Implementation models:
Synthesis of findings

February 2017

Introduction

A successful philanthropic initiative depends not just on the strategy pursued – but also on **how** that strategy is implemented. This work seeks to gather lessons learned from past philanthropic initiatives to inform funders who are launching ambitious large investments and want to get implementation right.

Implementation considerations can vary significantly based on the shape of an initiative – starting a new organization can look very different than investing in a portfolio of existing organizations. Given these differences, we chose to look at **four "models" for implementing initiatives**:

New entity (intermediary)	Advocacy
Core implementation partner (intermediary)	Influencing the private sector

These by no means represent an exhaustive set of potential models to pursue, or the most high potential models. Rather, these are four examples of models, each of which has significant potential for impact when chosen wisely and executed well.

These materials outline the **considerations involved in choosing to pursue each of these models and findings on how to implement them,** drawn from real-world experience. We hope the materials will be useful to funders as they design and implement ambitious investments.

Overview of this resource

This work is **grounded in the experience of funders and organizations** who have been through the challenging work of implementation. For each of the models we explored, we examined several initiatives that fit that model and had evidence of impact. Then for each of the models, drawing both on these case studies and existing field research, we identified key lessons across three areas:

1 When would you use it?
- What is the **definition** of the model?
- What are **situations** in which the model is attractive?
- What are the **key benefits** and **tradeoffs** of the model?

2 How do you do it well?
- What are the **key challenges** associated with the model?
- What are the **best ways to address** those challenges?

3 What does it take on the part of the funder?
- What level of **staff time** is required from the funder?
- What **capabilities** does the funder need to have?
- What should the funder expect in terms of **timeline**?

These materials include one section for each of the four models. Each section begins with a **one-page summary** of the key high-level considerations for the model. This is followed by a **synthesis** of the main lessons learned. Finally, each section ends with several **two-page case studies** on organizations that have used the model.

Thank you

We owe immense thanks to the individuals and organizations that shared their hard-won insights on these topics. These include:
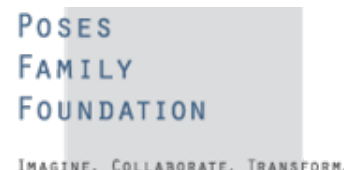
Contents

New Entity (Intermediary)

Definition: Creating a new nonprofit intermediary that provides support and coordination across a field and/or grantee portfolio (e.g., through technical assistance, knowledge, convening; excludes funding or direct service).

WHEN TO USE THIS MODEL

Field/problem conditions

- ❑ Major gap exists in current field activities
- ❑ Players believe addressing gap has potential to achieve large impact
- ❑ No existing field player is positioned to address gap
- ❑ Field expects to benefit from a coordinating body
- ❑ Program activities not expected to be time-bound
- ❑ Activities are expected to benefit from neutral decision-making
- ❑ Activities have been successfully tested at a smaller scale
- ❑ Presence of multiple and/or sustainable funding sources

Funder characteristics

- ❑ Activities expected to be outside funder mandate/capabilities
- ❑ Funder prefers not to be in primary operating role
- ❑ Funder has willingness to invest significant funds and staff time, to be involved long-term, and have high risk tolerance
- ❑ There's a senior leader at the funder to champion the work
- ❑ Funder sees value in having its brand closely tied to an idea/solution

+ BENEFITS

- Can bring a customized capabilities to address field gap
- Can unify field players
- Can provide a nimble and flexible approach

- TRADEOFFS

- Costs and risks of starting up new entity are high
- Requires relatively longer start-up timeline
- Involves giving up significant control over work
- Involves risks related to financial sustainability
- Can make an exit more challenging

KEY SUCCESS FACTORS

- Developing compelling value proposition
- Cultivating strong leadership
- Building operational capabilities at new entity
- Establishing effective governance
- Planning for long-term sustainability

EXAMPLES

BILL & MELINDA GATES foundation · Gavi The Vaccine Alliance · Lumina FOUNDATION · Achieving the Dream · The ROCKEFELLER FOUNDATION · GIIN GLOBAL IMPACT INVESTING NETWORK

Note: This model may be a good fit when the above factors exist, although a situation does not need to include all factors

Synthesis of findings on new entity - intermediary

1 When would you use it?
- Model definition
- Situations in which the model is attractive
- Benefits
- Tradeoffs

2 How do you do it well?
- Key challenges and how to address
- Other factors for success
- Incubation

3 What does it take from the funder?
- Staff time
- Capabilities
- Timeline

Case studies

NEW ENTITY - INTERMEDIARY

Funder invests in creating a new intermediary nonprofit to address a gap in the field. The intermediary's role is execution: coordinating and managing across a grantee portfolio and/or field. This model excludes organizations whose primary function is funding or direct service.

Activities could include:

- Strategy co-development
- Technical assistance
- Re-granting

- Disseminating knowledge
- Engaging in policy research
- Catalyzing partnerships

- Convening
- Engaging in policy activity
- Measurement and evaluation

Field / Problem Conditions

☐ **Major gap exists in current field activities**

☐ **Field players believe addressing gap has potential to achieve significant impact or paradigm shift**

☐ **No existing field player is positioned to address the gap**

> These first three conditions are **necessary** but not **sufficient**; other conditions should be in place to meet high bar for new entity

☐ Field expected to benefit from a coordinating body

☐ Program activities not expected to be time-bound

☐ Program activities expected to benefit from independent decision-making (e.g., neutrality among players is especially important)

☐ Program activities have been successful when tested on a smaller scale (e.g., as foundation initiative)

☐ Multiple and/or sustainable funding sources exist

Funder Characteristics

☐ Program activities expected to be outside funder mandate or capabilities

☐ Desire not to be in primary operator role for the initiative

☐ Willingness to invest significant funds and staff time

☐ Willingness to be involved over a long time horizon

☐ High degree of risk tolerance

☐ Presence of a high-profile leader at the funder to champion the work

This model may be a good fit when these factors exist
(note that a situation does not need to include all factors)

BENEFITS

- **New entity can bring customized approach and capabilities to address field gap**
  - New entity intermediaries generally adopt a specific approach or role required by the field (e.g., coordination, convening)
  - The entity's capabilities can be expressly designed to address the field-driven need
  - The entity can bring singular focus to the issue, rather than being split across multiple priorities or partner interests

- **Can unify field players**
  - New entities can serve as a neutral convener with the ability to bring field players together
  - In successful examples, new entities established partnerships with players across the field, resulting in large-scale impact

- **Can provide a nimble and flexible approach**
  - Compared to foundations and partnerships, new entities can adapt more rapidly to field needs
  - Increased agility can help entity address complex and evolving problems (e.g., one organization was able to adapt its geographic and messaging priorities based on shifts in the legal and political landscapes)

TRADEOFFS

- **Costs and risks of starting up new entity are high**
  - Significant time and resources go into entity design and development, which can still result in failure to launch or no impact
  - It can be difficult to shut down an entity that is not having as much impact as desired
  - Funders face reputational risk if the entity is ineffective
  - If the entity does not address a unique niche, it risks impinging on the work of other field actors

- **Requires relatively longer start-up timeline**
  - In successful examples, 2+ years were needed from initiative design to program implementation
  - Funders should allot sufficient time to set up legal structure, work with contractors, and build operational capabilities

- **Involves giving up significant control over work**
  - In order for the new entity to be truly independent, the funder must be willing to compromise with the entity's leadership and other funders/partners

- **Involves risks related to financial sustainability**
  - Even if the new entity starts up successfully, there is an ongoing challenge of securing consistent funding

- **Can make an exit more challenging**
  - A new entity can become dependent on ongoing funder support
  - An exit could be interpreted by the field as a lack of belief in the new entity

CHALLENGES　　　**WAYS TO ADDRESS**

Developing compelling value proposition

- Design the vision and strategy to address a field-driven need or major gap in the field
  - Work with key players to co-design aspects of the vision and strategy
  - Clearly convey the value provided by the new entity
  - Balance focus on goals with approach that includes wide range of field voices
  - Avoid overloading the new entity with too many goals or activities early on
- Consider incubating the initiative within the funder or in another organization
  - Incubator can help test and refine the value proposition, in addition to providing operational capabilities
- Draw on ideas from a wide range of voices in the field, not limited to partners and funders
  - Input from diverse stakeholders (e.g., scientists, business leaders, public officials) can provide key guidance
  - E.g., One funder organized multiple convenings with field experts across sectors to share ideas
- Adapt value proposition over time based on field need and impact

Cultivating strong leadership

- Have strong leadership in place at the new entity
  - Prioritize top leadership positions and aim to secure those early; most senior hires can attract talent at lower levels
  - Consider investing in an executive search firm to find chief executive, as well as the next level of leadership and Board members
  - Look for opportunities to hire select leaders from key partners, either temporarily or permanently
  - Identify opportunities to recruit key individuals who worked on idea concept or early-stage initiative
  - Hire the right leaders, or at least have promising candidates, before finalizing the new entity launch
- Empower leaders to own and guide the strategy
  - Successful examples of new entities show leaders who could drive vision and strategy forward, rather than relying on partners
  - Funders and partners should invest in a thorough onboarding process for the CEO
  - The new entity CEO should influence governance structure and composition
- Evolve leadership based on needs of the organization
  - Consider changes to leadership during the entity's natural transition points (e.g., the transition from incubation to independent entity)

CHALLENGES

WAYS TO ADDRESS

Building operational capabilities at new entity

- Develop staff hiring capabilities and talent pools
  - The new entity should look beyond funders and partner organizations when identifying sources of talent in order to broaden its perspectives and skillsets
- Invest time in creating legal entity and required legal capabilities
  - Consider hiring a contractor with local contextual knowledge and experience to provide guidance
- Build financial capabilities related to absorbing, managing, and raising funds
  - The CFO role is often essential to have in place quickly
  - Developing fundraising capabilities quickly can help raise critical early funds

Establishing effective governance

- Align on governance structures and roles early
  - Clearly define structural elements (e.g., permanent Board seats, sub-committees) and roles (e.g., Chair responsibilities); although much of this governance design can be begun before hiring an executive director, that individual should be involved in final decisions
  - Aim to keep governance streamlined and avoid multiple Boards; balance this with the importance of including diverse range of stakeholder voices
- Draw broadly from the field when selecting Board members, rather than relying on core partners
  - This helps the new entity gain a broad set of perspectives as well as stakeholder buy-in
- Re-evaluate governance structure regularly and be prepared to evolve it over time
  - E.g., One new entity collapsed its original two boards into one board to streamline decision-making

CHALLENGES

WAYS TO ADDRESS

Planning for long-term sustainability

- Before developing the new entity, test value proposition with field players and explore potential funding sources

- Approach potential funders early and cultivate long-term relationships
  - Without a proactive approach, one large funder can crowd out interest and funding from other players; this brings major risks for both the new entity and the funder

- Have a high-profile champion with credibility in the field draw attention and funding

- Identify other types of financing mechanisms to supplement traditional funding
  - Consider innovative funding models (e.g., fee-for-service, co-financing by beneficiaries) and be realistic in assessment

- Demonstrate success early on to draw further support
  - Build M&E capabilities to effectively track early successes

- Guide new entity by making continued funding dependent on sustainability actions or targets

In addition to addressing value proposition, leadership, operational capabilities, governance, and sustainability, factors for success include:

- **Consider building on ideas proposed by leaders in the field**
  - Ideas championed by a field leader often channel a field-driven need, and they can be easier to develop and launch when that champion serves as initial leader

- **Allot more time than you expect for initiative design and launch**
  - Funders report relatively long timeline from initial concept to launch (2+ years)
  - Hiring staff and developing core organizational processes (e.g., HR, M&E, communication) have been shown to be particularly time-intensive

- **Consider incubating the initiative within the funder or another initiative**
  - *For key considerations and best practices, see following pages*

- **Establish the right level of management and oversight, and know when to step in**
  - Although it is important to give the new entity independence, a funder should not hesitate to take a hands-on approach at critical moments facing the initiative (e.g., financial distress)
  - In later stages, the funder can take on the role of strategic thought partner, asking critical questions and providing ideas, but not prescribing
  - In all interactions, funders should to aim demonstrate their trust in the leadership of the new entity

- **Be thoughtful about exit**
  - Before any exit, the funder should aim to put sustainability mechanisms in place
  - If a funder chooses to exit, it should clearly communicate its timeline and process for exit to ensure smooth transition

What is incubation?

- There is no strict definition of the term used in the social sector

- For these materials, incubation can be **defined** as an initiative receiving substantial support, generally involving shared building space, staff allocation, and back-office capabilities (e.g., IT), from a host organization ("incubator")
  - This structure has similarities with an implementation partner model

- Incubating initiatives can vary in their **level of intention** to ultimately launch as a new independent entity
  - In some cases, incubation is one step in a defined plan to achieve full independence
  - In other cases, there is not a definite plan to spin off, and the incubated initiative may or may not become a new entity

- For those initiatives that become a new entity, **timeframe** can vary greatly, often based on level of evidence required, pace of organizational growth, and the specific benefits and tradeoffs of a particular incubation set-up
  - E.g., Incubation time for examples varied from 1 to 9 years

Why would you decide to incubate a new entity?

- To **test** the degree of field need, strength of program's value proposition, or effectiveness of program activities before potentially launching as an independent new entity

- To gain access to **key capabilities** that an early-stage organization may not have
  - E.g., One organization benefited from an incubator's back-office capabilities and in-country staff

- To draw on the **brand strength** of the incubator
  - E.g., One new entity tapped into the strong brand of its foundation incubator to gain credibility in the field

2

Where should the entity be incubated?

- **Funder**, which can bring field experience, reputation, and relevant contacts
  - Key drawbacks: challenges in obtaining access to operational and on-the-ground expertise; need for the funder to engage more deeply in operational details; potential clash with staffing and operational processes geared towards grantmaking

- **Operating partner**, which can offer back-office capabilities and local footprint
  - Key drawbacks: less connection to the funder's expertise and grantmaking team; less funder influence on the initiative in early stages

Other considerations and best practices

- Initiative may have **limited ability to take on independent role** in the field due to affiliation with incubator

- Initiative might face **barriers to organizational development** (e.g., recruiting, governance) and efficiency
  - E.g., One organization found recruiting and fundraising easier as an independent entity

- During incubation, work to **build out core organizational components** that will be critical for success as an independent entity
  - E.g., During incubation, one organization invested time in defining its recruitment strategy

- **Continually evaluate readiness** for new entity launch, and if conditions are in place, take decisive action

- Consider **initiating executive search process** before or during incubation, rather than after new entity launch
  - Examples show shifts in leadership from incubation phase to new entity phase are typical

DRIVERS OF FUNDER STAFF TIME

- **Initiative complexity:** The breadth of the entity's strategy, scope, and geographies, as well as the number of activities involved, can influence the time required on the part of the funder

- **Risk profile/innovation:** A strategy that is very new and different can take more time to design and support, particularly if the funder has conceived the idea

- **Incubation:** Funder may need to dedicate fewer staff resources if the initiative is being incubated outside the foundation

- **Level of funder support required:** Certain types of supports can require more funder staff time (e.g., developing finance capabilities, engaging in advocacy)

- **Level of desired control over initiative strategy and decisions:** A deeper level of involvement in initiative decisions also requires deeper investment of staff time

- **Number of implementation and funding partners:** Managing more partners for the new entity (and coordination between them) takes more time for funder staff

Examples: **Capacity Estimates**

Can vary significantly; examples showed ranges at different stages of the entity:

- Initial initiative design and funding: **1-2 FTEs**
  - Majority of time is program officer level for strategy, design, and partnership development

- Launch of entity: **2-6 FTEs**
  - If an initiative is first incubated, required staff time at the funder is likely to be lower during incubation period
  - Majority of time is program officer level for program activities and operational level for building capabilities such as HR, finance, and legal
  - Senior officer time is required for public outreach in the field and developing/maintaining partnerships

- Steady state oversight and support: **wide range from 0.5-15 FTEs**
  - 0.5-1 FTE is for program officer level to provide strategic guidance (e.g., sit on SteerCo and Board) and oversight
  - Funder may choose to dedicate 10+ FTEs to program support depending on entity needs and funder capabilities and resources

CAPABILITIES

- **Relationships and influence**: Model requires funder to tap into its field influence to attract attention, funding, and partnership from others in the space

- **Field credibility:** Need to be well-respected by players in the field or have relevant partnerships to provide a level of credibility for the new entity

- **Start-up capabilities and mindset:** Need to have the operational capabilities to succeed in a start-up phase, such as hiring, financial, and legal, as well as experience in a start-up environment

- **Entrepreneurial mindset:** Need to have risk tolerance, determination, and a learning orientation to thrive in early stages, and should foster those characteristics in new entity

- **Governance experience:** Should be able to provide effective leadership on a SteerCo

- **Contracting ability:** Should have connections and experience working with contractors in areas such as executive search, legal, finance, and M&E

Timeline to program launch

- Can vary; a large initiative may take **2+ years** to move from concept to program activities in incubation

- Spinning off an entity from incubation to a fully independent entity can require an **additional 1-2 years**

- Key drivers of timeline (for both time to incubation and time to independent launch) can include initiative complexity, level of support in the field, and number of other partners involved

- It is not uncommon for timelines to run behind schedule; delays can result from securing seed funding, finding senior leadership, ramping up implementation, and factors outside the funder's control (e.g., government delays, policy change, shift in the field)

Case study: Gates Foundation – Gavi

OVERVIEW

Gavi, the Vaccine Alliance, which received seed money to launch from the Bill and Melinda Gates Foundation brings together public, private, and social sector actors to increase access to vaccinations for children in the developing world. Gavi's work centers on expanding access to a broad portfolio of advanced, life-saving vaccines by working with developing countries and partners including the World Health Organization, UNICEF and the World Bank. Gavi seeks to strengthen the capacity of country health and vaccine delivery systems as well as shape markets to make life-saving vaccines more accessible. Members of Gavi include donor and implementing governments, inter-governmental organizations, civil society, research and technical institutes and the vaccine industry.

The idea for Gavi was conceived at a summit held at The Rockefeller Foundation's Bellagio Center in Bellagio, Italy in 1999. The Alliance launched in 2000 and was initially housed within UNICEF until becoming a new, independent entity in 2009. A 28-person board governs Gavi, and about 250 staff members manage day-to-day operations. The Gates Foundation provided the initial seed money for Gavi—$750 million over five years. Since 2000, Gavi's efforts have been financed by foundations, governments and private companies. Gavi also finances about 25% of its work through innovative financing mechanisms, such as vaccine bonds, matching funds, and advanced market commitments. Gavi-supported countries manage their immunisation programs and co-finance a portion of their Gavi-funded vaccines.

IMPACT

Since Gavi's inception, almost **580 million additional children** have been immunized, and **over 8 million deaths** from preventable disease have been averted. In 2015, more than **half of all immunized children** received Gavi-supported vaccines. Between 2010 and 2015, the under-five mortality rate in Gavi-supported countries fell an average of **3.6% per year**.

Case study: Gates Foundation – Gavi

KEY TAKEAWAYS

- **A new entity can gain traction when it is designed by major field players in response to a clear gap**
  - From Gavi's outset, the major players in the global vaccine space were on board; many had already been involved in defining the need and designing the initiative. Gates enabled the main actors in the field to execute their vision, instead of trying to get the field to buy into its design. Because it addressed a clearly recognized need and had a compelling value proposition, Gavi soon garnered support from additional scientists, intergovernmental organizations, and funders.
- **Setting up a new initiative takes a lot of money and time, though responsibilities may be split among partners**
  - The Gates Foundation's initial $750 million grant was the catalyst for Gavi, but this only came after a working group spent about two years developing the idea. Other partners that were already steeped in the field incubated Gavi and provided key capabilities for the first several years.
- **High-level champions at a funder may leverage additional funding and bring attention to the new entity**
  - Bill and Melinda Gates have been visible advocates for Gavi since 1999. Their influence has helped draw attention to the initiative and bring additional funders and partners on board.
- **A funder's role should evolve to respond to the needs of the new entity – and to reflect its own capabilities**
  - Gates was not involved in the initial conception of Gavi, and its key contributions in early days were focused on funding, influence, and relationships. Over time, Gates has expanded its role into strategy and other supports, due both to needs at Gavi as well its own evolution in capabilities and expertise as a foundation.
- **Incubation can help a new initiative access key capabilities, but an independent structure may eventually be beneficial**
  - Gavi spent most of its first decade incubated at UNICEF, which gave it valuable access to UNICEF's back-office operational capabilities and close in-country relationships. When Gavi became officially independent from UNICEF in 2009, its newly separate structure gave it freedom to develop and manage its own processes, make decisions more quickly outside, and build out key capability areas (e.g. HR, knowledge development, and recruiting).
- **A new entity should be willing to evolve governance and leadership to suit changing needs of the organization**
  - When it became an independent entity, Gavi consolidated its two governance structures into a single board composed of a range of stakeholders in order to promote communication across a diverse range of perspectives.
  - Around this time, Gavi gained new leadership to manage the organization's transition.
- **To achieve long-term sustainability, new entities should demonstrate success early on and consider sustainable financing beyond the original funder**
  - Gavi made strategic decisions early on to focus on a few specific geographies and three vaccines where it could make a visible impact. These results helped Gavi gain credibility and additional funding soon after its launch.
  - Gavi began fostering relationships with other potential donors early in its existence, which has culminated in strong long-term donor partnerships. It has also created innovative finance mechanisms and incorporated country self-financing into its model.

OVERVIEW

Achieving the Dream (ATD) is an independent nonprofit that leads a national network of more than 200 community colleges dedicated to helping their students, particularly low-income students and students of color, achieve their goals. Achieving the Dream works with colleges to close achievement gaps and accelerating student success through a change process that builds colleges' institutional capacities in seven critical areas. The organization's core offering is coaching for presidents and other college leaders to create a culture of evidence and build a student-focused culture. ATD reinforces its capacity building efforts with policy work and stakeholder engagement. Over the past 12 years, ATD's efforts have contributed to the field's growing use of data-driven approaches as well as a shift from access to student success.

ATD was originally conceived as an initiative by the **Lumina Foundation** in 2004. The initiative was implemented by seven organizations working in partnership, with one organization (MDC) taking the managing partner role. After six years, ATD began the transition process from a partnership into an independent nonprofit entity. The initiative was fully funded by Lumina in the earliest years, with other foundations also contributing funding later in the partnership stage and in the new entity stage.

IMPACT

ATD helps **200+ education institutions that serve 4M+ students** and has policy teams in **15 states** pursuing reform efforts.

- **Increase in college completion** at some network colleges (e.g., University of Hawaii Community Colleges increased the number of degrees awarded by 70% between 2010 and 2014, during a stable enrollment period)

- **Increase in course completion** at some network colleges (e.g., Trident Technical College increased its fall term successful course completion rate from 62% in 2011 to 76% in 2014)

- **Participation in field-building initiatives** by network colleges (e.g., of 30 institutions selected for the American Association of Community College's Pathways Project, 21 were ATD colleges)

Case study: Lumina Foundation – Achieving the Dream

KEY TAKEAWAYS

- **A funder should set a high bar before pursuing the new entity model**
  - In order to be effective, a new nonprofit should have clarity around mission, a clear niche in a receptive field, and a path to financial sustainability. During its time as a collaborative initiative, Achieving the Dream was able to test whether those conditions existed, including testing the strength of the value proposition by working with community colleges and determining the extent of demand for its services. This experience helped inform ATD's decision to spin off as a new entity.

- **The new entity model can provide clear focus and streamlined governance**
  - Lumina chose to transition ATD from an initiative to a new entity to achieve two main benefits: First, ATD would have a clear focus on community colleges, which strengthened recruiting, diversified funding sources, and increased efficiency; second, ATD would have leaner governance not dependent on the founding partners, allowing it to make decisions more quickly and easily involve new partnerships to scale impact.

- **Successful launch requires credibility in the field**
  - To launch the new entity, the Lumina Foundation required strong credibility and convening power with other players in the field.

- **A new entity should look for funding sources early – and be realistic in assessment**
  - A new entity structure can help attract diversified funding, but also requires early and deep attention to business model, including realistically assessing different income sources (e.g., ATD evaluated the potential for fee-for-service revenue and determined that it would be an important component, though not the majority, of ATD's income).

- **Launching a new entity requires time and support from a funder**
  - During the period when ATD transitioned from a collaborative initiative to a new entity, Lumina temporarily increased its staff focused on Achieving the Dream providing support for planning and setting up the new entity. In the years following the transition, Lumina ramped back down and focused more on an oversight role.

Case study: Rockefeller Foundation – Global Impact Investing Network (GIIN)

OVERVIEW

The Global Impact Investing Network (GIIN) is a nonprofit organization dedicated to increasing the scale and effectiveness of impact investing around the world. The GIIN defines impact investments as investments made into companies, organizations, and funds with the intention of generating social and environmental impact, alongside a financial return. They can be made in both emerging and developed markets, and returns range from below market to market rate.

The idea for the GIIN was conceived in October 2007, when The Rockefeller Foundation convened a small group of funders at its Bellagio Center in Italy to discuss the nascent space of "impact investing," a term coined at the meeting. After a broader convening in 2008, the ~40 participants organized behind four central initiatives: a global network of leading impact investors, a standardized framework for assessing social and environmental impact, an impact investing bank, and an effort to invest in sustainable agriculture in sub-Saharan Africa.

As part of its new Impact Investing Initiative, The Rockefeller Foundation developed a breakthrough report with the Monitor Institute on the topic released in January 2009. Later that year, the GIIN formally launched with the initial mission of tackling the four core initiatives. Since then, the GIIN has provided critical infrastructure for the impact investing space, acting as a platform to share ideas, draw new ideas to the field, and bring investors together.

IMPACT

According to a third-party evaluation of the Impact Investing Initiative in 2012, the GIIN was one key actor that helped define the concept of impact investing. GIIN also developed the core field infrastructure that led to the Impact Reporting and Investment Standards (IRIS) and ImpactBase, an online database of impact investment funds and products. In addition, the GIIN has drawn a range of new actors into the space, with its Investors' Council comprising leading corporations, foundations, and nonprofit funds. As a result, the GIIN was an essential entity that helped lay the groundwork for major growth in the impact investing space, which has grown from $2.5B in 2010 to an estimated $12.2B in 2015.

Source: GIIN website for image

Case study: Rockefeller Foundation – Global Impact Investing Network (GIIN)

KEY TAKEAWAYS

- **By testing a potential new entity's value proposition with key stakeholders, a funder can ensure the organization will have field support**
  - As part of its early research, The Rockefeller Foundation designed two convenings to better understand the need around impact investing; then, after identifying the field need, it oversaw the formation of formal working groups to initiate research on priorities.

- **The early stages of work can be a valuable period to identify potential leadership for the new entity**
  - Amit Bouri was originally an external consultant who worked on the 2009 report, but his deep understanding of the GIIN as well as his personal qualifications made him an ideal choice to serve in the organization, ultimately becoming CEO in 2015.

- **When defining a nascent field, an intermediary should aim to be inclusive**
  - By broadening its definition of impact investing, the GIIN was able to include a diverse array of actors, which strengthened its position as a central field intermediary.

- **Bringing in other funders early can cultivate deep relationships that lead to major support**
  - The GIIN invested effort in building strong informal relationships with actors including the UK's Department for International Development (DFID) in its early years. This led to sustained interest and support by a core group of allies (DFID later committed GBP 10.5 million in 2012 to support the GIIN).

- **When developing a field, a multifaceted approach can help draw in a range of players**
  - To appeal to distinct groups and strengthen the emerging impact investing field, The Rockefeller Foundation and the GIIN used a variety of approaches, including research, convenings, stakeholder interviews, standards development, and public outreach.

Key sources: new entity - intermediary

Note: These resources relate to organizations we have profiled and the model in general; we have also drawn on additional examples based on public research and TBG experience.

Secondary research

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- "Courageous Conversations: Achieving the Dream and the Importance of Student Success," Change Magazine, January 2009.
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- "Gavi Alliance By-Laws," Gavi, last revised June 18-19, 2014.
- "Gavi Alliance Statutes," Gavi, last revised November 16-17, 2011.
- "Global Alliance for Vaccines and Immunization: Meeting of the Proto-Board," Gavi, July 12-13, 1999.
- "How Do I Start a Nonprofit Organization?" Grantspace (Foundation Center), 2016.
- "Second Gavi Evaluation," CEPA LLP, September 2010.
- "Smarter Relationships, Better Results: Making the most of grantmakers' work with intermediaries," Grantmakers for Effective Organizations, 2013.
- "Turning the Tide: Five Years of Achieving the Dream in Community Colleges," MDRC, January 2011.
- "Why Do Funders Work with Intermediaries?" Grantmakers for Effective Organizations, 2013.
- Organization websites

Interviews

- Interview with Alex de Jonquières, Chief of Staff at Gavi, October 5, 2016.
- Interview with Carol Lincoln, Senior Vice President at Achieving the Dream, August 31, 2016.
- Interview with Sam Cargile, Vice President and Senior Advisor at Lumina Foundation, September 20, 2016.
- Interview with Steve Landry, Vaccine Program manager at the Gates Foundation, September 29, 2016.

Core Implementation Partner: Intermediary

Core Implementation Partner (Intermediary)

Definition: Investing in one or a few existing nonprofit intermediaries that provides support and coordination across a field and/or grantee portfolio (excludes funding or direct service).

WHEN TO USE THIS MODEL

Field/problem conditions

- ☐ Relevant partner(s) exists
- ☐ Program activities expected to be time-bound
- ☐ Coordination required across multiple actors

Funder characteristics

- ☐ Funder has a lack of relevant geographic presence, staff expertise, capabilities and/or relationships required for the initiative
- ☐ Funder involvement expected to be time-bound
- ☐ Interest in avoiding start-up or operational risk
- ☐ Interest in minimizing ramp-up time, potentially to capitalize on field momentum
- ☐ Interest in keeping demands on staff time relatively low
- ☐ Willingness to share some control over initiative direction and execution, as well as credit for results

+ BENEFITS

- Can limit demands on funder staff
- Can shorten start-up timeline and reduce start-up risk
- Can make an exit easier
- Strengthens existing field capacity

– TRADEOFFS

- Requires finding the right partner, which may mean making compromises
- Involves giving up some control to the partner

KEY SUCCESS FACTORS

- Selecting the right partner
- Establishing clarity of decision-making
- Managing ongoing measurement and learning

EXAMPLES

WILLIAM + FLORA Hewlett Foundation — IDRC ✳ CRDI — CIFF CHILDREN'S INVESTMENT FUND FOUNDATION — Elizabeth Glaser Pediatric AIDS Foundation — The ROCKEFELLER FOUNDATION — YieldWise *Reducing post-harvest food loss for African farmers.*

Note: This model may be a good fit when the above factors exist, although a situation does not need to include all factors. For more information on YieldWise, please see the Appendix.

Synthesis of findings on core implementation partner - intermediary

1 When would you use it?

- Model definition
- Situations in which the model is attractive
- Benefits
- Tradeoffs

2 How do you do it well?

- Key challenges and how to address
- Other factors for success
- Multiple implementation partners

3 What does it take from the funder?

- Staff time
- Capabilities
- Timeline

Case studies

When would you use it?
Model definition

CORE IMPLEMENTATION PARTNER - INTERMEDIARY

Funder invests in one or a few existing nonprofit intermediaries that provide support and coordination across a field and/or grantee portfolio to further the funder's strategy.

Activities could include:

- Strategy co-development
- Technical assistance
- Re-granting

- Disseminating knowledge
- Engaging in policy research
- Catalyzing partnerships

- Convening
- Engaging in policy activity
- Measurement and evaluation

When would you use it?
Situations in which model is attractive

Field / Problem Conditions

- ☐ Relevant partner(s) exists
  - Aligned values and goals
  - Program-related experience and capabilities
  - Necessary geographic footprint and place-based expertise
  - Initiative would be high priority for this partner
  - Credibility in the field
  - Operational capabilities: contracting, legal, sub-granting, and financial management
- ☐ Program activities expected to be time-bound
- ☐ Coordination required across multiple actors

Funder Characteristics

- ☐ Funder has a lack of relevant geographic presence, staff expertise, capabilities, and/or relationships required for the initiative
- ☐ Funder involvement expected to be time-bound
- ☐ Interest in avoiding start-up or operational risk
- ☐ Interest in minimizing ramp-up time, potentially to capitalize on field momentum
- ☐ Interest in keeping demands on staff time relatively low
- ☐ Willingness to share control over initiative direction and execution, as well as credit for results

This model may be a good fit when these factors exist
(note that a situation does not need to include all factors)

1

BENEFITS

- Can limit demands on funder staff
  - Initiatives in the $50-100M* range required 1-2 FTEs in the design phase, across multiple levels, and 0.5-1 FTEs on an ongoing basis
  - Limits need for funder geographic presence near program sites
  - Can decrease operational burden (e.g., legal, contracting, and oversight needed for sub-granting)

- Can shorten start-up timeline and reduce start-up risk
  - Reduces the time and resources required to set legal structure and build operational capabilities

- Can make an exit easier
  - Time-bound nature of investment was significant factor for some funders in selecting model (e.g., one funder envisioned an initiative as fixed in length and sought a partnership to allow for clean exit)
  - Partner can either plan to wind down program or build on existing fundraising mechanisms to continue operations

- Strengthens existing field capacity
  - Approach is attractive for funders who prioritize investing in existing organizations

TRADEOFFS

- Requires finding the right partner – which may mean making compromises
  - There is no "perfect" partner; even in strong partnerships there were some tradeoffs in the partner selection phase

- Involves giving up some control to the partner
  - In successful examples, partner had significant voice in initiative design and execution
  - Partner is also likely to have more control over key operational decisions (e.g., staff hiring)

- Concentrates risk for the initiative in one or a few partners
  - Rather than spreading funding across a portfolio of grantees, funder must be willing to invest fully in the ability of one or a few partners to deliver

*Based on investment of profiled funder, not on total funding of the initiative

CHALLENGES

WAYS TO ADDRESS

Selecting the right partner

- Consider the partner decision before finalizing initiative design and scope
  - E.g., One funder planned to work with multiple regional partners to execute the initiative, but decided to focus on one global partner after assessing potential partners
- Narrow down partners quickly to get to deeper level of diligence; the number of realistic candidates can often be relatively small (1-3)
- Rigorously assess the mission and values fit of potential partners; ask about their existing priorities and strategy to understand alignment with initiative
  - E.g., One funder discussed a potential candidate's strategic plan before delving into the potential initiative, in order to get a clear read on the organization's priorities
- Don't assume the most prestigious, largest partners are the best fit; the initiative should be high priority for the implementing organization
  - E.g., One funder with multiple partners found that the smaller organizations were more motivated to focus on the initiative, while some larger, more prestigious partners deprioritized the initiative given their broader agenda
- In addition to program expertise and experience, operational capabilities are critical
  - Contracting expertise, legal, sub-granting experience, and financial management (ability to manage very large sums over time) may all be key, depending on initiative design
- Credibility in the field is important
  - E.g., One funder hired a specialized PR firm to conduct a branding study to understand credibility of potential partners and congruence between brands
- Might need to consider multiple partners to take on different portions of the initiative

CHALLENGES

WAYS TO ADDRESS

Clarity of decision-making

- Be clear up front about what's "non-negotiable"
  - In discussions with potential partner, funder should be clear about what has already been decided; partner should be up front with any differences of opinion on what's feasible
- Align on clear outcomes and strategy early
  - In decision phase, a written document of expected outcomes and strategy can ease communication
  - Keeping initial number of authors low can make the initiative design process smoother; other funders/collaborators can sign on later and suggest modifications as needed
- Set up explicit governance structures
  - For large initiatives, consider a governance committee to provide strategic oversight, including both funder and implementer representation (e.g., one funder had a joint governance committee with three members each from the funder and implementer)
  - Keep governance simple: Limit number of committees and number of members
  - Clarify decision rights between funder and implementer
  - Recognize tradeoffs in determining decision-making roles (e.g., being more involved in decisions can take more funder time and make it more difficult to hold partner directly accountable)
- Enable governance structure to evolve over time
  - E.g., one initiative originally created an advisory board, but disbanded over time as initiative needs evolved

CHALLENGES

WAYS TO ADDRESS

Ongoing measurement and learning

- Align on desired outcomes early
  - E.g., One set of partners used a "shared results framework" to help ensure all partners thought about impact along the same main objectives
- Work together to determine a measurement and evaluation approach
  - Should include both short-term and longer-term measures
- An intermediary's work can often be challenging to measure and attribute; be cognizant of this challenge and creative in identifying ways to address
- Allocate adequate time on the funder's side to M&E; examples of support include helping select evaluator, determine evaluation approach, develop key metrics, and review outcomes
- Be open to evolving measurement approach as needed over time
  - Develop new metrics and measurement methods as needed to assess impact
- Use longer-term initiative breakpoints (i.e., 3-5 years) to assess outcomes and consider larger strategic changes
  - Formal evaluations can be timed with these breakpoints to provide additional information that inform initiative decisions

In addition to addressing partner selection, decision clarity,
and measurement and learning, factors for success include:

- Approach with a collaborative spirit and mutual respect
  - Funders emphasized the importance of true collaboration; ultimately, funder and implementer must be aligned on the initiative goals and approach
  - Be aware of the power differential; funder sets the tone for open communication and creates feedback channels
  - Encourage challenging discussions and mutual pushback; a bedrock of respect and aligned values is critical
  - Avoid micromanagement of the partner's spending and staff management decisions, which can undercut trust and interfere with its ability to operate
  - Individual relationships are key; "People are so important; personal relationships and building trust are essential"

- Get the right staff in place at the partner – particularly the initiative leader
  - Even though there is a partner in place, that doesn't mean staffing the initiative at partner is straightforward; hiring is still critical and may require funder attention (e.g., one funder co-owned the executive search process for the initiative along with the implementation partner)
  - Getting the right leader in place is key. Implementing partner is likely to have the formal decision on hiring, but it is beneficial for funder to have input, and potentially a veto; achieving consensus is ideal
  - Funder is likely to be involved less in more junior hiring, but some partners may need support in securing other staff if capability profile differs from typical staff or their normal hiring process is burdensome

- Adequately resource initiative management on the foundation side
  - Ensure foundation staff tagged to the initiative have adequate time and seniority to provide guidance to the partner (e.g., address roadblocks to execution; consult on evaluation plan and evaluator selection; provide input on strategy adjustments based on outcomes)
  - Plan to meet partner in person (timeframes could vary) (e.g., one funder invested in monthly international travel to maintain strong links to the work)

- Consider funding needs beyond direct program activities
  - Large grants with lots of coordination can require significant operational costs beyond direct programmatic activities; flexible funding or adequate overhead rates are critical to cover these activities
  - Align on overhead and funding rates early
  - Work with the partner to identify what the greatest funding needs are (e.g., one funder provided financial support to its partner's related programs and physical infrastructure to ultimately help the partner deliver on the initiative)

- Funding contingency can be a valuable lever, but should be used carefully
  - Most funders had some contingency to funding, but timing varied (e.g., 1-5 years); if timeline is shorter, it is important to be clear about likely funding in later years to enable longer-term planning
  - Mutual trust is important; partner should not fear unexpected funder exit

CONSIDERATIONS

- Multiple implementation partners can be valuable when there is **not one partner with all the capabilities** required to execute
  - Bringing in multiple partners can bring additional capabilities, expertise, reach, and relationships to the initiative

- **Managing more partners takes more funder time** – and more coordination among partners
  - It takes time to select, onboard, and manage relationships with multiple partners
  - Managing multiple partners can be easiest when there is a clear division of work between them

- **Re-evaluate partner roles over time**, responding to changes in initiative needs and partner engagement and performance

- Establish **clear partner roles** and **structures for communication**
  - Funders should encourage partners to **be in contact with each other,** rather than only communicating with the funder
  - It may sometimes be helpful to **designate a lead partner who can take some of the coordination work**, depending on the level of integration and coordination required
  - Funders should **be cognizant of the different contexts facing partners** (e.g., one funder encouraged program officers to visit multiple local sites to broaden cultural understanding of partners)

HOW TO DIVIDE THE WORK

Funders may choose to divide the work between implementation partners in one of several ways:

- Issue area

- Function

- Geography

DRIVERS OF FUNDER STAFF TIME

- **Initiative complexity:** The breadth of the initiative and number of activities involved can influence the time required on the part of the funder

- **Risk profile/innovation:** A strategy that is very new and different can take more time to design and execute, particularly if the funder has conceived the idea

- **Number of partners:** Managing more implementation partners (and coordination between them) takes more time for funder staff

- **Level of control desired over initiative decisions:** A deeper level of involvement in initiative decisions also requires deeper investment of staff time

- **Partner experience and capabilities**: A partner with less relevant experience may require more support; in addition, funder may need to supplement capabilities that are less developed at the implementing organization (e.g., communications, measurement, hiring)

- **Other funders involved:** Involving other funders can provide valuable additional funding and sources of influence and knowledge, but it takes time to coordinate with them

- **Geographic distance and need for on-the-ground support:** A need for on-the-ground funder oversight in distant locations can take significant time

Examples: Capacity Estimates

Staff time estimates based on example $50-100M initiatives by profiled funders (note that staff time can vary significantly):

- Up-front design, selection, and launch: **1-2 FTEs**
  - Majority of time is program officer level for strategy, design, and partner selection
  - Engagement with senior leadership to champion initiative, provide insight and momentum
  - Some analytic capacity for partner identification and selection

- Ongoing initiative oversight: **0.5-1 FTEs**
  - Majority of time is program officer level to provide strategic guidance and oversight (e.g., sit on Steering Committee); mid-level staff can assist with M&E and other support
  - Junior time for grants processing and other activities likely to be more limited given partner's role

What does it take from the funder?
Capabilities and timeline

CAPABILITIES

- **Strategic vision**: Model requires funders to bring strong vision and strategy for what the initiative could look like, refined with the partner

- **Ability to form effective grantee partnerships**: Need to be able to collaborate closely with partner, including building trust and negotiating compromises

- **Measurement and evaluation**: Need to be able to help define outcomes and determine evaluation strategy (e.g., participate in selecting evaluator)

- **Legal/contracting**: Need to be able to negotiate large contracts*

- **Program area expertise (can vary)**: Some funders have extensive expertise and technical knowledge, while others may be newer to the program area

Timeline to program launch

- Can vary; a large initiative may take **1-2** years from conception to program activities commencing

- Key drivers of timeline can include:
  - Number of partners
  - Initiative complexity (e.g., extent of sub-granting)
  - Breadth of partner options (evaluating more partners takes more time)
  - Initiative risk profile/innovation (something very new and different takes more time to design and launch)
  - Geographic distance between partners
  - Level of partner experience
  - Staff needed and whether there are strong candidates at the partner
  - Partner bureaucracy and existing processes

- It is not uncommon for timelines to run behind schedule; delays can result from finding and negotiating with partner, hiring staff, and ramping up implementation

*Note that this legal expertise may be more limited than a more hands on-model, which may require even more extensive legal expertise to handle issues such as sub-granting to other countries

OVERVIEW

In 2010, the **Children's Investment Fund Foundation** (CIFF) partnered with the **Elizabeth Glaser Pediatric AIDS Foundation** (EGPAF) to reduce mother-to-child transmission of HIV in Zimbabwe. EGPAF served as the core implementation partner and worked closely with the **Zimbabwe Ministry of Health and Child Care** to connect with health providers on the district level.

Over the five-year grant period, EGPAF and the Ministry worked to reduce child mortality and HIV infection by improving access to and utilization of quality prevention of mother-to-child transmission (PMTCT) services. EGPAF also used the CIFF grant to improve performance measurement tools, HIV testing, and tracking of HIV-positive pregnant women.

Funding for the original project ended in 2015, though CIFF then gave a new, smaller grant to EGPAF in order to ensure the sustainability of the initial program's success.

IMPACT

Zimbabwe has drastically improved access to and utilization of PMTCT services during the life of the CIFF grant. Between 2010 and 2015, the **mother-to-child transmission rate fell from about 28% to 6.7%**, preventing infection in approximately **38,000 infants** and saving over **13,000 children's lives**. PMTCT services are now available at **over 1,500 clinics** across all districts in Zimbabwe, and the percentage of pregnant women accessing these services has increased to **95%.**

KEY TAKEAWAYS

- **Tapping into momentum from major events in the field can help spark effective partnerships**
  - Global impetus for action—such as new guidelines from a global body of authority—can increase the field's urgency around an issue and interest in collaboration. In this case, new WHO guidelines for PMTCT inspired CIFF and EGPAF to partner for relatively rapid action.
- **Key strengths a partner can bring include programmatic expertise, operational capabilities, and in-country presence**
  - EGPAF's technical assistance and other capacity building capabilities, along with existing relationships with key local stakeholders and the national government in relevant geographies, were critical.
- **Selecting a partner before finalizing the strategy can provide the flexibility to find the right organization**
  - CIFF considered potential partners before finalizing a geography for the initiative, rather than first selecting a geography and then identifying the most promising partner, because it viewed the partner decision as so important.
- **Defining the role of the partner up front and any "non-negotiables" can be helpful**
  - CIFF specified that it was looking for a partner aligned to the overall strategy and approach ("non-negotiables") that could also challenge the Foundation on operational decisions; having that discussion up front allowed for productive collaboration characterized by healthy debate.
- **Determining outcome indicators early on and reviewing them regularly can help partners stay aligned**
  - CIFF placed a strong emphasis on measuring results and early alignment on indicators helped invest and generate the right data to inform decisions. The partners also supported an electronic patient database in surveillance sites to track mothers and babies and inform data-driven decisions.
- **Strong links to on-the-ground work can boost a funder's ability to shape strategy and provide support**
  - To prevent a potential disconnect, CIFF invested in frequent travel to Zimbabwe and interfaced directly with EGPAF and the Zimbabwe Ministry of Health and Child Care, even though the Foundation was not formally part of the governance committee for the initiative.
- **A strong local champion can provide legitimacy, guidance, and leadership to the work**
  - The presence of a strong MOHCC national PMTCT Coordinator greatly strengthened the initiative. She helped generate buy-in from a range of local actors and provided effective leadership rooted in her health expertise and local knowledge.

OVERVIEW

The Hewlett Foundation and other funders launched the Think Tank Initiative (TTI) in 2008 to provide support to think tanks in developing countries, strengthening their capacity to produce high-quality research and ensure their findings reach policy makers, in order to drive better policies and more prosperous and equitable societies. The initiative is managed and implemented by a core implementation partner: Canada's International Development Research Centre (IDRC). IDRC also provides funding to the initiative.

These funders provide financial support for IDRC to implement TTI and build the capacity of think tanks. Currently, TTI provides 43 think tanks across 20 countries with flexible, long-term funding and other support (e.g., access to experts, networks, program officer support). This support helps institutions attract and retain local talent, develop research, and invest in public outreach.

The Gates Foundation, UK Department for International Development, Netherlands Directorate-General for International Cooperation*, and Norwegian Agency for Development Cooperation have joined Hewlett and IDRC in supporting TTI.

Originally designed as a ten-year initiative, TTI is set to end in 2019.

IMPACT

TTI has identified positive change at various think tanks it works with; examples include: Policy change in specific countries (e.g., the Economic Policy Research Centre in Uganda helped shape the Ministry of Agriculture's national fertilizer strategy), increase in demand for think tanks' work (e.g., the Instituto Desarrollo in Paraguay won a bid to develop a national development strategy—the first of its kind in Paraguay), increase in staff numbers at think tanks (staff grew an average of 13% across all TTI institutions from 2009-2013), and economic benefits in specific regions (e.g., an external consulting group found the Indian Institute for Dalit Studies' investment in shaping anti-discrimination regulations in 2012 could collectively result in over $2B more in lifetime income for Dalit graduates).

*The Netherlands Directorate-General for International Cooperation provided funding for phase 1 only.
Source: TTI Annual Report 2011-2012 for image

KEY TAKEAWAYS

- **An implementation partner model can help a funder manage its own staff capacity and footprint**
  - Hewlett selected the core implementation partner model to have access to operational capabilities, global relationships, and thought partnership required to execute an international initiative without significantly expanding its own staff capacity or footprint.

- **In selecting an implementation partner, operational capabilities are critical**
  - In addition to ensuring aligned values and vision as well as program-related capabilities and relationships, Hewlett prioritized essential organizational capabilities (e.g., HR, contracting, re-granting) to ensure its core implementation partner would be able to execute the initiative effectively. These organizational capabilities were crucial to successfully implementing a complex initiative that involved sub-granting in multiple countries.

- **Clearly defining roles and accountability contributes to a well functioning partnership between funder and grantees**
  - The initiative benefited from making clear distinctions between strategic and operational issues to align on where each organization should take ownership. At the same time, IDRC and the funders found it helpful to continually promote a spirit of partnership and collaboration (e.g., making consensus-based decisions for some hiring, even though that was formally IDRC's responsibility). IDRC's role as a funder in addition to implementing also contributed positively to the dynamics and spirit of mutual collaboration.

- **A shared results framework can help both monitor progress, and manage varying expectations**
  - To help manage distinct expectations for what success looks like and manage reporting burden, partners developed a shared results framework to get alignment on the core objectives of the program finance mechanisms.

- **When multiple funders are involved, clearly defining non-negotiables can be helpful**
  - The funders defined "rules of the road" regarding non-negotiable conditions and procedures (e.g., no sector-specific funding) to ensure the interests of individual funders do not change aspects of the initiative over time.

- **Establishing an explicit governance structure can be valuable; it should be streamlined and evolve over time**
  - The funders found it helpful to have an explicit governance body for the initiative; through an iterative process, they learned that a more streamlined governance structure (e.g., fewer governance bodies, fewer representatives per committee) allowed for more effective, action-oriented collaboration. They also found their needs evolved over time; the International Advisory Group of experts contributed early on for expertise, guidance and connections, but its role was not continued in the second phase of the initiative.

Note: These resources relate to organizations we have profiled and the model in general; we have also drawn on additional examples based on public research and TBG experience.

Secondary research

- "Accelerating the Elimination of Pediatric HIV and AIDS in Zimbabwe: End-of-Project Report," EGPAF, November 2015.

- "Annual Report, 2014-2015," IDRC.

- "Annual Report, 2015," CIFF.

- "Compilation of Project Summaries," EGPAF, April 2013.

- "Final Report of the External Evaluation of the Think Tank Initiative (Mid-Project)," European Centre for Development Policy Management and Overseas Development Institute, September 2013.

- "Making Sense of Nonprofit Collaborations," The Bridgespan Group, December 2014.

- "Partnering with Intermediaries," Tom David and the Bill & Melinda Gates Foundation, June 2007.

- "Results Framework," IDRC, Accessed September 2016.

- "Smarter Relationships, Better Results: Making the most of grantmakers' work with intermediaries," Grantmakers for Effective Organizations, 2013.

- "The Think Tank Initiative in Review," IDRC, 2010.

- "The Think Tank Initiative: Strengthening Policy Research for Development (Executive Summary 2007)," IDRC and Hewlett Foundation, November 2007.

- "Why Do Funders Work with Intermediaries?" Grantmakers for Effective Organizations, 2013.

- Organization websites

Interviews

- Interview with Anna Hakobyan, Director, Evidence, Measurement & Evaluation at CIFF, November 30, 2016.

- Interview with Linda Frey, consultant (previously Hewlett Foundation), September 14, 2016.

- Interview with Peter McDermott, former Executive Director of Health at CIFF, September 20, 2016.

- Interview with Peter Taylor, International Development Research Center, September 9, 2016.

- Interview with Sarah Lucas, William and Flora Hewlett Foundation, September 6, 2016.

Advocacy

Advocacy

Definition: Investing in activities to guide and enable governments to change their practices in order to achieve a social impact goal; "advocacy" is defined as guiding changes in practice broadly, rather than a single policy.

WHEN TO USE THIS MODEL

Field/problem conditions

- ❑ Public sector is the biggest lever for change
- ❑ There are factors that make change more likely, such as a catalytic event, an influential champion, strong evidence base, or intersection with government/multilateral priorities

Funder characteristics

- ❑ Funder has appetite for a longer, risky investment
- ❑ Funder has a platform for advocacy, such as an influential foundation leader or convening power in the field
- ❑ Funder has experience in connecting with the needed level within the public sector (e.g., staff with relevant skillsets, prior initiatives that involve government advocacy)

+ BENEFITS

- Can achieve significant scale and change whole systems
- Can address sustainability concerns

– TRADEOFFS

- Timelines can be long and hard to control
- The risk of failure can be high due to factors beyond funder control
- There are potential reputation risks
- Policy change is just the first step to impact

KEY SUCCESS FACTORS

- Finding the right point of entry
- Creating an enabling environment
- Acquiring needed capabilities
- Managing uncertain timeline and results

EXAMPLES

Bloomberg Philanthropies — INITIATIVE FOR GLOBAL ROAD SAFETY

OPEN SOCIETY FOUNDATIONS — Publish What You Pay

BILL & MELINDA GATES foundation — FP 2020

THE ROCKEFELLER FOUNDATION — PIONEERED BY THE ROCKEFELLER FOUNDATION 100 RESILIENT CITIES

Note: This model may be a good fit when the above factors exist, although a situation does not need to include all factors. For more information on 100 Resilient Cities, please see the Appendix.

Synthesis of findings on advocacy

1 When would you use it?

- Model definition
- Situations in which the model is attractive
- Benefits
- Tradeoffs

2 How do you do it well?

- Key challenges and how to address
- Other factors for success

3 What does it take from the funder?

- Staff time
- Capabilities
- Timeline

Case studies

ADVOCACY

Funder invests in activities to guide and enable governments to change their practices in order to achieve a social impact goal. "Advocacy" is defined as guiding changes in practice broadly, rather than a single policy.

OTHER IMPLEMENTATION MODELS

- Guiding the public sector can involve a number of other implementation models, including:
  - Portfolio of grantees
  - Core implementation partner
  - New entity

- Networks are a particularly common choice given advocacy often involves many different entities in multiple settings

- The capabilities and resources that a funder requires are dependent on these model choices
  - E.g., a funder is likely to require fewer in-house skills when working with implementation partners

STRATEGIES AND ACTIVITIES

- Advocacy initiatives include a variety of strategies that range from partnering to pressuring the public sector

- Activities funded include:
  - Policy advocacy
  - Training and technical assistance
  - Capacity building (e.g., funding new positions)
  - Measurement and monitoring
  - Public awareness campaign
  - Securing commitments

Field / Problem Conditions

❑ Public sector is the biggest lever for change

❑ There are factors that make change more likely, specifically:

- A catalytic event

- Presence of external influential champion at the local level, global level, or both

- Strong evidence base or other case for change

- Intersection with other government/multilateral goals and priorities (e.g., SDGs)

Funder Characteristics

❑ Funder has appetite for a longer, risky investment

❑ Funder has a platform for advocacy, specifically:

- Influential foundation leader

- Convening power in the field

❑ Funder has experience in connecting with the needed level within the public sector

- E.g., staff with relevant skillsets, prior initiatives that involve government advocacy

*This model may be a good fit when these factors exist
(note that a situation does not need to include all factors)*

BENEFITS

- Can achieve significant scale and change whole systems
  - The public sector operates at the level of the population or society; successfully guiding the public sector can result in impact at scale

- Can address sustainability concerns
  - Successfully guiding the public sector can result in dedicated funding streams, new policies and regulations, and workforces to sustain impact after a funder exits

TRADEOFFS

- Timelines can be long and hard to control
  - Often change is possible within political windows and election cycles, which can be very short (e.g., less than four years for a mayor, accounting for transitions and "lame duck" periods)
  - Conversely, achieving policy change can require long investment timelines and patience for the climate to change or for a window of opportunity to open

- The risk of failure can be high due to factors beyond funder control
  - Control over the public sector is dispersed and changing; creating an enabling environment for legislation or governance can be very difficult and hard to predict

- There are potential reputation risks
  - Since all public issues face some opposition, the funder may alienate the politicians, public, industries, and other constituencies opposed to the sought after changes

- Policy change is just the start
  - Funders often need to provide support for implementation to achieve desired results

CHALLENGES

WAYS TO ADDRESS

Finding the right point of entry

- Understand the social issue and which corresponding government levels (e.g., national vs. local), departments (e.g., health vs. transportation), and branches (i.e., legislative, judicial, or executive) are involved in each country of interest; focus on the bodies that have control over key factors and may be easier to affect; recognize there will be interdependence between levels.
- Include some form of political will as an essential point of entry
  - E.g., In one initiative, the funder meets with key politicians when selecting geographies to work in; buy-in from these leaders is a selection criteria for geographies
- Look to stakeholders and systems outside of government that can bring support, such as the private sector (e.g., companies operating in relevant countries), multilaterals (e.g., the World Bank, USAID, DFID, etc.), and civil society/advocates (NGOs that represent the issue and/or people in question)

Creating an enabling environment

- Develop a multifaceted approach that uses multiple of the following tactics: public-awareness campaigns, training/technical assistance, data analysis and monitoring, capacity building (e.g., funding new government positions), commitments from political leaders, advocacy for policy change
- Develop a strong case for change, which could include evidence of social outcomes, cost savings, or benefits to constituents

CHALLENGES

WAYS TO ADDRESS

Acquiring needed capabilities

- Determine needed capabilities for advocacy, assess in-house strengths, and find partners to fill gaps
  - Guiding the public sector may require capabilities outside of a funder's wheelhouse, such as advocacy, deep technical expertise in an issue area, relationships with local government leaders, etc.
- Consider not just skills, but also the legitimacy and platform of organizations and individuals when bringing on staff and forming partnerships and relationships
- If capabilities aren't easily gained, consider efforts to build capabilities in the field
  - E.g., One funder invested to develop individuals with effective advocacy skills given the gaps it noted in these capabilities field-wide

CHALLENGES

WAYS TO ADDRESS

Uncertain timelines and results

- Define the needed political window and operate only when it exists
  - Only work with governments in which the leader is committed and has a long enough term
  - E.g., One funder chooses to only work in geographies where the committed political leader has enough time left in the term to make meaningful change
- Alternatively, pursue multiple strategies at once in order to be in the right place at the right time
  - Work in multiple countries at multiple levels of government, and even with other sectors
  - While the time won't be right for every effort, when windows of opportunity open across the portfolio, the funder/organizations are poised to take advantage of them
- Tackle policy change, implementation, and public awareness
  - Design a strategy that mobilizes needed political leaders across levels of government, public sector workers within bureaucracies, and the public at large
  - E.g., Some strategies may involve engagement at both a local and national level to make required changes
- Get other institutions involved such as multilaterals, nations with aid programs, and companies with operations in relevant countries
- Maintain flexibility in strategy
  - Because policy environments can change quickly, recognize that strategy may have shift accordingly (e.g., a funder may shift to focus on a different branch of government based on shifting environment)
- Look for changemakers
  - Identify individuals in government that are likely to be entrepreneurial and proactively push to accomplish goals

In addition to addressing entry point, enabling environment, needed capabilities, and uncertain timeline/results, factors for success include:

- Gain a public, visible commitment from political leadership
  - These commitments are hard to back away from and provide some assurance that government will take needed steps

- Pair global with local advocacy
  - Using both global and local advocacy can fortify the impact of either effort; global outreach can motivate national and local public sector leaders to make commitments and take stances, while local activity can help ensure those commitments are meaningful

- To contribute to global advocacy, use prominent foundation leadership, convene the global stakeholders, or lead an issue area
  - Having existing prominence through a foundation leader or having the authority to convene the right set of stakeholders are ways to contribute to global advocacy for the public sector
  - Identifying and owning an issue can also contribute to guiding the public sector, but will not be sufficient in and of itself

- For local advocacy, either use or acquire knowledge of local context and local relationships
  - A funder can use a network of offices and staff with local knowledge and relationships
  - Alternatively, a funder can successfully connect with local government through core implementation partners
  - E.g., One funder funded staff members within local governments to provide deeply embedded, tailored support

- Be clear about the role of advocacy in strategy and how to address legal and operational considerations
  - Is advocacy necessary to achieve policy change, helpful to increase support for a new measure, or important to shape implementation?
  - Determine which organizations are best positioned to serve as advocates, and whether you will fund them and/or build their capacity

- Use comparative measurement as one lever for change
  - Indexes of issues by country, global status reports, international standards, and other ways to make apples-to-apples comparisons between countries regarding social issues can motivate nations to change and show funders and others where to focus
  - Where these systems aren't in place, one key strategy for a funder may be to help build them
  - Funders have significant choices regarding how to do this, including funding a multilateral agency or other organization as a core implementation partner, creating a new entity, or even doing it themselves

- Develop the "business case" to guide the public sector
  - E.g., Some funders commission research to establish cost savings and benefits for certain interventions or changes

DRIVERS OF FUNDER STAFF TIME

- **Implementation model:** The need for front-line foundation staff can vary significantly depending on the implementation model for the advocacy strategy, for example:
  - If the funder chooses **core implementation partner – direct service,** the funder needs fewer junior staff, even for a large-scale global operation
  - Creating a **new entity – intermediary** requires more support staff, such as legal, financial, and operational support

- **Number of institutional stakeholders involved:** When public sector guidance strategies involve multilaterals, other funders, and other governments, senior time will need to be spent to develop relationships

- **Level of credibility for the specific agenda:** If the agenda has an evidence base and is well accepted and known, then funders (in particular leadership, communications, and research teams), may be able to draw from resources outside the foundation to help establish the case for change
  - Funders may also use other grantmaking outside a specific initiative to build credibility and experience

- **Level of commitment of public sector staff:** If the officials and staff within government are committed to the initiative, funder staff time will be used more efficiently

Examples: Capacity Estimates

Staff time estimates based on example $100M-$1.5B initiatives by profiled funder (note that staff time can vary significantly):

- Up-front activities: **2-4 FTEs**
  - Significant investment of very senior leadership time, often the head or founder of the foundation
  - Engagement between foundation leadership, subject matter owners within the foundation, and key external stakeholders/players to develop the goals and strategy

- Ongoing initiative oversight: **2-~30 FTEs**
  - Varies significantly based on implementation model
  - Majority of time is program officer level to oversee and collaborate with grantees; a big driver of the number of program officers is the decision regarding whether to have one program officer focused on each country or not
  - Senior time helps adjust the strategy, and to build, activate, and maintain relationships with government and other leaders

CAPABILITIES

- **Credibility/platform**: Way to get stakeholders to listen (e.g., influential leader, convening power, issue ownership)

- **Ability to understand the public sector**: Need to be able to understand how the public sector works for a given issue in specific countries

- **Understand global and local contexts**: Need to be able to understand both the global and local context for a given issue (e.g., who are the credible people and players, what is the history/shared experience with the problem, etc.)

- **Form needed partnerships**: Depending on the partnership strategy, need to know who the right people and organizations are, and have a way to engage and mobilize them; relationship-building and partnership are often key

- **Program area expertise**: Knowledge of the specific issue in question

- **Legal:** Understand legal boundaries in working with government

Timeline to launch, results, and conclusion

- Timeline to program **launch** can vary widely, as some activities can start almost immediately while building partnerships, convening stakeholders, and making financial investments can take **1-2 years**

- Key drivers of timeline to program launch can include:
  - Clarity of the agenda and strategy
  - Implementation models chosen
  - Funder capabilities, relationships, and capacity
  - Factors in the external environment (e.g., timing of elections)

- Within **2-3 years**, efforts to guide the public sector can show favorable **results** depending on the strategy and circumstances

- However, these results are intermediate, and the timeline to **conclusion** ranges from **5-20 years** in order to achieve the full benefits of a public sector advocacy strategy

OVERVIEW

Bloomberg Philanthropies (BbP) partners with leading road safety NGOs and multilaterals to bring evidence-based practices to middle and low-income countries and cities facing climbing road-related deaths and injuries. BbP has worked with over **10 countries and 10 cities** to reduce preventable deaths and injuries caused by unsafe road travel. BbP brings its partners to work with each government. These leading road safety organizations help governments increase seat belt and helmet use, reduce speed, improve drinking and driving legislation, create safe and sustainable urban transit (e.g., bus rapid transit), and improve urban design and infrastructure. BbP funds its partners to perform the following activities: strengthen surveillance to improve crash, injury, and fatality data, monitor interventions through observational studies, strengthen legislation through advocacy and technical assistance, train law enforcement officials, and deliver mass media campaigns to change public attitudes and behaviors. BbP also funds high-level staff embedded in local governments that focus on road safety.

IMPACT

Since BbP began working on road safety in 2007, "nearly **2 billion people** have been covered by strengthened road safety laws, **65 million people** have been exposed to hard-hitting media campaigns promoting road safety, close to **30,000 professionals** have been trained on road safety tactics, and local governments have committed **$225M** towards infrastructure improvements that will make roads safer." In addition, eight out of the initial ten countries BbP worked with from 2010-2014 passed new road safety legislation. For example, in 2013, Vietnam established penalties for motorcyclists wearing helmets below safety standards. Efforts focused on implementation have also shown results: in 2014, in Ivanovo, Russia, 88% of car riders wore seatbelts, an increase of over 50% compared to 2011.

KEY TAKEAWAYS

- **Substantial impact doesn't require a substantial headcount**
  - By relying on a network of well-vetted global partners that can serve multiple countries and cities, delegating decisions to program staff, and using senior staff as needed to bring their credibility to bear, BbP is able to run a multi-million dollar, global initiative with less than three FTEs in New York City.

- **Understanding how responsibility for different issues is dispersed across the public sector leads to better strategies**
  - Road safety, like many public health or social issues, involves multiple departments, branches, and levels of government. Understanding which public sector stakeholders own which parts of the puzzle can allow funders to bring the right people to the table.

- **Commitment from the highest level of political leadership reduces the risk that efforts to guide the public sector will fall flat**
  - BbP only works with governments run by interested, committed leaders. BbP gains access to these leaders through senior staff, including Mike Bloomberg, and their network of global NGO and multilateral partners. Since responsibility for road safety is spread across multiple departments and levels of government, this isn't a panacea but a necessary precondition.

- **A willingness to fund multiple activities helps each individual effort pay off**
  - BbP used multiple points of entry from training law enforcement officials to working with partners to develop stark media campaigns in order to get results. Any single tactic would likely fall short; in fact, BbP learned that national legislative change was not enough. However, BbP also maintained focus on the evidence-based interventions that had a proven track record of saving lives. For example, BbP has chosen not to take other road safety related interventions that don't have the same evidence base. BbP's varied but well-bounded focus has led to success.

Case study: OSF – Publish What You Pay

OVERVIEW

In 2002, a small group of London-based NGOs, along with George Soros, started a coalition to tackle the "resource curse": the paradox that developing countries rich in natural resources often experience corruption, violence, and poverty. These NGOs believed that greater transparency and accountability for government would translate natural resource wealth into economic opportunity for citizens and sustainable development. Rather than simply lobby government for more transparency, these NGOs began discussing how to encourage companies to publicly disclose their revenue payments to countries, as a more efficacious way to help guide government action.

With this idea in mind and initial in-kind support from the **Open Society Foundations** (OSF), this initiative grew from one person working out of OSF's offices into a global coalition of 800 organizations, called **Publish What You Pay (PWYP)**, that inspired the creation of a new international standard, the Extractive Industries Transparency Initiative (EITI), with nearly thirty compliant countries today. Recently, some governments have codified the voluntary EITI Standard into law, through Section 1504 of the 2010 Dodd Frank Act in the United States and through the 2013 Amendment to the European Union Accounting Directive.

IMPACT

Significant progress has been made since the early 2000s regarding revenue transparency, much directly linked to the efforts of the PWYP coalition. For example, the coalition directly contributed to: **elevating revenue transparency** to the international agenda for organizations such as the Catholic Church, the United Kingdom, and the G8; Tony Blair and the UK government's **founding of the EITI**; and the World Bank Group and European Bank for Reconstruction and Development's **measures to include transparency** as part of their private sector lending requirements.

While the coalition's impact has been significant, other factors have also shaped the revenue transparency movement's success. For example, the relatively high price of oil in 2010 affected the passage of section 1504 of the Dodd Frank Act. If oil prices had been in 2010 what they are today in 2016, the appetite to impose new regulations on the extractive industries would likely have been greatly diminished amidst layoffs and bankruptcies.

Source: Publish What You Pay "Our Eyes on the EITI Future, EITI Board Term 2016-2019" for image

Case study: OSF – Publish What You Pay

KEY TAKEAWAYS

- **A long-term, multifaceted approach pays off**
  - OSF points out that external factors, such as the price of oil, contributed to PWYP's success. Given the role of timing and other factors beyond a funder or the coalition's direct control, OSF's strategy of being multiple places at once for long periods of time paid off. This multifaceted approach reduced OSF's risk; if advocacy to achieve a specific policy change wasn't paying off in the short term, other efforts—such as supporting the EITI and calling for company disclosures—were.

- **A prominent, influential foundation leader can mobilize resources from multilaterals and foreign governments**
  - George Soros' experiences, relationships, and stature helped elevate natural resource governance and revenue transparency to the global agenda and bring other champions on board. Once EITI became a global priority, governments and multilateral agencies around the world contributed resources, changed their programs, and—in some circumstances—even changed their laws to support it.

- **Guiding the private sector can help put pressure for change on the public sector**
  - OSF/PWYP figured out creative means to bring revenue transparency to resistant governments, bringing private sector and governments outside developing countries to bear. OSF/PWYP started with the private sector as a means to guide the public sector. For example, once rating agencies suggested that transparency could improve ratings, and companies such as Newmont Mining stated that disclosure did not compromise competitive advantage, legislative changes became more palatable, and the objections of resistant industry players less credible. In fact, many companies have supported the EITI because better governance in developing, resource-rich countries lowers companies' operating costs and business risks.

- **Flexible, diverse support from a funder can help advance grantees' progress**
  - OSF provided a range of support to grantees, including office space, unrestricted grants, and direct advocacy on behalf of revenue transparency and better natural resource governance. The flexibility of the financial support enabled grantees to take risks in their countries. In addition, OSF has the operational capabilities to provide PWYP with a much wider range of support than simply program grants. OSF stays out of grantees' day-to-day decisions, but will take a stance on strategic issues, often enabled by OSF-held board positions and relationships.

- **Launching new entities took longer and required more support than anticipated**
  - The PWYP International Secretariat was originally incubated within OSF, and took more than a decade before spinning off. OSF gave spin off grants to the new entities to address legal, financial management, and other operational capacity needs.

Note: These resources relate to organizations we have profiled and the model in general; we have also drawn on additional examples based on public research and TBG experience.

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- "The Elusive Craft of Evaluating Advocacy," Teles, Steven and Mark Schmidt, SSIR, Summer 2011.
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Interviews

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- Interview with Sarah Pray, Open Society Policy Center, Fiscal Governance Program, September 28, 2016.
- Interview with Wynn Bubnash, Associate Program Officer for Family Planning at the Bill and Melinda Gates Foundation. October 5, 2016.

Private Sector Influence

Private Sector Influence

Definition: Investing in activities to influence corporations to change their practices in order to achieve a social impact goal.

WHEN TO USE THIS MODEL

Field/problem conditions

☐ Issue area requires significant action by private sector actors for meaningful change

☐ There is an existing compelling incentive for businesses to change (e.g., policy, business case, consumer pressure, untapped market potential)

☐ There is a window of opportunity for action (e.g., interest from companies, potential for savings, brand benefit)

Funder characteristics

☐ The funder has or can easily build/partner for knowledge of the private sector and the industry/issue

☐ The funder believes that the relationship with particular companies and/or industries is in line with the foundation's brand and will not negatively impact other initiatives

+ BENEFITS

- Potential to shift some of the cost and responsibility for implementation to the private sector
- Companies are susceptible to multiple influence levers

– TRADEOFFS

- Companies are diverse; influencing multiple firms requires multiple approaches and entry points
- With partnership approaches, it is difficult to scale
- With pressure, there is a risk of alienating companies
- Working with the private sector requires different experiences and mindsets than traditional philanthropic approaches

KEY SUCCESS FACTORS

- Identifying and using effective incentives
- Building the capabilities to work well with companies
- Scaling changes within and across companies

EXAMPLES

EDF ENVIRONMENTAL DEFENSE FUND Finding the ways that work

Oxfam BEHIND THE BRANDS

POSES FAMILY FOUNDATION IMAGINE. COLLABORATE. TRANSFORM.

The ROCKEFELLER FOUNDATION
SmartPowerIndia Powered by Rockefeller

Note: This model may be a good fit when the above factors exist, although a situation does not need to include all factors. For more information on Smart Power India, please see the Appendix.

Synthesis of findings on private sector influence

1 When would you use it?

- Model definition
- Situations in which the model is attractive
- Benefits
- Tradeoffs

2 How do you do it well?

- Key challenges and how to address
- Other factors for success

3 What does it take from the funder?

- Staff time
- Capabilities
- Timeline

Case studies

INFLUENCE – PRIVATE SECTOR

Funder invests in activities to influence corporations to change their practices in order to achieve a social impact goal.

OTHER IMPLEMENTATION MODELS

- Initiatives focused on influencing the private sector can also involve a number of other implementation models, including:
  - Portfolio of grantees
  - Core implementation partner
  - Networks
  - New entity

STRATEGIES AND ACTIVITIES

- Private sector influence initiatives have a variety of strategies that range from **partnering** to **pressuring** the private sector

- Activities funded include:
  - Securing commitments
  - Advising and technical assistance
  - Capacity building for intermediaries
  - Measurement and monitoring
  - Consumer awareness campaign
  - Advocating for new regulation

Note: Initial research suggested that some of the strongest examples of private sector influence were led by nonprofits, rather than funders. As a result, two of our model examples focus on nonprofit efforts to influence the private sector (rather than funder-driven efforts)

Field / Problem Conditions

- ❑ Issue area requires significant action by private sector actors for meaningful and sustainable change
- ❑ There is an existing compelling incentive for businesses to change:
  - A policy/regulation requiring company compliance
  - A business case that offers greater returns
  - Consumer or investor pressure that threatens business
- ❑ There is a window of opportunity for action:
  - Interest from companies, including leadership
  - Companies would take action if a funder could lower the risks through offering risk capital or other measures
  - Ability for companies to capture benefits for an initiative in terms of savings, revenue, brand image, lower risk, improved operations, etc.
  - New enabling technical innovation or regulatory environment

Funder Characteristics

- ❑ The funder has or can easily build/partner for knowledge of the private sector and the industry/issue
- ❑ The funder believes that the relationship with particular companies and/or industries is in line with the foundation's brand and will not negatively impact other initiatives

This model may be a good fit when these factors exist
(note that a situation does not need to include all factors)

1

BENEFITS	TRADEOFFS

BENEFITS

- Potential to shift some of the cost and responsibility for implementation to the private sector
  - Given that the desired change is a part of the company policy and operations, the funder can shift the cost of the initiative and responsibility for its management to the company over time
  - A company taking on management and funding of a change can increase sustainability

- Companies are susceptible to influence through a variety of levers
  - Pressure from consumers and investors, a compelling business case, a new regulation, or an internal champion all represent levers that organizations can use to influence the private sector

TRADEOFFS

- Companies are diverse; influencing multiple organizations requires multiple approaches and entry points
  - A funder/organization needs the resources and capabilities to tailor approaches for each company and relationship
  - Important for companies to be able to see themselves in examples and potential solutions

- In partnership-based approaches, it is difficult to get to scale beyond partners
  - When desired changes are challenging and require implementation support, achieving scale beyond partners proves very resource-intensive and difficult

- In pressure-based approaches, there is a risk of alienating companies
  - Publicly calling for companies to change can alienate them and reduce the likelihood of their broad support for foundation initiatives

- Working with the private sector requires different experiences, mindsets, and capabilities than traditional philanthropic approaches
  - Foundation staff may have to adapt approaches more regularly, operate on shorter timelines, understand how companies work, use private sector terminology, or bring specific capabilities (e.g., legal, regulatory)

CHALLENGES

WAYS TO ADDRESS

Identifying and using effective incentives

- Consider the full array of possible incentives, and determine which levers are most achievable:
  - A business case (e.g., increases revenue, decreases costs, lowers risk, improves brand, improves operations)
  - A regulation
  - Consumer/investor pressure
  - Moral case (note: can contribute to case for change when driven by internal champion, but unlikely to be compelling alone)
- Where incentives exist and are achievable, use a mix of social and business incentives
- Take steps to make incentives more obvious and compelling to companies
  - Codify and communicate the business case, mount a consumer pressure campaign
  - Make the case as relevant as possible to each company (e.g., their field, their geographies)
- Recognize the need to tailor approaches to specific companies, and even specific departments and individuals within companies
  - Corporations can be idiosyncratic, face competing agendas from within, and have geographically dispersed departments that require funders/organizations to quickly adapt approaches and tailor messages
- Work in "inside-out" ways that promote company ownership of the initiative from the beginning
  - Identify both a leader and an operator within the company; aim to work with operators in the relevant business unit
- In influencing companies, use other companies as a leverage point
  - Corporations trust other corporations' experiences and seek to imitate or outperform their competition
  - Indexes, cohorts, case studies, and face-to-face meetings are ways to bring different companies' experiences to bear in order to influence the private sector
- Use external stakeholders to influence the private sector
  - Funders may have to invest in cultivating consumers to either pressure companies or buy into a new initiative
  - Investors can also put pressure on companies to change
  - Working with intermediaries can help companies implement changes

CHALLENGES

WAYS TO ADDRESS

Building the capabilities to effectively work with companies

Capabilities mentioned below could apply to both a nonprofit and a funder

- Hire or contract with leaders widely respected and known by private sector entities in a particular field
- Train or recruit staff that have significant relationship management, negotiations, or business backgrounds
- Establish a dedicated private sector department, capability, or new entity
- Dedicate staff to each partner company for relationship and partner management
  - E.g., One initiative assigns a relationship manager to each company; another established a small office near a major corporate partner's headquarters
- Empower the staff working with companies
  - Delegate decisions to the representatives working directly with companies, so that they can tailor messages and adapt approaches
- Establish a rapid learning and communications capability to ensure that information gathered from companies flows to the staff setting the overall strategy
- Co-create solutions with clients in a responsive manner
  - E.g., One initiative builds teams with both nonprofit and company staff that work together for one to two years

Scaling changes within and across companies

- Look for companies with internal champions, vulnerable to consumer or investor pressure, or with a significant upside to participating in the initiative
- Once you've established an entry point (which vary widely by initiative and company), develop a strategy for going up (to the CEO or other leadership), to the side (to other geographies/departments), and to the back office (HR, compliance, etc.)
- Provide longer-term implementation support by either monitoring the company or assisting them with implementation

In addition to using effective incentives, building capabilities,
and scaling change, factors for success include:

- Consider using a range of ways to influence companies, including:
    - Creating a platform for companies to make public commitments
    - Creating an index or other measurement to compare company performance regarding an issue
    - Establishing a certification or accreditation to encourage and reward certain behavior
    - Building the capacity of intermediaries (nonprofit and for-profit) to work with companies to achieve goals
    - Creating cohorts of companies to learn from shared experiences, or compete, to achieve a social impact goal
    - Launching a campaign directed at consumers to pressure companies to make desired changes
    - Partnering with companies to assist with implementation of a new initiative in support of a social goal
- Pick a feasible but significant number of companies
    - Relying solely on one or two companies carries risk, while trying to influence too many companies requires significant resources
- Build intermediaries to work with companies to implement needed changes
    - Rather than making grants to companies or providing direct technical assistance to companies themselves, build a field of nonprofits or other intermediaries to work with the private sector to achieve change. These could be either private sector or nonprofit intermediaries
- Require companies to "have skin in the game" and establish a plan for transitioning the responsibility to the company over time
    - "Skin in the game" can involve financial or staff time commitments that increase as the initiative progresses
- Be clear about expectations regarding what a funder will and won't do
    - Upfront, be clear about roles and the specific activities each partner will undertake; a legal team can help put contracts in place, e.g., One initiative uses a written document at the beginning of each partnership to clarify roles
- Establish goals that reflect both business and social impact – and track both
    - Ensure measurement systems incorporate both the metrics important to the business and the funder
- When influencing companies to enter a new space, consider investing in market-building activities
    - These activities (e.g., investing in technical innovation or engaging with policy) can create an enabling environment for success

DRIVERS OF FUNDER STAFF TIME

- **Implementation model:** The need for front-line staff can vary significantly depending on the implementation model for the influence strategy. For example:
  - If the funder selects **core implementation partner – direct service**, the funder will need to contribute very few junior staff
  - If the funder wishes to do much of the influence work itself, it will need staff to engage with companies and support the approach to influence, whether a media campaign, an index, a platform for commitments, etc.

- **Number of companies involved:** The more companies involved, the more staff are needed to engage with company staff, respond to their questions, tailor approaches to their context, etc.

- **Role of the funder in terms of policy vs. implementation:** Initiatives that stop at company policy changes, or play more of a monitoring as opposed to an implementation support role, need to devote fewer staff to the effort

Examples: Capacity Estimates

Capacity estimates are based on both nonprofit and funder examples; funders would require fewer staff if functions are executed by grantees

Staff time estimates based on example $5M-$11M initiatives by profiled funder or nonprofit organization:

- Up-front influence building: **2-4 FTEs**
  - Significant senior leadership time, often subject matter experts within the organization

- Ongoing initiative oversight and/or execution: **2 -~30 FTEs**
  - Varies significantly by implementation model
  - Engaging with specific companies can be the full-time job of one or more senior to mid-level staff
  - Doing the non-relationship management aspects of the work, such as launching a media campaign, developing an index, etc. can require large teams of specialized people

3

CAPABILITIES

Capabilities required are based on both nonprofit and funder examples; funders may not require all these capabilities if functions are executed by grantees, or if funders can hire others to perform them

- **Credibility/platform**: Way to get stakeholders to listen (e.g., respected industry/issue expertise, examples from other companies, and relationships with consumers)

- **Ability to understand the private sector**: Need to be able to understand what incentivizes companies, how they are organized, and what terminology they use

- **Adapt to how companies work and to specific company contexts**: Need to be able to learn from conversations with companies, rapidly tailor approaches, and work at the same pace as private sector partners

- **Adapt operations:** Ability to adapt due diligence processes, MOUs, non-disclosure agreements, and other legal and operational functions to the private sector context

- **Manage relationships**: Ability to communicate with companies, understand their incentives and contexts, respond to their questions, and adapt company engagement accordingly

- **Issue area expertise**: Knowledge of the specific issue in question

Timeline to launch, results, and conclusion

- Timeline to **launch** takes approximately **1-3 years** and varies based on the approach; varies based on:
  - Amount of research required
  - Dependence on getting key conversations
  - Media/communications strategy
  - Funder capabilities, relationships, and capacity
  - Factors in the external environment (e.g., regulation, prices)

- Within **1-2 years**, efforts to influence the private sector can show favorable **results** depending on the strategy and circumstances (e.g., a company responds to consumer pressure and changes its strategy)

- The timeline to **conclusion** can go from **5-10 years**, depending on the role that the organization wishes to play in implementation (e.g., no role, partnership and co-management, monitoring and compliance)

Case study: Environmental Defense Fund – Private Equity

OVERVIEW

Environmental Defense Fund 's (EDF) engagement with **three private equity (PE) firms** — The Carlyle Group, Oak Hill Capital Partners, and Kohlberg Kravis Roberts & Co. (KKR)—led to over 40 companies in their portfolios reducing greenhouse gas emissions by over 2.3M metric tons and realizing over $1.2B in combined cost-savings and new revenue. EDF's worked with PE firms and their portfolio companies to find opportunities to improve efficiency and cuts costs through energy, waste and water management. EDF's work in PE is part of its EDF+Business program, which works high impact companies to transform business as usual in their products, operations and supply chains.

EDF's work with PE firms began when TPG approached EDF to help shape the environmental impact of its buy-out of energy company TXU with Goldman Sachs and KKR. As a result, TXU dropped its applications for eight proposed coal plants in Texas, and made many other commitments to reduce air pollution and global warming emissions, including support of a mandatory federal cap on carbon emissions. This experience showed that PE firms could be powerful intermediaries, and soon EDF partnered with KKR to pilot a new program designed to improve KKR's portfolio companies' operations and cost structures using an environmental impact reduction lens. EDF partnered with Carlyle soon after to prompt the firm to build in environmental impact reduction criteria into its due diligence process. EDF and its partners eventually expanded on this work to produce toolkits and frameworks for other PE firms interested in following suit. These are available for free download on EDF's website, though it is unclear if and how PE firms are utilizing them.

Recently, KKR relaunched its in-house program to focus on not only eco-efficiency, but also eco-innovation, and eco-solutions for its portfolio companies and beyond. Also, the use of an environmental lens for value creation has expanded among PE firms. This knock-on effect from its initial engagement is exactly what EDF strives for in working with a sector.

IMPACT

The Green Portfolio Partnership between KKR and EDF realized significant environmental benefits during its duration of 2008 to 2014. In total, KKR's 27 participating portfolio companies realized **$1.2B** in combined cost-savings and new revenue; **2.3M metric tons** in greenhouse gas emissions reductions; **27M cubic meters** of reduced water use; and **6.3M tons** of reduced waste. The reduction in greenhouse gas emissions is valued at **$85.1M** based on monetization values from the U.S. Environmental Protection Agency.

Case study: Environmental Defense Fund – Private Equity

KEY TAKEAWAYS

- **Influencing private sector behavior requires significant staff capacity with business experience and expertise**
  - EDF's Corporate Partnerships team comprises 40 individuals, many of whom have business degrees and consulting experience. They have broad project and relationship management experience that enables them to quickly adapt to new contexts and challenges. EDF had to build and sustain this team in order to work effectively with private sector partners and gain credibility within the public sector. It was also critical for EDF to bring technical expertise, but that expertise could be contracted or held by others at the organization, rather than by the direct relationship leads.

- **Existing economic incentives are critical to success**
  - EDF leverages incentives (e.g., cost-savings) to motivate private companies to reduce environmental impact rather than trying to convince the private sector of the value of environmental consciousness for its own sake. A strong business case is critical to convincing private companies to change behavior – a challenging and resource-intensive process.

- **Direct collaboration with private sector partners can drive company ownership, thereby improving results and senior buy-in**
  - EDF pursues a partnership model with private companies. It requires partners to dedicate staff toward initiatives and collaborates with them to develop a work plan. EDF works directly with its partners' teams to develop and implement recommendations, and ensures buy-in from leadership by requiring sign-off on the work plan and also by bringing senior leadership into working teams. EDF works with companies for years at a time to see the initiative through from idea to implementation and result. This model also helps leverage EDF's investment because partners are required to contribute additional staff in order to work with EDF.

- **Financing private sector projects may be challenging; flexible funding is particularly valuable**
  - In order to keep environmental activism as its top priority, EDF does not accept funding from its private sector partners. Further, because business tends to move quickly, EDF likes to be able to respond flexibly and rapidly to new developments and opportunities in the private sector. EDF has tried to respond to both of these factors by cultivating relationships with donors that fund the program generally, rather than earmarking funds for specific projects. Social sector actors interested in partnering with private companies should carefully consider how they will finance this effort.

- **Working with intermediaries can provide credibility and increase the reach and scale of initiatives**
  - PE firms have a built-in element of scale because they manage a large number of different companies across industries. As two of the largest PE firms in the world, KKR and Carlyle hold significant credibility in the private sector beyond their respective portfolio companies. Therefore, EDF's work with these firms influenced other PE firms and their portfolio companies, or at least exposed them to the idea of an environmental impact reduction approach to value creation.

- **It is important to consider reputational risks in corporate partnerships**
  - EDF seeks to protect its reputation as an environmental advocacy organization by not accepting funds from private sector partners. Still, EDF balances a fine line between the private and social sectors: sometimes corporate partners think EDF is pushing too hard while environmental organizations think it is not going far enough.

- **Building capacity at intermediary organizations can enable longer-term sustainability**
  - EDF sought to build both buy-in and skills at PE companies so they could continue the work beyond EDF's initial engagement. EDF also targeted private sector players such as consulting firms to taking on the work, once EDF proved the potential results and value proposition.

OVERVIEW

In 2013, **Oxfam** launched the global **Behind the Brands campaign** as a part of the broader GROW campaign, an effort to end hunger and ensure sustainability and equity across the food supply chain. Through the Behind the Brands campaign, Oxfam targeted the **10 largest food and beverage** companies—known as the "big 10"—in the following ways:

- **Public scorecard:** Oxfam developed an annual scorecard to evaluate the big 10's policies across seven dimensions: transparency, women, workers, farmers, land, water, and climate. Using publicly available information, Oxfam ranked the companies' policies and practices, publishing the scores on the initiative's website.

- **Consumer pressure:** Oxfam simultaneously mobilized consumers to call on the big 10 to reform their policies and practices, primarily through social and traditional media campaigns. For example, over 700,000 consumers signed an online petition on the Behind the Brands website.

- **Company engagement:** Oxfam engaged with companies' corporate social responsibility or public/government affairs departments—as well as senior leadership when possible—on specific company issues. For example, Oxfam met with the Coca-Cola Company to illustrate the instances of land grabs in Coke's sugar supply chain, and to highlight the resulting business risks.
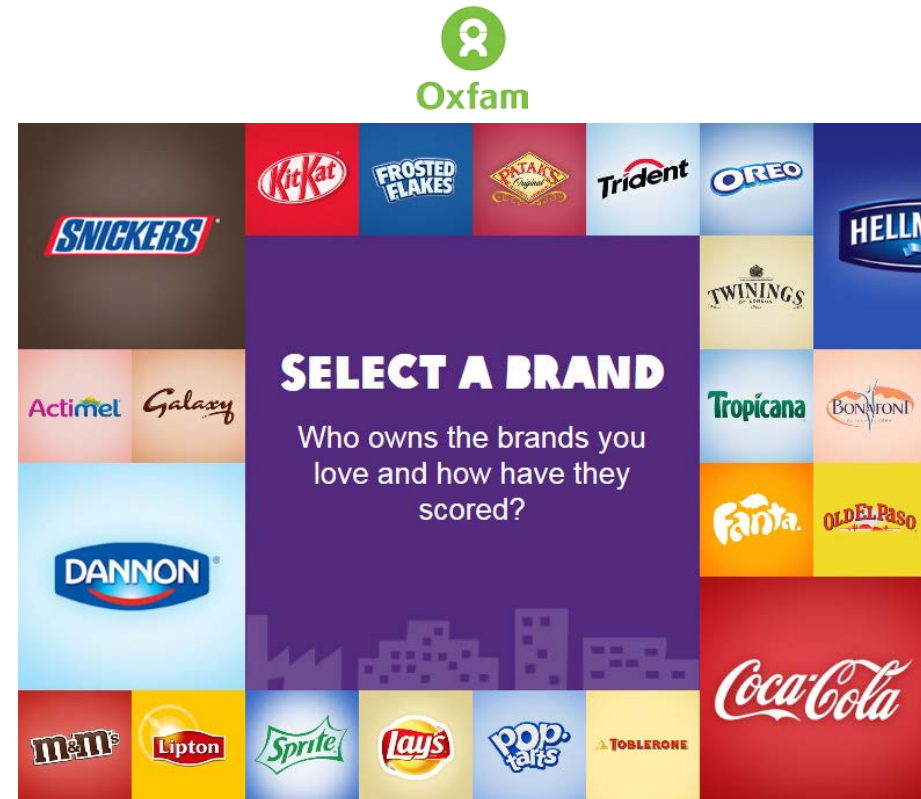
Oxfam expects the initiative to have two phases, the first focused on the campaign and the second on implementation. In April 2016, Oxfam released its final scorecard. With policy changes and commitments from companies in hand, Oxfam began to shift efforts from awareness raising to the second phase, focused on monitoring and assisting companies implementing promised changes.

IMPACT

In February 2013, the big 10 companies scored an average 22.9 out of a possible 70 points on the annual scorecard. By April 2016, the average score was 35.2, indicating a **significant improvement in business policies**. Nine of the big 10 improved their scores by 10 percent or more. The biggest improvements came in the themes of **land, climate change, and women, the issues on which Oxfam campaigned**. Throughout the initiative, several of the big 10 announced changes in policies and made specific commitments to address Behind the Brands' seven issues.

KEY TAKEAWAYS

- **Spurring competition between companies can help drive changes in corporate policy and commitments**
  - While companies feared receiving low scores, especially in comparison to their competitors, the index also allowed companies to demonstrate leadership in certain areas. For example, Coke and Pepsi received positive press for each announcing a zero land grab policy in 2014. In this way, the index created a "race to the top."
- **Campaigns can get results, but they require more than just marketing**
  - For a relatively low investment and short timeline, Behind the Brands gained significant commitments from the world's largest food and beverage companies. However, gaining these commitments required more than just marketing: Oxfam built relationships with companies, researched and developed business cases for change, mobilized allies such as investors, and developed and managed a scorecard, amongst other efforts.
- **In a call for industry-wide reform, organizations should not be afraid of drawing negative attention to specific companies, nor should they ostracize them**
  - Oxfam has balanced building trusting relationships with companies alongside awareness-raising campaigns that highlight companies' negative policies and practices. Both sides of this coin are important—Oxfam engages with companies to gain insight into whether meaningful change is happening, but they also have the recourse of calling public attention to practices that need improvement. Oxfam divides these responsibilities across its team members, and staff work together and communicate to keep the dynamic from going too far in either direction. Companies understand their relationships with Oxfam and know what to expect, even if news isn't always good.
- **Gaining commitments from companies to change policies is just the beginning; ensuring their implementation can be less clear and require different capabilities**
  - With commitments and policy changes in hand, Oxfam now has to shift efforts away from the places where large corporations are head quartered towards the places where food is produced. Oxfam also wishes to now engage the traders and suppliers impacted by the changes in the big 10's policies. Given the different capabilities required in this shift, advanced planning at the start of the campaign process would benefit implementation.
- **The diverse skill sets and expertise inherent in a global, industry-wide campaign required a large team, though not all full time**
  - Oxfam needed communications, media, commodity, regional, corporate, and issue area expertise. Running the campaign meant pulling together a large, diverse team with different expertise.

Case study: Poses Family Foundation – Workplace Initiative

OVERVIEW

Since 2013, the **Poses Family Foundation (PFF)** has worked to increase employment opportunities for people with disabilities, in large part by influencing private sector hiring practices through their **Workplace Initiative**. This initiative includes three main parts: a national program advising, alongside nonprofit partners, large corporations on how to create or expand disability inclusion programs; a local program building coalitions to assist companies in hiring people with disabilities in communities across the country; and a field-building initiative to accelerate learning and funder collaboration. Poses has engaged with 250 partners to sustain the work, including for-profit organizations as well as nonprofits and government agencies.

IMPACT

PFF's Workplace Initiative is on track to contribute to **7,500 new jobs for people with disabilities** by the end of 2017. Since 2013, the initiative has influenced the hiring of over 4,700 people with disabilities. Participating companies also report positive culture changes, high retention of hired individuals (~83%), and decreased turnover as a result of disability inclusion efforts.

Note: Retention is calculated differently across projects but uses a minimum of 90 days.
Source: Adobe Stock for image

KEY TAKEAWAYS

- **Influencing the private sector is most feasible when the corporations have a clear business case for change**
  - PFF benefitted in achieving its goals when the private sector had clear incentives to change their practices: a business case that demonstrated lower turnover (as shown by the experience of Walgreens, an early innovator who achieved business benefits through disability inclusion). In addition, PFF emphasized that sourcing talent with disabilities widens the applicant pool, and given the high level of competition for strong talent, finding qualified candidates across all job types is a critical benefit to companies. Furthermore, after PFF initially conceived this initiative, a new policy (section 503) established a target of 7% of the workforce as employees with disabilities for any government contractor, providing an additional incentive for companies to participate. PFF has worked to develop new case studies about the strong business case with companies across different industries.
- **Experience working with corporations and field expertise are both valuable to successful private sector partnerships**
  - PFF recruited two national experts to work with companies and nonprofits; these individuals provide expertise in disability inclusion and experience working with large corporations.
- **It takes significant staff time to shift corporation practices**
  - Given that the model requires large corporations to shift mindsets and practices, PFF staff time is a limited resource. Staff spend time collaborating with partners to identify companies' concerns, provide training, demonstrate benefits, and then eventually scale programs across companies. The depth of the change involved and the size of the companies requires sustained involvement by four full-time PFF staff (approximately three years per company, and ten companies at a time for the team).
- **Each company is unique - Partnering with large corporations requires customizing the approach**
  - Each company's concerns and champions related to disability inclusion are different—staff may be discussing 503 with a compliance officer, or the potential to improve company culture with the head of the diversity and inclusion program; this means that staff need to tailor their work to each company and stakeholder.
- **Building capacity of field players and ensuring companies have "skin in the game" can contribute to sustainability**
  - PFF involves a nonprofit partner focused on disability employment that works with the company alongside PFF to help implement a disability inclusion program, building field capacity to take on this work on the long term. PFF also enables financial sustainability by ensuring companies contribute. In the initial year, PFF may provide the majority of the funding to the nonprofit—or less if matching funds are available. Over 2-3 years, PFF gradually decreases funding while companies increase their share, with PFF's funding always dependent on goals achieved.
- **Empowering staff to adapt the approach in real time can help spur progress and innovation**
  - PFF empowers staff to quickly adapt to meetings and conversations with companies, drawing from their entrepreneurial and consulting backgrounds; this freedom means that staff can quickly respond to companies' distinct concerns, interests, and new opportunities for change, rather than rolling out a boiler plate approach or waiting for a formal foundation strategy refresh.

Note: These resources relate to organizations we have profiled and the model in general; we have also drawn on additional examples based on public research and TBG experience.

Secondary research

- "10 of the world's biggest food and beverage companies battle to improve their social sustainability through the behind the brands campaign," Oxfam International, April 2016.

- "Ahead of the Curve," FSG. 2013.

- "Breakthroughs: Annual Report 2015." Environmental Defense Fund. 2015.

- "Corporate Citizenship 2010: A Progress Report to our Investors, our Partners and our Communities." The Carlyle Group. 2010.

- "Diversity & Inclusion Report," Walgreens, 2013.

- "ESG in Private Equity—2015." Malk Sustainability Partners. 2015.

- "Green Returns Timeline." EDF+Business.

- "KKR Green Solutions Platform." Green.kkr.com.

- "National Funders Collaborate to Support Ground Breaking Work in Disability and Employment," PRNewswire, November 2014.

- "Team Green: KKR, Carlyle partner with EDF." The Deal. April 19, 2010.

- "Working Collaboratively with the Private Sector," Big Lottery Fund, 2012.

- "Working with the Business Sector: Pursuing Public Good with Private Partners," Grantcraft. June 2010.

- Organization websites

Interviews

- Interview with Alyson Wise, Rockefeller Foundation, formerly at Poses Family Foundation, September 6, 2016.

- Interview with Irit Tamir, Advocacy Manager, Private Sector Department at Oxfam America, September 20, 2016.

- Interview with Meg O'Connell, Poses Family Foundation and President of Global Disability Inclusion, September 1, 2016.

- Interview with Tom Murray of the Environmental Defense Fund. October 11, 2016.
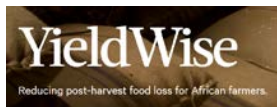
Appendix

Additional context on Rockefeller Foundation initiatives

THE **ROCKEFELLER FOUNDATION**

Core implementation partner

In 2016, The Rockefeller Foundation launched YieldWise, a $130 million initiative, with the goal of demonstrating how the world can halve food loss by 2030, one of the UN's sustainable development goals. The foundation is working with a number of core implementation partners to reduce post-harvest loss in Kenya, Nigeria, and Tanzania, where up to half of all food grown is lost. These partners are driving solutions like improving access to technologies that curb preventable crop loss, training and aggregating farmers, and facilitating buyer agreements between farmer groups and multinational companies to guarantee farmers steady access to new local and global markets.

Advocacy

100 Resilience Cities is a nonprofit organization dedicated to helping cities around the world build resilience to the economic, social and physical challenges that are increasingly part of the 21st century. 100RC was pioneered by The Rockefeller Foundation in 2013 and is financially supported by the foundation and managed as a sponsored project by Rockefeller Philanthropy Advisors (RPA), an independent 501(c)(3) nonprofit organization that provides governance and operational infrastructure to its sponsored projects.

Private sector influence

Since 2010, the Rockefeller Foundation has worked with energy services companies (ESCOs) to bring reliable, affordable electricity to rural India to help communities become safer, healthier, and more productive through increased access to electricity. Recently, the foundation established a new organization, Smart Power India, which works with a variety of stakeholders, including ESCOs, rural communities, government, NGOs, and telecom companies in order to drive the supply of and demand for renewable energy mini-grids. SPI serves four primary functions: project development support to ESCOs; business development to connect ESCOs with customers and investors; load development and community engagements to drive demand; and policy and regulatory engagement.

About this document

This document was completed in February 2017 by Nidhi Sahni, Lauren Hult, Neelay Patil, and Isabelle Brantley at The Bridgespan Group, in collaboration with Elena Matsui, Caroline Kronley, and Kappie Farrington at The Rockefeller Foundation. We hope this will be a useful resource for funders planning to implement large investments.

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