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How big grants can pave the way to more investment

By Catherine Cheney (/news/authors/1115812) // 15 January 2019



Rukmini Banerji (second from left), CEO at Pratham, and Olivia Leland (second from right), CEO at Co-Impact, at the Skoll World Forum. Photo by: Catherine Cheney / Devex

SAN FRANCISCO — Co-Impact (<https://www.devex.com/organizations/co-impact-102342>), a collaborative of funders focused on systems change, announced its first grants on Tuesday. The grants (<https://www.co-impact.io/2019/01/15/co-impact-announces-80-million-in-grants-aimed-at-improving-the-lives-of-9-million-people-in-africa-south-asia-and-latin-america/>), which total \$80 million, are aimed at improving health, rethinking education, and increasing opportunity for people in South Asia, Africa, and Latin America.

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“We started asking what would it truly cost if money weren’t an issue.”

— Eric Stowe, founder and executive director, Splash

Co-Impact is part of a growing trend of collaborative philanthropy, which can combine smaller gifts into larger bets, and help social enterprises access the resources they need to drive global health and international development outcomes at scale.

“The basic premise behind Co-Impact is that in order to drive large-scale change, we need a variety of different actors at the table,” said Olivia Leland (<https://www.devex.com/news/q-a-olivia-leland-on-her-mission-to-make-philanthropy-do-more-91593>), CEO at Co-Impact. “The key piece of everything we’re doing is this recognition that philanthropy is one piece of the overall picture.”

Leland was the founding director of the Giving Pledge (<https://www.devex.com/news/can-the-giving-pledge-help-philanthropy-go-global-87116>), which asks the world’s wealthiest people to commit a majority of their wealth to charity. But she identified a lack of mechanisms to match organizations with promising solutions to philanthropists who could provide the support needed for systems change. Now, while working with some of the same billionaires, including Bill and Melinda Gates and Jeff Skoll, Leland has shifted her focus from how much they give to how they give.

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► New \$250M Audacious Project from TED announces first recipients (<https://www.devex.com/news/new-250m-audacious-project-from-ted-announces-first-recipients-92495>)

The billionaires behind the effort are pooling their resources and also their knowledge and connections and engaging the public and private sector to leverage additional support. While most of the top donations from individuals or their foundations go to institutions such as universities, museums or hospitals, a growing number of major gifts are going toward (https://ssir.org/articles/entry/philanthropy_bets_big_on_sustainable_development_goals) projects to fulfill the Sustainable Development Goals (https://www.devex.com/news/search?query=Sustainable+Development+Goals&filter%5Bpublished_since%5D%5B%5D=Last+year), according to the Bridgespan Group

(<https://www.devex.com/organizations/the-bridgespan-group-37972>), a nonprofit consulting firm trying to increase the number of grants it identifies as big bets for social change.

By writing larger checks over longer time frames, and partnering with other donors with aligned goals, philanthropists can help bridge the gap between grants and large-scale investment needed for systems change.

Acting as a catalyst

The first round of Co-Impact (<https://www.co-impact.io/2019/01/15/co-impact-announces-80-million-in-grants-aimed-at-improving-the-lives-of-9-million-people-in-africa-south-asia-and-latin-america/>) grants (<https://www.co-impact.io/2019/01/15/co-impact-announces-80-million-in-grants-aimed-at-improving-the-lives-of-9-million-people-in-africa-south-asia-and-latin-america/>) includes four systems change grants of \$10 million to \$50 million over the next five years, and a smaller venture grant for an initiative that will test and refine its systems change work.

One of the systems change grants went to Teaching at the Right Level, an approach that reorients the education system to teach to the level of learning rather than age or grade, which was pioneered by Indian NGO Pratham (<https://www.devex.com/organizations/pratham-20378>).

When the Abdul Latif Jameel Poverty Action Lab (<https://www.devex.com/organizations/the-abdul-latif-jameel-poverty-action-lab-j-pal-54590>), or J-PAL, worked with Pratham to scale the approach in Zambia, they raised money (<https://www.povertyactionlab.org/news/usaid-announces-184-million-support-cutting-edge-innovations>) from a number of donors, including Development Innovation Ventures at the U.S. Agency for International Development (<https://www.devex.com/organizations/united-states-agency-for-international-development-usaid-45096>), and they have since raised small amounts of money for pilots in other countries.

Over a year ago, Pratham and J-PAL won a preparation grant from Co-Impact to explore how they might promote Teaching at the Right Level across the African continent.

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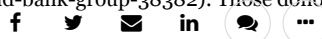
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“It’s definitely helped us dream bigger and make us more strategic about our work on the continent,” said Laura Poswell, executive director at J-PAL Africa. “But it’s been a huge investment of time and energy and thinking.”

To become strong candidates for the kinds of systems change grants Co-Impact could provide, Pratham and J-PAL had to rethink how they would do this work with more resources and develop a plan for scale.

“I think this should hopefully act as a catalyst,” said Rukmini Banerji, CEO at Pratham.

While one of Teaching at the Right Level’s pathways to scale may be through governments, many of these governments are dependent on donor funding. Poswell and Banerji said they are in close touch with bilateral and multilateral donors such as USAID, donor agencies in the United Kingdom and Japan, and the World Bank (<https://www.devex.com/organizations/world-bank-group-38382>). Those donors are likely watching how the initiative progresses with the grant from Co-Impact.



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And the timing is ideal, she added, explaining that the international development community is increasingly seeing the value of moving from schooling for all to learning for all, with the Global Partnership for Education (<https://www.devex.com/organizations/global-partnership-for-education-gpe-51262>) gearing up to support some of the same countries where Teaching at the Right Level plans to scale.

For each of the initiatives it supports, Co-Impact looks at funders who are already at the table and asks how to bring others on board. For example, in this first round of grants, the German ministry for economic cooperation (<https://www.devex.com/organizations/german-federal-ministry-for-economic-cooperation-and-development-bmz-48672>), BMZ, partnered with Co-Impact to support Partnership for Economic Inclusion — a global multistakeholder effort that works with governments to adapt and scale poverty graduation programs. For the grantees, the benefit of Co-Impact support extends beyond capital to include connections with other potential donors.

Supporting ‘the R&D of international development’

At the Global Citizen Festival in South Africa last month, billionaire Richard Branson announced (<https://www.prnewswire.com/news-releases/sightsavers-105-million-disease-fund-launched-at-star-studded-nelson-mandela-concert-833426902.html>) a \$105 million fund to help end the blinding eye disease trachoma.

Led by the charity Sightsavers, the Accelerate Trachoma Elimination Program unites funders including Virgin Unite, the charitable arm of the Virgin Group, which Branson started, as well as the Bill & Melinda Gates Foundation (<https://www.devex.com/organizations/bill-melinda-gates-foundation-b-mgf-44525>), Children’s Investment Fund Foundation (<https://www.devex.com/organizations/children-s-investment-fund-foundation-ciff-23468>), and ELMA Foundation. (<https://www.devex.com/organizations/the-elma-philanthropies-62823>)

Opinion: Richard Branson on why philanthropists should club together (<https://www.devex.com/news/opinion-richard-branson-on-why-philanthropists-should-club-together-93983>)

"To bring about radical change, sometimes you have to be audacious ... Yet too often, the really big ideas just don't get the backing they need," writes Branson.

This was one of the grantees of The Audacious Project, a philanthropic collaborative launched by TED last year, which will award (<https://philanthropynewsdigest.org/news/audacious-project-announces-grants-totaling-406-million>) up to \$50 million each to five organizations each year, and is an example of emerging trend often described as big bet philanthropy.

James Nardella, a principal at the Skoll Foundation (<https://www.devex.com/organizations/skoll-foundation-44573>), called social entrepreneurship “the R&D of international development.”

Philanthropic big bets, whether by individual donors or through philanthropic collaboratives including The Audacious Project, which the Skoll Foundation is a partner in, can help build the case for “large and sustained investment” not only by larger donors, but also from governments, he said.

One of the promising aspects of collaborative philanthropy is the opportunity to bring ultra high net worth individuals together with foundations, added Jane Wales, CEO at the Global Philanthropy Forum

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staff,” she said. It also allows for small and medium bets an absorb that “massive, short-term infusion of cash,” she

Said. (https://devex.zendesk.com/hc/en-us/articles/115000959453).

Wales, a judge for 100&Change (https://www.100andchange.org/#results/finalists), a competition that resulted in the MacArthur Foundation (https://www.devex.com/organizations/macarthur-foundation-36968) granting \$100 million to the Sesame Workshop (https://www.devex.com/organizations/sesame-workshop-48845) and the International Rescue Committee (https://www.devex.com/organizations/international-rescue-committee-irc-1055), noted that the finalists were all large and well-established organizations.

The lure of such large dollar amounts could lead organizations to pursue solutions that “fit the structure of the grant as opposed to the structure of the problem,” she said.

The large grants that can result from big bet philanthropy and collaborative philanthropy do lend themselves to certain kinds of problems, particularly those with proven models that are seeking more significant investment, Wales said. But there remains a need for smaller amounts of funding for community-based solutions that are not set up for that.

Ideally foundations that embrace this big bet trend or join into collaborative philanthropy efforts will curtain off part of their grantmaking for these larger gifts, while supporting a number of grantees of different sizes, Wales said.

Research by Bridgespan has shown (https://www.bridgespan.org/insights/library/big-bets/ten-ways-to-make-a-big-bet-on-social-change-(2)) that a median of four smaller grants precede a big bet, which tends to be 10 times the size of the previous grant. Cheryl Dorsey, the president at Echoing Green (https://www.devex.com/organizations/echoing-green-45876), said she is considering how the organization can connect its network with philanthropists who could be in a position to make big bets.

Q&A: CEO of Last Mile Health on becoming a systems entrepreneur (https://www.devex.com/news/q-a-ceo-of-last-mile-health-on-becoming-a-systems-entrepreneur-90019)

The Skoll awardee speaks with Devex about the transition from social to systems entrepreneurship and the role of technology.

For example, fellows who have benefited from big bet philanthropy — like Raj Panjabi, CEO at Last Mile Health (https://www.devex.com/organizations/last-mile-health-51243), which has received funding from The Audacious Project and now Co-Impact — could reach back into their networks and advise early-stage organizations how to pursue larger gifts down the road.

Becoming big bettable

While the Skoll Foundation is a growth-stage funder, it works to identify other funding opportunities for its Skoll Awardees, such as a recent blended finance deal (https://www.devex.com/news/why-blended-finance-deals-require-getting-outside-your-comfort-zone-93742) with the Overseas Private Investment Corporation (https://www.devex.com/organizations/overseas-private-investment-corporation-opic-united-states-44419) to support Kiva.

“When we think about the magnitude of the opportunity and the scope of the need, we’re talking about far more than the drop in the bucket that is philanthropy,” said Edwin Ou, director of funder alliances at the Skoll Foundation.

The question is whether big bet philanthropy, whether individually or through collaboratives such as Co-Impact or The Audacious Project, can draw in the type of institutional capital that is required for transformative impact, he said.

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Year after year, Eric Stowe, the founder and executive director of Splash (https://www.devex.com/organizations/splash-56349), a nonprofit organization based in Seattle, Washington, went through the same routine: trying to find incremental pools of funding to support parts of his work to bring water, sanitation, and hygiene programs to institutions that serve children.





(<https://devex.zendesk.com/hc/en-us/articles/115000959453>).

In 2010, Splash received \$11.5 million from a single donor, at a time when the organization’s budget was \$1.2 million, and it was the fifth ask that resulted in this tenfold increase, he said. But since then, Stowe has been bound by the constraints of small, restrictive short-term grants, as well as donors who wanted to make their own mark on the project. Ultimately, Splash aims to prove its model at scale, then help governments and NGOs to replicate this work, but it needs larger and longer term grants in order to do so, he said.

Bridgespan approached Stowe in 2017, saying that while there was growing interest from donors in “getting out of the ATM process with NGOs,” and instead making larger gifts over longer periods of time, donors often find that NGOs are not prepared to scale, Stowe explained.

Bridgespan spent a year working with Splash to reframe its pitch to donors to focus not on the problem but rather on the change Splash genuinely believes it can achieve.

“We started asking what would it truly cost if money weren’t an issue,” Stowe said.

Stowe explained that this process led to his recent fundraising round to support WASH services in every school in Kolkata, India, and Addis Ababa, Ethiopia. CIFF, which was started by billionaire hedge fund manager Chris Hohn, has committed to \$20 million. Stowe said CIFF is aiming for half philanthropic support and half government support, and asked Splash to involve a number of other foundations if there is a deficit from the governments of Kolkata and Addis Ababa over the course of the five-year project.

“Multiyear planning, like here is the end state in 10 years, is a luxury most NGOs don’t have,” Stowe said. “We do when we first envision the organization, but you get to year five, and you’re just thinking 24 months ahead at the furthest.”

He said he spoke with Leland about whether Splash might be a fit. But while Co-Impact did not include WASH in its first round of funding, Stowe said that his application would have likely been similar to his application for CIFF. While they are different models of grantmaking, both Co-Impact and CIFF are asking organizations to think what they could do if money were not an obstacle, then providing them with the capital that might put them on that path to scale.

Update, Jan. 16, 2019: This article has been updated to clarify that the Skoll Foundation is a growth stage funder and to clarify that BMZ partnered with Co-Impact to support Partnership for Economic Inclusion.

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