

Te Pūaha *Insights*

Our Centre for Social Impact insights papers provide a brief overview of the reports on research and analysis we undertake with our clients and partners.

Our first paper, **Insights into trends and practices in contemporary philanthropy**, draws on a report commissioned from CSI by the JR McKenzie Trust (JRMT). As a family foundation and innovative philanthropic leader, JRMT sought to understand emerging ideas and practices in philanthropy globally that could be relevant to New Zealand's bi-cultural context. The report, *The Philanthropic Landscape* – a review of trends and contemporary practices, identified key themes including a focus on equity; power sharing; systems change; decolonising practice; and adaptability and learning. The report also reviewed emerging practices around processes such as relational grantmaking. The full report is available [here](#).

Additional work on this topic, including case studies of innovative philanthropic funders, is now underway. This will be available through Te Pūaha in 2023.

1. Insights into trends and practices in contemporary philanthropy – a summary of key themes identified in *The Philanthropic Landscape*

Philanthropic practices are as diverse as the donors and institutions behind them. Despite this diversity, what is increasingly common is a move from traditional forms of charity, towards a growing prioritisation of impact and a desire for ‘systems change’ or shifting the underlying conditions that are holding a problem in place.

The Philanthropic Landscape identified five key characteristics of contemporary philanthropy. These practices weave across philanthropic strategy, models of grantmaking, approaches to understanding impact and efforts to work with other stakeholders including communities.

Theme 1: *Equity*

Equity has become a central tenet of philanthropy, with many trusts and foundations choosing to focus on the communities ‘doing it toughest’, to address entrenched disparity. In practical terms, this means identifying priority communities and committing proportionally more funding and effort into addressing equity issues. This requires a long-game approach to work on issues that are intergenerational. It also means making difficult decisions about divesting in some communities/sectors to free up resource for equity work.

Data and other evidence of need is often used by philanthropy to determine where issues of equity exist – who is most impacted and who or what issues need to be prioritised. Alongside this, philanthropy is learning the importance of engaging with communities to understand what statistical inequity actually means for people on the ground, and to better understand some of the key issues that are holding inequities in place. Learning from the lived experience of affected communities is a key trend; alongside working with communities to understand aspirations and to build solutions around existing community strengths.

Focusing on equity is also driving philanthropy to look deeply at itself and its organisational practices – particularly with regards to considerations of diversity and inclusion across staff and decision-makers; as well as the extent to which their systems and processes serve to make their resources accessible to the communities that need them most.

Theme 2: Power sharing

Understanding where power lies and how power is used is a growing concern in philanthropy. Funders are increasingly recognising the power they hold – both in terms of resources and their institutional voice and power to influence change.

Funders are also increasingly thinking about how they can wield their institutional power to support wider shifts in policy, strategy or practice. Brokering partnerships and collaboration, championing co-investment from others, convening around change agendas, sharing learning and advocating to influence government policy are key examples of this.

Alongside these efforts to use their institutional power, philanthropy is grappling with ways to address the inherent imbalance of power that exists between the funder and funding recipient. Reducing the grantmaking burden through more flexible and streamlined funding and reporting processes is a key step; whilst moving away from project-based funding towards unrestricted support of an organisation's mission/purpose is another step towards balancing power. Relational approaches to funding are also being adopted in efforts to build trust and reciprocity, creating the basis for more shared decision-making between funders and communities.

Newer trends point towards a growth in philanthropy looking for ways to share decision-making power with – or sometimes completely cede power to – the communities they serve. This focuses on how resourcing decisions are being made, by whom; and is a particularly important concern when working with Indigenous communities to ensure genuine community self-determination. Community advisory functions, participatory grantmaking models and other forms of shared governance or devolved funding are key emerging practices centred on issues of power and democratisation.

Theme 3: Systems change

Pursuing systems change means focusing on the conditions that hold complex problems in place. For philanthropy, this means working 'upstream' on the source of an issue, rather than just treating its symptoms. Food insecurity provides a good example of this – here, adopting a systems change focus might lead philanthropy to focus on investing in local food production, rather than solely funding food banks that alleviate immediate food poverty.

Literature identifies six conditions of systems change: government and institutional policies; the practices of 'actors' (people, organisations, networks) within a system; the distribution of resources; power dynamics; relationships and connections; and 'mental models' or deeply held ways of working.

For funders, working on these conditions for systems change can include things like:

- < Providing unrestricted funding to ngā kaikōkiri seeking to affect systems change
- < Building capacity and capability within the systems to engage with systems change
- < Exploring ways to share and devolve power and resources to communities
- < Enabling and investing in partnerships, collaborations, and cohorts working on systems change; as well as enabling and investing in collaborative infrastructure (e.g. networks, backbone support, peer learning mechanisms)
- < Rethinking the funder's own systems, policies, processes and practices to ensure they are not creating barriers/blockages or inequities.

Theme 4: Decolonising practice

Internationally, there is growing recognition of the importance of addressing colonial practices and their impact on the intergenerational wellbeing of Indigenous communities. In Aotearoa New Zealand, there is a growing trend of prioritising investment in outcomes for Māori, particularly where there is evidence of Māori over-representation in indicators of inequity. The nature of this investment is increasingly focused on supporting Mana Motuhake and Tino Rangatiratanga – self-determination through solutions that are by, for and with Māori.

Importantly, philanthropic organisations are beginning to embark on journeys to decolonise their own institutional practices. This includes:

- < Building relationships and mandate to work with Indigenous communities
- < Growing the cultural competency of boards and staff
- < Redesigning funding policies and processes so that they work more effectively for Indigenous communities
- < Practicing more adaptative grantmaking that better responds to Indigenous ways of working and world views
- < Valuing Indigenous knowledge, practices and ways of knowing (evaluation)
- < Working with Indigenous communities to determine how resources might be best used; and sharing decision-making power with Indigenous communities in ways that enable sovereignty and self-determination.

Theme 5: Adaptability and learning

Philanthropic organisations, through their focus on equity and systems change, are working in environments of increasing diversity, complexity and flux. Responding to this complexity requires funders to have a broader range of tools in their toolkit – and to be able to use these tools adaptively as the environment changes or opportunities arise.

‘Adaptive philanthropy’ requires funders to:

- < Develop relationships with communities that go well beyond the transactional
- < Be responsive and make rapid decisions when needed
- < Adopt decision-making behaviours that are courageous and focus on potential and learning over risk
- < Invest in ways that are fit-for-purpose to the issue, opportunity or community need – whether that be seed funding, multi-year investments, unrestricted support towards core costs or funding organisation types that sit outside of traditional funding policy
- < Flex funding policy to facilitate co-investment alongside others
- < Prioritise learning at every opportunity, to support adaptation and increase long-term impact
- < Ensure that insights gained from working differently are used to shift business as usual funding practices.