



DONOR FUNDING TO NETWORKS: NETWORK CASE STUDY D

This case study is one of nine case studies capturing the experience and insights from a diverse set of networks about how they mobilize and manage funds. 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 donors and a "how to" guide for network funding and fundraising – are also available at www.collectivemindglobal.org.

Each network case study provides insights on:

- [The network's funding needs and sources](#)
- [How the network's funding needs are met](#)
- [The network's relationships with their donors](#)
- [The challenges and reflections of the network](#)

NETWORK D PROFILE

- **Network (secretariat) location:** U.S. (with a U.S.-based host)
- **Geographic scope (of activities, members):** 13 affiliates across 12 countries and 5 continents
- **Network functions undertaken by the network:** Information sharing, filtering, amplification, and diffusion; knowledge generation, exchange, and management; problem solving and innovation; learning and capacity building; community building; thought leadership and field-building
- **Number of members:** The network has 13 affiliates (i.e. 13 organizations)
- **Number of staff:** About 1.25 FTEs on average (depending on availability of funding)



NETWORK FUNDING NEEDS AND SOURCES

WHAT'S YOUR YEARLY (OR OTHER REGULAR) BUDGET?

The network's program budget is on average about 60,000 USD per year (depending on how much resources we have). 40,000 USD is the bare minimum required to keep the program running, but having closer to \$100,000+ annually is much more ideal.

WHAT DOES YOUR NETWORK NEED FUNDING FOR?

Staffing is consistently the highest expense, followed by funding for activities - namely, travel (which can be costly being a global network) plus sub-grants (to run our annual collaboration fund).

WHAT TYPES OF DONORS DO YOU RECEIVE FUNDS FROM?

The vast majority of funds for the backbone comes from paid services/earned income (over 90% being coworking fees). However, they have periodically pursued and won grants to fund special programs, including our affiliate network. These grants have exclusively come from private foundations (which is also the primary type of donor who funds the members in our network more broadly).

DO YOU HAVE CORE FUNDING OR ONLY FUNDING EARMARKED FOR SPECIFIC ACTIVITIES/PROGRAMS? HOW FLEXIBLE ARE THE FUNDS THAT YOU HAVE FROM DONORS?

The backbone's core funds all come from our earned income, which can be used however they best see fit. Historically, the grants received have been allocated to specific projects or programs. But in 2021, the grant received (in part to provide financial relief due to COVID-19's impact on earned income) was unrestricted.

HOW LONG-TERM ARE THE FUNDS THAT YOU HAVE FROM DONORS?

We do not have any multi-year agreements.

And the only programmatic grants ever received by the backbone have been for a duration of 1-2 years (which makes it hard to plan for the longer term, especially around staffing, etc.)



DO YOU HAVE OTHER MEANS TO GENERATE FUNDING FOR YOUR NETWORK BEYOND DONOR FUNDING?

Yes, as previously mentioned, we may be somewhat unique in historically having all our core expenses covered by earned income (as a nonprofit social enterprise). Coworking fees are the main source of funds (90%+) but in the future, the hope and expectation is to be able to diversify the earned income revenue a bit more - for example, by increasing the number of paid trainings or consulting we offer; and bringing up the nominal funds currently from short-term event space rentals and meeting rooms to become about 10%+ of the total revenue.



MEETING NETWORK FUNDING NEEDS

HOW DO YOU FUNDRAISE/MOBILIZE RESOURCES?

We do not have a fundraising strategy or dedicated staff time for fundraising because we rely so much on paid services from our host. Instead, we periodically focus on recruiting new members, since all members pay their membership fees which bring in revenue. However, now we are starting to explore developing a fundraising strategy and a funding transition plan for the network - outlining a multi-year vision of securing some grants in the near term, but hopefully ultimately shifting to a paid services model to fund the affiliate network in the longer term (whether through membership fees again - this time 'franchise fees' paid by the affiliates, and/or other paid service activities like consulting, training, online courses, etc.).

ARE YOU ABLE TO MOBILIZE ADEQUATE FUNDS BOTH OVERALL AND FOR THE SPECIFIC TYPES OF NEEDS YOU HAVE? WHAT PERCENTAGE OF YOUR FUNDING NEEDS DID YOU COVER IN 2021?

COVID has caused us to operate at a financial loss for the last few years. We are on the way to getting back to a stable break-even point but are not there yet. And in addition, we have always struggled to have enough funding to cover the various special collaborative projects and programs we want to pursue including the network.

So in 2021, given COVID's impact on reducing our core revenue and given the ongoing desire for funds for special programs, I would say we covered approximately 70% of our overall funding needs.

WHAT ARE THE PROCESSES LIKE TO SECURE FUNDS FROM DONORS? WHAT ARE THE CHALLENGES OF THE APPLICATION, SELECTION, AND/OR NEGOTIATION PROCESSES?

All grants that the backbone has ever received have been facilitated through existing relationships to donors of their host organization. One of the biggest challenges to speaking with donors is that we know the backbone has historically funded itself so they may feel reluctant to support us. Another factor that sometimes complicates things is the backbone's legal status as an initiative of their host organization. This has definitely been positive because it has opened us up to become eligible for some grants with existing parent organization donors, but it has also complicated some conversations we have tried to have with other donors (asking: would they be funding the backbone or the host organization?).



REQUIREMENTS AND RELATIONSHIPS WITH DONORS

WHY DO YOU BELIEVE YOUR DONORS FUND YOUR NETWORK?

In late 2018, we secured the first-ever dedicated grant to our network. I know from direct conversations with the program officer who awarded us this grant that they were inspired by our vision of helping our affiliates attain more financial independence and sustainability, by increasing their own earned revenue/paid services and reducing their reliance on grants over time. I think this continues to be a compelling funding proposition for our program.

Second, I think donors are generally excited about the work we are doing to facilitate two-way peer learning and collaborations across countries - importantly recognizing that our work is not all about us as the U.S. backbone teaching others what to do, but rather about sharing our experiences. But it's also facilitating a space for peer learning, since we believe that all affiliates have something to offer and something to learn (no matter if they are brand new or have existed for many years, and no matter if they are in the Global North or Global South). In this way, we are trying to play a small part in shifting some of the traditional power dynamics that have long existed in the international development field, and I know this is increasingly becoming a priority for many large donors in our field.

WHAT REQUIREMENTS OR CONDITIONS DO YOUR DONORS PUT IN PLACE IN RETURN FOR THEIR FUNDING?

Our primary network program donor actually put relatively few conditions in place. We needed to submit narrative and financial reporting at the end of the grant, but they gave us options for the format of reporting. They also asked us to acknowledge them by name in any formal publications or outputs.

HOW DO YOU MANAGE YOUR FUNDS AND DONOR REQUIREMENTS?

I wish we had better overall systems, and hope to learn from other networks about good practice here! But in general, the management of any grants is integrated to our existing financial reporting systems (monthly profit and loss review) alongside quarterly programmatic/learning internal team reviews.

HOW DO YOU TRACK ACTIVITIES, OUTPUTS, AND OUTCOMES FROM YOUR FUNDING? ARE YOU ABLE TO DEMONSTRATE OUTCOMES AND/OR IMPACTS FROM YOUR DONOR FUNDING?

The donor asked us to develop a fairly thorough monitoring, evaluation, and learning plan within our final proposal, so they did work with us to help define some aspects of the process, but left it up to us entirely to fill in the details. A core objective of our grant was to



was to experiment with various new activities for this new network and program, so it had a heavy emphasis on learning (identifying key hypotheses, then us reporting back on what we learned about those).

And similar to the response above, any tracking that we do for a specific grant is integrated into our overall organizational learning systems and processes - including quarterly team data collection and learning reviews (tracking both qualitative stories and quantitative data throughout the year, then reflecting together on the biggest successes, failures, learnings and how we should adapt for the next quarter).

WHAT DO YOU STRUGGLE WITH IN MANAGING YOUR DONOR FUNDING?

Due to the nature of our current financial reporting processes, it seems that we sometimes slightly over or under-spend on a grant without knowing about it until after the fact.

DO DONORS PLAY OTHER ROLES IN THE NETWORK BESIDES FUNDING?

In general, our main donor has been very hands off so that they don't dominate our work, but has accepted a few invitations we have given them to participate. For example, we invited them to join a 10 person committee of reviewers to evaluate joint proposals from the affiliates who were competing to win a few sub-grants.

In addition, our donor has given periodic advice on strategic questions when we've asked them.



NETWORK REFLECTIONS

WHAT ARE YOUR KEY CHALLENGES IN MOBILIZING ADEQUATE RESOURCES? WHAT WOULD MAKE IT EASIER TO FIND AND MOBILIZE DONOR FUNDING?

We are very proud and happy to have a backbone that has figured out and maintained a non-profit business model of paid services over the last several years that covers our core expenses and gives us more financial independence and stability. However, the core funding challenge that has also become clear in recent years is that the revenue is basically just enough to provide core, essential services to our members that fulfill our baseline mission. We continue to have higher ambitions beyond that to facilitate deeper and more meaningful collective impact - and that takes new/additional sources of funding. We have succeeded once in a while in getting small grants for collaboration projects, but those tend to be one-off and by definition not sustainable.

So in other words, our core funding is not sufficient to match the higher level of ambition we have for collective impact to come out of our network activities. So it usually seems we are just scraping by on a shoestring budget and a very small team that has to always over-perform to feel we are meeting all our goals. Therefore, we hope to diversify our funding to enable us to pursue high-potential collaboration projects more meaningful when they do arise.

This may sound very simple, but honestly it would be so helpful to have donors explicitly identify themselves as ones who are open to, or prioritize, funding networks! And/or for an organization like Collective Mind to periodically maintain a database of funders that support collective/collaborative network-type work. Most often, it seems most donors tend to have a very specific and narrow theory of change and therefore only fund very specific types of work in specific places. It takes a different type of funder who believes in the transformative power of relationships and networks to just get the full vision and value of what we're about. We need to all communicate more clearly with each other about these things, and hopefully in doing so, establish a more open, transparent and fairer "marketplace" of grant funding available for social impact networks!

WHAT DO YOU THINK IS MORE DIFFICULT ABOUT FUNDRAISING A NETWORK COMPARED TO AN ORGANIZATION?

Fundraising for networks feels more difficult because our impact is often more diffuse. We have to focus on contribution way more than attribution. We often have impact through fostering relationships but those relationships may not bear full fruit until years later, and many donors tend to want to fund very specific, narrow projects with very predictable, linear outcomes in the near term.



One fundraising advantage we have however as networks is that we have connections to a wide range of potential donors through the existing relationships that our members have with their own donors. Competition may sometimes be a barrier, but if we have a trust-based network then our members may often be willing to make introductions to us to potential donors, or at the very least help us brainstorm an effective fundraising strategy.

WHAT DISCONNECTS DO YOU SEE OR EXPERIENCE BETWEEN WHAT DONORS CAN/WILL FUND AND WHAT YOUR NETWORK NEEDS?

Given the intensely relational aspect of all networks, I imagine most networks have staffing as one of their largest if not their largest expense. However, many donors may feel more comfortable funding specific project activities and not full salaries.

HOW ARE YOUR DONORS' REQUIREMENTS OR CONDITIONS EITHER HELPFUL OR PROBLEMATIC?

I really appreciate previous donors who have had very flexible requirements (i.e. a menu of reporting formats/options to choose from). It may sometimes be problematic if donors require you to formally recognize them in your work.

HOW WOULD YOU CHANGE THE WAYS IN WHICH YOU RECEIVE DONOR FUNDING? (E.G. AMOUNTS, SELECTION, DONOR ROLE, FUND MANAGEMENT, ETC.)

Definitely shift the average grant timeline from a year or so to multi-year (3+ years) to help us plan better, have healthier organizational systems, and have greater impact. And in that case, I would hope/expect donors to have periodic check-ins with us so we can openly share our learnings and work together to course-correct as needed.

WHAT INFLUENCE DO THE DONORS HAVE WITHIN THE NETWORK?

All of our affiliates know which organization was the founding funder for our program. I think in general this gives our program enhanced credibility with our partners.

HOW ARE YOUR DONORS MOST HELPFUL AND SUPPORTIVE OF THE NETWORK?

As previously mentioned, first of all make explicit what sources of funding are eligible for and ideally even specifically designed for networks! This will make the jobs easier both for grant seekers and those awarding grants in the "marketplace" for fundings for networks.



Second, hopefully increase the overall pots of funding available for networks - whether they are working on issues like climate, health, education, democracy, etc.! It seems that many people agree on concepts like systems change and collective impact requiring the work of healthy networks by definition to achieve any form of positive social change - yet the funding/philanthropy field seems it hasn't quite caught up to that evolution in thinking about how social change happens.

Finally, donors can help networks by recognizing that networks have positive social impact through relationship building, and that meaningfully relationship building takes time and it takes active cultivation (i.e. staffing). In addition, social change is not linear and there may be unexpected windows of opportunity for networks to have outsized impact over time (e.g., during a certain election cycle; or if a country has regime change or a major corruption scandal). Therefore, grants to networks should 1) give significant resources to the staffing/network facilitation and community building roles, 2) should be on much longer time horizons (multi-year) and finally they should help the grantee 3) measure/quantify relationship building as one desirable outcome in and of itself.

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