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CHAPTER 2

Taking a Systems View

Getting Out of Silos and into Systems for Greater Impact

Embarking on a journey of systems change is like discovering the hidden pathways that unlock the potential for profound and lasting impact. Many donors engage with complex, interwoven challenges like poverty, environmental degradation, and social inequities. In these intricate systems, traditional interventions sometimes feel like trying to mend a spider's web with individual threads. Systems change is about recognizing that addressing root causes, transforming underlying structures, and embracing a holistic approach can move beyond symptoms to create meaningful, enduring change in our complex and interconnected world.

What is Systems Change?

As the field of philanthropy has grown in recent years, challenges such as growing inequality, extreme weather events, and divisive politics have made philanthropies reconsider their approaches. One of those changes is an increased interest in systems change, a phrase used to explain an approach that targets the root causes of social issues instead of directly tackling the issue itself. Systems' change aims to alter or shift underlying structures—such as policies, mindsets and power dynamics—that enable the system to function in a particular way.

This holistic approach to addressing complex social, economic, and environmental challenges goes beyond addressing symptoms to focus on systemic issues at their core. By adopting a systems perspective, funders can gain a deeper understanding of the how various factors are intertwined. Can use that understanding to better leverage their resources and influence to achieve more significant, sustainable, and transformational impact.

In a world characterized by increasing complexity and challenges, focusing on systems change encourages a shift from reactive, short-term thinking to proactive, long-term planning that aims to create lasting change. This approach enables foundations to not only identify and address the root causes of problems but to go back downstream and put into effect measures to stop those problems from happening, thus achieving a more significant impact.

"There comes a point where we need to stop just pulling people out of the river. We need to go upstream and find out why they're falling in."

—Desmond Tutu

Why Should Donors and Philanthropies Consider Systems Change Approaches?

Many donors question the need for engaging in systems work. They wonder why they should get involved in what seem like unwieldy, intractable problems. The answer to why donors should prioritize systems change initiatives lies not only in the potential for transformative impact, but also in a fundamental recognition of equity. Philanthropy, as a force for change on a large scale, exists within a system marked by inherent inequities. These disparities in power, access, and resources have enabled the philanthropic sector to emerge and thrive. Thus, as stewards of this privileged position, donors bear a responsibility to address the very inequities that make their philanthropic work possible. Systems change offers a strategic pathway to dismantle the structural barriers and injustices that perpetuate societal imbalances. Further, embracing systems change work is beneficial because it:

• **Addresses root causes and amplifies impact.** Funders can create more meaningful and long-lasting solutions by targeting the underlying causes of complex problems. By addressing the factors contributing to an issue, funders help by going beyond the immediate problems to reduce the likelihood of recurrence of those issues in the future.

• **Creates a ripple effect.** When funders apply a systems lens to their initiatives, they can identify opportunities to create ripple effects across multiple areas. For example, addressing the root causes of poverty can simultaneously improve education, health, and employment outcomes. This interconnected approach can lead to a more extensive and longer lasting changes.

• **Improves organizational engagement.** Adopting a systems change mindset encourages organizations to reassess their capabilities, strengths, resources, and talents. This introspection enables them to understand better where they can add value and contribute most effectively to systemic change. By better aligning their internal resources with their mission, organizations can more effectively drive change.

• **Enhances stakeholder identification and support.** Systems approaches work best with collaboration and the involvement of various stakeholders. By understanding the broader system and its underlying structures, funders identify key partners with whom they can work together to pool knowledge, resources, and influence, ultimately leading to more successful initiatives.

• **Encourages learning and adaptation.** As funders engage in systems change, they become more aware of the complexities and nuances of the issues they address. This awareness promotes a flexible culture of continuous learning and makes room for necessary adaptation, allowing philanthropic organizations to be more agile and responsive to ever-evolving needs and challenges. Embracing a learning mindset helps funders refine strategies and make better-informed decisions, leading to more effective philanthropy.

Select Tools and Methodologies for Driving Systems Change

Based on extensive research and engagement with funders and various projects, RPA has found that in order to create systemic change, funders should deploy more resources toward:

- Creating paradigm shifts at the deepest level to change what we label "mental models" and mindsets (values, attitudes, and beliefs).

- Addressing root causes rather than symptoms by changing the conditions that are holding problems in place.

- Reforming the rules of unfair systems, rather than just helping people adjust to them.

- Supporting structural changes such as public policies, private sector practices, and resource flows.

- Shifting power dynamics through movement-building.

- Funding field-building through networks and community-led institutions.

Funders seeking to engage in systems change philanthropy can effectively use the same tools and techniques that are beneficial for other types of philanthropic initiatives. Additionally, however, there are a few tools and practices that are particularly well suited for systems change initiatives:

Systems Mapping

Systems mapping is a process of visually representing the interconnected elements, actors, and dynamics within a complex social, environmental, or economic system. It can be used by donors and philanthropic organizations to gain a deeper understanding of systems they want to influence.

Systems mapping involves several steps, starting with carefully defining the scope and boundaries of the system under scrutiny by thoroughly gathering data on key elements that make up the system. That data can include stakeholders, policies, institutions, historical context, relationships, and driving forces within the system.

Once the data is gathered, a visual map is created. Flowcharts, diagrams, network maps are some of the common formats. Next is the analysis of interconnections and feedback loops inherent in the system. This analysis aids in understanding how changes in one part of the system can reverberate across other components, revealing potential leverage points for strategic intervention. Pinpointing those areas within the system where interventions can exert the most substantial influence can help drive more informed decisionmaking, partnerships, and strategies.

Importantly, systems mapping typically benefits from active engagement with a diverse set of stakeholders from various sectors, including government entities, civil society organizations, academia, and communities directly affected by the issue. Moreover, it is not a one-off activity but a continuous process. As the system evolves and reacts to interventions, philanthropic organizations revisit and refine their maps to stay attuned to changing dynamics and make necessary adjustments.

The Iceberg Model

The Iceberg Model is a metaphorical representation helpful for understanding the layers of complexity within a system. It draws an analogy between an iceberg floating in the water, where only a small portion is visible above the surface, and a system, where only a portion of its components and dynamics are readily observable. The model is composed of four levels.

- **Surface Events (the surface level, above the waterline):** The visible aspects of a system, such as symptoms, events, and outcomes. These are the issues that are most commonly addressed by traditional interventions.

- **Patterns (just below the waterline):** The trends or recurring behaviors that emerge over time. This level includes the behaviors, decisions, and interactions of actors within the system. These factors may not be immediately apparent but are crucial in understanding why the system functions the way it does.

- **Underlying Structures (below the waterline):** The policies, procedures, norms, and incentives that shape the patterns.

- **Mental models:** The beliefs, assumptions, and values that influence structures and keep them in place.

This model helps funders to explore what's underneath the surface of social problems. By investigating the policies, procedures, and beliefs that shape a system, funders can identify the root causes of a problem and discover potential leverage points for change. Looking even deeper at the underlying structures and mental models can help funders better target their efforts at the level of change needed, which is often the mental models that may not be apparent without this analysis.

Example of the Iceberg Model Applied to the Issue of Poverty in the United States

The Iceberg Model can be a powerful tool for identifying the root causes of systemic issues and developing effective strategies to address them. By examining problems through the lens of the Iceberg Model, funders can uncover the hidden dynamics within systems, enabling them to make more informed decisions and target their efforts more effectively.

Above the Waterline (surface events): At this level are the visible manifestations of poverty, such as homelessness, food insecurity, low-wage jobs, and inadequate access to healthcare.

Just Below the Waterline (patterns and trends): Income inequality, lack of affordable housing, disparities in education, and limited access to quality jobs are patterns and trends that contribute to persistent poverty. These patterns are often interconnected and reinforce one another.

Deep Below the Waterline (influencers of the patterns and trends): Historical injustices, including slavery, segregation, and discriminatory policies; economic policy and structures; wage stagnation; government policies related to social safety nets, education and healthcare all have significant influence on perpetuating poverty in the U.S.

Mental Models: Deep-seated cultural values and beliefs about individualism, self-reliance, and the role of government can shape the patterns and societal narrative about poverty. Similarly, the "American dream" and meritocracy myth reflect prevalent values of individualism, self-determination, and the pursuit of prosperity that are rooted in historical narratives that celebrate the idea of pulling oneself up by one's bootstraps.

This mental model may obscure systemic barriers to success, such as structural racism, income inequality, and disparities in access to education and healthcare. It can also foster the belief that those who remain in poverty are solely responsible for their circumstances, overlooking the impact of external factors.

Collaboration

Most systems are multifaceted and involve engagement with numerous types of actors across various sectors. Collaboration in this context is highly beneficial as it helps untangle and engage with the complexity inherent in these systems. By bringing together diverse stakeholders, including government, nonprofits, communities, and the private sector, collaboration enables a comprehensive approach to engage the web of actors and address the multi-faceted factors within the system. It leverages collective expertise, resources, and perspectives, making it a strategic tool for navigating and driving meaningful change within complex systems. If your philanthropic vision involves truly moving the needle on a big issue, it's worth exploring how to best bring others along with you on the journey through collaboration.

Collaboration can occur among various organizations, whether community-based, private-sector entities, academic institutions, other philanthropic organizations, advocacy groups, or government entities. Partnering with government entities is especially important to help leverage public resources and drive policy change, amplifying charitable efforts. However, such partnerships can be challenging due to bureaucratic hurdles, differing priorities, and complex regulations. Developing mutual understanding, shared goals, and effective communication can help overcome these challenges and foster successful collaboration.

Learning and Measurement

Given the typically long timeframes needed to drive systems change, learning from your experience and creating measurement frameworks can be particularly instructive. Measuring impact is thus an essential aspect of learning in systems change philanthropy. Approaches for implementing the interrelated concepts are noted below.

1. Embrace continuous learning

- View learning as a strategic imperative. Begin by acknowledging that learning is not an end but a means to effective systems change. Embrace a growth mindset, recognizing that evolving challenges demand evolving solutions, and view each step as an opportunity for discovery and adaptation.

- Foster a culture of active inquiry within your organization. Encourage your team to seek insights, gather diverse perspectives, and engage with stakeholders—particularly those most affected by the systems you aim to change.

- Establish feedback loops that facilitate ongoing reflection and learning. Regularly assess the effectiveness of your strategies, making adjustments based on the insights gained. Create spaces for open dialogue and shared learning among grantees and partners.

2. Design holistic measurement frameworks

- Broaden your measurement horizon. Effective measurement in systems change goes beyond traditional metrics. Develop comprehensive measurement frameworks that capture both programmatic outcomes and the nuanced shifts within the system.

- Leverage the power of qualitative data. Stories, narratives, and qualitative insights can provide a richer understanding of the systemic dynamics at play. Incorporate these elements into your measurement strategies.

- Recognize that systems change is context-specific. Tailor your measurement approaches to align with your unique systems goals and the specific dynamics of the system you're addressing.

3. Forge interrelated paths

- Use your learning journey to inform your measurement efforts. Insights gained through active inquiry, stakeholder engagement, and feedback loops should guide the development of measurement indicators and criteria.

- *Use your measurement results as fuel for continuous learning.* Analyze your data to assess progress, identify areas of impact, and pinpoint where systemic shifts are occurring. Use this data-driven understanding to refine your strategies.

- *Allow for an iterative process.* Understand that learning and measuring are not linear but iterative processes. As you gather data and insights, feed them back into your strategies. Adjust, pivot, and adapt based on the evolving landscape of systems change.

Learning and measurement will be most beneficial when grantees, communities benefitting from the intervention, and other partners are fully engaged, involved, and empowered within the systems change initiative. This includes ensuring they are part of the process throughout: from developing measurement criteria, to benefitting from the learnings, and everything in between.

### Fostering a Culture of Experimentation and Innovation among Grantees

Systems change requires innovation. Communities that are impacted--and individuals and organizations closest to them--are typically best positioned to drive that innovation. Grantees are often in that category. However, due to power imbalances, capacity to fulfil funder requirements, lack of operational support, and various other reasons, grantees in many cases are not in position to experiment, or indeed to provide certain types of feedback to funders. Funders can play a pivotal role in changing this paradigm, instead fostering a culture of experimentation and innovation by:

- Providing more unrestricted funding, allowing grantees the flexibility to allocate resources according to their specific needs and priorities. This approach reduces the pressure to conform to predefined programs and encourages innovative thinking.

- Actively encouraging calculated risk-taking and experimenting with new approaches. Failure should be seen as an opportunity for learning rather than a setback. This approach creates an environment where innovation can flourish. However, funders should ensure that their organizational risk tolerance allows for this approach.

- Establishing learning communities or networks among grantees. These communities offer a platform for organizations to share experiences,

best practices, and lessons learned. It fosters a collaborative learning environment.

- Supporting capacity-building, such as leadership development and organizational strengthening, that enhance grantees' ability to innovate and adapt. These investments enable organizations to better navigate complex challenges.

- Creating space for reflection and adaptation by regularly encouraging grantees to reflect on their strategies and outcomes. This reflection process should lead to adaptations and improvements in their approaches based on evidence and feedback. Long term investments by funders support this type of iterative process of improvement.

- Promoting open communication between funders and grantees that enables candid conversations about successes, challenges, and opportunities. Transparency, a trust-based approach, and active listening by the funder are essential elements of this.

- Supplying technical assistance, expertise, and access to resources beyond financial support. This can help grantees overcome barriers and implement innovative solutions.

- Measuring impact and sharing results. Working with grantees to measure their impact and share both successes and failures with the philanthropic community contributes to collective learning.

- Celebrating innovation and experimentation among grantees through awards, showcases, or public recognition. Positive reinforcement encourages organizations to continue seeking innovative solutions.

- Emphasizing continuous improvement by providing support, encouragement, and structures to empower grantees to seek ways to enhance their programs and strategies.

By adopting these strategies, funders can create an enabling environment where grantees feel empowered to experiment, learn from their experiences, and innovate to address complex social challenges effectively. This culture of learning and experimentation contributes to more impactful and sustainable systems change initiatives.
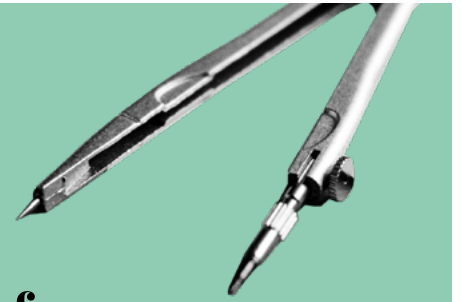
SCALE for Systems Change

As part of an initiative to encourage funders to place longer-term, adaptive resources to accelerate scalable solutions targeting systemic changes around pressing global issues, RPA researched what funders can do to strengthen and support grantees and investees through a series of global workshops and interviews. The recommendations from that research are summarized by the acronym SCALE:

- **Streamline** grantmaking/investment processes to allow for more unrestricted funding, less time-consuming applications, and longer funding periods.

- **Collaborate** more effectively by sharing knowledge and due diligence with other funders, converging on common application standards, and participating in donor collaboratives.

- **Accelerate** impact through needed nonmonetary support, such as making introductions to other funders, boosting social media attention, and providing technical assistance.

- **Learn** about the key levers for changing systems relevant to a particular problem and then share that knowledge with grantees and investees so that they can strategize more effectively.

- **Empower** grantees by maintaining mutual respect, offering guidance rather than directives, and shifting the power dynamics between the givers and receivers of funds.

Conclusion

Systems change can be a powerful approach for philanthropic organizations to address complex social issues. To effectively engage in systems change, funders must first understand the importance of addressing systemic issues, and then utilize tools and methodologies such as collaboration, learning and measuring, and empowering organizations. Key to effective systems change are deep engagement with impacted communities and an iterative approach. Despite its inherent complexity, systems change offers a pathway for funders to create sustainable and impactful change within their communities and beyond.

Calls to Action for Philanthropy

- **Consider adopting a systems change mindset** that recognizes the interconnected nature of societal challenges and advocates for a holistic approach.

- **Identify and support initiatives that address root causes** rather than superficial alleviation.

- **Leverage systems thinking tools** such as systems mapping and the iceberg model to gain deeper insights into the intricacies of the issues you aim to address.

- **Actively foster collaboration** by partnering with other donors, government entities, communities and other organizations to maximize systemic impact.

- **Use grantee-friendly funding models** such as longer-term, flexible support to provide grantees with the stability and resources needed to implement transformative projects, recognizing that systemic change often requires sustained and adaptable investments.

- **Wield your influence** to advocate for systemic policies to help create an environment conducive to supporting lasting change, which will expand the reach and efficacy of your philanthropy.

- **Prioritize inclusion in philanthropic endeavors,** underscoring your commitment to comprehensive systems change.

Additional Resources

There are many resources available to help with systems change, several of which are from RPA. Below is a list to get started in this area.

Rockefeller Philanthropy Advisors' Shifting Systems Initiative focuses on supporting funders in developing and implementing effective systems change strategies. It offers a range of case studies, an extensive initiative evaluation report, publications, and tools for funders. Reports and publications from the work of this initiative include:

- *Facilitating Equitable Systems Change: A Guide to Help Foundation Board Members and Executive Leadership Lead the Way*

- *Shifting Power to Shift Systems: Insights and Tools for Funders*

- *Seeing, Facilitating, and Assessing Systems Change*

- *Scaling Solutions toward Shifting Systems: Approaches for Impact, Approaches for Learning*

- *Scaling Solutions toward Shifting Systems*

- *Report on the Evaluation of the Shifting Systems Initiative*

Systems Change: A Topic Brief for Donors is a brief overview of systems change for those new to the concept.

Collaborative Giving Guide: A resource for philanthropists interested in collaborative giving. It provides information on forming and managing effective collaborations, case studies, and examples of

successful partnerships.

Katherine Milligan, Juanita Zerda & John Kania, *The Relational Work of Systems Change* (Stanford Social Innovation Review, Jan 18, 2023): An article that highlights the need for those engaged in collective impact efforts on systems change to work together in more relational ways.

John Kania, Mark Kramer, Peter Senge, *The Water of Systems Change*, (FSG 2018).

David Peter Stroh, "Systems Thinking for Social Change: A Practical Guide to Solving Complex Problems, Avoiding Unintended Consequences, and Achieving Lasting Results" (Chelsea Green Publishing, 2015, available at booksellers).

Case Study: Plastic Solutions Fund

The Plastic Solutions Fund, an international funder collaborative, works to stem the tide of plastic pollution into the environment. It supports projects to reduce production of single-use plastic and packaging, focusing on key drivers of systems change in the plastic supply chain.

Launched in January 2017, it grew out of funding from the Oak and Marisla Foundations to a core group of NGOs building a shared strategy and collaborating more effectively on the global challenge of plastics.   Nicky Davies, who is now the fund's Program Director, worked with over 50 NGOs and funders from around the world to create a global plastic pollution strategy. The funders committed to securing more funds to form a longer-term entity—thus the Plastic Solutions Fund was born.

In a recent blog post, Davies stated, "Climate change is a complex web of crises, compounding and accelerating each other. The most effective solutions will be those that cut across geography, industry, and discipline. Drastically reducing the manufacturing, consumption, and disposal of petrochemicals and plastics must be the first of such goals. We must also ensure that any solutions are equitably-focused, providing relief to communities most harmed by the current state of affairs and the industry's quest for profit. Solidarity between the hyperlocal and the international movements will be critical in forging a path forward that not only heals the planet and its oceans, but our people and communities around the world."

The work aims to shift systems in a variety of ways. The team believes that it needs to support the power of activists, using a multilayered NGO strategy to change (1) the behavior of companies that are major plastics users, (2) how cities deal with waste, and 3) how people interact with plastics. It emphasizes normative shifts, learning from the anti-tobacco movement. Technological transformation will play a big role—businesses must change the way they deliver their products, not just the materials.

The fund now has ten partners and members, and aims to grow further. Partners contribute at least $500,000 per year for at least three years; members can join with a lower contribution. New contributors join with the agreement of the current board. Voting on grants is generally consensus based although differences of opinion are resolved via a majority vote of Partners. Funders gain a range of benefits through membership, and each may have a different reason for being part of this particular funder collaborative.

The collaborative nature of the funders has been crucial. "I don't think fundamentally the money would have flowed without this. Our funders reflect the different layers of interest in the plastics lifecycle. You couldn't address the strategic systems change layers without this," says Davies. The broader pollution field has few entities pursuing a systems change strategy. This design enables even smaller funders to play an effective role in the larger strategy.

Other Examples of Systems Change Initiatives

The Democracy Frontlines Fund (DFF)
The Democracy Frontlines Fund is a collaborative grant-making initiative that supports Black-led organizations working to build a more just, equitable, and democratic society in the United States. DFF employs a systems lens by recognizing the interconnected nature of racial, economic, and social justice issues and supporting organizations that address these systemic challenges. The fund prioritizes flexible, multiyear funding, which allows grantee organizations to adapt and respond to evolving needs and opportunities. By supporting Black-led organizations with a holistic approach to social change, DFF aims to dismantle systemic barriers and advance racial equity and democracy.

Oceans 5
Oceans 5 is an international funders' collaborative dedicated to protecting the world's oceans and the ecosystems they support. By employing a systems-based approach, Oceans 5 targets multiple levels of the marine conservation system, including policy development, enforcement, and community engagement. The collaborative supports projects that address overfishing, marine protected areas, illegal fishing, and other threats to ocean health. Oceans 5 aims to create a global network of healthy, resilient, and well-managed marine ecosystems by fostering cross-sector partnerships, encouraging knowledge-sharing, and supporting innovative solutions.