

**SHIFTING  
SYSTEMS  
INITIATIVE**



Solutions for Scaling Impact

# Facilitating Equitable Systems Change:

A Guide to Help Foundation Board Members and  
Executive Leadership Lead the Way

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**ROCKEFELLER**  
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# Introduction

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The Shifting Systems Initiative, launched in 2016 and hosted by Rockefeller Philanthropy Advisors, aims to encourage funders to place longer-term, more adaptive resources with grantee partners to scale their solutions and impact and enable sustained, positive systems change. Over time, its Steering Group has included the Skoll Foundation, Ford Foundation, Porticus, Chandler Foundation, Draper Richards Kaplan Foundation, and Jasmine Social Investments.

Systems change calls for long-term, collaborative, and cross-sector approaches that seek to facilitate lasting and often transformative change. By tackling problems at their root causes, systems change, particularly when it is grounded in equity, carries with it the promise of greater, enduring impact and change vis-à-vis society's most significant challenges. For philanthropy, a systems view enables more purpose-driven work through strategic investments that target influential points within larger systems.

More donors are aware of this imperative, particularly after the Covid-19 pandemic laid bare historic inequities, the fragility of social safety nets, public health and education systems, and fair labor practices across the globe. Standard philanthropic practices of the past several decades have failed to build the community resilience or conditions for individuals, households, communities and nations to thrive.

*“Most social and environmental problems require comprehensive changes in public and private systems, structures, policies, and social norms to make long term sustainable progress. This deeper, more holistic way of working has come to be known as systems change, an approach that can be defined as ‘shifting the conditions that hold a problem in place.’”*

How could decades of social advancement have unraveled so quickly, funders and organizations asked themselves. What can we do to support more effective, resilient solutions? In response, growing numbers of philanthropic actors, including both grantmakers and operating

foundations, have embraced systems change concepts in their work over the past few years.<sup>2</sup>

This article is for board members and executive leadership of foundations who are interested in learning about systems

change as a means of driving more—and more sustainable—impact, and how they can be instrumental in transforming their organization's approach to embrace systems change. It addresses some of the long-held assumptions that may impede foundations from adopting a systems-based approach, and includes examples and questions to prompt internal dialogue at your philanthropic organization.

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<sup>1</sup> John Kania and Cynthia Rayner, Systems Change: Why it Matters, Social Investor (Chandler Foundation, October 18, 2022).

<sup>2</sup> See global pledges to simplify the processes and relationships between grantee and funding partners, by London Funders and Council on Foundations, for example.

# What Is Systems Change And Why Should It Be Equitable?

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**Some organizations are creating innovation models to drive equilibrium change—the disruption of social, economic, and political forces that enable inequality, injustice, and other thorny social and environmental problems to persist.**

As commonly understood, a system is a collection of elements, processes, or components that work together for a common purpose or cause an outcome. Regardless of whether a system is intentional or de-facto, natural or human-made, tangible or theoretical, systems operate synergistically so that an outcome of the system is more than that which would be generated by the individual parts of the system.

Thus changing a system requires an analysis of those parts and how they interact. Systems change is focused on shifting mindsets, structures, ways of operating, or patterns to address root causes of problems. These shifts are facilitated through intentional process and design, purposeful interventions, and conscious, deliberate approaches.

By focusing on systems change, foundation leaders can achieve resilient, lasting, and more effective change for grantees, frontline communities and broader societies well beyond those directly affected. This can help funders better fulfill their goals and vision. There are many ways in which systems change occurs through the efforts of funders and their grantees: structural change, transformational change, or relational change.<sup>3</sup> Regardless of the type of change, equity should be a core focus of those seeking to change systems. This is because the systems that drive the need for philanthropy are themselves filled with inequities: inequities

of power, of resources, of connections, of information. True change of a system can only occur when those inequities are addressed.

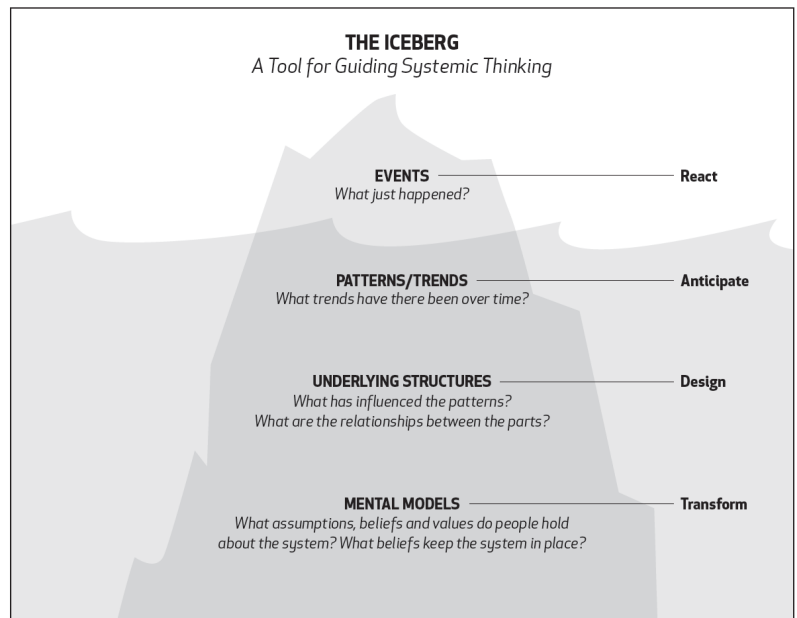
The imperative of addressing inequities within systems becomes evident when considering various examples. For instance, the criminal justice system in many countries has long been marred by disparities in arrests, sentencing, and access to legal representation, disproportionately affecting marginalized communities. Initiatives like criminal justice reform campaigns focus on addressing these systemic inequities to bring about fairer and more just systems. Similarly, education systems often exhibit stark disparities in resources, funding, and educational outcomes based on socioeconomic factors and race. Efforts to rectify these inequities through policies promoting equitable resource allocation and improved access to quality education are fundamental to achieving meaningful change.

Moreover, disparities in access to healthcare, exemplified by unequal health outcomes and limited access to medical care for disadvantaged populations, underscore the importance of addressing inequities within healthcare systems. Initiatives aimed at health equity strive to bridge these gaps, demonstrating that genuine systemic change is contingent upon addressing the underlying inequities that perpetuate the need for philanthropic interventions.

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<sup>3</sup> See FSG's Six Conditions of Systems Change. [https://www.fsg.org/resource/water\\_of\\_systems\\_change/](https://www.fsg.org/resource/water_of_systems_change/).

The iceberg model is a helpful tool for understanding global and systemic issues. At the surface you see the visible part of the system: the immediate challenges, symptoms, and events that capture our attention. However, just as with an iceberg, the most significant and influential aspects often lie beneath the surface. These hidden dimensions encompass the intricate web of underlying factors, structures, relationships, and inequities that drive and sustain the visible issues. The deeper you go in what you seek to change—through patterns and trends, to underlying structures, then on through to mental models—the more lasting the change will be.



<https://ecochallenge.org/iceberg-model/>

The chart below, which emerged out of an interactive workshop, illustrates the perspective of many funders and partners on what systems change is, and why it could be beneficial for a foundation to embrace a systems change approach.

### SHIFTING

reconfiguring, and transforming:

- Mind-sets, mental models, and paradigms
- Patterns, underlying structures, and way of operating
- Dynamics and relationships

### IN ORDER TO

- Address underlying root causes
- Deal with complex, uncertain, and interconnected systems that are ever-changing
- Solve big social issues

### THROUGH

intentional process and design, purposeful interventions, and conscious, deliberate approaches such as:

- Growing the number of people who think & act systemically
- Enabling & supporting leaders with the power to convene stakeholders
- Strengthening capacity & processes that enable communities to engage
- Strategic approaches that consider implications and impacts on the systems

### WITH THE OUTCOME OF

creating, ensuring, and positively affecting:

- Different behaviors & outcomes
- Resilient, lasting, and better results
- Building a bridge to a better tomorrow
- Positive social change
- Just, sustainable, and compassionate societies
- A new normal, the emergence of a new system, and a new reality

# Why Embrace Systems Change?

Systems change approaches can provide tangible benefits to both funders and grantee partners by fostering deeper relationships and enabling greater impact. Whether systems change is a foundation's main strategy, or simply one of the several approaches it employs, it can help funders to:



While not every benefit above is reflected in every program that has systems change as a goal, it is clear that there are numerous benefits for philanthropy and society when challenges are viewed through, and solutions seek to address, the systems that enable them.

## Key Questions for Foundation Leaders

- What systems are implicated in our work?
- Do we consider ourselves or want to be a systems change funder?
- What benefits do, or might, we see as a result of prioritizing systems change?

# The Role of Philanthropy Leaders In Advancing Systems Change

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*A systems lens is “...a view that balances part and whole and focuses on complex interrelationships and patterns from multiple perspectives.” –Derek Cabrera, systems scientist, Cornell University*

Foundations sit in a privileged space in relation to systems change given their freedom from, in large part, restrictions and imposed accountability. Thus they can work to effect change in systems in a variety of ways—through advocacy; through funding disruption and innovation; through information and amplification; through building new institutions; through changing perspectives, and more. Accordingly, philanthropy leaders have a significant role to play in driving systems change for a more equitable and just society.<sup>4</sup>

## Leading by Prioritizing Systems Change: External Actions

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Philanthropy leaders can play a critical leadership role in driving systems change, helping to catalyze meaningful social and environmental change and create a more sustainable and just world. Systems change is complex, multifaceted, and requires deep work that can be at odds with previous types of philanthropic programming. The significance of the investment for true change cannot be overstated. When philanthropy leaders decide to make this investment, some of the strategies they can use to lead include:

- **Partnering with other philanthropic organizations to expand the circle of those engaged in an issue, increasing the overall effectiveness of the efforts.**
- **Ensuring their systems change investment aligns with their organizational goals.**
- **Thinking differently about how the funder itself is part of the system, connections within a system, elements of the system, influencers of those systems, feedback loops that shape the systems over time, and other aspects of systems often taken for granted.**

Fund for Shared Insight is a funder collaborative aimed at improving philanthropy through joint grantmaking. It puts special emphasis on promoting the practice of feedback as a complement to monitoring and evaluation to help nonprofits and foundations be more connected and responsive to the people and communities they seek to serve. In essence, the fund emphasizes that at the core, systems cannot change if philanthropy does not effectively listen to the communities that it aims to serve, as these communities have more wisdom and answers than philanthropy has or gives them credit for.

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<sup>4</sup>For more information on effective funder practices in systems change, see Seeing, Facilitating, and Assessing Systems Change. <https://www.rockpa.org/wp-content/uploads/2020/07/Rockefeller-Philanthropy-Advisors-Scaling-Solutions-Report.pdf>.

- **Embracing innovation and experimentation by investing in early-stage initiatives, supporting pilots and prototypes, and creating a culture of learning.**

The [DG Murray Trust \(DGMT\)](#) of South Africa places a strong emphasis on early-stage initiatives and cultivating a culture of learning as part of its strategic approach to social change and philanthropy. Recognizing the importance of supporting innovative and nascent initiatives that have the potential to create significant positive change, DGMT provides funding, mentorship, and capacity-building support to early-stage organizations and projects that align with their mission. By doing so, DGMT helps nurture new ideas and approaches, enabling them to grow and develop into effective solutions for social challenges. To further drive change, DGMT prioritizes learning as a core value. This culture of continuous learning and reflection includes a commitment to gathering data, conducting research, and evaluating the impact of their programs that are broadly shared.

- **Advocating for policy change, which can be a powerful way to drive systems change, particularly in areas where policy and regulatory barriers are hindering progress.**

[Co-Impact](#) is a global funder collaborative that works to ensure that systems providing health, education, and economic opportunity are more just, inclusive, and effective in developing regions around the world. Its adoption of a systems change approach is deeply rooted in a belief that structural inequalities and gender-based discrimination exist because public and market systems operate suboptimally, produce poor outcomes, and fail to provide opportunity for all people. The collaborative therefore supports partners to understand and target root problems such as political and institutional gender constraints that underlie exclusion, inequality, low performance, and lack of accountability. It supports partners to develop relationships with government leaders, and to leverage policy, laws, mandates, and formal and informal incentives that can result in adoption at scale or institutionalization of key interventions.

In the United States, the [Robert Wood Johnson Foundation](#) actively engages in systems change by advocating for policy reforms that address the root causes of poor health outcomes, including poverty, housing, and food access. One of its signature programs, Policies for Action (P4A), operates in partnership with the Urban Institute to explore root causes of health disparities and fund research identifying policies and laws that can build a culture of health and promote health and racial equity.

- **Fostering cross-sector collaboration including government, the private sector, and civil society to bring together stakeholders from different sectors to work towards common goals.**

[ClimateWorks Foundation](#) is another organization engaged in cross-sector collaboration as it works to address climate change. Funded by the [William and Flora Hewlett Foundation](#), the David and Lucile Packard Foundation, and the McKnight Foundation, ClimateWorks supports initiatives that bring together stakeholders from the public sector, private sector, and civil society to develop and implement climate solutions, including renewable energy, sustainable transportation, and forest conservation.<sup>5</sup>

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<sup>5</sup> <https://www.climateworks.org/wp-content/uploads/2020/05/ClimateWorks-Foundation-Amplifying-Climate-Philanthropy.pdf>



- Investing in narrative change, which has been cited as arguably the most powerful lever in systems change, by changing mental models, hearts and minds.

A collaborative of national and regional foundations and multifunder initiatives, the Convergence Partnership focuses on addressing health disparities and promoting equity through systemic changes. As part of that effort, it actively engages in narrative change. The partnership uses storytelling, messaging, and community engagement to shift public perceptions, emphasizing the impact of policies and systems on health outcomes. By collaborating with partners, advocating for equity-driven policies, and using research and data, the partnership seeks to create a shared understanding of the need for systemic change and build support for its initiatives. Narrative change is integral to its strategy of advancing health equity and addressing social determinants of health.

As noted, philanthropy leaders can push for systems change by taking a strategic and intentional approach to giving, partnering with others who share similar goals, advocating for policy change, fostering cross-sector collaboration, listening deeply to, and incorporating feedback from, program partners (especially those with lived experience), and embracing innovation and experimentation. In leading by example, by leveraging their resources, expertise, and networks, and by leaning into their powerful platform, philanthropy leaders can play a critical role in driving meaningful social and environmental change.

### Key Questions for Foundation Leaders

- How might we change our funding models and choices to better reflect system change needs?
- How can I engage staff and partners in better analyzing how the different parts of a problem, including root causes, are all interrelated?
- Are there additional ways we can better leverage our position to drive policy or otherwise advocate for systems change beyond our spending targets?

## Leading on Systems Change: Internal Lens

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Philanthropy leaders who engage in systems work need to know that changing internal foundation operations can further their results. A few key steps they can take to move their organizations forward in this regard include:

- **Articulating a clear vision:** Foundation leadership can explicitly detail a clear vision for their organization's role in driving systems change, and communicate this vision effectively to stakeholders both inside and outside the organization.

Ellen Dorsey, Executive Director of the [Wallace Global Fund](#) which supports efforts to address environmental and social justice issues, has emphasized the importance of shifting the focus of philanthropy from charity to justice, and has pushed the foundation to support systemic change through advocacy and community organizing.

Robert Ross of [The California Endowment](#), a health-focused foundation that has prioritized addressing the root causes of health disparities in California, has emphasized the importance of working collaboratively with communities to drive systemic change and has pushed the foundation to focus on issues like racism, poverty, and environmental justice.

- **Engaging deeply with stakeholders:** For systems change, the range of necessary stakeholders can be quite large, and philanthropy leaders will have to engage with this broadened set of stakeholders to build strong relationships and foster collaboration.

Rip Rapson, CEO of [The Kresge Foundation](#), has emphasized the importance of engaging with grantees and other stakeholders in order to drive systems change. He has worked to build partnerships with community organizations and other funders, and focused the foundation's efforts on addressing issues like climate change, urban revitalization, and social justice.

Former [Hewlett Foundation](#) president Paul Brest was known for his commitment to engaging with grantees and other stakeholders to drive systemic change. He advocated for a more strategic approach to grant-making that focused on addressing root causes and building long-term solutions, and worked closely with grantees to develop and refine the foundation's strategies.

- **Aligning resources with the articulated vision:** Philanthropic CEOs and board members are critical in setting the tone for aligning a fuller spectrum of their organization's resources (funding, staff time, endowment, expertise, for example) with their vision for driving systems change.

Debra Schwartz, Managing Director of Impact Investments at [The MacArthur Foundation](#), has highlighted the importance of aligning philanthropic resources with a vision for social and environmental change. She built a portfolio of impact investments that matched the foundation's goals. In working to build relationships with other investors and stakeholders to drive systems change, she has advocated for a more strategic and collaborative approach to impact investing.

Darren Walker, President of the [Ford Foundation](#)—in addition to his work on grant-making and diversity within the foundation's staff—has emphasized the importance of aligning the foundation's investments with its vision for systems change. Among other innovations, he drove the foundation to divest from fossil fuels and other industries that contribute to social and environmental harm, and has invested in funds and companies that prioritize social and environmental responsibility.

- **Creating a framework for intersectional programs and grantmaking:** Reducing internal silos can be pivotal for foundations engaged in systems change initiatives because it allows them to address the complex interplay of multiple social and environmental factors.

The Environment Programme of the [Oak Foundation](#) explicitly noted as part of its new strategy that it will "leave behind the old approach of focusing on single-issue silos in favour of funding work with the most potential to have co-benefits and impacts across multiple issue areas."<sup>6</sup>

Similarly, Kresge Foundation works "intentionally at the intersections of its seven grantmaking areas." One way it fulfills this intention is by awarding cross-team grants, which involve financial and intellectual contributions from multiple Kresge programs in order to enable cross-sector, multidisciplinary work among grantees.<sup>7</sup>

- **Fostering a culture of learning and experimentation:** Leaders should encourage and support the active exploration of new approaches, as well as a system of learning from both successes and failures.

The Omidyar Network's Reimagining Capitalism initiative is a program that aims to transform the economic system to better serve society. The program supports experimentation and innovation by providing funding to organizations that are working to create new economic models, as well as by engaging with policymakers and thought leaders to promote new ideas and policies.

The Open Society Foundations' justice reform initiative aims to transform the criminal justice system to be more fair, effective, and humane. The program supports experimentation and innovation by providing funding to organizations that are working to develop new approaches to policing, sentencing, and prison reform, as well as by engaging with policymakers and stakeholders to promote systemic change.

[W.K. Kellogg Foundation's Racial Equity 2030](#) program aims to promote racial equity and justice by supporting experimentation and innovation through funding organizations that are developing new approaches to racial equity, as well as by promoting knowledge sharing and collaboration between grantees.

- **Measuring and evaluating impact:** Philanthropic CEOs who want to engage with systems change may need to change how they monitor and evaluate success given that philanthropic funding is often tied to short term, discrete projects and linear models of change and evaluation models often reflect that focus. They will need to implement alternate evaluation models, with different priorities, for using data and evidence to inform decision-making and refine strategies over time.

Philanthropy leaders can play a critical role in driving systems change, helping to catalyze meaningful social and environmental change and create a more sustainable and just world.

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<sup>6</sup> <https://oakfnd.org/wp-content/uploads/2021/05/Environment-Programme-Strategy.pdf>

<sup>7</sup> <https://scholarworks.gvsu.edu/cgi/viewcontent.cgi?article=1509&context=tfr> (p. 83)

## Key Questions for Foundation Leaders

- How can we, as leaders, more effectively set visionary yet realistic goals for systems change?
- As we look at our internal operations, what messages might we as leaders be sending inadvertently about the value of learning, experimentation, and risk-taking that could hinder innovation?
- What would we need to change about our measurement and assessment approaches to get better insight while recognizing the need for patient assessment of systems work?

# Why Some Funders Don't Prioritize Systems Change

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Some funders may be hesitant to engage in systems change due to the time and resource investment needed, the complexity of the challenges, or the uncertainty about how and with whom to engage for most impact. For others, it is simply not the way they work, and they prefer a more programmatic approach.

Whether a particular philanthropy should undertake systems change as a primary focus depends on a variety of factors, including but not limited to, issue area(s) in which the philanthropy works, the appetite for disruption, board and staff engagement, time horizon, operating approaches and archetype partnerships, and more. Reasons often cited include:

## **Resource Limitations**

Advocating for systems change can be time-consuming and require significant investments of staff time and funding.

## **Organizational Mission and Priorities**

The primary mission of some philanthropic organizations may not align with the goals of systems change. For example, some organizations may prioritize direct service provision over systems change.

## **Risk Tolerance**

Driving systems change can be risky, as it often involves trying new and untested approaches. Potential positive results are uncertain, are often not in control of the foundation itself, and are only visible long term. Philanthropic leaders who are risk-averse may choose to focus their investments on more established programs and initiatives.

## **Lack of Expertise**

Taking on systems change requires expertise in a variety of fields, including policy, advocacy, an understanding of government monetary flows, the intersection of players in a given area, and more. Philanthropic leaders who lack this expertise may choose to focus on other areas where they can have greater impact.

## **Political Concerns**

Advocating for systems change can involve navigating complex political and regulatory environments. Some philanthropic leaders may be concerned about the potential risks and challenges associated with engaging in this type of advocacy work.

## **Abstract Concept**

Some philanthropies may find the concept vague, abstract, overly fashionable at this moment, or simply cannot get a handle on what it means, what it looks like, and how the organization's ways of working would need to change.

While many of these reasons can be overcome with the right partners, a dedication to taking on the challenge, and appropriate investments of resources and time, there are organizations that simply won't engage in systems change for valid reasons. However, even those foundation leaders who choose not to explicitly elevate systems change as a key goal can help drive impact by prioritizing one or more systems change approaches. Those approaches can include viewing impact through a systems lens, working to change policies that enable inequitable systems through advocacy, or using funding approaches that more effectively support grantees driving systems change. This last option in particular—adjusting practices to enable grantees and other partners who are driving systems change—can have an outsized impact on the results your philanthropy seeks to achieve.



### Key Questions for Foundation Leaders

- If we are not engaging in systems change work, what are our reasons?
- How can I as a leader work to engage staff to overcome institutional and cultural barriers where systems change might be beneficial for our objectives?
- What resources can we find, deploy, or otherwise utilize to bring in expertise for helping formulate systems-based approaches?

# Ways Non-Systems Funders Can Better Enable Systems Change

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There are several funder behaviors that are highly beneficial for systems change efforts that foundation leaders can adopt, even if they themselves are not interested in pursuing systems change. To understand these behaviors, it's vital to recognize that funded organizations' success in addressing complex problems depends on their ability to change the systems where these issues exist. This, in turn, can be influenced by the way they receive funding.

Philanthropy leaders can adopt at least four practices relating to the funding of these organizations that go a long way in helping them to be more transformative, notably<sup>8</sup>:

- Establishing long-term grantee relationships and providing flexible multi-year support
- Providing general operating support (as opposed to restricted funding)
- Streamlining grantee application and reporting processes
- Pooling or creating other collaborative funding vehicles with peer philanthropies

## Ensuring Multi-Year Support

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Long-term funding, defined here as grants of three to five years or more, is one important way to help build stability and capacity in grantee organizations. That stability provides grantees the opportunity to think more strategically about their activities and impact, and can enable them to engage in systems change efforts that require patience and tenacity. It can also help increase innovation: like venture capital for-profit entities, long-term support can allow a social purpose organization the flexibility to take advantage of unforeseen opportunities it would normally need to pass up.

For funders, longer-term funding relationships (versus yearly grant outputs) can provide the space for donors and partners to develop more trusting relationships and to think about common longer-term goals. They can also help donors to leverage the in-depth knowledge of specific issues held by grantees, reach a clearer understanding of gaps and opportunities, perhaps adjust their long-term aspirations, and respond more quickly to nearer-term opportunities and challenges.

Ford Foundation's [BUILD program](#), "provides multi-level support through a combination of long-term commitments, flexible funding, and institutional strengthening to help grantees become more resilient and effective."<sup>9</sup> Now in its second round of five-year grants to hundreds of organizations, BUILD seeks to give grantees the flexibility and resilience needed to focus on doing their best work rather than allocating the resources needed to seek year-on-year funding. The approach has empowered grantees, with over 85 percent agreeing that BUILD support has helped them strengthen their work to become more effective.<sup>10</sup>

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<sup>8</sup> For more insight on how funders can help grantees scale toward shifting systems, see [Scaling Solutions toward Shifting Systems](#).  
<https://www.rockpa.org/wp-content/uploads/2018/10/10-20-RockPA-Scaling-Solutions-02-WEB-1.pdf>.

<sup>9</sup> <https://www.fordfoundation.org/the-latest/news/ford-foundation-expands-flagship-build-program-to-provide-1-billion-to-hundreds-of-organizations/>.

<sup>10</sup> <https://www.fordfoundation.org/news-and-stories/news-and-press/news-additional-pages/faqs-build-grants/#:~:text=In%20a%20survey%20of%20130,procure%20funding%20from%20other%20sources>.

King Philanthropies' goal is achieving "enduring, large-scale change in the lives of the world's poorest people." Their method, once they define the focus areas for impact and identify organizations aligned with that focus, is to award generous, unrestricted multi-year grants to support scaling of proven interventions. They base the decision about which organizations they will award on essential need, scalable impact, and high-performing leadership.

While many funders realize the benefits to grantees of multi-year support, hesitancy remains for many, typically under the guise of good stewardship: the desire to "test" a new relationship; a fear of creating dependency; a "results-oriented" approach; or even accounting practices at the foundation. We have found that with strong partnerships between grantees and funders, those fears are, in most cases, unfounded for the reasons noted below:

- **Testing new relationships:** Research has shown that long-term relationships between funders and grantees often lead to better outcomes as multi-year partnerships allow both parties to build trust, align goals, and work collaboratively toward shared objectives.
- **Fear of creating dependency:** Multi-year funding can actually reduce dependency by providing stability and empowering grantees to plan for the future.
- **Results-Oriented approach:** Longer-term support gives grantees time and resources to achieve meaningful, long-term impact by enabling them to focus on outcomes rather than short-term outputs.
- **Accounting practices:** Many foundations have successfully adapted their accounting practices to accommodate multi-year grants. They recognize that the benefits of such grants far outweigh any administrative challenges.
- **Mitigating risk:** Multi-year funding can be structured with built-in performance metrics and milestones, ensuring accountability and risk mitigation. This allows funders to track progress and make informed decisions about continued support.

## Providing General Operating Support to Turbo Boost Stability and Innovation

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As the organizations closest to the communities served have the most information and understanding of the community, grantees are often more aware of how funds could be best deployed. However, some funders believe that they will create more impact by restricting how grantees may use funding, thus forcing rigor and discipline. In reality, there are significant benefits to allowing grantees working to shift systems to prioritize themselves their use of philanthropic

funding. General operating grants can give them flexibility to allocate funding as the external context changes, or in response to a strategy pivot that will create more impact. Moreover, unrestricted funding can allow a good CEO of an organization to be a better leader by being able to seize opportunities, prioritize organizational growth, and improve staff retention through stability.



One foundation that has embraced this approach is the [Healthy Communities Foundation](#) located in the U.S. state of Illinois. Committing “the majority” of its funding to unrestricted general operating support, “allows [the foundation] to invest boldly and deeply in critical, community-led pandemic response efforts beyond a public health crisis... and support an equitable recovery for our region.” The leaders noted that they “firmly believe that strengthening our partner organizations from within allows them to be more adaptive, creative and values-focused to engage in sustainable and scalable systems change

efforts that advance racial equity and health equity in our communities.”<sup>11</sup>

Similarly, the [Skoll Foundation](#) takes this further, coupling multi-year support with flexibility for enhanced results.<sup>12</sup> “The Skoll Award is not only three years, but also currently \$2.25m in general operating support over that period—enabling capacity building across critical organizational functions (e.g., leadership, measurement and evaluation, multi-sector partnership), oft—unfunded strategic planning toward their impact north star, further innovation and R&D, and bridging to other partnerships and resources.”<sup>13</sup>

## Simplifying Grants Management Processes

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Foundations often seek in-depth, detailed application forms and reports, even for relatively small amounts of funding, in the belief that more rigor will surface the best organizations or force organizations to prove their worth. However, when working to help organizations drive systems change, the time and resources spent on these efforts can be counterproductive. In fact, overly complex templates and procedures often prevent good organizations with innovative approaches and limited resources from qualifying for funding. It was shown during the age of Covid-19 that unprecedented amounts of funding can be moved quickly, without complex processes, and

often with outstanding results. Philanthropies can support grantees by considering aspects of the streamlined processes that can become a permanent part of general philanthropic practice.

One example of an organization that dramatically simplified the application and reporting process includes [The Robert Sterling Clark Foundation](#), which puts trust at the core of its philosophy and actions. President and CEO Phil Li notes: “Grant seekers bring so much to the table—knowledge, boots on the ground—and if we can approach our grantees as partners in social change, we believe the outcomes will be stronger.”<sup>14</sup>

## Pooling Funding with Other Philanthropies to Help Grantees Enhance Impact

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Systems are typically made up of players that engage in multiple seen and unseen ways. Given the complexity of systems, partnering with others who can help drive the system in different directions is required for true change to occur. Funders don’t have to have a focus on systems change to use collaboration as a means of driving systems change. Indeed, collaboration

among donors can be an extremely effective way to increase impact and approach complex problems. Collaboration brings not only more money to the table, but also more perspectives and experience, as well as non-monetary assets, to bear for the organizations and grantees funded that are working to drive systems change.

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<sup>11</sup> <https://www.hcfdn.org/general-operating-support/>.

<sup>12</sup> More on Skoll’s process can be found here: <https://skoll.org/2022/03/23/introducing-the-skoll-awards-for-social-innovation/>.

<sup>13</sup> Edwin Ou, Skoll Foundation, interviewed in 2022.

<sup>14</sup> <https://www.trustbasedphilanthropy.org/blog-1/2019/2/27/funder-spotlight-rsclark-foundation>.

## Key Questions for Foundation Leaders

- How can our organization change our application, funding, and reporting practices to deepen our relationships and increase alignment with our grantees and other partners?
- What do we have in place to collect honest feedback about our processes, that acknowledges the power dynamic?
- What more can we do to support our grantees who are deeply involved in systems change?

## Conclusion

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Philanthropic leaders are uniquely situated in their ability to support, contribute to, and in many cases drive, systems change. With the power to influence other stakeholders, including policymakers, businesses, and other donors and nonprofits, philanthropic leaders can not only be instrumental in adopting systems change as a priority; they can also convincingly encourage others to adopt a more holistic, collaborative approach to social change, leading to greater

impact and positive social outcomes. As can be seen from the above, there are a variety of ways that philanthropy leaders can step into this potential. In this post-pandemic world, an understanding of what systems change is, how using a systems change lens might be of benefit to their mission, and what they can do to support their partners and grantee efforts toward systems change by re-evaluating their own practices is critical for philanthropy leaders.



## About Rockefeller Philanthropy Advisors

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Rockefeller Philanthropy Advisors (RPA) accelerates philanthropy in pursuit of a just world. Continuing the Rockefeller family's legacy of thoughtful, effective philanthropy, RPA is a global nonprofit at the forefront of philanthropic growth and innovation, with a diverse team of experienced grantmakers with significant depth of knowledge across the spectrum of issue areas. Founded in 2002, RPA has grown into one of the world's largest philanthropic service organizations and has facilitated more than \$4 billion in grantmaking to more than 70 countries. RPA currently advises on and manages more than \$600 million in annual giving by individuals, families, foundations, and corporations. RPA also serves as a fiscal sponsor for over 100 projects, providing governance, management, and operational infrastructure to support their charitable purposes.

For more about the Shifting Systems Initiative, visit:

<https://www.rockpa.org/project/shifting-systems/>

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