

## 2 **A Model for Promoting Systems-Change Philanthropy by Leveraging Networks**

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### INTRODUCTION

This chapter shares insights about promoting higher-impact philanthropy, through the experiences of Co-Impact, a global collaborative that advances inclusive systems change and gender equality through grant-making and influencing philanthropy. The chapter also explores the importance of philanthropic networks to promote collaborative giving and support the advancement of philanthropy across the Global South.

Across its two funds, Co-Impact's goal is to ensure that systems that provide the most fundamental services of health, education, and economic opportunity are more just, inclusive, and effective, resulting in improved outcomes for millions of people across Africa, Asia, and Latin America. Its vision is a world where all people can live fulfilling lives, where systems and societies are just and inclusive, and where all women have the opportunity to exercise power, agency, and leadership.

We at Co-Impact believe that philanthropy has the potential to do more – and do better – and that a crucial element of how we can increase impact is via philanthropic networks. For us, a network is not a loose transactional collection of people and organisations but rather a community of interconnected individuals and organisations that share similar values, which are expressed through their work in philanthropy. We are not referring only to formal or membership-based philanthropy networks but also to the more informal communities that are organically built on overlapping relationships.

Pooling funding towards systems-change initiatives can achieve greater impact because the vision is long term – far beyond a single intervention or year-to-year funding. By coming together and investing in a way that is supportive of Co-Impact’s partners, we can make a more impactful and sustainable contribution towards long-term systemic change.

Since 2017, one of Co-Impact’s goals has been also to advance collaborative, ‘trust-based philanthropy’ for systems change and gender equality that both learns from others and generates learning for the broader philanthropic community. Collaboration is at the organisation’s core, as reflected in its name. We at Co-Impact bring together various networks and use our collective experience to influence more philanthropy that is larger, longer term, and more flexible, and helps to grow the overall resources available for work to advance gender equality.

Additionally, with respect to philanthropy, Co-Impact has been able to:

- advance a model of collaborative philanthropy which has succeeded in bringing together nearly fifty philanthropists and foundations from seventeen countries (from both the Global North and Global South), who have chosen to support its work across its two funds with hundreds of millions of US dollars;
- demonstrate how philanthropy for systems change can help to unlock additional capital from others, such as influencing public-sector funding and resources, or supporting market-based solutions; and
- advocate for more philanthropy for systemic change and gender equality, promote ‘trust-based philanthropy’ and better philanthropic practices, and collaborate with various stakeholders to share knowledge, evidence, and best practice.

Co-Impact’s significant growth since 2009 has been against a backdrop of scepticism about the viability of collaborative, pooled-funding models, especially for systems-change philanthropy. Co-Impact’s founder, Olivia Leland, who spent three years (2014–2017) researching and interviewing over 250 philanthropists and social change

leaders to design the Co-Impact model, recalls the type of responses she received at the outset:

There were so many voices constantly arguing that the model for Co-Impact would not work, including concerns that philanthropists, especially those from the Global North, would not give US \$50 million of their own funding for the Global South, and especially not to a new entity that required pooling funding with others and so giving up some degree of control. People raised concerns about the nature of Co-Impact as a collaborative bringing together various existing philanthropic networks. Even the day before launch in November 2017, I was told by a prominent US philanthropist: ‘There is no way this will work because philanthropists don’t like to collaborate and prefer to do their own thing. No one will want to give into a pooled fund.’ Others said: ‘why do you need a 10-year fund? Just go in like a SWAT team and do this faster’ and ‘you need to prove this out first before you can get funding for it. Go do it with one organisation and then you can prove it works.’

#### CONSTRAINTS THE MODEL ADDRESSES

The Co-Impact model is designed to address the following three constraints in philanthropic practice.<sup>1</sup>

##### *The Type of Giving*

Most giving remains small, fragmented, and unaligned with what is required for large-scale and enduring impact; it does not explicitly address inherent power dynamics or gender inequality. Even proven social change leaders struggle to piece together the funding and support to pursue enduring impact at a national, regional, or global scale and must expend extraordinary time and effort. Most grants

<sup>1</sup> Some ideas in this chapter have already been presented in the Handbook published on the Co-Impact website in June 2021 (first published September 2019), [www.co-impact.org/wp-content/uploads/2021/09/Handbook-2021-ENG.pdf](http://www.co-impact.org/wp-content/uploads/2021/09/Handbook-2021-ENG.pdf).

are small, of short duration (typically one to two years), restricted, and do not cover the necessary costs related to overheads, monitoring, evaluation and learning, or organisational development. Restrictions on grant use can constrain social change organisations. For example, many small grants with earmarked funding can fragment focus and undermine strategic coherence. This fragmentation often requires the leaders of social change organisations to spend too much of their time – typically upwards of 30 per cent – chasing funds and meeting donor requirements instead of focusing on their core work and developing their strategies for systems-change efforts.

Donor requirements for proposal-writing, due diligence, and reporting can also be overly burdensome, taking away valuable time and energy from doing the core work. Much funding is given with an overall high degree of control by the funders and does not recognise the inherent power dynamics in the sector, nor does it support gender equality with intersectionality.

Furthermore, social change organisations lack reliable access to the kinds of non-financial support that can significantly accelerate systems-change work. For example, funders' influence, networks, and convening power can be extraordinary assets to organisations. Yet relatively few funders offer this kind of holistic support, and few organisations have the resources to secure them on their own.

### *The Availability of Systems-Change Efforts*

Investment-ready systems-change efforts are rare; few social change leaders have built robust strategies, capabilities, and partnerships to drive systems change, although many have the vision and ability to do so. There are examples of visionary social change organisations driving systems change today and throughout history. Yet these are still relatively rare. We at Co-Impact know leaders from organisations who are eager – and have already started – to develop compelling and credible plans and partnerships for systems-change efforts. However, they need flexible support and encouragement from realistic funding

opportunities to get their initiatives ready for substantial large-scale investment.

Too often organisations feel that they must tailor their goals to the priorities, funding cycles, and ways of working of their donors. This can consign them into a ‘subcontractor’ role as a manager of dozens of short-term donor projects, rather than architects and drivers of a deep and strategically coherent programme where each component contributes towards a powerful whole. We believe it should be the other way around: funders should support the structure and rhythm of their programme partners.

### *Mechanisms for Collaboration*

There are not enough efficient mechanisms for funders to find and support high-potential investments, and to collaborate with one another in a meaningful way, especially across borders. Many funders want to make substantial investments to help address the world’s most intractable problems. However, the time and expertise needed to set up and staff project, source funding, carry out due diligence, and extend grants means that even foundations with ambitious goals and large asset bases can find it difficult to support efforts to drive results at scale.

Furthermore, funders with varying perspectives on strategy, focus, or geographic preference can pull programme partners in opposing directions. Aligning around one shared vision and approach is often critical to achieving large-scale results. However, with a few important exceptions, philanthropy today remains remarkably siloed and rarely collaborate with other sector actors. While some philanthropic networks exist, they usually focus on knowledge-sharing and discussions, not always on acting differently or working together.

Co-Impact nurtures a model of collaborative philanthropy that seeks to better serve social change organisations and funders by overcoming these constraints. In their support for Co-Impact, its funders take a new approach. This model facilitates the interaction between funders with programme partners in the Global South in a respectful

and supportive, rather than directive, way. We at Co-Impact have from the outset worked to make this organisation a global collaborative, where there is cross-learning between different regions of the world, and where similarities and particularities in the way philanthropy is practised can be a source of learning and strength for the collaborative overall. Co-Impact's collaborative model thrives by bringing together different philanthropic networks and strengthening trust-based relationships between funders and programme partners. Furthermore, with nearly fifty philanthropists and foundations in the collaborative, the reach and influence of this model becomes even more significant.

#### PHILANTHROPY FOR SYSTEMS CHANGE IN THE GLOBAL SOUTH

In the discussion that follows we expand on the key features of Co-Impact's approach to funding to make a meaningful contribution towards long-term systemic change. We at Co-Impact have chosen to work for the Global South because most of our expertise is focused on these regions, comparatively less systems-change funding is available for work in these parts of the world, and fewer established philanthropic networks exist there. Nevertheless, we hope some of our learnings will also be applicable in the Global North.

As funders, we seek to live up to key philanthropic practices which apply both to good funding practice in general and in supporting systems change in particular. The key features of our approach to funding systemic change centre around several areas, described in the following sections, and are a direct response to the constraints that we observed by listening to social change leaders working in their own communities.

#### *Our Approach to Systems Change*

- **Addressing power and the political economy:** We support partners to understand and address root causes to problems, particularly political and institutional gender constraints, and other socio-contextual factors

that underlie exclusion, inequality, low performance, and lack of accountability.

- **Focusing on key levers that drive change:** Systems have multiple challenges; working on all of them can quickly become unwieldy. Instead of addressing everything, our approach supports partners to identify a few key levers, such as policy, laws, mandates, system financial resources, and/or formal and informal incentives, and to promote accountability, which can improve the functioning of core parts of the system and lead to the adoption at scale or institutionalisation of key innovations.
- **Building effective and powerful coalitions for change:** We support partners in undertaking power analyses and developing relationships that support a coalition of government (or market) leaders that is powerful and focused enough to achieve shared outcomes. Building powerful coalitions inherently relies on networks and relationships between individuals and organisations with a shared purpose.
- **Supporting strategic coherence:** Good strategy sits at the heart of successful systems-change initiatives. With the grant-making processes at Co-Impact, we aim to provide programme partners with the time and space needed to clarify their strategic choices. We support their ability to make coherent decisions, including saying no to otherwise good ideas and funding from donors when these do not align well with strategic priorities.
- **Encouraging learning and adaptation:** We neither believe that measurement is something that the ‘grantee does for the donor’ nor that success comes from adhering to a fixed plan; we encourage programme partners to use data to assess progress and make course corrections. We support a learning orientation across our programme partners and work to generate and disseminate a body of rigorous evidence to contribute to field-building and serve as a global resource about what works at scale.

### *How Networks Help Build Capacity*

- **Funding to coalitions of actors:** Co-Impact has been called ‘the network for networks’. This refers to both the fact that it brings together various philanthropic networks into a community of funders and that it supports coalitions of actors that have the capacity to effect significant change. Its funding for systems change rarely supports the work of a single organisation which is not partnering with others, as this would not

usually promote systems change. We at Co-Impact mobilise the power of networks and trust-based, meaningful relationships at both the funder level and the programme partner level.

- **Funding for locally rooted, primarily women-led organisations:** We take an intersectional gender approach in the ways that we analyse problems, make grants, and engage with partners. We believe that systems change is only possible when discriminatory structures are consciously addressed and women and other excluded groups can exercise their full share of agency and power. Programme partners that have local roots are best placed to achieve results for the communities Co-Impact seeks to serve. In the organisation's second fund, 100 per cent of the country-level grants focus on Global South-rooted organisations, of which a high percentage will be women-led organisations.
- **More significant, flexible, and longer-term funding:** We at Co-Impact offer grants (up to US \$25 million, and up to five years) accompanied by deep, non-financial support. This is rare in philanthropy, where most funding is restricted, with smaller grants typically given for a period of one to three years. It is more challenging for individual funders, rather than a collaborative built on philanthropic networks, to offer both the significant funding and the deep, non-financial, tailored, and flexible support that social change leaders need.
- **Supporting the strengthening of key capabilities:** Systems change requires strong organisations. We invest in both achieving large-scale, sustainable outcomes and in strengthening organisations to become even more powerful and effective. Our major grants include an earmarked amount (typically up to US \$500,000 over five years) for strengthening organisational capabilities.

### *Addressing Inherent Power Dynamics*

- **Being programme-partner supportive:** Throughout our work, we see programme partners and governments as the leaders, architects, and drivers of the deep change they seek. We practise 'trust-based philanthropy', supporting programme partners to advance their visions for change.
- **Being outcomes-focused and flexible:** We support programme partners to achieve, and hold them accountable to, key outcomes and programmatic milestones. Instead of demanding a detailed plan and budget, we ask for



clear articulations of long-term goals, specific outcomes, and periodic milestones, so that programme partners can deploy funds flexibly towards mutually agreed goals.

- **Valuing partners' time and effort:** To enable programme partners to focus on their work, we make our requirements simple, streamlined, and predictable. We at Co-Impact aim to keep our expectations and processes transparent, through documents such as our Handbook and open calls for concept notes. We encourage single reporting to all funders on a schedule that fits the work rhythm of programme partners.
- **Behaving as true partners:** Given that a true partnership is about mutual respect and trust, we set the agenda together with our programme partners. We listen with intent and curiosity and challenge where relevant, while always striving for empathy. Thus, the nature of our relationships with programme partners is key. We are mindful of the power dynamics in the 'grantor-grantee' relationship and commit to actively work to counter those through mutual respect, listening well, and developing an open, curious, and supportive posture.

#### HOW NETWORKS SUPPORT SCALING-UP

##### *The Beginning*

Given that a pooled fund to support systems change across health, education, and economic opportunity in the Global South did not exist before, when Co-Impact was launched in November 2017 it was set up via a fiscal sponsor (rather than as an independent entity) with the idea that the organisation would review the approach again within three years.

During 2018 we at Co-Impact finalised our first round of systems-change grants within our Foundational Fund, which our team had been working on since early 2017, and brought more philanthropists, foundations, and philanthropic networks together to support the work. In September 2018, we held an in-person gathering with our initial partners and new supporters in New York around the United Nations (UN) General Assembly meetings. That proved a decisive moment to expand our collaborative community. This event provided a unique opportunity for interested funders to meet

our team in person and, very importantly, to engage and exchange with each other.

We recognise that bringing funders into a global collaborative and pooling funding for systems-change efforts is not yet the norm. In growing the Fund, we spoke to many funders globally to understand with whom this approach to philanthropy would resonate. Our approach from the early days has been to work with other philanthropic networks and expert practitioners who are working on collaborative giving models.

One of our most important learnings was about the importance of networks for collaborative giving and pooled funds. We would not have been able to develop Co-Impact to where it is now without working with many other philanthropic networks, both formal and informal, in a collaborative way. Philanthropic networks have contributed in many ways to the growth of Co-Impact and the philanthropic community's collective impact. They have:

- enabled supporting systems change at scale by pooling resources;
- contributed their collective local knowledge and expertise, especially those philanthropic networks operating within the regions where Co-Impact works;
- helped to address the power dynamics in giving, which is easier in a community of funders than at the level of an individual funder;
- amplified the call for higher-impact philanthropic practices, as can be seen in Co-Impact's joint advocacy with other philanthropic networks;
- fostered exponential learning across regions, helping to bring together different organisations and groups to share and learn together; and
- supported both the sourcing of systems-change opportunities as well as bringing together funders, especially regional philanthropic networks.

For Co-Impact, collaborating with others and bringing different groups together in ways that mean that the sum is larger than each of the individual parts is in and of itself part of the organisation's reason for being. We at Co-Impact collaborate with funders, programme partners, and philanthropic networks in a way that builds bridges, relationships, and a sense of community so that our collective work

can go further. Importantly, members of the philanthropic community must be supportive of each other's goals. We believe it is this focus on trust-based and meaningful relationships that has helped Co-Impact move collectively to action, beyond traditional and transactional 'networking'.

Given Co-Impact's focus on the Global South, it has prioritised collaborating with other philanthropic networks focused on these regions including WINGS and the AVPN. In terms of influencing philanthropic practice, and amplifying other voices, we at Co-Impact have partnered with groups such as Catalyst 2030, a global movement of social entrepreneurs and social innovators from all sectors who share the common goal of creating innovative, people-centric approaches to attaining the Sustainable Development Goals (SDGs) by 2030. Together with them and Ashoka, Echoing Green, the Schwab Foundation for Social Entrepreneurship, and the Skoll Foundation, we published in 2020 a report entitled *Embracing Complexity: Towards a Shared Understanding of Funding Systems Change*,<sup>2</sup> which lays out key shared principles for funding systemic change.

### *The COVID-19 Pandemic*

In 2020, during the COVID-19 pandemic, all over the world health – and other systems – were tested to their limits and in many cases crumbled. We spent time considering how the pandemic was affecting our own team, all our partners, and, in particular, the communities we seek to serve. We believed it was more important than ever that we keep a focus on strengthening underlying systems so that those systems were able to respond to that emergency and recover for the future, while continuing to deliver essential public services. Though all societies were affected, we now know that weaker systems were most affected – and, within those systems, the most disadvantaged, including women, bore the brunt of the burden.

<sup>2</sup> Ashoka et al., 2020.

As funders, we leaned into five principles in our work with our programme partners during the pandemic: active listening, showing empathy, being supportive, being flexible, and supporting fundraising. On the last of these, we launched the Co-Impact Systems Response Fund to support two of our programme partners working on health systems who had been called upon by relevant governments to take a leading role in responding to COVID-19 and needed additional flexible funding. We also advocated for funders and other partners to continue supporting the crucial work of strengthening underlying systems. We signed the call to action 'Philanthropy's Commitment During COVID-19' from the Council on Foundations, among other collective commitments by different philanthropic networks.

During 2020, and despite the COVID-19 pandemic, we also attracted numerous other philanthropists and foundations to the Co-Impact collaborative. While the pandemic exposed the levels of systemic injustice and discrimination which led to some increase in giving, establishing new relationships with funders through video-conferencing proved challenging and many funders understandably decided to double down on existing grantees rather than making new commitments. On balance, we would argue that raising philanthropic funding during the pandemic for long-term systems-change efforts was more difficult than in previous years.

### *Building Funds through Collaboration*

In 2020, we reflected on what Co-Impact as an organisation was advancing in the world and within the philanthropic space. While we started the process to create a more permanent set-up for Co-Impact as an independent organisation, we also started working on our second fund: the Gender Fund. This Fund seeks to raise and grant US \$1 billion over the next decade to accelerate progress towards gender equality, advancing women's power, agency, and leadership.

The Fund builds on the extensive work of our existing programme partners who continue to demonstrate how integral an

intentional focus on gender equality is to achieving sustainable systems change. The Fund benefited from a year-long consultation and development process that included structured discussions with more than fifty leaders, predominantly from the Global South, including women's rights organisations, women's funds, feminist activists and scholars, cross-sector experts, donors, and practitioners working at all levels. The Fund also included a deepening of our approach to supporting systems-change work and benefited from a systematic review of existing evidence. We commissioned reviews focusing on rigorous evidence of scaled initiatives in the Global South that have achieved gender-equitable outcomes in the areas of leadership, education, health, and economic opportunities, which helped to inform the Fund's design.

We also increased support for gender equality work, specifically bringing in funders who may not have typically funded in this space. We aim to deliver significant resources to a historically underfunded space and pave the way towards more equitable, longer-term, flexible funding led by the needs of the organisations driving progress across our operating regions. During 2020 and 2021 we received the first funding commitments to the Gender Fund, in addition to expanded commitments from existing funders. With this Fund we are also reinforcing on our efforts to create a truly global organisation.

We at Co-Impact further partner with local and regional philanthropic networks. For example, we work closely with the African Philanthropy Forum, a strong and vibrant community of partners who foster shared prosperity on the African continent. We partner with them to bring together a group of philanthropists who want to support gender equality in Africa. We have also been working with EdelGive Foundation in India, a grant-making organisation that aims to build a strong, efficient, and high-impact social sector for a better India by funding and supporting the growth of small to mid-sized grassroots non-governmental organisations (NGOs). Through these and other partnerships, we are not only bringing on

board many more funders from the Global South but also fostering cross-learning and amplifying our organisations' joint influencing and advocacy agendas.

On learning and training, we at Co-Impact have joined forces with The Philanthropy Workshop (TPW), recently renamed Forward Global, a community of over 450 global leaders committed to solving the world's most pressing social issues and a leader in strategic philanthropy education. Forward Global helps organise the learning agenda for some of the philanthropists we work with and, at the same time, the funders who support Co-Impact gain access to Forward Global's expertise, learning platform, and vast network.

Working with partners and philanthropic networks has been instrumental to Co-Impact's goals, development, and learning, and to increasing its collective impact in the world, and we at Co-Impact are eager to continue to build on and expand these partnerships as our work progresses.


#### THE VALUE OF POOLED FUNDS

There is much to say about collaborative philanthropy; however, 'collaboration' in philanthropy means very different things to different people. A 2018 global study by the Hauser Institute for Civil Society at Harvard Kennedy School found that while many foundations recognise the importance of collaboration and partnership to achieve impact and scale, such alliances can be difficult to create, manage, and sustain. Only 42 per cent among the 7,364 foundations in thirteen countries and Hong Kong 'indicated that they collaborate with other philanthropic institutions'.<sup>3</sup> Globally (excluding the United States and Australia), more than 50 per cent of foundations operate their own programmes.<sup>4</sup> As Table 2.1 illustrates, collaboration can range all the way from knowledge exchange to a pooled fund.

<sup>3</sup> Johnson, 2018, pp. 11, 28. This is a pioneering study that includes data on 94,988 funders from nineteen countries/territories (Argentina, Australia, Brazil, Canada, China, Chile, Colombia, France, India, Ireland, Hong Kong, Mexico, Nigeria, Peru, Switzerland, Turkey, United Arab Emirates, the United Kingdom, and the United States).

<sup>4</sup> Johnson, 2018, p. 33.

Table 2.1 *Collaborative philanthropy and pooled funds*

| Knowledge Exchange  | Coordinated Funding  | Co-investments   | Pooled Funding   |
|---|--|--|--|
| Funders exchange ideas, knowledge, and experiences. Investments are not pooled nor necessarily aligned. Each funder retains decision-making rights. | Funders agree on shared strategy and invest in aligned causes. They retain individual decision-making rights. In some cases, they share due diligence and reporting. | A funder raises additional resources from other donors for a specific initiative. Or a group of funders co-invest in an initiative and share some decision-making around it. | Multiple funders pool their funding (and in some instances expertise) behind one fully integrated strategy with a specific governance structure. Usually, an independent entity is created which then manages the pooled fund. |
|    |  |  |  |
| <i>Less Integration</i>   |  | <i>More Integration</i>  |  |

While any form of collaboration brings some benefits, in our view a pooled fund has significant advantages when supporting systems change. While we advocate for all funders to follow practices such as those we outlined earlier, and while in theory all funders could do this independently, we believe joining a pooled fund makes these kinds of activities more likely and easier in three ways:

- **Addressing power dynamics directly in their giving is more likely when a group of funders comes together:** It is certainly possible for individual funders to address power dynamics in their giving independently; however, this is more likely in a pooled fund, given the fundamental requirement of relinquishing some level of control. At the same time, while addressing power dynamics is more likely in this way, it is also not a given or guaranteed. Collaboratives can still behave in highly controlling ways towards their grantees. Yet we also know that funders

likely to join a collaborative tend often to be the more experienced funders, advanced in their own philanthropic journeys, and focused on what they can contribute rather than attribution.<sup>5</sup>

- **Giving more significantly and more efficiently is more likely in a pooled fund:** A pooled fund allows a larger amount of resources to support increasing scale and impact, as multiple funders bring together and further leverage their financial resources. Pooled funding also supports a diversified portfolio that decreases risk for each individual funder. Social change leaders require different kinds of non-financial supports, which are best delivered through the strengths, experiences, and expertise of a variety of funding partners. A pooled fund increases operational efficiency, given all funders involved follow a single process for sourcing, vetting, awarding, and supporting grantees, and simultaneously can minimise the risk of duplicating efforts.
- **Increasing collective voice and mutual learning:** This is arguably more likely when a group of funders come together in a highly integrated way. Pooling funding and living up to certain practices makes for a stronger voice when advocating for others to behave in similar ways, as any advocacy carries more weight when based on lived experience. Advocating for more resources to be made available for inclusive systems change in the Global South and to advance collaborative, ‘trust-based philanthropy’ is more effective through a collective voice. Often funders increase their own learning and gain access to the knowledge and experience of their peers to inform their individual giving strategies. Our experience is that funders learn more by doing together, not only by discussing or exchanging information.

While we believe collaborative philanthropy that unleashes the power of networks through a pooled fund can have significant impact in the world, we also gathered the following learning and insights, at the level of bringing donors together. These learnings have been informed by multiple funders we approached and interacted with in recent years at Co-Impact.

- **Bringing funders into a pooled fund can be challenging:** Pooled funding necessitates that donors relinquish some degree of control and accept

<sup>5</sup> See *Promoting Higher-Impact Philanthropy: What We’ve Learned*, published in November 2021 on the Co-Impact website, [www.co-impact.org/wp-content/uploads/2021/11/Promoting-Higher-Impact-Philanthropy-Nov-2021.pdf](http://www.co-impact.org/wp-content/uploads/2021/11/Promoting-Higher-Impact-Philanthropy-Nov-2021.pdf).



that the outcomes of the initiatives are prioritised ahead of any specific organisational or individual recognition. It was more challenging than anticipated to bring funders together, despite our having developed the model, having a highly qualified team, and already enjoying the support of some prominent philanthropists. Usually, it tends to be the more experienced philanthropists who are willing to pool their funding with others.<sup>6</sup>

- **Funders want to feel a degree of ownership of the initiative, especially at a significant level:** When providing funding of over US \$50 million, funders prefer to be in the 'founding group' and help shape the initiative. We believe the initial group coming together is crucial to raising a significant fund. There is usually a better chance of convincing funders to join before you launch a new philanthropic fund.
- **Having different funding levels can be helpful, but specific and distinct value propositions are important:** In our experience, when offered a range, many funders selected the lowest commitment level. So offering specific amounts, as opposed to ranges, with a clear and sufficiently differentiated value proposition for each level, can be helpful. At the same time, it takes as much effort to raise relatively smaller amounts, for example US \$25 million, as to raise larger amounts, for example US \$50 million.
- **Most philanthropists are moved to action based on their relationship with the person making the ask:** A key finding from all the studies we have seen and our own experience is that people are moved to action based on the relationship with the person making the ask and that most major gifts build on existing relationships.<sup>7</sup> Some of our funders were motivated to join because they knew and trusted the Co-Impact leadership. It is not exclusively about the relationship, though – the quality of the work, pitch, and materials also matter. If you do not meet quality standards, you can easily lose a potential donor. Given the importance of the relationship with the person making the ask, ideally a philanthropic initiative should be introduced by a peer, with the aim of developing a direct relationship over time.

<sup>6</sup> See note 5. Most philanthropists eschew collaboration and start and manage their own efforts. According to a calculation in *Wealth-X*, 2018, p. 31, over 70 per cent of billionaires that are involved in philanthropic giving have created their own foundations.

<sup>7</sup> Foster et al., 2019.

- **Peer advocacy is crucial as having already prominent philanthropists as supporters can make others hesitant to give:** While being associated with prominent philanthropists is a draw for some, it can also be a detraction for others. It may give the impression that the organisation has all the funding it needs and can be intimidating for funders who are not as experienced to come in at the same level as these prominent partners. It is imperative that your champion funders speak up for your cause or organisation.
- **Emphasize the impact and leverage that a pooled philanthropy fund can have:** The potential for increased impact and leverage motivated many donors to join Co-Impact. Some recognise that collaboration in the form of pooling funding maximises impact. Many donors care about leverage (for example, other funding, both financial and in kind, that the work can attract, influenced by their giving). Leaning into these two things can be a strong motivator for philanthropists and foundations to give more significantly. At the same time, we at Co-Impact realised that there is much confusion with the term ‘collaborative philanthropy’, as everyone likes to claim that they are collaborative or they collaborate with others; this can refer to a loose collaboration where some knowledge is exchanged, rather than a pooled fund.
- **Few philanthropists have a passion for ‘systems change’ and it is challenging to tell a simple story around it:** Many philanthropists care about a particular issue area rather than ‘systems change’. Some funders simply do not believe in supporting systems change or see it as too complicated or intangible,<sup>8</sup> so framing what can be achieved through this approach as concretely as possible is helpful. However, telling a ‘simple and straightforward story’ around systems change was challenging and we at Co-Impact continue to work on ways to express the complexity of this work in terms that are more easily understood.
- **Avoid accepting funding from a philanthropist or foundation where there is no alignment of values and approach:** This is the most crucial factor for the success of a funding partnership. No matter how much

<sup>8</sup> Most philanthropists prefer philanthropic efforts that one can visit, feel, and touch. Longer-term and more intangible outcomes are less popular. Most philanthropy focuses on tangible things; ‘big bets’ on social causes are infrequent. Bridgespan (2019) states that two thirds of major gifts over US \$25 million go to institutions such as hospitals, libraries, and universities. Only about a third of such major gifts go to social causes.

money is on offer, we believe that sticking to your values, principles, and approach is paramount to achieving impact in the longer term. We have declined some funding that did not align with our funder vetting policy which centres on: (1) the source of funds, including both original source of wealth and current business practices or investment policies, (2) the funder's reputation, and (3) alignment with Co-Impact's values and approach.

## CONCLUSIONS

Funder collaboratives offer a model to bring together the level of significant funding and additional efficiency needed to support systems-change efforts in the Global South. They are also an effective way for funders to address collectively the power dynamics in their giving because it requires them to relinquish some degree of control. Finally, a collaborative has a stronger voice to advocate and influence others towards better practices and promote mutual learning. Rarely do individual funders behave in this way, and being part of a collaborative makes all these advantages more likely. Building a collaborative, by definition, relies on establishing and nurturing trust-based, meaningful relationships with philanthropists and foundations, and bringing forwards the power of philanthropic networks.

We hope that the establishment and growth of Co-Impact can help to demonstrate how funders should come together to support inclusive, meaningful, and enduring systems change for millions of people. This impact is further amplified when a chorus of voices advocates for more philanthropy for systems change and gender equality, and promotes better philanthropic practices such as 'trust-based philanthropy'. We hope to have demonstrated that this model can work, and we also hope to have shown how important philanthropic networks are for supporting the development of Global South-focused philanthropy.

We believe in philanthropy's power as a catalyst for inclusive, meaningful, and enduring systems change, delivering better outcomes for millions of people. We believe in transforming the system of funding itself, so that philanthropy delivers the capital and

additional supports that are truly needed to achieve systemic change. We would encourage any funder to consider joining pooled funds as part of their portfolios and to offer more significant, flexible, and longer-term funding for locally rooted, primarily women-led organisations – and, very importantly, to do so in a manner that addresses inherent power dynamics by being programme partner-supportive, outcomes-focused, and flexible, valuing partners' time and effort. Finally, we encourage funders to join their local philanthropic networks and help to build bridges, relationships, and a sense of community so our collective work can go further together.

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