scaling deep really came from learning what the changemakers that we were supporting were doing to influence the personal transformations that people go through in their relationship with issues, deeper societal values, and with the institutions that define our world. *Scaling Up, Scaling Out, Scaling Deep* is the paper that captured that.

**Stephen:** The idea of scaling deep helped us to recognise that we were part of the very systems that we were attempting to change and that unless we examined our practices, we would unconsciously perpetuate things that were antithetical to our larger purpose. That opens up the conversation about how we deploy our assets – staff, grants,



A scaling-deep perspective helps you to engage empathetically in the healing process and to recognise that indigenous reconciliation is not just for indigenous people, we're half of that relationship. So a big part of the systems change work that we're doing is the cultural shift we're engaging in.

convening capability and the endowment – to advance the changes we're seeking. It was also an important precondition for our work on indigenous reconciliation. Canada's Truth and Reconciliation Commission has begun to reveal the true history of colonisation, subjugation and even genocide. A scaling-deep perspective helps you to engage empathetically in the healing process and to recognise that

indigenous reconciliation is not just for indigenous people, we're half of that relationship. So a big part of the systems change work that we're doing is the cultural shift we're engaging in. Rather than reconciliation being a programme of the foundation, we recognise that everything we do, from governance to investment to our work on cities or education, needs to take account of and seek ways for building meaningful partnerships, continued learning and bold experimentation. That comes out of scaling deep. Frankly, I think we miss that in our sector.



Jerémie Battaglia

Scale is often equated with size and speed at which new ideas spread, but there is a quiet human dimension to this which we need to bring into focus.

**You make it sound easy, but actually it's really difficult, particularly when you're applying that approach across all aspects of your work. What's helped you?**

**Stephen:** We've made a conscious effort to incorporate learning and reflection into our philanthropic practice, so retreats, time spent on the land, inviting outsiders to speak to us. And the investments we make in the very small and under-addressed populations, so finding ways to be with indigenous people in the case that we're talking about, to listen first, and go into deeper listening. We have an indigenous person running that portfolio, indigenous advisers on many initiatives and indigenous partners across the grantee portfolio.

**Darcy:** Having an explicitly systems or complexity-oriented view has helped the practice, but the trustees have been very willing to support that work. That's the benefit of an older, more mature family

foundation and we have done the work to bring the board along, which creates an important authorising environment for taking risks. There's a lot of big, new money in philanthropy looking at splashy impact, whereas I think there is a benefit in being part of a longer-standing family foundation that understands that relationships evolve and that patience is required.

**Stephen:** One of the jurors on the Truth and Reconciliation Commission, Justice Sinclair, was at the first Indigenous Innovation Summit that we worked on and he said, 'innovation is not just about new things, it's also about bringing the past into the present to serve the current situation'. That was another 'Aha!' moment for us. Particularly for the reconciliation work, we need to understand how we got here. Systems change funders need to engage multiple interests on the issues they work on and that requires broad understanding of many aspects of human thought and behaviour – the desire, aspirations, anxieties and frustrations. So there's a human side to this work on indigenous reconciliation that informs the rest of what we do.

**Above:** The key to a city building in Montreal was handed over by Mayor Valérie Plante after collaboration with McConnell grant partner Entremise.

### What does all that mean for your structures and your internal skillsets?

**Darcy:** Initially, having a learning partnership with a practical academic helped to create a systems thinking framework internally. I had done my PhD in that kind of lineage and framework so I was steeped in both the theories and practice of systemic change. But many new programme staff have both shaped and inherited some of this audacious vision. Over the past 15 years, we've moved from writing cheques and building relationships with grantees to more strategic philanthropy and some of what has occurred is really collective sense-making. We're at another phase where that is important because we have now seven or eight robust initiatives in different domains, and social innovation methods and systems practice cut across all of them.

I've spent the last couple of years thinking about what comes next. Social innovation and some kinds of systems practice are now thriving in Canada, so different kinds of capacity are needed, one of which is the ability to help learn and make sense with all the many people involved in a change initiative. Current evaluation practice often extracts knowledge from communities so foundations can feel they are having an impact, but it reinforces power imbalances and doesn't work well from a systems perspective. One of the questions I hold is, 'what does it mean for the locus of learning to be the system itself?', and use this to better engage our partners, collaborators and communities in learning and ongoing strategy development.

**Stephen:** On Darcy's point about embedding the learning in the practice, something we've learned by doing, is with SiG, we could see a gap between the intellectual and academic discourse and the theoretical constructs around social innovation. To try and bridge that, we created a learning platform called Innoweave which was supposed to be about putting the tools and mindsets of social

innovation into the social sector. We've learned a lot from doing that, so Innoweave is moving from a platform that offered modules on developmental evaluation, outcomes finance, scaling and so on, to one that looks at how the public sector and civil society can better collaborate. Because our work on systems change has led us to realise that, if we want to build better systems, we have to be working closely with the public sector. That's an example of putting a learning platform in place around a systems change effort and I think we can be a lot better at that.

We've done that in other parts of the work. It may look like just putting up a website but we can start to harvest learning papers, point to the work of others and grow a learning space around an initiative. We also have the Twelve Lessons discipline, which we started three years ago, reflecting over the course of the year on what the main lessons were that we'd learned. We shared these and we're just releasing Twelve Lessons Shared from some of our partners. They are another way for us to learn through the work. We also share retreat space with several other foundations, Wasan Island, where people come together for three or four days, which is instrumental to our ability to work on systems change. We also participate in the Academy for Systems Change, and in other global networks.

**Darcy:** Learning communities and convenings where people are able to build trust, share fears and co-create was one of the ways that our partners used to scale and replicate their own work. So we know the transformative effect of learning together and thinking together. Wasan Island is a place that we use to foster that kind of connection and shared purpose with people like you, Alice, and Lankelly Chase Foundation, the Garfield Foundation and Omidyar Foundation, and others involved in trying to build the global field of systems change practice.



Current evaluation practice often extracts knowledge from communities so foundations can feel they are having an impact, but it reinforces power imbalances and doesn't work well from a systems perspective.



**What implications does your approach have for recruitment? Do you need different staff or is it more a matter of existing staff developing different skills? Your approach also sounds like you're navigating being a funder, a partner and a strategic actor. How do you balance those different roles?**

**Stephen:** We increasingly try to practise an integrative approach to our work so as to overcome some of the disciplinary silos that often prevent systems learning. We consciously go outside of the foundation to appoint or invite fellows, younger people with a real spark and passion for this work. We'll find a way to have them come and spend a year here. We also go to people who are in mid-career transition. It's often a great time to get somebody who has expertise in an area or who's got a particular question they'd like to pursue. That's helping us expand our human resource. But we're also doing staff exchanges. Somebody from the government's innovation unit came initially with the intent of staying a year and at the same time somebody from Imagine Canada, the umbrella organisation of the charitable sector in Canada, went to the same unit in government. So there was a three-way exchange, and the two people involved were able to translate the language and cultural differences that they encountered during a period of restructuring the relationship between the two sectors. That kind of porousness is important to the work we're doing now. Building or joining ecosystems partnerships is central to the way we think and act. We're working at scale with people and institutions already present in the system and using our ability to convene, connect and otherwise enable relationships to deepen and for this work to become visible.

**We sometimes get pushback about whether we should be taking this role as a foundation – are we using our power in the right way? Does that happen to you?**

**Stephen:** Sometimes we get challenged by civil society organisations who view this kind of work as disruptive of existing relationships or commitments. But this work is disruptive, we're not just here to support the status quo. So while we respect those who are experts or who have the relationships, we're hoping to be able to gently open up that space for new possibilities and better outcomes. Our main current challenge is over the deployment of our endowment. We see ourselves as being fairly progressive about how we invest but we haven't divested from the energy sector, partly because we work with that sector on indigenous issues for example, or with the funding of the Energy Futures Lab. The energy sector isn't a monolithic dark force, it's a diverse and human system that we would like to engage with, not demonise. We're all implicated in it because we all drive to work or take the bus or whatever and I resist the easy symbolic gesture that divestment sometimes looks like.

**Darcy:** We have vigorous debates inside the foundation about this. I would like to see us divest. But Stephen's right, we're all implicated in the systems. We can't continue an approach to social change that isn't at the scope and scale required for us to continue to survive on the planet into the 22nd century and to thrive. We need to do things differently and that has to involve all sectors and institutions.

**Has this process that you're engaged in over the last 15 years – learning and responding – been a break with what went before, or is it a continuation of what has been going on since the foundation was set up?**

**Left:** A community space for spontaneous interaction in downtown Montreal, the result of a project by McConnell grant partner La Pépinière.

**Right:** Through impact investing, the McConnell Foundation supports the Aboriginal Savings Corporation of Canada's work to improve access to housing loans for First Nations people.

**Stephen:** Philanthropy and its civil society partners have this role of enabling thought and experimentation around some of our most perplexing challenges, and for the last 15 years the foundation has been interpreting that mandate around our current challenges of sustainability, social inclusion and equity. We use the term resilience, it really refers to community and ecological well-being at all levels, while also looking at how to improve our own philanthropy toolkit, learning from others and contributing to that learning about how we do this at a time when it's crucial that we do it well and involve others.

**Darcy:** I think one of the core elements of our practice is this commitment to adapting and transforming... in emergent conditions.

**What would be your advice to other foundations starting on the journey you've made?**

**Stephen:** We all have to start from wherever we find ourselves. We tend to overestimate what we can achieve in the short term and underestimate what we can achieve in the medium term. The last 15 years of this foundation have been a patient and purposeful exploration of what it means to work on

systemic change. So find your friends and your partners and get started but don't expect it to happen overnight.

**Darcy:** It can be hard for foundations to start so in 2018 we launched SUSI – Systems Understanding for Social Impact – with the Robert Wood Johnson Foundation and UK Health, which you're part of as well, Alice. We're trying to create a space where we can learn from some of the more mature practices, like Garfield's systems work and Omidyar's work and Lankelly's, and share some of our own learning about funding and co-creating systems change. It's a combination of foundations that are deeper into their practice and some that are newer but really embracing it, like Mastercard Foundation. We intend to share our learning from it more widely. I have a lot of faith that something like that can help build the field. ●

**Stephen Huddart is CEO and Darcy Riddell is director of Strategic Learning at the JW McConnell Foundation (Canada).**

**1 SiG, or Social Innovation Generation, aims to be a catalyst for supporting whole system change by contributing to changing the broader economic, cultural and policy context in Canada so that social innovations can flourish.**

# Alliance

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Global view

# Decolonising systems change



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The intervention of development organisations in the global South has given rise to accusations of ‘neo-colonialism’. Netherlands-based Hivos is addressing this legitimacy issue by maximising the freedom of local partners

North-South philanthropy is growing as a proportion of Official Development Assistance (ODA).<sup>1</sup> Money alone is not the issue, though. If such aid is to be effective, systems change approaches are increasingly seen as necessary. However, by nature, and in history, development aid and Northern funding have been criticised as being ‘neo-colonial’, guided by geo-strategic

considerations and contributing to maintaining economic inequalities. Systems change approaches, therefore, throw up wider considerations than whether or not they work.

## The need for a systems change approach

Hivos looks at innovative ways to find solutions for some of the most urgent global challenges, such as climate change, increasing inequality, human rights infringements and the shrinking civic space.

We recognise that, to meet these challenges, system change is often needed since simply providing

development aid will not lead to the necessary transformation. We have also seen that simply providing funding is not enough. Hence, we need to question ourselves: how do we know if what we are funding or implementing is likely to contribute to systemic change?

Hivos incorporates in its organisation and programmes the systems change principles of action, such as developing collective solutions, building a learning culture and not overly relying on top-down leadership. Also, Hivos’ earlier actions and holistic approach to development challenges and social problems, which it more recently labelled social innovation, can be seen from the different perspectives outlined in *New Philanthropy Capital’s* guide to systems change. Looking at those perspectives, one could say that Hivos has approached change by combining an advocate and practitioner perspective with the flexibility and adaptability of a learner’s perspective.

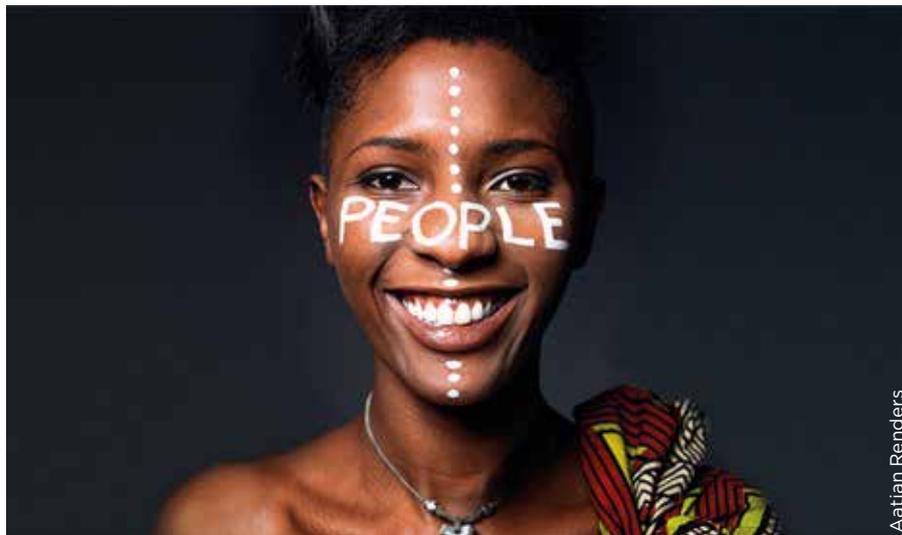


Hivos incorporates in its organisation and programmes the systems change principles of action, such as developing collective solutions, building a learning culture and not overly relying on top-down leadership.

One way in which we put these perspectives into practice is Hivos' work with strategic partnerships to create impact in developing countries. These partnerships consist of diverse stakeholders – governments, private sector, INGOs and local NGOs – with whom we develop a common agenda to support frontrunners, build local/national capacity for lobbying and advocacy and sometimes improving service delivery. An example of such a strategic partnership is the Zambia Food Change Lab, which aims to foster a collective understanding of Zambia's current food system and the challenges it faces in the future. It strengthens collaboration among consumers, farmers, entrepreneurs, civil society and government to foster long-term engagement, collective leadership and joint initiatives. Sustainable ownership is a priority in developing the programme to make a long-lasting change.

Alongside these partnerships, we have seen the need for investment in social enterprises to create impact and economic development. Through Hivos Impact Investment, we invest in early-stage companies in sustainable food, companies that are scalable on both finance and impact. Sustainability and impact are leading considerations in the selection of new investments and in line with our holistic approach we have linked this investment instrument to our lobbying and advocacy work and our entrepreneurship on 'sustainable diets'.

Over time, our role has changed, from only funding civil society to connecting them to different networks, providing start-up funding, training and multi-actor platforms. Being globally active with decentralised offices we try to bring solutions to scale by influencing policies, triggering media interest and citizen action for alternative solutions to persistent problems. From the early 1990s, our initiative to look at the HIV/Aids challenge for key populations from a human rights angle instead of a medical angle is an example of how we scale out successful solutions to other countries and regions, which has brought in interest and funding from funders.



Aatjan Renders



The challenge and dream remain to create an enhanced global organisation, where our Southern partners have a majority stake in the work and make the decisions, an organisation with a stronger constituency and legitimacy.

#### The legitimacy question

However, intervening in a system can be even more contentious than funding an isolated programme. Two things make us particularly vulnerable to accusations of neo-colonialism: first, being funded mainly by bilaterals, multilateral ODA or philanthropy; second, choosing thematic areas that can be controversial, such as sexual rights and diversity. Hivos recognises the problems it has regarding its legitimacy to act in the global South. Questions have been raised about this in the past, for example when we were promoting LGBTI rights, or currently, with Brazil's new President Bolsonaro openly questioning the legitimacy of international organisations.

Our response has always been to support frontrunners, local civil society actors and activists in the global South. From our establishment in 1968, we have tried to minimise our influence, balancing institutional support for local organisations, maximising their freedom and trying to prevent dependency on our funding.

Hivos has also made sure that it is located close to its partners and has gradually created a very diverse workforce with only a handful of Northerners working in the global South. In 1988, Hivos started its decentralisation process, establishing

its first regional office in Harare, to ensure easier access to partners, more tailor-made programming and a more diversified staff. Currently, we have four regional hubs and over ten country offices. Around 70 per cent of our staff work in the hubs.

While we struggle to move global support functions, that by nature of the work are centrally organised, to the regional hubs, we are taking steps to transfer implementation of all programmes and decision-making to the global South. We continue to examine ourselves to try to ensure 'ownership for sustainability'. The challenge and dream remain to create an enhanced global organisation, where our Southern partners have a majority stake in the work and make the decisions, an organisation with a stronger constituency and legitimacy. ●

1 UNDP (July 2014) *Philanthropy as an emerging contributor to development cooperation* <https://tinyurl.com/UNDP-CSO-philanthropy>

**Above:** Hivos believes in 'people unlimited'.

# System transformation? It's in the genes

**Opposite:**  
Cocoa beans being wrapped in banana leaves to ferment.



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**Systems change is more than just a popular catchphrase, but its effectiveness depends on aligning strategies with a foundation's institutional DNA**

Is system transformation an end in itself, an effective means to achieve a strategic objective, or merely a buzzword in the philanthropy community? To answer this question from the perspective of the Jacobs Foundation, I need to go back to the year 2014, which marked the beginning of our strategy planning process.

### **Institutional DNA is decisive**

The core question every foundation needs to answer in this process concerns its 'institutional DNA', which defines its business model, thematic and regional focus and operational approach to its mission. In our case, the mission is to improve the living and learning

conditions of children and youth. Key elements of our DNA include our aspiration to achieve long-lasting social impact, our efforts to promote new scientific insights and our goal of making a critical difference within a clearly defined thematic and regional focus. We also have a unique understanding of the challenges facing the chocolate industry, as it has historically been a major source of our financial assets.

Four years ago, mindful of our institutional DNA, the board of trustees and the management of the Jacobs Foundation determined that if we were to live up to our ambitions, we would need to drastically reduce our funding portfolio and concentrate our resources on selected strategic

priorities. Aside from our funding of global research related to the 'science of learning' and our programme and policy work in Switzerland, we opted to limit our

international project work to a single country until 2020. As the world's largest producer of cocoa and one of the main economic drivers in West Africa, Ivory Coast offered the most promising conditions for the foundation to achieve a long-lasting social impact by strategically aligning with the national government's agenda and that of the global cocoa and chocolate industry.

### **Multiple strong partners are needed**

In 2015, we launched a partnership designed to improve the living conditions of children and youth in Ivory Coast by promoting high-quality education. Over the last four years, the Ivorian government, 12 leading global cocoa and chocolate companies, 20 national and international civil society organisations and academic partners, as well as two partner foundations (the Bernard van Leer Foundation and the UBS Optimus Foundation) have joined us in an initiative known as TRECC – Transforming Education in Cocoa Communities. So far, TRECC partners and co-investors have committed a total of \$85 million to be used to pilot and scale evidence-based programmes related to early childhood development (ECD), primary education and youth education, with a focus on rural areas. Our aim is to use this substantial and coordinated



**The role of philanthropy is not to provide resources indefinitely, but rather to encourage the formation of a local community of practice to act as an independent platform to achieve long-term system transformation.**



investment to create an ecosystem of change and drive major system transformations in the national education and nutrition policy as well as the global sustainability approach of the cocoa and chocolate industry.

### Foundations are in a unique position

Instead of selecting one programme to be rolled out nationally together with the government and the industry, we systematically address the whole ecosystem. We are convinced that foundations are uniquely positioned to create and facilitate effective, independent platforms for system transformation. The main advantages foundations have over other actors in the field of development, are their long-term, risk-tolerant funding, their evidence-based orientation and, most importantly, their lack of vested interest in a specific intervention. In such an ecosystem-based approach, implementers play a vital role as well, of course, with their specific programmes and expertise. They are, however, only selected in a second step based on the specific priorities and needs of the system. In such an approach, the primary partners of foundations are not those who implement the programmes, but

rather public and private decision-makers.

### The TRECC way

In the case of TRECC, we began by drawing up a Memorandum of Understanding with the Ivorian government aimed at improving national policies. We then conducted a global screening effort and selected evidence-based interventions that have been proven to improve ECD and the quality of education in rural areas. In a next step, we collaborated with the government and the cocoa and chocolate industry to compile a shortlist of 15 programmes (for example, the Teaching at the Right Level approach pioneered by Pratham and J-PAL) to be taken from pilot to scale in an effort to meet specific policy needs. For the government, the focus is on the education sector and multi-sectoral nutrition plan; the industry is concentrating on a pre-competitive strategy aimed at eradicating child labour.

In addition to co-funding, monitoring and evaluating individual programmes, TRECC manages a platform that brings together all the partners in the ecosystem, aligning their agendas, supporting their ability

to work at scale, facilitating scientific evidence and providing management support. In our view, however, the role of philanthropy is not to provide resources indefinitely, but rather to encourage the formation of a local community of practice to act as an independent platform to achieve long-term system transformation.

### What we've learned

Nearly four years after we set out on our journey in Ivory Coast, we are confident that system transformation is not merely a buzzword, provided that it is tackled seriously through a well-considered approach. Indeed, system transformation in our case was and is the logical consequence of country focus and impact orientation.

It has taken several years to build up local structures and relationships and to gain credibility and legitimacy with all of the relevant stakeholders. We have learned that this approach is very time-consuming and resource-intensive. However, if our hypothesis is corroborated, our approach has the potential to lead to an effective, lasting and tailor-made system transformation driven by the needs and priorities of the decision-makers concerned. ●

# Complex rhythms in Latin America



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**Achieving systems change is a dynamic, continuous, and sometimes chaotic process in which co-creation is key to a successful outcome**

**S**ystems change philanthropy demands from philanthropists different ways of thinking, of working and of assessing progress made on any particular issue. What have we learned about this so far in Latin America? In 2018, the Regional Group for Philanthropy in Latin America (Grupo Regional para la Filantropía, or GRF-LatAm) hosted a series of conversations among the region's philanthropists and development professionals to explore and deepen our understanding of the interstices between the practice of philanthropy and systems change in Latin America. The exchanges



**Philanthropic actors have a critical role in linking and facilitating work between different sectors. As a result, co-creation has also taken on a central position in their agenda.**

threw up valuable insights into social intervention in the region, the challenges faced by local and regional philanthropic actors and their role in tackling complex problems.

Philanthropy has some valuable characteristics when it comes to working on systems change, not



least flexibility, patience and adaptability, all of which are needed to effectively address deep-rooted and interconnected problems.

However, systems change work also imposes other demands. For philanthropic actors, and for all other actors involved for that matter, developing a tailored-to-case understanding of systems change represents a complex and usually continuous task. Philanthropic actors have a critical role in linking and facilitating work between different sectors. As a result, co-creation has also taken on a central position in their agenda.

This connecting and facilitating role has meant that philanthropic actors need to define the system in question and gain an in-depth knowledge of it.

Those foundations in Latin America adopting a systems change approach, such as Fundación Caicedo González in Colombia and Fundación San Carlos de Maipo in Chile, amongst others, have had to revise how they think and work, envisioning the intervention cycle as

a dynamic, and to a large extent, chaotic process, as opposed to the more traditional project-oriented intervention with short-term defined results.

Philanthropic actors in Latin America also point out the critical role of government and the consequent importance of devising mechanisms to influence policymaking. The public arena is also where the promotion of innovation, and of particular interventions, can influence the way society thinks about a given problem and which, in turn, can lead to longer-term cultural change.

How does an intervention or set of interventions work and how do you know it has worked? Each case is different, but generally speaking, the following are common traits:

First, there are co-governing mechanisms in place for the interventions as well as a means of continuously managing connections between the intervention and the other parts of the system.

Second, the effectiveness of the intervention is measured by the sustainability of the changes, their ability to rewire connections among different actors and elements, and, ultimately, to affect deeply entrenched social patterns.

Yet assessing progress is a dynamic, and often chaotic, process.

In all of these elements, co-creation is central to understanding the systems' boundaries, determining the most appropriate approaches, and developing monitoring and evaluation.

Understanding the richness of the relationship between the practice of philanthropy and systems change in Latin America may be a long process. Nonetheless, I remain hopeful that, through forums like GRF-LatAm, we can continue to improve our collective understanding of where radical progress has been made, and where more and better innovation, knowledge and political will are needed to make efforts to address today's challenges effectively. ●

The author would like to thank Rodrigo Villar for reviewing an early draft of this article.



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#### **ABOUT THE NETWORK**

WINGS is a network of more than 100 philanthropy associations, networks, academics and support organizations in 40+ countries around the world whose purpose is to strengthen, promote and provide leadership on the development of philanthropy and social investment.

# Moving with movements



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## How should funders understand and respond to the forces that create systems change?

Amidst Guatemala's civil war, a small group of women in Santiago Sacatepéquez came together in 1988 to address chronic malnutrition and the lack of educational opportunities. A few years later, the Asociación Femenina para el Desarrollo de Sacatepéquez, or AFEDES, developed a robust microcredit and income-generating skills building programme.

Fast forward to June 2016, AFEDES members were among a thousand women gathering on the steps of the Guatemala Constitutional (Supreme) Court. They were there to support a case brought by the Movimiento Nacional de Tejedoras to hold the Guatemalan government responsible for preventing global fashion companies from stealing Mayan textile designs.

This small group ignited a nationwide movement, which is

now about to set an international legal precedent for indigenous peoples' collective intellectual property.

How can funders accompany more peoples' journeys towards self-determination and collective power? As a long-time funder of AFEDES and other grassroots organisations and movements around the world, we offer three insights.

First, in addition to supporting them for the long haul, our role as the funders of AFEDES is to invest (without restrictions) in their vision and goals. Long-term social transformation presents many obstacles to our grantees' work. Funders need not present more. Throughout our partnership with AFEDES, which began in 2005, the women changed course many times. They concluded that the oppression of women could not be solved by credit alone. They



shifted their primary goal from increased income to Utz 'K'aslema (Buen Vivir, or good living) for their families, communities and the natural world. Making their ancestral wisdom the foundation of all that they do meant AFEDES' analysis deepened and widened to include issues of indigeneity, food sovereignty and disability.

Thousand Currents stayed with AFEDES through strategy overhauls and leadership transitions. Giving money and getting out of the way is a radical departure from traditional



social conditions and are accountable to the communities that comprise them. They are focused not just on their communities' needs, but on moving systems, structures and institutions towards justice and equity for all people.

Finally, for a 30+ year-old organisation to shift its approach from funding short-term projects in the mid-1980s to movements, humility was and is required. Thousand Currents has made mistakes, but an ever-deepening commitment to continual, reciprocal learning means our grantees have become our teachers.

To deepen our own analysis, Thousand Currents builds diversified grantmaking portfolios that represent movement actors of many types and capacities, so that we can learn how to support movements without imposing our ideas on them.



Giving money and getting out of the way is a radical departure from traditional philanthropy, where project budgets dictate most partnerships. When funders can assimilate and act upon this wisdom – that the people closest to problems have the most important insights about their solutions – systems change becomes clearer.

philanthropy, where project budgets dictate most partnerships. When funders can assimilate and act upon this wisdom – that the people closest to problems have the most important insights about their solutions – systems change becomes clearer.

Second, systems change is non-linear, often unpredictable, and requires efforts on many levels. This is why we consider our partners as part of movement ecosystems, which include and gather individual citizens, campaigners, formal and informal groups, policy analysts, civil

society organisations, media makers, etc – taking coordinated steps.

Though it is not our role as funders to define what movements are, we've observed that they are most often characterised by a systemic analysis and a shared agenda to fundamentally change society's status quo, and principled, collective, direct action to create strategic pressure.

As part of larger national, regional and international community-led movements, our partners build momentum in response to specific

Movements vary greatly around the world, as the context and the people determine the structure and strategies within each movement. Funders must recognise movements are made up of ideas and actions for social transformation that are fluid, complex, responsive and dynamic, which is what makes traditional project funding mechanisms so ill-fitted to systems change.

When it comes to moving with movements, funders don't have to know everything. But they do have to be willing to change themselves. ●

## US spotlight

# Wanted: a cure for colour-blindness



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Turning a blind eye to the racism underlying our education system means that any solution will be partial at best

When the US education system was created more than 150 years ago, fewer career paths required college degrees, the student population was far less diverse, and antiquated and destructive ideas about race, gender and disability influenced perceptions of whether a student could succeed. The system was built to direct a few students (typically those who were white, male and middle-class) toward rigorous learning experiences and therefore careers that sustained their privilege, while providing a basic education to the rest.

This legacy still undergirds our education system today and, as a result, race and class remain the most reliable predictors of students' academic achievements – even as our schools and nation become more diverse.

For decades, philanthropic efforts to reform public education in the United States have focused on making students and teachers fit into the existing structure, rather than examining the whole system to understand why it was not producing the outcomes we want to see. That's in part because philanthropy in the US is white-dominant, and the ways many philanthropists perceive the system have been shaped by our own experiences of it.

As a child, I was taught it was impolite to acknowledge racial differences. To be racially 'colour-blind' was considered a



virtue and I'm sure that's true for many well-meaning white people of my generation. As I grew older, I came to realise how insidious the concept of colour-blindness could be and that ignoring the way racism shapes the social problems we grapple with doesn't make them go away – it just makes the solutions we attempt to implement less effective.

Policymakers and philanthropists often take a colour-blind approach to education, calling for policies they believe will support 'all' children, but suggesting all children have the same shot at opportunity is not borne out by the facts. Black students are 13 per cent less likely to graduate high school than their white peers, and black youth represent nearly one-third of all homeless youth – more than double the proportion of black youth to the overall population. This isn't a coincidence.

That's why the Raikes Foundation focuses on how children learn and on building environments that will

help them thrive. We fund the science of learning and development which teaches us what many parents, students and teachers have long known – that we must design schools where children feel they belong, are able to succeed, and are responsive to their individual growth and developmental needs.

We were pleased to be one of the foundations supporting the Aspen Institute's National Commission on Social, Emotional, and Academic Development, which did great work aligning the education field around what the science of learning and development teaches us. In its recent report,<sup>1</sup> the commissioners made clear that it's not the kids who need fixing, it's the system. This report signals a critical turning point in education philanthropy, one which takes a holistic view of young people and their needs and a bracing look at how systemic racism and implicit bias affect students of colour.

On the road to educational equity, we have a long way to go and much more to learn, but I'm encouraged by the broader understanding among my peers that yes, we must set high universal goals for all young people, but we must also put targeted strategies in place to get there. Universal solutions only serve to entrench existing inequities, and if we want to live in a thriving democracy with an inclusive economy, that can no longer be an acceptable outcome.

When schools affirm students' identities, surround them with supportive relationships, help them explore what they value, and make the connection between what they do in school and a purpose beyond themselves, all students can learn and achieve. It's up to us to build the system they deserve. ●

<sup>1</sup> *From a nation at risk to a nation at hope*  
<http://nationathope.org/report-from-the-nation/>

**Above:** Jeff Raikes and Ford Foundation president Darren Walker discuss racial equity at the Atlantic Festival.



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# Crowding out the gun violence



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Funders and communities working together in Chicago show that collaborations can perform effectively and quickly if the need is urgent and trust is established

Chicago is facing dual crises of increasing gun violence and eroding police legitimacy. In 2016, there was a 58 per cent increase in shootings and 284 more gun homicides than the previous year, representing nearly half the nation's total increase in urban

murders. Chicago Police Department (CPD) solved fewer than 1 in 5 of those murders. In response to the police shooting of teenager Laquan McDonald, the Police Accountability Task Force (PATF) and later the US Department of Justice issued reports that

identified systemic issues within CPD training and operations, as well as patterns of unconstitutional, excessive force and deep community mistrust of the police.

A system-wide solution was needed. It was in this urgent context that the five funders of the PATF – Chicago Community Trust, Joyce Foundation, MacArthur Foundation, McCormick Foundation, and Polk Bros. Foundation – came together to determine how we could leverage our resources to help significantly reduce gun violence within two to three years.

## Genuine community involvement

Understanding that the bedrock of true reform is authentic community involvement, we knew it was important to include a foundation partner with deep connections to Chicago's community organisers. We asked Woods Fund Chicago, which supports community organising and advocacy to advance racial equity and social justice, to join us. Woods Fund then brought together its grantees with a history of addressing criminal justice reform or police reform to consider the development of a citywide coalition.

Ultimately these organisations aligned under the Grassroots Alliance for Police Accountability (GAPA), convened by UCCRO, a Woods Fund grantee that has worked to bring together a coalition of voices on issues around racial inequity, human rights and structural racism since 2005 and participated in the earliest GAPA discussions. UCCRO's prior coalition experience made it a natural convener for this cross-city effort.

## Urgency, trust and freedom

We all knew there was both a dire need and a momentum for positive change. Over several weeks, the foundations and community groups met in various formats – together and separately, with PATF members, community



**Left:** GAPA announces recommendations for a community safety oversight board.



rapid-response fund for community-led activities. Today we have nearly three dozen funders and have collectively committed more than \$50 million to efforts within these four strategies.

### The lessons

We have learned several things about making this work.

To avoid getting bogged down on an urgent issue by different cultures and priorities, we made, as funders, a few upfront agreements. We aligned around an overall framework for PSPC which allowed each funder to directly support efforts that fit their own goals. We could make quick decisions by having senior leaders at the table along with programme leads. And we agreed to bring new resources to these efforts rather than reallocating from existing efforts. For example, at Polk Bros. Foundation, where our grantmaking focuses on the complex roots and devastating effects of poverty and inequity, our board of directors agreed a considerable oversight to engage fully in addressing PSPC gun violence reduction strategies. We also let PSPC grow and adapt, as needed. For example, we have begun bringing a more explicit racial equity focus into the work, acknowledging that even with our urgent time horizon of two to three years, we can't ignore systemic causes for violence.

We are optimistic that the investments of the last two years are beginning to help reduce gun violence, transform systems so that they are informed by community need, and support safe, thriving communities. For the second year in a row, shootings and homicides have dropped, reportedly by 18 and 15 per cent respectively. Gun violence is everyone's crisis, and no single approach will solve it alone. We see this early-stage funding as our contribution to a comprehensive, citywide violence reduction plan for Chicago. ●

**Above:** More than 1,000 community members were consulted during meetings held across Chicago in the winter of 2016.

residents, reform experts and those who have introduced community oversight in other cities – and we developed a commitment to each other and to making change. We all had different strengths and roles to play and needed to trust that each would pursue them with integrity. The foundations provided significant financial and intellectual resources to GAPA's development, but gave the community organisations complete freedom to pursue the work.

GAPA's work has been difficult and complicated, yet rewarding. We remained committed to a true community engagement process in which community members deeply affected by police violence drafted recommendations for an official city ordinance that reflects their thoughts, experiences and desired outcomes. GAPA engaged over 2,000 community members with approximately 60 community leaders from various communities. There have been more than 100 community meetings and trainings

to develop these recommendations which would give the community a formal role in oversight of the police department. Together, we have worked through challenging conversations, varying approaches to the work, organisational and coalition changes, and significant shifts in the political world. These dynamics are a strength and challenge for the GAPA alliance.

In March 2018, GAPA issued a report encapsulating the communities' recommendations and is now working with local aldermen to advance an ordinance to ensure successful implementation of a community safety oversight board that is responsive to all Chicago stakeholders.

As GAPA's work unfolded, the overall collaboration among funders evolved. More and more funders began to support GAPA and also other efforts, and the collaboration, now called the Partnership for Safe and Peaceful Communities (PSPC), coalesced and aligned resources around four evidence-based approaches to reducing gun

violence: direct services for those at highest risk, including street outreach, therapy and transitional jobs; police reform and community engagement; gun policy reform; and a



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## Last Word

# Let's change the system, not the symptoms



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Our society is structured to put the profit and privilege of a few before the well-being of the planet and its inhabitants

Philanthropy is constantly trying to reinvent and justify itself. 'Systems change' and 'systemic change philanthropy' are among the latest buzzwords. In 2016, Rockefeller Philanthropy Advisors launched their Scaling Solutions for Systems Change project; the 'collaborative philanthropy' Co-Impact Initiative is obsessed with systems change; Lankelly Chase Foundation has put systems change at its core and even organised a 'systems retreat' for funders. And this very issue of *Alliance* magazine has dedicated a whole issue to the topic. But what 'system' are they all referring to?

Indicators as diverse as global GDP growth, loss of biodiversity, CO2 concentration in the atmosphere, foreign direct investment, inequality or the number of undernourished people in the world all share the same feature: an exponential and annually increasing rise over the last 50 years. The wicked problems of our times are deeply interwoven with today's global political economy. How can we tackle, say, homelessness, if we don't look at migration (many homeless people are migrants), and climate change (as a migration push factor), and an overheated

growth- and profit-obsessed global trade system based on extractive capitalism (which provokes climate change)?

This intertwined economic, social, political and environmental crisis has not come about by chance. It is the result of a political economy that favours the concentration of profits and privileges of a few over the well-being of the vast majority of the planet's life forms. That is 'the system' that systemic change philanthropy has to change.

### How can we change the system?

To transform ourselves into agents of systemic change we need to understand what alternatives there are to an extractivist capitalist political economy.

They include Buen Vivir, feminist thinking, de-growth and heterodox economics, the Rights of Nature approach or The Commons – all open alternative ways to the management of goods, wealth and power – and there are many more.

All of these visions can provide answers flowing from the analysis above and translate it into new practices. Many organisations, including foundations, are already applying and experimenting with them. The European Climate Foundation for example, long-time proponent of a 'green growth' agenda, calls for 'economic systems change' and a 'radical transition'. Similarly, a range of funders, from Chorus Foundation to Oak, embrace (to varying degrees) the concept of a just transition to a non-extractive economy.

Funder trainings and events focused on systemic change, such as EDGE's Global Engagement Lab (a peer learning programme for funders from around the world) are blossoming to meet the increasing demand for funders who are ready to begin practising philanthropy in a different way.

### Where do I start?

Systemic change philanthropy requires three tiers of transformation – of ourselves, our organisations and our field.



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At EDGE and the Indie Philanthropy Initiative, we believe that meaningful change starts with self-analysis. We should begin by asking ourselves a number of fundamental, often uncomfortable, questions: where do we actually contribute to perpetuating the systemic crises we are in? Where do our investments go? Do we have organisational climate impact policies, or don't we care how much climate gas emissions we emit through our charity jet-set lives? How do we deal with gender, sexuality, religion, diversity, power and privilege in our organisations? Whose voices get heard and whose are silenced? Who decides which grants to make, and why? And where does all this philanthropic money actually come from in the first place?

Only when we've answered these questions can we look outward and

offer spaces for other funders to begin similar inquiries.

#### So what is systemic change philanthropy?

Systemic change philanthropy is a living thing. If we chart it out, canonise it, and offer it up to

the philanthropic buzzword laboratory we risk losing its possibilities, its nimbleness, its strength. But, we also know that we need guides, frameworks and ways to report to each other in order to unlock the billions of dollars needed to change the systems we're talking about.

So, we leave you with an evolving list of characteristics, based on our own experiences and the examples we see from funders who are already beginning to practise in this way. We hope you'll continue to refine this list with us, and with each other.

Systemic change philanthropy:

- acknowledges the interconnected, systemic character of the multiple crises facing us
- requires that funders see themselves as a part of the system,

and thus part of the problem, as well as the solution

- incorporates and adds to social justice philanthropy by addressing root causes of injustice and systemic crises through a de-siloed, participatory and trust-based funding model
- makes grants that address underlying systems feeding the crises, such as extraction, racism, colonialism, patriarchy, plutocracy, neo-liberal capitalism, etc
- must address healing. To change the systems we have to recognise past injustices – for philanthropy that means funders, activists, movement leaders, grantees, etc. sitting at the same table, creating safe and brave spaces, and being willing to undergo the discomfort of transformation.

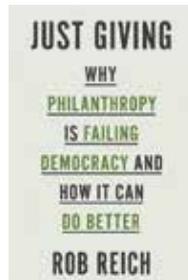
Systemic change philanthropy is uncomfortable. It's cumbersome. It's complex and also simple. Building it is a never-ending process. A utopia that, as Eduardo Galeano said, will always be at the horizon. With every step we take, it shifts a step further away. But it keeps us moving. ●

**Above:** Participants of EDGE's peer learning programme in New Orleans.



## Just Giving: Why philanthropy is failing democracy and how it can do better

Rob Reich



Reviewed by  
**Eva Rehse, Global  
Greengrants Fund, Europe**

 The latest book by Rob Reich, co-director of the Stanford Center on Philanthropy and Civil Society, is the most recent in a series of examinations on the role of charitable giving in liberal democratic societies and the injustice that corrupts the heart of modern philanthropy. At once less accessible and more ambitious than Anand Giridharadas' recent *Winners Take All: The elite charade of changing the world*, *Just Giving* develops a political theory of philanthropy as a framework for a thorough evaluation and exhaustive critique of the role of philanthropy in modern democracy.

Primarily limiting his focus to the US, Reich depicts the inherent power dynamics within this 'second golden age of American philanthropy', in which a large and growing number of contemporary private foundations are essentially 'institutional oddities in democracy' – too often unaccountable and non-transparent in their work and motivations, donor-directed, and privileged by tax advantages. The question at the heart of *Just Giving* is whether this type of 'Big Philanthropy' is compatible with the ideals of liberal democracies.

With its in-depth, clinical analysis, the book forces anyone engaged in philanthropy to take an honest look at their institutions, ethics and practices. Reich shows that philanthropy is always and inherently political, and an expression of power that can be indifferent to equality, or at its worst, cause inequalities. Raising questions regarding the public morality of a charitable giving that ultimately entrenches the privilege of the wealthy elites rather than tackles the root causes of societal

ills, a large part of the book is dedicated to analysing the legal rules that structure and encourage this philanthropic activity in the US today, and whether these are compatible with justice and democracy. Based on a detailed dissection of existing US tax laws incentives, Reich asks what kinds of institutional arrangements should define and structure philanthropy, and how the state and philanthropic practice ought to interact in an ideal scenario.

Satisfyingly, Reich begins to develop the cornerstone of what philanthropy in democratic societies should look like, one that is rooted in the spirit of intergenerational justice and based on the motivation to redress systemic injustices. Reich suggests what would be a sharp departure from how much of philanthropy is organised in its current form, not just in the US. In this vision, there is a place for foundations that encourage social policy experimentation and innovation, and thus are an asset to democratic processes, rather than propping up existing inequalities.

Ultimately, *Just Giving* is a call to academia and journalists, and one might add, to all of us working in philanthropy, to analyse our institutions and approaches in a more mindful and serious manner, and in doing so, Reich suggests an alternative political philosophy to underpin our theory of philanthropy. This book provides crucial arguments for the role philanthropy can and should play in liberal democracies, and why the systems that incentivise it need to change. It is an important read for anyone engaged in philanthropy who desires to change what is wrong with it. ●

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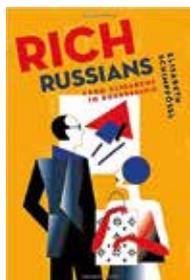
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## Rich Russians: From oligarchs to bourgeoisie

Elisabeth Schimpfössl



Reviewed by  
**Maria Chertok,**  
CAF Russia

This unique book is the result of over a decade of research into the phenomenon of the Russian new rich, including dozens of interviews with members of what Schimpfössl describes as a new social class. While there is a chapter dedicated to the philanthropy of Russia's ultra-rich, I found the rest of the book just as relevant. Issues that the author elaborates on, such as legitimacy, values, relations with the West, family roles and inheritance have implications for the philanthropic motives of rich Russians and can shed light on the future of Russian giving.

The author argues that philanthropy has an important role in legitimising the wealth and status of Russia's new rich. It helps them to justify their privilege, to become more 'cultured', overcome the boredom associated with money-making and get access to the people they seek the company of, particularly in the world's capitals like London or New York. That's why patronage of the arts is such a strong feature of the philanthropy of rich Russians, becoming in some cases their primary vocation. They start private collections, establish museums and galleries, and give to landmark cultural institutions in Russia, Europe and the US.

However, the variety of motivations and approaches in philanthropy is vast and the author doesn't do justice to this. For example, I don't think the story of major Russian private giving can be told without conversations with its leading figures such as Vladimir Potanin or Dmitry Zimin, or interviews with the founders of the largest foundations that at the moment represent the impact-oriented end of the broad spectrum of philanthropic initiatives in

the country. Still, there is great value in the insights the book provides into the mindset of less public (and less well-known) philanthropic figures.

And it helps us to outline the possible shape of Russian giving over the next two decades. For one thing, it provides confirmation that a large proportion of the Russian rich want to give their wealth away in some form or another and have no intention of leaving all of it to the next generation. By the time of the generational transfer of wealth, the sums will have increased considerably. Part of this will probably – again – be put into endowments to maintain and develop private art collections and museums, but there will be plenty left over.

At the moment, the 'average' rich Russian is unwilling to support causes outside the traditional (not to say, conservative) range – children, education, various forms of social support and healthcare. This may change with the next generation. The majority of children of the Russian rich are being educated in the West, which almost guarantees that their views will be different from their parents'. Even if the first generation do not leave their assets to their children, it's likely that they will attempt to interest them in the family philanthropy. A possible scenario, therefore, is that big new philanthropic money will come into the hands of well-educated young people with no legitimacy issues or socialist baggage and will become a force for social change. I know of cases where second generation family members built their family's foundations into progressive institutions with strategic direction and impact orientation. Russia needs more of those. ●

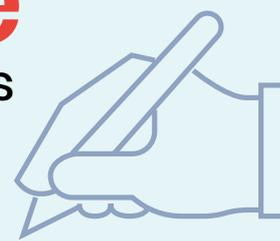
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<b>Leading Together Council on Foundations</b> 29 April-1 May Florida, US	<b>WINGS Jamaica Association Meeting</b> 24-26 April Kingston, Jamaica	<b>EFC AGA and Conference 2019</b> 22-24 May Paris, France	<b>UHAI EASHRI Changing Faces Changing Spaces</b> 19-21 June Naivasha, Kenya	

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# LOOKING AHEAD...



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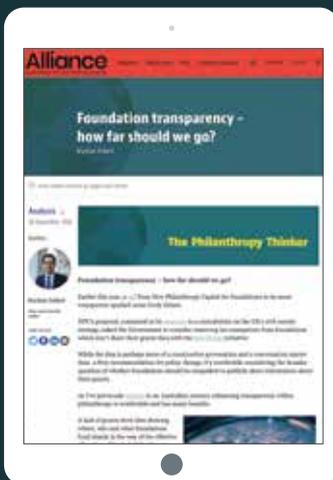
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## Peace-building

War and armed conflict have become the norm in many parts of the world, causing death, spoiled lives, ruined economies and lost opportunities. Philanthropy has often played a vital role in peace-building, yet this role is not well understood. This issue will illuminate practice from around the world, exploring the merit and value of community-based approaches to conflict resolution and profiling some of the pioneering people and networks working in the field.



## Coming up in **Alliance extra...**



- Filiz Bikmen and Michael Alberg-Seberich on the future of Europe's philanthropy infrastructure
- Coverage from the Deutscher StiftungsTag 2019, the Association of German Foundation's annual conference
- Coverage from the US Council on Foundations conference 'Leading Together'

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