

How to change social systems through philanthropy

By Perpetual Impact

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A lot of academics, philanthropists and activists are talking about what is required to change the systems that stop communities from thriving – but what does system change actually mean? Perpetual, Philanthropy Australia and The Australian Centre for Social Innovation brought a system change philanthropist to Australia to explore.

In this article, Emily Tow, president of The Tow Foundation (USA) – a private family foundation with approximately US\$20 million in annual giving – shares her experience as an active systems change philanthropist.¹ She discusses her commitment to supporting advocacy, core capacity funding and decades long investments in youth justice reform as key to achieving social change. Under Emily's leadership, The Tow Foundation has promoted solutions to deliver a safer and more equitable criminal justice system in the states of Connecticut and New York.

'Systems' change involves transformation

In this context, when we talk about creating change in 'systems' we mean shifting the multiple conditions that hold problems in place. This can include changing policy, practices, resource flows, relationship or power dynamics and mental models or mindsets.

According to The Australian Centre for Social Innovation's ['Philanthropy, systems and change'](#) report, traditional philanthropy leans towards sustaining existing systems rather than transforming them to something different. Interestingly, many of the not-for-profit (NFP) organisations cited in the report felt most constrained by practices within their own organisation in trying to advance a system agenda.

The report uncovers that in order to achieve systems change NFPs need to reflect and build new capabilities; implementing internal changes, making direct interventions and adopting an open mindset that's receptive to change through learning or experimentation (and failure).

Stacey Thomas, CEO, Fay Fuller Foundation Australia says: "Key to systems change work is uncertainty, an appetite for failing, learning from that, and long-termism. It can also be hard for change to be attributed to any one funder or program. If boards are unable to sit within that frame, to understand that they may not see the change that is aspired to during their tenure, then there will be little appetite for complex systems change."

Emily Tow agrees but raises the need to manage expectations about the timeframe for systems change at a transformational level: "You can buy food for hungry people but if you're trying to change the food system it could take a decade, or even longer" she says.

Philanthropists can facilitate systems change in several ways

Philanthropists can play a unique role in facilitating system change because they may have the flexibility to fund and do things that others can't or won't.

While there is no one role or gold standard for philanthropy in creating change in systems, contributions may be grouped into four key areas:

- [Giving](#)
- [Relationships](#)
- [Direct contributions](#)
- [Internal change](#)

Giving

Philanthropists can contribute to change in systems through their funding. Developing 'systems awareness' where philanthropists spend time and money to understand the complexity of the systems can result in greater impact. There is also a growing trend of philanthropists who actively choose to invest in either improving systems or transforming them toward a different or better state in the future.

The Tow Foundation became frustrated with the incremental change they were making through dispersed grants to community and support services for young people caught up in the juvenile justice system in Connecticut and New York.

As a result, they significantly shifted their funding portfolio to focus on advocacy and systemic juvenile justice reform in those states. The Tow Foundation's support has contributed to immense progress in reducing the number of juvenile arrests, admissions to detention and intake to probation by more than 50% over the past decade.²

"To maximise our impact, we moved away from investing in services. We are deeply committed to addressing fundamental challenges by focusing our funding on advocacy and systems change efforts and have seen remarkable results," says Emily.

Relationships

The second contribution philanthropy makes to change in systems is by strengthening their relationships with NFPs; focusing on collaborating and working together and partnering with NFPs to create systems change.

Emily Tow highlights the importance of using philanthropic capital to ignite coalitions and collaborative work, to support and promote the input of directly impacted young people and their families, and to convene decision-makers: "There is value in building relationships across stakeholder groups—including law enforcement, local government, judiciary, state agencies, and importantly youth and families most affected by the injustices of the status quo."

Direct contributions

Several philanthropists with an explicit 'systems change' focus have taken the decision to cross the line from being funders of change to also be instigators of change. They have

decided to make direct interventions into systems themselves, beyond supporting NFPs.

An example of direct contribution is where a philanthropist uses their power and networks to inspire conversations or to advocate directly to people in positions of power. Some philanthropists have become knowledge creators in the sector through learning, writing and publishing. Other examples include creating teams with specialist technical skills to develop and spread innovations (such as new services) and/or even becoming builders in the system.

Emily Tow told us: “Effective philanthropy is more than making grants. We have greatly enhanced our impact by encouraging our staff to participate in task forces and coalitions. Foundations have clout and we are committed to using that power to attract more attention and resources to strategies and practices that have the potential to reform systems.”

Internal change

Many philanthropists are embracing the need to promote internal change and build capacity within an organisation. This is a significant barrier in trying to advance a system agenda. We cover this topic in more depth in our article [‘Invest in our greatest asset, our people and our capacity’](#).

Make bold moves to change the world for the better

Emily Tow says: “My hope is that our experience will encourage other foundations, no matter the size, to believe that they, too, can have a big impact on a social issue that may appear too daunting to tackle. The opportunity awaits for us all to be bold and use our unique role as philanthropists to spark, and even drive, large-scale social change.”

Tips and traps for systems change

Emily Tow’s tips and traps for achieving systems change include:

Don’t

- Overthink or overcomplicate

- Believe you have all the answers

Do

- Start small

- Experiment

• Forget to include directly impacted people	• Approach with curiosity and openness
• Dismiss adversaries	• Be flexible and adaptive
• Underestimate your unique strengths	• Put relationships first

"Building trust-based relationships is key," says Emily.

"When there is empathy and trust in the relationship, philanthropists and NFPs can enter into honest conversations that can catalyse the best outcomes," she adds.

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1. The Tow Foundation, accessed on 9 March, 2020
 2. Australian Centre for Social Innovation, 2019 Philanthropy Systems and Change, the four contributions of philanthropy to systems, page 11.

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