

Achieving social change: what role for grantmaking?

Venture philanthropy, catalytic philanthropy and impact investing gaining ground; the faintly disparaging label ‘traditional philanthropy’ being attached to grantmaking . . . if there is not exactly a crisis in grantmaking, it is at least being called on more and more to justify itself. So how should we respond? Does it have a role to play? As part of the special feature on grantmaking for social change, *Alliance* convened a webinar bringing together proponents of different approaches to philanthropy to debate this and, above all, to consider the question of whether grantmaking can produce social change.

Jenny Hodgson of the Global Fund for Community Foundations (GFCF), facilitating along with Barry Knight of CENTRIS, set the scene. Emerging community foundations, with which GFCF very largely works, often struggle to raise money to make grants in places with very few grantmaking organizations, she observed. In places like East and South Asia where social investment is making headway, it seems there’s a danger that grantmaking will be bypassed altogether. ‘As the ideas of venture philanthropy and corporate philanthropy and catalytic philanthropy emerge in the context of African philanthropy,’ she said, ‘there’s a sense we’re walking away from grantmaking without having done it.’ At last year’s conference of the African Grantmakers’ Network, a prominent keynote speaker ‘raised an eyebrow about why the network was a grantmaker network’. And it’s not only in places with limited traditions of institutional philanthropy that this is an issue. There have been conversations at WINGS, too, about the G in its name. What, in short, is the place of grantmaking in current philanthropy?

The participants



Kathleen Cravero is president of the Oak Foundation, a private family foundation in Geneva, which

works in the following areas: environment, child protection, housing and homelessness, learning differences, human rights and violence against women.

‘Our core business is grantmaking – and we do this in ways that we feel are both strategic and catalytic. If social change cannot be achieved through grants alone, it also can’t be achieved through projects or high-impact initiatives alone. Social change is nurtured by strong community-based civil society organizations. That’s why we are increasingly making multi-year core support grants, ie to build the kind of civil society groups that will recognize what change is necessary and make it happen.’



Stephen Heintz is president of Rockefeller Brothers Fund in the US, which focuses on democratic

practice, sustainable development and peacebuilding.

‘We represent so-called ‘old philanthropy’ in a contemporary fashion. We can think of philanthropy like acupuncture. We have tiny needles available – where do we insert them in order to trigger a systemic change? The focus has to be around triggering change in the public and private sectors. They are the big players on the issues we’re concerned with. We can see grantmaking as one tool in a robust set including convening, advocacy, leadership and public engagement that mobilizes people around the issues, helps build the capacity in grantee organizations.’



Avila Kilmurray is director of Community Foundation for Northern Ireland (CFNI), which works to support

community-based initiatives related to social justice, peacebuilding and community development.

‘We see grantmaking as core to what CFNI does. Working at local levels, grantmaking allows the sharing of power. If foundations overemphasize their role as operational more than grantmakers, they’re actually concentrating power within themselves. We say that to achieve social change, we’re engaged in an iterative process whereby we talk to people working on the ground, living the issues they are seeking to address. We also bring our perspective into the equation – out of that mix, you get effective grantmaking.’

Grantmaking as core business

For many of those taking part in the webinar, grantmaking is central to what they do. Avila Kilmurray believes that, working very locally, 'grantmaking allows the sharing of power'. It's important, she noted, to make clear that grantmaking is not simply the act of giving money; it's 'an iterative process whereby we talk to people working on the ground, living the issues they are seeking to address. We also bring our perspective into the equation. Out of that mix, you get effective grantmaking.'

Kathleen Cravero said the Oak Foundation in Geneva also sees its core business as grantmaking: 'We transfer money from us to others in a way that's strategic and catalytic.' She too sees it as an iterative process. But she doesn't see grantmaking on the one hand and venture philanthropy, catalytic philanthropy, impact investment,

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etc on the other as mutually exclusive. Many organizations do both: 'Many who talk about strategic or catalytic philanthropy are still talking about grantmaking in one sense or another.'

In Rana Kotan's view, the Turkish experience very much bears out Jenny Hodgson's picture of grantmaking in emerging markets. 'Grantmaking is key for Sabanci Foundation, but there are very limited funds available in the country. We're one of only a few foundations to run a grants programme. We are able to accept less than 10 per cent of applicants on our programme – which shows the extent of unmet demand.'

Can grants bring about social change?

What is the role of grantmaking in bringing about social change? Could participants point to a particular social change and isolate the role of a grant or grants in bringing it about? Some believed they could.

Avila Kilmurray talked of CFNI's work with ex-political prisoners from different paramilitary groups in Northern Ireland. Grants had been the essential precondition for building trust among these groups. Trusting them with grant money had made them feel like partners in the process and had gradually drawn previously opposing groups into a single collective consortium which takes decisions about how ex-prisoners can be reintegrated into society and play an active role in conflict transformation.

Rana Kotan described the development of the Sabanci Foundation's child marriage programme. The foundation had become aware of the issue of child marriage and its prevalence in Turkey through an application from a women's NGO. Further grants had succeeded in bringing the issue to public attention. Now the government is planning to initiate a research project in collaboration with Sabanci Foundation. As a melancholy yardstick of success so far, she offered the story of a 14-year-old Turkish girl, married at the age of 11, who was murdered after her second baby died. The story had made every Turkish newspaper's front page, when previously no one talked about child marriage. 'We can't claim we achieved social change,' she concluded, 'but we are on the way to doing that.'

Grantmaking plus

But not alone... While there's 'no question that grantmaking is a necessary element' in what foundations do, said Mark Kramer, 'when talking about creating social change, money isn't enough. A foundation needs to take a leadership role in trying to organize a cross-sector campaign. Real social change has to



Rana Kotan is director of programmes and international relations at Sabanci Foundation,

Turkey, a family foundation established in 1974.

'We need to start really small if we want to create change. Collective action is necessary, and grants are an effective tool for triggering it. We should play a more proactive role in contributing to change by bringing the right parties together, mobilizing communities and mobilizing necessary networks... We decided to support community leaders (changemakers) with an intrinsic interest in creating change through small grants, training and technical assistance. Even with small grants, they will become agents of change.'



Mark Kramer is co-founder of FSG, a US-based non-profit social impact consulting firm working with foundations,

companies and non-profits across the world on how to be more effective in achieving social impact.

'There's no question that grantmaking is a necessary element, but when talking about social change, it isn't really sufficient. It's easy for grantmaking to help meet needs – whether the urgent basic needs of people in poverty or failing school systems or the more esoteric need of universities and museums. But when it comes to social change, money isn't enough. Foundations need to take a leadership role in trying to organize a cross-sector campaign. No matter how good a grantmaker you might be, it's hard to find the single grantee that will achieve change at scale.'

involve not only non-profits but business and government as well.'

No matter how good a grantmaker you might be, he went on, 'it's hard to find a single non-profit that will achieve change at scale'. He took the example of the juvenile justice system in New York. The system for dealing with juvenile offenders wasn't working – or rather, as Kramer put it, 'it was not a system'. All the elements of it – police officers, courts, school officials, lawyers – worked in isolation. The result was a recidivism rate of 91 per cent at a cost to New York of US\$250,000 per year per child. A group of foundations funded a collective impact initiative to bring together 'all those involved in youth and juvenile delinquency in New York, none of whom had been in conversation before'. They agreed on common goals and a shared measurement system and created a taskforce. Three years later, the number of youth in state custody had dropped by 45 per cent. This he called 'grantmaking plus'. 'It was not a single grant to a single organization that made the difference: it was coordination and coalition building. The moving force behind the social change was not so much the grants but the collective impact effort itself.'

Kramer also gave the example of a donor in Atlanta who became very interested in trying to bring microfinance to Palestine and Arab countries. He had materials translated into Arabic, brought in other donors, organized an international conference on the issue. Other than one small infrastructure organization, there were no grantees to do the work that needed to be done, so he paid for the activities but didn't give grants. Yet he increased the number of microfinance borrowers from 40,000 to 3 million.

Grants, but not alone

Kathleen Cravero had a slightly different point of view. The Oak Foundation is not operational, she said, 'we give grants'. In the Palestine example, 'we could have found an organization to organize that conference rather than doing it ourselves. We could have done it through grants, drawing on the wisdom and expertise of organizations on the ground. There is a danger in one wealthy person in Atlanta deciding

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that microfinance is good for Palestine.' For her, 'it's what's inside the grants that counts. Even with the collective impact effort, it was grants – grants smartly made, clusters of grants with the right organizations pushing them forward.'

But not alone, she agreed. 'I don't know if any foundation gives a grant to one organization and thinks it will lead to social change on a system level. That's just a misguided foundation and a bad idea.' Overall, participants agreed. As Stephen Heintz put it, it is unlikely, though not impossible, 'that a grant on its own or a series of grants on its own will produce significant social change. But if those grants are made in the context of a broader strategy, including the other kinds of tools philanthropy can help organize, the results can be far-reaching.'

Philanthropy as acupuncture

'Without significant change in public policy, public investment, private sector behaviour and investment,' said Heintz, 'we won't accomplish social change goals.' The resources at philanthropy's disposal – he cited a figure of \$40 billion given away annually by American foundations – are 'minuscule when looking at the scale of the challenges'. Consequently, he suggested, 'we can think of philanthropy like acupuncture. We have tiny needles available – where do we insert them in order to trigger a systemic change? The focus of our work has to be around triggering change in the public and private sectors.'

His example involved promoting sustainable management of forest resources in British Columbia, where 25 per cent of the world's temperate rain forest still exists, but being rapidly denuded by industrial logging. The near-term goal was to stop logging and the longer-term goal was to create a sustainable forestry management system worldwide. Over about a decade, he said, 'through a strategic and flexible philanthropic strategy, we were able with others to influence government policy and private sector behaviour – a case where grantmaking was critical, but alone would not have made the difference.'

Grantmaking, thinks Heintz, is one means among others, 'including convening, advocacy, leadership and public engagement, that mobilizes people around the issues, helps build the capacity in grantee organizations. All have to be part of our efforts to influence big systems and find places to insert needles to effect changes.'

For Mark Kramer, though, there is a 'mismatch between the grantmaking model and the nature of

social change'. While social change is 'highly unpredictable, it happens in fits and starts', grantmaking is predictive, with logic models and theories of change. When it comes to social change, grantmaking needs to be 'adaptive, responsive and agile – and playing that role often conflicts with some of the traditional practices and models of grantmaking'.

Orchestra or jazz ensemble? The question of power

Is philanthropy an orchestra, with the philanthropist as the conductor and the grantee the paid violinist, wondered Barry Knight. Mark Kramer thought not.

Stephen Heintz preferred the metaphor of the jazz ensemble, which has 'no particular leader, but assembles the different instruments to produce harmonies and syncopation – and philanthropy is one of the instruments.'

Jenny Hodgson described how the Nelson Mandela Children's Fund in South Africa has understood the need for technical assistance and started to build in-house technical support, but is now 'wondering if it should be using grants to strengthen others to carry out capacity building rather than being in charge of all the inputs and outcomes as a single institution'. 'Are grantmakers prepared to devolve the framework to people on the ground to use resources in the way they want?' she asked.

CFNI has many examples of consensual grantmaking, said Avila Kilmurray. In addition, 'we marry small grants with the offer of a mentorship'. She also pointed out that the willingness to open up decision-making is a matter of expediency as well as principle. 'If you adopt the role of purely top-down operational foundation,' she suggested, 'you're excluding the wisdom you might get from people on the ground.' She pointed out that Sabanci's child marriage project 'came out of a grant application – a local group raising it and responding to it'. If you adopt the role of purely top-down operational foundation, she said, 'you're excluding the wisdom you might get from people on the ground.'

The issue of power and where it lies in the grantmaker-grantee relationship is an abiding one, requiring constant vigilance, not one that can be answered once and for all. As Stephen Heintz put it, 'power dynamics are something we really need to keep in mind at all times.' Philanthropy needs to understand 'what we

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and others can bring to the process of change'. It's easy to forget that, he added, and to fail to understand the dynamics of the grantee organizations philanthropy is meant to serve.

Reluctance to take risks

An often-cited advantage of philanthropy is that it can take risks. It can give itself the latitude to experiment with what Jenny Hodgson called 'grantmaking in a not-quite-strategic form' in order to initiate ideas and catalyse change. But often it seems that foundations are reluctant to take the risks their position allows them; they shy away, for one reason or another, from funding organizations challenging the status quo or where there is no easy or obvious gain to be made. This reluctance can be another factor limiting the efficacy of grants in bringing about social change: those organizations working for it have their hands tied by the terms of the funding they receive.

Avila Kilmurray said she often finds conversations about different forms of grantmaking frustrating because they 'seem the luxury of those who might have more money than they need'. As a grantseeker, she is often obliged by the terms under which she raises money to disburse it in a particular way. 'As a small grantmaker, we find it very difficult to get the funds to actually fulfil the funder-plus role, because a lot of donors don't want money going into the plus bit.' Jenny Hodgson agreed that there's 'still a lot of grantseeking behaviour that slots into the terms and conditions laid out on a foundation's website'.

Supporting civil society . . .

If grants alone can't bring about social change, it's worth keeping in mind that philanthropy is a major part of the economy that supports civil society. 'Civil society is not a luxury,' said Stephen Heintz. 'It's good to have in good times, it's essential in difficult times, and it's an absolute necessity in robust, democratic societies.'

For many grantmakers, strengthening civil society is a necessary step towards social change – and it's a long-term proposition. Many community foundations, remarked Jenny Hodgson, take this as a starting point. From our perspective, said Rana Kotan, 'strengthening the civil society sector is as important as creating social change.' The Sabanci Foundation supports community leaders with an interest in creating change with small grants and with training and technical assistance because it believes that 'even with small grants, they will become agents of change'. ▷

... and increasingly elusive movements

Kathleen Cravero believes that social change comes from 'strong, community-based civil society organizations'. That's why almost half the grants the Oak Foundation makes are multi-year, core support grants, 'to build the kind of civil society groups that will recognize what change is necessary and make it happen'.

However, she identified a difficulty looming for all would-be social change grantmakers. 'Oak is very involved, both with regard to the environment and women, in building movements. This is challenging. You cannot exert the level of control you'd maybe traditionally want or think you would be comfortable with.' In both these areas, they have given grants to networks, seeing them as best placed to judge who among their members would make best use of the money.

'What concerns us,' she said, 'is that movements are developing in the world on really important issues that defy the procedures of philanthropy. They are leaderless, paperless movements – appearing and disappearing. It's possible these will be the kinds of movements that will effect social change in the future. If we don't figure out how to relate to them,' she concludes, 'social change philanthropy could become irrelevant.' If left to philanthropy, Barry Knight pointed out, we wouldn't have had the civil rights movement or feminism.

'Commonality and consensus'

Whatever the merits of catalytic philanthropy and impact investment, they are clearly not about to replace grantmaking. Indeed, as the webinar showed, it is a mistake to see them as rival approaches. Many funders do both, to good effect. All webinar participants saw grantmaking as a vital 'part of the answer but not the whole answer', as Barry Knight put it. All agreed that grants are an important instrument in helping create the conditions for change if used in combination with other means at funders' disposal, such as advocacy, leadership and public engagement.

There's nothing very startling about these conclusions but what is striking is the extent that they were shared by all webinar participants. Does this point to a

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growing sense of common purpose, which can furnish the basis for greater collective action? Mark Kramer believes so. He professed himself 'delighted' about the degree of 'commonality and consensus' among participants and talked of a 'real growing body of knowledge about the role philanthropy can play in social change'.

Finally, Stephen Heintz urged both humility and ambition: 'We in foundations do not have the answers to very big problems. We have some resources that can help people work on solutions. We have to be quite ambitious and quite humble as we approach ambitious undertakings – and understand what we and others can bring to the process.' @

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