

*a*funderconundrum



choices that funders face in bringing about positive social change

An independent research report based on the experiences of
The Diana, Princess of Wales Memorial Fund, and based on
consultation with grantees, partners, funders and philanthropists

DP Evaluation
September 2012

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Foreword

'A Funder Conundrum' has provided The Diana, Princess of Wales Memorial Fund with a unique opportunity to reflect on our work and draw out learning to share with others. The Fund decided to commission this research study shortly after publishing our 2007 Strategic Plan, in which the Board members affirmed their intention to 'spend-out' and close after five years. Being a spend-out organisation has been a learning experience for both the Board members and the Fund's staff, although many of the issues we have faced are also relevant for those existing in perpetuity.

Through adopting a small number of social change objectives, the Board sent a clear message to staff that the focus in this period should be on what we wanted to achieve, with a level of tolerance towards risk and a commitment to being flexible and agile as the policy context evolved. This enabled the Fund to aim for ambitious social change, whilst adopting a proportionate approach to governance, which delegated most of the grant-making decisions to senior staff.

This report provides an independent, external view of how the Fund has worked since its inception in 1997, with an in-depth focus on the past five years. We wanted to find a way to explore the choices that we have made, provide examples of our successes and failures, and compare our approach with that of other funders and philanthropists.

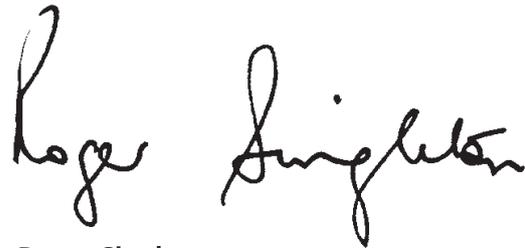
The study does not attempt to measure everything that the Fund has done. Rather, it provides a flavour of how the Fund went about trying to achieve social change. The name of the report, *A Funder Conundrum*, highlights some of the choices and dilemmas faced by funders and philanthropists. We hope it is useful for others who are seeking to achieve social change, and that our experiences enable readers to reflect on what they are aiming for, as well as considering the range of strategies that they might adopt to tackle persistent social problems.



Dr. Astrid Bonfield

Chief Executive

The Diana, Princess of Wales Memorial Fund



Sir Roger Singleton

Chair of Board of Directors

The Diana, Princess of Wales Memorial Fund

DP Evaluation

This report has been written and designed by DP Evaluation. We were commissioned by The Diana, Princess of Wales Memorial Fund to carry out the research, write the report and develop related communications materials and events to disseminate the learning. We have been given wide-ranging access to the Fund's staff, trustees and grantees as well as to large amounts of relevant documentation. We have also consulted widely with other funders, philanthropists and commentators. This report has been checked for accuracy and signed off by the Fund but the findings and conclusions represent our independent analysis and judgement.

DP Evaluation is the name used by Dörte Pommerening and Alasdair Collins when we are working together on evaluation and other projects. We have more than thirty years experience in the voluntary sector, having worked in management and consultancy roles for a wide range of employers and clients, including many household names. We draw on an extensive network of professional associates for specialist advice and support, and for this project we were joined by Martin Clark (evaluation and NGO campaign management consultant), Rob Bowker (graphic designer) and Helen Marshall (media and PR consultant).

We work with organisations across the voluntary sector in the UK and Europe, from small community groups to large, well-known charities and funders. We deliver consultancy, training and implementation in the areas of monitoring and evaluation, grant management, advocacy and campaign development, strategic planning, organisational development and marketing.

<http://www.dpevaluation.co.uk>

Acknowledgements

We would like to thank all the people we interviewed in the course of our year's research. We are grateful for their time and their candour. A full list of interviewees appears in the Appendix. We were supported extremely well by staff at The Diana, Princess of Wales Memorial Fund, in particular by Dr. Andrew Cooper, Research Manager, Dr. Astrid Bonfield, Chief Executive and Effie Blythe, Communications Manager as well as by the Research and Evaluation Advisory Group, comprising Dr. Diana Leat, Tess Woodcraft, Sarah Mistry, Professor Jeffrey Weeks and Nancy Kelley. We have also received helpful advice and support from the Association of Charitable Foundations and the philanthropy team at Coutts.



Executive summary

Chapter 1: Introduction

The Diana, Princess of Wales Memorial Fund (the Fund) took the decision, following a period of consultation and review, to spend its remaining capital on an ambitious, time-limited programme of work aimed at improving the lives of disadvantaged people in the UK and around the world and to close at the end of 2012. As part of its legacy, the Fund wished to leave a body of research and learning based on its fifteen years as a funder. Forming part of that body of research, this report is not a standard evaluation of the Fund's performance, but is a discussion of several challenging topics which are potentially relevant to a range of other funders and philanthropists.

The research was conducted over a period of more than a year and comprised nearly 100 interviews with respondents from a wide range of backgrounds along with an online survey, an extensive document review and numerous workshops and events. This report looks at the Fund's work on cluster munitions, palliative care, penal reform and refugees and people seeking asylum as a starting point to consider the three main research questions:

- How can funders bring about positive social change?
- Does Funder Plus add value or is it more trouble than it's worth?
- Does working in collaboration with each other make funders more effective?

Chapter 2: How can funders bring about positive social change?

The first step in addressing this question is to understand and describe how the Fund has attempted to bring about positive social change, particularly over the course of its final Strategic Plan, 2007 – 2012. There are a number of clearly identifiable facets of the Fund's work which can be used to develop a description of the overall approach. The Fund has a particular mindset, based on values and beliefs about its role and purpose. This has led it to adopt specific ways of working, similar to some funders but different to others whose work is guided by different mindsets.

Some elements of the Fund's approach are distinctive. It is primarily motivated by an aspiration to improve the world through systemic change, rather than by a desire to respond purely to current need. It has been prepared to take various types of risk in an attempt to achieve the social change objectives it has set. We describe this approach as 'Funding by Change Objectives'.

Funding by Change Objectives and other approaches to funding are explained through a series of 'funder spectrums': Motivation, Role of the funder, Funding process, Relationship with grantees, Attitude to risk and Collaboration.

Examining these six spectrums raises important issues relating to the question of how to bring about positive social change.

For example, some funders believe that their role is to provide funding only, many others also want to help their grantees through additional support while some others, such as the Fund, feel that a funder should do everything within its power to bring about its social change objectives (including taking action itself). These different positions on the 'role of the funder

spectrum' raise questions about the legitimacy of non-elected bodies to identify and address society's ills. It can however be argued that funders actually have no inherent legitimacy and that their focus should simply be on ensuring transparency, diligence and adherence to charity law.

The proactive selection of grantees might better serve the purposes of a funder seeking to achieve systemic change than open grants rounds, by helping to identify the grantees best placed to achieve specific objectives. It may also have the advantage of allowing NGOs to enter into real dialogue with funders rather than having to adapt what they do to fit pre-existing funding criteria. On the other hand, proactive selection may mean that charities with a new, potentially successful approach but without contacts or profile are completely overlooked.

There are similarly conflicting factors in relation to other ways of working. Some funders wish to engage very closely with grantees on the projects they fund, others prefer to maintain a distance and concentrate on advising and monitoring. Some funders are inherently averse to taking risks, preferring to fund projects with predictable, measurable outcomes, others are happy to fund higher risk projects due to what they see as a greater potential for transformation. Some are naturally predisposed to collaborate and others to work alone. There are contexts when each of these approaches might be more appropriate. As one experienced funder says: *"We need a 'mixed economy' – both types of approach to funding are needed, there is no right or wrong answer."*

Whatever a funder's mindset, they are more likely to be effective if they are clear about what it is. This means being clear about what they want to achieve and what role they want to play as a funder. This clarity can help them to identify and adopt the most appropriate ways of working.

Chapter 3: Does Funder Plus add value or is it more trouble than it is worth?

We describe two distinct types of Funder Plus, which is giving more than just money. The first is 'supporting grantees', where the funder attempts to provide whatever additional support the grantee needs, from capacity building training to the use of meeting rooms or other resources. The second type is 'agent of change' where the funder becomes a potential agent of change in its own right, for example by convening key players in a sector, by direct lobbying or seeking to influence public opinion.

The key factors in executing Funder Plus well are offering rather than imposing support, properly assessing with the grantee where the funder can add value, delivering any support through the most appropriate route, and maintaining clarity about the respective roles of funder and grantee.

The 'agent of change' type of Funder Plus can be controversial, and is closely related to what one believes is the appropriate role of the funder. Some feel a funder has no business being directly involved in activities such as lobbying. Some feel that this is justified as long as strategies and plans are owned by the grantee, while others feel that funders have a duty to do anything legitimate to try and achieve their objectives. A funder that does engage, for example in lobbying and convening, has to be prepared for the fact that some grantees, voluntary sector organisations and other funders might find this difficult.

Chapter 4: Does working in collaboration with each other make funders more effective?

There are at least six types of funder collaboration, identified in this report, ranging from information sharing to joint ventures. These can be split into two broad categories of 'light-touch collaboration' and 'deeper collaboration'. Light-touch collaboration covers the sharing of information and the alignment of funding streams between funders, sometimes with and sometimes without operational support. Deeper collaboration covers joint advocacy, pooled funding and joint ventures, all of which involve the setting of joint objectives and ways of working. It is here that one can best investigate the question of whether collaboration can make funders more effective.

There are several reasons why funders may want to collaborate, such as the wish to share risk, to benefit from a wider pool of resources or expertise or to give longer term funding security to grantees. There are also circumstances where working alone may be more appropriate; for example when a funder working on a controversial issue wants to be able to say what they want without consulting partners or where there are limited opportunities to influence, which demand fast and flexible funding decisions.

Before entering into collaboration, funders should consider whether the personalities of the potential coalition partners are compatible and whether there is a shared objective which can be better achieved through collaboration. Success factors include having a formal agreement, a centralised infrastructure and dedicated staff, with the right level of people involved as well as a genuine respect for differences, clarity on what is non-negotiable and an agreed definition of success.

There is a clear connection between a funder being involved in deeper collaborations and a funder taking on an agent of change role. Funders that are not comfortable with the agent of change role are unlikely to feel at home in joint advocacy collaborations or joint ventures.

The Fund has been involved in a number of ambitious collaborations, such as the Corston Independent Funders' Coalition, the Funders Collaborative for Children, Malawi, and Changing Minds, all of which have been able to demonstrate success or the potential for future impact which would not have been the case without these collaborative efforts.

Chapter 5: Conclusion

There are many ways in which funders can bring about positive social change. One way is to take a Funding by Change Objectives approach, as the Fund has done.

By and large the Fund has implemented the approach well, with some clear and significant successes. These include contributing to the international adoption of the Convention on Cluster Munitions and towards ending the UK's detention of children for immigration purposes. Other examples include a very significant raising of both the profile and actual integration of palliative care as a response to HIV/AIDS and other life-limiting illnesses in sub-Saharan Africa, and a similar raising of the profile and the actual provision of alternatives to prison sentences for women and young people in the UK.

However, there have been areas where the Fund has made mistakes, for example it took a long time to realise that it had no value to add to a particular grant through Funder Plus. The Fund has been refreshingly open to learning and became better and better at striking the right balance between supporting grantees and getting over-involved with some projects.

What the research in this report has shown is that there is no right way to bring about positive social change and no right way to go about being a funder. What is required is a mixed economy of funders adopting different approaches, according to what type of organisation or individual they are and the contexts in which they are operating. Perhaps most important is that funders are clear about these factors and that they are intentional in the way they act.

Either type of Funder Plus, supporting grantees or being an agent of change, has the potential to add value and both have the potential to be more trouble than they are worth if they are executed poorly.

Funders can potentially be more effective if they collaborate, either in terms of creating something which would not otherwise have existed at all or in terms of having more impact. However, collaboration is not necessarily a good thing per se, and there are many conditions which apply to whether collaboration is appropriate or effective.

The business of giving money away is complicated. Funders are faced by an array of difficult questions, both ethical and practical, to many of which there is no right answer, hence this report's title, 'A Funder Conundrum'.

In addition to this report there is a range of additional resource materials available at www.theworkcontinues.org

1 Introduction

1.1 A funder conundrum

We have called this report 'A Funder Conundrum'. The conundrum is posed by the array of choices that funders face in trying to bring about positive social change. The act of philanthropy, the business of giving money away to do good, whether by an individual, a family or a professional foundation, is far from straightforward.

As Warren Buffett, the American business magnate, investor and philanthropist says: "Making money is far easier than giving it away effectively ... in business you go after the 'low-hanging fruit', whereas in philanthropy you are trying to tackle problems that are inherently difficult, such as how to educate demotivated urban kids or end rural poverty."¹

With such challenging aims, deciding how you should go about philanthropy involves making a range of difficult moral, ethical and practical choices, for many of which there is no right answer.

These choices range from the philosophical to the pragmatic and relate to a number of factors such as beliefs and values, the availability of resources and the political, economic and social context surrounding particular issues.

- Is it better to provide help to people who are suffering right now or is it more cost-effective to address the cause of that suffering and try to remove it so that future generations will benefit, even if this is more risky, will take longer and may not help the individuals suffering now? Can one do both effectively? Can one properly do one without the other?

- What legitimacy do funders, whether individual philanthropists or the trustees of a foundation, have to determine what the ills of society are and what the most appropriate remedies might be?
- Should such ethical concerns prevent you from acting at all or is it better to do what you believe in to try and make a difference – will the people you help care about issues of legitimacy?
- How can a funder decide which areas to focus on, which issues to tackle and what meaningful objectives to set?
- Should potential beneficiaries be asked what they most need and should they be involved in finding and implementing solutions?
- How does one decide what the most effective approach might be to achieve a particular social change? Would it be better to focus on changing Government policy, influencing public attitude or the behaviour of certain key individuals or sectors in society, or to support the delivery of services?
- Is it appropriate for a funder to pursue any or all of these approaches?
- Should a funder create new projects or work with existing charities? How should they go about selecting organisations to fund?
- Might it be more effective to work in conjunction with other funders, or even to make significant financial investments in order to provide a source of future funding?
- How can funders be sure their funding is used in the way they intended and how can they measure impact? How can one even define impact? Is the *predictable* impact on a specific group more valuable than the *potential* impact on a wider group or community?

¹ *'There is more to philanthropy – much more – than just giving money away'* – article in The Economist, 12 May 2011

These are complex questions. They are all issues that we encountered in the course of this research and discuss in this report.

The specific choices a funder makes may be as valid as another set of choices, yet they might represent radically different interpretations of philanthropy, the principles and methods involved, and could lead to very different ways of using the money. These choices have profound implications. They are important not only for the funders themselves but also for the organisations they fund and for society as a whole.

So what are the key considerations for funders in trying to make their choices and attempting to find their way through the conundrum?

1.2 About this report

This research was commissioned as a 'Fund-wide evaluation' by The Diana, Princess of Wales Memorial Fund ahead of spending out its remaining capital by the end of 2012. The use of the term 'Fund-wide' refers to the fact that the evaluation draws on a wide range of the organisation's experience. However, rather than being a comprehensive evaluation of what went well and what did not, it uses that experience as the basis for gaining what we hope will be illuminating perspectives on the choices funders and philanthropists face and the approaches they take.

The principal research questions laid out by the Fund² in the terms of reference for this project were:

- How can funders bring about positive social change?
- Does Funder Plus add value or is it more trouble than it's worth?
- Does working in collaboration with each other make funders more effective?

This has been a substantial research project, carried out over a period of more than a year and involving a range of methodological approaches and consultation with more than ninety informants, internal and external to the Fund and with reference to a large amount of written material.

We feel it is important to set the findings of such a large and complex project thoroughly in context. Therefore, in addition to this report we have developed a range of supporting resource materials³. These include detailed case studies, further information about the Fund and a detailed description of our research methodology (along with interview

² In the remainder of the document The Diana, Princess of Wales Memorial Fund is referred to as 'the Fund'.

³ See Appendix for details of resource materials

questions and survey results) as well as signposting to further reading and additional sources of information. There is also a selection of tools, frameworks and checklists for use by funders, philanthropists and others.

All of these resource materials are available on the Fund's website (www.theworkcontinues.org), which will remain accessible after the Fund closes.

Throughout the report we have tried to strike a balance between focusing on the Fund and looking more widely across the funding sector. One element of this balance has been to select case studies from among the Fund's work to illustrate particular areas of work and ways of working, rather than trying to exhaustively describe everything the Fund has done. The case studies are presented in summary form in this report. Fuller, more detailed versions are available in Resource Materials 1 – The Fund, for those who wish to read a longer account of the Fund's work. We have also drawn on examples from the work of other funders throughout this report.

Quotations from our interviews are shown in italics. They are not attributed, to protect the anonymity of interviewees, but it can be assumed that they are from one of the people shown in the interviewee list given in the Appendix. Quotations from documents and from other individuals already in the public domain are referenced.

Most of the report is based on UK trusts and foundations, but we believe that much of the content of this report will be relevant for philanthropists and some will be of interest to statutory or other funders, and also to grantees and other NGOs, as well as to funders in other countries⁴.

4 Most of the funder interviewees represented UK organisations, although we did also interview a few from elsewhere in the EU and US. We also spoke to other informants (grantees, commentators and partners) from a number of other countries

1.3 Terms of reference, scope and purpose of report

Scope

"It's not an evaluation at all."

Member of REAG⁵

At the beginning of this project there was considerable debate between the evaluation team and Fund staff as to whether or not it actually constituted an evaluation. It soon became clear that it was certainly not an evaluation for accountability, in the classic sense of assessing performance and drawing conclusions about what has gone well, what has not gone so well and making recommendations for future work. That sort of evaluation allows the commissioning organisation to demonstrate to the regulatory authorities, the public and its stakeholders (such as grantees, partners, trustees, staff, donors and supporters) that it is trying hard to make effective and proper use of its assets.

This evaluation is for learning, or more specifically for sharing learning, reflecting the context in which the evaluation takes place, in particular the fact the Fund decided to spend out the remainder of its capital and wind itself down by the end of 2012. The Terms of Reference for this project describe the evaluation as the centrepiece of the Fund's 'Research and Evaluation for Learning' strand of work, and it is clearly an important part of what the Fund wants to leave behind.

5 REAG (Research and Evaluation Advisory Group) – See Appendix for a description of REAG and its role

“By sharing this learning with funders and philanthropists, we aim to create a legacy of progressive funding after we have closed.”⁶ In the context of the decision to spend the Fund’s remaining capital, the focus on analysis, the sharing of learning and on legacy, rather than on accountability, makes sense.

The Terms of Reference also direct the evaluators to focus on the last few years of the Fund’s work, “to extract and share candid lessons from our work, primarily since the launch of our 2007-2012 Strategic Plan”. This steer is a second important contextual factor, focusing the evaluation on the Fund’s more recent approach to funding and social change. This approach reflects a change in emphasis for the Fund, although the nature of this change is a matter for debate and interpretation.

Prior to the launch of its 2007-2012 strategic plan, the Fund’s support to organisations working with the most disadvantaged in society had been channelled “through open grant rounds, where themes relevant to the humanitarian work of the Princess were published and organisations were invited to apply for grants, as well as through championing causes and engaging in proactive funding”. However, the new strategic plan also signalled “an important change to how we worked as a grantmaker ... the decision was made to become a proactive grantmaker, which means that we now work almost exclusively with selected partners who share our vision”.⁷

This shift in emphasis in terms of funding method is closely related to a shift in the focus of what is being funded: “We have consciously prioritised policy and attitudinal change, believing that these are the best ways of achieving the most we can in the time remaining.”⁸

6 *Terms Of Reference For An Independent Evaluation Of Our Work, The Diana, Princess of Wales Memorial Fund, September 2010*

7 Ibid

8 Ibid

So despite being referred to as a ‘Fund-wide evaluation’, this project is not an evaluation of the work that has been done in the four main streams, or initiatives, covered by the current strategic plan, but rather a reflection on the entire organisation in terms of its overall approach.

We feel this piece of work is best understood as a discussion of some important themes in funding rather than as a classic evaluation. This much has been very clear however; the Fund, in commissioning this research, had both a real desire to share its learning and also a more specific purpose in mind:

“The main aim of the evaluation is to extract and share candid lessons from our work, primarily since the launch of our 2007-2012 Strategic Plan. By disseminating this learning we aim to encourage funders and philanthropists to consider including policy change as part of their overall strategy, and explore whether Funder Plus methods and funder collaboration could help them to make a bigger impact.”⁹

Purpose

“We expect you to raise more questions than you answer.”

Member of staff/board at the Fund

As the above extract from the Terms of Reference makes clear, this is an evaluation with a purpose that goes well beyond the normal intention to report, learn and improve. There is an explicit communications purpose here, that the learning should be extracted and presented in such a way that other funders will consider their own approach and methods, namely that:

- Funders consider whether or not setting social change objectives and including policy change would enhance their overall strategy

9 Ibid

- Funders consider whether or not Funder Plus could help them make a bigger impact
- Funders consider whether or not funder collaboration could help them make a bigger impact

This desired outcome implies some level of belief on the part of the Fund that these three approaches have the potential to increase effectiveness.

As evaluators we are conscious of the tension between being as objective as possible in capturing the learning from the Fund's experience and succumbing to pressure to formulate our findings in a way that helps communicate a pre-determined message. Both we and the Fund feel the latter would be inappropriate and therefore we have been very careful to try and use the Fund's experience, approach and views as the launch-pad for looking at the evaluation questions as objectively as possible, from a number of angles. Indeed, this influenced our methodological design and made it important to inform our understanding by talking to a large number of people, internal and external to the Fund.

The Terms of Reference also laid out some explicit assumptions which the evaluation was intended to test:

- Allocating significant resources to a small number of focused initiatives enables the Fund to aim for significant policy/social change
- Setting high level policy/social change objectives has focused all of the Fund's work on the systemic social changes that it wanted to achieve
- The Fund recognises that policy/social change objectives may change over time, depending on the external context
- The Fund can add value in addition to making grants (through Funder Plus methods)

- Working in partnership with funders and other organisations can lead to a bigger impact, and will help the Fund leave a lasting legacy after it has closed
- The context of spending out provides a crucial focus for the Fund's work
- The Fund's association with the Princess and its independent status can play a significant role in its work¹⁰

In our investigation of the three evaluation questions we believe we have been able to shed light on these assumptions and other issues that have arisen in the course of the research, which should provoke useful debate within the sector. We do not claim to have all the answers, indeed we will be posing numerous further questions. In addition to this we hope that through some of the analysis, conceptual frameworks and analytical tools which we have developed, this report will also help to frame and facilitate that debate.

One thing which has stood out for us, throughout this project, is the fact that people across the funding sector and beyond are very interested in these issues. Indeed there seems to be a real desire, at least among many we interviewed, to have the space for reflection and discussion on these topics, including on the difficult issues. We have had a uniformly positive response to requests for interviews and a very high level of engagement from those we have spoken to and met with. There was also an extremely high response rate to the online survey we carried out; further confirmation that the evaluation questions and the associated issues are ones which matter to people.

10 Ibid

1.4 Evaluation questions and the challenge of definition

“It all depends on what you mean.”

A funder

The Fund has posed big questions through this evaluation and it has formulated them quite loosely; in what are quite everyday, almost vague, terms. However we know that this has not been out of any lack of rigour or forethought, but rather out of a desire to leave the questions open, to allow the research to contemplate and address a wide range of issues that are likely to be of importance to the sector.

This gave the evaluation team two specific things to think about early on in the process of designing the project and to which we have constantly had to return during the research and analysis.

Firstly, because the questions are so open, we have had to proactively set boundaries around what we can and cannot include. We have touched on a large number of issues that the questions have naturally thrown up, from the legitimacy of funders trying to influence Government policy to a consideration of theories of change. On the other hand, we have had to leave aside some topics that might be very interesting but would have broadened the scope so much that the project would have become unmanageable. For instance, we have omitted any detailed consideration of the extent to which the evaluation questions might also apply to statutory funders or to NGOs or any comparison of UK funders to their North American or continental European counterparts.

Secondly, we have had to be clear about what we mean by various terms in the questions that are open to interpretation. This has not been about finding the right or true definitions, since attempting this is probably futile, but rather about being as clear as possible over what we are talking about, both when we have been interviewing informants and analysing what they have said, as well as in writing the report. We address some specific issues of definition and interpretation in more detail in following chapters.

1.5 Methodology

Since this is a large and complex project we decided to break the research into phases. The first phase amounted to creating a picture of the Fund's approach and activities and eliciting the rationale behind this approach and behind the assumptions in our Terms of Reference.

Once we had assembled this picture we then needed to check and amend it by looking for evidence and testimony that would corroborate, contradict or refine the Fund's view. We realised that in order to make this triangulation phase robust, we would need to talk to a lot of people and gather evidence from as wide a range of sources as possible.

In between, we also did something which is unusual for evaluations; we carried out some market research. This involved talking to a representative sample of the potential audience for this research, to establish which particular areas they would find most useful and interesting, given that they would be the end users of whatever we produced.

There is one more general point about methodology to consider. The nature of the issues we have been looking at and the very nature of much of the work carried out by funders is such that it is very difficult to measure success. It is not possible to do quantitative research since there is often nothing to count. Even if there is something to count, or at least a clear impact (or a change likely to lead to impact) it is often very difficult or impossible to attribute this outcome to a particular organisation or intervention. This means that we have primarily relied on qualitative data, taking a wide range of opinions into account before coming to judgements. In many cases we are left with further questions.

Our research comprised several activities.

Phase one: Building the picture

- Document review of a wide range of Fund-level, project and external documents
- Meetings, workshops, away-day and interviews with Fund staff and Board members
- Eight selected case studies to be investigated in depth, as illustrations of the Fund's approach to funding and ways of working. We did this through interviews with staff, grantees and external commentators and through detailed document review. The selected case studies were:

THE CLUSTER MUNITIONS INITIATIVE¹¹

THE PENAL REFORM INITIATIVE

- Grant to the Prison Reform Trust

THE PALLIATIVE CARE INITIATIVE¹²

- Grant to the African Palliative Care Association
- Grant to the Hospice Palliative Care Association of South Africa

THE REFUGEE AND ASYLUM SEEKERS INITIATIVE

- Grant to the Scottish Refugee Council
- Grant to the Refugee Children's Rights Project

THE CORSTON INDEPENDENT FUNDERS' COALITION¹³ (part of the Penal Reform Initiative)

THE FUNDERS' COLLABORATIVE FOR CHILDREN (FCFC) (allied to the Palliative Care Initiative)

11 The Cluster Munitions Initiative and the Penal Reform Initiative evolved as two separate programme areas from what was initially conceived as one, under the heading of the Partnership Initiative

12 'Palliative Care' improves the quality of life of patients and their families facing the problems associated with life threatening illness through the prevention and relief of suffering, by means of early identification, assessment and treatment of pain and other problems, physical, psychosocial, and spiritual

13 We will refer to this as the Corston Coalition from this point onwards

Phase two: Market research

- Fourteen semi-structured interviews with funders and philanthropists, some face-to-face and some by phone
- Online survey: We invited the 300-plus membership of The Association of Charitable Foundations¹⁴ (ACF) to take part anonymously in an online survey. In addition to some factual questions about grant expenditure we asked nine multiple-choice questions about issues related to the evaluation questions. We received 107 complete responses and a total of 71 additional comments.

Phase three: Triangulation

We carried out 34 semi-structured telephone interviews. These lasted generally between 45 minutes and an hour and covered a wide range of informants, including other funders, grantees, and well-placed commentators.

Phase four: Incorporating feedback

We have produced several sets of findings throughout the project which we have been able to seek feedback on, from the Fund, from REAG and also from informants in later phases of the research. In addition to this and on top of the rigorous review process through which this report has been, we have also built in opportunities to gather and incorporate further feedback through some elements of the dissemination process, such as debates, workshops and conferences.

A more detailed description of the research methodology along with interview questions, survey questions and results can be found in Resource Materials 2 – Research Methodology¹⁵.

14 <http://www.acf.org.uk/>

15 See Appendix for details of resource materials

1.6 Descriptive frameworks

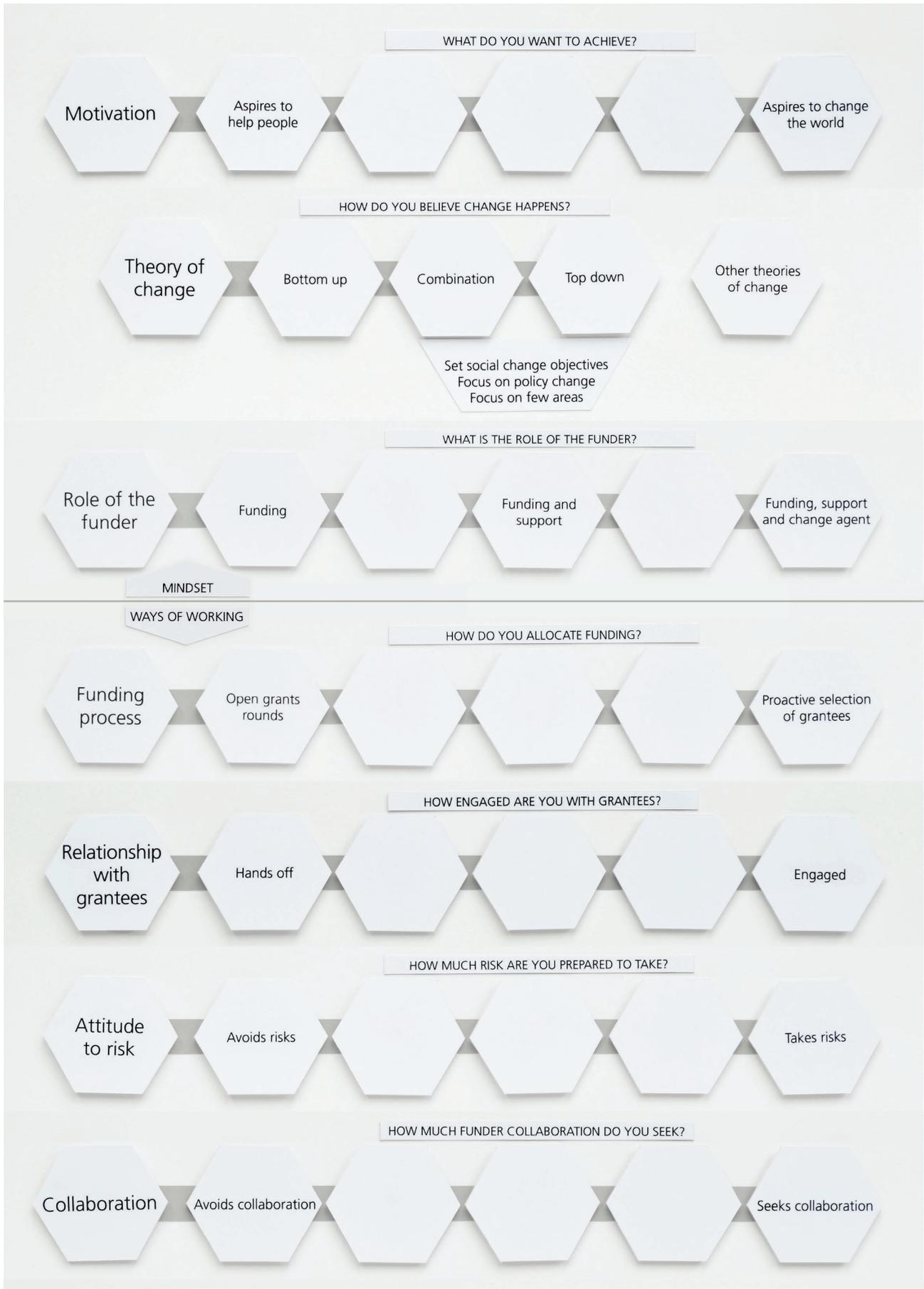
To support the analysis of the issues we have developed some descriptive frameworks to help us capture the complicated nature of the funding field and to help organise the material.

In order to address the research questions it is necessary to differentiate between various types of funder, so to help with this we wanted to have a relevant typology of funders and approaches to funding. We have developed the Funder Spectrum Framework, based on the idea that some important aspects of funding can best be described through a spectrum of approaches. The idea of a spectrum emerged very clearly from the nearly one hundred interviews we carried out. It reflects the fact that there are a number of stances or approaches that funders can take. We identified six key areas:

- Motivation
- Role of the funder
- Funding process
- Relationship with grantees
- Attitude to risk
- Collaboration

We felt we needed an additional 'sub-spectrum' to help describe the theories of change of those funders aspiring to change the world. We combined this with the six spectrums into the following framework.

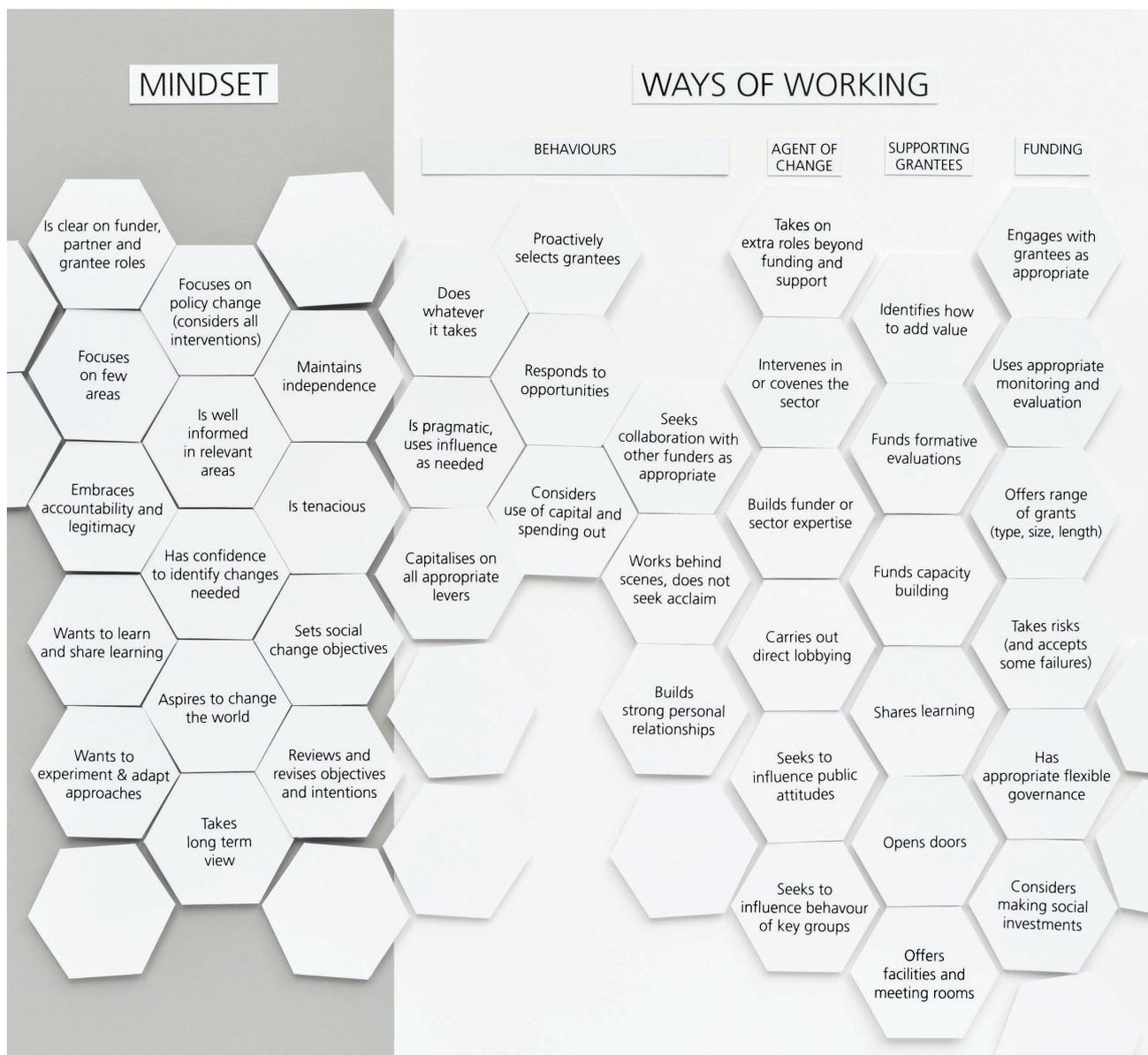
The Funder Spectrum Framework



Secondly, because our starting point was to look at the work of the Fund, we needed a way to describe the Fund's approach. We have called the Fund's approach, Funding by Change Objectives. We make a distinction between mindset and ways of working; 'mindset' describes what motivates a

funder, what makes them tick and 'ways of working' describe how this mindset translates into the way they go about their work. The Funding by Change Objectives approach includes a number of elements which equate to a particular position on one of the spectrums. The approach is represented by this framework:

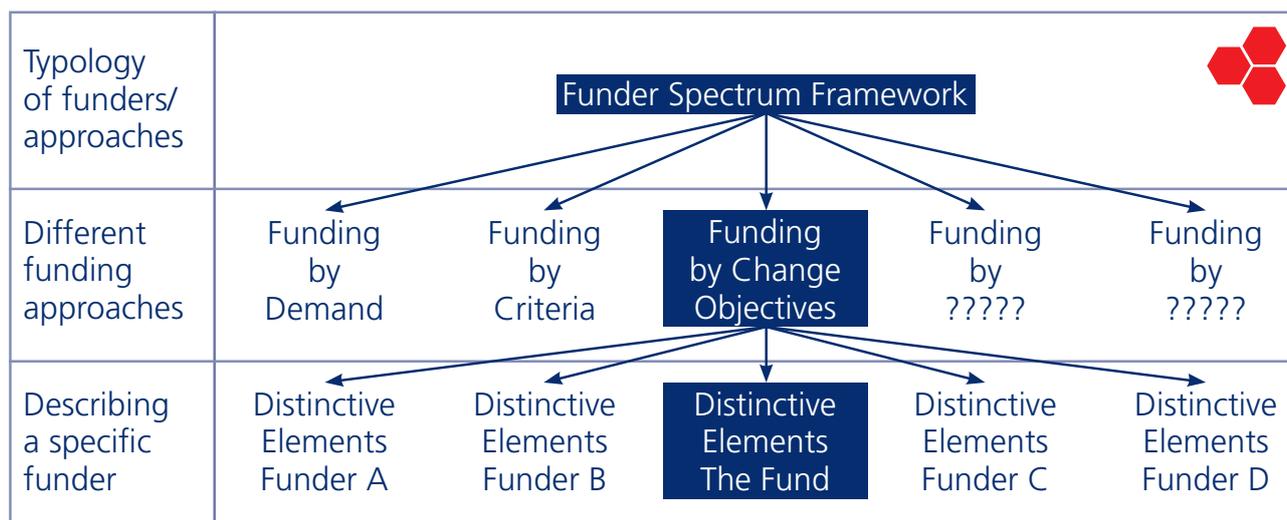
The Funding by Change Objectives Approach



As the name implies, we identified the central role played by social change objectives in the Fund’s approach. In all we identified twelve elements of the Funding by Change Objectives approach that we feel are particularly characteristic of the Fund. We have called these ‘distinctive elements’. We will return to both the Funding by Change Objectives approach and the distinctive elements in the next chapter.

We repeat a simplified version of this diagram at various points in the report to show where we are in the descriptive landscape at that particular point in the narrative. We did not conceive these concepts and frameworks in isolation at the start of the project – rather, they emerged from the research and evolved over the course of the year.

The following diagram shows how the Fund’s approach is just one among many. There are numerous possible approaches to funding and many ways of trying to bring about positive social change.



Descriptive frameworks used in this report

1.7 A brief history of the Fund

This research addresses a range of questions in the light of the experience of one funder in particular, although we do also draw on the experience and views of other funders. Because of this starting point it is worth noting some of the key features of the Fund's history.

The Diana, Princess of Wales Memorial Fund was set up in September 1997 within days of the death of Diana, Princess of Wales on 31 August 1997, in response to the donations that began to pour into Kensington Palace. The general public, clubs and companies donated some £20 million, and £38 million was donated from sales of Sir Elton John and Polygram's CD of *Candle in the Wind '97*. A further £80 million was subsequently raised through investments and the Fund's commercial licensing programme

During her lifetime, the Princess gave her personal support to many humanitarian causes and spoke out on a wide range of often unpopular issues, using her high profile to raise both awareness and funds. From the beginning the Fund set out to be a resolute and influential supporter of people on the margins of society and of the charities that work alongside them in the UK and around the world.

In March 1998, the Fund announced its first round of grants and awarded approximately £15 million to 105 charities with which the Princess had been closely associated.

In the summer of 1998, the Fund's trustees agreed its mission. Taking their cue from the Princess' humanitarian work and the values reflected in it, they decided that the Fund would work to improve the lives of the most disadvantaged people in society, and identified four groups that the Fund would support.

These were:

- Displaced people
- People at the margins of society
- Survivors of conflict
- Those who were dying or bereaved

Between 1999 and 2006, grant programmes were developed on an annual basis and were open to any eligible charities working to support these four groups. During this period 360 grants (totalling approximately £52 million) were awarded to 263 organisations across every country of the UK and every continent around the world.

In 1997 the Fund's lifespan was left open, although it was never envisaged that it would exist forever. Following a consultation with the voluntary sector in 2006 and a period of strategic review, the Fund's Board members came to the conclusion that the Fund would be more effective if it focused its remaining capital on a time-limited, targeted programme of work, rather than seeking to make its resources last over a longer period of time. The decision to close within five to nine years was announced in 2007 at the launch of the Fund's new Strategic Plan.

This five-year strategy set out to create positive changes in policy, practice and public attitudes in four areas: palliative care, cluster munitions, refugees and people seeking asylum and penal reform. These were all areas which built on the Fund's first ten years of work, and where the Fund believed it could help to deliver a significant and lasting impact on the lives of the most vulnerable within this relatively short timeframe.

Between 2007 and 2011 the Fund has spent approximately £18.5m towards achieving the aims set out in the Strategic Plan 2007-2012.

From the outset, the Fund has lent its name and profile to support calls for changes in public attitudes, legislation and policy that would improve the lives of

disadvantaged people. In addition to giving grants, between 1998 and 2006, the Fund spent around £3m on advocacy work, including lobbying, campaigning and hosting conferences.

Since the launch of the Fund's new strategy in 2007, the Fund has continued to take direct action by entering public policy debates, convening meetings, working collaboratively with other funders, and commissioning research to help establish a solid evidence base for policy change.

The Fund has endeavoured to contribute to a body of learning about good practice in philanthropy that can be shared and replicated more widely. It has also tried to support the voluntary sector in practical ways such as through the cost-free provision of rooms to charitable organisations as a venue to host meetings and conferences.

By the end of 2011, the Fund had awarded 633 grants to 444 different organisations, and spent over £100m on charitable causes. The Fund will have closed by 31 December 2012.¹⁶

Among those interviewed, there was a range of views as to how far the Fund changed direction when the new strategic plan was launched in 2007. Although there was a shift of emphasis in the Fund's approach around 2006-7, a high degree of continuity can also be seen, for example in how it defined the role of a funder and in the fact that at some point it would spend out.

Since 2007 the Fund's work has been organised in four programme areas or 'Initiatives'. The programme work has been supported by an executive; a research, evaluation and learning function; communications, finance and IT functions, a board of directors with various sub-committees and a number of programme advisory groups. The Fund has had a staff team which has varied in size from twelve to seventeen over the

last five years and also hosted two other posts relating to projects run in collaboration with other funders.

The Initiatives are:

- Cluster Munitions Initiative (CMI)
- Palliative Care Initiative (PCI)
- Penal Reform Initiative (PRI)
- Refugee and Asylum Seekers Initiative (RASI)

There is an overview of the Fund's grant expenditure and a list of the projects funded since 2007 in Resource Materials 1 – The Fund. Details of the resource materials can be found in the Appendix.

16 This brief history was adapted from 'The Fund In Brief', leaflet, The Diana, Princess of Wales Memorial Fund, March 2012

2 How can funders bring about positive social change?

As one considers this question it becomes clear that it begs further questions. It is important to address some of these, since they are not straightforward and because they have important implications for how we respond to the research question. In particular, the following are significant:

1. What do we *mean* by 'positive social change'?
2. *Can* funders bring about positive social change?
3. *Should* funders try to bring about positive social change?

Let us consider each of these briefly:

THE FIRST IS A DIFFICULT QUESTION of definition. It is worth noting that in the original Terms of Reference the first evaluation question was actually, "How can funders create changes in policy and practice?" After we had begun to familiarise ourselves with the Fund's work, we realised that this formulation of the question was actually too narrow and would potentially exclude some important areas of the Fund's work relating to attitudinal change.

We therefore agreed on the phrase 'positive social change' as a way of making the investigation more inclusive, but in so doing ended up with a formulation which is very open to interpretation. It is a phrase which can mean something slightly different to every individual in that it has both moral and political connotations. So there will be a great many versions of 'positive social change' and each funder will have their own particular understanding, more or less clearly articulated, of what this means for them.

So, while it is impossible to come up with a universal definition of 'positive social change', one can apply the principle of, 'you know it when you see it'. Much of the work carried out by the funders we have looked at in this research would, at least for most people in the voluntary and funding sectors, clearly qualify as striving for positive social change.

For practical purposes, we do need to have some clarity around what we are talking about. So, this is what we mean by positive social change:

Changes in social institutions, rules of behaviour, social relations or value systems which have a beneficial effect on a significantly large group of individuals with shared values or characteristics

We acknowledge that different people will have different ideas of what is 'beneficial' for society or for groups within it and that this will be influenced by profound factors such as their political and moral outlook and their own upbringing and experience. We do not believe it is necessary, or indeed possible, to resolve these differences of opinion in any universal definition of positive social change. It is sufficient to be aware of them.

By 'significantly large' we mean that in order for a change to be considered to be '*social*' change' it must affect more than just a few individuals – it must be apparent at a societal level.

THE SECOND QUESTION IS, '*can* funders bring about positive social change? This is logically entailed in the evaluation question, "How can funders bring about positive social change?" In other words, if we are to consider *how* funders might do this, there is an implicit assumption that they actually *can*. So, can they?

Can a funder, with a few million pounds to invest (or perhaps a few tens of millions or maybe even hundreds of millions, but nevertheless very small amounts compared to the state) and without the bureaucratic machinery of government at its disposal or guaranteed access to or influence on the popular media or decision-makers, ever hope to really make a meaningful difference to, "social institutions, rules of behaviour, social relations or value systems"?

Furthermore, if funders can have some influence over the way society develops, how can this be demonstrated? Because the sorts of things that funders might want to influence are normally complex, it is often impossible to say which intervention, action or organisation was responsible for creating a specific change. For example, historians are still debating the factors that contributed to the ending of the Atlantic slave trade and usually the answer is that complex social changes are brought about over a long period of time by a wide range of actors and factors.

This is the notorious challenge of ‘attribution or contribution’, which faces evaluators, commentators, fundraisers, managers and boards alike. This challenge is particularly strong when the intervention under consideration involves the ‘dark arts’ of campaigning, lobbying or public relations, where significant developments may occur behind closed doors or in a way that is almost impossible to trace. Sometimes there are even vested interests in the truth about causality *not* becoming clear, such as when politicians *are* in fact influenced by lobbyists or campaigners but would never want to admit it, for fear of setting precedents and/or being criticised in the media. Our feeling is that bona fide absolute *attribution* is very rare and that in the vast majority of cases, being able to establish definite *contribution* is in itself hard enough and that if a convincing case for ‘probable contribution’ can be made this should be sufficient to justify an organisation’s involvement in a particular intervention. This is the approach we have taken when looking at various strategies and approaches adopted by funders.

To answer our own question, we think there is strong evidence across the board that funders can make a contribution to bringing about positive social change, both from our research and from looking at social history more generally, where there are myriad examples (such as the role played by funders in significant social changes in the areas of universal suffrage, green issues or smoking, to name but three).

This view was echoed very concisely by one of the funders we interviewed:

“We try to be modest – but yes, we contribute to social change.”

A funder

THE THIRD QUESTION, (*should* funders try to bring about positive social change?) adds a moral or ethical dimension. It is one which we have clearly observed to be difficult or even troubling for many funders and philanthropists.

This matters, because in a democratic society we might feel that only those who have been elected have the right to influence the development of society and certainly so if public money is to be used for this. Having said this, in a free society, one might also say that every individual has the right to decide what represents positive social change and that those with money at their disposal have the right to spend it how they like, within reason, to try and bring about what they see as a better society. It is also true that many others – media, corporations, religious institutions etc – are also in a position of potential influence and are actively pursuing change whether one likes it or not.

If private money is involved, as is the case with trusts, foundations and philanthropists, then nobody is likely to have a problem with support for obviously ‘good causes’ such as, say, a children’s hospital. Some people may, though, be unhappy that foundations and their donors enjoy certain tax advantages, which means they are effectively subsidised by the taxpayer. There are also those who would feel that the full burden of financing hospitals and the like should fall on the state. But what happens when the funding is for an issue which divides political and moral opinion, such as the treatment of prisoners?

One way of looking at this is to acknowledge the fact that this is an issue which may make some sections of society uncomfortable and therefore might make funders sensitive about the legitimacy of their own

role, but at the same time to recognise the reality of what actually goes on in the world and the potential power which any individual or organisation with money can wield. In other words, there *are* people and organisations with money, who *do* have their own ideas about what constitutes positive social change and who *do* invest accordingly and this is not likely to change any time soon.

Again, to answer our own question, we believe that, yes, funders should try to bring about positive social change, because, notwithstanding the difficulty in defining 'positive' social change, they are a potential force for good. There may well be questions about the legitimacy of independent funders to decide what is good for society and to try and influence policy, behaviour and attitudes accordingly, but they should do it anyway. We discuss the issue of legitimacy in more detail in Section 2.2.

2.1 Description of the Fund's approach to funding and social change

We have looked both at the distinctive elements of the Fund's approach, as described below, and at the more universal elements of its approach, which are shared with other funders, by setting the distinctive elements in the broader context of the Funding by Change Objectives framework. In addition to using examples of the Fund's own work to illustrate particular aspects of its approach we have also drawn on some examples from the work of grantees funded by the Fund. This is a kind of 'description by proxy' but we feel that such examples enrich the narrative and are legitimate given that part of the Fund's approach is the proactive selection of grantees, which means that it has selected organisations with an outlook broadly similar to its own.

2.1.1 FUNDING BY CHANGE OBJECTIVES

We have identified twelve elements of the Fund's approach which we feel are distinctive. None of these is unique to the Fund (although the combination may be unique or at least only shared with a handful of other trusts and foundations) but together they characterise the organisation and the way it goes about its task. Before we go on to describe each of these it is important to note that these distinctive elements exist within the context of a wider set of characteristics and functions.

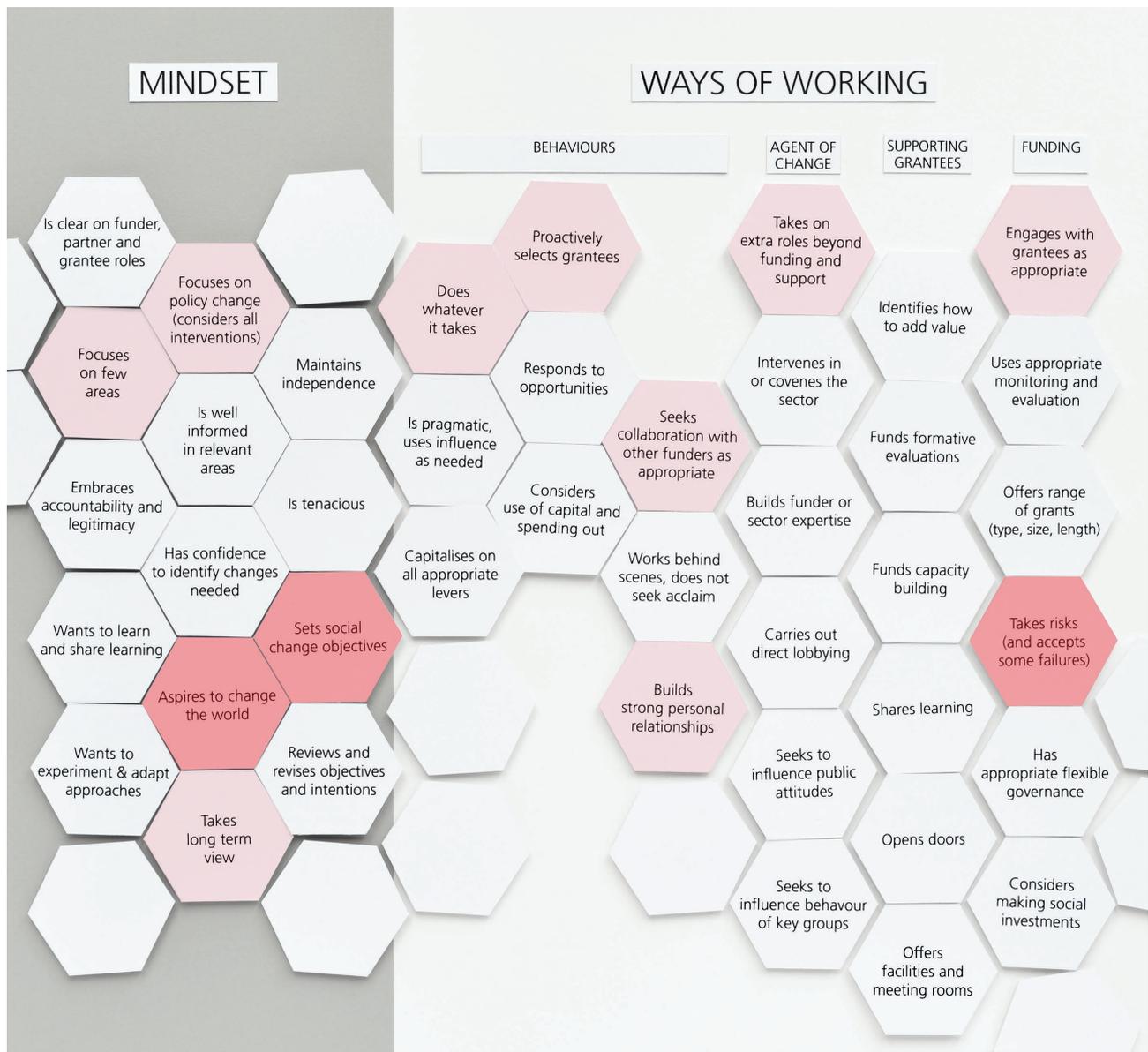
The Fund is a complicated entity. Its organisational mindset comprises a number of elements. Its ways of working are similarly numerous and diverse, displaying a range of behaviours and, for an organisation of its size, involving a surprisingly large and varied array of activities. So we need a fairly detailed framework with which to describe it.

Yet many of these attributes and activities are things which the Fund has in common with other funders and many of these therefore tend to be less noteworthy. The Funding by Change Objectives framework captures them all, whether distinctive or commonplace. We will pick up on some of the latter in later sections, since although they are more standard, some of them are still significant. Among the distinctive elements we have also identified three which we believe are 'fundamental distinctive elements' in that they define the very core of the Fund's approach.

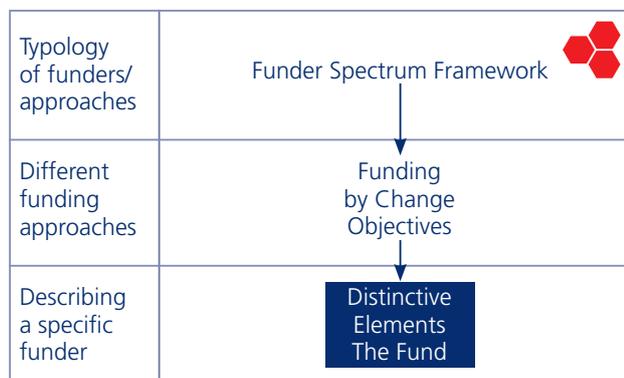
The Funding by Change Objectives framework can be represented as follows:

The Funding by Change Objectives Framework

Distinctive elements of the Fund's approach are light pink and fundamental elements are dark pink



2.1.2 DISTINCTIVE ELEMENTS OF THE FUND'S APPROACH



Descriptive frameworks used in this report

This section draws on the distinctive elements of the Fund's approach

The underlying beliefs about the world, the role which a funder should play and how it should go about fulfilling it, come partly from influential individuals involved with the organisation (such as founders, trustees and senior members of staff), both now and in the past and become transposed onto the 'personality' of the organisation. This personality also reflects the organisation's experience and its response to the professional, economic and cultural setting in which it operates. If one wanted to paint a thumbnail sketch of the Fund today, one might make the following twelve statements:

ONE: THE FUND IS MOTIVATED BY AN ASPIRATION TO CHANGE THE WORLD

By 'change the world', we do not mean that the Fund is trying to radically transform the whole world, but rather that its approach or mindset is more clearly aligned with 'systemic change' than 'alleviating immediate suffering'.

"We can, and therefore have an obligation to try to, 'change the world'."

Member of staff/board at the Fund

In some ways, the above quote says it all, although it is only the view of one person. However, it is not difficult to find illustrations to show that the Fund not only has this outlook but behaves accordingly. There are numerous examples which show that the Fund is motivated by the desire to try and improve the system, to 'make the world a better place', to try and eradicate the cause of a particular type of suffering. Indeed, the published document laying out the 2007 to 2012 strategic plan makes this clear in the language it uses and the way in which objectives and outcomes are formulated:

"The desired outcome [of the Partnership Initiative] is that *systemic change* takes place in the UK in penal affairs, mental health and other areas, towards better outcomes for young people."¹⁷

"The desired outcome of the [Palliative Care] Initiative is that palliative care is accepted as an essential part of, and integrated into, the care and treatment of people with HIV/AIDS, cancer and other life-limiting illnesses."¹⁸

¹⁷ This quote, taken from the 'Strategic Plan 2007-2012', The Diana, Princess of Wales Memorial Fund, February 2007, refers to the Partnership Initiative, which after further planning subsequently developed into two initiatives, namely the Cluster Munitions Initiative and the Penal Reform Initiative. The emphasis is ours.

¹⁸ 'Strategic Plan 2007-2012', The Diana, Princess of Wales Memorial Fund, February 2007

The first of these statements actually uses the term 'systemic change' while the second clearly refers to a significant change to the healthcare system in sub-Saharan Africa, which if achieved will undoubtedly make the world a better place for millions of people now and in the future.

Similarly, the Fund's work in the area of refugees and asylum seekers has sought to change a number of aspects of the system, including working to end the detention of children, improving access to quality legal advice, improving the way in which children are dealt with and supported through the asylum process and so on.

In the area of cluster munitions, the Fund's approach was not to offer livelihood support to those who have been affected by the remnants of war but to focus its funding¹⁹ on support for a ban and to remove cluster munitions entirely. Again, this goal is an attempt to improve the world permanently. This is described below in Case Study One.

This aspiration to change the world is **the first of the three 'fundamental distinctive elements'** referred to above. It is fundamental because it influences pretty much everything else that the Fund does and thinks.

19 A complete list of grants made by the Fund is available in Resource Materials 1 – The Fund. Details of resource materials can be found in the Appendix

CASE STUDY ONE

THE CLUSTER MUNITIONS INITIATIVE

The Cluster Munitions Coalition (CMC) is an international civil society campaign working to eradicate cluster munitions. Formed in 2003 to advocate for an international ban on cluster munitions, today it has around 350 member organisations in some 100 countries. With the Convention on Conventional Weapons (CCW) negotiating process stalling, the Fund responded to a request to host a meeting in March 2006 of approximately 40 key state and NGO representatives. This meeting helped to create the Oslo Process, led by the Norwegian Government, which called on governments to opt out of the CCW process and to reach a legally binding agreement by the end of 2008.

The Fund supported the Oslo Process by providing core funding for the CMC through its long-term partner Landmine Action and through a small grants scheme, Local Voices, Global Ban, to support local campaigners in a number of countries. It also supported Handicap International's 'Ban Advocates' initiative to support a group of civilians affected by cluster bombs to lobby for the ban. In addition the Fund was involved in the international negotiation process, attending diplomatic conferences throughout 2007 and 2008 and hosting meetings with key civil society and government representatives.

The Convention on Cluster Munitions (CCM) to prohibit the use, transfer and stockpile of cluster bombs was adopted by 107 states in May 2008 in Dublin and opened for signature in December 2008 in Oslo with 94 states signing. As of April 2012, 111 countries have joined the Convention, with 70 states having ratified it and another 41 having signed but not yet ratified.

The CCM sets a high standard for victim assistance, although countries including the US, Russia and Israel have not yet joined, and it is not universally accepted that pursuing the Oslo process was the right strategy.

The Fund invested approximately £450,000 over four years in the campaign through grants as well as its own 'non-grant assets' worth a quarter of a million pounds.

For the full case study please see Resource Materials 1 – The Fund.

Details of resource materials can be found in the Appendix.

TWO: THE FUND FOCUSES ON POLICY CHANGE BUT CONSIDERS ALL INTERVENTIONS

“Focusing on policy and practice change is the absolute core of how to try and address the causes of social inequality and not just the symptoms, which has been the driving force behind the 2007-2012 strategic plan.”

Member of staff/board at the Fund

Fund staff members were clear during our inception meeting and in the early workshops that the Fund’s main focus is on achieving policy change and associated changes in institutional practice and they pointed to a number of examples to illustrate this.

For instance, the focus of the Cluster Munitions Initiative was very much on specific policy change as described in Case Study One above.

Many aspects of the work carried out by the Refugee and Asylum Seekers Initiative (RASI)²⁰ also had a policy focus. For instance RASI played an important UK-wide role in the high profile work to end the detention of children for immigration purposes and supported additional policy capacity in Scotland by funding a Children’s Policy Officer post at the Scottish Refugee Council. This post made significant contributions to policy formulation and implementation, for example in relation to the introduction of guardians for asylum seeking children.

The work of the Corston Coalition²¹, for which the Fund provided some funding, as well as chairing the management group for a period, was directed at changing a number of areas of policy and practice relating to the use of prison sentences for women.

20 See full version of Case Study Three: The Refugee and Asylum Seekers Initiative, in Resource Materials 1 – The Fund

21 See full version of Case Study Six: The Corston Independent Funders’ Coalition, in Resource Materials 1 – The Fund

There are a host of other projects which could also be cited to illustrate the importance of policy change in the Fund’s approach to funding and to bringing about positive social change.

It is important to also address the second part of this statement, which relates to pursuing alternatives to policy change. As we found out more about the Fund’s work in interviews with staff and others we realised that the Fund also supports other appropriate interventions, hence the wording of the statement above, that the Fund, ‘focuses on policy change but also considers all interventions’. As one Fund member of staff (from another Initiative) said:

“The Palliative Care Initiative strategy is multi-faceted with lots and lots of pieces of work going on. If there is another way of trying to achieve the mission, PCI is doing it.”

Other types of intervention which the Fund has employed include: attitudinal change, influencing the practice of key groups and supporting relevant service providers where this can contribute to eventual transformative impact.

Examples to illustrate these include:

ATTITUDINAL CHANGE

The Changing Minds collaboration, within RASI’s portfolio, is pursuing a number of practical strategies to try and change public views on asylum and refugees²². These include funding for an independent research project and the setting up of a dedicated think-tank.

22 See Section 4.1.3 ‘Other collaborations involving the Fund’ for a description of Changing Minds

INFLUENCING KEY GROUPS

The funding for the Prison Reform Trust (PRT)²³ was to support the 'Out of Trouble' programme aimed at reducing the number of children in prison. PRT felt a change in national policy was unachievable and so adopted a range of interventions, including:

- Calling for meetings to make local authorities, Youth Offending Teams and Probation Trusts more aware of diversion schemes where they are available
- Running training sessions for defence solicitors to enable them to be more effective at diverting young people from custody

BOOSTING SERVICE PROVISION

The Corston Coalition was able to secure £5 million in funding for women's centres, providing a range of services including community provision (an alternative to custody) to women in the criminal justice system. This funding not only allowed the centres to keep on operating in difficult economic times, but crucially, to allow them to stay open until 2012, by which time the new local commissioning process should belatedly have started. This funding had also included a capacity-building element, for instance allowing centres to improve their monitoring and evaluation skills. This is important because the National Offender Management Service guaranteed that from 2012/13 services with a "proven track record of tackling offending behaviour will be commissioned for ongoing work". So, although the immediate focus was on supporting service delivery, the Corston funding will potentially have had significant systemic impact.

Nevertheless, the Fund's main drive is to pursue its objectives through policy and institutional practice change. This is clearly demonstrated by the following view, expressed by a member of staff in the Palliative Care Initiative. The thinking behind providing core funding for the African Palliative Care Association was to help build "*a strong, effective and sustainable regional organisation that effectively promotes and supports palliative care ... [by seeking to introduce] policy and practice change into the relevant institutions*". The Palliative Care Initiative and the funding for the African Palliative Care Association are described below in Case Study Two.

23 See full version of Case Study Four: The Penal Reform Initiative, Grant to the Prison Reform Trust, in Resource Materials 1 – The Fund

CASE STUDY TWO

THE PALLIATIVE CARE INITIATIVE

The Fund's Palliative Care Initiative (PCI), set up in 2001, became a substantial area of work. With millions in sub-Saharan Africa living with, and dying from, life-limiting illnesses without adequate care against a backdrop of the HIV/AIDS epidemic, weak health systems, political volatility and significant cultural barriers, the remit was ambitious: a focus on seven sub-Saharan countries to promote palliative care as an essential part of the continuum of care, and for this to be recognised by governments, citizens and the development community.

Requiring a multi-faceted approach to influence attitudes, behaviours, policy and practice, the Fund helped to transform the landscape. It has done this through supporting advocacy, helping to create umbrella organisations, encouraging other funders, and contributing to changes in medical education as well as funding direct delivery. PCI has also, significantly, raised funders' and policy makers' interest in palliative care, particularly in the USA, resulting in increased funding and has generally raised the profile of palliative care, for example within the UK Consortium on AIDS and International Development.

The following two examples illustrate the wide range of PCI's work:

THE HOSPICE PALLIATIVE CARE ASSOCIATION (HPCA) OF SOUTH AFRICA

From 2002, the Fund funded an advocacy manager post for HPCA and, from 2007, a further post for children's palliative care advocacy. This support, until November 2010, with other grants, has contributed to influencing the debate, Government policies and palliative care practices in South Africa.

Seed-funding in 2001 helped the establishment of a post-graduate programme at the University of Cape Town (UCT) contributing to the professionalisation of palliative care. 217 medical students have registered for postgraduate studies in palliative care

at UCT and over 14 sub-Saharan countries, the United Arab Emirates and the USA have graduates from the programme. Graduates have established undergraduate training in South African medical schools and 1,600 medical students have received training in palliative care since 2003.

Advocacy by HPCA, building good relationships with Government departments and focusing on specific policy change objectives has contributed to its expertise being recognised. In 2005, HPCA was asked by the Government to prepare a status report on palliative care and training in South Africa, which was published as a Government document, and HPCA has provided input to several national strategies and guidelines and advocated for other measures to enhance palliative care. Palliative care has been mainstreamed as a result, becoming part of formal health care provision.

Work with the Department of Correctional Services, targeting a previously neglected vulnerable group, has seen a pilot to provide palliative care to patients in two prisons in KwaZulu-Natal being rolled out to three more provinces in South Africa and additional funding secured to enable this work to continue.

The number of hospices having a children's palliative care programme grew from about six in 2007 to 64 in 2011, largely due to staff training made possible by the support of the Fund. This success has been achieved in a context of reliance on traditional healers, of poverty and of a medical profession focusing on being seen to cure. However, there are many hospices, NGOs, faith-based organisations and Government health facilities that still need to be reached.

Such palliative care programmes then attract additional funding from institutions' own networks. The Fund also worked to secure ongoing support for HPCA.

continued over...

CASE STUDY TWO

THE PALLIATIVE CARE INITIATIVE continued

THE AFRICAN PALLIATIVE CARE ASSOCIATION (APCA)

APCA was formed in 2004, following a conference initiated by the Fund in 2002 on palliative care education with participants from across Africa. The Fund supported APCA from 2005 with core and project grants towards building a strong, sustainable regional organisation to effectively promote and support palliative care.

The Fund significantly supported work in a few countries with an expectation, borne out by experience, that this would generate a domino effect in others. Noting volatility in the region, the approach was to embed required changes in relevant institutions. Project funding for APCA since 2009 has been focused on integrating palliative care into the education and training of medical and nursing staff in Kenya, Malawi, Botswana and, latterly, Zimbabwe.

The issue was new for the Kenyan Government. With support from the Fund, including for research as an advocacy tool, the Kenya Hospices and Palliative Care Association (KEHPCA) worked with the Ministry of Health to draft and pilot a curriculum towards palliative care being included in the national curriculum for all health professionals.

Following training of lecturers and the engagement of senior lecturers and deans, twelve institutions have fully integrated palliative care using this curriculum. While institutions are at different levels of integration, the Nursing Council of Kenya has adopted palliative care into their core curriculum. The college training the largest number of nurses and paramedics asked KEHPCA to develop their curriculum and KEHPCA is working with professional boards to ensure that palliative care is introduced into the core curriculum for doctors, dentists and pharmacists.

Similar progress is seen in Malawi where a teaching module was developed and is being reviewed by the Ministry of Health and where many institutions have already integrated palliative care into their teaching; and Botswana, where the largest of eight institutions training the majority of the country's health workers has integrated this in its teaching programmes and, with further support from APCA, is supporting the others to do the same.

Because palliative care was not seen as central by many others, the Fund's support perhaps contributed to APCA remaining apart from a broader movement for strengthening the health sector, an unintended consequence. However, through APCA, funding and investment in research, the Fund successfully prioritised a previously neglected area.

For the full case study please see Resource Materials 1 – The Fund.

Details of resource materials can be found in the Appendix.

THREE: THE FUND FOCUSES ON FEW AREAS

That the Fund has focused on a small number of thematic programme areas since 2007 can be seen from the following two excerpts. Firstly, from the report on the consultation which the Fund carried out in late 2005 and early 2006 to help shape its strategic plan:

“Recommendation: The directors’ intention to concentrate on a small number of strategic, five-year programmes is supported.”²⁴

Secondly, from the current strategic plan, which was informed by, among other things, the aforementioned consultation:

“The Fund will focus on three initiatives, each of which has a desired outcome and a set of strategic objectives to be achieved over five years. The Fund’s three initiatives are: the Palliative Care Initiative, the Refugee and Asylum Seekers Initiative, and The Partnership Initiative.”²⁵

This narrow focus is in contrast, to some extent, with the Fund’s earlier approach, where a wider range of work was funded and to a greater extent with some other funders, such as for instance, the Big Lottery Fund, the Henry Smith Charity²⁶ or the J Paul Getty Jr. Charitable Trust.²⁷

24 ‘Our Findings, Our Future’ – A report on the findings of the consultation held by The Diana, Princess of Wales Memorial Fund, 2006

25 ‘Strategic Plan 2007-2012’, The Diana, Princess of Wales Memorial Fund, February 2007. The Partnership Initiative later developed into two separate programmes, the Penal Reform Initiative and the Cluster Munitions Initiative

26 The Henry Smith Charity makes grants in 17 thematic areas <http://www.henrysmithcharity.org.uk/what-we-fund.html>

27 The J Paul Getty Jr. Charitable Trust allocates funding under nine different headings <http://www.jpgettytrust.org.uk/funding.html>

FOUR: THE FUND SETS SOCIAL CHANGE OBJECTIVES

It is again easy to see that the Fund sets social change objectives, simply by looking at the current strategic plan and website, as the following excerpts show:

CLUSTER MUNITIONS INITIATIVE:

“Our aim is to promote the protection of civilians during and after conflict by bringing an end to the use of cluster munitions in warfare.”

PALLIATIVE CARE INITIATIVE:

“Focusing on nine countries in sub-Saharan Africa ... we will promote palliative care as an essential part of the continuum of care for people with life-limiting illnesses. We will work to ensure that ... palliative care is accepted as an essential part of, and integrated into, the care and treatment of people with HIV/AIDS, cancer and other life-limiting illnesses.”

PENAL REFORM INITIATIVE:

“Our aim is to promote fair treatment and better futures for the most vulnerable people in the criminal justice system. We are supporting two initiatives to promote the development of government policies that encourage the use of alternative solutions to offending by women, children and young people.”

These aims, variously formulated as missions, objectives or outcomes in the strategic plan all constitute social change objectives. In other words, if they were achieved, society could clearly be said to have changed in some meaningful way. Social change objectives are the Fund’s key mechanism for translating the aspiration to change the world into more tangible, specific targets, the achievement of which the organisation can then attempt to operationalise.

Setting social change objectives is **the second of the three 'fundamental distinctive elements'** along with 'aspiring to change the world' and 'taking risks and accepting some failures'. Doing it well depends on two other elements in the mindset component of the Funding by Change Objectives framework, namely, 'being well informed in relevant areas' and 'having the confidence to identify changes needed'. It also drives another distinctive element of the Fund's approach, namely, 'proactively selecting grantees' (since if you have specific social change objectives you are likely to want to select specific grantees that are well-placed to help achieve those objectives). In fact it could be said to lie behind all of the behaviours and some of the activities in the Funding by Change Objectives framework. The fact that it is so central is, of course, the reason why we gave the framework its name.

The Fund's use of social change objectives can be contrasted with the approach of funders which lay out broad areas of interest in which they are prepared to fund but without specifying publicly or perhaps even (consciously or unconsciously) without formulating for themselves desired social outcomes.

As can be seen from Case Study Three below, the Refugee and Asylum Seekers Initiative also clearly worked with social change objectives, as the strategic plan for the Initiative states:

"Focusing on the four countries of the United Kingdom, we will work with selected partner organisations to encourage positive attitudes towards refugees and asylum seekers; support unaccompanied children; promote children's rights and stop their detention; and disseminate good practice."

CASE STUDY THREE

THE REFUGEE AND ASYLUM SEEKERS INITIATIVE

The Refugee and Asylum Seekers Initiative (RASI) followed previous grant-making relating to young refugees and asylum seekers. A complex initiative with many strands and diverse ways of working, after 2007 the Fund increasingly focused on influencing UK policy and practice with a mix of proactive grant-making and other support, contributing to public campaigns, playing a convening role, engaging in direct lobbying and undertaking communications initiatives. The Fund continued to provide some grants to support service delivery to children and young people with a view to using first-hand evidence in support of policy work. A small open grants round also supported a number of community projects.

The Fund made an important contribution to efforts to end the detention of children in the immigration system through grants to The Children's Society, Bail for Immigration Detainees, and Citizens UK. The Fund played a significant, albeit controversial, role facilitating a dialogue between NGOs and government agencies, chairing the working group providing input into a review of policy implementation.

The Fund also contributed to the European Programme for Integration and Migration (EPIM), to enhance cooperation between organisations and advocate for an integrated approach to asylum. The creation, funding and leadership of another funders' collaborative initiative Changing Minds saw the establishment of a think-tank to inform and influence public attitudes, and support for independent analysis of data and research on immigration and public attitudes.

RASI's work, on a high-profile complex issue, was against a backdrop of negative media coverage and poorly-informed and hostile public opinion, a lack of political clarity and leadership, and a poorly functioning asylum system. The Fund's championing of the issue, fostering relationships (albeit also treading on some toes), and its focus on policy change with pragmatic advocacy did have an impact. It helped to keep difficult issues on the agenda, influenced the debate amongst NGOs, Government and the public in the UK and, through EPIM, in Europe. It increased policy and advocacy capacity in the UK and injected energy and momentum into the sector. It played an important role in improving the process for families who are to be deported and would have otherwise been at risk of lengthy detention in immigration removal centres. It has also laid the ground for potentially significant work on changing public attitudes through the Changing Minds collaboration. RASI has been single-minded in maintaining certain directions and very

strategic in its overall approach. For example in its funding of legal work, focusing on test cases with the potential to influence subsequent policy and practice RASI has had a wider impact on the situation of asylum seekers.

The following two examples illustrate the wide range of RASI's work:

THE REFUGEE CHILDREN'S RIGHTS PROJECT

Having supported Refugee and Migrant Justice (RMJ), which had been the biggest player in the sector but which went into administration in June 2010, the Fund recognised the need to maintain their work for legislative change to meet international standards for children in the asylum system. The Fund helped the establishment of the Refugee Children's Rights Project (RCRP), enabling two former RMJ employees to continue ongoing casework while developing a proposal for the longer-term with formative evaluation and support for communication and networking activities.

The policy environment for children in the immigration system improved in December 2008 when the UK withdrew its reservation to the UN Convention on the Rights of the Child.

There remained, however, a gap between policy and practice. Around 4,000 separated children claim asylum in the UK annually with 12,000 in the system at any one time. Such children can face detention, inadequate support and accommodation, poor refugee protection processes and forced removal. The UN High Commission for Refugees (UNHCR), among others, expressed concern that the UK Border Agency (UKBA) continue to make poor decisions in children's cases. A decline in the provision of legal aid for asylum advice and representation was exacerbated by the closure of RMJ and many children have no representation.

With a solicitor working with asylum-seeking children and identifying suitable test cases, and the second post using information from casework to identify and address gaps in policy and practice, the RCRP takes a two-pronged approach. The project provides a networking and coordination role ensuring cross-fertilisation between and within networks of lawyers, NGOs and policy specialists as well as specialist advice and training for legal practitioners. Test cases aim to develop jurisprudence on key principles of children's rights and to build a legal and evidential basis for policy lobbying.

...continued over

CASE STUDY THREE

THE REFUGEE AND ASYLUM SEEKERS INITIATIVE continued

THE REFUGEE CHILDREN'S RIGHTS PROJECT (continued)

Overwhelmed by the number of requests for help, the project selects only those cases with significant potential to not only help the individuals involved, but also for wider impact on policy and practice.

A number of such cases show that RCRP has helped to improve specific measures for children and young people seeking asylum and led to RCRP being recognised as bringing credible expertise to assist courts at the highest level. In an illustrative landmark case, RCRP persuaded the appellant's legal team to shift the focus from citizenship rights to the best interests of the children. Since, in their view, the UKBA had been interpreting the principle of the child's best interests incorrectly, the approach was an attempt by RCRP to obtain guidance from the Supreme Court. RCRP provided research, advice and access to academic experts. The judgment strongly supported the appellant and the position taken by RCRP, leaving asylum-seeking children in a much stronger position.

RCRP has worked to raise awareness, disseminate good practice and ensure a child rights-centred approach with legal practitioners and other professionals working together in a more strategic way. Project staff participated in a range of committees, conferences and networks and sit on the advisory group of the Immigration Law Practitioners' Association, with which it works on training and knowledge sharing. RCRP reports a growing awareness of the approach and cites a range of evidence for their success in building a strong reputation. This includes requests for advice and representation from UNHCR and the Office of the Children's Commissioner and an increasing number of enquiries from NGOs, social services, medical and legal professionals wanting to ensure that they take a child rights-centred approach.

THE SCOTTISH REFUGEE COUNCIL

Wanting to support advocacy across the UK, the Fund identified the Scottish Refugee Council (SRC) as a potentially effective grantee. A significant organisation, the SRC was already working on areas including the detention of children in which RASI was interested and in discussion the Fund identified the potential for increasing advocacy capacity through the creation of a new post, a Children's Policy Officer, which the Fund supported from 2008 to 2012.

Aiming to develop its role as the leading expert on Scottish refugee and asylum issues SRC has been able to further build relationships as a result of the additional post and is regularly asked by the Scottish Government for input. It has been able to directly influence some areas of policy and practice, for example amending the reporting requirements so that children only have to report on a six monthly basis and can do this during holiday periods. SRC, with many others, contributed to the successful campaign to end the detention of children in the immigration system and specifically were able to push for a family returns pilot as an alternative to detention and contributed significantly to the evaluation of this pilot.

SRC successfully advocated for the need for a pilot project on guardianship which, in conjunction with UKBA, the Scottish Government and Glasgow City Council, is now underway. It is supporting separated children including some who were trafficked, and is receiving referrals from several Local Authorities with evidence of its effectiveness emerging in a number of key areas. Through this, SRC has also been able to make significant contributions to international thinking and the development of common principles through the European Network of Guardianship Institutions. Working directly with separated children to discuss what else they would like from the project, led to the creation of a 'participation group' with fortnightly social and cultural activities.

Based on its own research which concluded that a new tool was needed to address age-assessments, SRC developed a model, with associated training materials, in collaboration with Glasgow City Council. Scottish Local Authorities and Government have given support in principle to roll this out following the successful conclusion of the pilot.

For the full case study please see Resource Materials 1 – The Fund.

Details of resource materials can be found in the Appendix.

FIVE: THE FUND TAKES ON EXTRA ROLES, BEYOND FUNDING AND SUPPORT

We have identified two additional roles, other than the provision of funding, which might come under the overall heading of Funder Plus. The first of these we refer to as 'supporting grantees', by which we mean the provision of additional support, such as formative evaluation, capacity building, opportunities to share learning and access to facilities. The second we call 'agent of change', by which we mean that, either working alone or alongside grantees, the funder becomes an agent of change in its own right.

The Fund has tried to play a number of these extra 'agent of change' roles. We explore these in more detail below in Chapter 3. For now we will just record the sort of roles the Fund has taken on:

- Intervening in or convening the sector
- Building funder or sector expertise
- Direct lobbying
- Seeking to influence public opinion
- Seeking to influence the behaviour of key groups

SIX: THE FUND DOES WHATEVER IT TAKES

We mean of course that the Fund does whatever it takes, *within reason*, to try and achieve its objectives. It employs strategies and behaviours which it feels are best suited to bring about the social changes it has identified as desirable. But this does go beyond simply trying to define and apply best practice. Another way of describing this would be, single-minded or outcome-oriented.

This means that the Fund has often taken a pragmatic attitude to addressing problems and it has also required the organisation to be flexible and to structure and manage itself in as agile a way as possible.

It is a trait which relates to and perhaps almost incorporates a number of other elements in various parts of the Funding by Change Objectives framework, namely:

- Is pragmatic, uses influence as needed
- Offers a range of grants (type, size, length)
- Is an agent of change
- Capitalises on all appropriate levers
- Has appropriate governance
- Works behind the scenes, does not seek acclaim

The Fund has tried to adopt and apply these elements with varying degrees of success. They each have a slightly different emphasis but they all contribute to the distinctive element of doing whatever it takes. Let us look at just a few examples.

FROM RASI:

The Fund has not sought or claimed any credit (publicly, or even among its grantees) for certain outcomes where a direct contribution had been made to policy formulation (for example in the work on the detention of children, and less directly through the Still Human Still Here (SHSH) campaign).

The Fund has been prepared to take a back seat role in SHSH because that is what is required to allow the campaign members enough space to operate without being hampered by the presence of the funder.

FROM PCI:

It was clear that the Fund's association with Diana, Princess of Wales could help to open doors in certain situations and the Fund has not been shy to use this fact. For example it has been helpful to PCI in its lobbying work in America where any perceived royal connection and the memory of the Princess herself command attention. Similarly, in Africa the Princess's name has been helpful, for example in ensuring high levels of attendance at events and in gaining access to government departments and to civil society. As one grantee told us, *"The Princess's name has opened some doors, the name works positively in*

South Africa". However, the Fund also learned that in some European and particularly UK contexts, the perceived royal connection and the Princess's name do not always have a beneficial effect and so, in certain situations, this aspect of the Fund's identity has been toned down. While this association with a uniquely high profile individual and a perceived royal connection is not an asset which many funders have to think about employing, the discriminating way in which the Fund has used its identity does illustrate the qualities of pragmatism and flexibility and a readiness to capitalise on appropriate levers.

FROM CMI:

The Fund, partly through its governance arrangements (with high levels of CEO sign-off) and decision-making processes was able to move very quickly to respond to opportunities for lobbying and make very fast funding decisions to enable grantees to exploit openings through small grants to campaigners through the Local Voices Global Ban (LVGB) project.

From the beginning the Fund clearly felt that the name of the Princess and her association with the Landmines campaign would bring leverage. This is reflected in an objective of the LGVB project "*Add leverage through association with Diana, Princess of Wales*"; an iconic picture of the Princess walking through a minefield in Angola in the Lethal Litter leaflet which notes that "*many felt that Diana, Princess of Wales' actions played a large part in securing a ban on landmines*" and elsewhere the Princess "*...helped secure support for the Ottawa Mine Ban treaty.*"²⁸ It should be noted that some other campaigners felt differently about this, although, inside the Fund, it was felt that the association with the Princess helped in attracting diplomats to the receptions in Dublin and Oslo which would not have been possible just in the name of the Cluster Munitions Coalition.

.....
28 Charity Award nomination

SEVEN: THE FUND PROACTIVELY SELECTS GRANTEES

There is ample evidence of the fact that the Fund has been proactive in its selection of grantees, particularly and more exclusively since 2007²⁹. Firstly, it changed its funding procedures in 2007 by ending the open grant application process (except for one or two very specific and limited open grants rounds, for example within RASI). Instead, the Fund invited selected organisations to submit an application for funding to support work which the Fund felt would help it to achieve a specific social change objective.

Examples of this approach include:

FROM PCI:

Initiative staff used their extensive knowledge of the palliative care landscape to identify and pursue specific organisations which they felt would be the most effective grantees for helping to achieve particular objectives. One member of staff said of a particular grantee, *“they would not be doing palliative care if it had not been for our funding; we went after them”*.

FROM RASI:

The Initiative’s mission is described as follows: *“Focusing on the four countries of the United Kingdom, we will work with selected partner organisations to encourage positive attitudes towards refugees and asylum seekers; support unaccompanied children; promote children’s rights and stop their detention; and disseminate good practice.”*³⁰

To work towards the social change objectives encapsulated in this mission, the Fund identified the Scottish Refugee Council (SRC) as the key player in Scotland. SRC is the most significant refugee and asylum organisation in Scotland, with a track record of influence and contact with the Scottish Government and with a focus on both delivery and advocacy.

SRC was already working on the areas RASI was interested in, such as the detention of children, so in discussion with SRC the Fund identified the potential importance of increasing advocacy capacity through the creation of a dedicated children’s policy post. The resulting funding has supported a Children’s Policy Officer since 2008. The CPO has been working towards one overall project outcome:

*“The lives of refugee children in Scotland will improve as we influence practice, policy and legislation at Scottish and UK levels.”*³¹

This rather general, overall outcome was given greater definition through five specific outcomes³², but it is clear to see how it feeds into the RASI mission above.

FROM PRI:

The Prison Reform Trust (PRT) was identified as a strong candidate to help deliver the Fund’s penal reform agenda. After a period of dialogue the Fund was able to formulate its specific objectives and decided to make its largest ever grant to a single organisation. After some teething trouble, this developed into a very hands-off relationship where PRT used its own connections and considerable experience and expertise to develop and implement a complex, multi-pronged strategy, as described in the case study below.

29 Prior to 2007 the majority of funding was allocated through a responsive grant application process, although there was also some proactive selection

30 ‘Strategic Plan 2007-2012’, The Diana, Princess of Wales Memorial Fund, February 2007

31 ‘Diana, Princess of Wales Memorial Fund Six-Monthly Report’, Scottish Refugee Council, November 2010 to April 2011

32 See full version of Case Study Three: The Refugee and Asylum Seekers Initiative, in Resource Materials 1 – The Fund

CASE STUDY FOUR

THE PRISON REFORM TRUST

The Prison Reform Trust (PRT) is an independent charity supporting research into the prison system, providing advice for prisoners and their families, and campaigning for reform.

The Fund, through its Penal Reform Initiative, had supported the Prison Reform Trust since 2000 and, in 2007, awarded the charity the single largest grant the Fund will have made: £1.5 million over five years, allowing PRT to play to their strengths with a focus on the detention of under-18s and young people, particularly vulnerable groups.

The 'Out of Trouble' programme was developed to reduce the number of children and young people in prison, which had increased significantly over the previous two decades. With a political climate not conducive to lobbying for national legislative change (although the Prison Reform Trust's input to a Justice Green Paper shows indications of successful influence on the law on child remand), Out of Trouble employed a multi-pronged strategy working locally, particularly in high custody areas. Interventions included training for defence solicitors on diverting children from custody; ensuring Youth Offending Teams and Probation Trusts are aware of available diversion schemes; research highlighting where the current system and practice is not working and pointing out solutions with media work and opinion polling.

The number of children in prison in England and Wales fell from just over 3,000 in September 2007 to fewer than 1,900 by December 2011, a ten-year low and evidence links changes in practice to the work of the Out of Trouble programme. There are some concerns about sustainability, but as a positive sign, the Coalition Government reduced the capacity for children's imprisonment by about 800 places. One potentially unfortunate unintended consequence however is that such changes could mean that those children remaining in the prison system end up being further away from their families.

For the full case study please see Resource Materials 1 – The Fund.

Details of resource materials can be found in the Appendix.

EIGHT: THE FUND ENGAGES WITH GRANTEES

The Fund has often had high levels of engagement with grantees. We have heard evidence of this from a wide number of sources. What we mean by this is that the Fund tends to develop a close relationship with grantee organisations, which involves the discussion of objectives, monitoring and evaluation, project implementation and so on. In some cases the Fund actually works alongside the grantee as an actor in its own right. In other cases the Fund's role is confined more to that of strategic advisor and grant manager. And in other, less numerous, examples the Fund has actually been very hands-off, preferring to allow the grantee to work more autonomously, with the Fund's focus being on monitoring and accountability.

In the Funding by Change Objectives framework (which describes an approach in general and not the Fund specifically) this element is worded as follows: 'Engages with grantees, as appropriate'. As mentioned above the Fund's engagement with grantees has manifested itself differently with different projects. There have also been some instances when the type and level of engagement was an area of concern for the grantee, in other words some grantees sometimes felt it was not always 'as appropriate'.

Here are some illustrative quotations relating to three different Initiatives and bearing witness to the Fund's generally engaged approach:

One international grantee told us: *"They are very well informed, can interact with you and are respectful funders. They will listen to challenges and barriers. They became leaders in palliative care."*

A member of staff at the Fund said: *"I do think the trust we've developed with Landmine Action as an institution over ten years is important. I think that relationship of trust is critical if you want to do something like this."*

A UK grantee, referring to the fact that the Fund is sometimes quite hands-off, said: *"They have given us a lot of rope. They have shown confidence in us and have allowed us to get on with the work."*

NINE: THE FUND TAKES RISKS (AND ACCEPTS SOME FAILURES)

This is **the third of the three 'fundamental distinctive elements'** referred to above. We feel that these three elements of the Funding by Change Objectives approach are not only distinctive of the Fund but indeed are the core elements which most directly define the Fund's specific attitude and way of doing things. To recap briefly, we believe that fundamental to its approach are the facts that the Fund:

- Is motivated by an aspiration to change the world
- Sets social change objectives
- Takes risks (and accepts some failures)

It can be seen that there is a qualitative and indeed logical connection between these three. The third of these elements, the preparedness to take risks and the consequent acceptance of some failures, manifests in a number of ways:

ACCEPTING SOME RISK OF FAILURE:

For example, in the work on cluster munitions, there was at the outset really no guarantee of success and indeed many would have thought the chances quite slim. However, because of the potential gains to be made and due to its knowledge in the area the Fund made the judgement that the risk was worth taking.

Of course this means that some projects will fail – if no projects fail then you have not really taken any risks. This was the case with the grant to Refugee Migrant Justice³³, which went into administration.

33 See full version of Case Study Three: The Refugee and Asylum Seekers Initiative, in Resource Materials 1 – The Fund

The Fund's response to this situation was to try and take something positive out of it and RASI staff worked hard to help realise the creation of a new project across two organisations which was able to take on some of RMJ's case work.

PUTTING ALL THE EGGS IN ONE BASKET:

This can come about through proactive selection, when a decision is made to provide funding to just one organisation in a particular sector, as was the case with the Fund's support of PRT or Landmine Action.

Sometimes, it is not just about the funding but also about investing a lot of staff time in relationships with key individuals and organisations, with no guarantee that the individual will not move on, or that the organisation will actually submit an application or even continue to exist.

RISKS THROUGH AGENT OF CHANGE ROLES:

The willingness to take on agent of change roles brings with it risks such as becoming unpopular with some players in a particular sector or being attacked by the media.

TEN: THE FUND BUILDS STRONG PERSONAL RELATIONSHIPS

Something which has become very clear to us through our extensive contact with the Fund and its stakeholders is that Fund staff members, in all Initiatives and in management and support functions, invest a great deal in building relationships. This point is different to the one we made above in the discussion about engaging with grantees. It is about investing time and energy in professional relationships with key individuals, even when there is no certainty that the particular relationship is going to be beneficial to the Fund. This is resource intensive and carries with it some risk, as discussed above. On occasions it has meant that a lot of time and energy, as well as personal emotional capital, have, in strict outcome terms, been 'wasted'. There have been a number of situations

where after such an investment, the relationship has not contributed to the achievement of project objectives because, for example, the person in the other organisation has changed job.

This is a phenomenon which is of course not unique to the Fund, or indeed to the funding sector. However, a large number of interviewees have stressed how much they have valued the personal professional investment that Fund staff members have made and feel that this is something which is characteristic of the Fund. This was usually irrespective of whether the people concerned agreed with the Fund's position on relevant issues, or even of how they felt about the Fund's level of engagement with them as partners or grantees.

The following quotations, from three different types of interviewee, each with a very different relationship with the Fund (as campaign target, partner and grantee) and pertaining to three different Initiatives are typical of the comments we heard:

A Government official said of the person, whom they had dealt with a lot at the Fund:

"I have a lot of time for this person ...very passionate but without wearing it on their sleeve, easy to engage with and to get to the heart of the issues."

Another funder said of their counterpart at the Fund:

"The excellent relationship continues; we visit each other and each other's projects."

A grantee described her experience of working with the Fund:

"The relationship with the Fund was different from that with normal donors. There was much more discussion through email, meetings and other exchanges. It was the first time I've had a relationship with a donor of this type. It was helpful both that we knew each other and that we had the same goals and objectives. The work was very specific, but the relationship itself was of added value."

ELEVEN: THE FUND TAKES A LONG-TERM VIEW

A funder who aims for systemic change and concentrates on policy interventions and influencing public opinion is likely to take a long-term view. The Fund has this type of aim and as one would expect does take a long-term view of its work. Such aims are inherently long-term since bringing about this sort of social change in these ways takes time. Not only does it usually take a long time to achieve, but the length of time that might be needed is unpredictable.

The Palliative Care Initiative (PCI) has taken a long-term view³⁴. They have employed a multi-faceted strategic approach, while focusing on the ambitious ultimate objective of ensuring that in sub-Saharan Africa, palliative care becomes an, “essential part of the continuum of care for people with life-limiting illnesses [and] the crucial role of palliative care is recognised by national governments, their citizens and the international development community”.³⁵

The work of the Refugee and Asylum Seekers Initiative on the collaborative Changing Minds project also demonstrates a very long-term approach. It could easily take twenty years before there is any noticeable effect (at the level of societal change) from the work of the Migration Observatory³⁶ or British Future³⁷.

34 See full version of Case Study Two: The Palliative Care Initiative, in Resource Materials 1 – The Fund

35 ‘PCI Vision, Mission And Objectives’ – one-page overview

36 ‘Based at the Centre on Migration, Policy and Society (COMPAS) at the University of Oxford, the Migration Observatory provides independent, authoritative, evidence-based analysis of data on migration and migrants in the UK, to inform media, public and policy debates, and to generate high quality research on international migration and public policy issues.’ www.migrationobservatory.ox.ac.uk

37 ‘British Future is a new independent, non-partisan think-tank seeking to involve people in an open conversation, which addresses people’s hopes and fears about identity and integration, migration and opportunity, so that we feel confident about Britain’s Future.’ www.britishfuture.org

It is partly due to this attitude that the Fund has sought to collaborate with other funders since this not only shares the risk attached to longer term investments, but also increases the likelihood of ongoing funding, particularly when one funder is planning to spend out.

Some other funders want or need to see more immediate returns. For example the Big Lottery Fund, as a publicly financed funder, is subject to external pressure (for example through media scrutiny) to show clear, concrete outcomes in a shorter timescale. Even among funders that have a similar outlook there can be a difference of emphasis. It seems that a mild clash of views occurred in the FCFC group of funders where some became impatient to start reaping tangible and measurable benefits for individual children. Others were more trusting of the process and attached comparatively higher value to long-term results such as changing partners’ mindset from being output-focused to outcome-focused.³⁸

TWELVE: THE FUND SEEKS COLLABORATION WITH OTHER FUNDERS

There are numerous examples of the fact that the Fund has sought to collaborate with other funders. Indeed one of the evaluation questions for this research specifically addresses this issue precisely because it is something the Fund is interested in and has been practising. Chapter 4 therefore deals with collaboration in detail and presents two case studies covering collaborations in which the Fund has been involved.

For now, two brief examples of other collaborations will suffice to make the point:

THE WATERLOO COALITION:

This is a joint initiative of two northern funders, the Fund and the True Colours Trust, working with advice

38 See full version of Case Study Five: The Funders’ Collaborative for Children, in Resource Materials 1 – The Fund

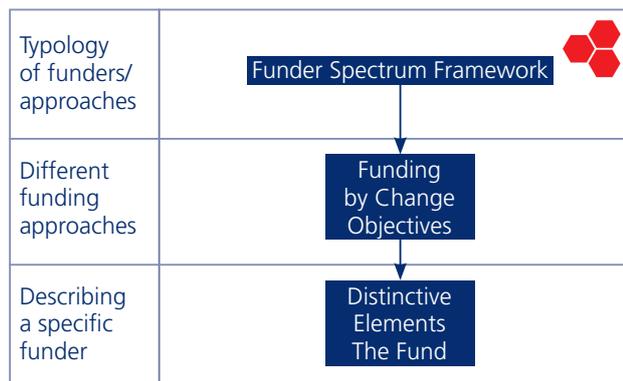
from relevant regional and national institutions. Both funders are focusing on palliative care in sub-Saharan Africa. They have similar aims and have pooled some funding and expertise with the intention of creating a step-change in the availability of and access to palliative care in Malawi and Kenya, mainly through education and training for staff in government health facilities.

CHANGING MINDS

Changing Minds is a collaboration between the Fund; the Barrow Cadbury Trust; Unbound Philanthropy; the Oak Foundation; the Trust for London; the Paul Hamlyn Foundation; the Esmée Fairbairn Foundation and the Joseph Rowntree Charitable Trust, among others. Its purpose is to track, inform and influence public attitudes towards migrants, refugees and asylum seekers to alter the dynamics of integration on the ground and provide the space for the development of humane policies for asylum seekers, refugees and migrants. Its activities include providing funding for the Migration Observatory at Oxford, creating and financing British Future, a new think-tank on identity and migration and inserting questions into the British Social Attitudes survey.

In the Funding by Change Objectives framework, the words 'as appropriate' again appear in the description of this element and again they are important. The Fund did not always collaborate with other funders, even when there were opportunities to do this, for example in some of the CMI work. There are pros and cons attached to collaborating and it will always be a matter of judgement as to whether it is appropriate or not.

2.2 Analysis and discussion of approaches to funding and social change



Descriptive frameworks used in this report

This section draws on the Funder Spectrum Framework, the Funding by Change Objectives approach and on the distinctive elements of the Fund's approach

In order to bring some shape to the following discussion, we have grouped the topics into three categories. The first two are drawn directly from the Funding by Change Objectives framework, covering those issues which relate to **mindset** and **ways of working**. The third category comprises a number of **general factors**, which touch on all aspects of what a funder does. We have concentrated on those subjects that are relevant to the evaluation question and which have been stimulated by taking the Fund's experience as a starting point. In the course of this discussion we also make use of the funder spectrums introduced earlier.

Let us just remind ourselves of the first evaluation question: How can funders bring about positive social change?

We have already said that we don't think there is a single, right answer to this question. It is a complex question which touches on a wide range of issues and raises a number of further questions. The following is a discursive tour around some of those issues. Whatever stance a funder has on each will affect how they try to bring about positive social change – in other words, all these issues are directly relevant to the evaluation question.

2.2.1 MINDSET

"Politicians don't really do much. I like to get on with things."

A philanthropist

"In the end, our approach comes back to the way the founder and the trustees want it."

A funder

One of our earliest realisations as we were getting to know the Fund, which has been reinforced through the subsequent stages of the project and through contact with a range of funders and philanthropists, was that funders (whether individuals or organisations) have an outlook, a collection of attitudes, beliefs and values, that determines the way in which they approach the process of giving away money. We have used the term 'mindset' to refer to this, but do not mean to imply that funders therefore have a closed mind or that their attitudes, beliefs and values are fixed and cannot evolve. We have encountered a number of different mindsets and have also observed lots of similarities and overlaps between funders.



The Motivation Spectrum

FUNDER MOTIVATION

We identified this as perhaps the most important element in a funder's make-up, because other aspects of mindset and ways of working flow from motivation. In order to consider it let us refer to the first of the funder spectrums.

This spectrum is about what motivates you as a funder – what do you want to achieve? Do you aspire to help people now or to change the world? Do you want to make a difference now, or improve the future? Do you want to make a problem³⁹ easier to live with or eradicate it forever? Which is more appropriate and more likely to be effective? Can you do both?

There are no real answers to these questions. Projects that provide direct assistance to those suffering in one way or another, if managed well, are more likely to have impacts which are immediate, visible and measurable. Does this mean they are more effective? By the same token, is an advocacy project aimed at changing policy or a campaign to alter public perceptions more effective than the direct help project if it ends up leading to change at a societal level? At what point in time should one try to make this

39 We have framed this choice for a funder in terms of options for addressing a problem. Funding may also be applied in areas where there is no specific problem as such, for example in the arts. This would at first appear to sit less well in this framework, but in fact such a funder could still choose to work more directly with individuals or to take a more systemic approach to make wider improvements. Arts funding is also sometimes directed at addressing a problem, such as lack of access or indeed as a vehicle for tackling other social issues.

assessment and how will one know that this advocacy or campaign has actually been a key force in this change, when such things are all but impossible to measure and to attribute?

However, although the motivations at either end of the spectrum do in some ways constitute a false dichotomy, and despite the fact that they both flow from a desire to help people, they do nevertheless represent different responses to the philanthropic impulse. Comparing them is not straightforward and funders may well be motivated by a combination of aspirations, but there do seem to be two distinguishable philosophies.

If, for descriptive purposes, we frame the situation which faces a funder as a 'choice', then it is partly a subjective choice, dictated by factors such as emotion, compassion, optimism, cynicism, rationality, patience and so on. It may be partly the subjective choice of an individual (such as a philanthropist, or the founder or benefactor of a trust) or of a small group (such as the members of a family foundation) or it may be more complex in that it is partly the 'subjective preference' of a corporate entity (such as a larger foundation) informed by a range of stakeholders (such as founder or trustees and staff – past and present). There may also be some practical considerations which suggest a particular approach, such as the size and nature of the problem you want to address and the resources at your disposal. For example, with a funding pool of, say £50,000, a two year timescale and a remit to address gender-based violence, are you best placed to support a women's shelter or to overturn patriarchy?

The choice of which approach is best may also depend on who else is doing what, where there is a 'gap in the market' as it were.

There is a view that it is possible to combine both approaches as both have merit in their own right and indeed they are mutually reinforcing. For example a funder could support a human rights organisation in the knowledge that this grantee might respond to the case of a prisoner of conscience by seeking the immediate release of that prisoner or by advocating a change in the law so that such people are not imprisoned, using several such cases to support the work. Or, it might do both, since both would fit its objectives and indeed the two approaches would support each other.

The way in which the Fund has worked, in particular since 2007, makes it very clear that the Fund is motivated by a desire to make systemic changes in the areas it has focused on.

It is interesting to note that previously the Fund had funded work that directly supported communities that had suffered through landmines, before it started to work towards the ban through the grant to Landmine Action to support the Oslo process. One member of staff said "*this helped our legitimacy in the later Cluster Munitions Initiative work*".

A grantee confirmed that the Fund's approach has indeed been to look for lasting, systemic change and cited a small but revealing example in relation to PCI's work on the training of medical professionals in Africa, namely that the Fund wants to make "*a lasting difference by trying to influence the curriculum – the curriculum will always be there especially in some African countries where curriculum reviews don't happen that frequently*".

As we have pointed out, there is no right answer to the question of which approach is better, systemic social change or direct service delivery. Given that much of this report tends to focus on the former,

since this has, by and large, been the Fund's approach, we feel that in the interests of balance it is good to include the following passionate and illuminating exposition on the merits of a different approach, written by Marcelle Speller OBE, Founder and CEO of Localgiving.com. While this philanthropist tries to spread her message as broadly as she can, using the Internet, she caters primarily for people who, like her, are motivated by local philanthropy. Here is her foreword to a recent report developed by Coutts & Co in association with New Philanthropy Capital and the Community Foundation Network:

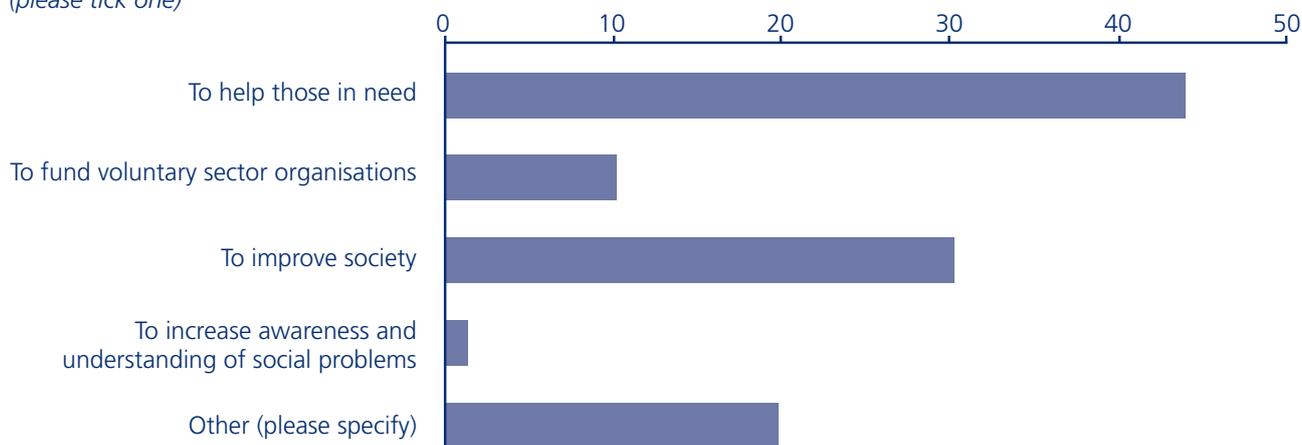
"My philanthropic journey started in 2005, after the sale of our business Holiday-Rentals.com. Without the need to make money, I could now focus on something that had always been a goal – to do something worthwhile, trying to leave the world a better place in some small way. After a few false starts, I attended The Philanthropy Workshop – a programme of the Institute of Philanthropy. Wherever they took me, I was inspired by small local charities. They are the glue that holds local communities together ... I volunteered with five amazing local charities and realised that each of them would hugely benefit from Localgiving.com. These charities and local groups know and address the issues in their community: for example, Jeremiah's Journey, set up by doctors in the oncology department of Plymouth Hospital, helps bereaved children. I go back to Plymouth regularly and see the difference that I have helped these amazing people make. And they have already raised £10,000 through Localgiving.com. Local philanthropy gives me a sense of community, of belonging, and it recharges me. You can see that you are giving effectively, and have the most joyous, enriching experiences."⁴⁰

40 From '*Inspiring Local Philanthropy – Making A Difference In Local Communities*', Autumn 2011, a guide developed by Coutts & Co in association with New Philanthropy Capital and the Community Foundation Network <http://www.coutts.com/private-banking/wealth-institute/philanthropy/insights/>

Based on responses to our online survey⁴¹ it would appear that there is a fairly even split between funders who prioritise helping people in need and those who prioritise improving society, but with the former being the majority. We asked participants what they thought was the primary role of a trust or foundation and asked them to choose just one role. This is what they said:

What do you see as the primary role of a trust or foundation?

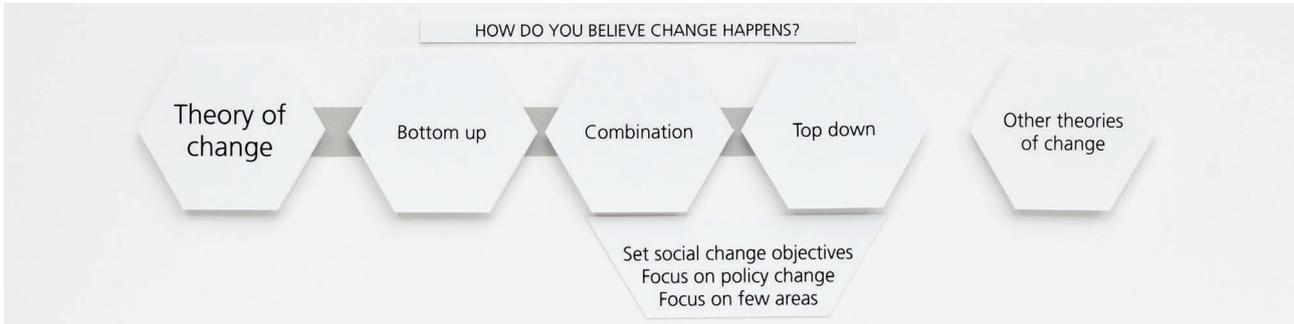
(please tick one)



Online survey of funders (ACF members) summer 2011 – base 107

This brings us on to another fundamental area, which can sometimes be dismissed as overly theoretical or jargonistic but that we believe is very important, namely what theory of change a funder applies.

41 In summer 2011 members of the Association of Charitable Foundations were invited to take part anonymously in an online survey. In addition to some factual questions about grant expenditure we asked nine multiple-choice questions about issues related to the research questions. We received 107 complete responses. See Resource Materials 2 – Research Methodology for survey questions and results.



The Theory of Change Sub-Spectrum

THEORY OF CHANGE

We have called this a 'sub-spectrum' because it is not relevant for all funders. Some funders have no intention of trying to achieve systemic change. Instead, they focus on supporting specific groups to deal with immediate problems.

Some funders adopt a bottom-up approach to social change. They might direct their funding towards individuals or grass roots/local/small scale/service delivery projects. The underlying philosophy of such an approach is that real, sustainable change is more likely to be achieved if it develops with the genuine involvement of the affected sections of society. This approach, while it helps some individuals and groups in the shorter term, might take longer to bring about change at a societal level. It might be limited by factors such as the level of resources available and it will be less under the control of the funder.

An alternative view is that social change can be brought about by a top-down process, starting with changes to policy, legislation or cultural norms that affect the way individuals, groups or organisations behave, leading ultimately to changes in the lives of ordinary people. The Fund has stated that it wants funders and philanthropists to consider setting social change objectives and including policy change as part of their overall strategy, and explore whether Funder

Plus methods and funder collaboration could help them to make a bigger impact. As we mentioned, this implies a belief that these approaches can be effective. Underlying this is an implicit theory of change at Fund level, that is, that change can best be achieved through primarily top-down, policy focused interventions, with perhaps a bit of bottom-up support.

In the course of this research we have come across exponents of other theories of change that cannot be placed on our sub-spectrum at all, because they do not relate to the top-down/bottom-up aspect but to other dimensions. These include:

- The philanthropist who believes that politicians and civil servants are largely a waste of time and that real change can only happen by engaging with business and forging ahead with practical examples, not by fiddling about with policy
- The venture philanthropist who focuses on developing and transforming the grantee as the main catalyst for change

So who is right? Which is the best theory of change? It will depend on what you are trying to achieve and the context in which you operate. It is not simply a question of which approach is best or most effective – your theory of change is inextricably linked to your

values and beliefs, to your whole funding philosophy. It will be influenced by your motivation and it will directly influence other elements of your mindset and the ways you work.

The debate between those who would subscribe to a theory of change like the Fund's and those who prefer a more multi-directional theory is crystallised nicely in the case of Changing Minds. Setting up joint ventures such as the Migration Observatory and the think-tank British Future shows real conviction – it is seen as brave by some and as arrogant by others. Proactive funders are convinced by the argument that doing nothing is not an option, that in the absence of appropriate action within the sector the funders should do whatever they feel is needed and that it is necessary to take a long-term view.

More 'responsive' funders feel this approach is too interventionist and have criticised the partners for claiming to know what the objective has to be and for adopting a purely top-down approach in setting up British Future. Even though they agree that such an agency is 'urgently needed', they would not advocate that setting it up is the role of funders as they do not have the necessary legitimacy to do this.

FOCUS ON POLICY

We have defined positive social change as:

Changes in social institutions, rules of behaviour, social relations or value systems which have a beneficial effect on a significantly large group of individuals with shared values or characteristics

If your values, experience and knowledge suggest that the best way to bring this about is by adopting a systemic approach, it is likely that in many contexts you will identify public policy as one of the primary levers of change.

There are many examples of how a relatively small change in policy can potentially make a big difference on the ground. Here is one such example of how policy work can make a big difference, in a way that would never be achieved by the equivalent amount of resources being used on service delivery, and of just how obscure the levers of change can be. This example is taken from Case Study Four on the Penal Reform Trust⁴² and the situation it describes is of course a bureaucratic paradox and is not one that was ever intended to exist or to have the consequences that it does. Nevertheless, it does exist and as a result more children and young people are sent to prison: "More work is also planned around encouraging the devolution of custody budgets as this would present an incentive to local authorities to invest in the prevention of offending and re-offending and provide alternatives to prison custody. As long as prisons are financed centrally and alternatives are not, it does not make financial sense for local authorities to divert young people from prison."

42 See Resource Materials 1 – The Fund for the full case study

FOCUS ON FEW AREAS

There are two points to note here:

Establishing whether you should only fund in a few areas:

- Another term for focusing on a few areas would be specialist or niche funding and it could be contrasted with the approach taken by a generalist funder
- We would suggest that for those funders that take a proactive, systemic approach to their philanthropy, all but the very largest will have to be specialists and focus on a few areas only, if they want to be effective
- Purely responsive funders can and do successfully have much broader portfolios

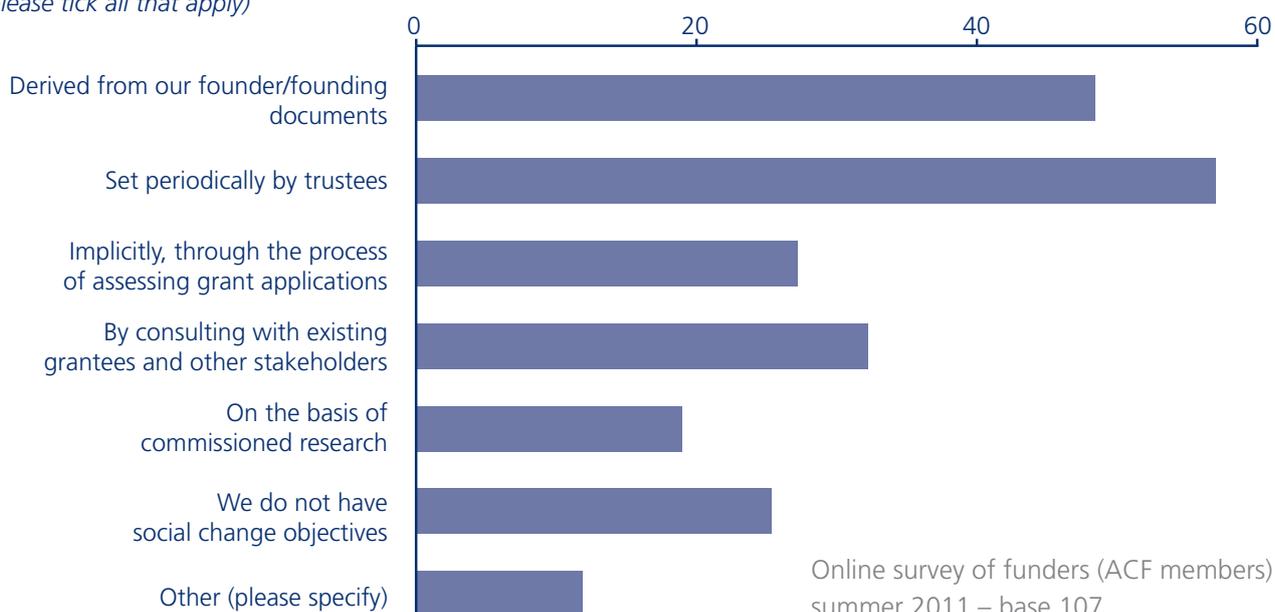
The process of choosing which areas to focus on is not easy and is linked to other factors, including:

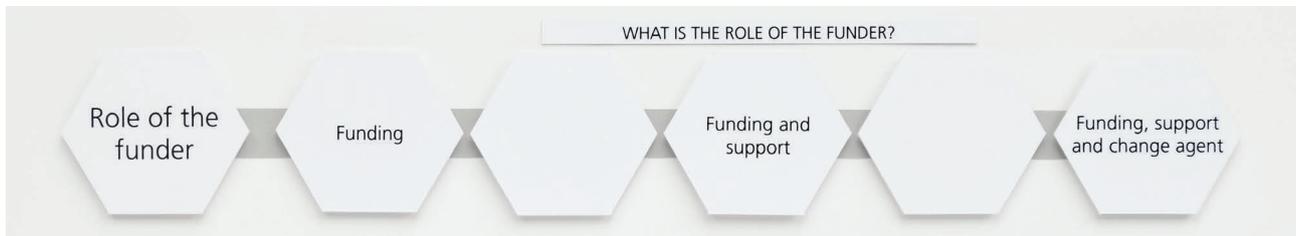
- Experience and expertise – being well-informed is a precondition for making good choices
- The external environment – identifying areas where you can have an impact and those where you cannot (for example, it is currently extremely difficult for funders to work in Zimbabwe despite the fact that there is great need)
- Market gaps – which areas are underfunded? In the Fund's case, partially informed by the Princess's example, there was a willingness to tackle underfunded areas such as palliative care, or unpopular causes such as refugees and asylum seekers
- The interests and motivation of the founder or trustees, particularly in the case of family trusts

It is fascinating to see what funders said in the online survey in response to being asked how they set social change objectives:

How do you set your specific social change objectives?

(please tick all that apply)





The Role of the Funder Spectrum

ROLE OF THE FUNDER

“Foundations should not be in the business of directly bringing about social change – they do not have the expertise, they should give the money to those who do, i.e. to the specialist NGOs”

A funder

This spectrum describes a funder’s view of their role in society. There is no single correct answer and again the preference of an individual funder will potentially be influenced by many factors. These could include considerations of legitimacy, accountability, ethics, public profile, risk, reputation, capacity and so on.

At one end of the spectrum is a view that funders are there only to provide funding to voluntary sector organisations or to individuals, in other words to give money in support of good causes. At the other end of the spectrum lies the view that a funder can and indeed should do everything in its power to achieve a particular social change, including funding relevant organisations and individuals, supporting them with additional resources to work towards a shared objective and indeed becoming an actor working to achieve the objective through activities such as convening or lobbying.

In between these extremes is a large area of variability covering the view that a funder’s role is to provide funding and support to voluntary organisations and/ or individuals. There will be a number of views on how much support, what sort of support and whether certain activities should only be delivered through, or in conjunction with, a grantee or whether the funder can in some cases act in its own right. According to the particular set of views an organisation has on these questions it will be positioned further towards one or other end of the spectrum.

There is another important point to make about the role of the funder. It may be obvious, but money is important. If funders cease to provide funding then they have become something else; NGOs, think-tanks or pressure groups. The money at their disposal and the power and responsibility this brings is very significant.

ACCOUNTABILITY AND LEGITIMACY

“If you are making grants, in a reactive way ... to charitable organisations doing good work on the ground you are protecting yourself from any accusations of not being accountable. But this is not a way of delivering change at a societal level.”

Member of staff/board at the Fund

This is a fascinating and complex area. Of the many questions one could choose to explore, we have chosen the following:

- What, if anything, gives funders legitimacy?
- What is funder accountability and is it important?

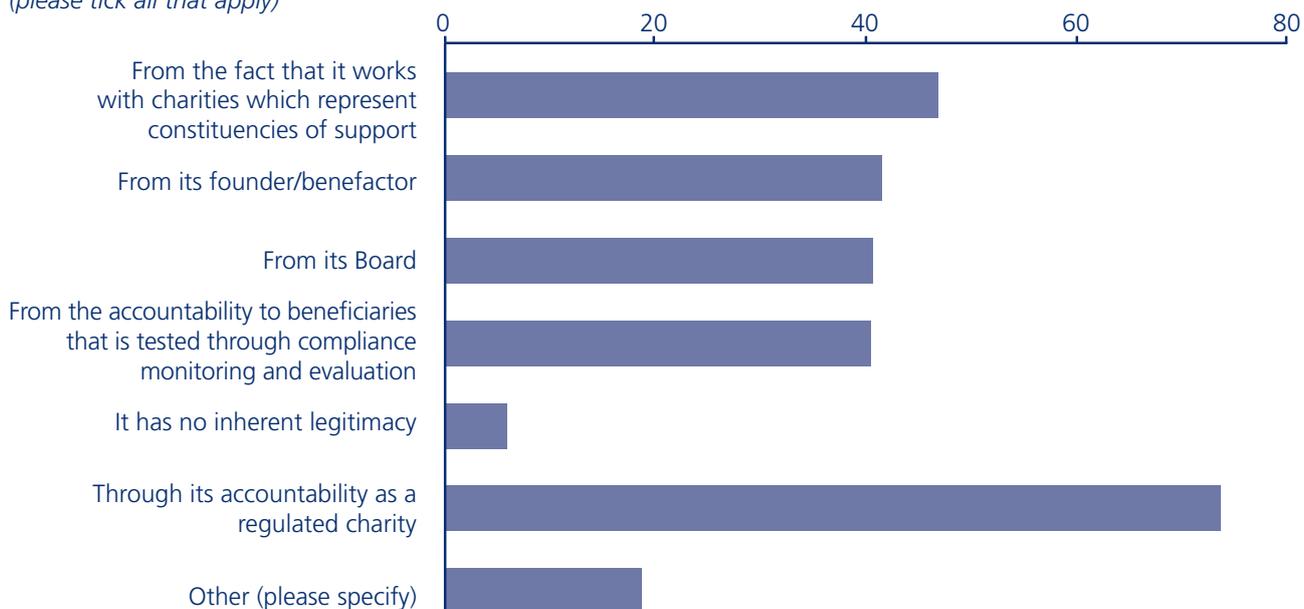
To start unpacking the first of these let us look at what funders themselves said in the survey.

We think these responses are surprising and revealing. We asked, “Where does a trust or foundation derive its legitimacy from?” The answer, “Through its accountability as a regulated charity” was selected by significantly more respondents than any other. Respondents were allowed to select more than one answer and we did not ask them to weight or rank their answers so we need to exercise some caution in interpreting the results. However, there is a stark contrast between this answer and the one which was selected by fewest respondents, namely, “It has no inherent legitimacy”.

Yet this is the answer that we would suggest lies nearer to the truth. For most funders the money which they disburse originally comes from private sources (although they may enjoy some state support in the form of tax breaks). There are of course exceptions to this, such as the Big Lottery Fund, or to some extent the Fund (since a sizeable part of its endowment came from public donations and the sale of merchandise to the public.) But for most funders it

Where does a trust or foundation derive its legitimacy from?

(please tick all that apply)



Online survey of funders (ACF members) summer 2011 – base 107

is true that they have no direct constituency, they do not represent anyone in anything other than a self-appointed capacity.

The fact that most funders would probably feel that the changes they aspire to are ‘liberal’ does not bestow legitimacy on them, since these are ultimately subjective judgements as to what is good. Logically, if one claims that funding a children’s health charity is legitimate, (because some people think it is good) then one also has to accept that it is legitimate to fund something like the Tea Party movement, the anti-abortion movement, or an anti-immigration campaign. There are plenty of people who think these things are good, although they can hardly be described as liberal. So, the nature of the changes you seek cannot convey legitimacy.

There is also the view that funders’ legitimacy derives from the fact that they act on behalf of and/or in the interests of deserving beneficiary groups, usually through the organisations they fund. This is somehow supposed to give them legitimacy by association, but we feel this is inaccurate since the funders do not necessarily represent their beneficiaries, not in any democratic sense and indeed there is no guarantee that they have even consulted with them. Indeed one foundation we interviewed expressed an aspiration to empower disadvantaged people to play a full role in society in their mission statement. We asked how and to what extent such people played a role in the foundation and were met with embarrassed laughter and an acknowledgement that this was not yet developed.

We suggest that funders are on firmer ground if they accept that they have no inherent legitimacy and at the same time commit themselves to the highest standards of transparency, diligence (i.e. being well-informed, consulting with stakeholders and beneficiaries, managing efficiently etc) and adherence to charity law. We do not mean that funders are in some pejorative sense ‘illegitimate’, but rather that they do not have any particular legitimacy over

anyone else. We would argue that relying solely on your ‘accountability as a regulated charity’ as a source of legitimacy is inadequate. Funders’ status as registered charities and their regulation by the Charity Commission is not so much a source of legitimacy as simply an expression of the fact they are permitted by law and by social consensus to carry out their funding. On this basis they need have no qualms about doing what they believe to be morally right.

Other than through the Charity Commission’s monitoring of adherence to accounting procedures and ensuring that foundations stay within the bounds of their charitable objects and through the media’s subjective observation of funders’ propriety, there is no way of monitoring and enforcing the moral ‘rightness’ of interventions that funders make. This might be seen as unfortunate by some, but on the other hand, to what extent do we want a state institution to decide what funders can and cannot do?

Those contemplating the issue of accountability should consider the words of Pasi Sahlberg, director of the Finnish Ministry of Education’s Centre for International Mobility and author of the book *Finnish Lessons: What Can the World Learn from Educational Change in Finland?*⁴³ Speaking about the accountability of teachers and administrators in Finland, he says:

“There’s no word for accountability in Finnish. Accountability is something that is left when responsibility has been subtracted.”⁴⁴

And this is our point. Funders should consider leaving the sterile and potentially misleading debate about accountability and legitimacy and focus instead on responsibility. In other words they can enhance their own position in the eyes of staff, grantees, applicants,

43 Teachers’ College Press (15 Jan 2012)

44 <http://www.linkedin.com/news?actionBar=&articleID=1015598382&ids=dPoUe30Udz4MciMTczo5d3kUcj0Nb3kUe3wTczgNc34lej0RcP8Udz4MciMOe3cUejkRcj0N&aag=true&freq=weekly&trk=eml-tod2-b-ttl-0&ut=1fNJEzc8Tfa541>

other funders, media and society in general if they make themselves responsible for ensuring that what they are doing is ethical, that it has a valid (although contestable) moral basis and that they are doing all they can to be fully informed on the issues, to keep an open mind and to be fully aware of the power and influence they wield. This will be more productive than responding to the need to prove legitimacy and accountability by falling back on the ideas of good causes and representation. It is this that we have tried to capture in the Funding by Change Objectives framework through the element called “Embraces accountability and legitimacy.”

A member of staff at the Fund expressed something similar: *“We have no democratic mandate; we are wholly reliant on the quality and time of our grantees.”*

The following selection of funder views on accountability, gathered from recent submissions to the Commons Select Committee on International Development, provides an interesting opportunity to compare and contrast views on accountability and legitimacy.

THE BARING FOUNDATION

“Private foundations such as the Baring Foundation are regulated by the Charity Commission and accountable to their trustees. Governance and transparency are treated very seriously by the Baring Foundation, for instance not only are all our grants published both online and in our annual Report on Activities but we also publish, in full, independent evaluations of all our international development grantees. As discussed above, it is important to the overall ecology of funding for international development that the independence of private foundations is preserved as a vital means of doing something different from DFID funding.

“Perhaps the most important aspect of private foundations is the very fact that we are not public bodies and hence not accountable to the electorate. This means that we can take a long-term view (at least in the case of endowed foundations such as the Baring Foundation) and choose to fund in areas that are hard to measure, neglected or politically difficult. We seek to work in genuinely respectful partnerships with grantees where they are able to admit to mistakes openly as a vital way of improving their future performance.”⁴⁵

45 <http://www.publications.parliament.uk/pa/cm201012/cmselect/cmintdev/writew/1557/m01.htm>

CIFF (THE CHILDREN'S INVESTMENT FUND FOUNDATION)

"UK Foundations like CIFF are held accountable by a number of governance, regulatory and peer review mechanisms. CIFF believes UK Foundations are highly accountable in both the near and longer terms in ways which provide substantial benefits for the UK and global development agendas. In the short term, Foundations involved in development activities are held accountable to their aims by an active mix of their founders, donors, Trustees and the Charity Commission. These stakeholders provide an interested and effective web of advice, oversight, and encouragement to focus on effective and impactful activities. CIFF feels this is particularly true of the small number of large UK Foundations which disproportionately contribute to the UK's development activities.

"In addition, CIFF's Trustees and founders are highly focused on delivering and measuring the impact of each of our programmes. More than most Foundations we fund independent evaluations to determine the most effective means of delivering development outcomes. In the longer term accountability is also supported because Foundations, especially the largest and most impactful, are generally created, funded, managed and overseen by resourceful and capable people committed to successfully deliver on the causes to which they commit their time, capital and reputations. Peer review information and research is increasingly available on those initiatives and Foundations which have been successful and impactful. DFID plays an important role in supporting and publicising successful initiatives which further helps promote longer-term accountability in the Foundations which are active in development."⁴⁶

46 <http://www.publications.parliament.uk/pa/cm201012/cmselect/cmintdev/writew/1557/m16.htm>

SHELL FOUNDATION

"Unlike the private sector, Shell Foundation believes that philanthropic organisations are subject to external accountability largely only with respect to regulatory and tax compliance, as there are no formal requirements to account for their comparative performance to deliver social change. While this gives foundations the freedom to experiment and take risks, it means that assessing performance is based entirely on self-imposed standards and accountability. While most foundations assess the performance of individual projects and programmes, we are aware of only a few foundations that conduct annual foundation-level assessments of their performance against pre-set published goals and targets."⁴⁷

COMIC RELIEF

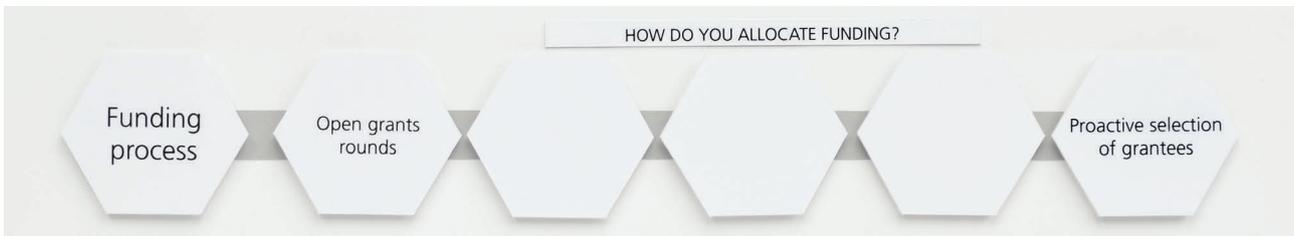
"Comic Relief is different to many other private foundations in that our income is generated primarily through public fundraising rather than endowments. This brings with it a unique type of accountability as without the public's generosity during Red Nose Day and Sport Relief campaigns, there would be no Comic Relief.

"Today, there is 96 per cent awareness of Red Nose Day amongst the British public. Red Nose Day 2011 attracted donations of over £115 million. Over 10 million people watched the TV show. Thousands of schools took part in fundraising activities. We sold millions of red noses.

"With such amazing support, we are accountable to them to ensure that their generosity is spent effectively and to ensure that they keep supporting and believing in a just world free from poverty in Africa and beyond and the UK."⁴⁸

47 <http://www.publications.parliament.uk/pa/cm201012/cmselect/cmintdev/writew/1557/m03.htm>

48 <http://www.publications.parliament.uk/pa/cm201012/cmselect/cmintdev/writew/1557/m06.htm>



The Funding Process Spectrum

2.2.2 WAYS OF WORKING

FUNDING PROCESS

There is an increasingly wide range of ways in which funders and philanthropists can support individuals and organisations. These include social investment, loans, contracts and the creation of social enterprises. Nevertheless the predominant method of funding is still through grants.

Funders can allocate grants through open grants rounds or they can proactively select organisations they want to fund and invite them to submit an application, or they can do both. It is not the case that one method is better than another. They are simply different, each have their own pros and cons and are thus better suited to particular funders and particular types of funding.

There is a danger with proactive selection of grantees that you end up funding either those organisations that you already know directly, or those with the highest profile. There is an argument that says funders should be stimulating interest and finding grantees from as diverse a background as possible, including those that they were previously unaware of. Without this, a funder may overlook a potentially effective grantee and it can be very difficult for small or new charities to break into the ranks of the funded.

Proactive selection is time consuming and funders need to be persistent and on occasion even resilient,

for example when a potential grantee withdraws after a lengthy period of dialogue.

The risk of forcing NGOs to change what they do in order to get the money is perhaps greater with open, criteria-led funding rounds. Proactive selection offers a greater chance for dialogue and the selection of genuinely compatible grantees.

Proactive selection, although offering no guarantees, does give the funder a chance to find precisely the right grantee. For example, after consultation with the penal reform sector and deciding that no other potential grantee had the capacity and clout to deliver the change objective, the Fund selected the Prison Reform Trust (PRT) as the sole grantee for this area of work. They were seen as an expert in the field and were judged to have the potential to devise and implement a strategy in line with the Fund's own approach to changing the world. The judgement of the formative evaluator, herself a highly experienced advocacy strategist and evaluation specialist, corroborates the validity of this judgement, "*PRT has a highly sophisticated understanding of generating systemic change.*"⁴⁹

49 'Out of Trouble – March 2011 Evaluation Group Papers', p. 21

On occasion, funders may take this one step further, by not only proactively selecting a grantee but by actually identifying the precise use to which the grantee should put the funding, as the Fund did (albeit through a process of dialogue) with the Children's Policy Officer post at the Scottish Refugee Council.

Not all open grants rounds are completely open – it is possible for a funder to set their criteria in such a way that they hugely narrow the field of potential applicants. As one funder told us, *“we also have some open, very small, very targeted and constrained rounds of application. This is effectively a sort of proactive selection in that we have set the criteria very tightly in order to get a particular type of grantee for a specific purpose”*.

If all funders were proactive then some good organisations would be left unfunded because they did not meet the strategic criteria of the funders.

RELATIONSHIP WITH GRANTEES

We have labelled the extremes of this spectrum, 'hands-off' and 'engaged'. Hands-off does not mean disinterested or aloof, it describes a relationship where the funder makes the grant and then allows the grantee to get on with the project with minimal involvement except for necessary grant management and monitoring activities. Engaged does not mean interested and personable, but rather that the

funder wants to be more actively involved in the development and implementation of the project and may even play a role themselves. Either of these approaches can be appropriate and either can be executed badly or well.

The Fund generally sits to the right-hand end of this spectrum, although with some grants it has been very hands-off. In its more typical relationships with grantees it has had to try and maintain the right balance between productive engagement and interfering micro-management. From the evidence we have seen and heard it has a chequered history in this regard. Some grantees have been very complimentary and others very critical, as the following quotations illustrate:

“We have had a generally very positive experience. In the most part the Fund has really responded to the needs we identified.”

“It is great that we have never thought of them as external funders; it has always been an interactive relationship right from the beginning. The Fund was always prepared to listen and to take what we say seriously and they also identify needs and possibilities themselves.”

“We are very grateful that the Fund has seen the value of our work, but there has been a lot of bureaucracy involved, for a small amount of money and reporting has been very time consuming with the Fund pursuing lots of seemingly unimportant details.”



The Relationship with Grantees Spectrum

There are also situations where a funder may occupy different positions on the spectrum in relation to different aspects of the same grant. For example, we spoke to one grantee who said that the Fund had been hands off and light touch in its grant-making role but much more engaged (sometimes to the point of irritation) in the agent of change role.

It is also important that funders are aware of and alert to the inevitable power dynamics that exist between the giver and receiver of money. The balance of power between funder and grantee will never be equal, but it can be equitable.

ATTITUDE TO RISK

The entrepreneur, venture capitalist and member of television's Dragon's Den team, Peter Jones, famously said: "I don't recognise the concept of failure, just feedback." This sentiment is echoed in an interesting blog from student-led Engineers Without Borders (Canada) in which they cite Benjamin Disraeli as

saying: "All my successes have been built on my failures." They go on to claim that:

"The development community is failing ... to learn from failure. Instead of recognising these experiences as learning opportunities, we hide them away out of fear and embarrassment. No more. This site is an open space for development professionals who recognise that the only 'bad' failure is one that is repeated."⁵⁰

If you want to take risks with your funding in order to increase the chance of finding something new or achieving something special then you have to also accept that there will be failures. If there are never any failures, then you have not taken any risks.

There are several types of risk that funders have to consider:

- Financial risk – how much money are we prepared to invest in projects without guaranteed outcomes, or how certain do the outcomes need to be?



The Attitude to Risk Spectrum

50 <http://www.admittingfailure.com/>

- Risk to reputation – how much can we afford to risk our profile and good standing with media/public, other funders, grantees, the sector, the establishment?
- Lack of short-term outcomes – are we prepared to invest in initiatives which may only pay dividends in the (very) long term?
- Lack of measurability and clear attribution – are we prepared to invest in work which will be hard to measure and/or to attribute to our involvement?
- Risk of failure to achieve objectives – are we prepared to invest in new organisations or experimental methods which are yet to be proven?

It may be the case that a decision to fund a particular project has very different levels of risk associated with it depending on which type of risk one is considering. For example, the Fund's decision to support the Prison Reform Trust was low risk in the sense that PRT is what some have described as a 'gold standard organisation'. On the other hand, putting all its eggs in one basket by entrusting just one organisation with the delivery of one of the Fund's social change objectives could be seen as high risk. It also carried the risk of antagonising other organisations in the prison reform sector and of opening the Fund up to criticism in the tabloid press for supporting an unfashionable cause.

So, as with all the spectrums, we need to take care in deciding where to position a whole organisation or even a whole programme. In some cases it may be better to think in terms of individual areas of work or even specific projects. Some funders may, like investors, look for a balanced portfolio; having some lower risk projects with more predictable outcomes allows you to afford some higher risk projects which have the potential for greater impact. We maintain that despite the sort of considerations we have just

discussed in relation to PRT it is accurate to say that the Fund is situated well to the right-hand end of the risk spectrum – this does not mean that it always takes all types of risks, but, that other things being equal, it is prepared to consider taking a risk. This is not true of all funders, some of whom could make a very strong and logical case for avoiding risk, consistent with other elements of their mindset and ways of working.

Any funder with a risk-tolerant approach needs to balance this with rigorous methods of assessing and judging what is an acceptable risk and ensuring that it can account for and justify its decisions to Charity Commission, donors and other grantees. There is also a connection between attitude to risk and governance. The directors or trustees of a risk-tolerant foundation are likely to delegate a fair degree of grant-making authority to the executive but will probably also demand extremely thorough management reporting and monitoring processes.



The Collaboration Spectrum

COLLABORATION

Given that Chapter 4 deals with funder collaboration in depth we restrict ourselves to a few short comments here. Firstly, it is important to explain that the funder collaboration spectrum measures the extent to which a funder is predisposed to the idea of collaboration. It can be used to describe whether a funder generally seeks to collaborate or prefers to work alone. We also use a separate spectrum later on to describe different types of collaboration between funders.

The Fund's position is one which seeks out and is open to collaboration which places it at the right hand end of the collaboration spectrum.

We should point out that the term 'avoids collaboration' which we have used to label the extreme left-hand end of the spectrum is not meant to be pejorative. A more neutral term might be, 'prefers to act alone'. There are a number of valid reasons why this may be the case and indeed there will be certain contexts where collaboration is absolutely not the best option.

2.2.3 GENERAL FACTORS

SPENDING OUT

Here is a list of questions that emerged from our research for any funder thinking about whether or not to spend out:

- Is it appropriate that so much money is tied up in investments when it could better be used for funding?
- Does the amount of interest produced by your investments enable you to make a significant enough impact or could you get a much better overall return on investment, even if for a limited period, if you were to release your capital and spend out?
- If you spend out and cease to be around, what will be the impact on the sectors you work in and the organisations you support?
- If you plan to spend out how will you manage your exit from existing relationships and thematic areas?
- As you near final closure, how will you ensure that there is *“not a mad rush to find ways of allocating your final funds and for grantees to find follow-on funding”* as one grantee put it?
- How will you decide on the timing of your spend out and will you take account of the wider funding and economic climate?
- How will you communicate with existing grantees and ensure that everyone is clear on what the spend-out process means for them? Otherwise you will run the risk that *“people are second-guessing and become competitive, over the remaining money”*, as another grantee said.

- On what basis will you allocate your remaining funds, will the money go to existing grantees or be available for new grants?

STRUCTURE, STAFFING AND GOVERNANCE

“It’s no good only being able to make funding decisions once every three months when grant committee meetings take place. You have to have processes in place which allow you to respond very quickly to opportunities.”

– Member of staff/board at the Fund

As in any organisation, it is important that a funder’s structure, staffing and governance are fit for purpose. For all three areas, what is fit for purpose will vary according to the type of funder and to the mindset and ways of working they adopt.

For a responsive, criteria-led funder the emphasis will be more on efficient grant application and assessment procedures. In the case of a proactive funder working towards systemic change one of the key criteria will be having flexible governance that allows speedy response to opportunities and the ability for appropriate members of staff to authorise grants. The latter requires delegation of decision-making authority which can prove very effective, as for example in the Fund’s role in the fast and responsive awarding of small grants to anti-cluster munitions campaigners under the Local Voices Global Ban initiative. Any increased risks in delegating grant-making decisions to an officer-level grants committee would of course need to be managed effectively.

Another issue relating to structure applies to all types of funder. As soon as you become large enough to have more than one team, each running a funding programme, there is immediately a danger of being siloed, so that each programme focuses too much

on its own area. There have been instances where the Fund's rather siloed structure resulted in missed opportunities, for example in the area of sharing learning which would have been directly relevant and beneficial to other projects.

For instance, there could have been some cross-fertilisation between RASI's work on detention and PRT's work, and also some learning in terms of strategy that could have been passed on from PRT to the Corston Coalition, who were working on closely related issues.

In terms of staffing, there are also some interesting points to make, based on our observation of the Fund. To be effective a funder needs the right sort of staff to match its ways of working. Following the Board's decision that the Fund should spend out and the shift in emphasis towards being a 'proactive grantmaker'⁵¹ prioritising 'policy and attitudinal change'⁵², there were some significant changes in structure and staffing. Led by the new Chief Executive, with the backing of the Board, The Fund reorganised itself. The structures and processes suitable for processing grant applications and managing larger numbers of grants gave way to those appropriate for identifying and working 'almost exclusively with selected partners who share our vision'⁵³. More value has been attached to expertise on issues than to pure grant-making experience and it was important that any new directors and senior staff recruited should believe in and be able to lead the Fund in a systemic approach to change. To have executed this change should be seen as a significant achievement of leadership on the part of the Board and the Chief Executive. This kind of leadership is an important feature of how a funder sets its objectives and decides on the appropriate strategy and ways of working.

51 'Terms Of Reference For An Independent Evaluation Of Our Work', The Diana, Princess of Wales Memorial Fund, September 2010

52 Ibid

53 Ibid

It is also noteworthy that the Fund has laid considerable weight on being a learning organisation. Not only have grantees been required to evaluate projects but the Fund has also commissioned a wide array of external evaluations of projects and programmes. It has had a dedicated research, evaluation and learning function and has made a real effort to share generic learning, both among its grantees and more widely with other funders.

CLARITY ON ROLES

"If we had had something like this, it could have saved us a year of to-ing and fro-ing. We could have used it to explain the way we work and discussed with the grantee what would be useful to them. We could have gone through the list with PRT and said we can offer this, this or this."

– Member of staff/board at the Fund referring to the Funding by Change Objectives framework

"If you are giving grants to the experts, then you can't go in as an expert as well. We eventually got a letter from the Minister, saying your own funder doesn't even agree with your approach."

– A grantee

The greater clarity there is about a funder's approach and the role that it expects of itself and its grantees the better the chances of harmonious and fruitful relationships.

This need for clarity applies to a number of aspects:

- Clarity about what type of funder you are
- Clarity about your theory of change
- Clarity about roles of grantee and funder from the outset (including Funder Plus)
- Clarity about whether you can add value or not
- Clarity among staff and trustees

We can draw on an example from the Fund to illustrate what can happen when the right level of clarity is not there.

Unnecessary tensions occurred in the relationship with one grantee because the Fund had not made clear the fact that since that particular organisation had received its previous grant, the Fund's way of working had changed and therefore there were different expectations about the roles of funder and grantee in relation to the later grant. This caused misunderstandings and wasted time and energy.

There is a further consideration which follows from being clear about the aspects listed above. This is the question of whether a funder's ways of working are aligned with its mindset and what implications this might have. It would seem logical that if you are clear about what type of funder you are, what motivates you and what you believe is the appropriate role for a funder then you will be well placed to decide which methods and processes are most suitable to help you achieve your objectives.

For example, if you are motivated by an aspiration to change the world and decide to focus on influencing government policy then allocating your funding through open grants-rounds would not be the most effective way of identifying the best-placed grantees.

PUBLIC PROFILE

A final general factor that is more important for some funders than others is their public profile. There are few funders that have a higher profile than the Fund, so while the Fund's experience may not be typical it may contain learning other funders can draw on.

Media portrayal and public reputation are dependent on things such as the name and fame of the benefactor and the type of things the funder supports. For the Fund this has proven to be a particularly challenging combination in terms of the media environment it works in. Because of the circumstances that gave birth to the Fund there is a feeling that everyone has a right to judge the appropriateness or otherwise of the Fund's grant-making decisions and to pose the question, 'would the Princess have approved?' In the light of this the Fund's decision to champion causes which are controversial to the tabloid media could be seen as courageous, as was noted by a number of interviewees.

At any rate, if you fund unpopular causes, and especially if you also have a high profile you are likely to need a media strategy to manage reactions. The Fund is not alone in this. Funders with a lower and less controversial profile but which still have some recognition among the public also have to consider how they manage their image and reputation.

Another factor here is the temperament and preference of the Board, founder, family or philanthropist. We have spoken to a number of family foundations where the family members simply did not want to have a high profile for personal reasons. This is a key part of the funding mindset and will directly influence other elements of the mindset and the ways of working. This is also something which can change over time. One executive of a fairly young foundation told us that as the family trustees gained confidence as funders they were increasingly likely to accept a higher profile and to support potentially more controversial initiatives.

2.3 Conclusions about how funders can bring about positive social change

There is no single answer to this question. There are many ways in which funders can bring about positive social change, too many to mention. The list would include lots of individual methods such as lobbying, campaigning and capacity building and would encompass the funding of existing organisations, the creation of new ones and direct intervention by funders themselves. It would also include the funding of service delivery and infrastructure, engaging other sectors, setting examples, funding research and so on.

One way in which funders can bring about social change is by adopting a Funding by Change Objectives approach as described in this report. The Fund has done this and has done so successfully, although of course not without some errors and omissions. It is also clear that the Fund has contributed to bringing about positive social change in a number of areas and that its particular combination of mindset and ways of working has been an important factor in that achievement.

However, it is more difficult to claim that Funding by Change Objectives is the *best* way for funders to bring about positive social change. There are a number of other approaches, any of which, if well executed, could be the most appropriate to a particular context and funder.

Even those who do not set out to bring about social change may have a valid claim to having made a contribution to doing so. Focusing on helping people more directly through funding service delivery, perhaps focusing on supporting individuals or small local organisations can ultimately, over time, build capacity and contribute significantly to movements

for social change, even if this was not the original motivation.

It is tempting to identify the 'winning approach', partly because the evaluation question implies that there may be one, partly because we are used to thinking in these terms, that there is a right or best way to do something. The areas of funding and social change are so complex, as the breadth of this report testifies, that it is facile to say, 'this is the way to do it'. The following quotation from a very experienced funder sums things up very nicely and is a perfect expression of the conclusion we have to come to:

"One can contrast two approaches. The first is where the funder is proactive and engaged, has a very focused strategy, is aware of its own influence and determines to use it. Such a funder typically aims to build collaborations and build capacity and ultimately wants to see the systemic difference its work has made. The other is reactive, with much broader criteria, where the funder does not really care about, or even know about the ripple effects of what they fund and does not try to pull any strings. This approach puts the voluntary sector in the driving seat.

"It can be an optical illusion to believe that because you have adopted a strategic approach you have necessarily made more of a difference than you could have made if you had allowed the various voluntary sector organisations to come to you and to have driven a different set of projects, perhaps collaborating with each other.

"We need a 'mixed economy' – both types of approach to funding are needed, there is no right or wrong answer."

There is a final point we want to emphasise as it has come through very strongly from our research. Whatever your motivation and whatever your objectives, it is more likely that you will be effective in bringing about positive change, whether for

individuals or at a societal level, if you are clear about your approach. Whichever approach you take you should do it intentionally – be clear about what you are trying to achieve, about why you want to work in a particular way and what implications that has for operational details. And ensure that you have communicated this clearly to your applicants, grantees, staff and trustees.

3 Does Funder Plus add value or is it more trouble than it is worth?

“They gave us money!”

A grantee

This was the answer we got from a UK grantee in response to the question, ‘which elements of the Fund’s approach contributed to any successes?’ The response very succinctly makes the point that, in the final analysis, it is more about the money than anything else from the point of view of most grantees. Funders are concerned with what they can offer in addition to money, but for many grantees this is very much a secondary issue.

Notwithstanding this grantee point of view, it is entirely reasonable for funders to attempt to add value to their grants through other forms of support.

Funder Plus is not a new concept and not a new term. Others also refer to it as Funding Plus or Grants Plus and some funders have been doing it for a long time irrespective of what they called it or even whether they specifically labelled it.

Funder Plus is the term the Fund uses and is an area it has specifically asked us to focus on as part of this evaluation. So in order for us to address the evaluation question we had to be clear about what the Fund meant.

We discovered that different people at the Fund were using the term to mean different things and that individuals were not even using it consistently themselves. Loosely speaking, it referred to anything the Fund did that was not directly about giving money. But this encompassed a very wide range of activities with a number of associated motivations, questions and issues. These activities ranged from the provision of meeting rooms through to direct lobbying of and engagement with government on policy reform, with a number of things in between, including hosting meetings, providing training, sharing learning and trying to influence public opinion.

We felt it was not helpful to describe all of these activities under the one label of Funder Plus, particularly not when some people meant all of the above and some people meant only some of the above, and also because these activities are so different to each other in terms of resource implications, the potential impact they might have and the extent to which they divide opinion across the sector.

We realised there are essentially two types of activity that were being referred to as Funder Plus. The first type is about supporting grantees in whatever way makes sense and the second type is where the funder, sometimes working alongside grantees and sometimes operating alone, actually becomes a potential agent of change in its own right. We have therefore called these two types of Funder Plus, ‘Supporting grantees’ and ‘Agent of change’. We also realised the situation was not helped by the fact that there is an absence of any accepted language or framework to describe and analyse Funder Plus.⁵⁴

We have taken the contrast in the research question between adding value and being more trouble than it’s worth to imply the need for some kind of cost/benefit analysis in the widest sense of the term. We have tried to look at cost and benefit from both sides of the funder–grantee relationship.

54 Both of these realisations were confirmed by a recent study carried out by the Institute for Voluntary Action Research (IVAR), ‘*Beyond Money: A study of funding plus in the UK*’, September 2011

3.1 Description of the Fund's version of Funder Plus

We have seen lots of evidence of the fact that the Fund is committed to both supporting grantees and, where it sees a benefit, to acting as an agent of change. While the former might be considered part of good funding practice, our sense is that the driver for the Fund is doing whatever it can to achieve the objectives it has set.

3.1.1 THE FUND AS A SUPPORTER

The following examples illustrate the Fund's involvement in supporting grantees.

FORMATIVE EVALUATION TO HELP SHAPE PRISON REFORM TRUST'S (PRT) STRATEGY

This was an area where the Fund added value beyond the monetary value of the grant. The value added in this case consisted in particular of the evaluator's role of *"developing a common language between the Fund and the grantee", "building trust" and "bridging a communication gap as well as her formative function, which helped shape the strategy"*. Furthermore, mechanisms were set up, constituting an *"unusual network of support"*, helping to cement the relationship: annual trustee to trustee meetings with experts providing an external perspective on PRT's work and a three-month evaluation group meeting involving staff from the Fund and PRT.

OFFERING MEETING ROOMS

"This seems such a small thing but it has been really important to bring various parties together on neutral territory."

There is an additional point about the provision of 'political' or 'neutral' space conceptually as well as physically. For example the hosting of the meeting with key states and NGOs early in the Cluster Munitions Initiative work was an important non-grant contribution.

CAPACITY BUILDING

"PCI's guidance on report writing has been key to my development; I am now always thinking in terms of success stories with evidence of what worked well and what did not work well. The Fund has helped me very much to achieve successes, sometimes by giving advice, but the key was the guidance on report writing. I now know how to get people interested because the Fund commented so helpfully on my reports."

CMI identified and paid for a communications consultant to work with the Ban Advocates, to help them tell their stories in a media-friendly way and to frame some key advocacy messages. Three training sessions were run for the advocates at or around some of the diplomatic conferences.

3.1.2 THE FUND AS AN AGENT OF CHANGE

The Fund has taken on a number of agent of change roles, where it has become an actor in its own right. There are numerous examples across the Initiatives:

INTERVENING IN OR CONVENING THE SECTOR

- RASI: the Fund used its influence as a funder of some of the important players in the refugee and asylum sector to hasten dialogue among NGOs on the issues of ending the detention of children for immigration purposes and how to respond to the Government's announcement that the practice would end. It then continued to play a convening and brokering role as Chair of the UK Working Group.
- CMI: the Fund played a convening role to enable various parties to engage constructively within the Oslo process.

BUILDING FUNDER OR SECTOR EXPERTISE

- RASI: funding for the Children's Policy Officer post at the Scottish Refugee Council and for the evaluation of the guardianship pilot is an attempt to build practical sector knowledge in Scotland and beyond, with the intention of rolling the scheme out and thus having significant impact on practice.
- PCI: the Funders' Collaborative for Children could be described as research or as a pilot scheme on a grand scale, with the aim of showing that a different, integrated approach to the provision of services to poverty-stricken children can be more effective than a series of vertical interventions, in the hope that this model can then be adopted more widely.⁵⁵

DIRECT LOBBYING

- PRI: Through its direct involvement in the Corston Coalition the Fund engaged in the lobbying of and negotiation with, the Ministry of Justice on the imprisonment of women.
- PCI: the Fund has had a major influence on state funders, particularly in the USA, in terms of their attitude to and subsequent support for palliative care.
- CMI and RASI: the Fund has engaged directly with government on a number of issues.

SEEKING TO INFLUENCE PUBLIC OPINION

- RASI: the Changing Minds initiative in collaboration with other funders has shaped and financed the creation of British Future, which describes itself as, "a new independent, non-partisan think-tank seeking to involve people in an open conversation, which addresses people's hopes and fears about identity and integration, migration and opportunity, so that we feel confident about Britain's Future."⁵⁶

SEEKING TO INFLUENCE THE BEHAVIOUR OF KEY GROUPS

- PCI: the Fund sought to directly influence the prescribing behaviour of doctors in sub-Saharan Africa by advocacy on the benefits of morphine for pain relief and by funding training.
- PRI: by making sure that judges were more aware of alternative provision than they had been in the past the Fund sought (indirectly through PRT, and more directly through the Corston Coalition) to influence their sentencing behaviour.

55 See full version of Case Study Five: The Funders' Collaborative for Children, in Resource Materials 1 – The Fund

56 <http://www.britishfuture.org/>

3.2 Analysis and discussion of Funder Plus

The critical question to ask about Funder Plus is not whether it's good or bad per se, but how you can do it well. If it is done well then it will be positive and worthwhile, whether this is supporting grantees or being an agent of change. This is because part of the definition of 'doing it well' is that it is done in partnership with the grantee and with a focus on how it will contribute to objectives.

There are identifiable conditions under which Funder Plus can add value and also when it does not add value. The most important points are that Funder Plus methods can add value when there has been explicit consideration of *what value* can be added, and when the *value adding is done in the right way*. In the case of supporting grantees this means that there has to be a proper needs assessment before a project begins (and perhaps repeated during the project) of what the grantee or project could benefit from. It also means that whatever is identified then needs to be delivered appropriately, for instance by the best placed

agency. This might not be the funder if, for example, it is a case of capacity building through training on evaluation and monitoring techniques.

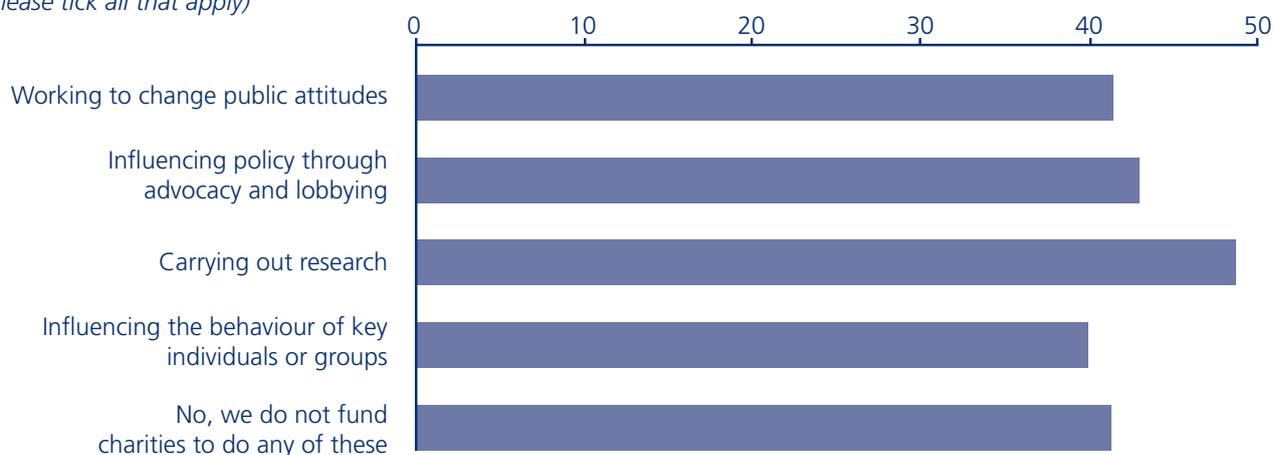
In the case of the agent of change type of Funder Plus, the same two principles apply – it is important to identify how the funder can add value (and recognise when it cannot) and then to deliver it appropriately, which might for example mean engaging in joint advocacy with funder and grantee having clearly defined roles.

There are two other important principles in relation to getting Funder Plus right. Firstly, the funder must communicate extremely well with its grantees and secondly, the funder must be very sensitive to the potential effects of the power dynamic between funder and grantee. This is particularly true when the funder is a member of an implementing coalition as well as being a funder.

It is interesting to see how funders themselves feel about their role and in particular how this translates into action. The following results from the online survey give us a picture. There would seem to be more supporters than actors out there.

Does your trust or foundation fund charities to do any of the following?

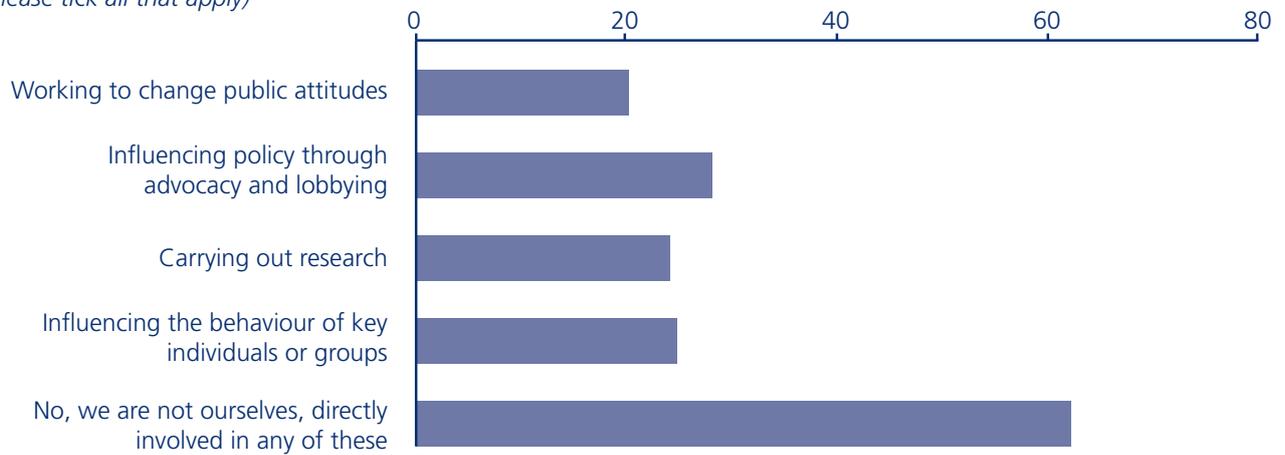
(please tick all that apply)



Online survey of funders (ACF members) summer 2011 – base 107

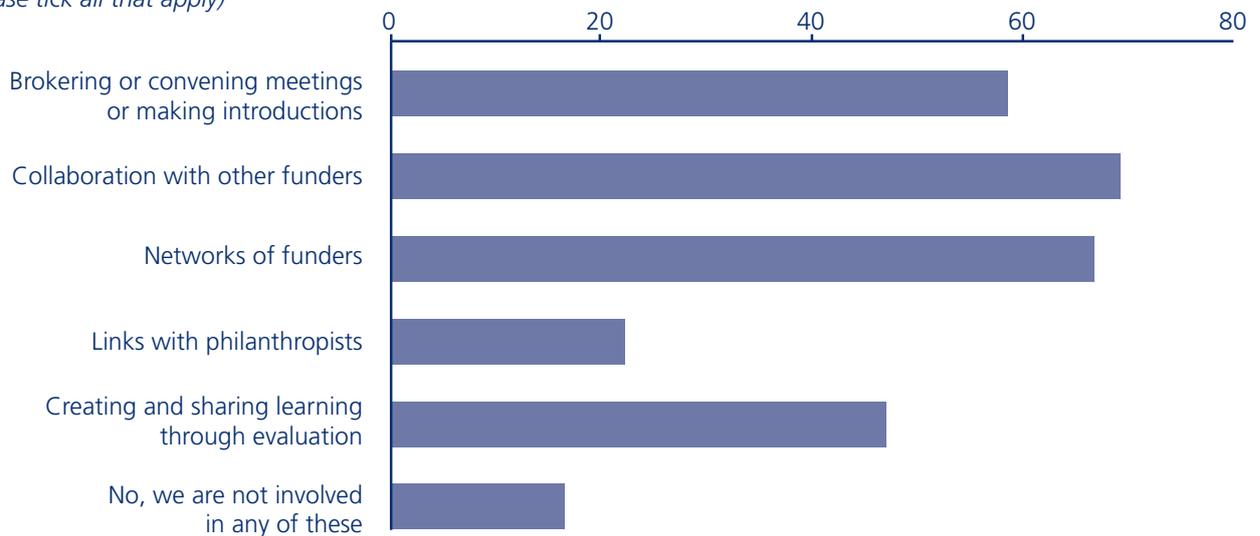
Is your trust or foundation itself, directly involved in any of the following?

(please tick all that apply)



Is your trust or foundation involved in any of the following?

(please tick all that apply)



Online survey of funders (ACF members) summer 2011 – base 107

3.2.1 SUPPORTING GRANTEES

Let us look at one particular example from the Fund's experience, the large grant to the Prison Reform Trust (PRT). Where Funder Plus activities have played a role, what has been the added benefit and the cost to funder and grantee? Were these activities worth it?

In this example we start with the cost. There were initially costs not related to a particular Funder Plus activity but to the Fund's overall approach. With the arrival of a new CEO, several new Board members and the new 2007-2012 strategic plan, there was an expectation that (building on its earlier approach) the Fund could and should offer more than just writing cheques, for example by opening doors and convening meetings. Wishing to add value was an internal assumption at the time which was not clearly spelled out to grantees. In the case of PRT, which had already received funding from the Fund, this led to misunderstanding; *"In between grants the Fund changed its way of working but did not communicate it effectively"*.

This, combined with other communication difficulties, led to considerable tension between the Fund and PRT. PRT was perfectly placed to plan and implement its advocacy and other work and the Fund was disappointed when PRT went ahead with little deference to the Fund in planning and carrying out activities. On top of that, misunderstandings on both sides and lack of information in other areas which the Fund requested made the Fund feel as if it were losing control. More information was requested by the Fund, which caused frustration and stress for the grantee and put considerable strain on the relationship, leading to anxiety amongst trustees as payments were suspended. *"The relationship became uncharacteristically demanding and inflexible and when communications were not as open as they should be trust started to evaporate."*

After much transaction cost, drain on energy and loss of goodwill there was a realisation that the root of the problem was a difference in the understanding of the respective roles to be played by the grantee and the funder. This communication gap was addressed by bringing in an external evaluator and establishing a joint evaluation group. Once this had been done the Fund was happy to step back and *"let PRT get on with the work"*.

Other types of cost came with such a sizable grant, mostly to the grantee. For example, they *"needed to make sure they were collaborative and use some of the funding to partner with other organisations."* This, however, turned out to be a bonus in terms of preparing for an exit strategy.

Areas that have been identified under added value include:

- The Fund's help with finding and appointing the formative evaluator which helped to improve the quality of the relationship dramatically. She was able to establish a common language about strategy, milestones and successes
- Due to the Fund being keen on and experienced in advocacy work they made the grant period sufficiently long (five years) as well as providing the money itself
- The Fund made the important realisation that in this instance the funder could only add value through the evaluation function and that PRT was well placed to carry out the work itself building on its own expertise and benefiting from its own contacts

- Being a spend-out funder and wishing to create a lasting legacy concentrated minds at the Fund and in PRT, producing a single focus: *“if you are successful in getting a grant in this context, then that’s a catalyst for you too”*
- The Fund has taken a flexible approach regarding budgeting, which was very useful when there were years with an under-spend, and recently when PRT was able to take on a short term staff member to try and transfer the successes achieved for under-18’s to the 18-20-year-old age group.

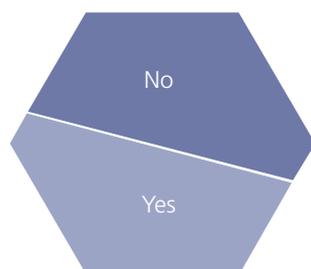
We encountered the following interesting example from another funder, of how it can work if you are positioned just to the left of the agent of change position on the Role of the Funder spectrum. This funder has a similar outlook to the Fund, aiming for systemic change and also spending out. However, they stop short of becoming an advocate themselves and try to remain more hands-off. For them the critical question is whether the strategy is *“funder-led or grantee-led”* and they feel it is vital that the strategy is *“owned by those who deliver”* (i.e. the grantee). In practice, this can mean giving organisations ‘planning grants’, allowing them to develop the terms of reference; recognising grantees’ expertise and then standing back and only having routine progress meetings.

3.2.2 AGENT OF CHANGE

This is the type of Funder Plus which really divides opinion. Some feel passionately that funders should do everything in their power to bring about their social change objectives. Others feel equally passionately that funders have no business taking on this type of role, which should be reserved for specialist NGOs. Which argument you accept will depend on a range of factors including your motivation, values, beliefs, theory of change and so on.

The following result from the survey shows how split funders are on this issue.

Do you see it as part of your role as a trust or foundation to try to bring about systemic social change?



Online survey of funders (ACF members)
summer 2011 – base 107

3.3 Conclusions about Funder Plus

The simple answer to the research question is that Funder Plus can add value, but it can also be more trouble than it's worth. There are two main points to make here. Firstly, there are identifiable conditions under which either of these statements can be true. Secondly, in considering these conditions, there is an important distinction to be made between the supporting grantees and agent of change types of Funder Plus.

Supporting grantees adds value when it is done well. This requires needs to be identified in conjunction with the grantee, that support is offered not imposed and that the support is delivered through the best mechanism – which may well be a third party. The main conditions for doing it well are:

- Being clear about what type of funder you are from the outset
- Having clarity on shared objectives
- Developing and keeping good interpersonal relationships with grantees

Being an agent of change has the potential to deliver results and also to cause problems. There is a need to be clear about what this type of Funder Plus adds value to: the grantee, the funder, the cause, or the objective? All of these could be valid and all could succeed or fail depending on how good the funder's intervention and communication is. Success very much depends on the context, as the wide-ranging experiences of the Fund's Initiatives demonstrate.

Being an agent of change requires specific resources (staff, knowledge, contacts) and ways of working. It is in relation to the agent of change role in particular that questions about funders' legitimacy and accountability arise.

4 Does working in collaboration with each other make funders more effective?

“Start on something alone; have glory.
Be honest, it’s a factor!”

- A funder (one who normally collaborates, talking about the times when they sometimes don’t)

There has been a great deal written on the subject of collaboration, particularly in the voluntary sector, but not exclusively about funding or funders. There are many existing paradigms for describing and comparing different types of collaboration, from loose cooperative exchanges to formal, long-lasting partnerships. For our purposes we have defined collaboration as referring to any situation where funders are working together towards a common purpose.

The Fund’s Research and Evaluation Advisory Group posed the question, “more effective at what?” We have decided, pragmatically, that this simply means more effective at whatever that particular collaborative effort is trying to achieve.

Because collaboration is potentially such a large subject, we have focused primarily on a small number of collaborative initiatives in which the Fund has been involved, and used these as the starting point to address the question of whether working in collaboration makes funders more effective and to look at some specific issues and challenges which face funders in relation to collaboration.

4.1 Description of the Fund’s collaborations

We have drawn primarily on two collaborations in which the Fund has been involved, namely the Corston Independent Funders’ Coalition (Corston Coalition) and the Funders’ Collaborative for Children (FCFC). We have also looked at three more of the Fund’s collaborations; the Waterloo Coalition, Changing Minds and the European Programme for Integration and Migration (EPIM).

We have spoken to many of the Fund’s partners from within these collaborations and their views on the issues are reflected as well as those of the Fund. We also asked informants about their experiences of other funder collaborations.

4.1.1 THE FUNDERS' COLLABORATIVE FOR CHILDREN (FCFC)

CASE STUDY FIVE

THE FUNDERS' COLLABORATIVE FOR CHILDREN

The Funders' Collaborative for Children (FCFC) comprises four funders; Children's Investment Fund Foundation (CIFF), Comic Relief, the Elton John AIDS Foundation (EJAF) and the Fund. It was established in 2007, sparked by key individuals sharing a concern that existing approaches to tackling HIV weren't delivering well enough. Responses to the poverty and disease faced by sub-Saharan countries often happen in isolation from each other, in silos, leading to disconnection, duplication and gaps and there was a drive for a more coordinated, concerted effort among those funding parts of the jigsaw.

With access to services another recognised problem, and the complex, interlinked needs of vulnerable children, the FCFC response was to look first at the individual child's needs and 'surround the child'. The collaborative would fund a time-limited five year programme to develop a holistic response to challenges faced by such children. An implementing partner was identified and the Salima District in central Malawi chosen as a pilot area with an aim to improve the lives of 65% (approximately 18,000) of the vulnerable children across areas of education, health, livelihood and social welfare. Malawi suffers from one of the world's highest rates of HIV and up to 1.2 million children have been orphaned, many of whom, with other vulnerable children, are swept into poverty, unable to attend school and at high risk themselves of HIV infection.

The risks were high: a commitment of \$10 million needed over five years to build and test a programme that might not deliver the expected outcomes. The investment needed, outside the scope and acceptable risk of each individual funder, was itself a reason to cooperate as were anticipated benefits of pooled expertise but the partners had not worked together before and yet in effect were setting up a joint venture.

Instead of a child having to access a range of 'vertical' interventions, delivered in a potentially disconnected way by unrelated providers, the FCFC idea is to have one 'horizontal' system which assesses the child's needs and ensures that they are directed to services in a coordinated

way, provided by more than 15 NGOs, community-based organisations and government agencies. Specifically, the programme seeks to introduce a case-management and referral system that ensures that vulnerable children receive a continuum of care and works to support and strengthen the implementing partners who provide the services and manage the system. A trained volunteer visits a household and assesses a child's needs. A database is used to ensure the provision of and access to appropriate services, which need to already be available in the given area, ranging from anti-retroviral drugs to livestock and seed bank initiatives; school attendance drives to village loans and savings groups.

Although it is too soon to identify lasting results, interim achievements include the building of linkages between funders and NGOs; invaluable data on children and a directory of who does what; and a completely new model being increasingly understood in the area with a move to a more 'outcome-driven' mindset. The approach has been applauded and has attracted interest from elsewhere.

A robust evaluation framework is in place and a judgement will later be made as to whether the programme, or aspects of it, can be scaled-up or replicated cost-effectively. There is also an opportunity to learn about the nature of such collaboration itself. Partners brought a range of skills and contacts and the initiative was driven by a shared enthusiasm to approach a familiar problem in a new way with pooled resources and influence. Despite problems initially, delays and some confusion on the ground, FCFC emerged as what some commentators have described as a genuinely effective collaborative.

For the full case study please see Resource Materials 1 – The Fund.

Details of resource materials can be found in the Appendix.

4.1.2 THE CORSTON INDEPENDENT FUNDERS' COALITION

CASE STUDY SIX

THE CORSTON INDEPENDENT FUNDERS' COALITION (CORSTON COALITION)

In 2006, the Government commissioned a report on women in the criminal justice system after a high incidence of female deaths in prison. The numbers of women being held in custody had risen by 60% over a decade, with most serving short sentences, and rising numbers held on remand, most of whom did not then receive a custodial sentence. Women offenders have high rates of mental health disorders, abuse, self-harm and substance misuse, with low skills and levels of employment. An estimated 18,000 children are separated from their imprisoned mothers each year, only 9% of whom remain in their own home. Baroness Corston, who led the enquiry, concluded that a radical rethink was needed.

Fearing that the initiative would slip off the agenda, a number of trusts and foundations realised that to make their funding in the justice sector meaningful, they needed to secure commitment to the Corston reforms, and to use their overview to identify and strategically fund gaps. In 2008, a letter to the Secretary of State for Justice was signed by 23 trusts and foundations, hinting that funding may be withdrawn if reforms were shelved. Invited to a meeting as a result, partnerships were formed between funders and individuals in the Ministry of Justice (MoJ).

Later in 2008, the trusts and foundations met to review progress followed by the formation over several months of the Corston Coalition with a steering committee and management group. From September 2009, the Coalition employed a full-time advocate, hosted by the Fund, who became the broker between funders and Government.

The Coalition set itself two objectives: Firstly, to reduce the number of women in prison through political commitment to other responses, well-funded sustainable community provision, and ensuring women are consistently diverted from custody. Secondly, the coalition wanted to demonstrate that funders can, by working together, contribute to sustainable change.

Although the number of women in prison has not reduced as of 2011, some significant progress has been secured in a difficult area: the Corston Coalition raised the profile of women in prison and ensured that the Corston Report did not get shelved or lost with the change of government, an achievement corroborated by civil servants. Aligned funding was made available, and to far greater levels; twice, the coalition collaborated with the MoJ to fill gaps through essential match-funding to the tune of £5 million for community provision and women's centres (delivered through a scheme called the Women's Diversionary Fund).

An unusually large collaboration of 22 funders has shown that working together brings results, from the response to the initial letter to a positive partnership between private funders and Government.

See also 'Funders in Collaboration: A review of the Corston Independent Funders' Coalition', Julia Kaufmann 2011, Centre for Charity Effectiveness, Cass Business School, City University London.

For the full case study please see Resource Materials 1 – The Fund.

Details of resource materials can be found in the Appendix.

4.1.3 OTHER COLLABORATIONS INVOLVING THE FUND

WATERLOO COALITION

This is a coalition, set up in 2010, of two northern funders; the Fund and the True Colours Trust, (which is one of 18 private trusts administered by the Sainsbury Family Charitable Trusts), both working on palliative care in sub-Saharan Africa. The idea was that some of their aims are so similar, it seemed sensible to pool some funding and expertise and potentially be able to have more impact in the time until the Fund closed at the end of 2012). The aim of the Waterloo Coalition is to create a step-change in the availability of and access to palliative care in Malawi and Kenya, mainly through education and training for staff in government health facilities.

Membership of the Waterloo Coalition is not limited to those who provide the funding, although it is by invitation only. A number of organisations, representing regional and international interests in palliative care, including other donors, act as advisors but they have no decision-making power over the funding.

CHANGING MINDS

Changing Minds addresses the plight of asylum seekers and their children in the UK by seeking to track, inform and influence public attitudes towards migrants, refugees and asylum seekers. It emerged out of an issue-based network of funders in 2007 and is now a funders' collaboration which aims to be "keen to learn and share ideas, committed to implementing a strategic vision of the future, but in a flexible way, where funders can voluntarily opt in to particular projects, and align and inform their own programme funding towards the overall vision".⁵⁷ Changing Minds operates with different combinations

of funders supporting each of the projects. The funders most actively involved to date have been the Barrow Cadbury Trust, Unbound Philanthropy and the Fund. At the next level of involvement have been the Oak Foundation, Trust for London, Paul Hamlyn Foundation, Esmée Fairbairn Foundation and The Joseph Rowntree Charitable Trust. Other funders, including the Sainsbury Family Charitable Trusts have also been involved.

The main areas of focus have been:

- Funding for the Migration Observatory at Oxford
- The creation and financing of new think-tank, British Future
- Funding the inclusion of questions in the British Social Attitudes survey
- Supporting the Institute for Public Policy Research's rapid rebuttal work
- Funding the Migrants' Rights Network

For illustrative purposes we have chosen two of these, British Future and the Migration Observatory at Oxford. These are described here in excerpts from the Fund's website:

BRITISH FUTURE

"In 2011, in partnership with the Barrow Cadbury Trust, the Oak Foundation, the Open Society Foundation, Trust for London and Unbound Philanthropy, we awarded a grant to a new charitable organisation, which will inform and contribute to public debate on migration and social justice. It will consider narrative, messaging and public attitudes towards refugees and migrants, and will work with others to ensure that the debate is rooted in evidence, fairness and humanity."⁵⁸

57 'Changing Minds Collaboration' – memo, 5 Sept 2011, p. 1

58 <http://www.theworkcontinues.org/>

THE MIGRATION OBSERVATORY AT OXFORD

“In 2009, together with Unbound Philanthropy and The Barrow Cadbury Trust, we awarded a three-year grant to the Centre on Migration, Policy and Society (COMPAS) at the University of Oxford, to develop the Migration Observatory at Oxford. Formally launched in March 2011, the Migration Observatory provides independent, authoritative, evidence-based analysis of data on migration and migrants in the UK, to inform media, public and policy debates, and to generate high quality research on international migration and public policy issues.”⁵⁹

EPIM activities fall into the categories of strategic grant-making, capacity building, networking and supporting grantees’ advocacy.

EPIM

The Fund is a member of the European Programme for Integration and Migration (EPIM).

“EPIM is the European Programme for Integration and Migration, initiated in 2005 within NEF, the Network of European Foundations, by a group of foundations from different European countries. It aims to strengthen the role played by NGOs active on migration and integration issues in advocating for a European agenda that benefits migrants and host communities.

“In the current phase of the programme (2008-2011), European foundations are investing approximately three million Euros in grants to deal with issues of integration of migrants in Europe. Today, the EPIM network consists of ten foundations and 18 grantee consortia from across Europe (a total of more than 450 organisations).

“Grants focus on three priority areas: promoting access to fundamental rights and services for undocumented migrants; ensuring the voices of migrants are heard; and recognising and improving the role of the media in migrants’ integration.”⁶⁰

59 Ibid

60 <http://www.epim.info>

4.2 Analysis and discussion of funder collaboration

For the purposes of the following discussion our initial definition of collaboration is, 'any situation where funders are working together towards a common purpose'. We deliberately made this definition loose and broad as it soon became clear to us that there are many ways in which funders collaborate and we wanted to be able to look at several of these.

So our first challenge, as with many other aspects of this project, was one of categorisation; to differentiate the different types of collaboration in a useful way. We found, once again, that the spectrum concept was very helpful and reflected the way that many of our informants viewed the situation.

Before we explore the typology of funder collaboration and address the debate around the evaluation question of whether working in collaboration makes funders more effective, and before we look at some of the specific issues and challenges for funders in relation to collaboration, we want to set the scene by laying out a range of views on the general question of whether funders should collaborate at all.

4.2.1 TO COLLABORATE OR NOT TO COLLABORATE?

We have not come across many people (directly or through desk research) who would support the proposition that "the very idea of collaboration is antithetical to the essential nature of foundations". Yet, this was the motion for a debate held at a breakfast meeting⁶¹ for the philanthropist clients of a private bank in 2011. A straw poll at the beginning of the meeting revealed that only one person agreed with the proposition, and by the end of the debate even that person had been converted. There seems to be a definite willingness and even a trend among some funders to "collaborate when appropriate", although there is probably also a "huge hinterland of people working in the sector [who] remain uninterested in the subject of collaboration."⁶²

However, the proponent of the view that the very idea of collaboration is antithetical to the essential nature of foundations makes some valid points, sounding a note of caution which also reflects some of the learning from our research and interviews:

- He does not object to the idea of collaboration but worries that it is sometimes seen as the only way forward. This can lead to a dangerous mentality of 'it's not the winning but the taking part that counts'.⁶³
- Someone else at the breakfast meeting observed a further degeneration of collaboration, especially when it is forced upon people and doesn't add value to all partners: Too often, he sees people just playing a role of "passive engagement" or worse "just attending [meetings] and moaning".

61 Alliance breakfast meeting – hosted in London on 20 May 2011 by Coutts Bank www.alliancemagazine.org/

62 Ibid

63 Ibid

- Lord Best’s article in the March 2011 issue of Alliance magazine⁶⁴ outlined some of the reasons why, in his experience, foundations function best when working alone, including the fact that it allows them to point to their own achievements.
- The breakfast speaker quoted Massimo Lanza, of the Venice Foundation, as suggesting three reasons that foundations cannot collaborate successfully: ‘ego, ego and ego’. They are hierarchical and elitist, he added, and don’t tend to share the truth, and this precludes the idea of working with others.⁶⁵
- Collaboration is supposed to be an adult version of ‘playing nicely together’ but in reality, he suggested, it is more about people swallowing their loathing of each other to get cash. The day-to-day working of a collaboration is a long, hard road; a good pairing needs to be like a good long-term relationship based on truth, he said. There are too many ‘pseudo-collaborations’ that have been entered into without enough thought. It is difficult to point to a foundation collaboration that has really made a significant impact, he added, with many essentially ‘tinkering at the edges’ of a problem.⁶⁶
- A further, challenging view, which would probably take most of our interviewees out of their comfort zone, came from a participant in a recent shared learning seminar:

“Look for levers of change. Choose a sector where the organisations are fragmented, or where an issue has stalled. Do something different to the usual, and bring in unexpected partners – otherwise what is the point of collaboration? There is a lot of value in having a group of people who don’t always agree!

64 <http://www.alliancemagazine.org/en/content/march-2011>

65 Alliance breakfast meeting – hosted in London on 20 May 2011 by Coutts Bank

66 Ibid

Challenge assumptions and existing ways of working.”⁶⁷

- One of our respondents pointed out that, sometimes, a fund “legitimises itself” through unique action. Reputations can be built on it, “Start on something alone. Have glory. Be honest, it’s a factor!” Also, when dealing with potentially controversial issues (such as illegal migration or same-sex marriage for instance) there can be a good reason for a funder to push on alone – it puts you in the spotlight in a way which might not always be comfortable for others but it gives you the freedom to do things your way.
- In a recent article in the Stanford Social Innovation Review Kania and Kramer argue, that “large-scale social change comes from better cross-sector coordination (public, private, voluntary) rather than from the isolated intervention of individual organisations.”⁶⁸

Now, let us return to the challenge of categorising different types of collaboration. As mentioned above, we again found the spectrum concept very useful in trying to meet this particular challenge.

67 ‘Policy Change – Why Fund It?’ – shared learning seminar held jointly by the Fund and Esmée Fairbairn Foundation on 21 November 2011

68 ‘Collective Impact’ – article in The Stanford Social Innovation Review, winter 2011, John Kania and Mark Kramer



Types of collaboration between funders

4.2.2 TYPES OF COLLABORATION

One of the funder spectrums in Chapter 2 relates to funders' attitudes to – and involvement in – collaboration. It is clear to us that the Fund as an organisation sits well towards one end of this spectrum, occupying a position which we have described as 'seeks out and is open to collaboration'. There is of course variation between and within the Fund's different Initiatives depending on the context, which will become clear through some of the examples we draw on below.

In order to properly address the research question we need to differentiate between different types of funder collaboration – to treat them all as the same would obscure some potentially useful insights. So in addition to the funder spectrum, which captures different *attitudes to* collaboration, we also needed a more typological spectrum which we could use to look at the different *types of* collaboration between funders.

We have identified six different types of collaboration that stretch along a continuum from information sharing to joint venture. There is of course some overlap between the different types. And certain collaborative initiatives do not fall neatly into one category or another but may have the characteristics of two or more categories.

We have also distinguished between two groupings; the three types of collaboration on the left of the spectrum, which we have termed 'light-touch

collaboration' and the three types on the right, which we have called 'deeper collaboration'. It is important to note that deeper does not equate to 'better' or 'more important' – these are simply different types of collaboration to suit different purposes, contexts and organisations.

We have focused our analysis primarily on deeper collaboration, since this is where the case studies are located, through which we are trying to answer the question of whether working in collaboration with each other makes funders more effective. Since these collaborations have clear objectives they lend themselves better to addressing the question of effectiveness and impact.

We could say that the Corston Coalition started off as a joint advocacy initiative and later, in fact unexpectedly, developed a significant pooled funding element. The FCFC and Changing Minds can essentially be seen as joint ventures while the Waterloo Coalition and EPIM primarily represent pooled funding.

We expand on these descriptions below, but first we should note a further important point about collaboration typology – collaborations are not static, they are dynamic. They change over time and can thus 'move' along the spectrum. For example, just talking about common issues (in an information sharing collaboration) can lead to deeper collaboration over time. In this sense an information sharing forum can act as a sort of "dating agency", to quote one of our interviewees. The Corston

Coalition moved, unexpectedly but significantly, from ‘joint advocacy’ to ‘pooled funding’. This happened as a result of a change in the external environment, namely that the Government identified some under-spend and to avoid claw back, the Ministry offered this amount up for matched funding by the Coalition. (Joining this funding pool was optional and only a third of the member funders did.)

4.2.3 LIGHT-TOUCH COLLABORATION

INFORMATION SHARING

A common activity among UK funders (of a certain size) is information sharing. There are many formal forums in which to do this, such as ACF’s Issue-Based Networks (IBNs) and many informal forums, for example funders meeting up occasionally, phoning each other to get information on prospective grantees or ad hoc fringe conversations at events. While it is seen as a worthwhile activity by many and can lead to improved practices and even give rise to closer collaboration (the Corston Coalition began as one of those fringe conversations), information sharing per se “won’t be game changing”.

Fund’s examples	Woburn Place Collaborative ⁶⁹ , The Spend-out Funders Group ⁷⁰ , ACF IBNs ⁷¹ , The Funders Communications Network ⁷² , Intelligent Funding Forum ⁷³ , London Funders ⁷⁴
Other examples	European Foundation Centre interest groups (such as global philanthropy, HIV/AIDS, children and youth), Environmental Funders Network
What others have said	“Not game changing” but can be “dating agencies” leading to other forms of collaboration further along the spectrum
Who is this option open to	Most, but not all, funders can cooperate at this level. Those with a breadth of issues and little capacity, can still share information around funding practice
Problem tackled	‘Collaboration for learning’ i.e. ‘interest groups’ on both thematic issues but also the professional skill of funding

69 A UK forum for foundations that are committed to social justice philanthropy and to working and learning together.

70 This is a group of UK spend-out funders who meet regularly to exchange learning about the issues they face.

71 The Issue Based Networks convened by the Association of Charitable Foundations, such as penal affairs, disability, monitoring and evaluation.

72 This is an informal information sharing network of communications staff from trusts and foundations.

73 The IFF has been developed by the Big Lottery Fund, in partnership with the Association of Charitable Foundations, to foster positive changes in funding policy and to share information on good practice in grant-making.

74 London Funders is the membership organisation of funders and investors in London’s voluntary and community sector.

STRATEGICALLY ALIGNED (CO-)FUNDING

This is where funders cooperate with each other to find common-sense approaches to ensure that their funding fits together well with that of other funders, working in similar areas. This might be to avoid duplication, to increase or rationalise geographical coverage, or to agree that individual funders will each concentrate on separate aspects of the same topic, thereby covering the whole subject area more fully. This may also manifest as co-funding where two or more funders agree parameters whereby they will jointly fund certain grantees. It may also lead to a referral system, where funders pass on applicants who do not quite meet their criteria to other funders who might provide support, or even to some kind of integrated application process.

Fund's examples	PCI's on-going work with the True Colours Trust ⁷⁵ and Open Society Institute ⁷⁶
Other examples	Trust for London, Esmée Fairbairn Foundation and Rosa's Special Initiative tackling Female Genital Mutilation – where the collaboration is intended to cover a wider geographical area, Fear and Fashion Partnership ⁷⁷
Who is this option open to	Possible for many funders – may be more difficult for those with purely reactive funding or exclusively board-led grant making, where the ability to strategically align would be limited
Problem tackled	Any

75 The True Colours Trust is one of 18 private trusts administered by the Sainsbury Family Charitable Trusts, <http://www.truecolourstrust.org.uk/>

76 Re-named Open Society Foundations in 2011, <http://www.soros.org/>

77 Following the release of the report, *'Fear and Fashion: The use of knives and other weapons by young people'*, five independent grant-making trusts formed a partnership to fund a collaborative programme named 'Fear and Fashion' <http://www.citybridgetrust.org.uk/CBT/Publications/FearAndFashion.htm>

STRATEGICALLY ALIGNED (WITH OPERATIONAL SUPPORT)

This type of collaboration is an extension of the previous type, where in addition to coordinating their funding in sensible ways to make it more effective, the funders actually provide financial or other help to a secretariat or some other operational function which supports or coordinates the work of several grantees. A good example is the Still Human Still Here campaign. The Fund is currently the principal funder of the campaign management and coordination function, having provided four years' funding for the Coordinator post. The post is hosted by Amnesty International and follow-on funding has been secured from the Joseph Rowntree Charitable Trust who will pay for the Coordinator for a further year after the Fund closes.

Fund's examples	Still Human Still Here ⁷⁸ , follow on funding for coordinator secured
Other examples	European Foundation Centre (EFC) ⁷⁹ working on disability issues where Atlantic Philanthropy funded a secretariat and are now developing work towards a specific objective
Who is this option open to	For example, those thinking about an exit strategy
Problem tackled	Any

78 Still Human Still Here is a coalition of over 40 organisations campaigning to end the destitution of refused asylum seekers in the UK, <http://stillhumanstillhere.wordpress.com/>

79 http://www.efc.be/programmes_services/thematic-networks/disability/Pages/default.aspx

4.2.4 DEEPER COLLABORATION

For one of our interviewees, an experienced funder, the most important success factors in collaboration include a *“readiness to be open to the perspective of others and the desire to understand them.”* We feel this nicely expresses a crucial part of the definition of effective ‘deep collaboration’.

JOINT ADVOCACY

Joint advocacy is a type of collaboration where funders are actually involved in advocacy. This is different to the type of collaboration described above as ‘Strategically aligned (with operational support)’ where the funders are not involved in developing the campaign or in carrying out activities such as lobbying. So, for example, the Fund keeps out of any direct involvement in the Still Human Still Here campaign, other than as a funder and member – it does not ‘act’. In joint advocacy, the funders *are* involved in developing the campaign and in negotiating or lobbying, although this could well be carried out in conjunction with grantees.

Fund’s examples	Corston Coalition – the initial intention was just joint advocacy
Other examples	The Woburn Place Collaborative identified ‘joint advocacy’ as one of its priorities ⁸⁰
Who is this option open to	Those with advocacy and coordination capacity in a high-trust environment with a common goal
Problem tackled	In all our examples of deeper collaboration, the social problems tackled are ‘adaptive’ problems, i.e. they are: “complex, the answer is not known, and even if it were, no single entity has the resources or authority to bring about the necessary change” ⁸¹

80 <http://www.philanthropyuk.org/quarterly/articles/reports-alliance-magazine-4>

81 In their article ‘*Collective Impact*’ in The Stanford Social Innovation Review, winter 2011, p.39, John Kania and Mark Kramer distinguish between technical problems and adaptive problems. “Some social problems are technical in that the problem is well defined, the answer is known in advance, and one or few organisations have the ability to implement the solution. Examples include funding college scholarships, building a hospital. Adaptive problems are complex, the answer is not known, and even if it were, no single entity has the resources or authority to bring about the necessary change. Reforming public education ...improving community health are all adaptive problems. In these cases, reaching an effective solution requires learning by the stakeholders involved in the problem, who must then change their own behaviour in order to create a solution.”

POOLED FUNDING

Pooled funding is where funders come together to create a bigger pot of money. The motivation for this is primarily to increase capacity, to be able to allocate a pool of resources; financial, staff and other, which none of the participating funders would be able to do alone.

There may be other benefits too from pooled funding. It spreads the risk. If the project fails or runs over time then the financial exposure, reputational and operational risk to each member of the collaboration will be smaller than if they had been funding it alone. It can also provide more stable and perhaps more long-term funding for the grantees, again because there are several funders involved.

This can even have a knock-on effect of levering in additional funding from other sources, as one interviewee told us. *“It’s a good thing to say you have several funders for sustainability and attracting new funding. Potential new funders will not see themselves as having to carry the entire funding burden alone, so it’s less risky or daunting for them.”* The corollary of this is of course that, *“you have to deal with different agendas and objectives and sometimes even different reporting lines.”*

Fund’s examples	EPIM, Waterloo Coalition, Corston Coalition in the form of the Women’s Diversionary Funds 1 and 2
Other examples	The joint overseas grants programme by the John Ellerman Foundation and the Baring Foundation
What others have said	At EU level, <i>“none of us would have the capacity on our own”</i> (a respondent referring to EPIM). Not only does it allow for action at the EU level, it also attracts other funders into the area – <i>“allows them into spaces that they can explore with reduced cost [so that they can] experiment and build up over time”</i>
Who is this option open to	Those who wish to extend their capacity without necessarily creating a new entity
Problem tackled	Problems tackled are ‘adaptive’ problems as described above

JOINT VENTURE

Joint ventures, for our purpose here, are when two or more funders decide to create something new, a new entity. The Fund has been involved in at least two such collaborations. The first of these is the Funders' Collaborative for Children (FCFC), where the Fund has joined with three other funders to create what is effectively a new, albeit time-limited, fund. Although FCFC has had a minimal infrastructure and staff of its own (comprising one part time coordinator hosted by the Fund – a situation which may have been one of its weaknesses) the fact that it was a separate venture, distinct from the other work of the funders involved and with dedicated funds and operating agreements has meant that it has been able to be experimental on a large scale – something which, probably, none of the funders would have attempted on their own.

The other example comes from the Changing Minds work. Changing Minds itself is difficult to classify and may in fact be something of a hybrid collaboration, being part 'strategically aligned funding', part 'joint advocacy' and part 'pooled funding' (but a particular

variant of pooled funding in that there is not just one pot of pooled funding but rather, members can contribute to different areas in different ways). However, one of the Changing Minds initiatives, British Future, would seem to qualify as a genuine joint venture. The Fund, Barrow Cadbury Trust, the Oak Foundation, the Open Society Foundations, Trust for London and Unbound Philanthropy have created something entirely new – a think-tank / communications agency which will seek to inform but also influence public opinion on migration.

A joint venture can bring the benefits of pooled funding but additional benefits as well, which do not just equate to having more resources. Joint venture collaboration can mean that one has a better mix of skills and it can also create new thinking, in the sense that the sheer act of collaboration can be a creative driver. It requires the participants to abandon their preconceptions and be prepared to be flexible in terms of ways of working and the precise definition of objectives, and for these reasons it constitutes the deepest type of collaboration on the spectrum.

Fund's examples	British Future think-tank; FCFC
Other examples	The Schools Linking Network ⁸²
What others have said	<i>"Creating a new pot of money [for FCFC] is like creating a new entity; it comes with a new vision, mission, values and systems."</i>
Who is this option open to	Those who are open to a wholesale sharing of strategy and process. Relatively few in number but perhaps on the rise
Problem tackled	Problems tackled are 'adaptive' problems as described above

82 SLN was established in 2007 with the support of the Department for Children, Schools and Families and Pears Foundation to work with schools, local authorities and non-governmental organisations across England.
<http://www.schoolslinkingnetwork.org.uk>

4.2.5 KEY ISSUES CONCERNING COLLABORATION

Our main focus is on deeper collaboration as we explained above but some of what follows would also apply to examples of light-touch collaboration. We discuss why funders might consider collaborating, what the success factors are and a few things funders might want to ponder carefully before they commit to collaboration.

MOTIVATIONS FOR COLLABORATING

CLOSURE AND EXIT STRATEGY

In the Fund's case, one of the clear drivers for collaborating has been the knowledge that the Fund was due to close. For example, there has been a desire to collaborate in terms of information sharing, as is illustrated by the approach to this evaluation and the associated dissemination activities. The Fund has been keen to try and collaborate with a number of funders and other relevant organisations in conducting this research and in planning the various ways in which it will be communicated and shared.

Impending closure has also been the driver for two other models of collaboration on the part of the Fund, namely, 'Strategically aligned (co-)funding' and 'Strategically aligned (with operational support)'. The purpose has been to find complementary or follow-on funders for incomplete or long-term projects, initiatives or interventions, so as to extend them beyond the Fund's term. However, several respondents (interviewed in mid 2011) commented that the Fund could have invested more time and effort in this area, earlier on, given the planned closure in 2012. In fact, some external commentators (as well as grantees) said that they were worried about the lack of a (published) exit strategy, especially in sub-Saharan Africa where the Fund has been a key funder in the area of palliative care.

One can equally see the fact that the Fund is spending out as a motivating factor in other collaborative work such as Changing Minds, in particular the creation of British Future in conjunction with other funders who will be around after the Fund has gone.

SCOPE AND CAPACITY

The sharing of workload, for instance through the FCFC collaboration, makes it possible to take an innovative and experimental approach which would be beyond the scope of an individual funder. Talking about a different collaboration, one interviewee said:

"The benefits of this coalition are: having pooled money and therefore more reach and doubling the learning, but also in the ability to coordinate and align programmes on the ground. Collaboration is particularly important in the advocacy field; it should give us more clout, although it is too early to say yet"

SHARED RISK

To test an innovative approach, as in the extensive FCFC pilot project, would almost certainly be above the acceptable risk level of an individual funder and is only possible through a funders' collaborative where the risk is shared. FCFC was seen as a high risk initiative from the start since a commitment of \$10 million⁸³ was needed over five years, which is one of the reasons why the funders went into it together so as to share the risk, i.e. the risk that the programme would not deliver the expected outcomes and that the investment would have to be 'written off' (representing considerable opportunity cost).

INCREASED IMPACT

Sometimes sheer weight of numbers can make a difference. A number of people we spoke to believed that this was the case with the Corston Coalition – that the Government's response was markedly different to what it would have been if funders had approached it singly.

83 http://www.fhi.org/en/CountryProfiles/Malawi/res_FCFC_bikes.htm

INCREASING THE EXPERTISE BASE

If there is a good fit between collaboration partners there can be real advantages to be gained from a wider pool of skills and experience. As one interviewee put it, referring to FCFC, there are benefits from pooled *“knowledge and expertise both in programming and in grant making and management [so as to] avoid siloed funding ...and to demonstrate that you can do it.”*

- *“With time constraints being the biggest problem, especially for senior staff, the appointment of programme consultant and administrator have enabled steering committee members to concentrate on the main issues rather than sticking to agendas and meeting deadlines.”*
- Having just the right people involved; they must be senior enough to be able to make decisions but they must also be able to devote the necessary time.

SUCCESS FACTORS FOR ALL THREE TYPES OF DEEPER COLLABORATION

- Having a solid agreement between the parties, such as the Memorandum of Understanding that seems to have worked (eventually, after some teething trouble,) for the FCFC joint venture (see below).
- Respecting differences; realising *“that we have different models, capacities and timeframes, and that we can have a conversation”* and that all can contribute according to their means. Flexibility, acknowledging that with objectives and organisational constraints *“we can’t get everything we want”* but also achieving clarity on what’s ‘non-negotiable’.
- *“It is also important for any collaborator to realise that while views on the how and who may differ and overlap, the definition of success, of what you are trying to achieve must be agreed upon.”*
- Centralised infrastructure, dedicated staff, common agenda, shared measurement, continuous communication.⁸⁴

84 This list is adapted from an article about cross-sector, collective impact initiatives and it complements our findings well: *‘Collective Impact’*, The Stanford Social Innovation Review, Winter 2011, John Kania and Mark Kramer, p.38

Memorandum of Understanding

- A commitment to the collaborative ethos of the group – between members, organisations funded, public and private stakeholders – its vision, values, aims and goals
- An understanding that no money given by a Partner can be ring-fenced for any particular type of activity within the overall programme
- An understanding that membership does not confer preference or privilege to the work of a member or its grantees
- Delegated authority by the governing body of the organisation to one representative who is able to vote on all issues, including funding, on its behalf
- Agreement that decisions are reached by the Steering Committee by way of consensus or, where necessary, by a majority vote
- An undertaking to honour all expenditure and funding commitments agreed by the Steering Committee
- A commitment to share with other members mutually agreed tasks and responsibilities, within agreed timetables, including attending 50% of meetings in person
- A commitment to share any information or expertise that may have an impact on the FCFC or its work
- An undertaking to take no action that will jeopardise joint work
- An undertaking that all publicly available information must be agreed and approved by the Steering Committee and that any individual reference to an organisation's work as part of the FCFC must acknowledge other members

Example of a funder collaboration MoU

THINGS TO CONSIDER BEFORE COLLABORATING

FINANCIAL AND REPUTATIONAL RISK

Even if funders can spread risk through collaborating, the nature of some collaborative initiatives is that they are still high risk, both financially and in terms of reputation. This is particularly true for joint ventures. The unusual step to set up from scratch the Migration Observatory and British Future flows from the long-term goal of influencing public opinion, attitude and debate on migration so as to make the policy environment more open and conducive to humane decision making. It is accepted by the funders that such attitudinal and policy change is a long-term goal. While there is already take-up in the media (across all sections) of data and information published by the Migration Observatory, actual benefits to asylum seekers and their children may only be felt in ten to twenty years time. Both ventures are experimental and high risk in terms of the size of the investment and the possible failure to achieve objectives. Hence they have high opportunity costs and, especially for those funders with a high public profile such as the Fund, they come with a risk to reputation that needs to be constantly assessed and managed.

PERSONALITIES OF THE COLLABORATING ORGANISATIONS

One needs real clarity on participating organisations' personalities and their timelines before one commences on such a venture. The FCFC partners had not worked together before and yet in effect they were setting up a joint venture together, a "new entity with a new vision, mission, values and systems". Most of the collaboration partners had also not worked with the implementing partner before and did not anticipate such differences in the 'personalities of the organisations' as were revealed only some way into the process. As a result FCFC had to endure a lengthy and problematic 'storming' phase. This caused time delays and confusion on the ground when different collaboration members carried out field visits but were not all giving out consistent messages.

TIME AND TRAVEL COSTS

We consistently heard that the time commitment is always greater than anticipated and also that up-front time is needed to build trust through discussions and face-to-face meetings.

IMPACT ON GRANTEES

Here is one grantee's perspective, from within the Changing Minds group of projects:

"The good thing about being funded by several donors is that you get more money, and the down side is that you have to make sure your funders are all on the same page. It's a good thing to say you have several funders for sustainability and attracting new funding (potential new funders will not see themselves as having to carry the entire funding burden alone, so it's less risky or daunting for them). The issue is that you have to deal with different agendas and objectives and sometimes even different reporting lines. In this project we have managed to have harmonised reporting."

One of our interviewees suggested, tongue perhaps partially in cheek that, "united funders give grantees less choice, power and leverage."

DECISIONS AND POTENTIAL PITFALLS

- The decision as to whether to limit collaboration partnership to funders or to include grantees or other stakeholders. FCFC decided to limit membership to funders but the Waterloo Coalition has three other stakeholder organisations as members, although these have no decision making power on funding.
- The doers on the team will get frustrated with the time and resources needed for forming and storming, prior to performing. Time and again people reported that they underestimated the time commitment needed.
- Any arrangement should be time-bound. Collaborative advocacy efforts can lose effectiveness without an endpoint.
- Problems can arise when partners are not all working to the same schedule, i.e. when some are not able to wait for longer-term successes. A lot depends on the mindset of the board and the culture of the organisation and the specific programme – a lot of further problems can flow from a mismatch here.
- There needs to be clarity that no individual organisation will be able to say 'this was a success because it was done our way.' Any success must be attributed to the collaborative.
- It is important at an early stage to define get-out clauses for members and to formulate an exit strategy for the collaboration as a whole.

DEEPER COLLABORATION IS CLOSELY RELATED TO BEING AN AGENT OF CHANGE

There is a clear connection between a funder being involved in deeper collaborations and a funder taking on an agent of change role. According to our definition of joint advocacy the funders are directly involved in the advocacy and are thus actors or agents of change. In joint ventures, the entrepreneurial drive is very characteristic of the agent role, as is exemplified by the Fund's key role in the creation of British Future. (There is, though, no automatic connection between a pooled funding collaboration and being an agent of change.) Funders that are not comfortable with the agent of change role are unlikely to feel at home in joint advocacy collaborations or joint ventures.

4.3 Conclusions about funder collaboration

It is clear from the documentation that the Fund has grappled with the question of increased efficacy through collaboration for years. This can be seen, for instance, in the second of the two principal objectives set by the Corston Coalition, which made explicit the significance of being able to:

“Demonstrate that funders can contribute to sustainable social change in areas of common interest by working together.”

In order to begin addressing the research question we return to the two case study collaborations and ask whether their achievements would have been possible without collaboration. We also look at the issue of when it is possible to evaluate the achievement of long-term impact.

WOULD CORSTON COALITION AND FCFC ACHIEVEMENTS HAVE BEEN POSSIBLE WITHOUT COLLABORATION?

THE CORSTON COALITION

The following answer is a good summary of the general view among the people we interviewed: *“No; [normally] people tend to sing their own song. With the [Corston Coalition] collaboration more was achieved than ever.”* It is almost certain that the partnership with the Ministry of Justice (MoJ) could not have been achieved by one funder or even by a few. It was attractive for the Government to partner with a large group of funders as they had a significant amount of money and influence. Had such a substantial coalition not come together, it is very unlikely that the MoJ officials would have invited the funders individually or even in a smaller group to work with them. *“The MoJ could only make an agreement with a group that represented a critical mass, rather than with a few or with individual [funders].”*

THE FUNDERS’ COLLABORATIVE FOR CHILDREN (FCFC)

The achievements of FCFC remain to be proven as we discuss below, however one can still ask whether the emerging medium-term successes (and the potential for significant future impact) would have been possible without collaboration. It is hard to be certain, but we feel that the answer is probably ‘no’. FCFC is a forward thinking, long-term programme that required courage and considerable investment. It is doubtful that any of the individual boards would have approved such a programme; putting \$10 million into FCFC would simply have been too great a risk for one funder working alone.

The programme is also resource-hungry and would be a huge burden on a single organisation. Furthermore, since it is a multi-faceted response to a complex situation the programme benefits hugely from the collaborative approach. This means that a range of skills and contacts are brought by the different funders involved, variously in the fields of palliative care, HIV/AIDS, education, social welfare, microfinance and so on.

TOO SOON TO JUDGE INCREASED EFFECTIVENESS AND GREATER IMPACT?

“For us it is a pilot to see whether it improves things on the ground. It is too early to say if it is an approach we will repeat.”

A member of a funder coalition

Both the Corston Coalition and FCFC were accompanied by well-resourced evaluation processes to try and assess the question of increased efficacy. Unfortunately in both cases it is still too early to tell. In the case of the Migration Observatory and British Future it is also too soon to say whether they will have an impact on the debate and especially on policy. The explanation for this lies in the fact that these are initiatives of the latter years of the Fund and that social change is generally a long-term process. So we cannot yet say whether the intended impact of certain collaborations has been achieved. What we can do though is assess success or otherwise with the help of milestones towards social change:

- The work of the Corston Coalition has already produced tangible short-to-medium term benefits. For example through the Women’s Diversionary Funds (financed jointly by the Corston Coalition and the Government) it was possible to keep a critical mass of women’s centres open though difficult economic times. In the case of the Waterloo Coalition the “members determined that establishing palliative care in government hospitals [in Malawi and Kenya] through the training of staff and linking this to provision of care in the home offered the best opportunity to make an impact in the time available to the coalition”⁸⁵ (i.e. during 2011 and 2012). The potential lasting difference in Malawi

and Kenya will be that through this initiative (and other strands) palliative care will be integrated into the countries’ health systems.

- In the case of FCFC in Malawi it is only in the fourth year that the evaluation data is starting to be able to show positive results. The long-lasting impact will only come with the proof that this model of individual data capture and integrated provision through a referral system really works and the model being scaled up and replicated. This will depend on whether the pilot project is a success overall. It is simply too soon to know whether this will be the case.

Thus in these five cases (The Migration Observatory, British Future, the Corston Coalition, FCFC and the Waterloo Coalition) it is too early to tell what the long-term impact has been and thus to make a comprehensive judgment about whether the funders have been more effective than they might have been working alone. However, the Corston case study and the Waterloo⁸⁶ example show that in the short to medium term, milestones on the way to social change have been reached. In the case of FCFC, the Migration Observatory and British Future we can say that a funders’ collaborative has created ‘something with potential’ that those funders would not and probably could not have created on their own.

DOES WORKING IN COLLABORATION WITH EACH OTHER MAKE FUNDERS MORE EFFECTIVE?

Our conclusion about funder collaboration is similar to that on Funder Plus. Working in collaboration can definitely make funders more effective but collaboration does not itself lead to greater efficacy; there are all sorts of conditions that need to be met.

85 ‘Cover Paper: Grant Application As Part Of The Waterloo Coalition, Internal Grants Committee Approval Meeting’, 28 June 2011, p. 1

86 Training is taking place in palliative care in eleven hospitals in Kenya and seven district health offices and hospitals in Malawi have agreed to support training in palliative care.

Let us first consider the evidence for the assertion that collaboration can make funders more effective. Again, there are two aspects to this. The first concerns situations where collaboration among funders cannot be said to have led to greater efficacy, but rather where it has led to something which would not have happened at all without the collaboration.

For example, in the case of the FCFC, the funders would have been extremely unlikely to have embarked on such a project on their own. They had to accept that results may not materialise at all, or at least not for a long time, and that indeed results would not be easily measurable. The latter is an implicit acceptance of something else – a notion which some funders ignore, or would dispute, namely that not all types of success are measurable. Andrew Natsios, former director of the U.S. Agency for International Development, summed this up when he said: “Those development programmes that are most precisely and easily measured are the least transformational and those programmes that are most transformational are the least measurable.”⁸⁷ This will have been eminently true for FCFC if the pilot is successful and leads to widespread replication of the model, as merely counting the measurable success (i.e. the number of children reached) will only tell a limited part of the story.

An important related notion is the sustainability of any capacity development, which can be seen as an important aspect of success. A recent evaluation by The Policy and Operations Evaluation Department of the Netherlands Ministry of Foreign Affairs sparked an internet discussion on the Platform for Evidence-based Learning & Communication for Social Change.⁸⁸ It included an interpretation of sustainability, commensurate with the complex and fast-moving environment, with multiple actors and unforeseen events, in which development

assistance takes place, making a distinction between sustainability on three levels. One commentator summarised them thus:

“You can have sustainability of a project (including obviously the organisational structures that support it); you can have sustainability of the capacity to undertake similar projects (which may mean the original structures and process might disappear, be absorbed elsewhere etc), and you can have sustainability of the idea that informed and underpinned a project.”

In the case of FCFC, whatever happens to the funding after 2012, it is perfectly plausible that the second and/or the third of these types of sustainability could prevail.

The point here, in relation to collaboration, is this. All the funders involved in FCFC or similar collaborative initiatives who we talked to, have indicated that venturing into the realm of this type of innovative investment is *only feasible* if the risk and resource burden is shared with a number of other funders. So it is clear that this factor alone means that without collaboration, potentially transformative projects like this would often never get off the ground in the first place. And there are other collaborations, driven not so much by the need to share risk and management responsibility as the wish to create a financial capacity, through pooled funding, which would simply not exist otherwise.

Secondly, what about situations where it would have been conceivable or indeed where it was actually the case that funders attempted to achieve something by working singly and where a collaborative effort has then been undertaken? Perhaps a good example is the Corston Coalition’s work. There were a number of funders working on the issues covered by the Corston Report. Baroness Corston’s findings and recommendations presented an opportunity to funders and NGOs in the sector to apply pressure to politicians in the pursuit of policy and practice

87 Cited by Steve Tibbet, 14 Feb 2011, in ‘Don’t let the Bean Counters Get You Down’ – www.devex.com

88 <http://www.dgroups.org/groups/pelican/>

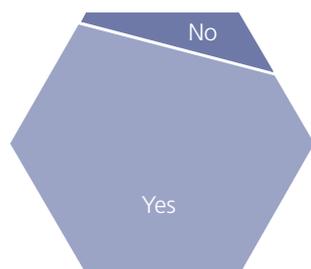
change. From the research we have done we feel able to support with some confidence, the following statement:

“Through funder advocacy and collaboration across boundaries the Corston Independent Funders’ Coalition achieved outcomes that individual trusts and foundations could not have achieved alone.”⁸⁹

The individual funders could have each approached the Ministry of Justice but it is almost certain that they would not have had the same response as they did collectively and that the significant consequences of this, including significant influence of policy formulation, engagement between the Government and the voluntary sector and the creation of the Women’s Diversionary Fund would not have come about. For us this constitutes solid evidence for the veracity of the claim that working in collaboration can make funders more effective.

Interestingly, there was strong evidence from the online survey that funders themselves feel this way:

Do you think that collaborating with other funders can make you more effective?



Online survey of funders (ACF members) summer 2011 – base 107

89 *Funders in Collaboration: A Review of the Corston Independent Funders’ Coalition*, Julia Kaufmann, 2011, Centre for Charity Effectiveness, Cass Business School, City University London

Now let us turn to the conditions and caveats.

We said above that funder collaboration does not necessarily lead to greater efficacy. We have identified four relevant areas of consideration here:

Firstly, there may be situations where it is better not to collaborate. For example where a funder decides they want to take a radical position on an issue, they may only be able to implement this strategy effectively if they have the freedom to say exactly what they want or to respond very quickly to a changing context. They are more likely to be able to do this if they are not part of a coalition. For example we heard from the Fund that in the cluster munitions work, “*not collaborating with large numbers of other funders, along with our delegated grant-making arrangements allowed for flexibility and quick decision-making*”.

Secondly, and almost as the corollary to the previous point, funders should only collaborate in the right situation, in other words when the potential coalition partners are compatible and where there is a shared objective that can be achieved more easily through collaboration. There is no point in collaboration for its own sake.

Thirdly, when funders do collaborate they should engage in the appropriate type of collaboration, that is, appropriate to the purpose and to the participants involved. This could apply to the dating agency approach of getting involved in a lighter type of collaboration in the belief that it could lead to a deeper collaboration with more significant outcomes.

Finally, and at the risk of stating the obvious, once a funder has decided to collaborate they need to do it as well as possible, which means paying attention to the following factors:

- Having a formal agreement between the parties
- Respecting and trying to understand differences

- Clarity on which areas are open to compromise and which are non-negotiable
- Genuinely compatible objectives and a shared definition of success and how to measure it
- Centralised infrastructure, dedicated staff, continuous communication
- Realism about the time commitment and ensuring those involved have the right level of seniority

The important learning that we take from all of this is that, given an awareness of the potential pitfalls and a readiness to address them, and an understanding of the conditions under which collaboration can be beneficial, funders should seek out and be open to collaboration with other funders.

5 Conclusion

We began this report by explaining why we had chosen the title, 'A Funder Conundrum': the conundrum for funders is that philanthropy is far from straightforward and that they are faced by a range of choices and questions.

We have examined the three principal evaluation questions in detail and have discussed a large number of others along the way. We have not been able to formulate nice, neat answers. This is because these are complex issues and for many of the questions there *is* no easy answer.

For the three evaluation questions, the answer depends on what type of funder we are talking about, what they are trying to achieve and the context in which they are working. Using the Fund's experience as a starting point we have tried to shed some light on all these aspects and have developed some descriptive frameworks with which to tackle the discussions.

It has been notable throughout our research that funders themselves feel that these are important questions and that they value an opportunity to consider and perhaps gain a new perspective on them. A factor that has almost certainly sharpened interest is the current economic environment. Many charities and state-run services are feeling their funding tightening as a result of the financial crisis that started in 2007/8 and the UK Government spending cuts, while at the same time demand for services has been increasing and people have less disposable income. One of the ways in which this has been felt in the trusts and foundations world is by a sharp increase in applications for funding. "Linda Kelly, chief executive of the Lloyds TSB Foundation for England & Wales, said the number of eligible applications it had received in 2010 had increased by 24 per cent compared with 2009."⁹⁰

Funders have had to decide how to respond to this situation, bringing into focus such issues as the means of selecting grantees, the type of financial support given and the level of risk they are prepared to carry. These issues are directly related to recent trends in funding such as strategic philanthropy, venture philanthropy and social investment.

The questions we have considered are also highly relevant for the voluntary sector. NGOs also carry responsibility for the health and effectiveness of the relationship between funders and grantees and it can only enhance the debate if both sides are involved.

90 'Funding Applications To Trusts And Foundations Increase' – article in Third Sector, January 20, 2011 <http://www.thirdsector.co.uk/News/DailyBulletin/1050610/Funding-applications-trusts-foundations-increase/ECE557E61008928058246C802124B41A/?DCMP=EMC-CONDailyBulletin>



5.1 The evaluation questions revisited

HOW CAN FUNDERS BRING ABOUT POSITIVE SOCIAL CHANGE?

There are numerous ways in which funders can potentially bring about positive social change, including funding existing organisations, creating new ones and intervening directly themselves. They might seek to influence policy, to fund the delivery of services or do a host of other things. The key point is that in order to be effective, whatever approach a funder takes it must fit them as a funder, be appropriate to the context and be well executed.

One approach that has the potential to bring about positive social change is a systemic, policy-oriented, risk-tolerant approach that is very outcome-focused and employs both the proactive selection of grantees and collaboration with other funders. This is the approach the Fund has adopted and one that we describe as 'Funding by Change Objectives'.

However, this is not the only approach that can be effective. An important overriding point was made by one of the funders we interviewed:

"One can contrast two approaches. The first is where the funder is proactive and engaged, has a very focused strategy, is aware of its own influence and determines to use it ... the other is reactive, with much broader criteria ... putting the voluntary sector in the driving seat.

"We need a 'mixed economy' – both types of approach to funding are needed, there is no right or wrong answer."

DOES FUNDER PLUS ADD VALUE OR IS IT MORE TROUBLE THAN IT'S WORTH?

It is not meaningful to consider Funder Plus as one homogeneous category. There are two distinct types of Funder Plus activity; 'supporting grantees' and 'agent of change'.

Supporting grantees is where the funder supports grantees in whatever ways make sense, for example:

- Funding formative evaluations
- Offering meeting rooms
- Capacity building

Agent of change is where the funder, sometimes working alongside grantees and sometimes operating alone, becomes a potential agent of change in its own right, for example by:

- Intervening in or convening the sector and others
- Building funder or sector expertise
- Direct lobbying
- Seeking to influence public opinion
- Seeking to influence the behaviour of key groups

Either type can be delivered well or badly, potentially adding value or being more trouble than it is worth. Doing Funder Plus well requires the best possible communication between funder and grantee on needs, roles and objectives. And while funders should not forget that for many grantees the most important thing is the money it is also important to remember that for the funder the main consideration is the impact which their funding can deliver.

DOES WORKING IN COLLABORATION WITH EACH OTHER MAKE FUNDERS MORE EFFECTIVE?

Working in collaboration can definitely make funders more effective. However, this is only true if the circumstances are right and if it is done in the right way. Funder collaboration can lead to the creation of initiatives that would otherwise not exist because they would be beyond the scope of a single funder. It also has the potential to achieve greater impact than a funder acting alone.

To realise these benefits, the objective must be one that lends itself to a collaborative approach, the partners must be suitably matched and they must take account of a number of key factors such as formal agreements, respect for different positions and the allocation of necessary resources.

5.2 The Fund's assumptions

In the Introduction we mentioned that the terms of reference for this project laid out some assumptions which the Fund wanted the research to test. We gave considerable thought to these assumptions early on in the project and they informed some of our project design and methodological thinking. As the research progressed we referred back to them from time to time but as we got deeper into the issues we no longer explicitly made reference to the assumptions.

Much later on, after we had devised our various descriptive frameworks and completed the interviewing, and as we began to formalise our analysis, we were struck by the fact that there was more than a passing resemblance between the assumptions the Fund had started with and the list of distinctive elements from the Funding by Change Objectives framework that we had used to describe the Fund's overall approach. The simplest explanation for this is that our research largely confirms that the Fund indeed identified the most significant assumptions relating to its funding approach.

It is worth looking briefly at each of the assumptions and considering to what extent we have found them to be correct.

Allocating significant resources to a small number of focused initiatives enables the Fund to aim for significant policy/social change

If you decide, as part of an organisational review, that you simultaneously want to...

- try and bring about significant policy/social change
- spend out your capital within a few years

- work in some thematic areas that are not only unpopular but notoriously intractable

... then you had better make sure that you focus on a small number of initiatives. This is what the Fund did, and in this sense the assumption is completely right. The focus on a few areas has indeed allowed the Fund to aim for significant change. It has been an essential aspect of the successes the Fund has enjoyed since 2007. And yet despite this focus it is probably still true that the Fund was overstretched. It set itself some extremely difficult objectives and launched into some very challenging projects, some of which meant that capacity was stretched to the limit, as noted by a range of interviewees.

Perhaps the Fund should have focused even more narrowly. It is interesting to note that during the review process which preceded the current strategic plan, one Board member actually argued for the possibility of the Fund focusing on just one thematic area:

"I even suggested that I would be happy were the Fund to focus on just one area. The Board felt this was a step too far."

Setting high-level policy/social change objectives has focused all of the Fund's work on the systemic social changes that it wanted to achieve

This assumption is basically correct. We have discussed at length the fact that the Fund is motivated by an aspiration to change the world, in other words to tackle the causes of injustice through trying to bring about systemic change. As a key part of this approach, the Fund has set clear social change objectives that have determined much of the way in which it has worked. Furthermore, it is also true that the Fund, guided by its (often unstated) theory of change, has focused primarily on policy change as the main lever to try and attain the social change it has been aiming for.

However, it is not true that these factors have meant that all the work has been focused on systemic social change. Considerable resources have also been invested in service delivery, infrastructure and capacity building, often in smaller organisations and mostly through limited open grants rounds. Some of this work could also be taken to have contributed to eventual social change, but for some of it (such as RASI's open grants scheme) there are divided opinions on how well it fitted with the overall approach and to what extent it helped to achieve the social change objectives.

The Fund recognises that policy/social change objectives may change over time, depending on the external context

The formulation of this assumption is uncontroversial. If you set policy and social change objectives, they will clearly need to change according to developments in the external environment. To this extent there is nothing for us to test. The relevant question is whether or not the Fund has borne this fact in mind and has acted accordingly. We have seen a great deal of evidence that this has indeed been the case. In some areas this has actually been explicitly built into the programme management process. For example, RASI specifically used external formative evaluators as a sounding board to check the ongoing relevance of objectives and the appropriateness of strategies and activities to try and meet them.

This sort of approach relates to the traits of doing what it takes, being pragmatic and flexible, and having the appropriate structures, governance and delegation of decision-making authority. All of these require the Board to have considerable faith in the executive; a point noted by one of the Board members who told us that, *"it was brave to allow the staff so much discretion."*

The Fund can add value in addition to making grants (through Funder Plus methods)

This assumption is effectively a reformulation of the second evaluation question and therefore we do not really need to discuss it separately here. Suffice to say that, with important provisos, we believe that funders can and that the Fund has indeed added value through Funder Plus methods.

The Fund's association with the Princess and its independent status can play a significant role in its work

As we have discussed elsewhere, in most contexts and in dealings with the vast majority of individuals and organisations, the association with the Princess was a real asset.

The picture with the independent status is not straightforward. The Fund maintains vigorously that it is completely independent, (and we have not seen any evidence to suggest otherwise). However, the fact that it has been an actor in its own right and that this has sometimes involved close engagement with politicians and officials and has sometimes led to the Fund occupying a dual role of funder/chair, funder/lobbyist, funder/advocate or funder/entrepreneur has been perceived negatively by some either existing grantees or potential/rejected grantees, other NGOs in the relevant sector or indeed other funders. On the other hand, a grantee told us that:

"There is a potential concern when the relationship with government donors 'goes too far' and the Government then takes positions that the grantee does not share. The value of the Fund being independent from government was therefore something we welcomed."

Having said all of this it is probably true that both the association with the Princess and the Fund's

independent status can play a significant role and indeed on many occasions have. The perceived connection with royalty and the association with such a high profile individual is not open to most funders, but the generic learning is that the judicious use of all your assets can be a part of your overall approach. This also applies to being independent; it is an asset which funders can choose to exploit. It is also something which has to be used judiciously and which has to be protected. The Fund has on occasion shown a clear awareness of this. For instance, despite the central and controversial role it had played in chairing the Working Group on ending the detention of children for immigration purposes and the purposeful engagement with Government, we have heard that:

"When push came to shove, decision time, the Fund could not go the whole way in [publicly] backing the UKBA policy, which was disappointing [to officials] ... and this will have undermined the Fund's position and credibility [with the Home Office]."

This decision may or may not have damaged the Fund's stock in the Government's eyes but it may also have had the opposite effect with other stakeholders.

The context of spending out provides a crucial focus for the Fund's work

This is one of the most interesting of the assumptions which the Fund made in the terms of reference. It is quite hard to say whether it is correct or not.

In the sense that the Fund has been very focused and very aware of the fact that it has had limited time to achieve as great an impact and as lasting a legacy as possible, the assumption is correct. The decision to spend out has clearly been a factor in the Fund's thinking and its approach since 2006. Not only has the Fund been very outcome-oriented and driven by the knowledge of inevitable and ever-closer closure, it has as a result also thought somewhat differently about timescales. Counter-intuitively, this has meant that

actually the Fund has taken a longer term approach to some of its work, thinking about ultimate impact in terms of decades rather than years (for instance FCFC or Changing Minds), released from the constraints of the normal three to five year accountability cycle by the fact that the organisation will not be here in any case.

However, what is not clear is that the decision to spend out has been the *crucial* or decisive factor in this. This type of thinking would seem to have been in the Fund's mindset anyway. It is interesting to ponder what the Fund might have done differently had the decision to spend out *not* been taken. Would it have reduced the number of thematic areas, would it have moved to a more proactive style of selecting grantees, would it have set the same social change objectives, would it have made the same grants, taken on the same agent of change roles, entered into the same collaborations? It is impossible to be sure, but we are fairly confident that some of these things would have looked pretty similar even without spend-out. There were, in other words, a number of drivers, dictating that the Fund would work in the way that it has, including its previous experience, its founding values and the leadership of the Board and the Chief Executive. Perhaps the one that has most sharpened the senses of Board members and staff members alike has been the decision to spend out.

Working in partnership with funders and other organisations can lead to a bigger impact, and will help the Fund to leave a lasting legacy after it has closed

This assumption is effectively a restatement of the third evaluation question and therefore we do not discuss it further here. We should note that there are multiple and important conditions and provisos, but that said, it is true that working in partnership can enable funders, as the Fund has illustrated, to make a greater impact.

5.3 Additional findings

Our main findings are contained in the discussions we have presented in relation to the evaluation questions. In the process of conducting these discussions we have come to a number of conclusions about the way the Fund has worked which are relevant for other funders.

A FUNDER'S PERSONALITY AND BEHAVIOUR CAN INFLUENCE THEIR EFFICACY IN SUBTLE WAYS BEYOND THEIR CHOICE OF STRATEGIC APPROACH AND THE EFFICIENCY OF THEIR WAYS OF WORKING

Even though a funder may act independently and aspire to the highest levels of accountability, as the Fund has done, it ignores at its peril the potential effect which its style and behaviour can have on its grantees, on other funders and other players in the relevant sectors, and thus ultimately on its own ability to deliver maximum impact. Perceptions of legitimacy, authenticity and humility are as important as the money, expertise and influence which funders can bring to bear. In the Fund's case they have generally walked this tightrope skilfully and successfully although there have been a few wobbles and slips.

A LACK OF CLARITY HAS ON OCCASION CREATED PROBLEMS FOR THE FUND

Any funder which is unclear about its motivations, objectives or modus operandi or is unable to articulate and communicate these is likely to experience difficulties in its relations with grantees, NGOs and other funders and partners and will ultimately be less effective. In the past a lack of shared clarity within the organisation on these fundamentals, and an inability to communicate them has cost the Fund time, money and good will.

THE FUND'S APPROACH HAS ENABLED IT TO CONTRIBUTE TO POSITIVE SOCIAL CHANGE

A combination of thoughtfulness, passion, focus, the courage to take risks, opportunism and agility (allied to some fortuitous timing here and there), and sheer doggedness has enabled the Fund to make some significant contributions to positive social change, and towards potential further change in the future.

AMBITIOUS COLLABORATION HAS ENABLED THE FUND TO PUNCH ABOVE ITS WEIGHT

The Fund has sought out unusually ambitious collaborations with other funders and has really invested in them in terms of time, money and good will. This, along with similar contributions from other partners, has helped to make these collaborations worthwhile and has clearly achieved more than the Fund could have achieved on its own.

EMPLOYING ISSUE SPECIALISTS HAS CONTRIBUTED TO THE FUND'S SUCCESSSES AND CREATED SOME NEGATIVE PERCEPTIONS

The change in the balance of the Fund's recruitment in favour of issue experts has had a significant influence on the organisation's personality and style and has enhanced its capacity to deliver on its social change agenda. However, this led to negative perceptions among a few grantees, who felt that the standard grant-making role of the Fund was not sufficiently prioritised at times.

5.4 Recommendations to funders and philanthropists

These recommendations would usually be addressed to the organisation which has commissioned the evaluation. This is not the case here. They are addressed to those readers who are in a position to use them, whether as funders, philanthropists, members of the funding and voluntary sectors or in some other capacity. We hope that you will be able to take something useful from this report and the accompanying resource materials⁹¹.

BE CLEAR ABOUT WHO YOU ARE AND WHAT YOU'RE ABOUT AND MAKE SURE OTHERS KNOW

You will almost certainly be a better funder if you have reflected on what motivates you, what you want to achieve, what your priorities, values and beliefs are and if you share this with colleagues, applicants and other funders. As one funder said at a recent debate: "It does not matter where you are on the spectrums but you need to understand the problem and the context and be intentional about whatever you decide to do."⁹²

ALIGN YOUR MINDSET AND YOUR WAYS OF WORKING

There is a greater chance of being more efficient and more effective if your ways of working are in tune with and are calculated to deliver on the most important elements of your mindset. It may be useful to think about your position on each of the funder spectrums and whether they are consistent with one another.

CONSIDER FUNDER PLUS (SUPPORTING GRANTEES BUT NOT NECESSARILY BEING AN AGENT OF CHANGE)

You may well have something to offer grantees in addition to money which will help them achieve their (and your) objectives.

Becoming an agent of change may not fit with your mindset and it may not be appropriate to particular grantees or projects. If you do assume an agent of change role you need to have a clear position on the legitimacy and efficacy of this role, and to communicate this very carefully.

If you engage in Funder Plus methods, make sure you do them right. If you want to give additional support, offer rather than impose and consider impact in its widest sense and the likely return on investment. If you take on agent of change activities you need to have shared clarity with grantees about respective roles and objectives.

91 See Appendix for details of resource materials

92 'A Debate For Funders On The Findings Emerging From A Funder Conundrum', hosted by the Fund in London on 27 March 2012

CONSIDER COLLABORATION, BUT ONLY DO IT WHEN APPROPRIATE AND ENSURE YOU DO IT RIGHT

Collaborating with other funders can enable you to do things that otherwise would not be possible at all and also to have greater impact than you could on your own. However, there is no point in collaborating for its own sake and it is not always the right option. You need to be clear about the suitability of partners and about objectives, ways of working and the costs involved, before you decide to collaborate.

KEEP AN OPEN MIND AND KEEP REFLECTING AND DEBATING

The more open a funder is to the external environment the more relevant and impactful their funding is likely to be. To remain really open funders need to commit to ongoing reflection, to consider fresh ideas and to engage with colleagues across the voluntary sector and beyond and should keep preconceptions and egos out of the process as far as possible.

And finally...

Through commissioning this research and investing in the dissemination of the findings, the Fund's intention was:

"To encourage funders and philanthropists to consider including policy change as part of their overall strategy, and explore whether Funder Plus methods and funder collaboration could help them to make a bigger impact."⁹³

Having explored these areas with a great many funders, philanthropists and commentators we feel it is important that funders not only consider these specific aspects but that they take time periodically to weigh up their overall approach, to think about what motivates them, what they want to achieve and what roles and methods are appropriate for them.

We hope that funders will be able to use some of the insights and concepts from this report along with information and tools contained in the supporting resource materials to do just that.

Because of the value we see in funders being as clear and intentional as possible about who they are and what they do, we nearly called this report *Who Do You Think You Are?*, but rather than risk this being interpreted as overly provocative, we decided instead to emphasise the fact that philanthropy is challenging and that the difficult choices it entails really do constitute a funder conundrum.

93 *'Terms Of Reference For An Independent Evaluation Of Our Work'*, The Diana, Princess of Wales Memorial Fund, September 2010

6 Appendix

6.1 Additional Resource Materials

In addition to this report we have also produced a range of other resource materials. These are all available for download at www.theworkcontinues.org

1 The Fund

- Fuller length versions of the case studies used in this report
- The Fund's Strategic Plan 2007-2012
- A complete list of all the Fund's grants

2 Research Methodology

- Detailed methodology - discussion of the research challenge and methodological design
- Terms of reference for the fund-wide evaluation
- Interview questions
- List of interviewees
- Survey questions, results and comments
- List of internal documents reviewed

3 Further Information

- Suggested further reading
- Signposting to further information on the issues

4 Tools

- Funder Spectrum Framework
- Individual Funder Spectrums
- Funding by Change Objectives Framework
- 'Funding by' Framework
- Reflection Checklist for Funders and Philanthropists

6.2 Interviewees

REFUGEE AND ASYLUM SEEKERS INITIATIVE (RASI)

1. Tess Kingham
Independent evaluator
2. Jim Coe
Independent evaluator
3. Syd Bolton
Solicitor and Co-Director, Refugee Children's Rights Project
4. Clare Tudor
Children's Policy Officer, Scottish Refugee Council
5. Gary Christie
Head of Policy and Communications, Scottish Refugee Council
6. David Farnsworth
Head of Initiative, RASI, The Diana, Princess of Wales Memorial Fund
7. Eve Dallas
Grants Officer, RASI, The Diana, Princess of Wales Memorial Fund
8. Karisia Gichuke
Senior Programme and Policy Officer, RASI, The Diana, Princess of Wales Memorial Fund

PALLIATIVE CARE INITIATIVE (PCI)

9. Dr. Liz Gwyther
CEO, Hospice Palliative Care Association of South Africa (HPCA)
10. Zodwa Sithole
Advocacy Manager, HPCA
11. Joan Marston
Paediatric Palliative Care manager, HPCA
12. Dr. Faith Mwangi-Powell
Executive Director, African Palliative Care Association (APCA)
13. Dr. Zipporah Ali
Executive, Kenya Hospice and Palliative Care Association
14. Olivia Dix
Head of Initiative, PCI, The Diana, Princess of Wales Memorial Fund
15. Sue Russell
Programme Officer, PCI, The Diana, Princess of Wales Memorial Fund
16. Laura Ross-Gakava
Senior Programme and Policy Officer, PCI, The Diana, Princess of Wales Memorial Fund

PENAL REFORM INITIATIVE (PRI)

17. Annabel Jackson
Independent evaluator
18. Juliet Lyon CBE
Director, Prison Reform Trust (PRT)
19. Penelope Gibbs
Director of the Out of Trouble Programme, PRT
20. Dr. Andrew Cooper
Research Manager and Head of Initiative, PRI, The Diana, Princess of Wales Memorial Fund

CLUSTER MUNITIONS INITIATIVE (CMI)

21. Richard Moyes
Policy and Research Manager, Action on Armed Violence (previously Landmine Action)
22. Thomas Nash
Coordinator, Cluster Munitions Coalition
23. Chris Stalker
Director, campaign4impact (evaluator for LVGB project)
24. Stephanie Castanie
Ban Advocate Coordinator, Handicap International Belgium
25. Anna MacDonald
Head of Control Arms Campaign, Oxfam International
26. Tess Woodcraft
Communications Consultant
27. Henry Smith
Director, Saferworld
28. John Whitaker
Board of Directors, The Diana, Princess of Wales Memorial Fund

THE CORSTON INDEPENDENT FUNDERS' COALITION (CORSTON COALITION)

29. Antonia Bance
Corston Coalition Advocate
30. Julia Kaufmann
Independent evaluator, Centre for Charity Effectiveness, Cass Business School
31. Georgina Nayler
Director, The Pilgrim Trust
32. Peter Kilgarriff
CEO, LankellyChase Foundation
33. Brian Wheelwright
Director, Wates Foundation
34. Debbie Pippard
Head of Programmes, Barrow Cadbury Trust
35. Ruth Epstein
Service Manager, New Dawn New Day

THE FUNDERS' COLLABORATIVE FOR CHILDREN (FCFC)

36. Henry Walton
Administrator, FCFC
37. Kathryn Whetten
Evaluator, Duke University
38. Richard Graham
Head of International Grants, Comic Relief
39. Anne Scott
Executive Director Programmes, Children's Investment Fund Foundation
40. Anne Aslett
Executive Board Member, Elton John Aids Foundation
41. Rick James
Principal Consultant, INTRAC

MARKET RESEARCH INTERVIEWS (THOSE NOT MENTIONED ABOVE)

42. Andrea Frey
Head of Programme for Special Interest Programme, Oak Foundation
43. Linda Kelly
Chief Executive, Lloyds TSB Foundation
44. Larry Sullivan
Independent philanthropist
45. Helen Bowcock
Independent philanthropist
46. Robert Hadfield
Independent philanthropist
47. Lexi Aisbitt
Independent philanthropist
48. Andrew Stafford
Director, The Dulverton Trust
49. Jo Ecclestone Ford
Trust Executive, True Colours Trust
50. Peter Barham
Director, Barham Charitable Trust
51. Carol Mack
Deputy Chief Executive, Association of Charitable Foundations (ACF)
52. Sara Llewellyn
Chief Executive, Barrow Cadbury Trust
53. Sioned Churchill
Director of Special Initiatives and Evaluation, Trust for London
54. Elizabeth Rantzen
Director, J Paul Getty Jnr Charitable Trust

TRIANGULATION INTERVIEWS (THOSE NOT MENTIONED ABOVE)

55. Andrew Purkis OBE
CEO (1998-2005), The Diana, Princess of Wales Memorial Fund
56. Ayesha Saran
Programme Manager, Migration and Europe, Barrow Cadbury Trust
57. Ben Simms
Director, UK Consortium on AIDS and International Development
58. David Cutler
Director, Baring Foundation
59. J. Donald Schumacher
President and CEO, Foundation for Hospices in Sub-Saharan Africa (USA)
60. Dr. Joe O'Neill
Professor of Medicine, University of Maryland (USA)
61. John Roche-Kuroda
Finance Director (2003-10), The Diana, Princess of Wales Memorial Fund
62. Juliet Prager
Deputy Trust Secretary, Joseph Rowntree Charitable Trust
63. Lisa Nandy, MP
Previously Policy Advisor, The Children's Society
64. Martin Ruhs
Senior Economist, COMPAS, and Director, Migration Observatory
65. Maurice Wren
Director, Asylum Aid
66. Mike Kay
Advocacy Manager, Still Human Still Here
67. Patrick Wintour
Independent advisor to RASI, Royal Commonwealth Society
68. Richard McKenna
Managing Director, Strudel (a communications agency used by the Fund)

69. Richard Williams
Director of Enterprise and Development, National Council for Voluntary Organisations (NCVO)
70. Kristian Armstrong
Head of Asylum, Criminality and Enforcement Policy for the Home Office, previously Head of Central Policy Unit at UKBA and UKBA Children's Champion
71. Sarah Hargreaves
Independent facilitator 1997-2009 at the Fund's Board away days
72. Sarah Mistry
Head of Research and Learning, Big Lottery Fund
73. Veena O'Sullivan
Head of HIV, TearFund
74. Dr. Kathleen Foley
Medical Director, International Palliative Care Initiative, Open Society Foundations Public Health Program
75. Nicola Pollock
Director of Grant Making, Esmée Fairbairn Foundation
76. Olaf Hahn
Chair of EPIM and Department Director, Robert Bosch Stiftung (Germany)
77. Rob Bell
Head of Social Justice Program, Paul Hamlyn Foundation
78. Uta Bellion
Director, European Marine Programme, Pew Charitable Trusts
79. Will Somerville
Senior Programme Officer, Unbound Philanthropy
80. Brian Kearney-Grieve
Programme Executive, Reconciliation & Human Rights, Atlantic Philanthropies

OTHER FUND STAFF INTERVIEWED

81. Dr. Astrid Bonfield
CEO, The Diana, Princess of Wales Memorial Fund
82. Stephen Dunmore
Interim CEO, The Diana, Princess of Wales Memorial Fund
83. Effie Blythe
Communications Manager, The Diana, Princess of Wales Memorial Fund
84. Emily Wilson
Grants Administrator, The Diana, Princess of Wales Memorial Fund
85. Heather Gladman
Director of Finance, The Diana, Princess of Wales Memorial Fund
86. Sally Lyon
Administrator, PCI, The Diana, Princess of Wales Memorial Fund
87. Lady Sarah McCorquodale
President, The Diana, Princess of Wales Memorial Fund
88. Sir Roger Singleton CBE
Chair, Board of Directors, The Diana, Princess of Wales Memorial Fund
89. Terry Hitchcock
Treasurer, Board of Directors, The Diana, Princess of Wales Memorial Fund
90. Tahera Aanchawan
Board of Directors, The Diana, Princess of Wales Memorial Fund
91. Dr. Diana Leat
Board of Directors, The Diana, Princess of Wales Memorial Fund

6.3 Research and Evaluation Advisory Group (REAG)

We are very grateful to this group which met periodically from May 2010 to June 2012 to advise on the fund-wide evaluation and to act as a sounding board for the Fund's management and the evaluation team. REAG was made up of a number of senior staff from the Fund and the following advisors, drawn from a range of relevant professional backgrounds.

Dr. Diana Leat – Board of Directors, The Diana, Princess of Wales Memorial Fund

Dr. Diana Leat is a well respected independent commentator and researcher on the UK and international voluntary sector. She has published extensively on the voluntary sector, foundations and social policy and has been a consultant to various grant-making foundations reviewing their policies and practices. Diana has held various academic appointments including Visiting Professor at City University Business School and Senior Research Fellow at Deakin University, Australia.

Professor Jeffrey Weeks OBE – Emeritus Professor of Sociology, London South Bank University

Jeffrey Weeks is currently Emeritus Professor of Sociology at London South Bank University (LSBU), and a visiting professor at Cardiff University and the Institute of Education, University of London. He previously held senior management positions at LSBU, including Dean of Humanities and Social Science, Executive Dean of Arts and Human Sciences, Director of the Social Policy and Urban Regeneration Research Institute (SPUR), and University Director of Research. He is the author of over twenty books, and more than 100 articles and papers, chiefly on the history and social organisation of sexuality, family and intimate life. He is a frequent broadcaster on radio and television.

Nancy Kelley – Co-Director of Policy and Research, Joseph Rowntree Foundation

Nancy leads JRF's work on Place and Poverty, having joined the Foundation from the British Refugee Council, where she was Head of UK and International Policy, responsible for the Council's policy and research teams as well as projects supporting refugees to re-qualify and teach in the UK, offering independent advice on voluntary return and bringing together international NGOs working in Afghanistan. Prior to this she was a Principal Policy Officer for Barnardos and Chair of the Refugee Children's Consortium. She was previously a Programme Director at the Children's Rights Commissioner for London. Her career started as a mental health advice worker at Oxfordshire Mind, before moving to Mind nationally to work as their first Advocacy Legal Adviser.

Sarah Mistry – Head of Research and Learning, Big Lottery Fund

Sarah Mistry has been Head of Research and Learning at the Big Lottery Fund since 2004. Before moving into evaluation and research, she worked for the British Council and for ten years at VSO where she managed programmes in West Africa and set up the Evaluation Unit. She has also worked as a consultant in the voluntary sector, advising on monitoring, evaluation and funding, as a music teacher in Hong Kong and Tooting, and has undertaken postgraduate studies at Goldsmith's College and LSE. At BIG, she is currently leading work on developing a new programme to support learning by grant holders.

Tess Woodcraft – Communications Consultant

Tess is a trainer and consultant, working on strategic corporate communication, internal and external. She was a journalist with BBC Radio 4 and presented a long running current affairs programme on Channel 4. She has also been director and spokesperson for a national charity and head of communications for Islington council. Formerly a Charity Commissioner, she works with a wide range of third sector organisations – including undertaking branding reviews, web strategy development, focus groups, and training for networking, presentations and media interviews.

