

# VENTURE PHILANTHROPY

## – investing in journeys of change



### Starting Out

#### The issues

Community organisations caught in the 'annual grant' cycle – stymies innovation and encourages short-term focus.

Grantmakers caught in a 'charity' model of transactional one-off grants with a focus on short-term outputs.

#### The questions:

We're granting millions of dollars into our communities;

- How do we know if we are making a difference?
- How do we know if we are investing in the right things?
- How do we fund for more impact?

#### The decision

Move to a portfolio approach to grantmaking. Offer options ranging from short-term support, to 'investing for impact' high engagement venture philanthropy.

### Venture Philanthropy approach

#### Focus

- major social issues for Auckland and Northland
- populations with higher needs

#### Community engagement

- draw on community knowledge of issues and potential solutions

#### High trust partnerships

- move the grantmaker / grantee relationship from the grantmaker being 'above' the grantee organisation, to being 'alongside'
- build a relationship on a shared commitment to a common vision

#### Multi-year grants

- provide certainty and move agencies from a focus on survival to a focus on outcomes

#### High engagement

- support community partners to build organisational capacity programme design, leadership development, monitoring and evaluation to deliver their vision
- create an evidence base to capture what is learnt, identify success, and create an information base to engage future funders

#### Taking action

A new role for staff

- Recruit people who are able to work alongside grantee organisations

#### Communicating the opportunity

- Reach out to communities of interest
- Share vision

- Be clear this approach is not for everyone – change is challenging
- this is about more than funding
- you also need a readiness to engage and learn

#### Evidence informed policy

- Draw on national and international knowledge base to shape policy
- Share research to create common platform for thinking and enquiry

### Approach by project

#### Maori and Pacific Education Initiative

\$20 million invested since 2009 in 11 educational interventions designed to lift educational outcomes for Māori and Pacific community children.

MPEI was the trailblazer for demonstrating for the Foundation the value of a high engagement venture philanthropy approach.

#### Housing

A combination of multi-year grants with support for project development, increased organisational capacity and evaluation enabled proven social housing providers to develop, implement and evaluate innovative programmes.

#### Youth

These investments focused on positive youth development approaches, supporting programmes to improve health and social outcomes for young people. Other benefits included improved collaboration in the youth sector, and improved capacity of the youth providers to deliver their services and ensure their long term sustainability.

#### Emerging artists

This pilot project looked at how better support could be provided to the region's emerging artists. Three partnership programmes were funded for the visual arts, community arts, and performing arts. Programmes included paid internships, mentoring and small grants funding.

### Insights

#### Engagement

'Nothing about me without me.' Communities know the issues, can identify potential solutions, and are keen to take ownership.

#### Expectations

Sell the opportunity but be clear about expectation that partners will engage in the process of learning and enquiry, be collaborative with their community cohort rather than competitive, be prepared to expose their weaknesses and strengths, and be challenged.

#### Readiness

Organisations have to be ready for change – prepared to take risks, open to challenge, willing to learn. Partnership can be hard for some organisations.

#### Relationship complexity

While the goal is to create a relationship of partnership between grantmaker and grantee, ultimately the grantmaker holds the purse strings so the power imbalance remains.

This can make grantees reluctant to share the ups and downs along their journeys of change – despite reassurance that learning what doesn't work is as important as learning what does.

#### Learn by doing

Prototyping provides a process for investigating potential solutions for issues where there are no easy answers. Fast failure – fast learning!

#### The intermediary role

There is value in creating an intermediary between the grantmaker and the grantee – a support partner who can work in a high-trust 'critical friend' role.

#### Change is constant

Grantmakers need to understand grantee organisation needs will change – and be prepared to respond flexibly to emerging needs.

#### 'One size does not fit all'

The relationship with start-up organisations is different to the that with established organisations.

For established organisations the challenge is to support innovation that does not risk existing success.

#### Sustainability

Ultimately organisations need to engage other funders if they are to be sustainable. A monitoring and evaluation framework is a critical tool, both for keeping the grantmaker informed and for building the evidence base needed to attract additional or new funding.

#### Patience

Impacts take time to emerge – years, not months.

#### Don't panic

Grantmakers need to be brave and remain light touch. It is too easy to fall back into the comfort of traditional grantmaking when it looks as if an initiative is going off the rails. If things are not going well, the grantmaker and the grantee have to be prepared to make the hard decisions – and go back and reset the relationship.

### Impact on Foundation North

In our venture philanthropy we realised we had moved from funding things to funding thinking.

- *The Maori and Pacific Education Initiative showed what could happen when we stopped funding school halls and started investing in innovation for better education outcomes.*

We developed a 'venture philanthropy' grantmaking programme, Catalysts for Change, specifically for investing in catalysing social change.

We recognised the need to retain the intellectual capital for supporting high engagement venture philanthropy, for our own use and to share with the sector.

This led to the establishment of the Foundation's own social business, the Centre for Social Impact, to support more strategic philanthropy and investment for social impact.

### Current practice

#### Foundation North

We support our current high engagement venture philanthropy

- A funding model
- A support model

#### Funding

We recognise the need to provide a range of support for innovation on major regional issues. We now 'go where the energy is' and support innovation in any of our priority areas. A more flexible funding framework is being developed to allow the Foundation to grant across the spectrum from start-ups to established organisations. For our \$5 million Hauraki Gulf Innovation Fund Together (G.I.F.T.) a 'seed, scale, system' approach is being used. This will allow us to support innovative activity to address the complex environmental issues facing the Hauraki Gulf from prototyping through to systemic change.

#### Support

We support community partners on their journey of change, with the Centre for Social Impact working alongside them in an intermediary role to build capacity throughout the life of the relationship.

#### Centre for Social Impact

The Centre provides the Foundation and its community partners with a network of support.

#### Grantmakers and funders

For the Foundation, and increasingly other grantmakers and funders, the Centre provides readiness assessments, helps identify the outcomes the funder shares with the community partner, and informs the relationship between the grantmaker and grantee with processes and tools for monitoring and evaluation.

#### Community partners

For community partners the Centre focuses on increasing their capacity to be flexible, response and sustainable and help them achieve the outcomes they want for their communities.

The Centre is also responding to the wider sector's increasing interest in achieving strategic and impactful philanthropy.