



## DONOR FUNDING TO NETWORKS: DONOR CASE STUDY E

This case study is one of nine capturing the experience and insights from a diverse set of donors about how they fund networks. It is part of an in-depth research project undertaken by Collective Mind to help both donors and networks to improve funding to and fundraising for networks.

All case studies were developed by the respondents using a provided template and have been anonymized to allow us to share them publicly. Other research products – including nine case studies of networks and a "how to" guide for network funding and fundraising – are also available at [www.collectivemindglobal.org](http://www.collectivemindglobal.org).

Each donor case study provides insights on:

- [The donor's funding strategy](#)
- [The donor's operational approach to funding/grantee management](#)
- [The challenges and reflections of the donor](#)

### DONOR E PROFILE

- **Donor location:** U.S.
- **Geographic funding scope:** National
- **Types of networks funded:** Systems-informed collaborative networks, impact networks, or connectivity networks/associations moving in that direction
- **Types of funding provided to networks:** General operating support, which typically goes towards staffing, convening, technology tools, facilitation, and programs (outward facing collaborative projects and campaigns)
- **Percentage of network grantees:** Defines systems-informed collaborative networks (CNs) as intentionally designed collaborative spaces for connecting diverse stakeholders to align around a deep shared purpose, understand the system to transform, derive a set of interventions to push, and form infrastructure and agreements for learning, adaptation and impact



## ORGANIZATIONAL FUNDING STRATEGY

### WHY DO YOU FUND NETWORKS?

After our first few years as a foundation, we became deeply frustrated. We could see that despite all the hard work and best intentions, the endemic fragmentation and subtle competition among foundations and nonprofits were stifling efforts to add up to greater impact. It was our belief then, and remains so today, that the lack of progress is neither from a scarcity of resources, nor from a shortage of great strategies or tested solutions. This thinking is contrary to a common rationale provided by foundations and nonprofits alike for the lack of progress on topical issues. We asserted a different perspective: the field suffered instead from a lack of understanding of how complex systems change happens and a parallel lack of meaningful collaborative relationships across foundations and nonprofits. This conviction among our members had been inspired by the pioneering work of The Natural Step, Donella Meadows, Jim-Ritchie Dunham, Peter Senge and others who were applying systems thinking and analyses in the emerging field of sustainability.

It's important to say that we did not set out to create what we now call a "systems-informed collaborative network." Rather, we arrived at the idea of a network as the best form for organizing dispersed, autonomous organizations to collaborate after we dove into applying systems thinking with our willing partners. We didn't start by saying, "let's start a network."

### WHAT TYPES OF FUNDING DO YOU PROVIDE TO NETWORKS?

We fund staffing, coordination, convening and communication infrastructure, as well as programs, projects, and campaigns. Our ability to fund program work is limited, so we tend to provide seed or start-up funding for initiatives that can go on to receive support from other funders with specific issue area mandates. We fund the things such funders aren't so sure about yet—network infrastructure (all that "process stuff").

For a while, we were focusing all of our funding on only one network and then added one more major network grantee. That all-in approach didn't seem like the best way to scale the work or to make available critically-needed network funding, given our limited grantmaking budget. So we started awarding smaller (\$50K-\$100K) grants to support specific experiments or interventions that networks determined they needed for their evolution. This included activities such as updating the systems analysis of the challenge they're working on, incorporating the new insights into the network's structure and programming, and building out a fund to support emergent projects proposed by network members.

### HOW FLEXIBLE ARE THE FUNDS THAT YOU PROVIDE TO NETWORKS? HOW LONG-TERM ARE THOSE FUNDS?

When our grants are for general support, networks are free to use them as they see fit.



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When our grants to networks have been for specific activities or deliverables, we have almost invariably approved requests for re-allocating funds to activities not specified in the initial grant agreements, including requests for no-cost extensions. We have found that funding systems-change networks involves a lot of pivoting and emergence. This has led us to gradually shift towards more unrestricted grants over the years, to ease the administrative burden on grantees and on the Foundation's program and operations staff.

Our individual grants to networks are typically no longer than two years, but our funding relationships with some networks are several years long.

### **WHAT CONDITIONS, IF ANY, DO YOU PLACE ON YOUR FUNDING TO NETWORKS?**

None that I can think of, as long as they're within IRS compliance requirements.

### **HOW DO YOU SELECT THE NETWORKS THAT YOU FUND?**

Sometimes we are introduced to network leaders by our current grantees, other partners, or through our professional networks (practitioner convenings, listservs, etc.). Sometimes people reach out to us to solicit grants. We don't put out RFPs and typically don't accept unsolicited grant proposals, but if people reach out to us to tell us about their work and learn about ours, then we see that as building relationships and there's no reason for that not to lead to a grant award down the line if there's alignment. However, I also don't have any recollection of awarding any grants to networks or organizations that had reached out in this way.

We fund networks that are either already systems-informed collaborative networks (based on a systemic understanding of the challenge; multi-stakeholder; action-focused) or association-type networks moving in that direction.



## ORGANIZATIONAL FUNDING MANAGEMENT

### HOW DO YOU OVERSEE THE USE OF YOUR FUNDS?

We try to keep our reporting requirements minimal, with a single narrative report due at nine months for one year grants, and a follow-up report for any updates (plus a simple expenditure report) at the end of the year. For some of our network grants we're fairly hands-off, checking in a few times a year to see how things are going and if there is any need for support. With other grants, we're very much hands-on, sometimes with Foundation staff members having formal roles on working groups or committees in some of the networks.

### DO YOU CHANGE YOUR APPROACH AND PROCEDURES TO WORK WITH NETWORKS AS COMPARED WITH OTHER GRANTEES?

Not really.

### WHAT OUTPUTS, OUTCOMES, OR IMPACTS DO YOU REQUIRE NETWORKS TO DEMONSTRATE FOR THEIR FUNDING FROM YOU?

The relationship we typically have with network grantees is one of a co-created agreement around a set of activities that grantees will do (e.g. establish and run an emergent projects funding pool, convene network members, develop network communication infrastructure, etc.) to advance their strategic goals. We're excited about leveraging the power of networks to advance good work in the world, and when we get to know advocates and leaders who share that sentiment, it becomes quite a simple and aligned partnership. We used to have a section in our grant proposal that asked what applicants' monitoring and evaluation plan was and how they were going to track impact, but over time we realized that the information in that section, despite being substantive and well-thought out, was the least attention-grabbing. What typically mattered was often a set of insights, setbacks, opportunities, or breakthroughs that emerged through the course of implementing the work. We learn a lot of this from our check-ins with grantees throughout the grant period, which vary in frequency with different grantees. Below is an older version of our final grant report questions that conveys the way we thought about the work of our grantees.

- What do you want us to know about your work over this last grant period?
- Please share notable qualitative & quantitative outcomes that illustrate the work that occurred during the grant period.
- What are the strategic questions you are grappling with?
- What surprises did you have, if any?
- What's next for this work? (e.g., what you're seeing on the horizon, challenges, opportunities, etc.)



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## **WHAT DO YOU SEE AS YOUR ORGANIZATION'S ROLE WITHIN THE NETWORKS YOU FUND?**

It depends on the network. Sometimes we're "just" a funder, signing the check, and other times our support is also technical, meaning we help design and implement some of the processes or tools (databases, strategic planning, systems analysis processes, governance agreements, job descriptions, etc.) that they need in order to be effective and evolve as a network. At times, we may also sit on steering committees or other working groups.



## DONOR REFLECTIONS

### WHAT INFLUENCE DO YOU HAVE WITHIN THE NETWORK?

The networks we're involved in typically have clear decision-making guidelines that mean we only ever have "one vote" when it comes to any decision. However, there's no denying the reality that, because we're a funder, our voice has an added weight. When we express interest in a given idea, others in the conversation can't be faulted for assuming we might advocate for getting funding to that initiative. So to mitigate the distorting effect our presence as funders might have on the dynamics and decision-making in a network, we have tried to exercise the utmost caution in how we show up and what we say. We have also tried to show up with deference to the networks' leaders and members and the experience and expertise they bring regarding the issue. It's not for us to say whether or not we were effective in all of that; that's something to ask members of the networks we participated in. Thankfully, it has been precisely their guidance and feedback that has gotten us to pay close attention to this part of our work as people trying to steward money back into the public good in ways that are equitable.

### WHAT LESSONS HAVE YOU LEARNED FROM WORKING WITH NETWORKS?

Sometimes, the work done to develop one piece of network capacity (e.g. doing a systems analysis to update the network's strategy) produces a need for an additional intervention (e.g. restructuring the network in accordance with the new strategy). That is, for capacity development interventions to add value to a network, they need follow-up and ancillary interventions.

### HAVE YOU INTEGRATED THESE LESSONS INTO YOUR ORGANIZATION'S STRATEGY AND/OR OPERATIONS?

For our network support grants (\$50K-\$100K one-year grants for network capacity development), we started to consider three-year bundles, allowing grantees to apply for renewal grants to build on the gains, outcomes, or insights of the previous year's grant-supported work.

### HOW WOULD YOU CHANGE THE WAYS IN WHICH YOU FUND NETWORKS?

We would provide automatic multi-year renewals for grants to support the development of networks through the various phases of their development.



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## **IN YOUR VIEW, HOW CAN DONORS BE MOST SUPPORTIVE TO NETWORKS? HOW CAN NETWORKS BE MOST RESPONSIVE TO DONORS?**

- Donors need to educate themselves on the unique operational characteristics of networks: their staffing, their phases of development, their infrastructural requirements, etc. All that “process stuff” costs a lot of money and needs to be sustained over a period of time for it to yield results (i.e strong relationships, internal alignment, and outward impact).
- Donors need to understand the link between network form (process) and function (impact). They need to understand the ways in which developments in the network’s internal health and connectivity can have great bearing on its capacity for impact in the world. As such, donors need to be able to provide financial and other resources in ways that are commensurate with the pace, adaptability, and the staff capacity of networks. This means multi-year, general operating support if possible, adopting a trust-based, equitable, and collaborative learning orientation in their reporting and evaluative requirements.

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