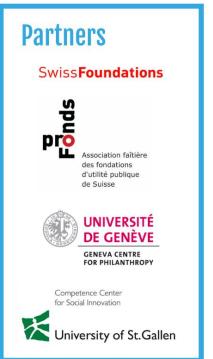


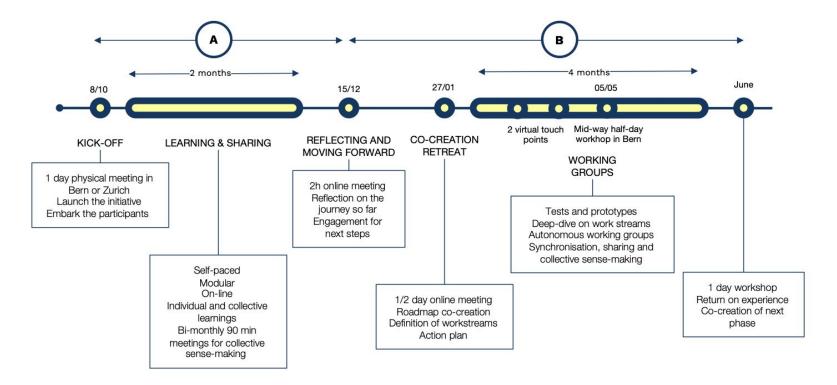
Direct service projects	Systems change work
Innovation focus = output	Innovation focus = process
Solution presented clearly	No clear/final solution, solutions are developed in process
The lack of adequate funding is one of the Simple oder corripincated	
Could become biggest obstacles to systems change work remselves, inequity issues analor commons and externalities.	
Could have short-term "impact"	Systems change takes time
Can be run alone	Typically require collaboration (especially cross sector)
Can be explained simply	Requires basic systems thinking abilities to be understood

- The question also preoccupies funders!
- A **coalition** of foundations and changemakers in Switzerland came together to tackle the challenge of **Funding Systems Change**
- A year-long **collaborative learning process**: sharing insights and best practices » developing and testing **prototypes**











Mindset shift



Systems-informed strategies (funding +)



Adapted funding mechanisms



Long-term horizon (no quick fixes)



Awareness of power dynamics to enable true collaboration and trust-building



New impact measurement and learning frameworks



Investment in capacity-building (within funders and partner orgs)



Collaboration amongst funders

A tool for foundations and 1. Intention 3. Time horizon What is the strategy behind this funding philanthropists to reflect on What is the intention/vision of this funding What is the timeline of your funding mechanism? their funding mechanisms mechanism or collaboration? (refer to the commitment? across 12 dimensions icebera model for context) Initiating something new, financing something running for the first time, pilot project (0) → Short term, >1 year (0) Long-term, >10 years (5) Service delivery, addressing a specific need of a Scaling or growing an existing program/organisation (3) target audience, addressing symptoms (0) 4. Accessibility Sustaining or institutionalising* an existing Systems change work, transformational processes, addressing root causes (5) program/organisation (*=helping other institutions adopt To what extent is this funding methods and innovations previously developed) (5) mechanism accessible? 12. Dissemination No accessibility, opaque funding mechanism, contact happens upon invitation only (0) To what extent are you funding or even taking an Transparent communication, open to anyone who finds the information about it (3) active role in disseminating the learnings and results of this funding engagement, engaging in knowledge Specifically designed to be accessible to all, incl. underrepresented people (5) sharing and connecting with other organisations in the same field? No funding (0) 5. Collaboration Dedicated funding including staff time (3) Significant funding (4) How collaborative is this funding mechanism Active role of the funder (5) in terms of who you are interested in funding? One single partner, competing for funding (0) 11. Flexibility Coalitions of partners, competing for funding (3) How flexible are you when it comes to Different partners with the intention to initiate collaborations around a specific topic and/ in a specific place (4) changes to the collaboration, either due to Networks, movements, communities or places who already learnings, unexpected events or 'failure'? High rigidity, if agreed outputs are not produced regardless of the reasons, funds are withheld (0) High flexibility, partner organisation is free to adapt to plans to emerging needs, changes in the 6. Power distribution How is the power distributed amongst you and your (potential) collaborators or other 10. Learning (MEL) stakeholders in the decision-making process of distributing funding and choosing What mechanisms for evaluation, monitoring and collaborators? learning have you put in place, who owns them, → 100% power with foundation (0) whose needs do they address and how much effort 100% participatory grant-making (5) do they require from your partner(s) (in relation to funding volume)? 100% focused on pre-defined outputs and KPIs, owned by the funder, with considerable effort to serve the needs of the funder (0) Mixed approach, with reasonable effort to serve the needs of the 7. Partnership 100% learning oriented, focus on insights from the process and new knowledge, owned by the partner(s) to serve strategic objectives (5) How is the collaboration between you and the partner(s)? Are power dynamics consciously addressed and is there a 9. Investment 9 support framework? Is there honest communication, an eve-To what extent are you financing a project and its direct 8. Budget restriction to-eye relationship and transparency about what's going on? costs only, the development of an organisation, or its core strategy and evolution? How many restrictions are you placing on Transactional, top-down exchange (0) Occasional conversations and support (3) how the funding can be spent, what level of 100% project funding, only hard costs (0) detail in budgeting do you require? Investment in trust-building and addressing power dynamics to enable honest + some staff time (1) + full project related staff time (2) 100% restricted, budget with specific lines that need to be + some general costs (3) respected (0) Eve-to-eve partnership where both parties learn from each other (5)

00% unrestricted, completely free to spend for what is

needed within the agreed upon organisational strategy (5)

+ funding for organisational development (4)

100% core funding (5)

Key obstacles on the funder side

- Lack of holistic approaches, focusing only on one dimension
- Power dynamics with the grantees, and within the foundation (incl. lack of openness to genuine feedback)
- Fears of loss of control
- Difference of understanding & skills when it comes to navigating complexity within a funder
- Lack of diversity on boards
- Applying a 'business' approach to all kinds of social innovation work
- Resource scarcity and burn-out within funders, also leading to high turnover
- Systemic pressures, e.g. to be able to explain and defend what they do, and to not do 'political' work



Key takeaways: do's and don'ts



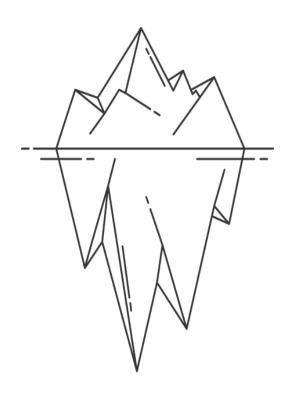
- Build systems awareness
- Clarify values, goals & intended impact
- Build context-informed strategies
- Focus on learning, incl. trial & error
- Involve interest groups and partner organisations
- Emphasise collaboration, build trust
- Stay curious, put ego aside



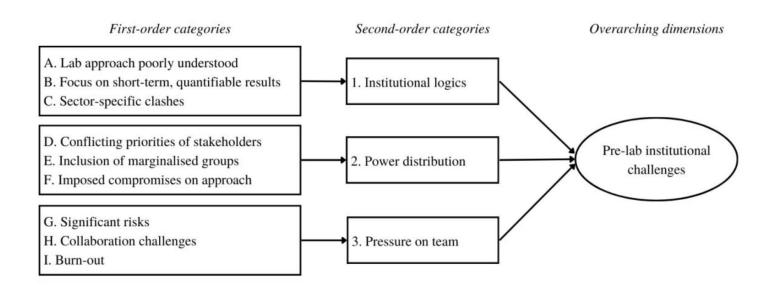
- Seek "One-size-fits-all" solutions
- Claim to do systems change work when it's not the case
- Linear approaches in complex settings
- Focus on short-term outputs checklists
- Deny or ignore the partners' expertise
- No diversity within the funder
- Block critical questions, conversations and feedback

Funding Systems Change Initiative: reflection questions

- In which paradigms are our current impulses, structures and processes rooted?
- What "visible behaviors" and outcomes (symptoms) do these structures and processes cause or contribute to?
- What "visible behaviors" and outcomes would we like to see, and what kind of structures and processes would support this?



Challenges of Social Innovation Labs



The question of preoccupies funders

"How to finance systemic change is a difficult question that concerns us, and I would like to see us tackle the change together as a basis and carry out the necessary reflection work, starting with ourselves and our partners."





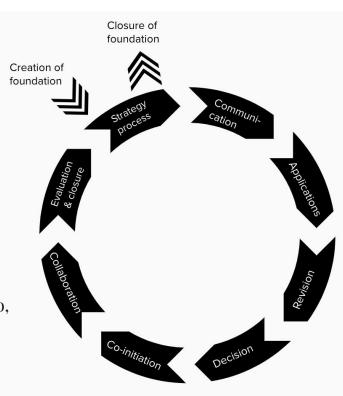


Andrew Holland
CEO of Stiftung
Mercator Schweiz

"Over the last two years, we have been thinking about new strategies and tools to contribute to social change on a more systemic level. We have realised that one-off project support and bilateral cooperation are not enough, even if the projects themselves are transformative. We need cross-sectoral collaborations, new creative approaches and longer-term strategies that involve multiple stakeholders."

Key obstacles on the funder side

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Ref: Foundation funding cycle (Wilhelm), Scharmer (2018), Bonnici (2021), Accelerating funding for systems change (2022), blogpost by Emilie Romon and Nora Wilhelm in The Philanthropist, anecdotal evidence from personal & network experience, the Funding Systems Change Initiative. Diversity on the Boards of Non Profit Foundations by the Geneva Center for Philanthropy.

