

International perspective on philanthropic impact –
for the Philanthropic Impact Pioneers Programme
Kate McKegg 27 November 2018

What kind of world do we want to live in?



Wicked Systems Problems

- Are unique and have no precedent
- Do not have definitive criteria or indications for the right solutions
- Are difficult to address and change with every attempt to address it
- Involve many stakeholders with different values and priorities
- Are complex - they have causes and drivers that are interdependent and filled with uncertainties

Adapted from Strategy as a Wicked Problem. John C. Camillus. Harvard Business Review, May 2008.

Complex realities

- Social systems are porous and flexible
- People, ideas, information and resources flow in and out of social systems
- Systems interact with each other – are affected and affect each other
- Systems change over time – they are not static, so any outcome or impact will be the result of interactions within and across the system – there will be many causes
- And any change will itself have consequences – positive and negative

© Original Artist
Reproduction rights obtainable from
www.CartoonStock.com



"'Stop drinking'? — Always a simple solution to a complex problem!"

Frank and Ernest



- The ways in which intended beneficiaries of funding and programming respond **is a function of context i.e.**, who is delivering, how much, when, in what ways, with what supports, taking account of different circumstances etc.
- Impact and outcomes are systemic – they only occur as a consequence of being connected to context and people’s reasoning and decision making
- Whether people’s motivation and reasoning / decision making is influenced - what motivations and reasoning are ‘fired up’ and operate - is the key to impact

What matters about context

Decision
making
context

Far from agreement about what the root causes of key issues are, how we might define them, what the boundaries are

Far from certainty about what course of action is going to shift the dial of some of the wicked issues and problems



How do we bring the future
into the present?

- Looking beyond the horizon
- With the past and present in mind
- Discovery effort required – high risk, longer time horizons, experimentation

“Philanthropy [can be] an important catalyst for social change and [sometimes] plays a pivotal and instrumental role in supporting communities and ameliorating disadvantage”
(Gillies, York & Minkiewicz, 2017).

Mismatch
between grant
maker and grant
seeker and
experiences and
impressions

“78% of philanthropic respondents agreed that understanding the strategic impact of the projects that they supported is an important consideration in grant making deliberations.”

“However, only 22% reported having a social impact framework that allowed an assessment of the impact of their grant making programs.” (Gillies et al, 2017)

Most donors want to see—or want to *believe* that they are seeing—the immediate, visible results of their giving. Many lack the time and inclination to develop and apply the expected return mindset that underlies strategic risk taking. (Brest, SSIR, 2015)

How do we know that our granting strategies are effective, valuable and worthwhile?

- One off smaller grants?
- Grants for more strategic granting?
- Venture / collaborative investment?
- Our overall strategy or approach to grant making and social investment?

Philanthropy is an exercise of power (Reich, 2018)

- Expectations of the democratic ideals e.g., of equality – stands in contrast to the power that private philanthropy actually has
- If companies fail to make a profit – they go out of business. In the public sphere, governments are voted in and out
- By contrast – foundations have no market accountability, have no consumers or competitors, and if citizens don't like their grantmaking - there is no recourse. No electoral accountability – no elections held. Honest feedback is a sword with an edge as grantees and beneficiaries are more likely to be deferential, rather than critical.
- Decision making is usually top down, donor directed
- Largely unaccountable, low on transparency, mostly donor directed

(Source – Rob Reich, SSIR
https://ssir.org/articles/entry/philanthropy_in_the_service_of_democracy)

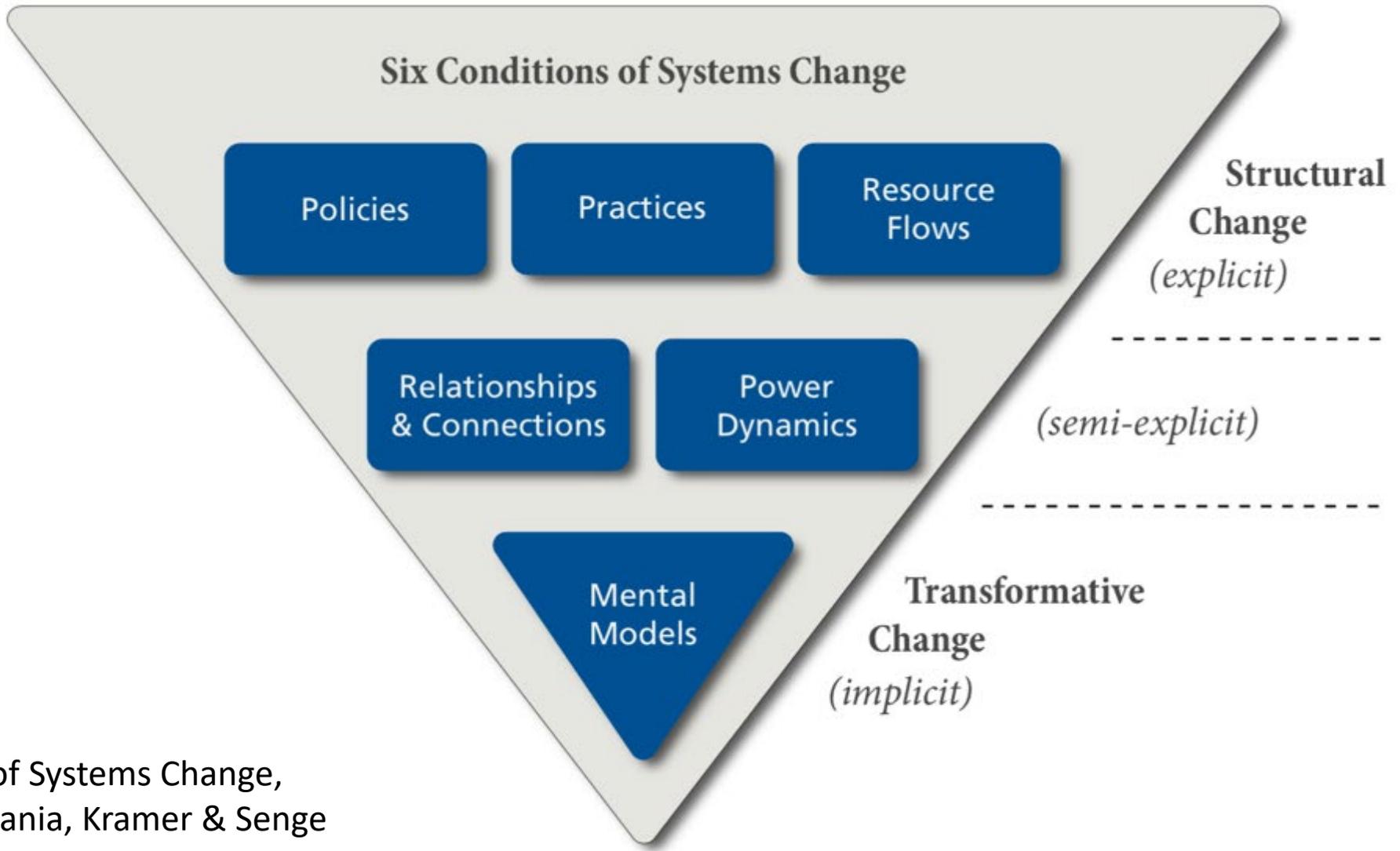
“At its worst, strategic philanthropy can be a toxic mix of arrogance and ignorance, lacking critical understanding of the context, treating grantees not as partners but as mere instruments of a funder trying to meet a goal. In this kind of environment, it is never safe enough to give real input or feedback to those in power. This is a problem, because the brutal truth about philanthropy is that those with the power to make decisions are often those who have the least direct knowledge about the problems or opportunities being addressed”.

(Katherine Fulton, Retrieved

<http://idronline.org/predicament-strategic-philanthropy/>)

How can a focus
on strategic
impact by
philanthropy
inspire some of
the change that
is needed?

- Vice of un-accountability – into a virtue – longer time horizons, risk taking, experimentation and innovation, seed funding...
- Transparent, rigorous impact mindset – acting as the humble servant of wider societal aspirations – learning to be more thoughtful and impactful among those people and contexts doing the work of change
- Collaboration, sharing, with other organisations, institutions, communities and grantees
- Courageous leadership for system change



Water of Systems Change,
2018, Kania, Kramer & Senge



“The only way to move the needle...is to embrace an adaptive approach to wrestling with complexity. This means replacing the paradigm of pre-determined solutions and “plan the work and work the plan” stewardship with a new style of leadership that encourages bold thinking, tough conversations and experimentation, planning that is iterative and dynamic, and management organized around a process of learning-by-doing.”

(Cabaj 2014)

Adaptive approaches needed

How Emergent Strategy Works

Emergent strategy accepts that a realized strategy emerges over time as the initial intentions collide with, and accommodate to, a changing reality.



Source: Henry Mintzberg, Sumantra Ghoshal, and James B. Quinn, *The Strategy Process*, Prentice Hall, 1998

Impact – what do we mean?

- Time dimension – immediate, longer term, lasting
- Scale and depth – single program or system level, tangible, intangible, explicit, implicit
- It can be positive and negative, intended and unintended, direct and indirect
- We also know that impact is not the same for everyone – context makes a big difference
- How and when it occurs will differ depending on the type of intervention AND the context

IF we do....



THEN it will result in....

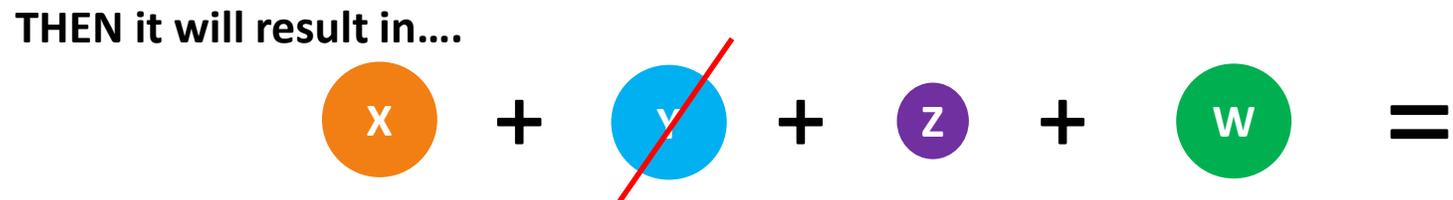
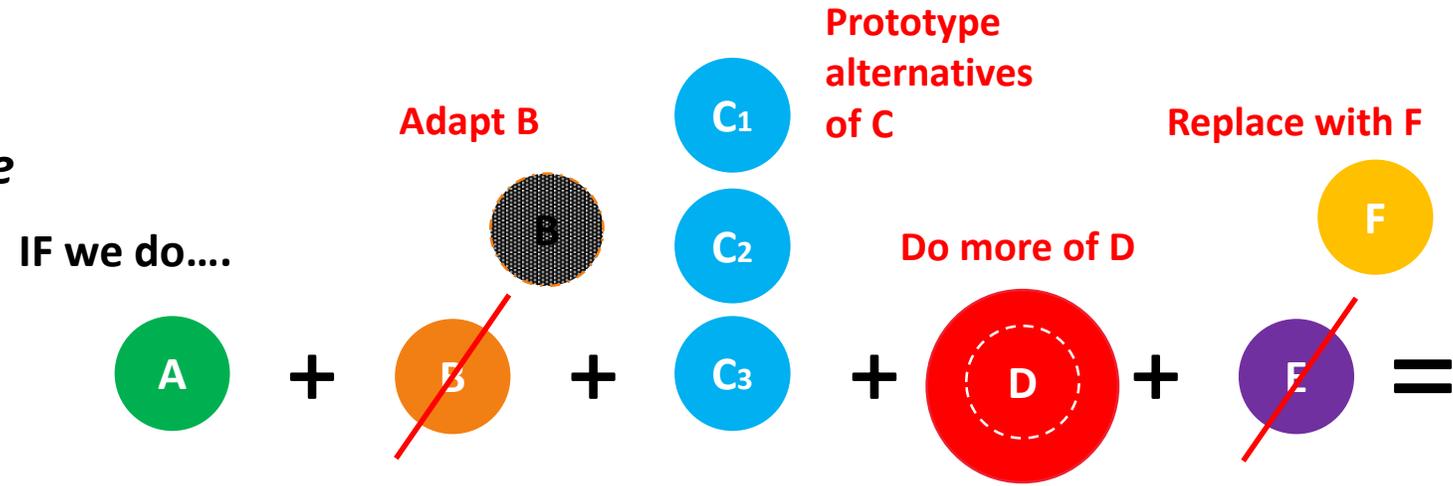


WHICH will ACHIEVE...



Acknowledgement to
Jamie Gamble

Challenge our assumptions and validate our hypothesis by adapting as we learn...



Acknowledgement to Jamie Gamble

Calls for
impact and it's
measurement
very loud and
noisy

- Social impact bonds
- Impact investment
- Pay for success / impact
- Outcomes based contracting
- Collective impact
- Shared measurement of impact

Global challenges with impact measurement

- Rigour of measurement – touted but not realised
- Shared measurement – lots of momentum / lots of challenges
- Right fit for context – when to measure, and when not to
- Building systems of credible (appropriate for context, well designed and analysed), actionable (what will be used), responsible (too much = respondent burden is real - too little and we won't know what's happened, we can't learn) data – more important for most organisations and situations.

Measurement for complexity

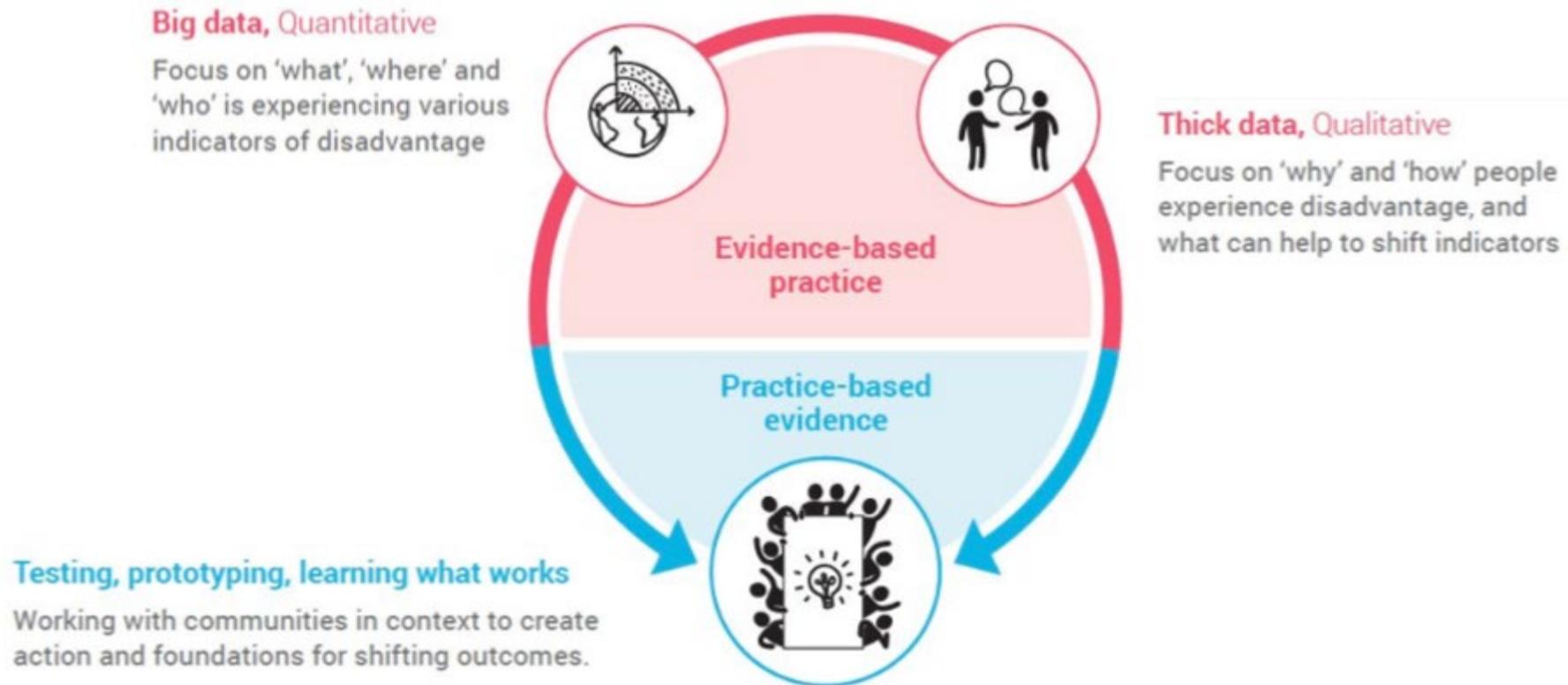


Image thanks to Dr Ingrid Burkett,
TACSI www.tacsi.org.au

The social impact challenge – is not all about measurement

- It's a way of thinking about how change happens, for whom, and in what circumstances – and then acting in ways that support change on the ground
- A strategic impact strategy requires foundations to think creatively, be responsive and adaptive, and be able to learn in a constantly evolving context
- It should also be about questioning and unpacking the value of the approach the foundation is taking to its granting and investment – to what extent does the organisation really question and test its assumptions about its contribution to impact?
- What does effectiveness look like if a foundation is being impactful and delivering real value? What would the structure of a foundation have to be to be truly impactful?

Zones of impact and action

	Characteristics	Management approach	Philanthropic impact strategy	Evaluation approach
Simple – low risk, low levels of impact and change	Repeating patterns and consistent events Agreement about what works for whom	Facts based management Project planning approaches	Small grant funding for local projects, ongoing operational support	Acquittal reports Basic grant monitoring
Complicated – programmatic and localized impact and change for individuals	Possible to reach agreement about what to do, and to find out what might be effective	Expertise based approaches Root cause analysis, traditional strategy development and implementation	Larger grants – programme and organizational development and implementation Some place based funding possible	One off evaluations Indicator development and shared measurement Large database investment viable
Complex - high risk / high reward and potential for systems change	Cause and effect only known in retrospect Uncertainty and emergence Competing ideas	Adaptive management Experimentation Idea generation Collaboration	Venture / innovation funding – bold new approaches	Adaptive / developmental evaluation Principles based Complexity aware monitoring

What does effectiveness look like if a foundation is being impactful and delivering real value?

- What kind of mindset and culture is needed?
- What capabilities and competencies do foundations need to deliver real value?
- What would the structure of a foundation be if it was being truly impactful?
- What would resource flows look like?
- What kind of power dynamics would there be within and beyond the foundation?
- What kind of relationships would a foundation have with others including its grantees?
- What kind of learning systems are necessary?

The Philanthropic Impact Pioneers Programme

- Unique opportunity to think together, create the change that is needed to support greater impact
- A platform for exploring and engaging in framing a way forward for philanthropy
- Developing and innovating for a different future

