



# Insights on Australian field-building intermediaries and their funding journeys towards sustainable impact

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Social Ventures Australia acknowledges Traditional Owners of Country throughout Australia. We pay our respects to Aboriginal and Torres Strait Islander Elders past, present, and emerging. We also accept the invitation in the Uluru Statement from the Heart to walk together with Aboriginal and Torres Strait Islander peoples in a movement of the Australian people for a better future.

### **About Social Ventures Australia**

Social Ventures Australia (SVA) is a not-for-profit organisation that works with partners to alleviate disadvantage – towards an Australia where all people and communities thrive. We influence systems to deliver better social outcomes for people by learning about what works in communities, helping organisations be more effective, sharing our perspectives and advocating for change.

It is important to note that SVA also demonstrates many of the attributes of a field-building intermediary. Although SVA is not one of the organisations which was used for this research, it does experience a number of the challenges outlined in this paper in securing appropriate and timely funding to sustain its impact.

### **About the Paul Ramsay Foundation**

The Foundation continues Paul Ramsay's philanthropic legacy through a commitment to break cycles of disadvantage. PRF partners with individuals and organisations around Australia to support promising ideas and methods, scalable innovation and adaptive practice to break cycles of disadvantage in Australia.

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# Executive summary

Cycles of disadvantage are multi-faceted and breaking these cycles requires “addressing a complex constellation of tangled up factors that defy ‘cookie cutter’ solutions”.<sup>1</sup> Traditional service delivery-focused non-profit organisations cannot on their own address system-wide challenges. Field-building intermediaries – organisations that “engage and coordinate non-profits, funders, and other stakeholders to deal with critical, unaddressed needs in a field” – play an important role.<sup>2</sup>

Not surprisingly, field-building work is also complex. The role of field-builders is difficult to define and as a result, it is complex to measure their impact. Due to this, field-builders struggle to secure funding to sustain impact that is appropriate (in nature, quantum, flexibility and length) and timely (easily accessible to respond to the variable and complex nature of intermediary work which changes over time). There is also a lack of nuanced understanding in the broader for-purpose sector of the most fit-for-purpose funding models for field-building intermediaries at various stages in their evolution as well as how best to fund the type of system change work that intermediaries target.

## What are ‘field-building intermediaries’?

The terms ‘intermediary’ and ‘field-building intermediary’ – and the bounds of those definitions – are not clear. These terms mean different things to different people in various contexts.

This paper adopts the following definitions:

- **Field-building intermediary:** “[A field-building intermediary] engages and coordinates non-profits, funders, and other stakeholders to deal with critical, unaddressed needs in a field, such as building partnerships or sharing best practices.”<sup>3</sup>
- **A field:** “[A field is] a set of individuals and organisations working to address a common social issue or problem, often developing and using a common knowledge base.”<sup>4</sup>
- **Field-building:** “[Field-building is] the activities or investments that drive a field’s progress toward impact at scale.”<sup>5</sup>

See section 2 for definitions including types of field-building intermediaries.

The purpose of this paper is to:

- Increase understanding and transparency in the Australian for-purpose sector of the different funding journeys and funding models of field-building intermediaries, across the stages of an intermediary’s life.

<sup>1</sup> M Cabaj, *Evaluating the Results of Intermediary Organisations: A paper for intermediaries in Australia* [PDF], Paul Ramsay Foundation, 2021, accessed 9 August 2022.

<sup>2</sup> N Sahni, E Matsui and L Hult, *When Building a Field Requires Building a New Organization*, The Bridgespan Group, 26 May 2017, accessed 9 August 2022.

<sup>3</sup> Sahni et al., *When Building a Field Requires Building a New Organization*.

<sup>4</sup> L Farnham, E Nothmann, Z Tamaki and C Daniels, *Field Building for Population-Level Change* [PDF], The Bridgespan Group, 2020, accessed 9 August 2022.

<sup>5</sup> Farnham et al., *Field Building for Population-Level Change* [PDF].

- Highlight common themes on the key success factors, which support the intermediary's funding journey as well as factors which may hinder that journey.
- Help inform the approach, which philanthropic (and other) funders could take in funding field-building intermediaries.

The primary audience for this work is philanthropic funders who currently, or may in the future, support field-building intermediaries. The secondary audiences are intended to be government funders and Australian field-building intermediaries themselves.

This paper documents research, which uses a case study approach. Eleven themes and observations have been developed from case studies of eight Australian field-building intermediaries. These themes and observations are augmented with relevant other perspectives surfaced from targeted discussions with some international organisations involved in field-building work.

This paper can be read together with the eight case studies which are located in the companion paper titled *Case studies of Australian field-building intermediaries*.<sup>6</sup>

Themes and observations on the funding journeys of field-building intermediaries towards sustainable impact are summarised as follows:

- 1. There is significant value in philanthropic funding, which is long-term and patient.** A majority of intermediaries studied highlight the value of multi-year philanthropic funding, which takes into account the nature of the work the intermediary is focused on at its stage of development. At the same time, the funding must be patient, that is, a funder's expectation for what can be achieved, including the reasonableness of demonstrating evidence of impact, needs to be aligned with the intermediary's priorities. The value of philanthropic funding in this form is observed at all stages of a field-building intermediary lifecycle, given the long-term nature of effective field building and the unpredictable nature of progress.
- 2. A diversity of philanthropic funders is a protective factor.** The case studies surface the benefits to intermediaries of securing multiple philanthropic funders to support their work at any stage. Most obviously, there is the potential that multiple funders may ensure a larger quantum of funding is available. In addition, a diversity of funders may serve as a safety net if one funder ceases its support for the intermediary at any point. There are, however, challenges in managing a mix of philanthropic funders.
- 3. Philanthropic funders have an important role to play, in addition to funding.** Philanthropic funders can be highly effective in supporting field-builders in addition to funding. The case studies demonstrate this includes attracting other philanthropic funders to support the work of the intermediary, the provision of in-kind support and in supporting and building the broader ecosystem. Case studies highlighted that philanthropic funders are more likely to support field-builders, financially and non-financially, if they understand the value and role of field-builders in the for-purpose sector.
- 4. Some practices of funders in the Australian philanthropic sector are a barrier including their expectations of demonstrating impact.** Leaders of case study intermediaries shared there are very few philanthropic funders in Australia who support field-building intermediaries, and even less who are prepared to support field-builders over the long term. One barrier to philanthropic support of field-builders is that many funders require evidence of impact before they will fund, and/or that impact is demonstrated early in the funding period. For those case study intermediaries, which are or were able to demonstrate evidence of impact or a contribution to

<sup>6</sup> See Social Ventures Australia (SVA), *Case studies of Australian field-building intermediaries*.

outcomes, this was observed as a significant enabler to securing additional or new funding from philanthropy and government. For those who could not demonstrate impact clearly, this presented a real barrier to securing funding.

5. **Experience and dedicated time are required from intermediary leadership to attract and maintain funding.** A number of case study intermediaries highlight the critical role of the intermediary's leadership team, and their reputation and relationships in the relevant field to attracting funding from philanthropic funders and/or governments. Experienced leaders with a well-established reputation were observed to support funder confidence. But, significant time and effort is required from the leadership of intermediaries to attract and maintain funding with case study leaders' informal feedback suggesting leaders spend the majority of their time on funding related activities.
6. **Intermediaries need untied funding to support indirect costs and capability building.** Case study intermediaries noted the specific and additional challenge of securing untied funding for indirect costs and investment in capability building. Many intermediaries highlight that both philanthropic and government funders are focused on funding specific programs or initiatives rather than core operations. This lack of funding for overhead or indirect costs is part of a broader challenge across the for-purpose sector.
7. **Government support, through funding and policy, can play an important role in strengthening intermediaries.** From the experience of the case study intermediaries, the provision of funding is the key mechanism through which governments in Australia support the work of field-building intermediaries. However, some field-builders, particularly those with the attributes of field catalysts, hold reservations about accepting such funding due to the potential to compromise their independence, particularly in relation to advocacy and strategic engagement activities. Government regulations can also be a barrier to the funding journeys of field-building intermediaries, for example, the requirements regarding Deductible Gift Recipient status can make fundraising challenging.
8. **Generating earned income is possible for some field-building intermediaries but is unlikely to be self-sustaining.** Developing a successful fee-for-service offering is likely to only be successful for field-builders with a product or service to sell in a market that is willing to pay for that product or service. Even for an intermediary that has the potential for this, it can still be challenging to make a fee-for-service business profitable. This type of activity requires specific skills and capabilities and if executed well, may only cover its operating costs (or make a small contribution to organisational overheads). Focusing on building or delivering a fee-for-service offering also carries a risk of distracting an intermediary from its core activities and mission.
9. **A diversity of funding models is observed in the catalysing stage with auspicing arrangements a common protective factor.** Across the case studies, a number of different funding models were secured by intermediaries to support their work at the catalysing stage. However, the case studies do not provide evidence of any commonalities between type of field-building intermediary and availability of funding models. A common funding model for many of the case study intermediaries is funding or substantial in-kind support from an auspicing or supporting organisation, often a not-for-profit working in the field or a philanthropic foundation, combined with some external philanthropic support.
10. **Auspicing arrangements such as incubation can bring challenges in the growth stage.** Case studies demonstrate that whilst auspicing arrangements are observed to be a protective factor in the catalysing stage, they do require an ongoing mutual value exchange to remain

beneficial for both organisations as the intermediary grows. Auspicing arrangements that are akin to incubation can become challenging if the aspirations of the intermediary start to diverge from those of the supporting organisation or vice-versa and/or the support relationship creates confusion in the sector about the role of the intermediary.

- 11. Planning for an end-state funding model is challenging for intermediaries that need to remain responsive and agile.** The case studies highlight that for most field-building intermediaries, it is difficult to target or plan for an end-state funding model at the outset. It is well understood that the type of work undertaken by field-building intermediaries requires an ability to be continuously agile and/or opportunistic throughout the catalysing stage and into the growth stage. Changes in priorities or responding to an opportunity in the external environment can also open up new funding models which were not previously available or relevant.

This paper, supported by the case studies, shines a light on the valuable – yet often invisible – work of Australian field-building intermediaries.

It highlights a number of considerations which funders should bear in mind as they navigate how to support field-builders. For philanthropic funders, it is important to note the value of long-term and flexible funding for field-building intermediaries, which includes funding for indirect costs and capability building, and recognising that financial self-sufficiency is not always possible or appropriate for many field-builders. The long-term, complex nature of the work means that funders will need to be patient in terms of the type and timing of outcomes and should deeply consider what role they can play to support field-builders that goes beyond the provision of funding.

It is hoped that this work raises awareness of the important role of field-builders and the complexity of their work and by doing so, promotes a step change in the way funders think about how they can best support field-builders in their journey to sustainable impact.

# 1. Purpose, audience and context

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This paper surfaces themes and observations on the funding journeys towards sustainable impact of field-building intermediaries. It draws from case studies of eight Australian field-building intermediaries, augmented with perspectives from targeted interviews with a selection of international philanthropic funders and intermediaries.

The paper outlines funding models and revenue sources secured over the different stages of the intermediary's journey. Importantly, it also shares common themes on the observed success factors (for intermediaries, for funders and in the enabling ecosystem) and challenges, which have supported or hindered intermediaries in their ability to secure funding to support sustainable impact.

This paper should be read together with the eight case studies, which are located in the companion paper titled *Case studies of Australian field-building intermediaries*.<sup>7</sup>

As Bridgespan described:

*“Systemic change is critical for solving some of the greatest social challenges... And one of the most important levers for bringing about such change is field building — coordinating the efforts of multiple organizations and individuals around a common goal and creating the conditions necessary for them to succeed.”*<sup>8</sup>

Field-building is complex work:

*“In reality, field-building work is extremely challenging — and not just due to the complexity of social problems and the dynamic context in which field-builders operate. A lack of shared understanding about what it takes to advance fields and mismatches between fields' needs and common philanthropic practices are leading factors that thwart such efforts.*

*[F]ield-building efforts are one of the most valuable investments funders can make, but historically such efforts are the least funded.”*<sup>9</sup>

The purpose of this paper is to:

- Increase understanding and transparency in the Australian for-purpose sector of the different funding journeys and funding models of field-building intermediaries, across the stages of an intermediary's life.
- Highlight common themes on the key success factors, which support the intermediary's funding journey as well as factors which may hinder that journey.
- Help inform the approach, which philanthropic (and other) funders could take in funding field-building intermediaries.

The primary audience for this work is philanthropic funders who currently, or may in the future, support field-building intermediaries. The secondary audiences are intended to be government funders and Australian field-building intermediaries themselves.

<sup>7</sup> See Social Ventures Australia (SVA), *Case studies of Australian field-building intermediaries*.

<sup>8</sup> The Bridgespan Group, *The Strong Field Framework: A Guide and Toolkit for Funders and Nonprofits Committed to Large-Scale Impact* [PDF], report to The James Irvine Foundation, 2009, accessed 9 August 2022.

<sup>9</sup> Farnham et al., *Field Building for Population-Level Change* [PDF].



Sharing the experiences of the case study intermediaries is important as there is a lack of nuanced understanding of the most fit-for-purpose funding models for field-building intermediaries at various stages in their evolution as well as how best to fund the type of systems change work that intermediaries target.

Due to the complexity of field-building – and other factors which are explored in this paper - field-building intermediaries struggle to secure funding to sustain impact that is appropriate (in nature, quantum, flexibility and length) and timely (easily accessible to respond to the variable and complex nature of intermediary work which changes over time).

This can hinder an intermediary's ability to achieve their intended impact. Through highlighting the journeys of a number of Australian field-building intermediaries through case studies, and drawing out key insights, it is hoped that funders will develop a deeper understanding of the challenges experienced by field-building intermediaries in their funding journeys and how best to support them.

It is acknowledged that this report is one input into a broader program of work required in Australia to deepen the understanding of the important role of field-building intermediaries. For example, it does not delve into the important topics of:

- the role, and value, of field-building intermediaries in the sector more broadly
- the factors that make a field-building intermediary successful in delivering impact
- how to understand, measure and articulate the impact of field-building intermediaries.

There is research work recently published in Australia, which touches on some of these critical issues – see, for example *Evaluating the Results of Intermediary Organisations: A paper for Australian Intermediaries* and *Australia's social venture ecosystem: Understanding the support and development landscape*.<sup>10,11</sup>

<sup>10</sup> Cabaj, *Evaluating the Results of Intermediary Organisations: A paper for intermediaries in Australia* [PDF].

<sup>11</sup> A Earles, M Moran and L Ward-Christie, *Australia's social venture ecosystem: Understanding the support and development landscape*, Centre for Social Impact, 2021, accessed 9 August 2022.

## 2. Definitions

There are a number of important terms used in this paper which need to be defined.

### Field-building intermediary

This paper is focussed on **field-building intermediaries**, defined as:

*“[A field-building intermediary] engages and coordinates non-profits, funders, and other stakeholders to deal with critical, unaddressed needs in a field, such as building partnerships or sharing best practices.”<sup>12</sup>*

In this context, a **field** is defined as:

*“[A field is] a set of individuals and organisations working to address a common social issue or problem, often developing and using a common knowledge base.”<sup>13</sup>*

*[Field-building is] the activities or investments that drive a field’s progress toward impact at scale.”<sup>14</sup>*

The terms intermediary and field-building intermediary – and the bounds of those definitions – are not clear. These terms mean different things to different people.

In the United States, the term intermediary without any further explanation is likely to refer to organisations that link funders and fund-seeking organisations (organisations, which may be variously known as ‘donor intermediaries’, ‘funder intermediaries’ ‘re-granters’ or ‘philanthropic intermediaries’) that can take different forms.<sup>15</sup> These funder intermediaries are not the focus of this paper but there is some intersection between funding intermediaries and place-based backbones (a category of field-building intermediary), where the place-based backbone may, as one of its functions, provide pass through funding to the organisations they support.

In the United Kingdom, the term intermediary, without further explanation, is likely to mean organisations known as financial intermediaries. Particularly in the for-purpose sector, ‘social investment finance intermediaries’ refer to organisations that *“provide, facilitate or structure financial investments for social sector organisations and/or provide investment-focused business support to social sector organisations”*, may come to mind.<sup>16</sup> Whilst some of these organisations may be ‘capability specialist’ type field-builders (another category of field-building intermediaries), this is not the focus of this report.

### Types of field-building intermediaries

Four categories of field-building intermediaries are noted in this paper. Drawing again on the work of the Bridgespan Group, the case study intermediaries are categorised according to whether they

<sup>12</sup> Sahni et al., *When Building a Field Requires Building a New Organization*.

<sup>13</sup> Famham et al., *Field Building for Population-Level Change* [PDF].

<sup>14</sup> Famham et al., *Field Building for Population-Level Change* [PDF].

<sup>15</sup> See *Using Intermediaries for Impact* by MacArthur Foundation and *The Case for Intermediaries* [PDF] by Oliver Wyman.

<sup>16</sup> Good Finance, *Social investment finance intermediary (SIFI)*, Good Finance, 2022, accessed 9 August 2022.

demonstrate attributes of field catalysts, capability specialists, evidence-action labs or place-based backbones, which are described below:<sup>17,18</sup>

- **Field catalyst:** Deploys different capabilities, quietly influencing and augmenting the field's efforts to achieve population-level change.
- **Capability specialist:** Provides one supporting capability to the field.
- **Evidence-action lab:** Focuses on research and development, advising policy makers, and helping the field's practitioners learn, improve and scale solutions.
- **Place-based backbone:** Coordinates local and regional cross-sector stakeholders and supports them in collectively transforming a fragmented field.

There are two reasons why the case study intermediaries are categorised into types of field-building intermediary. The first is to ensure a breadth of different types of field-building intermediaries are included in this research. The second is to identify if there are any common themes regarding the funding models according to the type of field-building intermediary.

There are a number of challenges in categorising field-building intermediaries in this way. These challenges include that:

- The categories of field-building intermediaries are not mutually exclusive. For example, an organisation can be a field catalyst as well as a capability specialist. In addition, it is likely that there are other, emerging, categories of field-building intermediaries.
- It can be difficult to categorise the activities of a particular intermediary – different views are easily held as to the type of field-building category, including within the organisation itself. This is compounded by the fact that some organisations may also carry out some activities, which may not be defined as field-building activities, and this mix of activities may change over time.

As a result, the categorisation of the eight field-building intermediaries studied in this paper is a best-efforts judgment strongly informed by how the case study intermediary views itself. Given the purpose of this paper, and the reasons for categorisation, it is not the intention of this paper to delve deeper into questions of definition.<sup>19</sup>

## Ecosystem

This paper also refers to the **ecosystem** in which a field-building intermediary operates. The working definition used for an ecosystem is the environment or external context in which the organisation operates, including:<sup>20</sup>

- the **players** operating around the field-building intermediary, including other intermediaries, service delivery organisations and funders
- the **external conditions** the field-building intermediary operates in, including the legal and policy environment, government and political landscape and community expectations.

Exploration of the ecosystem is relevant as this paper highlights there are aspects of the ecosystem, which can either support or hinder an intermediary's funding journey. To understand the funding

<sup>17</sup> T Hussein, M Plummer and B Breen, 'How Field Catalysts Galvanize Social Change', *Stanford Social Innovation Review*, 2018, accessed 9 August 2022.

<sup>18</sup> S Cheuy, M Cabaj and L Weaver, 'How Field Catalysts Accelerate Collective Impact', *Stanford Social Innovation Review*, 2022, accessed 9 August 2022.

<sup>19</sup> See also Cheuy et al., 'How Field Catalysts Accelerate Collective Impact'.

<sup>20</sup> For a discussion about social ecosystems see 'Cultivate Your Ecosystem', *Stanford Social Innovation Review*.

experience and needs of field-building intermediaries, it is important to understand what external factors impact that experience and those needs.

This paper does not examine all aspects of the relevant ecosystem of each intermediary, nor does it explore components of each ecosystem in any detail. It highlights what was learned from the case study intermediaries about the ecosystem factors which, in their view, have had a specific impact on their funding journey towards sustainable impact.

## Stages of an intermediary's funding journey

In the case studies, an intermediary's life stage is used as the structure or framing for surfacing learnings about the intermediary's funding journey. The three stages are broadly, catalysing, growing and sustaining, using the following working definitions:

- **Catalysing:** An intermediary's initial stage, which encompasses the exploration or incubation of an idea and start-up.
- **Growing:** After initial start-up, the period in which the intermediary starts to build and rolls out or expands activities.
- **Sustaining:** The stage where an intermediary is well-established in the sector with a clear set of activities which may continue to evolve overtime.

It is also noted, for some organisations there is potentially a fourth stage of **renewal** or wind-down where an intermediary, having achieved its purpose, may need to substantially renew or refine its focus or cease its operations. None of the case study intermediaries (see list of case study intermediaries in section 3 and case studies in section 6) explicitly considered themselves in this fourth stage, however, Opportunity Child may be an example of an organisation whose objectives and activities were absorbed into the wider ecosystem as the organisation itself wound down.

The case studies, and this paper, are focussed on the intermediary's funding journey and not the overall journey of the intermediary.

## Auspecting arrangements

The case studies include intermediaries which have in place a type of auspecting or other support arrangement with another organisation, usually a larger organisation. These arrangements occur on a spectrum, which may have differing approaches to, for example, the provision of in-kind support, staffing arrangements, management, governance and financial reporting. Some of these types of arrangements may include some form of legal agreement between the two entities, but not all.

Given the often unique and variable features of auspecting arrangements, this paper adopts a working definition of auspecting, which includes the following:

- an intermediary that sits within a larger organisation, with no separate management, governance or financial status (this arrangement can also be referred to as incubation)
- an intermediary that sits within a larger organisation (for the purpose of, for example, accessing deductible gift recipient (DGR) status of the larger organisation), but with its own dedicated management team, an independent board or governance and financial status (this arrangement is often subject to a formal auspecting agreement)
- an intermediary (usually a research centre) located within a university institution which has a separate advisory board or group but no independent governance or financial status

- an intermediary that is a standalone entity in the sense that it has an independent board and financial status, but may procure back office support from another organisation, potentially at lower than market rates.

It should be noted that the types of arrangements listed above may not be mutually exclusive and there are likely to be other forms of auspicing arrangements, which have not been outlined here.

## 3. Approach

This paper documents research that uses a case study approach. Themes and observations have been developed from case studies of eight Australian field-building intermediaries. These themes and observations are augmented with relevant other perspectives surfaced from targeted discussions with some international organisations.

Given the relatively small number of case studies, it is not intended that the case studies cover the full spectrum of field-building intermediaries across all potential dimensions. In selecting the intermediaries for case studies, the key considerations were:

- breadth of types of field-building intermediary (as per the definition in section 2 above)
- different examples of funding models and journeys
- a cross-section of for-purpose sector issue areas that the intermediaries focus on
- length of time the intermediary has been operating with a bias towards including intermediaries that have been operating for more than five years based on the assumption that more can be learned about funding journeys for intermediaries that are not in their early stages.

For the selection process, no judgment was made about the impact, effectiveness or financial sustainability of the organisation.

It is also noted that of the intermediaries included, a number are, or have been, funded at some point on their journey by the Paul Ramsay Foundation, which funded this research. This factor may have the effect of creating some biases in the experiences of these intermediaries, given the practices of the Paul Ramsay Foundation and its size. The researchers acknowledge this may have the effect of positively skewing the experience of securing appropriate funding for these intermediaries.

In finalising the selection of intermediaries to be case studied, the Paul Ramsay Foundation staff and subject matter experts within Social Ventures Australia were consulted. In canvassing international organisations to engage with, the LEAP Ambassadors network was an important resource.<sup>21</sup>

To develop the case studies, a number of interviews were conducted with leaders from each of the intermediaries, which were then supplemented with publicly available information. Case study intermediaries reviewed and approved their case study prior to finalisation. Insights and observations included in the case studies have not been independently verified and as such, reflect the views of those interviewed from each case study intermediary.

The eight Australian field-building intermediaries studied in this paper (and detailed in the companion paper *Case studies of Australian field-building intermediaries*) are:

- **CoAct (est. 1997, demonstrates the attributes of both a field catalyst and evidence-action lab)**

CoAct is an intermediary that convenes a network of not-for-profit employment service providers who work in more than 350 sites across Australia. It has a mission to alleviate poverty through employment services and community activation. CoAct was formed following the outsourcing of

<sup>21</sup> Leap Ambassadors

the Commonwealth Employment Service to enable community-based not-for-profit providers to compete for work against large, for-profit competitors. It leverages the scale of its network to win government employment contracts, such as jobactive and Disability Employment Services, which it then subcontracts to its members who it supports to deliver contracts. It also provides fee-for-service support to the employment sector and trials innovative solutions to employment problems, including a recent pilot with Bridge Housing in Sydney called Bridge to Work.

- **Health Justice Australia (HJA) (est. 2016, demonstrates the attributes of a field catalyst)**

HJA describes itself as the national centre of excellence for health justice partnership, a collaborative service model bringing legal help into healthcare teams and settings. Health justice partnerships provide on-site legal assistance to vulnerable people in health-related settings including hospitals, community health centres and health outreach services in public housing estates. Informed by its work with health justice partnerships, HJA currently supports three key initiatives. HJA develops evidence and translates that evidence into knowledge that is valued by practitioners, researchers, policymakers and funders. It supports practitioners to work collaboratively, including through brokering, mentoring and facilitating partnerships. HJA is also focused on driving systems change through advocating for reforms to policy settings, service design and funding to improve health and justice outcomes for vulnerable people.

- **Indigenous Eye Health (IEH) (est. 2008, demonstrates the attributes of a field catalyst)**

IEH is a unit within the University of Melbourne School of Population and Global Health that works to close the gap in vision-related outcomes for Aboriginal and Torres Strait Islander people. Before IEH began its work, Indigenous Australians aged 40 and above had six times the rate of blindness compared to mainstream Australians. IEH was initially focused on research to understand the issue, resulting in the publication of *The Roadmap to Close the Gap for Vision* in 2012. Since then, it has moved to an advocacy and technical support role to help implement the Roadmap's 42 recommendations and change policy and practice across Australia.

- **Just Reinvest NSW (JRNSW) (est. 2011, demonstrates the attributes of a backbone to place-based backbones)**

JRNSW describes itself as a coalition of more than 20 organisations that supports Aboriginal communities to explore and establish justice reinvestment initiatives and advocates for systemic changes that build safer and stronger communities. It is auspiced by the Aboriginal Legal Service NSW/ACT (ALS) and aims to reduce the number of Aboriginal people being imprisoned by using a justice reinvestment approach, which redirects resources from prisons into building strong communities. To do this, it works alongside Aboriginal communities to support place-based, community-led and data driven approaches to improve public safety and reduce criminal justice spending. The most well-known initiative that JRNSW supports is Maranguka in Bourke NSW, which in 2012 became the first major site in Australia to implement an Aboriginal-led place-based model of justice reinvestment.

- **Opportunity Child (OC) (est. 2014, closed 2020, demonstrated the attributes of a number of field-building intermediary types including as a backbone to place-based backbones)**

OC was an intermediary providing a breadth of functions to an emerging field of place-based systems change, focussed on population outcomes. OC described itself as a learning lab made up of *"a collective of leading communities and national organisations working together to change the system that impacts kids"*, specifically with the aim of improving the lives of the 65,000 five-year-

old children who start school each year in Australia with big challenges in learning and in life.<sup>22</sup> It applied the collective impact approach to creating community-led large-scale social and systems change and supported fifteen communities over its lifetime. OC helped drive the increased use of place-based and collective impact approaches in Australia, such as through being a founding member of ChangeFest. It was catalysed by the ten20 Foundation in 2014 and was incubated within the Foundation for 4 years before becoming an independent entity in 2018. It closed in 2020 due to insufficient funding.

- **The Australian Centre for Social Innovation (TACSI) (est. 2009, demonstrates the attributes of a capability specialist and an evidence-action lab)**

TACSI is a social innovation organisation that aims to demonstrate new solutions and build the innovation capacity of Australia's social change sector to tackle the country's toughest problems. In its twelve years of operation, it has supported a variety of players across the public, private and for-purpose sectors to apply innovation and human-centred design to address social challenges and has influenced services, organisations, policy and systems. It has an innovation consulting lab with primarily government and not-for-profit clients, works on longer-term systems initiatives with partners and supports the incubation and replication of interventions.

- **The Front Project (TFP) (est. 2017, demonstrates the attributes of a field catalyst and an evidence-action lab)**

TFP takes up different roles in the early childhood education and care (ECEC) system to best respond to opportunities for creating impact. It works across the entire early learning system, connecting with people who work in and on the system and have the potential to effect change. It considers itself a field catalyst that advocates for system improvement across the entire early childhood education and care sector, as well as an actor in the system that directly supports the sector. It delivers capacity building programs for early childhood education professionals, works with business leaders to encourage them to advocate for the sector, convenes the sector, and conducts research and policy work at both state and federal levels.

- **The Youth Partnership Project (YPP) (est. 2014, demonstrates the attributes of a place-based backbone)**

The YPP, auspiced by Save the Children, is focused on minimising the involvement of at-risk young people from the south-east corridor of Perth in the juvenile justice system. It uses a place-based collective impact approach and brings together state government agencies, local government and the not-for-profit community sector to improve outcomes for young people with complex needs through better co-ordination, planning and delivery of community services. The YPP has developed and trialled its Youth Partnership Project Model in two pilot locations, with the second pilot phase currently in progress. It aspires to expand its model into other locations in future both within Western Australia and across other parts of Australia. As at 30 June 2022, the YPP has been unable to secure ongoing funding and has ceased its activities.

<sup>22</sup> ARACY, *Opportunity Child*, ARACY, 2022, accessed 8 August 2022.



In addition, perspectives from three North American field-building intermediaries and one funder are shared where appropriate throughout this paper:

- **Cleveland Neighborhood Progress (CNP) (est. 1988, demonstrates the attributes of a place-based backbone)**

CNP is focused on supporting community revitalisation work in Greater Cleveland. Neighborhood Progress was formed in 1988. It then became CNP in 2013 following the merger with two other organisations focused on community revitalisation work; Cleveland Neighborhood Development Coalition and LiveCLEVELAND. CNP provides financial support, training and capacity building efforts to roughly 22 community development corporations. It also supports and conducts placemaking activities to improve residential, commercial and greenspace properties, and mission based lending through its Community Development Finance Institution, Village Capital Corporation.

- **The National Fund for Workforce Solutions (National Fund) (est. 2007, demonstrates the attributes of a backbone to place-based backbones)**

National Fund is a national network of 30 communities that promotes economic opportunity through investment and innovation. It aims to create thriving workers, employers and communities by pursuing four solutions: activating employers to make jobs better, equipping workers for success, changing systems for improved outcomes and co-investing for impact.

- **Tamarack Institute (est. 2001, demonstrates the attributes of a field catalyst)**

Tamarack Institute collaborates with leaders on major social challenges across Canada and globally including ending poverty, building youth futures, deepening community, and addressing climate change. It has two main functions. Firstly, its Learning Centre supports changemakers through on-demand coaching and consulting, in-person and digital training, and publications. Secondly, its Vibrant Communities work helps cities and local leaders and links together their local efforts in support of large-scale change. Since 2001, the Tamarack Institute, through its Vibrant Communities: Cities Ending Poverty National Learning Network, has worked with – and linked – more than 350 municipalities across Canada to align their individual local efforts to support more than one million households to escape poverty. Tamarack is also now supporting three additional Vibrant Communities issue-specific Learning Networks: Communities Building Youth Futures, Cities Deepening Community and Community Climate Transitions.

- **Ballmer Group (est. 2015)**

Ballmer Group is a philanthropy committed to improving economic mobility for children and families in the United States. It funds leaders and organisations that have demonstrated the ability to reshape opportunity and reduce systemic inequities. Grants focus on direct services that strengthen communities for today and organisations focused on long-term system improvements. It seeks impact through four levers: strengthening and developing place-based partnerships, partnering with government, investing in systems change through advocacy, and scaling technology and data across social services.

## 4. Themes and observations from the case studies

Some important themes and observations have emerged from the case studies that surface valuable insight and learning for funders and field-building intermediaries. While the case studies provide transparency and insight on the individual funding journeys towards sustainable impact of the intermediaries included, the themes enable consideration of insights that are common across case studies, or, where there is no commonality experienced. While not conclusively researched, the themes show evidence of a consistent experience.

While the original intention was that the themes might logically be organised by stage of an intermediary's life (catalysing, growing, sustaining), after review and iteration, most themes were relevant at all stages of an intermediary lifecycle. These themes cover learnings across the scope of the case studies including the relevance and value of particular funding models, the important success factors in securing a model of funding and those that address the role of the ecosystem in enabling or hindering an intermediary's funding journey. There are a small number of themes that only apply to a particular stage of an organisation's journey and these are also noted.

Perspectives from interviews with international intermediaries and funders (as outlined above in section 3) have been included where they corroborate a theme or observation from the case studies or present an alternative view. Where possible, the context of these perspectives is drawn out to enable further insight regarding the circumstances and benefits. In particular, international perspectives are provided where the maturity of the international context, primarily North America or the United Kingdom, provides an insight or learning, which may be valuable for a future Australian ecosystem.

Where reference is made to the experience of case study intermediaries, the relevant content is found in the companion paper *Case studies of Australian field-building intermediaries*.

### 4.1 There is significant value in philanthropic funding, which is long-term and patient

A majority of intermediaries studied highlight the importance of multi-year philanthropic funding, which takes into account the nature of the work the intermediary is focused on at its stage of development. At the same time, the funding must be patient, that is, a funder's expectation for what can be achieved, including the reasonableness of demonstrating evidence of impact, needs to be aligned with the intermediary's priorities. The value of philanthropic funding in this form is observed at all stages of a field-building intermediary lifecycle, given the long-term nature of effective field building and the unpredictable nature of progress.

This observation is reinforced by the findings of The Bridgespan Group's recent research on the philanthropic funding needs of field-building intermediaries:

*“Commit to the long term: Funding the work over an extended period (often at least a decade) enables the deep relationship building that powers field-based change and allows for the nonlinear progress that defines nearly every field success story”.<sup>23</sup>*

Significantly, leaders of many of the case study organisations highlight the importance of securing long-term funding to enable leadership to focus on delivering the work of the intermediary. Patient funding, which includes untied funding, that can be used for investment in capability building, is also critical to securing the long-term resilience of the intermediary.

Philanthropic funding provided during the catalysing stage of a field-building intermediary is most valuable if it is appropriate for the exploratory nature of the work that an intermediary is likely to be undertaking at this stage. Specifically, a number of case study leaders shared that to be of most benefit, philanthropic funding should be multi-year, patient in respect of typical outcomes, and include a tolerance for risk-taking, changes in approach and potentially failure. This is particularly important in the catalysing stage where it can take many years for an idea to be incubated, tested and proved.

For example, IEH and OC are both case study intermediaries that required initial philanthropic funding to do exploratory or preparatory work to support the catalysing stage, which then translated into long-term funding. IEH had long-term funding from its inception from the Harold Mitchell Foundation and over nine years of support from the Ian Potter Foundation. A majority of this funding was untied and able to be directed, as needed, to the evolving priorities as determined by leadership. Given its unique relationship with ten20, which incubated OC and had a long term commitment to the value of its work, OC was fortunate to secure long-term and patient funding from ten20. Ten20 funded OC from its incubation in 2014 through to its closure in 2020. As is noted in the case study, this unique relationship also had challenges, including the perception that ten20, as funder, was not sufficiently at arm’s length from OC.

JRNSW has had over seven years of funding from Dusseldorp Forum and Vincent Fairfax Family Foundation, which supported JRNSW’s program and capability building type activities over this time. Although JRNSW did not have a lengthy period of exploration as it was introducing an internationally proven model to Australia, the intermediary did pivot its approach significantly from an advocacy focus to the provision of support to place-based backbones in the first few years. The Dusseldorp Forum and Vincent Fairfax Family Foundation funding was sufficiently flexible to support this change in focus.

In contrast, HJA approached many philanthropic funders through its catalysing period but was unsuccessful, largely due to a lack of evidence, track record, or demonstrated impact of both the intermediary and the model it supports. International evidence had to be supplemented with local evidence of outcomes due to differences in the model. Fortunately, HJA were financially supported through this stage by its founding funder, Clayton Utz Foundation, as it spent a significant amount of time gathering evidence and building relationships in order to be ready to apply for other forms of funding. It ultimately secured funding from the Paul Ramsay Foundation. There were three critical factors that led to Paul Ramsay Foundation supporting HJA initially – the existence of an overseas evidence-base for the role (which a PRF staff member was familiar with from personal experience), the existing momentum in the Australian ecosystem for health justice partnerships, and a belief in the leadership of HJA.

Interestingly, both TACSI and YPP received multi-year government innovation grants as their initial funding source, with few constraints attached to allow for an exploratory phase of work to take place. Although it is highly unusual to see long term ‘exploratory’ type funding from government, these grants were very significant to the funding journeys and early success of both intermediaries.

<sup>23</sup> Famham et al., *Field Building for Population-Level Change* [PDF].

From interviews with international intermediaries and funders, there are field-building intermediaries that have been funded primarily by the same philanthropic funder/s for decades. For example, in the US, the National Fund (an organisation that supports a national network of about 30 communities taking a demand-driven, evidence-based approach to workforce development) was started by philanthropic funders and continues to be supported by about half of its original funders 14 years later. CNP (a local community development funding intermediary with thirty years of experience investing in community revitalisation work in Greater Cleveland) has had the same three philanthropic funders for over 30 years.

Tamarack Institute, a Canadian organisation that builds capacity of changemakers in cities and communities, has a mixed funding model. As part of that mix, it has had two foundations which have supported it for over 20 years (although the funding from these foundations has been intermittent over this time). It focusses its fundraising efforts on multi-year grants following the realisation that it was nearly as much work to raise a one-year grant as a multi-year grant.

However, long term philanthropic partnerships do not always equate to long-term grants. Bridgespan, in its conclusion that funders must commit to the long term, observed that in keeping with their own priorities and demands, a majority of philanthropic funders often support field-building efforts by making short-term program grants or a series of incremental commitments over time. This approach, they note, has unfortunately often led to inconsistent support of players in numerous fields. Given the complexity and often systemic nature of social problems, funders need to commit to funding in a field over extended periods to see results in field-building. For example, Bridgespan cite funders that approach grant cycles for field-builders in seven-year terms, and others, in 10-year time horizons noting that:

*“Field actors need this kind of assurance in order to plan with enough ambition to break through social challenges. It can also release these actors from the distracting treadmill of cultivating short-term grants.”<sup>24</sup>*

In response to the relative lack of long-term funding available for field-building intermediaries in Australia, the precariousness of their financial situation means that responsive or rescue funding is occasionally required, often to prevent the intermediary ceasing operations temporarily or permanently. Whilst this not a desirable approach, it is a reality from time to time in the Australian field-building intermediary market.

For example, the Paul Ramsay Foundation stepped in to provide funding for the YPP in 2020 when it was experiencing a shortfall in funding. The grant funds the provision of youth work and family support staff for the YPP’s operational work, development of the YPP practice framework as well as an external evaluation focused on the effectiveness of the YPP’s practice framework, with the aim to build the foundations of the YPP to attract future funding.

OC is an intermediary with a different experience of attracting funding through a challenging bridging period. In 2019, OC was in a financially vulnerable position with only six months’ funding remaining, due to challenges experienced in fundraising efforts and hence, earlier draw down of funding from ten20 Foundation. A significant number of philanthropic foundations were approached for support, however funding was not able to be secured and in early 2020 a decision was made to cease operations. The reasons for this shared by the former leaders of OC and ten20 Foundation are complex but include poor timing for some funders and potential auspicing agencies, power dynamics between funders, a perceived lack of demonstrated impact, that the funding system did not see value in OC remaining as a standalone entity and supported its work to move into the ‘system’ through

<sup>24</sup> Farnham et al., *Field Building for Population-Level Change* [PDF].

Collaboration For Impact and its contributions to ChangeFest as well as the *Stronger Places, Stronger Communities* initiative.<sup>25</sup>

## 4.2 A diversity of philanthropic funders is a protective factor

The case studies surface the benefits to intermediaries of securing multiple philanthropic funders to support their work at any stage. Most obviously, there is the potential that multiple funders may ensure a larger quantum of funding is available. In addition, a diversity of funders may serve as a safety net if one funder ceases its support for the intermediary at any point.

JRNSW and IEH are both examples of intermediaries that have been successful in securing a mix of philanthropic funding sources at all stages through their journey. JRNSW has a coalition of more than 20 funders and other organisations that have supported it over time, while IEH has a group of six current philanthropic funders. This has been important for both organisations particularly so, for example, when Ian Potter Foundation was unable to continue funding IEH after many years.

In contrast, OC had two major funding sources, the ten20 Foundation and the Woodside Development Fund. When Woodside changed its strategy and focus areas, and as a result, reduced its commitment to OC somewhat, ten20 was left as the sole funder. And despite clarity from ten20 on OC's funding envelope, challenges for OC in securing additional funders in the time frame resulted in a significant funding shortfall.

The examples of the Ian Potter Foundation ceasing support for IEH and Woodside Development Fund ceasing support for OC highlight how dependent field-builders (and likely for-purpose sector organisations more broadly) are for funding on the strategic priorities of philanthropic funders at any given time, and how fragile this support is when a funder shifts direction or changes strategy altogether.

Internationally, CNP's strong coalition of three philanthropic funders has supported the organisation for 30 years. They are, however, actively working to diversify beyond this funding base in order to support growth and reduce risk.

There can be challenges for intermediaries in managing a mix of philanthropic funders. It was shared by the case study intermediaries that if an intermediary secures substantial funding from one philanthropic funder, there can be reticence for other funders to provide additional financial support. This reticence may be due to a perception that the larger funder has sufficient resources to provide the support the intermediary needs. There is also a perception that other funders, specifically smaller funders, will have less influence over the use of the mix of philanthropic funds.

## 4.3 Philanthropic funders have an important role to play, in addition to funding

Philanthropic funders can be highly effective in supporting field-builders in addition to funding. The case studies demonstrate this includes growing the funding field by attracting other philanthropic funders to support the work of the intermediary, the provision of in-kind support and in supporting and building the broader ecosystem.

<sup>25</sup> See *Collaboration For Impact* and *Stronger Places, Stronger People* websites.

For two case study intermediaries, existing philanthropic funders played a critical role in attracting other funders. Dusseldorp Forum played a lead role in engaging with, and securing, additional philanthropic funders for JRNSW. Dusseldorp took ownership of starting conversations, building the relationship with potential funders, and even coordinating site visits to Bourke with prospective funders. This not only brought in additional funding, it also helped ensure JRNSW's funders are well-aligned, which limits the organisation's reporting burden and reduces the fundraising effort for the JRNSW team. When the Ian Potter Foundation, after nine years of continuous funding, was unable to continue to support the work of IEH in 2017, Ian Potter Foundation actively sought out additional philanthropic funding to replace its support. This introduction, to the Paul Ramsay Foundation, resulted in a successful funding round for a four-year grant in 2017.

In addition, some of JRNSW's funders have contributed their skillsets across different parts of the work. For example, Dusseldorp Forum provided its communications employee to develop newsletters. This allowed JRNSW to reduce the number of staff it needs and for those staff to better focus their efforts. JRNSW's funders also have a good understanding of what it takes for a place-based intermediary to succeed, and have used their expertise to support the intermediary including by acting as a sounding board, sharing knowledge, skills and experience. JRNSW feels it can be honest with its philanthropic funders without fearing its funding will be at risk.

As demonstrated by this example, the case studies also highlight that philanthropic funders are more likely to support field-builders, financially and non-financially, if they understand the value and role of field-builders in the for-purpose sector. The Paul Ramsay Foundation currently partners with field-building intermediaries, including funding a number of intermediaries case studied in this paper. It does this because it sees field-builders as a critical part of the Paul Ramsay Foundation's strategic aim to break cycles of disadvantage. It believes that funding field-builders will amplify the impact of its priorities and will support the development of an enabling environment in which field-building intermediaries can maximise their impact. In addition, the Paul Ramsay Foundation has supported learning events, which bring together all its partners who are intermediaries that are seen as hugely valuable by those case study intermediaries who participated. Finally, the Paul Ramsay Foundation has commissioned a number of research efforts on field-builders (including this paper) to contribute to awareness in the wider for-purpose sector about the role and value of field-builders.

From a US perspective, the Ballmer Group highlight the importance of having philanthropic team staff members with long-term experience on the ground in field-building work. This deep understanding about the nature of field-building work at the leadership team level was what prompted the Ballmer Group to invest heavily in its partnerships with intermediaries and sustain that interest over time.

In Canada, the Tamarack Institute has always framed its work to funders as a collaboration, with the funder embedded in the learning journey with Tamarack as the intermediary. Its fundraising efforts emphasise the additional benefits to funders and investors beyond advancing its mission and strategic priorities. This can include participation in learning opportunities, networking with change makers and other funders and opportunities to engage with networks to access insights that can help it inform its own priorities. This is such a fundamental belief that the Institute has actually turned down funding (in this case, government funding) where it believed the funder had the mindset of an investor rather than a truly collaborative partner.

Further, the Paul Ramsay Foundation's *Sustaining Our Partners Taskforce*, established in early 2020 to support its partners and the broader sector to survive and thrive through Covid-19 pandemic, is an example of the approach of one philanthropic foundation to support the sustainability and resilience of its field-builder partners, beyond grant-making.<sup>26</sup> Two of the case study intermediaries, TFP and HJA,

<sup>26</sup> Paul Ramsay Foundation, *Sustaining our partners: a national response to COVID-19*, 28 May 2021, accessed 9 August 2022.

both current partners of the Paul Ramsay Foundation, received advisory support through this effort to address short term issues and plan for their longer term futures.

Finally, in general, there is a perception amongst leaders of the case study intermediaries that a majority of Australian philanthropic funders are less inclined to take on a role beyond funding individual intermediaries, acknowledging the leadership effort of a small group of philanthropic leaders such as Dusseldorp Forum, Coleman Foundation and ten20 Foundation.<sup>27</sup>

## 4.4 Some practices of funders in the Australian philanthropic sector are a barrier, including their expectations of demonstrating impact

A number of leaders of case study intermediaries shared there are very few philanthropic funders in Australia who support field-building intermediaries, and even fewer who are prepared to support field-builders over the long term, which is often what is required for the change field-builders and funders seek.

Among other things, a barrier to philanthropic support of field-builders is their expectations about how impact needs to be evidenced – including evidence of outcomes for individual beneficiaries – before they will fund, and/or that impact is demonstrated early in the funding period.

There is a perception that this is driven by a lack of understanding by funders of the invisible yet important and evolving role that field-builders play. The recent research report *Evaluating the Results of Intermediary Organisations* highlights the role of field-building intermediaries in supporting, not replacing, the wider network of social innovators in a particular field. The actions of field-builders are only one part of a contribution towards sustainable change:

*“...whenever intermediaries witness – or even measure – a change, it almost always has been influenced by multiple actors, interventions, and factors operating in (an often messy) constellation of non-linear, cause-and-effect relationships”.*<sup>28</sup>

This role of field-builders is complex to understand, and for this reason, to measure impact. Cabaj’s report highlights a key implication for funders:

*“avoid holding [intermediaries] strictly accountable for achieving changes in systems and reductions in disadvantage: this creates perverse incentives for them to attempt to drive and manage all the efforts”.*<sup>29</sup>

The case studies highlight the range of influence and impact an intermediary can have (noting that many intermediaries seek to make change in a number of different ways). This includes:

- Directly influencing people’s lives, such as TACSI’s Family by Family program, which supports improvement in family’s lives.
- Enhancing the impact of other organisations and communities, such as HJA’s work to build evidence and support capability with Health Justice Partnerships across the country.

<sup>27</sup> It is noted in Australia that there have been recent developments around the collaboration of philanthropic funders in creating a national independent water and catchment policy centre, see: Ian Potter Foundation, *Watertrust Australia Ltd*.

<sup>28</sup> Cabaj, *Evaluating the Results of Intermediary Organisations: A paper for intermediaries in Australia* [PDF].

<sup>29</sup> Cabaj, *Evaluating the Results of Intermediary Organisations: A paper for intermediaries in Australia* [PDF].

- Working across systems to build the field, such as IEH's work with Aboriginal and other health organisations to co-ordinate focus and services for indigenous eye health.

For those case study intermediaries that are or were able to demonstrate evidence of impact or a contribution to outcomes, this was observed as a significant enabler to securing additional or new funding from philanthropy and government. For those who could not demonstrate impact clearly, this presented a real barrier to securing funding and highlights the need for better methods to measure the impact of collaborative efforts and their ability to co-design new solutions. Unless this impact measurement shifts, governance and funding practice will not be able to adapt and respond to intermediary needs and impact performance.

For JRNSW, the impact assessment of the Maranguka initiative in Bourke, NSW helped to attract further funding for JRNSW and for the Maranguka site. For example, it was at this time that the NSW Department of Justice provided funding for the JRNSW head office and to support the expansion into two further sites. It is likely that the attractiveness for funders was also supported by the existing overseas evidence-base for the justice reinvestment model. One of the reasons Paul Ramsay Foundation funded HJA initially was the existence of, and the familiarity of key Foundation staff with, the strong international evidence base.

Similarly, IEH secured its first Commonwealth government funding (which has remained a significant funder for IEH to the present) and additional philanthropic funding once it released the Roadmap to Close the Gap for Vision. The Roadmap was built on five years of evidence-gathering and comprehensively outlined the issues in the system and evidence-based approaches to address them. Furthermore, TACSI obtained additional government funding in 2013 to scale its Family by Family program following a positive external evaluation of the program.

By contrast, a number of the case study intermediaries have experienced difficulty in securing funding in the growth stage because of a lack of evidence of impact, often due to the emerging nature of their field and/or a lack of understanding by funders of what is possible or appropriate to measure. One of the difficulties experienced by OC related to the emergent nature of the field in which it was operating in Australia and hence, the lack of tangible evidence of impact. The YPP received a grant from the Paul Ramsay Foundation in 2020 to, among other things, support it to develop and evaluate an evidence-based practice framework, which was incorporated into its broader model, as well to develop a more sophisticated outcomes measurement framework to better communicate its impact long-term, as it was acknowledged that building the foundations to be able to demonstrate impact would be essential in order to secure future funding streams.

Interviews with international organisations highlight that funders who support field-builders over the long term are patient in what they require of field-builders in terms of outcomes. The Ballmer Group commits to long-term partnerships with field-building organisations, such as StriveTogether, a national network of local communities striving to achieve racial equity and economic mobility.<sup>30</sup> It makes funding decisions about field-building intermediaries in accordance with an established set of principles. If the required conditions are in place and the field-builder achieves its mutually agreed progress milestones, the intermediary is automatically considered for renewal of funding. And to date, intermediaries that have satisfied these conditions have been successful in securing further funding.

In addition, expectations by funders that a field-building intermediary can become self-sustaining to the point of not needing any philanthropic or government funding over time is not realistic or appropriate for many field-builders. It was shared by many of the case study intermediaries including

<sup>30</sup> Ballmer Group and StriveTogether



HJA and TFP that philanthropic funding will most likely always be a core part of their funding mix into the future.

It was also observed that on the whole, the grant-making practices of Australian philanthropic funders seem more conservative than their counterparts overseas. For example, funders in Australia appear to have a desire to remain neutral, that is, are less likely to support an organisation with a focus on advocacy, whereas in the United Kingdom there is a culture of funding organisations that promote disruption, as this type of work is unlikely to be supported by government.

Note that to the extent earlier themes have surfaced practices of philanthropic funders, which are potential barriers to their support of field-building intermediaries, these have not been re-stated in this theme.

## 4.5 Experience and dedicated time are required from intermediary leadership to attract and maintain funding

A number of case study intermediaries highlight the critical role of the intermediary's leadership team, and their reputation and relationships in the relevant field to attracting funding from philanthropic funders and/or governments.

Experienced leaders with a well-established reputation were observed as helpful to building greater funder confidence in the work of the intermediary. Whilst this is likely to be applicable across the sector more broadly, it was seen as particularly important for field-building intermediaries where the work is complex, difficult to articulate and requires adaptability and a learning mindset. For example, the CEO of TFP was able to build from her experience as a Schwab Foundation awardee and prior work in the sector to demonstrate the potential strength of the organisation. Similarly, one of IEH's most significant strengths in its early years was the 30 years plus of expertise its leader brought to the unit.

In addition, significant time and effort is required from the leadership of intermediaries to attract and maintain funding. The time spent by case study leaders in this area was variable with informal feedback from a number of case study leaders highlighting that they spent the majority of their time on funding or funding-related work (noting that this changes in different stages of the intermediary's life).

From an international perspective, the US-based National Fund for Workforce Solutions shared that despite having secure funding from multiple, long-term philanthropic funders, securing funding is still a key issue for leadership. Similarly, CNP noted that its CEO spends significant time with its major funders to demonstrate that the work being funded is aligned and impactful, despite the multi-decade nature of the funding relationship.

The time and effort required to access and maintain funding reduces the time and capacity that intermediary leaders have to dedicate to the important work of the organisation.

## 4.6 Intermediaries need untied funding to support indirect costs and capability building

Case study intermediaries noted the specific and additional challenge of securing untied funding for indirect costs and investment in capability building.<sup>31,32</sup> Many intermediaries highlight that both philanthropic and government funders are focused on funding specific programs or initiatives rather than core operations.

The experience of the case study intermediaries demonstrates this challenge contributes to a number of other issues, including:

- intermediary leaders spending significant time on securing the intermediary's funding through funder engagement and relationship-building (as noted above)
- the ongoing risk of retaining talent, due to uncertainty around the ability to offer ongoing employment for staff
- an overreliance on in-kind overhead support from supporting or auspicing organisations
- investment of significant time in exploring – and in some cases introducing – fee-for-service activities to contribute to indirect costs, with the associated risk of mission drift.

The lack of funding for overhead or indirect costs is part of a broader challenge across the for-purpose sector, not just for field-building intermediaries. The non-profit starvation cycle – where the expectation of funders and for-purpose organisations of how much overhead is needed to run a for-purpose organisation can lead to underinvestment and inefficiencies – is explored in detail in the report *Indirect costs in the Australian for-purpose sector: paying what it takes for Australian for-purpose organisations to create long-term impact* by the Centre for Social Impact and Social Ventures Australia.<sup>33</sup>

The report's findings mirror the experience of the case study intermediaries and outline the key drivers of this issue including the underlying power imbalance in the funder/grantee relationship as well as the harmful long-term effects of underinvestment in indirect costs.

## 4.7 Government support, through funding and policy, can play an important role in strengthening intermediaries

From the experience of the case study intermediaries, the provision of funding is the key mechanism through which governments in Australia support the work of field-building intermediaries.

For example, the YPP attracted government funding in its early years due to government appetite and interest in collective impact approaches, and it has continued to consistently attract government funding due to ongoing alignment with government priorities. However, the YPP has also observed that changing government priorities – and a changing ecosystem – may hinder its future ability to continue to attract government funding as new government-led initiatives are established.

<sup>31</sup> Social Ventures Australia (SVA) and the Centre for Social Impact (CSI), *Paying what it takes: funding indirect cost to create long-term impact*, SVA, 2022, accessed 10 August 2022.

<sup>32</sup> Indirect costs are costs incurred by an organisation that cannot be directly and easily attributed to a specific project (for example, if the project did not exist, the organisation would likely still need to incur this cost). This includes finance, learning and development, IT, measurement and evaluation, HR, and others. Note that which costs are categorised as direct or indirect depends in part on the organisation and the project.

<sup>33</sup> Social Ventures Australia (SVA) and Centre for Social Impact (CSI), *Paying what it takes: funding indirect costs to create long-term impact*.

CoAct is a unique example of an organisation that was catalysed specifically in response to a government policy change regarding employment services. Its funding model captures a share of income from government employment services contracts delivered through its network and as such, is built into its business model.

The idea for TACSI was sparked by the South Australian government-funded Thinker in Residence program. From TACSI's perspective, this was a highly effective policy vehicle for launching many initiatives and its success was largely due to the high regard with which the program was held across government.

Some field-builders, particularly those with the attributes of field catalysts, hold reservations about accepting such funding, due to the potential to compromise their independence, particularly in relation to advocacy and strategic engagement activities. For example, HJA carefully considers the amount and type of government funding sought to ensure it can maintain independence.

Government policy has both supported and hindered the funding journey of IEH. The initial government commitment in 2013 to support the Roadmap to Close the Gap for Vision enabled substantial improvements in eye health through funding and coordination. Following on from this, the Council of Australian Government's commitment in 2019 to a priority target on Indigenous eye health was a long hoped-for next step. However, the release of the implementation plan has been repeatedly delayed, posing a risk to IEH's ability to secure ongoing Commonwealth funding. Securing long-term government commitment has also posed a challenge to JRNSW, who believe the slow pace of government to be one of its major barriers.

An effective, recent example of Government support for an emerging ecosystem noted by some the case study intermediaries is the Commonwealth Government's *Stronger Places, Stronger People* initiative (a \$35 million investment launched in 2018 for five years), delivered in partnership with State Governments,<sup>34</sup> which was a result, in part, of the advocacy work of OC together with a number of other field-builders and partners. *Stronger Places, Stronger People* currently supports eight trial-site communities across Australia through funding and capacity building for local backbone teams. Current communities supported include Logan Together, which was also supported by OC, and Maranguka which was originally supported by JRNSW.

There are relatively few other examples of governments in Australia creating policy that directly and deliberately supports the creation or ongoing existence of field-building intermediaries. The creation of the Australian Education Research Organisation (AERO) in 2019 is considered one of the few examples of where an Australian government has actively created an independent intermediary.

In contrast, the United Kingdom Government played a critical enabling role in the development of the network of What Works centres. In many cases catalysed and championed by government, the What Works centres are independent field-building intermediaries committed to increasing the supply of, and demand for, evidence in their policy area.<sup>35</sup> The centres are funded by a combination of government and non-government sources (with each centre having a different funding profile and mix and some having no government funding at all). Importantly, apart from funding, the independent network is promoted and supported by the What Works National Adviser, appointed by the Prime Minister.<sup>36</sup> The amount, duration and sustainability of their funding sources influences the priorities that the centres are able to set and work towards, and government prioritisation of investment in the

<sup>34</sup> Department of Social Services, *Stronger Places, Stronger People*, Department of Social Services website, 2021, accessed October 2021.

<sup>35</sup> Evaluation Taskforce, *What Works Network*, GOV.UK website, 28 June 2013, accessed 9 August 2022.

<sup>36</sup> Cabinet Office, *Dr David Halpern reappointed as the What Works National Adviser*, GOV.UK website, 11 October 2019, accessed 9 August 2022.

use of evidence and cross-government support for the network has been fundamental to the success of the What Works centres to date.<sup>37</sup>

Government regulations can also be a barrier to the funding journeys of field-building intermediaries. A number of case study intermediaries highlight the challenge that field-building intermediaries face in attracting philanthropic funding if the intermediary does not have DGR status. Australia's regulations with respect to DGR status are complex and intermediaries that have systems change focus and/or who carry out advocacy activities can find it difficult to get DGR endorsement.<sup>38</sup> It can be difficult to fit within a specific DGR category and it can take significant time and leadership resources to navigate the process. Without DGR status, the group of potential funders for an intermediary is narrowed as specific types of funders cannot fund non-DGR organisations (namely, funders which are Private Ancillary Funds or use a Public Ancillary Fund structure) and some philanthropic funders who can fund non-DGR organisations, often choose not to.<sup>39</sup> For example, a number of funders have not funded TFP, despite an interest in doing so, because of its lack of DGR status.

## 4.8 Generating earned income is possible for some field-building intermediaries but is unlikely to be self-sustaining

Developing a successful fee-for-service offering is likely to only be successful for field-builders with a product or service to sell in a market which is willing to pay for that product or service. Even for an intermediary that has the potential for this, it can still be challenging to make a fee-for-service business profitable. This type of activity requires specific skills and capabilities and if executed well, may only cover its costs (or make a small contribution to organisational overheads). Focusing on building or delivering a fee-for-service offering also carries a risk of distracting an intermediary from its core activities and mission.

TFP commenced with a small fee-for-service offering as part of its initial funding model, however it remains only a small proportion of its overall revenue to date. TFP aspires to grow this program with the ambition that it will cover the majority of TFP's total expenditure by 2027. This will still leave a sizable portion of TFP's intermediary work to be met by funders, either philanthropic or government.

TACSI developed a fee-for-service consulting offering after four years of operation. While TACSI now considers its innovation consulting arm to be of critical importance to the organisation and aligned with its mission, it was specifically introduced to support the organisation's ongoing financial sustainability. However, TACSI believes that it cannot rely purely on its innovation consulting arm for revenue, as the systems change that it aspires to achieve requires working with various parts of the ecosystem over an extended period of time, as opposed to completing siloed consulting projects.

CoAct is a unique example. It was catalysed to leverage a specific opportunity, which arose due to a significant government reform and associated policy change. Its core funding model from the outset was a fee-for-service offering (through taking a share of government funding of employment services). CoAct's situation is unusual in that its value proposition as an intermediary and funding model are fundamentally linked.

<sup>37</sup> J Breckon and R Mildon, 'A guide to setting up a What Works evidence centre and surmounting its challenges', *The Mandarin*, 26 April 2019, accessed 9 August 2022.

<sup>38</sup> See Justice Connect, *Guide to deductible gift recipient status*.

<sup>39</sup> Australian Charities and Not-for-profits Commission, *Private and Public Ancillary Funds and the ACNC*, Australian Charities and Not-for-profits Commission, 2022, accessed October 2021.

In Canada, the Tamarack Institute has a mixed funding model. It has an ideal revenue mix which it aspires to – an equal split of philanthropy, self-generated income (fee-for-service consulting revenue and membership fees) and income from government. Recently its funding model has been shifting towards more self-generated and government income and less philanthropy. This shift corresponded with an increased maturity of its field catalyst activities – as its learning network grew and “proof of concept” was established, it was easier to attract further investment and also provided opportunities to seek modest membership fees and earn income from events and consulting. This self-generated revenue is seen as a helpful backstop in case of variability in other sources of funding. Tamarack also believes that this self-generated funding is attractive to donors who bring a private sector lens to their giving.<sup>40</sup>

As highlighted above, there can also be a risk that focusing on building or delivering a fee-for-service distracts an intermediary from delivering on its core activities and mission. CNP in the US created a successful fee-for-service offering which served to diversify its revenue streams. Recently, however, it has moved away from several of its fee-for-service offerings after noting that they were resulting in mission drift and it is only pursuing offerings which are more closely aligned with its mission, such as those with a focus on strengthening the community development system by partnering closely with City and County governments.

## 4.9 A diversity of funding models is observed in the catalysing stage with auspicing arrangements a common protective factor

Across the case studies, a number of different funding models were secured by intermediaries to support their work at the catalysing stage. However, the case studies do not provide evidence of any commonalities between type of field-building intermediary and availability of funding models.

A common funding model in the catalysing stage for many of the case study intermediaries is funding or substantial in-kind support from an auspicing or supporting organisation, often a not-for-profit working in the field or a philanthropic foundation, combined with some external philanthropic support. In six of the eight case studies, some form of auspicing arrangement is or was present at the catalysing stage.

The case studies highlight that auspicing arrangements (in its various forms, as defined in section 3 above) can be a protective factor for field-building intermediaries at the catalysing stage across all types of field-builders. For the intermediaries which were, or are, auspiced by another organisation, this provided, or still provides, a range of benefits including the cost effective provision of in-kind support (including people resources), a secure funding contribution, the ability to leverage the reputation and standing of an existing organisation, the efficiencies inherent with accessing existing infrastructure and systems, and ability to access a ‘safety net’ where intended funding is not secured or there is a timing gap between funding streams. Further, it allows the intermediaries to focus their fundraising efforts on supporting the core work, which is often more attractive to both philanthropic funders and governments, as noted above.

For example, the YPP, an initiative auspiced within Save the Children, highlighted the advantages of leveraging Save the Children’s reputation and networks to facilitate conversations with key

<sup>40</sup> P Born, *Business Analysis for Tamarack: What can we learn from our past as we plan our future* [PDF], Tamarack Community, 2020, accessed 9 August 2022.

government stakeholders as well as the provision of funding at a critical time when one funding stream had ended and the next one had not been secured

A contrary example is TFP. TFP was initially auspiced by Goodstart Early Learning. However, this association with Goodstart became challenging for TFP as it was perceived by other players in the sector as not being sufficiently independent which impacted its ability to advocate effectively. For this, and other reasons relating to Deductible Gift Recipient status, TFP moved to be auspiced by Foundation for Young Australians for a period of time before it became an independent entity. As noted in section 4.10 below, some of the case study intermediaries experienced challenges with supporting arrangements at later stages of an intermediary's journey.

Government innovation grants catalysed or contributed significantly to the incubation of two case study intermediaries (the YPP and TACSI). While this is highly enabling where such grants are available, intermediaries have little or no influence over whether an innovation funding stream is made available by government, and such actions by governments are infrequent.

Fee-for-service earned income, for example, through the sale of a product or service to a market, was not observed as a significant funding model at this stage for any of the case study intermediaries, with the exception of CoAct which as outlined in 4.8 above has a unique model. As noted above, TFP also commenced with a small fee-for-service offering which currently has only a limited income stream but is projected to grow to 60% of revenue by 2027.

Revenue through membership fees is also not observed as a significant funding stream for the case study intermediaries although a few do have a membership component of their business model. CoAct did commence with a membership component including membership fees, as a key part of how it operates as a network of employment services providers. Over time, there have been challenges in balancing the interests of the members with the interests of the overall network and CoAct is on a journey to increase the sophistication of its governance to mitigate against this risk. JRNSW also has a membership base, although members are not required to make a financial contribution.

## 4.10 Auspicing arrangements, such as incubation, can bring challenges in the growth stage

Case studies demonstrate that whilst auspicing arrangements are observed to be a protective factor in the catalysing stage, they do require an ongoing mutual value exchange to remain beneficial for both organisations as the intermediary grows. The case studies highlight three key challenges for auspicing arrangements which are akin to incubation – first, where the auspicing relationship creates confusion in the sector about the role of the intermediary; second, where the intermediary and auspicing organisation are competing for funding; and third, if the aspirations of the intermediary start to diverge from those of the auspicing organisation or vice-versa.

For the YPP, it is the strategic alignment with its auspicing organisation Save the Children that is a key factor contributing to the success of the auspicing arrangement. Save the Children has an organisational appetite – and risk tolerance – that drives and enables its support of a number of strategically aligned programs or organisations through a range of different types of auspicing arrangements. There are, however, still some challenges. The YPP staff has to balance wearing 'two hats' and the provision of operational support to the intermediary by Save the Children can reduce buy-in and contribution from other partner organisations. In addition, there have been instances where the YPP has been unable to apply for government grants that it was interested in, where the grant only permitted one application per organisation and another STC initiative had already applied.

OC experienced challenges in its incubation auspicing arrangement with the ten20 Foundation, as ten20 was a funder but also played a role in the sector in providing capacity building support and advocacy. There was a view that OC's association with ten20 was potentially hindering its efforts to raise other funding and there was a need for it to adapt its organisation stage to the changes in the external environment. OC spun out to become an independent organisation in 2018 but despite this decision, was unfortunately unable to secure adequate funding to continue operations.

Learnings from a US intermediary, the National Fund, highlight the challenges with auspicing arrangements after the early organisational stage. The National Fund, which has a focus on racial equity in employment, was incubated by a host organisation for approximately the first decade of its life.<sup>41</sup> Over time, there were challenges with competing governance models – the host organisation had its own non-profit board of directors and strategic priorities while the National Fund was guided by the individual philanthropic organisations who were interested in pooling their money for mutually beneficial initiatives with collective decision making. At some points, these two models clashed, especially in situations where the philanthropic organisation invested both in the host organisation and as part of the National Fund. This ultimately led to the spin-off of the National Fund as an independent organisation.

## 4.11 Planning for an end-state funding model is challenging for field building intermediaries that need to remain responsive and agile

The case studies highlight that for most field-building intermediaries, it is difficult to target or plan for an end-state funding model at the outset. It is well understood that the type of work undertaken by field-building intermediaries requires an ability to be continuously agile and/or opportunistic throughout the catalysing stage and into the growth stage – as Cabaj notes in his research:

*“strategies to address disadvantage emerge over time (rather than being planned in advance), are long term, and continually adapted”.*<sup>42</sup>

For the case study intermediaries, there is a mix of experiences in terms of planning their end-state funding model. As intermediaries – such as TACSI and the YPP – were entering emerging fields, they were deliberately exploring the field and seeking to understand the problem, the opportunity and what their unique role could be. As such, it was not intended – or possible – to have a clear target end-state model from the outset.

Other intermediaries commenced with an aspiration for their funding model that did not come to fruition. OC's plan was initially a mix of philanthropic and government funding, with the potential for fee-for-service income explored relatively soon after. Government funding was not achieved and fee-for-service plans were not realised. This was due to a combination of factors, including ecosystem immaturity and OC's difficulty articulating its impact.

In the growth stage, many case study intermediaries deliberately made or were forced to make changes to their funding models. Primarily, this was driven by a need to ensure adequate funding to support activities and/or to support the next stage of growth including to capture a new opportunity that opened up access to a different type of funding model.

<sup>41</sup> J Enoch, *The National Fund for Workforce Solutions Launches with Expanded Mission*, National Fund for Workforce Solutions website, 2016, accessed 9 August 2022.

<sup>42</sup> Cabaj, *Evaluating the Results of Intermediary Organisations: A paper for intermediaries in Australia* [PDF].

As outlined in 4.8 above, TACSI built a successful fee-for-service innovation consulting offering (in line with its mission) in response to financial sustainability challenges. Its target client base includes governments, large not-for-profits, and some progressive private sector businesses that have demonstrated a capacity to pay for its services.

In its catalysing stage, JRNSW began operating as a place-based backbone for the Maranguka site in Bourke. In its earlier years, JRNSW was solely focused on advocacy. This shift in focus and activities opened up new opportunities for funding models. JRNSW shifted from being supported by an informal coalition and in-kind support from the Aboriginal Legal Service to securing philanthropic funding from Dusseldorp Forum and the Vincent Fairfax Family Foundation. As JRNSW expanded to other sites, this also attracted State and Commonwealth government funding.

External factors such as the elevation of an issue into a widespread community conversation or movement can also result in additional funding or funding streams for a field-builder well-placed to take advantage of the situation. To be well-placed to do this, leadership of the intermediary must have the capability and readiness in place to recognise and respond quickly to an opportunity when and if it arises.

For example, TFP recognised a strategic opportunity to advocate on childcare reform in response to the dramatic shifts in the sector enabled by government's response to the Covid-19 pandemic. This linked to a broader community conversation about the issue of women's participation in the workforce and the importance of childcare in enabling this. The Paul Ramsay Foundation funded TFP as part of its *Sustaining our Partners Taskforce* to leverage this strategic opportunity.<sup>43</sup>

US organisation National Fund for Workforce Solutions found its work firmly in the spotlight as the world engaged with the Black Lives Matter movement after the death of George Floyd in 2020. Although it was a key tenet of its work from inception, the issue of racial equity and inclusion became increasingly mainstream as the Black Lives Matter movement highlighted systemic racial inequities (first in policing and then more broadly). Funders became more comfortable with, and in some instances instigated, conversations about racial inequities in employment. Also, employers, both large corporations and small and medium businesses, felt compelled to do something, including making public statements of internal commitments to diverse hiring, and external interest in promoting more inclusive economies.

Finally, for some field-builders, their purpose – and value proposition – is to solve a specific issue or problem that has a clear end point. If the purpose is achieved, the field-builder's work is complete and the intermediary should wind down, (for example, Australian Marriage Equality began in 2004 and ceased operations in 2020 once its goal had been achieved) or renew and consider re-forming around a different issue with the potential for different funding models.

The case study closest to this stage is IEH. It began its work with a very specific goal – to close the gap in outcomes for eye health for Aboriginal and Torres Strait Islander peoples. After a decade of work, IEH is within reach of achieving its stated goal. Its current phase of work aims to build the capability of Aboriginal and Torres Strait Islander organisations to embed the work in the ecosystem. By design, IEH is intentionally shaping and strengthening the ecosystem such that it will not have a role in the long term. A key consideration will then be whether the intermediary will move its efforts in another direction, for example to address a different health challenge.

<sup>43</sup> For information about the taskforce, see Paul Ramsay Foundation, *Sustaining Our Partners Taskforce*.



## 5. Concluding remarks

This paper, supported by the case studies, shines a light on the valuable – yet often invisible – work of Australian field-building intermediaries.

It highlights a number of considerations which funders should bear in mind as they navigate how to support field-builders. For philanthropic funders, it is important to note the value of long-term and flexible funding for field-building intermediaries, which includes funding for indirect costs and capability building, and recognising that financial self-sufficiency is not always possible or appropriate for many field-builders. The long-term, complex nature of the work means that funders will need to be patient in terms of the type and timing of outcomes and should deeply consider what role they can play to support field-builders that goes beyond the provision of funding.

It is hoped that this work raises awareness of the important role of field-builders and the complexity of their work and by doing so, promotes a step change in the way funders think about how they can best support field-builders in their journey to sustainable impact.

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<b>Case studies</b>	
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Indigenous Eye Health	Professor Hugh Taylor AC and Associate Professor Mitchell Anjou
Just Reinvest NSW	Sarah Hopkins
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Youth Partnership Project	Hannah Woodward and Howard Choo
The Australian Centre for Social Innovation	Carolyn Curtis
The Front Project	Jane Hunt

<b>International perspectives</b>	
<b>Organisation</b>	<b>Key contacts</b>
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National Fund for Workforce Solutions, US	Amanda Cage
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