

# Asset Building for Social Change:

## Pathways to Large-Scale Impact

FORD FOUNDATION



## FORD FOUNDATION MISSION STATEMENT

The Ford Foundation is a resource for innovative people and institutions worldwide.

Our goals are to:

***Strengthen democratic values,  
Reduce poverty and injustice,  
Promote international cooperation, and  
Advance human achievement.***

This has been our purpose for more than half a century.

A fundamental challenge facing every society is to create political, economic and social systems that promote peace, human welfare and the sustainability of the environment on which life depends.

We believe that the best way to meet this challenge is to encourage initiatives by those living and working closest to where problems are located; to promote collaboration among the nonprofit, government and business sectors, and to ensure participation by men and women from diverse communities and at all levels of society. In our experience, such activities help build common understanding, enhance excellence, enable people to improve their lives and reinforce their commitment to society.

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## Foreword

The Asset Building and Community Development Program of the Ford Foundation aims to reduce poverty and injustice worldwide. We support low-income people and communities in building financial, human, social, and natural assets that enable them to exert control over their lives and to participate meaningfully and effectively in their societies. As our grantees pursue innovative solutions to persistent poverty and inequity, we are always looking for ways to accelerate the diffusion and adoption of effective policies and practices so that large-scale, enduring change is achieved.

At meetings of Assets Program staff, discussion turns often to the question of how to achieve greater impact through grantmaking, philanthropy's primary tool for responding to society's problems. The questions are surely familiar to others in the foundation sector: What is known about taking the effects of successful innovations to scale? How can grantmaker resources best be invested to support and accelerate this process? How are greater leverage and impact achieved?

To develop answers, we launched an in-depth examination of the Assets Program's grantmaking activities that have pursued significant scale. This paper is the result of our effort to discern patterns of successful scaling up from among the Program's portfolios worldwide.

We are indebted to Peter Plastrik, who researched and wrote this paper. The Assets Program leadership team – Melvin Oliver, Cynthia Duncan, Frank DeGiovanni, Jeffrey Campbell, John Colborn, and Lisa Mensah – all played crucial roles in honing the framework to reflect Foundation experience in their areas of expertise. At various junctures, Assets Program staff worldwide reviewed, debated and contributed their insights to the framework. They helped to ensure that the piece reflects the many contexts in which their grantmaking takes place.

While all frameworks are flawed in that they cannot fully capture real-world complexities, many can be helpful in organizing ideas and actions. We offer ours as a potentially useful tool for grantmakers and social-change agents wrestling with the puzzle of attaining greater impact in their quest to eliminate poverty and injustice.

Elizabeth C. Campbell

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## What Do We Know About Scaling Up?

The difficulties of creating large-scale social change are well known to development practitioners, activists, and foundation staff. This is certainly true for those of us working in the Ford Foundation's Asset Building and Community Development Program. As grantmakers, we seek to make a big difference, and to use our relatively small resources to leverage large impacts. But how can this be done? In seeking the answer, we examined our own body of work, focusing mainly on current initiatives that appeared to be making headway in going to scale.

### *A Framework*

Several patterns emerged from our review. Our program aims to reduce poverty and injustice by helping low-income people and communities build assets—enduring financial, social, natural, and human resources that give them the independence necessary to resist oppression, pursue productive livelihoods, and confront injustice. Our portfolio of grants extends into Asia, Africa, and the Americas—from the local level to national and global levels, and across a wide range of development issues. Despite the breadth and diversity of our lines of work, we found that we and our grantee-partners have employed five basic *pathways to scale* to enable large numbers of people and institutions to build assets. Briefly, we support grantees in achieving greater scale by:

**Developing Public Policies**—persuading government bodies to revise, adopt, and implement laws, regulations, investments, or services.

**Fostering Communities of Practice**—building learning networks among individuals and organizations that can develop, adopt, and rapidly spread new tools and practices.

**Influencing Market Forces**—pressing or helping businesses to change their operational practices, such as hiring and procurement, in ways that benefit low-income people, or establishing alternative commercial enterprises to serve the poor.

**Changing Power Relationships**—mobilizing low-income people and communities to secure representation and voice in public, private, civic, and cultural decision-making processes that affect their lives.

**Promoting Social Learning**—using educational processes to provide large numbers of individuals with information that influences their personal behaviors.

The purpose of this report is to share what we have learned and what we still want to understand about these five pathways: which strategies we and our grantees tend to use to move along a particular pathway; how combinations of pathways may be used; what each pathway's factors for success may be; how to design solutions and build capacities for “scalability;” and some of the many questions we still have about the process of scaling up. This amounts to a framework for thinking about scaling up through philanthropy. It is based on the interaction between ideas and our experience. It is a reflection on what we have done and a guide to our future grantmaking.

## The Cases We Used

Although the Assets Program’s portfolio is extensive, we limited our in-depth review to seven initiatives that have reached promising scale. Each case has typically involved making many different grants—often in different countries—over a period of five to ten years. But each relied, at least initially, on a primary pathway to scale. Some subsequently engaged a second and even a third pathway—to form a more comprehensive approach to a problem.

PATHWAY	CASES/LOCATION
<b>Developing Public Policies</b>	Individual Development Accounts (United States)
	Joint Forest Management (India)
	Community Reinvestment Act (United States)
<b>Fostering Communities of Practice</b>	Community Foundations and Rural Development (U.S. rural regions, Africa, Mexico-U.S. border)
<b>Influencing Market Forces</b>	Coffee and Forest Product Certification (Worldwide)
<b>Changing Power Relationships</b>	Sustainable Development (Brazil, State of Acre)
<b>Promoting Social Learning</b>	AIDS Prevention (Brazil)

To provide additional examples of various aspects of scaling up, we also drew on other current efforts, including: creating affordable insurance for low-income women in India; sponsoring grassroots participation in the 2002 World Summit on Sustainable Development and Global People’s Forum; building support for public policies for the working poor in the U.S.; promoting black leadership in South African NGOs and government agencies implementing land reform; supporting corporate involvement/social responsibility in the U.S.; and establishing Women in Informal Employment Globalizing and Organizing, a worldwide network.

We also reviewed the scaling up of four Foundation efforts that began decades ago—the worldwide “Green Revolution” in agriculture in developing nations, the creation of community development corporations (CDCs) in the United States, the birth and expansion of the development finance industry, and community forestry programs across Asia, including joint forest management (JFM) in India. Examining this quartet of historic cases further illuminated how an idea for social change may use a combination of pathways to reach great scale and impact.

## HISTORIC CASES

The **Green Revolution** started in the 1950s. In collaboration with other foundations, we seeded changes in agriculture (i.e. high yield, pest and drought resistant crop varieties) in India, Mexico and other developing nations, which benefited millions of the world's poorest people.

The **development finance** field began to take shape in the 1970s through microfinance experiments in Asia and Latin America, and an experiment in the U.S. using a commercial bank to spur community development. The Foundation supported the birth of key development finance institutions—among them Grameen Bank in Bangladesh and Shorebank in the U.S.—that became pillars of a worldwide infrastructure made up of thousands of organizations that provide savings and credit to millions of low-income people. “By the late 1990s,” observes microfinance pioneer Marguerite Robinson in *The Microfinance Revolution*, “commercial microfinance was no longer limited to a small group of scattered institutions. It was an industry—a fledgling industry, but a rapidly growing one.”<sup>1</sup> In 1997, 2,900 microcredit practitioners gathered at the Microcredit Summit in Washington, D.C., and set their sights on raising US \$21.6 billion in microcredit capital and helping more than 100 million poor people by the year 2005.<sup>2</sup> More recently, the Foundation sponsored a national demonstration in the U.S. to enable as many as 35,000 low-income people to obtain home mortgages. It was launched jointly by Self-Help Ventures Fund, an affiliate of a leading community development financial institution, and Fannie Mae, the largest source of housing financing in the U.S.

With Foundation support, **community forestry** began in the Philippines and India in the 1970s and has expanded to Nepal, Thailand, Indonesia, Bangladesh, and China. It promotes a central role for forest-dependent communities in managing local natural resources and sharing in the benefits that flow from those resources. These efforts have helped to increase community ownership of forests to more than 22 percent in developing countries—and the collective power of these forest communities is now finding expression in world forums.

The emergence of **community development corporations** in the United States was supported by the Foundation in the mid-1960s. CDCs were new kinds of community-based organizations established to enable residents of distressed inner cities and rural communities to catalyze community renewal and attract new investment. Today, more than 6,000 CDCs are active and have helped develop hundreds of thousands of units of affordable housing as well as commercial and community facilities.

Although the current cases seem to be on their way to achieving significant impact, uncertainties and questions remain about how to proceed. How, for instance, can Individual Development Accounts (IDAs), matched savings programs for the poor, win support from the U.S. federal government? How can the private sector be engaged in servicing IDAs for low-income people? How can certification of environmentally sustainable and socially equitable production processes by the Forest Stewardship Council (FSC) win even greater acceptance in the forest-products marketplace? How can the benefits be captured more effectively by poor communities? How can the FSC overcome resistance and competition from the forest industry, which has advanced its own less rigorous form of certification? How can very small or start-up community foundations around the world gain the knowledge and capacity to more aggressively pursue rural development philanthropy? How can the successes of sustainable development policies in Acre, Brazil be continued? How can these policy innovations be spread to neighboring areas in the Amazon basin? And so on.

These questions raise a central issue for grantmakers and social change agents: What do we know about going to scale using the tools of philanthropy?

## In Pursuit of Scale

Since the late 19th century, foundations have looked for ways to affect changes in society at great scale and to generate substantial social returns on their investments. The social problems we target for solutions occur at enormous scale, and therefore, so should the responses. But foundations face a mismatch: although many command substantial financial resources, philanthropic capital is relatively small compared to the size of the problems. Because foundations cannot afford to fully finance large-scale solutions, they must find ways to leverage their resources. For example, in 2001, the United Nations estimated that it would cost as much as \$10 billion to fight AIDS worldwide *for just one year*.<sup>3</sup> That is equal to *all of the grants and loans ever made* by the Ford Foundation since its inception 65 years ago.<sup>4</sup>

One of the first philanthropists to achieve scale through grantmaking was Andrew Carnegie, a Scottish immigrant to the United States who made a fortune in the steel industry. Beginning in 1886, Carnegie committed more than \$41 million to the construction of about 1,600 public libraries across the country. He didn't just give away money; he used it to leverage other people's resources. No town could take advantage of Carnegie's generosity unless it provided a site for a library building, open to all, and tax revenues, equal to 10 percent of Carnegie's gift, for building maintenance, book purchases, and library staff salaries. This philanthropic investment continues to generate dividends. "Carnegie created a public institution—one that has since spent many, many billions more," writes Mark Dowie in *American Foundations*.<sup>5</sup>

During the 1960s and 1970s, foundations in the U.S. relied on government to scale up change. "Many of the signature programs of Lyndon Johnson's Great Society agenda, administered through the War on Poverty Initiative, were developed and tested in demonstrations funded by the Ford Foundation," note the authors of *High Performance Nonprofit Organizations*.<sup>6</sup> Franklin Thomas, president of the Foundation from 1979 to 1996, described foundations as the "research and development arm of society."<sup>7</sup> The Foundation invested in new ideas and, when the ideas worked, the government and private sector would implement them at large scale.

In the 1990s, as foundations grew worldwide in number and financial assets, some of them began to make large transformational grants to achieve big impact. The Ford Foundation, for instance, funded a series of one-time grants for new initiatives, among them \$300 million to establish the International Fellowships Program for disadvantaged students from developing countries who seek graduate school training.

Some of these examples also demonstrate that foundations tackle problems that are complex and ever changing, so going to scale seldom solves the problem completely. Carnegie's institutionalization of the public library, for all its success, didn't ensure that a century later public libraries would all be funded adequately. Three decades after the Green Revolution dramatically increased crop production in developing nations, more than 800 million people still go hungry daily, according to the United Nations' World Food Programme.<sup>8</sup> And much was lost in translating the Ford Foundation's social change experiments in the U.S. into President Johnson's War on Poverty. Still, it is hard to imagine meaningful social progress can be achieved if we do not take solutions to scale.

## DEFINING SCALE

What exactly is meant by scale? The Ford Foundation, like many other foundations, typically calibrates scale in terms of the measurable impact that we and our grantees have on the lives of a measurable number of people and their communities. “Scaling up” means seeking to have more impact on more people. This quantitative way of thinking about scale is exemplified in remarks by John Doerr, the venture capitalist who co-founded the New Schools Venture Fund, a venture philanthropy that targets public education in the United States. “The important problems in public education are problems of scale,” Doerr says. “How can we rapidly improve tens of thousands of schools for millions of kids?”<sup>9</sup>

As Joel Orosz, formerly of the Kellogg Foundation, explains in *The Insider’s Guide to Grantmaking*, “for some projects, bringing to scale means establishing a national network of projects reaching millions of people with their services. For other projects, it may mean establishing two or three similar efforts so that other neighborhoods in a small town have access to needed services.”<sup>10</sup> Not every solution to a social problem can or should seek national or global scale.

### *Foundations and Scale*

A foundation’s potential to instigate large-scale social change begins at home—with its ambitions for impact, its way of understanding the world, and its skill at using the tools of philanthropy.

A foundation’s **mission and goals** define the scale of success. They may target a place: the city of Camden, New Jersey, the nation of Kenya, the African continent, the world. They may target an issue: women’s rights, rural poverty, sustainable development. They may target a discipline or field of practice: workforce development or community development. The Foundation has used all three of these types of targets in setting its goals.

A foundation’s **values and beliefs** shape the approaches it uses to achieve scale. At the Ford Foundation, for instance, we deeply value the participation of the individuals closest to the problems in decision-making about solutions. This value leads us to emphasize grassroots approaches to asset building and to preclude some top-down approaches to achieving scale. Similarly, our belief that collaborations involving local communities, nonprofits, governments, and the business sector are the best way to achieve enduring solutions leads us to strongly emphasize partnering among these sectors.

A foundation’s **analysis of social problems and solutions** also affects what approach is used to scale up. For example, the Foundation invests in asset-building approaches based on the assumption that when low-income people gain control over assets they gain the independence necessary to resist oppression, pursue productive livelihoods, and confront injustice. Moreover, the Asset Building and Community Development program is based on the belief that asset building generates economic, psychological, social, and political benefits that foster the resilience and social mobility required for long-term change. On the basis of this analysis, the Foundation pursues certain approaches to reducing poverty and doesn’t pursue others. (*See box on page 9.*)

Finally, a foundation’s **deployment of resources**—how it uses its “tool kit,” matters a great deal to what scale of impact it achieves. A foundation’s resources are usually understood to mean its money for grantmaking, but the staff of a foundation has knowledge and relationships with individuals and organizations throughout society, and these are also institutional resources. Some foundations, including the Ford Foundation, have recognized that their tool kit for tackling social problems is quite broad and, therefore, have developed organizational learning and communications capacities to support their grantmaking.

Whatever a foundation's tools and ambitions, it faces this challenge in achieving scale: How can it connect promising ideas, available resources, and effective practices with the larger processes of social change?

## AN ASSET BUILDING AND COMMUNITY DEVELOPMENT APPROACH

The Asset Building Program supports grantees in building assets that individuals, organizations, or communities can acquire, develop, improve, or transfer across generations. These include:

- **Financial holdings** of low-income people, such as savings, homeownership, and equity in a business; and philanthropic capital such as permanent endowments built by and used for poor communities.
- **Natural resources** such as forests, wildlife, land, and livestock that can provide communities with sustainable livelihoods, are often of cultural significance and provide environmental services such as a forest's role in cleansing, recycling, and renewing air and water.
- **Social bonds** and community relations—the social capital and civic culture of a place—that can break down the isolation of the poor, strengthen the relationships that provide security and support, and encourage community investment in institutions and individuals.
- **Human assets** such as the marketable skills that allow low-income people to obtain and retain employment that pays living wages; and comprehensive reproductive health, which affects people's capacity to work, overcome poverty, and lead satisfying lives.<sup>11</sup>

## ASSETS ARE HOPE IN CONCRETE FORM

An asset offers a way out of poverty because it is not simply consumed, it is a stock that endures and can be used in many ways to generate economic, psychological, social, and political benefits that foster resilience and social mobility.

- **Economic Benefits.** Assets can provide household stability, the capacity to weather changes such as the loss of a job or household income triggered by business cycles, economic restructuring, or a family crisis. They can also help to develop other assets, such as a business that generates revenues and employs others, or home equity that can be invested in further education.
- **Psychological Benefits.** Assets provide a sense of security, control, and confidence, and a belief that one can take advantage of opportunities. They can provide an incentive to reduce risky behavior. They engender a desire and ability to look toward the future, make plans, and take an interest in additional steps toward independence. Assets support action on behalf of oneself and the next generation.
- **Social Benefits.** Assets can increase commitment to a shared vision and community action. The sharing of individual assets and building of community assets can contribute to broader social well-being.
- **Political Benefits.** Assets can reduce individual and community vulnerability to exploitation and corruption. They form a material and social base that can support resistance to injustice and oppression. They encourage confidence that the next generation will have political voice.<sup>12</sup>

## Pathways to Scale

A pathway to scale leads from the few to the many. Pathways are processes of social change that engage large numbers of people or institutions in new decisions and behaviors. A pathway leverages an initial input of resources into larger-scale impacts. Essentially, a foundation's grantees try to hook their solutions for social change onto a pathway and have them carried—diffused—to greater scale. The social changes that the Foundation's Asset Building and Community Development Program has helped to develop and implement have followed five distinct, yet interrelated, pathways:



- Developing Public Policies
- Fostering Communities of Practice
- Influencing Market Forces
- Changing Power Relationships
- Promoting Social Learning

### *Motivating Ideas and Pathway Strategies*

Starting from an overarching analysis and hypothesis about how we can best contribute to the reduction of poverty and injustice, the Assets Program invests in *asset-building approaches*. From this framework we have identified a set of *basic motivating ideas* that we wish to pursue. Our work in development finance (in India, Bangladesh, Kenya, and the U.S., for example) is based on the idea that when people working in the informal economy—street vendors, the urban working poor, women in rural villages, for instance—are understood as a potential market for financial services, they will gain access to funds to create businesses, own homes and in many other ways improve their quality of life. Our work with natural resource management (Joint Forest Management in India, irrigation in the Philippines, land tenure in South Africa, sustainable development in Acre, Brazil) is based on the idea that when local communities have greater control over local natural resources, they can and will use them to provide livelihoods while ensuring their sustainability. And our work with Individual Development Accounts in the U.S. is based on the proposition that when low-income people are given the same sort of financial incentives that the middle class has had, they will save money and increase their financial independence.

There are a variety of *pathway strategies* for scaling up. Some public policy solutions require research and testing, while others require advocacy. Some market-based solutions require efforts to leverage the decisions of existing businesses, while others depend on developing alternatives to existing businesses. Some community-of-practice solutions require investments in the basic infrastructure of learning networks, while others call for bringing together and cross-pollinating different communities.

The sections that follow describe each of the five pathways we have explored and provide cases and examples from the work of our grantees.

## Developing Public Policies

Influencing public policies—the rules of governments—is a time-honored pathway to social change that has been often pursued by foundations. It uses the authority and resources of government to require or induce targeted individuals or entire populations in a political jurisdiction (cities or nation-states, for example) to behave in certain ways.

Because the poor lack political power, public policy—laws, regulations, government programs, public investments, tax expenditures, and incentives—often minimizes low income people’s opportunities to build assets. During the last seven years, the Foundation has supported organizations seeking to educate public policymakers that set many of the basic rules for asset development, accumulation, and use in societies. One example of these efforts has been social welfare policy development in the U.S. to support the implementation of Individual Development Accounts by state legislatures and Congress.

Policy development does not always focus on elected officials. The Foundation has supported reform in public agencies, working especially with civil servants, to generate significant changes in government programs and policies. In the Philippines, for instance, we supported efforts by top managers of the National Irrigation Administration to solve problems with the nation’s irrigation systems. Recognizing their bureaucracy’s shortcomings, they committed to transform its approach to irrigation, particularly by letting farmers’ associations assume a more active role in managing local irrigation systems. As a result, nearly 1.5 million hectares (3.6 million acres) of irrigation systems were developed.

Policy-making efforts to build assets of low-income people often encounter political resistance because they involve empowering the disadvantaged, which can be threatening to the economic and social status quo. The attempt to change development policies in Acre, Brazil to support the local community’s access to forest resources provoked violent responses from local and national elites. When policy efforts involve reallocating public funds, they must compete in the typically contentious budget process.

Moreover, fights over policies may recur over the years—another reason that the public policy pathway usually requires long-term effort, not just a one-time push. In the U.S., for instance, the federal government requirement that banks invest in their local communities, known as the Community Reinvestment Act (CRA), was adopted in 1977. This law triggered some \$400 billion in bank loan pledges in its first 20 years—most of the capital dedicated to projects in poor inner city neighborhoods.<sup>13</sup> But even 25 years later, community groups have had to mount a significant effort to promote fair lending in poor neighborhoods. And the task facing today’s CRA advocates is not simply to sustain the policy gains they made, but to adapt the policies to changing circumstances. A Harvard University study funded by the Foundation found that CRA’s geographically based rules and enforcement provisions no longer fit the realities of the financial services market. Widespread consolidation in the financial services industry and the globalization of many financial institutions have rendered neighborhood banking a relic of the past. This has made it much harder for community organizations to develop partnerships with banks.<sup>14</sup>

The *implementation* of policies is as important as the adoption of the policies. Here, too, the experience with the Community Reinvestment Act is instructive. The government’s mandate to banks has to be enforced by bank regulators—and community groups have found that it may take substantial pressure at the local level to ensure adequate enforcement.

A significant challenge in developing public policies is the difficulty of building broad political support for policy solutions that are targeted to assist the poor. Many tactics have been used to overcome this, including:

- **Foot in the door**—broadening the short-term appeal of the solution by first targeting the most vulnerable in society, such as children and the elderly, and later expanding it to cover others
- **Universalization**—expanding the solution so that the middle-class can also participate
- **Cost-Benefit Analysis**—emphasizing the financial savings for taxpayers that the solution will generate

Governments are organized at several levels or scales—local, state, regional, and national—and it is natural to think that national-level efforts for social change should be emphasized, because they can affect more people. But this is not necessarily the case if, for instance, the authority and resources of national governments have been significantly constrained. Many nations have devolved governance, shifting control over key policy decisions to more local levels of government. Some national governments have bound themselves to rules of global trade or financial assistance packages (from the International Monetary Fund, for instance) that severely limit their policy-making flexibility. Furthermore, it is sometimes easier to help social changes emerge from lower levels of government and thereby prepare the way for adoption of national policy.

## *Strategies*

**We invest in researching, testing, and monitoring promising policy solutions and in demonstrating their effectiveness.** Evidence of a solution’s effectiveness can be a crucial factor in getting government officials to adopt the change and take it to large scale.

- In the late 1970s, the Foundation’s New Delhi office began to support village-level community organizations that planted trees and managed natural resources on barren village commons and unproductive private land. This project was gradually extended in the 1980s to state-owned forestlands. Then we backed efforts in two states in India to have government agencies and villages jointly manage forestlands. The villages organized committees that worked with government foresters to prevent or halt forest degradation in exchange for rights to non-timber forest products and a share of revenues from timber harvesting. Building on successful cases, the Foundation held a national workshop and produced extensive documentation of the benefits of the community-based approach. This contributed to a national government order in 1990 for a Joint Forest Management (JFM) program. Today JFM is practiced in more than 63,000 villages and in 27 of India’s 29 states—encouraging sustainable use of more than 14 million hectares (33.6 million acres) of India’s forests.

**We support organizations in advocating policy changes.** The Foundation backs a large number of policy advocacy campaigns. An important aspect of this support includes research that helps design campaigns to influence public opinion and educate elected officials.

- As part of a communications campaign to back new public policies in support of the 6 million working poor in the U.S., individuals who are part of the labor force whose income fall below the poverty line, the Foundation supported efforts to understand public opinion about poverty. In 2001, a study found, for example, that “one of the biggest barriers to policy change is people’s skepticism of government’s ability to address poverty.” It also discovered that news coverage that profiled low-

wage workers and their struggles made readers think that the *individuals*, rather than the *economic system*, should take responsibility for solving the low-wage problem.<sup>15</sup> These insights are helping to shape a media campaign to get a national spotlight on the needs of the working poor.

## DEVELOPING PUBLIC POLICIES: *The Case of Individual Development Accounts*

In the late 1980s, a professor of social policy in St. Louis attended a faculty meeting about building financial assets for his retirement. “It was 5 p.m., but the room was full of people,” recalls Michael Sherraden. “I was amazed, because you can’t get faculty members to go to any meeting. I thought, why are they here? It was for the same reason as I was: They had money in retirement accounts and they wanted to figure out what to do with it.” Then Sherraden remembered something from his conversations several months earlier with women on welfare. “They had said that you can’t get anywhere on welfare, there’s nothing that helps you accumulate enough resources to get anywhere else.” What struck Sherraden next was a new idea for reducing poverty in the U.S.: help the poor to build financial assets. He began to research what would become an extensively documented 302-page book, *Assets and the Poor*, published in 1991.

Sherraden’s challenge to decades of conventional thinking was unmistakable: “Asset accumulation and investment, rather than income and consumption, are the keys to leaving poverty,” he wrote, “therefore, welfare policy should promote asset accumulation — stakeholding — by the poor.”<sup>16</sup> He argued that poor people could overcome their poverty by building financial assets. Therefore, he said, public policies should be designed to encourage the poor to save and invest their money and accumulate assets, just as existing policies successfully support the middle class and wealthy in owning homes and building retirement pensions. Sherraden proposed an innovation, the Individual Development Account (IDA), to help the poor to accumulate savings. As an incentive to save, the government should match individuals’ deposits into their IDAs. The accumulated and matched savings could only be used for designated purposes, such as purchasing a house, paying for education, or starting a business.

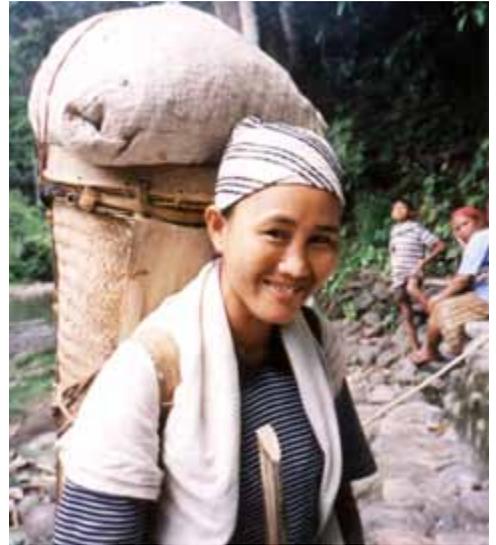
Flash forward to 2003. The federal government has allocated \$125 million to promote IDAs. President Bush supported IDAs in his 2000 campaign and a bipartisan group of congress members backed federal tax credits for IDAs. Legislation to allocate \$1.7 billion in credits is pending in Congress. Some 300 IDA programs are operating across the country, according to one estimate. About 10,000 low-income people in the U.S. are participating in IDA programs, many of them in the American Dream Demonstration (ADD), operating in 14 sites with more than 2,300 participants who have deposited more than \$838,000 into their accounts. Meanwhile, nearly every state government has authorized tax incentives or funding for IDAs, and Puerto Rico is planning to experiment with IDAs for housing. Now poised to expand their efforts to nearly 400,000 low-income people, proponents aim to eventually help 40 million of the nation’s working poor to build financial assets.

The IDA innovation, hatched a decade earlier, is maturing and spreading. To help this happen, the Ford Foundation has since 1996 made some \$10 million in grants. Now it is supporting research, policy development, and demonstration projects to apply the IDA innovation at unprecedented scale: a Children’s Saving Account for every child in the U.S.

## Fostering Communities of Practice

The Assets Program has helped grantees to build learning networks that develop, adopt, and spread new methods—practices—for building the assets of low-income people and communities. When these networks develop a critical mass of capabilities and participants, they can help many individuals and organizations implement new practices. We have worked with three types of communities of practice:

- **Sectoral networks**, such as community colleges and community foundations
- **Place-based networks**, such as coalitions in metropolitan regions in the United States
- **Global fields of practice**, such as development finance, participatory community development, and environment and development



The underlying dynamic of a community of practice is one of voluntary association for improvement—people learning together to get better at what they do. Typically, practitioners form loose networks. Some networks may be permanent, such as formal associations of organizations or individuals. Others may be ad hoc and more project based, such as the peer learning clusters of community foundations that the Foundation has sponsored.

## BUILDING GLOBAL FIELDS OF PRACTICE

A field is a critical mass of people and organizations working in a variety of ways on a common problem. Vibrant fields of work embrace diverse perspectives, reflect multiple entry points and methods for addressing practical problems and policy barriers, and encourage the new voices and leaders needed to sustain attention on persistent problems of poverty and injustice. The people and organizations in a field share some values, vocabulary, information, literature, objectives, and a repertoire of tools. They develop knowledge, individual and organizational capacities, and systems for professional development, standards, and best practices. They support experimentation and the cross-pollination of thinking and practice. Field building along these lines is a powerful way to achieve large-scale impact, suggest Michael Porter and Richard Kramer in an article in the *Harvard Business Review*, “Philanthropy’s New Agenda: Creating Value.” “Foundations can create the greatest value by funding research and a systematic progression of projects that produce more effective ways to address social problems. At its best, such work results in a new framework that shapes subsequent work in the field—making every dollar spent by philanthropists, government, and other organizations more productive.”<sup>17</sup>

The Assets Program supports the development of several global fields:

- **Development Finance and Economic Security**—helps low-income people generate sustainable incomes, save and plan for the future, and protect against unforeseen economic setbacks.
- **Community Development**—fosters healthy, equitable communities with strong civic culture where low-income people have opportunities to build a spectrum of individual and collective assets.
- **Environment and Development**—supports community development strategies that convert natural resources and environmental services into assets that benefit low-income people.
- **Workforce Development**—supports mechanisms that enable poor and disadvantaged people to obtain marketable skills and access to resources necessary to get and keep good jobs.
- **Sexuality and Reproductive Health**—addresses the social, cultural, and economic factors that affect sexuality and reproductive health by supporting community-based responses and appropriate policies to address AIDS and healthy youth development.

The development of global fields is an evolutionary process. For instance, our effort in the development finance field began by building new institutions and developing useful knowledge about financial services for the poor in Bangladesh, Mexico, Kenya, Nigeria, India, South Africa, and the U.S. The Foundation supported development of trade associations or formal networks of development finance institutions. These groups promoted learning among their members, especially the adoption of best practices, and advocated for supportive public policies. In the mid-1990s, we recognized that the development finance field was reaching global scale. To facilitate this, we have been supporting a worldwide learning network of leading development finance institutions and investing in new ways to assess the impact of innovative development-finance products and services.

## FOSTERING COMMUNITIES OF PRACTICE: *The Case of Rural Development Philanthropy*



Between 1993 and 2002 several different initiatives involving nearly 30 community foundations in Africa, along the Mexico-U.S. border, and across the U.S. started peer-learning processes to improve their effectiveness in addressing poverty in rural areas. The effort came on the heels of heavy investments by many foundations to start up or strengthen emerging foundations in Bangladesh, India, Kenya, Mozambique, the Philippines, Puerto Rico, South Africa, western Africa, and the U.S. In all, the Ford Foundation has made over \$119 million in grants to about 50 community foundations and other supporting institutions worldwide since 1975.<sup>18</sup>

In the U.S., community foundations were achieving remarkable scale, propelled by a robust economy and the beginning of a transfer of wealth from the nation's oldest generation. The 600 or more community foundations in the U.S. now hold more than \$30 billion in permanently dedicated endowments from donors and seem positioned for even more growth. It was clear, however, that the potential of using community philanthropic assets to help reduce rural poverty was not being realized. Most of the assets were held by urban-based community foundations, which had little interest in rural areas. Few were dedicated to reducing poverty. More traditional donor purposes, such as funding the arts, scholarships for education, and social service programs, held sway. Furthermore, many community foundations were quite small and had not developed an operational capacity to grow or tackle anything as difficult as rural poverty.

What to do? In 1993 the Ford Foundation convened four community foundations to discuss forming a learning cluster to figure out from each other and outside experts how to initiate, increase, or improve their efforts at what came to be called rural development philanthropy. The idea was to bring the organizations' leadership together so they could have access to the best practices, dig into the issues of rural poverty more deeply, overcome barriers they faced within their institutions and communities, and take new steps in working on rural poverty. Under the auspices of the Aspen Institute's Community Strategies Group (CSG), the community foundation group worked together for three years, and then a second set of four was set into motion. These eight foundations have raised more than \$42.7 million in new endowments for rural development. Eventually this community of practice model was modified and adopted for use by emerging community foundations and associations in Africa and 20 community foundations on both sides of the Mexico-U.S. border.

In January 2002, leaders of 41 U.S. community foundations spent a daylong workshop learning how to use their assets to respond to rural development challenges. At the heart of the session was a tool, developed by the CSG from the learning clusters' activities, which described in detail different organizational models for providing philanthropic services in rural territories. "We went into each of the models in great depth," reported Janet Topolsky, associate director of CSG, which serves as the learning facilitator for the network. Participants asked urgent questions about how to deal with barriers they faced and got plenty of candid advice from their peers. A few weeks later, the information that had been shared was posted on a web site available to other community foundations. The site included an e-newsletter and a discussion board for continuing electronic conversations among the growing network of foundations interested in learning about rural development philanthropy. Meanwhile, workshops on other crucial topics—how to develop philanthropic endowments in rural areas, conduct effective grantmaking, design grantmaking for rural community economic development—were in the works, based on knowledge developed during the learning clusters.

The Foundation pursues many ways to help build communities of practice. It funds learning and collaboration among organizations, including development of standards of best practice; policy-related activities, including development of advocacy capacities; regional, national, and international organizations that support local organizations in fields; communications, information-sharing linkages, and networking among organizations; technical assistance for organizational development; research, including identification of next generation problems the field must address; and training and professional leadership development. An important barrier to fostering communities of practice is finding the time to learn. But when practitioners don't have or spend enough time sharing information with each other, they don't get to know each other well enough to do important learning together. To overcome these difficulties, we have often provided practitioners with incentives—grants to support their program experimentation and travel meetings—to initiate learning processes. And the processes have been designed to ensure quick but intensive learning engagements over several years—for instance, three-day institutes every six months, with homework assignments and peer communications in between meetings.

## *Strategies*

**We support development of the underlying infrastructure of networks in selected fields of practice.** Working with smaller-scale networks, we have found that it is crucial that they have access to an organization with the ability to organize and facilitate their learning or knowledge-building processes. This special competence, an essential part of the infrastructure or back bone of networks, is found in few organizations, but it can be developed and expanded. Working with a larger-scale field of practice involves building far more infrastructure. In many of the countries where the Foundation works, it has invested in building national learning networks. We also have supported regional and global mechanisms that foster learning.

- The Foundation has contributed to building the infrastructure for a corporate involvement/corporate responsibility community of practice in the United States. This group includes business trade associations such as Business for Social Responsibility, economic development intermediaries, social enterprises, community development financial institutions, university business schools, community development corporations, and research institutes. These organizations provide knowledge and technical assistance to businesses and industries attempting to develop business practices that benefit low-income individuals and communities. Some of these organizations, while experienced in economic development, have had to develop their capacity to partner effectively with businesses. The Foundation invested in the capacity of a strategic management consulting firm, Brody, Weiser and Burns, to plan grantee convenings and produce an electronic newsletter that keeps 40 participating organizations informed about each other's work. Laufer Green Isaac, a strategic communications firm in Los Angeles, has been supported to develop and implement a program to raise awareness of such "win-win strategies" among business executives, thought leaders, and the media.

**We invest in cross-pollination among communities of practice in different fields.** Communities of practice do not have to be limited to their fields. Grantmakers are increasingly helping practitioners in different fields to learn from each other by exposing them to tools from other fields. Cross-pollination helps to expand the range of approaches and allies that are working on a problem and can accelerate progress toward larger-scale impact.

- Learning processes have been helping move the tools of the development finance field into other communities of practice. In India, for example, villagers who are part of Joint Forest Management programs, which allows them to share forest management tasks and benefits with government agencies, are building community funds by pooling the revenues they get from the sale of forest products. These forest funds are used for such village-development activities as building dams, purchasing water pumps, and lending money to community members.
- The environment and development field has used the tools of the human rights field in Africa, Asia, and the U.S. to secure land tenure, clean up contaminated environments, and ensure that local and indigenous people—historically the stewards of the land—benefit from the use of local natural assets.

## Influencing Market Forces

The Foundation has backed organizations that work to make market processes, the world's primary force for financial asset creation and accumulation, more responsive to the concerns and needs of low-income people and communities. All too often, market processes have resulted in exploitation of the poor and given them little chance to develop assets. Yet markets can also be an important driver of social change. As Nobel laureate economist Amartya Sen notes, the issue is not “one of using the market economy or not. Rather it is a matter of what we have to build *in addition* to the market economy.”<sup>19</sup>

Achieving scale by tapping markets relies on the exchange of economic value between a seller and a buyer or investor to address a social problem. To be successful, both sides must gain through the exchange. Whether through nonprofit or for-profit organizations, the market pathway depends on an analysis that sees new roles or new ways of doing business for investors, buyers, sellers, producers, or market intermediaries.

The Foundation has often invested in the research needed to make the business case for apparent market opportunities that would support asset building by the poor. Efforts to persuade businesses to adopt new practices—for instance, hiring low-income people or locating stores or facilities in distressed neighborhoods—often depend on producing an analysis that shows that the potential benefits to the business will be worth the effort. Nonprofits typically focus on issues rather than markets and raise capital from third-party donors rather than from customers and investors. As a result, they may need to learn how to communicate effectively with the businesses they want to influence and how to undertake commercial activities.

An obvious challenge of using markets to reduce poverty is that low-income people have limited funds to spend, even on essential services. A great deal of ingenuity has gone into developing products, such as health and life insurance, which even the very poor can afford. And a new vein of analysis in the U.S. has examined the “buying power” of entire low-income neighborhoods in cities, which can be quite impressive but has not been previously recognized by businesses. Still, the economic condition of the poor means that many alternative enterprises are unlikely to be able to function solely on the basis of revenues from customers. They need ongoing support from government or philanthropic sources.

### Strategies

For many years, foundations have supported the development of public policies to constrain or command market behaviors. But influencing markets uses other strategies to harness economic exchange to social ends. One strategy is to expand the number of producers of products that can be used and afforded by low-income populations. In microfinance, for instance, thousands of institutions—primarily nonprofits—

have developed since the 1970s to deliver new financial products and services to meet the demand for capital among the poor. The Microcredit Summit in 2000 reported that microfinance institutions were serving a total of 24 million clients.<sup>20</sup> Another strategy is to use mainstream markets themselves to reward private economic activities for achieving such important social outcomes as environmental sustainability and fair prices for producers of commodities such as coffee and forest products.

## INFLUENCING MARKETS:

### *The Case of Sustainable Forestry Certification*

As nations established new rules for world trade in 1993, a meeting of environmentalists, other activists, and some timber industry leaders turned to the idea of using consumer demand to protect forests from potential damage by unrestrained market forces. The group, convened by the World Wildlife Fund, decided to give consumers worldwide an opportunity to buy products from wood grown and harvested in ways that sustained, rather than damaged, the long-term health of forestlands.

These innovators thought that significant demand for such products would be an incentive for many forest owners to adopt ecologically sustainable and socially responsible forest management methods in the hope of making sales to this potential new green niche in the market. To implement the idea, they developed a tool common in commercial markets: An independent party would certify that a product meets certain standards that consumers desire. Specifically, a new Forest Stewardship Council (FSC) would determine standards for sustainable forestry, audit forest owners' management practices, and publicly certify forests that met the standards. Certification would provide a social and environmental seal of approval that forest owners could use to market their products and perhaps charge premium prices.

The FSC awarded its first forest certification in 1995. By mid-2002, it had certified about 100 million acres of forestland—approximately 10 percent of the world's working forests—in Brazil, Indonesia, Mexico, South Africa, the United States, and 42 other countries. Later that year, the largest Canadian timber companies embraced FSC certification, which promised to increase to nearly 200 million acres the amount of certified forestland worldwide. Thus, a total investment of about \$20 million by 15 U.S. foundations, including \$7 million from the Ford Foundation, and a number of governments has changed forest management practices in a large portion of the \$20-billion a year forest industry.

The main reason this happened is that environmental advocacy worldwide stirred up powerful consumer demands in the marketplace. A critical dynamic has been the ability of global NGOs, such as Friends of the Earth and the Rainforest Action Network, to shame businesses for destructive environmental and social practices. Business managers typically fear any negative news about their product brands that might disrupt their consumers, and they want to reduce that risk. Retailers of forest products have been particularly vulnerable to consumer sentiment. Many, such as the Home Depot and Lowes in the U.S. and B&Q and OBI in Europe, have embraced certification, as have large business users of forest products. The retailers' acceptance signaled that the idea, once dismissed as a fringe environmental concept, was moving into the mainstream marketplace. More than 700 companies have joined the Global Forest and Trade Network—an expression of their preference for the Council's certified products.

By any yardstick, the use of forest certification has achieved significant global scale in just eight years. “The strength and influence of certification programs seems to be increasing,” concluded a recent assessment of forest and apparel certification efforts in *Foreign Policy*. “Third-party certification and monitoring may soon become the norm in many global industries.”<sup>21</sup>

**We back efforts that combine the pressure of advocacy with the incentives of potential profits to influence business decisions and practices.** Businesses respond to pressures from investors, consumers, competitors, governments, and public opinion. Many foundations have long supported advocacy by environmentalists, consumer groups, community organizations, and others aimed at affecting the decisions that businesses make. More recently, the Foundation's Assets Program has worked with other foundations to develop incentives that provide businesses with ways to make money while also helping to build assets for low-income individuals and communities.

- Businesses in the global forestry and coffee industries have faced sustained pressure internationally from advocacy groups because of their brands' identification with exploitative environmental and labor practices. At the same time, these activist NGOs have supported the development and use of third-party certification of businesses whose practices and products meet standards for fair labor and sustainable environmental management. Certification provides an incentive that can help businesses make sales to the growing number of consumers who care about such standards. In the coffee sector, certification has helped to ensure that small-scale coffee growers in developing nations receive a fair price for their beans. One of the world's largest suppliers of organic coffee is the State Committee of Oaxacan Coffee Producers, which has about 16,000 members in Mexico. About 75 percent of its coffee is sold at prices set by the "Fair Trade" certification organization.<sup>22</sup> Fair Trade coffee is available in 10,000 stores in the United States and 35,000 in Europe.

**We support the development of market-based products and services for low-income consumers.** As an early investor in the development finance sector, the Foundation has played a role in the emergence of thousands of institutions worldwide—primarily nonprofits—which deliver new financial products and services to meet the demand for capital among the poor. In addition to supporting alternative enterprises that fill market gaps and demonstrate the commercial viability of a new product or service for the poor, the Foundation has invested in finding ways to involve mainstream corporations in developing products and services for low-income people and communities. Some of these business innovations include flexible mortgage products for low-wealth households, home insurance for low-income homeowners, and changes in businesses' operational practices, such as the hiring and training of entry-level workers or the location of retail stores in low-income neighborhoods. Each of these improves the availability of products and services that the poor need. The Foundation has supported this work by funding partnerships between mainstream businesses and nonprofit organizations, as well as by directly supporting business and corporate experimentation with new practices, products, and services.

- The Foundation's support for new insurance products for low-income women in India is cultivating a market on behalf of the poor. This work was pioneered by the Self Employed Women's Association (SEWA), a remarkable 30-year-old trade union of women workers in the informal sector. When an epidemic of malaria spread through the state of Gujarat's poorest districts in 1997, the cost of medical treatment wiped out the savings that many families had painstakingly built. SEWA launched an insurance program, VimoSEWA, for poor, working class, and tribal women workers. It covered loss of life and assets, death of a spouse, accidents, and health and maternity costs. Designed to be as affordable as possible, minimum coverage cost 85 rupees a year (about \$1.75). Many women purchased policies. When an earthquake struck Gujarat on January 26, 2001, some 60,000 families in villages were devastated—their livelihoods shattered, homes, which were also their workplaces, flattened, and livestock, a crucial asset for many, killed. However, those who had previously joined

the VimoSEWA program obtained financial help in restoring their homes and other assets. After the earthquake, the benefits of insurance, even for the poor, became evident to many people. They flooded the SEWA offices to sign up. Today, VimoSEWA insures more than 70,000 women and 22,000 of their husbands.

- Two longstanding development finance institutions have taken on substantial organizational scale since their origins in the 1970s. Shorebank, one of the leading community development banks in the U.S., has more than \$1.1 billion in total assets and has made a total of \$600 million in loans to 13,000 families and businesses in Chicago, its principal location.<sup>23</sup> Grameen Bank, operating in 35,000 villages in Bangladesh, has made roughly 16 million loans—averaging \$100 each—and has inspired several hundred replications in more than 40 nations.<sup>24</sup>

**We support efforts to improve workforce development practices—recruitment, hiring, and promotion—in key industries.** The Foundation has long supported industry-specific workforce development strategies that aim to improve the way in which disadvantaged people access opportunities in particular industries or occupations. Industry-specific programs establish new access to well-paid jobs, create new jobs, and/or achieve better economic and working conditions for workers while contributing to the strength and competitiveness of the industry. Increasingly, the Foundation has worked to broaden the scope and scalability of these efforts with the involvement of new stakeholders—including labor unions and employers—in industry-specific development efforts and has supported efforts that work to secure or leverage public support for these workforce strategies.

- Cooperative Home Care Associates (CHCA) is a worker-owned cooperative and employer-based training program that provides home health aide services in New York City’s South Bronx. It was launched in 1985 as part of a strategy to improve the low-wage occupation of home health aides and create employment opportunities for low-income women. As CHCA developed, its strategy evolved into an enterprise model that demonstrated how the home care job could be improved, and then diffused those practices by becoming a yardstick corporation for the industry. The CHCA training program and business expanded significantly. The cooperative has been able to offer its employees better benefits, increased working hours and higher pay, as well as an unusually supportive working environment. In addition, the organization has exerted its influence on industry practice and public policy in the New York City market, indirectly improving working conditions for thousands of home health aides. Today, CHCA is part of a network of affiliated businesses and training programs all founded with a similar mission. In addition, CHCA has an important nonprofit affiliate, Paraprofessional Healthcare Institute (PHI), which extends CHCA’s sectoral approach by addressing state and national policy and regulatory issues that affect working conditions in the long-term care industry.



## Changing Power Relationships

The Assets Program often helps to strengthen community-based social movements seeking to increase the participation of low-income people and communities in decision-making processes of governments, businesses, and civil society. Too often, these structures are stacked in favor of social and economic elites, and their decisions work against the interests of the excluded. This is why, as Renana Jhabvala, national coordinator of the Self Employed Women's Association in India, has said, "organising is the first step towards combating vulnerability."<sup>25</sup>

There are several varieties of decision-making power or authority: political or government power; business or corporate power; and religious or cultural authority, for example. These authorities decide who gets access to assets, such as money or land, as well as various social benefits, such as legal rights. We typically back grantees seeking to broaden the distribution of assets and benefits so that low-income people and communities gain. Poverty is, to an important extent, the result of a lack of power, and changes in the relationships that the poor have with structures of power can have large impacts. Changes in power may, for instance, result in changes in policies, practices, and culture. They may also transform the aspirations of the poor by showing that it is possible to improve the quality of their lives.

Since at least the 1960s, foundations have funded social movements as catalysts for change. They have backed, for instance, civil and human rights, environmentalism, feminism, and consumer education and advocacy. They typically "follow rather than start social movements," observes Dennis McInay in *How Foundations Work*. And foundation resources are no substitute for a movement's own leadership and energy. The civil rights movement in the U.S., for example, drew significant foundation support, but was mostly "indigenously organized and financed," notes sociologist Aldon Morris in his *Origins of the Civil Rights Movement*.<sup>26</sup>

## CHANGING POWER RELATIONSHIPS: *The Case of The People of the Rainforest*

In the State of Acre, in western Brazil, a remarkable social transformation has been taking place. In January 1999, the citizens of Acre voted into power the *Governo da Floresta* (Government of the Forest). For the first time, government is acting as a steward, rather than an exploiter, of the rainforest and Acre's communities, where more than 40 indigenous groups live among 600,000 residents and more than 150,000 square kilometers of woodlands. "We want to put an end to the days when politicians governed only for an elite few who ravaged our natural resources and ignored the needs of the people," says Governor Jorge Viana.<sup>27</sup>

Acre's peaceful revolution was the result of a long struggle for social justice, democracy, and sustainable development. It took a grassroots mobilization, the imagination of talented, persistent, and courageous people, and the work of organizations and institutions that partnered to produce a common vision of sustainable development for the state. In the 1970s, Acre's native son, Chico Mendes, fellow grassroots leaders, and thousands of families launched the fight for the forest. "We were fighting for our livelihoods, our way of life," recalls Marina Silva, co-founder with Mendes of the Rural Workers Union and the Rubber Tappers Movement, former senator representing Acre, and now Minister of the environment. "We came to recognize that our battle for land and resources was also a fight for the environment."<sup>28</sup> The movement relied on non-violent resistance to extensive logging and clearing of the rainforest, and worked with international environmental groups, multilateral funding agencies, and the few in government who would listen to its pleas. When Mendes and several of his comrades were assassinated in 1988, the protests of rubber tappers spread throughout the region into mass resistance to save the forest from degradation. The world took notice and support for the movement poured into Acre.

Since 1988, the Foundation has helped to build Acre's research, technical assistance, training, marketing, and publications capacities in agro-forestry, farming systems, and sustainable development, while also contributing to key advances in policy research and advocacy for sustainable land use, resource rights, and democratic governance.

The new government's first legislation, the Chico Mendes Law insured communities' access to and stewardship over the land and other natural resources. This was the cornerstone for a cycle of social benefits that liberated Acre's rubber tappers from a legacy of debt peonage and breathed new life into the state's stagnating rubber market. Across the state, the youth of Acre are enjoying dramatic upgrades in education, with over 100 new schools and improved teacher training. The government's program "has a clear goal," explains Gilberto Sigueria, the state secretary of planning, "to combat poverty and create jobs through sustainable development of forest resources... Through these [natural] assets we wish to establish a new entrepreneurial and modern culture."<sup>29</sup>

### *Strategies*

**We invest in helping the voices of the grassroots activists to access decision-making processes.** The Foundation has helped to ensure that the perspectives of local communities and social-change organizations are heard at world summit meetings such as the United Nations conferences on women, population and development, and sustainable development.

- For the 2002 World Summit on Sustainable Development and Global People's Forum, we supported the participation of 200 international and 1,000 local people and organizations in

preparatory meetings in Bali, and over 450 international and 3,000 local participants in the Johannesburg, South Africa Summit meeting. At the Summit, advocates for indigenous and community forestry were able to insert language into the United Nations Plan of Implementation that recognizes and urges support for community-based forestry.

- As a new, democratic government in South Africa worked to reform racist laws that had prevented blacks from owning 87 percent of the nation’s land and forcibly removed millions of people, success depended on the capacity of government and NGO institutions to design and implement reforms. Because the leadership of these institutions lacked black South Africans, the Foundation has supported diversity initiatives to promote black leadership through professional development and organizational change.

**We support the development of new coalitions for social change.**

- In Indonesia in the late 1990s, a resurgence of Islamic fundamentalist attitudes demanded the inclusion of Shariah (Islamic Laws) in the nation’s constitution. Because most Muslim leaders were male, activists were concerned that the application of Shariah to family issues such as marriage, divorce, custody of children, and rights to inheritance might be a setback for women’s sexual and reproductive rights. The Foundation’s initiative, Empowerment of Women in Religious Communities, sought to build broad recognition of the basic economic, social, sexual and reproductive rights of women as individuals and as part of a married couple. Our grantmaking engaged a diverse range of actors—women’s NGOs, religious collaborations, radio, a women’s journal, university researchers, and government agencies—in developing and using new interpretations of Shariah law to promote women’s autonomy. We helped to build a network of Muslim and non-Muslim women’s NGOs to promote appreciation of pluralism and respect for women’s human rights. Public dialogues within religious communities and civil society increased these organizations’ knowledge of Muslim, Christian, and other religious laws that support women’s rights.



## BRINGING LOCAL VOICES TO GLOBAL CHOICES

“Reaching decision-making forums is always difficult for those without access to power,” says Renana Jhabvala, national coordinator of the Self Employed Women’s Association (SEWA) in India.<sup>30</sup> “But reaching international levels seems almost impossible, given the distance and the expense of reaching such forums, as well as the culture and language of international forums, which tend to be alien to organizations of the poor.”

One of the ways that SEWA has overcome these barriers is by linking with WIEGO, the Women in Informal Employment Globalizing and Organizing, a network of researchers, policymakers and activists. WIEGO is “a forum,” Jhabvala says, “where the needs and interests of grassroots women are heard by policy makers as well as influential researchers and statisticians and those interests are translated into programmes and policies.” Foundation support has helped WIEGO participate in national, regional, and international policy dialogues concerning global trade and investment, urban planning, labor standards, and social insurance.

WIEGO promoted StreetNet, an international alliance of street vendors with headquarters in Durban, South Africa. It is advocating for structures at the city-level that include representatives of street vendors. “Street vendors will truly be said to have a voice,” said Jhabvala, “when they are part of city governments and at the same time have some representation in international organizations such as... the World Bank which have a major say in the funding and development of cities.”

## Promoting Social Learning

Information has the power to shape the way people live their lives. Promoting social learning relies on educational processes to shape specific behaviors such as sexual practices, the purchase and use of products, and participation in community affairs. The notion underlying this approach to scaling up is that knowledge leads to action, that the more that people know about the effects of their actions, the more likely they are to change what they do.

Although this pathway shares many of the same techniques as a policy-advocacy campaign, it does not involve trying to persuade people to support particular public policies; it is aimed at other behaviors. Some aspects of this pathway are called social marketing—“a call to action and an attempt to alter behavior,” as Joel Orosz explains in *The Insider’s Guide to Grantmaking*. “Its approaches are many and varied, including conferences and publications, but it also uses film, video, public service announcements, the Internet, popular culture venues (for instance, printed tray liners at fast food restaurants), inserts in mailers, and a host of other informal media.”<sup>31</sup> This pathway may also involve institution-building: the development of cultural, educational, and civic institutions, such as museums and universities, which provide information, knowledge, and experiences to individuals.

One of the challenges of following this pathway comes from the fact that information by itself may not be enough to motivate behavior. Susan Pick, president of *Instituto Mexicano de Investigacion de Familia y Poblacion* (Mexican Institute for Research on the Family and Population) in Mexico City, makes this point in describing the scaling up of reproductive health programs for young adults. Social psychologists working in Mexico found that young people needed empowerment and good communications skills—not just information—to avoid unwanted pregnancy and promote responsible sexual behavior. “Knowledge or standard ‘sex education’ is not enough to promote healthy sexual practices,” says Pick.<sup>32</sup>

Journalist Malcolm Gladwell makes a different point about the limit of information to influence people in his book *The Tipping Point*. “We all want to believe that the key to making an impact on someone lies with the inherent quality of the ideas we present.” But, Gladwell explains, the way that information is “packaged”—*who* communicates it, *how* it is communicated, for example—“can make it irresistible.”<sup>33</sup>

## PROMOTING SOCIAL LEARNING: *The Case of HIV/AIDS Prevention*

In the 450-year-old coastal city of Salvador, once Brazil’s main slave port and now a musical and literary center, street theater has moved into school classrooms to help prevent the spread of HIV/AIDS among youth. Using drama, music, and dance to deliver crucial information to young people, Centro de Referencia Integral de Adolescentes (Center for the Integral Support of the Adolescent) now reaches more than 4,000 students in 20 schools.

Some 1,500 kilometers away, in the watery jungle of the Amazon Basin, a boat carries doctors and medical supplies to tiny villages inhabited by people living with little of modernity’s basic infrastructure—electricity, sewage and water systems, or communications. When they arrive at a village, the passengers on this mobile health care unit put on an amateur circus designed to attract attention and deliver information about AIDS prevention and other health care measures. Projeto Saúde e Alegria (Health and Joy Project), created in 1987 by a doctor, now serves more than 70 remote villages.

In Brazil in the early 1990s, the number of people with HIV was doubling every 10 months, but today the epidemic is declining. An important part of the reason for this turnaround has been the effectiveness of frank and candid public education campaigns to prevent the spread of H.I.V. And it has been essential to get information to people who are typically hard to reach, such as the youth of Salvador and the dwellers of remote river communities. Also, prevention programs were balanced with treatment and care initiatives.

Both the award-winning programs described here rely on the power of information and education to impact behavior at large scale. They make sure that Salvador’s youth and the Amazon’s villagers know about their rights to access health care. They facilitate straight talk about sexuality, safe sex, homosexuality, equitable gender relationships, where to obtain free condoms, and other topics that are not the usual fare for schools, theaters, or circuses.

In Salvador, where the prevention campaign began in 1994 as street theater and, with Foundation support, was adopted by the public school system, audience involvement methods engage students in performances, debates, and distribution of AIDS prevention materials targeted for teenagers. Along the Tapajos River, the discussions with villagers go beyond AIDS prevention to cover basics in public health: information, for instance, about how to chlorinate drinking water and develop sewage systems to keep human waste out of the water. Foundation support is aimed at expanding this program to cover a region containing about 20,000 people.



## Strategies

### We support the use of mass media campaigns to provide influential information.

- Like many foundations, we have backed efforts in many countries to communicate HIV/AIDS awareness and prevention information on radio and television. Straight Talk Foundation, Uganda, a leader in youth media in East Africa, has been involved in designing media for adolescents since 1993. With support from the Foundation, they focus on adolescent development and health through a variety of media including the publication of a newspaper and regular radio broadcasts. These mass media efforts are combined with training teachers to work in schools and setting up clubs to enhance peer-to-peer activities in the promotion of positive sexual health among young people.
- In the U.S., we have invested in developing new information about the impacts of corporate business practices, as part of the social audit practices that are emerging worldwide. Several business-based nonprofit organizations, such as Business for Social Responsibility, are involved in developing more useful social and economic indicators that will measure company impacts. When this type of information becomes widely available, perhaps through existing channels that report on business, it may influence the decisions of consumers, investors, and corporate leaders.

### We invest in efforts to educate individuals through targeted outreach.

- In Brazil and Kenya, the Foundation has supported social learning programs to combat the stigma associated with AIDS. The Kibera Community Self Help Program in Kenya, for example, has conducted educational seminars for influential church and community leaders, many who now use their influence to persuade others. In some cases, religious leaders have come to see AIDS counseling as an important part of their ministry.

## FINDING THE MOTIVATION

Promoting social learning usually requires substantial research about what sort of information will move people. The “Cleveland Saves”<sup>34</sup> campaign directed by the Consumer Federation of America Foundation (CFAF) promotes financial saving by members of low- and moderate-income households. A key to success, according to a CFAF report, is to get people “to place a higher value on saving.”<sup>35</sup>

Research started in 1997, with support from several foundations, including the Ford Foundation, when an economist and a team of anthropologists studied the savings behaviors of African-American residents of a Mississippi town and Hispanics in San Jose, California. Then CFAF conducted a review of social science literature about savings. Finally, CFAF worked closely with two organizations in Cleveland to plan a social-marketing campaign. They conducted four focus groups with leaders of community-based organizations in Cleveland and began to develop and test information and services for the campaign.

The research revealed that a variety of factors had to be addressed: “Motivation [of individuals] was as important as education” to stimulate savings behavior, and employers, financial institutions, and peers were important “influentials” for individuals’ behaviors. As a result, CFAF decided to focus much of the campaign on organizational marketing, in which individuals would be reached through their churches, employers, or other associations, rather than through the media. With 200 local organizations participating, the campaign was launched in March 2001.

As of June 2003, more than 3,600 people have enrolled in “Cleveland Saves” and have developed wealth-building goals in consultation with a finance coach. Ten other communities have launched campaigns, with numerous others in the planning phase.

## Following The Pathways: Linkages And Combinations

Social changes almost always follow more than one pathway to achieve scale. Some of the Foundation’s initiatives reveal important linkages, as well as crucial differences, between pathways. For example, the emergence of community development corporations in the U.S. during the past 40 years has involved public policy development, influencing markets, and fostering communities of practice. (Public policy: securing government funding for CDCs and community projects and tax credits for investments in low-income housing. Influencing markets: affordable housing, minority business development, and workforce development. Fostering communities of practice: most notably, formation of a national association of CDCs.) At the same time, it is readily apparent from our experience that helping grantees to engage in market processes is quite different from helping them intervene in public policymaking or following any other pathway. Each pathway has unique requirements.

### *Linkages and Combinations*

Some pathways give rise to others:

#### **From public policies to market forces:**

- In South Africa, power structure reforms and new public policies, often driven by social movements, are helping local communities to reclaim their rights to land and access to natural

resources. These accomplishments, in turn, are stimulating market-based experiments in wildlife management to generate revenues from hunters and tourists, while improving the sustainability of wildlife populations and habitat. For example, the 10,000 members of the Makuleke community regained land that lay within South Africa's Kruger National Park (from which they were forcibly removed in 1969), and then, to generate income, initiated trophy-hunting and tourism projects.

#### **From market forces to communities of practice:**

- When a fairly large number of microfinance institutions had come into existence, they established national networks—communities of practice—in India, Nigeria, Mexico and the United States and then began to engage in international network learning processes.

#### **From community of practice to market forces:**

- Before the certification of sustainable forestry management was taken along the markets pathway by the Forestry Stewardship Council, a worldwide community of practice existed—among foresters, environmentalists, and some forest businesses—that identified effective forestry practices.

#### **From public policy to community of practice:**

- Individual Development Accounts are on a public policy pathway in the U.S., but the many organizations promoting and implementing these accounts have also developed a far-flung community of practice. An international IDA learning conference in 2002 attracted more than 725 IDA implementers.

#### **From community of practice to public policies:**

- In many countries, groups of forestry practitioners provide the pressure to ensure that public policy is implemented equitably and at scale. In India and Nepal, for example, federations of community forestry institutions have shown great potential in the policy-scaling up process—as instigators and guides for the spread of joint forest management (JFM) and community forestry and as advocates who increase the bargaining power of community members dealing with government bureaucracies. In India, many regional federations are providing the impetus for replicating JFM in places where forest department officers are not enthusiastic about the policy. In Nepal, the Federation of Forest User Groups of Nepal, representing more than 4.5 million people, has resisted attempts by the forest department bureaucracy to roll back legal rights granted to forest users.

At least two patterns are visible in these pathway linkages. One is the need, widely acknowledged by foundations and social change agents, for comprehensive solutions to large-scale social problems. Many of the Foundation's initiatives combined several solutions and pathways to scale. The other pattern is the need to establish favorable enabling conditions for moving solutions toward scale.

## Lessons Learned About Scaling Up

The pathways to scale describe social dynamics that can be used to take an idea for social change to large-scale impact. These pathways exist in the society and are available to any who seek scale. They pose opportunities, but can be difficult to master. What exactly can foundations do to help certain ideas to move along certain pathways? Can we discern factors of success and inherent difficulties? What else do we know about the process of scaling up?

### *Factors for Success*

While acknowledging the many linkages among pathways, it is also clear that each pathway presents grantmakers and practitioners with quite different factors for success. These factors can be boiled down into three categories.

**Critical mass**—each pathway has different requirements for reaching critical mass, meaning what it takes to achieve scale. Influencing market forces requires a critical mass of consumer demand and buying power, while fostering communities of practice requires a critical mass of peer relationships among the practitioners in a specific practice community.

The example of Individual Development Accounts is instructive. Achieving a critical mass of political support to try to change U.S. federal government policies has involved building an elaborate demonstration project and building a community of practice to advocate for expansion of IDAs through federal policy changes. Meanwhile, developing a community of practice around IDAs has required substantial sharing of know-how about IDAs and face-to-face meetings of practitioners. At the same time, a related effort like Cleveland Saves, which promotes personal learning of individual low-income people, has required a direct outreach and marketing campaign to a targeted population.

**Effectiveness of solutions**—each pathway has different requirements for demonstrating the effectiveness of solutions, meaning what evidence suggests that a solution is worth taking to scale. Influencing market forces requires that a solution be commercially feasible, while developing public policies may require solutions that are ideologically acceptable and have a positive cost-benefit analysis.

Take the case of forestry certification. During many years of scientific experimentation and measurement, a specialized community of practitioners developed knowledge about what practices would be effective in sustaining the environmental viability of forestland. Certification relies on this base of knowledge, but its effectiveness depends on commercial validation. As a market mechanism, it involves a set of business practices—for instance, marketing the benefits of certification to forest owners—and the cultivation of consumer demand. The customers of certification processes determine its effectiveness, and are typically concerned with issues such as the cost and speed of the processes.

**Building capacity**—each pathway has different requirements for building the needed organized capacity, meaning what will be required to move a solution along the particular pathway. Changing power structures requires a capacity for social mobilization, while influencing market forces requires a capacity for enterprise or product management.

Here, too, some of the scaling-up cases illustrate the differences. A policy research center in Washington, D.C., the Corporation for Enterprise Development, has been a leader in championing IDA public policies. A very different type of organization—a grassroots, membership-based entity, the Self Employed Women’s Association—has been a vehicle for changing power relationships in India. And a producers’ cooperative, the State Committee of Oaxacan Coffee Producers, has been instrumental in helping coffee growers tap markets for fair prices.

DIFFERENT FACTORS FOR SUCCESS OF PATHWAYS			
This pathway requires...	Critical Mass of...	Effective Solutions based on...	Building Capacity for...
Policy development	Political interests and will	Ideological power, cost-benefit analysis, etc.	Research, demonstration & advocacy
Communities of practice	Experimentation by and peer relationships among practitioners	Action/evaluation research best practices	Learning facilitation & networking
Market forces	Consumer demand and buying power	Business feasibility Incentives/disincentives	Enterprise or product management & Market analysis
Power relationships	Social demand	Perceptions of social justice	Social mobilization
Social learning	Individuals with similar psychological motivation	Power to psychologically motivate	Communication and educational outreach

### *Inherent Difficulties*

We have also come to anticipate difficulties likely to be encountered in scaling up along these five pathways.

- **Developing Public Policies** may lead to standardization - “one size fits all” – that is inappropriate to local context. This pathway often stops at policy change and does not follow through with implementation. All too often the public policy discourse does not include the poor; it can result in elites talking to elites.
- **Fostering Communities of Practice** may establish exclusive, privileged learning groups. Communities of practice can become overly technocratic, putting greater store in methods and tools than in processes and adaptation. They can also sometimes supplant more organic social movement groupings, because they may have greater access to funding and other supports.

- **Influencing Markets** may create new competition for those dependent on subsistence use and operating in informal markets. The benefits of a markets pathway can be captured instead by those with access to capital, financial reserves, or corporate capacity. For instance, certification strategies that aim to influence markets can lead to market share dominated by large certified producers.
- **Changing Power Relations** may lead into the briar patch of partisan politics—risky ground for foundations. Moreover, social movements may become bureaucratized, losing sight of their goals. Also, funders’ priorities may distort the direction of the movement.



- **Promoting Social Learning** depends on finding the right message and the right messenger, and this is hard to do. There may also be difficulties in delivering messages because of limitations such as illiteracy and lack of communications technologies.

Anticipating these potential challenges and working closely with grantees and other partners to avoid them can help ensure that social innovations with the potential for large-scale impact do not get derailed along the way.



In reviewing a range of portfolios—in different fields and places, using different strategies—we have identified some additional lessons that fall into three basic categories:

- How to *design* solutions for social change so their potential for scaling up is increased.
- How to *organize* for scaling up by selecting grantees that will try to take particular solutions to scale and by supporting their capacity-building.
- How to *adapt* the solution-design or organized capacity as they move toward greater scale and inevitably encounter unanticipated barriers or opportunities.

## SOME LESSONS ABOUT SCALING UP

### Designing for Scale

1. Use the power of systems analysis.
2. One-size-fits-all solutions don't work across social contexts; they must be tailored to context.
3. Work at multiple levels of scale—from global to local—to find connections between them.
4. Integrate tested solutions into comprehensive approaches—bundles—for scaling up.
5. Carefully assess the strategic viability of promising solutions.

### Organizing for Scale

6. Anticipate the organizational capacities that will be needed to take a solution to scale.
7. Build long-term partnering relationships with key organizations and invest in them.

### Adapting for Scale

8. Invest in monitoring and feedback loops to spot resistance, opportunities, and surprises.
9. Develop funder collaborations to support long-term investment in scaling up.

## Designing for Scale

Some solutions appear to have more power to reach scale—more *scalability*—than other solutions. They are more effective in creating impact. They can work across many different settings. They attract more resources for scaling up. How can more scaling power be designed into solutions?

**1. Use the power of systems analysis.** Deep knowledge of the social systems in which the Foundation intervenes allows us to seek the *leverage points* where small changes can lead to large impacts on the systems. “Businesses and other human endeavors” are systems, Peter Senge explains in *The Fifth Discipline*. They are “bound by invisible fabrics of interrelated actions, which often take years to fully play out their effects on each other.”<sup>36</sup>

Social systems are particularly complex, explains sociologist Duncan Watts, and the problem of achieving scale boils down to this question: “How does individual behavior aggregate to collective behavior?” In his book *Six Degrees*, Watts tells the story of British power utility engineers who were puzzled by surges of demand that drained the nation's power grid, but just for a few minutes at a time. They finally figured out that these occurred when “a nation of soccer fans got up from their couches [where they were watching the televised soccer championship matches], virtually

simultaneously, and put the kettle on for a cup of tea.” In short, Watts concludes, “the interactions of individuals in a large system can generate greater complexity than the individuals themselves display.”<sup>37</sup>

A systemic approach can help design powerful solutions. “The bottom line of systems thinking is leverage,” Senge writes, “seeing where actions and changes in structures can lead to significant, enduring improvements.”<sup>38</sup>

Sustainable Forestry Funders—a group of approximately 50 foundations—has worked for many years to develop deep knowledge of the forest products industry. Understanding industry dynamics led the group to focus on large retailers of forest products—a leverage point—because they were more vulnerable to consumer opinion than the forest product manufacturers. The industry is global and concentrated among a relatively small number of large corporate producers and, increasingly, giant retailers. These corporations operate in far-flung markets across the globe and invest heavily in developing and maintaining a positive, easily recognizable image with consumers—a global brand. This provided a potential leverage point, because corporations, especially retailers, wanted to ensure against risks to their brands. Environmental NGOs backed by foundations exploited this leverage point, mounting aggressive public campaigns against the timber companies’ brands, attacking how they managed their forestlands. And they offered an innovation—certification by the Forest Stewardship Council for environmentally and socially acceptable forest management practices—that companies could use to protect their brands.

**2. One-size-fits-all solutions don’t work across social contexts; they must be tailored to context.** The concepts of standardization and replication attract and repel foundations. The underlying assumption of both of these ideas is that what works in one context will work in another context. As Joel Orosz notes, “Replication was an Industrial Age concept savoring of interchangeable parts and the assembly line.”<sup>39</sup> For early philanthropic investors interested in social change, the reliable reproduction of a standard model with predictable results was the gold standard of efforts to achieve large scale.

The problem with this notion of replication is that it does not work in significantly different contexts, and the world is full of such differences. When working in multiple contexts, as Michael Edwards explains in *Future Positive*, “success comes, not from the application of standard models, but from the interaction of different forces over time.”<sup>40</sup> Appropriate variation, not standardization, is the key to scaling up. In India’s community forestry and Joint Forest Management, replications through government orders have resulted in a standardization of institutional forms and benefit-sharing mechanisms that do not allow for variation and recognition of traditional management systems and the capacity of different types of forests. This has limited the scale these innovations can achieve.

**3. Work at multiple levels of scale—from global to local—to find connections between them.** We increasingly recognize that globalizing forces, especially economic dynamics such as international trade agreements, are affecting the many places in which we and our grantee partners work—and that people at the local level have the power, at times, to influence these global dynamics. In short, we are exploring the local-global connection in search of effective strategies to reduce poverty and injustice. The Foundation’s support for the global research and advocacy organization, Women in Informal Employment Globalizing and Organizing (WEIGO), is an example

of this strategy. By amassing research and statistics and by catalyzing new grassroots organizations, WIEGO aims to improve the economic returns, benefits, and conditions of women's informal employment, the poorest segment of the informal sector. Foundation support has enabled WEIGO's participation in national, regional, and international policy dialogues to promote supportive public policies in global trade and investment, urban planning, labor standards and legislation, and social insurance. WIEGO has organized the participation and representation of its network membership in regional workshops and international labor conferences and has secured the International Labour Organization's recognition of the issues facing informal workers – an important indicator of success in bringing women's voices into the global policy arena. We have supported local-level resistance and the development of alternative frameworks and practices. In addition, we are looking for ways to engage global institutions, such as the World Bank, in becoming more responsive to the needs of marginalized communities.

**4. Integrate tested solutions into comprehensive approaches—bundles—for scaling up.** Like many foundations, we have been looking more holistically at how we design solutions for social problems. Rather than search for a “magic bullet” solution, we establish initiatives that combine action in economic, social, and political domains. The problem with one-bullet answers, as Lisbeth Schorr explains in *Common Purpose*, is that they try “to address the many problems clustered among people in poverty one problem at a time.”<sup>41</sup> A look at the Foundation's activities in an immense place—\$12.5 million in grants between 1988 and 2001 in Brazil's Amazon River basin, and especially in the western Brazilian state of Acre—illuminates a holistic approach that contributes to scaling up. During that time, the Foundation supported the emergence of a social and political movement for sustainable development by backing efforts to gain land rights for indigenous people, to develop knowledge about sustainable management of the tropical forest's ecosystems, to increase graduate school training for social and natural sciences and, more recently, to focus on poverty alleviation and democratic governance. A different example, also from Brazil, is the effort focused on HIV/AIDS. It combined investments in prevention, treatment, and health care and used several pathways for scaling up.

**5. Carefully assess the strategic viability of a solution.** A solution that works well at small scale may fail nonetheless when it is implemented at greater scale. To understand the risks of scaling up a particular solution, a number of issues must be considered, including:

- Is the solution *competitive*—does it create significant enough change or is it distinct enough from other solutions to attract resources—money and people—for scaling up?
- Is the solution *financially sustainable*—does it, for instance, require long-term or even permanent subsidization from foundations or the government?
- Is the solution highly dependent on *enabling conditions* and are those conditions present? Each solution is immersed in a political, social, technical, and economic context that may be supportive or hostile to scaling up.
- Anticipate resistance by figuring out who the “losers” are going to be as an innovation, such as influencing market forces and public policy development, changes the circumstances of other players. They will likely resist and may become an opposition force.



## *Organizing for Scale*

Solutions need organizations to carry them to scale. As the authors of *High Performance Nonprofit Organizations* conclude, “Whether originating a new program, replicating someone else’s innovative program, or attempting to influence policy to preclude the need for a program, the organization’s ability to perform well is decisive. Ultimately, large-scale impact requires large-scale performance.”<sup>42</sup> In the foundation world, promising solutions are often in search of implementing organizations. Some organizations are more ready than others to undertake scaling up. How can foundations and change agents organize effectively for scaling up?

### **6. Anticipate the organizational capacities that will be needed to take a solution to scale.**

Few, if any, organizations have all of the capacities required to move solutions along all of the pathways to scale. They tend to specialize. Think-tanks work on policy development, for instance; grassroots NGOs build social movements.

As foundations look for grantee-partners, then, they can anticipate what sort of organizational capacities will be most important based on which pathways are likely to be followed. This can help them be more rigorous in the grantee-selection process. It can also help them to avoid overextending grantees by funding them to take on scaling-up activities beyond their capacities.

### **7. Build long-term partnering relationships with key organizations and invest in them.**

Most foundations do not invest over the long run. “Ninety-five percent of all foundation grants are for one year,” note Michael Porter and Richard Kramer. “There is little evidence that foundations exploit the opportunity to work more closely with grantees over extended periods of time.”<sup>43</sup> Yet, scaling up solutions to social problems is inherently a long-run game.

Building long-term relationships with grantees involves a delicate balancing act. Most important, the foundation and grantee must be able to be honest with each other—about their needs, strengths, and weaknesses. This can be difficult to do. Some of the guidelines for foundations to follow in building these relationships include:

- Recognize potential weaknesses of grantee and invest in addressing them.
- Don’t overload grantees with too many outcomes, or too much of a stretch of organizational capacities.
- Commit to being a long-term partner. Don’t hedge on this.
- Provide the grantee-partner with substantial resources and help to broker others. Don’t be penny-wise and pound-foolish.
- Insist on grantee accountability: clear performance objectives and monitoring methods.
- Be open to change—evolution—in the relationship.

## STRENGTHENING ORGANIZATIONAL CAPACITY:

### *Revamping the Forest Stewardship Council*

The Forest Stewardship Council's rapid success in certifying forestland resulted in the need for significant organizational retooling.<sup>44</sup> Much about the Council seemed to be working well. Designed as a nonprofit membership organization, it had hundreds of members from environmental and social organizations and forestry businesses. It had established and maintained the integrity of its certification process, perhaps its most important factor for success. It had been endorsed by environmental groups around the world and had helped to engineer decisions by leading corporations to favor FSC-certified wood products. Thousands of wood and wood-containing products bore the Council's trademark logo. Hundreds of companies committed to FSC certification had joined a Global Forest and Trade Network (an emerging community of practice).

But there were important problems as well. FSC world headquarters were in Oaxaca, Mexico. This location had the advantage of being in a developing nation in the global South, a useful statement about the nature of the organization. But it also meant that FSC leaders had trouble raising the organization's visibility and maintaining communications with players at the traditional centers of policymaking around the world and in the forest industry's top ranks. Organized as a classic NGO, it could not function at the speed of business. The FSC was also having trouble building demand for certification in critical places in the forest world, such as the Congo Basin, Southeast Asia, Russia, and China. Finally, although the Council was providing discernible commercial value to some parts of the \$20 billion-a-year forest products industry, it was not financially self-sufficient. To fill in budget gaps, the FSC was tapping foundations, environmental organizations, the forest products industry, and government agencies for grants.

These challenges were laid to bare in 2001 during a strategic planning process that resulted in an organizational commitment to convert the FSC into a lean, decentralized, worldwide organization that would become financially self-sufficient. The FSC moved its headquarters to Bonn, aided by the German government's contribution of a rent-free building and a large subsidy to cover moving costs. According to the strategic plan, the Council would need to expand its worldwide expenditures to about \$7 million annually (from about \$2 million at the time), and calculations indicated that it would take at least seven years to reach that level of revenue from certification fees and trademark licensing. To bridge the gap to self-sufficiency, a group of foundations, NGOs, and corporations in the forest products industry, including the Ford Foundation, decided to create an FSC Global Fund, independent of the FSC, to raise the \$50 million needed to transition the organization to a permanent sound financial and managerial footing.

### *Adapting for Scale*

In *Common Purpose*, Lisbeth Shorr examines promising social innovations in the U.S. to understand why they rarely were sustained or expanded. Effective pilot efforts flourish, she explains, under a protective bubble created by foundation funding, a powerful political champion, and a savvy leader—but then fail when they leave the hot house and encounter less friendly conditions. But, Schorr concludes, “when the model is expected to become the norm, it can no longer evade the barriers of traditional financing, accountability, governance, and public perception. When [it meets] the pressures exercised by prevailing attitudes and systems, the resulting collision is almost always lethal to the effective programs.”<sup>45</sup>

Going to scale typically occurs in a fluid and complex context. This puts a premium on the ability to adapt. How can social change agents seeking great impact upon social systems navigate their solutions through changing, rough, and often uncharted waters?



**8. Invest in monitoring and feedback loops to spot resistance, opportunities, and surprises.** As solutions proceed along pathways to scale, people respond to them, and the context changes. These responses may signal the emergence of barriers to or opportunities for scaling up, and funders and change agents must be sensitive to them. Warning signals are potential lessons about the acceptance of or resistance to a solution, and they may indicate what adaptations might be helpful, including redesigning the solution or shifting to a different pathway.

In 1966, for instance, five years into pilot implementation of the Green Revolution's miracle grains, Ford Foundation evaluators in India raised cautions: Rice and wheat production gains had not been significant.<sup>46</sup> In 1970, one thoughtful critic noted that the Revolution's hoped-for impact was falling far short of its aspirations.

The Revolution's "advent into tradition-bound rural societies was heralded as the rebuttal to the dire predictions of hunger stalking large parts of the world," wrote Wolf Ladejnsky in *Foreign Affairs*. But, he continued, in India "extravagant anticipations have been replaced by a more sober appreciation of its accomplishment and of the possibilities of expanding the scope of the technology beyond its current limits."<sup>47</sup> These signals stimulated adaptations in the implementation of the Green Revolution. More recent analyses of the revolution's impact noted the unintended negative environmental impacts that accompanied the use of the large amounts of fertilizer and pesticides needed to grow the high-yielding crop varieties, and triggered calls for a second Green Revolution to increase environmental benefits along with yields.<sup>48</sup>

In short, expect problems, opportunities, and surprises in the process of scaling up—and make mid-course corrections. Indeed, funders and change agents should periodically revisit their assumptions and strategies, and monitor what effects the solutions they are advancing are actually having.

Sometimes success in scaling up—growth—is the problem that has to be addressed. The spread of CDCs in the 1970s led the Ford Foundation and other funders to create an intermediary organization, the Local Initiatives Support Corporation (LISC), to give CDCs financing and technical assistance. An intermediary had to be created because a foundation simply could not deal directly with hundreds of CDCs.

**9. Develop funder collaborations to support long-term investment in scaling up.** Because taking solutions to large scale can require substantial investment over the long term, it may often be beyond the wallet of a single foundation. Funder collaborations are one way to create enough resources to take on costly scaling up efforts. And collaborations can have other benefits. After examining some 45 funder collaborations, Ralph Hamilton of the Chapin Hall Center reported in 2002 that the efforts led to new learning and knowledge, new connections to practitioners, coordinated grant making, and improvements in grant-making practices.<sup>49</sup>

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