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Courtesy of Last Mile Health

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Purpose of this Handbook

WHAT IS A PROGRAM PARTNER?

We use “program partner” to refer to an organization that has received funding from Co-Impact. We prefer this term to “grantee”. Our program partners work with other organizations and institutions, including governments, to pursue systems change.

Co-Impact is a global collaborative for systems change, focused on supporting social change leaders and organizations to improve the lives of millions of people around the world.

This Handbook seeks to articulate who we are, what we stand for, how we work, and what to expect when partnering with us. We hope to achieve three purposes with it. First, we will use it internally to help orient and shepherd our work, and to hold ourselves accountable to what we profess. Second, we hope that it will be useful to funders and other actors to explain how we fit into and contribute to the broader global development and philanthropic community. Third, we hope that it will serve as a helpful guide for current and prospective program partners.

This third purpose is particularly important to us. We are committed to cultivating respectful, transparent, and clear relationships with our program partners that help them achieve strategic coherence and realize their ambitious systems change objectives to achieve lasting improvements in the lives of people. This Handbook seeks to embody principles and practice that are consistent with this commitment.

From the core principles that animate us and our approach to systems change to the nuts and bolts of our grantmaking process, our support model, and reporting and learning, this Handbook describes what we believe and how we hope to work with partners to advance shared goals.

The text that follows is structured around four sections:

- **Section One**, “Who We Are”, describes our mission, our approach to systems change, our place in the philanthropic community, and the values that underpin our work.
- **Section Two**, titled “Our Grantmaking Process”, describes the way that we structure our funding opportunities and select potential program partners.
- **Section Three**, “Our Engagement with Program Partners” is especially important to us, because we believe how we relate with and support our program partners is crucial to achieving enduring impact. In this section, we describe what program partners can expect from us to help ensure that they succeed in their work, including our approach to planning, achieving results, communication, reporting, learning, and adaptation.
- **Section Four**, titled “Our Governance and Team Structure”, describes the way we organize our work among our team and advisory board.

We bring a beginner’s mindset to our work; learning and adaptation are core values that underpin our approach. Many of the key sections of this Handbook have been informed by the feedback we have received from program partners. In addition, we have sought the advice of our team and Advisory Board, as well as practitioners and scholars in the field of social change. As we continue to learn, we expect to update this document on a periodic basis. We also expect to publish it on our website.

SECTION ONE

Who We Are



Who We Are



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IN BRIEF:

- Co-Impact is a philanthropic effort that aims to address large-scale social problems with a systems change approach by providing strategic grants to program partners, and by catalyzing and influencing philanthropy to more effectively support systems change.
- We have two main goals:
 - Support systems change efforts to achieve significant results for millions of people in low- and middle-income countries.
 - Advance a model for donor collaboration for systems change, that both learns from and inspires others, and generates learning and action among the broader philanthropic community.
- Our approach pays careful attention to political economy considerations and seeks to strengthen local and national governance for effective, evidence-informed action.
- We believe that systems change is more likely to succeed when a strategic, adaptive organization develops a “winning coalition” to advance a transformative initiative that targets a specific key fulcrum or leverage point in the system.
- We provide flexible grants, typically of US \$10–25 million over five years, for systems change initiatives in the areas of health, education and economic opportunity in low- and middle-income countries. We do this through a sourcing process that includes an open call for concepts and referrals from experts within our networks.
- We also invest in strengthening program partners so they can achieve strategic coherence and develop critical capabilities needed to effectively advance systems change to achieve social change outcomes.

THE BASICS OF CO-IMPACT'S SUPPORT FOR SYSTEMS CHANGE

Our Themes and Geographic Focus:

- We provide grants to improve outcomes in the areas of health, education and economic opportunity.
- Our calls for concepts target low- and middle-income countries with at least minimal levels of political and social stability needed for systems change.

Our Grants:

- We solicit concept notes in rounds through open calls and invited referrals.
- Selected applicants receive Design Grants, typically US \$500,000, to advance a systems change initiative over a period of roughly six to eight months. A Design Grant is a prerequisite to, but not a guarantee of, a Systems Change Grant.
- Systems Change Grants typically provide US \$10-25 million over five years to advance systems change in a subdomain related to health, education, or economic opportunity.
- On an exceptional basis, Venture Grants of US \$1-3 million are also awarded for early-stage initiatives not yet ready for a Systems Change Grant.
- Grants include meaningful additional support and expertise as driven by program partners.

1.1 WHAT IS CO-IMPACT?

Co-Impact is a philanthropic effort that aims to address large-scale social problems with a systems change approach, both directly through grants to program partners, and indirectly by promoting an effective model of collaborative philanthropy for systems change.

We convene and support a global community of funders to learn, collaborate, and collectively support initiatives that have the potential to enable enduring and large-scale change. Co-Impact's funding partners work together to bring resources, relationships, voice, and expertise to initiatives focused on delivering lasting and large-scale change. We hope to learn from the work of others who are working towards similar aims, and we seek to inspire other funders – through our practice and results – to join the effort.

Our primary funders also serve as our “Core Partners” and our Advisory Board. The Advisory Board approves our overall strategy, and helps to select and support our program partners.

Substantively, our support to program partners focuses on advancing education, improving people's health, and providing economic opportunity for people in low- and middle-income countries in the Global South. As will be elaborated further below, our approach pays careful attention to political economy considerations and seeks to strengthen local and national governance for effective, evidence-informed action. Our partners typically work closely with government to achieve scale, leveraging the mandate, networks, human resource and significantly larger resources that government brings to solving the challenge.

Gender equity and inclusive development are animating principles across how we work, listen, and learn – including how we engage and work with all of our partners.

Through a rigorous sourcing process, our team curates a portfolio of proven, bold initiatives poised to drive systems change at scale. In each of our funding rounds, we aim to support such initiatives with “systems change” grants of roughly US \$10-25 million over five years. We also support program partners to raise additional co-investment from other funders, the private sector, governments, and multilateral institutions.

Large-scale systemic change also requires non-financial supports. Our team supports program partners to strengthen their core competencies and networks, and in a limited manner connects them with others who bring resources, experience, networks and learning to increase the magnitude of program partners' impact. This support may include services related to strategic planning, technology, policy and advocacy, government relations, storytelling, monitoring and evaluation support, and connections to new sources of funding.

We also leverage our networks to support program partners and foster partnerships among proven innovators, non-profit leaders, funders, governments, institutions, and the private sector to drive change beyond what any one actor could do alone. And we are committed to fostering a culture of curiosity and learning, where ideas are tested, lessons are learned, practices are improved, and knowledge is generated to serve as an open, global resource.

1.2 OUR VALUES

In all we do, we seek to reflect the following values:

Outcomes-focused	We focus on meaningful and lasting impact for millions of people. We provide program partners the space and flexibility they need to achieve results.
Program partner-and community-centered	We support our program partners to exercise leadership and become stronger institutions, in the pursuit of achieving lasting outcomes for people in the communities we serve.
Beginner's mind	We challenge our assumptions and frameworks. We seek to continually learn and adapt.
Unity in diversity	Our work is stronger when informed by different perspectives.
Trusting partnerships	We actively seek to build and sustain relationships of trust with and among all of our partners.

We ask our partners to engage with us on the basis of these values and hold us accountable to realize them in our relationships and practice.

1.3 OUR GOALS

Co-Impact pursues two goals:

- Support systems change efforts to achieve meaningful and enduring results for millions of people in low- and middle-income countries through grants and other non-financial supports.
- Advance a model for donor collaboration for systems change, that both learns from and inspires others, and generates learning and action among the broader philanthropic community.

WHAT IS "SYSTEMS CHANGE"?

For us, "Systems Change" means realigning a part of a health, education, or economic system's underlying institutions, relationships, functions, incentives, norms and/or motivations to a higher (outcome-focused) equilibrium such that millions of people experience meaningful and sustained improvements in their lives.

1.4 GOAL ONE: SYSTEMS CHANGE

We support systems change efforts to achieve meaningful and enduring results for millions of people in low- and middle-income countries.

Health, education and economic opportunity are critical drivers for human wellbeing. In recent years, there have been significant advances on these fronts, and we generally have good evidence for proven ideas that can help us make progress. Nonetheless, these ideas often fail to gain traction and integrate into key systems. Millions of people around the world still suffer from poor health, are unable to benefit from education, and continue to struggle with impoverishment. Where there has been success, it is too often limited to short-term boutique projects that fail to scale and endure over time. For this reason, we need systems change.

But we know that changing systems is difficult. By their very nature, systems are big, complex and entrenched. Confronted with these challenges, systems change initiatives run the risk of becoming overly complicated, running out of steam, excluding women or other groups, or falling under their own weight.

Fortunately, we are not starting from scratch. In founding Co-Impact, we spent two years gathering and distilling the experience and research of practitioners, academics and funders from around the world, and have combined that body of knowledge with the decades of experience of our own team. Our understanding of systems change, further elaborated below, draws from and builds on the thinking and experience of others, and continues to evolve as we learn from practice and continual engagement.

Our (Evolving) Approach to Systems Change

We recognize that there are many paths to systems change. Our particular approach reflects several key characteristics. Most importantly, we look for a transformative idea that has the potential to impact millions. In order to advance this level of impact, we look for evidence of a key lever or “fulcrum” that can help the idea grow to scale and shift underlying norms. In most cases, this also involves supporting partners to work with governments and others to strengthen local and national governance – such that ideas, expertise, evidence, policy, human and financial resources, and accountability relationships are optimized to produce and sustain results.

We also recognize that it takes a special type of organization to facilitate this kind of change. We look for organizations with exceptional leadership qualities, as well as the right partnerships needed to succeed. Moreover, because we believe systems change is complex, we look for organizations that can adapt and learn as they pursue their goals. And, because we focus on sustainable systems change, we typically only work in contexts which meet at least basic political and governance conditions, and expect our program partners to provide a thoughtful political economy analysis and plan.

Each element of our approach is further described below. We do not expect everything we support to mirror this thinking; we are open to be persuaded by other approaches to systems change. We share these here in the interest of sharing our thinking, and to be transparent about the “lenses” we use to assess ideas.

01. Systems change starts with a transformative idea.

We believe that good ideas deserve to spread and scale. Yet not all good ideas are suited to successful systems change efforts. To start, we look for ideas that have the potential to improve the lives of millions. And we believe that in order to reach this level of scale, the core idea should:

- Respond to a clearly identified problem, including its political and institutional constraints.
- Be phrased in simple terms that people can understand and explain back to you.
- Have independent, rigorous, third-party evidence of effectiveness from similar, real-world contexts (even as we acknowledge that a good idea cannot simply be copied and pasted).

02. We do not try to change every aspect of the system, but instead focus on a key lever or “fulcrum”. We work on adoption at scale rather than scaling up.

When pursuing large-scale change, it is tempting to comprehensively diagnose and address everything that is wrong with a system. But the challenge with this approach is that it can become overwhelming, complicated, prohibitively expensive, and simply too much to address all at one time. We know that having fifty priorities is the same as having none and believe that more can be achieved by focusing on what matters most. Thus, our approach to systems change focuses on one aspect of the system that is critical to its core purpose and has the potential to catalytically influence other parts of the system. Just like exercise can help a person deal with diabetes, hypertension, obesity, coronary heart disease, low energy, weak muscles and poor mental health, we look for similar

critical levers in global development systems. Our partners identify one key change to the system that is meaningful in itself and can serve as a fulcrum for inspiring broader transformation within that same system and/or others like it elsewhere. Ultimately, this transformation should improve the lives of millions of people.

In order to benefit millions of people, a systems change initiative must clearly be adopted at scale. But we distinguish between “adoption at scale” and “scaling up”. Our partners pursue “adoption at scale” by working on the key levers of systems so that the system itself scales the transformative idea through its own self-sustaining momentum. Our approach is distinct from other approaches that pilot an initiative and then work to replicate or “scale up” the successful pilot, without necessarily achieving structural and enduring changes to the underlying system.

03. Systems change depends upon strategic organizations with great leadership.

Our program partners provide the strategic leadership that ambitious systems change initiatives require. They tend to:

- See through noise and inertia to focus on what matters most in achieving outcomes.
- Be purpose-driven and pragmatic; they know how to work with what they have.
- Have a solid track record, integrity, and strong ethical values.
- Have the capacity to work at a high level of scale and sophistication.
- Have deep roots in and strong relationships with people in local contexts. They know the people the initiative is meant to serve. They exemplify both credibility and legitimacy.
- Be humble and curious; they recognize the complexity and uncertainty of their endeavor, and continually test and refine their hypotheses, while moving forward, not paralyzed by indecision.
- Promote equity in all that they do. Women and historically excluded groups are reflected in their analyses and represented in leadership and senior positions.

04. Systems change requires an effective coalition of key actors.

No single organization, no matter how strong, can realize the kind of ambitious systems change goals we aim to achieve. In our view, an idea requires collaboration among a range of organizations, people, and institutions if it is to take hold and gain traction.

This “winning coalition” need not include everyone – too many actors can slow the pace of change and affect the fidelity of the core idea. Moreover, not every key stakeholder needs to be engaged in the same way, or even formally. An effective coalition reflects a solid political economy analysis of the diversity of actors, including women and excluded groups, who are needed to advance the idea and sustain reform in the midst of the real-world power dynamics of the systems we wish to change.

Most importantly, to reach and sustain impact for millions, in most cases our partners work with governments, who need to design and uphold smart policies, typically provide the bulk of the funding and staff, and ensure effective implementation. Often, our partners focus on government reformers who see the opportunity for change within the system, but do not have the power, resources, or expertise to advance it on their own. These internal government champions – who may be senior and/or mid-level – are critical to success. They help set a political agenda, and provide an “authorizing environment” for other staff to advance an idea, as well as more permanent civil service who will be responsible for implementation at scale. These civil servants are particularly important to the sustainability of systems change, since political leaders change over time.

The strength of a winning coalition is critical. Different actors in society can play different roles in advancing different aspects of the change we seek. For example, civil society groups can help to model ideas, press for scale and ensure accountability; governments can scale and sustain change; funders can bring much-needed resources; the private sector can incorporate market-based solutions; technologists can help accelerate change; faith groups can give normative power to an idea; and media and notable personalities can help bring attention to an idea and its promise.

Building such a coalition is no small task. We expect program partners to have the most important elements in place. But we also support our program partners as they work to recruit and attract the institutions and organizations that are best suited to advance change in each political context. We also recognize that as political and social conditions change, a coalition must also adapt to be effective.

05. Complex systems change initiatives require learning and adaptation.

Learning and adaptation are critical to success when addressing complex systems change problems. It doesn’t matter how smart and how well prepared one is – faithfully following a blueprint does not work because social change is always complex and rarely goes according to plan.

Rather, we support organizations who are willing to test, refine, retest, and adapt their theories of change over time. In our experience, this type of learning depends on humility, curiosity, and a “beginner’s mind” among partners who have the courage to ask, “How will we know if our theory of change is not working?”

This deep commitment to learning must begin with an organization’s executive, but not end there or be siloed in a “learning department”. Rather, tools and practices that elicit feedback, draw from the data, and adapt, must permeate the organization (see section below for further information).

06. Our approach requires minimally enabling political and institutional conditions and action to foster a more enabling environment.

People with the greatest need for health care, education, and economic opportunity often live in countries with difficult political and institutional systems and serious governance challenges. To be successful, our program partners need to continually assess the constraints, opportunities, and

risks posed by these institutional realities, and craft pathways of action that are politically astute and flexible. These pathways of action may require steps to improve the enabling environment through institutional change, and contributions to strengthening local governance.

That said, Co-Impact’s approach cannot work well in every context. Our emphasis on engagement between government and civil society leaders, commitment to learning using data and evidence, and emphasis on innovation and continual improvement requires the presence of minimal civic and governance conditions that make such attributes possible. These may include basic consideration of rule of law, robust governance processes, human rights, and space for society to engage and work on improvements. We are willing to take on significant risk where the potential for impact is high and we are persuaded by measures to mitigate risk. But we are unlikely to work in places where there is high disregard for rule of law or where violent conflict is pervasive.

These minimal conditions should be more robust within the specific institutional context that the systems change initiative targets. For example, we look for demand for change from within the institutions themselves – usually from reform-minded government officials working in partnership with others. Similarly, while we cannot expect that the tough places where we work will be corruption-free, our government and civil society partners driving the systems change effort need to have the highest levels of integrity, and be taking steps to improve institutional transparency, accountability, and capacity.

Across the contexts in which we work, we examine the ways that women and excluded groups can participate in a systems change initiative, and how an initiative will affect gender dynamics and inclusion. Meaningful systems change is not possible when women cannot exercise agency; therefore, we generally do not invest in partners or political and institutional contexts where this is not the case. (For more information on how we assess political economy risks, see Box “Assessing Political Economy Risks” pp.28–29).

07. Systems change requires working on ideas and shifting norms.

Successfully changing a system in one place can lead to large-scale improvements there, but not just through mechanical replication of a successful intervention. True and enduring change at scale usually comes from an idea that changes perceptions of what is possible, shifts norms and mental models, revises rules, raises aspirations, and sparks further innovations. These broader changes rarely happen automatically or on their own – they require investments in curators, validators, and purveyors of ideas in the ecosystem. These may include people who can write and tell the stories of failure and success; credible researchers who can vouch for the validity of the story; advocates and legal professionals who can craft and promote needed rule changes; a web of opinion makers who continually promote a new norm; and a set of generous practitioners who are open with their time and experience to help others borrow, riff, and adapt. For Co-Impact and our partners, this will likely require us to develop a deeper understanding of how ideas take shape and fly. Over time, we may need to strengthen the ecosystem of actors working on achieving outcomes.

Our Support Model

We support learning that helps program partners succeed and contributes to a broader understanding of systems change.

Systems change is complex. To be successful, both program partners' and our approach will need to evolve over time. We are excited and committed to actively seek out and learn from the experience of others, and to consciously contribute to knowledge generation among the broader philanthropic and global development communities. Our support model, including approach to learning, is explained in detail in Section Three of this Handbook.

Specifically, we recognize that systems change goals require learning and adaptation, and that program partners need support that allows them to continually assess and improve their practice. In this regard the most important learning questions are determined by program partners rather than Co-Impact. Moreover, by observing program partners learn and adapt, including through success and failure, we can both better support their success and generate insights that can be useful across our portfolio and the fields of work more generally.

Over time, we hope that our learning support will help partners develop deep institutional strengths and processes that they can deploy to other areas beyond the initiative support, and to share these strengths with their partners.

We recognize that program partner capacities vary; our support model is designed to enable them to continually strengthen their learning muscles to the full extent of their interest.

We help organizations achieve strategic coherence and develop critical capabilities so that they can more effectively advance systems change.

We believe that our approach to systems change requires more than just funding for programs. It also requires support for systems change leaders and organizations. These leaders and organizations serve as our link to the people we ultimately want to serve.



Courtesy of Last Mile Health

1.5 GOAL TWO: PHILANTHROPY FOR SYSTEMS CHANGE

Advance a model for donor collaboration for systems change that both learns from and inspires others, and generates learning for the broader philanthropic community.

Constraints in Philanthropic Practice

Our model is designed to overcome three key constraints in philanthropic practice that affect both funders and social change leaders.

Most giving remains relatively small and fragmented and not aligned with what is required for large-scale and enduring impact.

The nature of most donor grants is unsuited for enabling lasting systems change. Even proven social change leaders struggle to piece together the funding and support to pursue enduring impact at national, regional, or global scale, and have to spend extraordinary time and effort in doing so. Most grants tend to be relatively small, of a short duration (typically 1–2 years), and do not cover necessary costs related to overhead, monitoring, evaluation and learning, or organizational development.

Often, restrictions on grant use can constrain social change leaders. For example, lots of small grants with earmarked funding can fragment focus and undermine strategic coherence. This fragmentation often requires the leaders of social change organizations to spend way too much of their time – typically upwards of 30% – chasing funds and meeting donor requirements instead of focusing on their core work and developing their strategies for systems change efforts.

Furthermore, social change leaders tend to lack reliable access to the kinds of non-financial supports that can significantly accelerate systems change work. Success often requires expertise and capacity in law and policy, marketing and fundraising, leadership and performance management, or ways to nurture an inclusive environment. Additionally, the voice, networks, and convening power of funders can be extraordinary assets to the cause. Yet, relatively few funders offer funding and linkages to cover this kind of patient, holistic support—and few change leaders have the resources to secure it on their own.

Investment-ready systems change efforts are rare; few social change leaders have built robust strategies, capabilities and partnerships to drive systems change, although many have the vision and ability to do so.

There are examples of visionary social change leaders and organizations driving systems change today and throughout history. Yet these are still relatively few and far between, which is not surprising given the challenges and lack of support for them in the funding marketplace described above. We know leaders from many proven organizations who are eager – and have already started – to develop compelling and deeply credible plans and partnerships for systems change efforts, but many need targeted support (and encouragement in the form of a realistic funding opportunity) to get their initiatives to a place where they are ready for substantial large-scale investment.

Too often program partners need to fit their goals within the priorities, funding cycles and ways of working of their donors. Worse, this consigns program partners into a subcontractee role as a manager of dozens of short-term donor projects, rather than architects and drivers of a deep and strategically coherent program where each component contributes towards a powerful whole. We believe that it should be the other way around; as much as possible funders should try to support the structure and rhythm of their program partners.

There aren't enough efficient mechanisms for funders to find and support high-potential investments, and to collaborate with one another in a meaningful way, especially across borders.

Many funders want to make substantial investments to help address the world's problems. However, the time and expertise needed to set up, staff, source, carry out due diligence, and extend grants means that even foundations with ambitious goals and large asset bases can find it difficult to find, vet, structure, and support efforts to drive results at scale.

Furthermore, funders with varying perspectives on strategy, focus or geographic preference can pull program partners in opposing directions, thereby hampering coherence in the process. Aligning around one shared vision and approach is often critical to achieving large-scale results. However, with a few important exceptions, much philanthropy today remains remarkably siloed, and does not work together collaboratively to support strategic coherence among program partners.

Co-Impact nurtures a model of collaborative philanthropy that seeks to better serve social change leaders and funders by overcoming these constraints. In their support for Co-Impact, our funders bring expertise drawn from their experience of supporting systems change, and seek to take a new approach.

Our Approach to Collaborative Philanthropy That Serves Social Change Leaders

We make grants through a process that is tailored to the challenge of systems change.

Throughout our work, we see program partners and governments as the leaders, architects, and drivers of the deep change they seek. We are grantee-supportive, not directive. Systems are complex: systems-change requires a deep understanding of contexts, local economies, and politics, and that action needs to be driven by local leaders and organizations. Program partners that have local roots and/or strong relationships with ground-level actors are best placed to achieve – and sustain – results for the communities we ultimately seek to serve.

Thus, the nature of our relationships with program partners is key. We are mindful of the perverse incentives that come into play in a lopsided “grantor”/“grantee” relationship, and commit to actively work to counter those: to seek mutual respect; to listen well; to develop an open, curious and supportive posture; to foster and model candor; to solicit systematic feedback on our relationships; and to use this feedback to make demonstrable improvements.

Our commitment is to work with our program partners in a manner that is respectful, supportive, and challenging – as true partners. This means working to reduce unnecessary burdens, and support program partners to achieve outcomes and impact and leave them stronger and more capable. In doing so, we seek to live up to seven key philanthropic practices:

01. **Focus on outcomes:** We prioritize a meaningful difference in – and accountability to – lives of millions of people over other concerns. But we know that the way we structure our support impacts the ability of program partners to deliver. Instead of demanding a detailed plan and detailed budget, we ask for clear articulations of long-term goals, specific outcomes, and periodic milestones. Even as we engage program partners on progress towards outcomes, we seek to understand what questions they are struggling with, and the incentives and mechanisms that are in place to enable course correction.
02. **Provide flexible, long-term, and significant funding:** We offer flexible, longer-term grants of larger size, accompanied by deep non-financial support. Our systems change grants typically range from USD \$10–25 million over five years. As appropriate, we offer support for program partners’ efforts to secure co-funding.
03. **Support strategic coherence:** Good strategy sits at the heart of successful systems change initiatives. With our grant-making processes, we aim to provide program partners with the time and space needed to clarify their strategic choices. We support their ability to make coherent decisions, including saying

“no” to otherwise good ideas and funding from donors when it does not align well with strategic priorities. With our funding, we support their overall systems change strategies and associated budgets rather than restricting to specific parts of their plan.

04. **Support organizational strengthening:** We proactively support our program partners to develop and update the skills and capabilities required to run organizations with ambitious systems change goals. Every systems change grant budget includes flexible funding (typically up to US \$500,000 over 5 years) for strengthening organizational capabilities.
05. **Be clear and predictable:** We aim to be clear, transparent, and reasonable about our expectations, and avoid changing goalposts and making unnecessary demands. We do this in part by making our expectations and processes transparent, through documents like the Handbook, the Round 2 Call for Concept Notes, and our Systems Change Approach.
06. **Reduce burdens:** We encourage single reporting to all funders as reporting to each donor in their preferred timeframes and formats adds unnecessary work. We aim to only ask for information that we need and will use, and we try to minimize unnecessary communication requests and visits.
07. **Behave as true partners:** Given that a true partnership is about mutual respect and trust, we set the agenda together with our program partners. We listen with intent and curiosity and challenge were relevant. We aim to listen more than we advise, and we provide feedback on what we have understood. We strive for empathy. We remind ourselves that our work is about the partners and the people they serve; our job is to stay focused on that goal and seek to be helpful.



Courtesy of CitiesRISE

Our Approach to Supporting Collaboration Among Philanthropists

We help bring together funders so they can learn, exchange ideas, and extend their expertise to others.

Even where funders acknowledge the type of flexible and long-term funding that systems change requires, it is still challenging to implement a systems change funding strategy in an individual organization. For this reason, we know that many funders are thinking about how to collaborate effectively with others. The motivation is clear: collaborative approaches when focused on systems change can yield greater results than can be achieved alone.

But the reality is that this collaboration isn't always easy in practice and it can also mean different things depending on the level of integration and resources you want to share. When we were assessing the landscape of funder collaborations, we realized that most are focused on knowledge exchange or some level of coordination of funding. To address systemic challenges, we need more collaborations that pool funding. However, pooled funding necessitates that you relinquish some degree of control and accept that the outcomes of the initiatives are prioritized ahead of any specific organizational or individual recognition. Given that philanthropy is a very personal endeavor for many, with donors deriving great personal satisfaction, and often public praise for their work, such collaboration does not often come naturally. Even after foundation founders are no longer present in the decision-making process, their personal views and that of their professional staff continue to steer grant-making.

To provide the "glue" to ensure the collaboration stays the course, we have seen collaborative funds, of which Co-Impact is an example, emerge. In our view, there are still too few examples of funder collaboratives that are pooling funding to achieve a common end and believe that many more are required for philanthropy to achieve its potential. Over and above the increased impact though working together for systems change, we recognize several additional benefits.

- 01. **Increasing learning:** For funders at the beginning of their philanthropic journey, taking a collaborative approach can provide access to knowledge and experience that can help inform future giving strategies and practices. It can also reduce the timeline to a first investment by leveraging the sourcing and due diligence practices of others. Likewise, a more experienced foundation team can learn from the skillsets, approaches, and expertise of their peers.
- 02. **Supporting thoughtful decision-making:** When collaborating with others, the strength of the group manifests itself in the diversity of views and opinions found within the group. The process for building a group consensus is a catalyst for thoughtful decision-making. When you are acting alone, the possibility of making investments that are not aligned with an overall

strategy increases. Working with other foundations and philanthropists means adopting a consistent process for decisions that aligns with personal interests and values, as well as those of the broader group.

- 03. **Leveraging non-financial expertise:** Social change leaders require different kinds of non-financial supports, from areas such as policy, law, and technology, to marketing and performance management. The context of these types of support also varies from one geography and sector to another. It is unlikely that any one foundation has access to or can resource all the non-financial expertise that organizations require. By collaborating with other funders, we can leverage a range of non-financial resources available to support organizations to achieve greater success and impact.
- 04. **Promoting operational efficiency:** Our pooled-funding model encourages collaboration among funders that can help to reduce or eliminate the transaction costs associated with multiple foundations and multiple processes for sourcing, vetting, managing, and evaluating systems change initiatives.
- 05. **Decreasing risk:** We know that meaningful large-scale change requires significant and long-term funding. By pooling resources with others, a funder can participate in more and deeper work, and reduce the risk in the portfolio. It also minimizes the risk of duplicating efforts, especially while individual funders are in the process of learning about a specific sector or cause.
- 06. **Contributing to broader thinking about philanthropy's role in society:** Recently, there has been renewed interest in how philanthropists are using their power and influence in ways that could undermine democratic decision-making. This has led to some criticism of philanthropy, particularly in environments where government is shrinking and philanthropic dollars are replacing or supplanting government functions. We see how philanthropy can be both harmful and helpful, depending on how it is done, and therefore welcome this scrutiny and debate. By collaborating with other funders on systems change initiatives where the role of government, supporting the priorities of program partners, and strengthening local governance are central to our theory of change, and where a beginner's mind, learning and transparency are core values to inform our practice, we hope to contribute to this debate in a helpful manner.

Our Approach to Growing the Resources Available for Systems Change

We seek to grow the funding available for systems change by offering new ways for funders to pool resources.

Co-Impact does not have an endowment or its own funds; our funders come together to pool resources towards a shared purpose. Our collaborative model engages funders in three ways.

Across all three types of funders, we actively seek to promote the principles of collaborative philanthropy fit for supporting systems change. For Core Partners, Co-Investors and Community Members who want to fund through us, we require that funding to program partners be fully harmonized with our own in order to ease the burden on program partners.



Core Partners

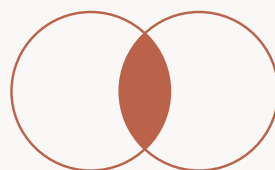
At the core of our collaborative is a group of up to 10 funders from diverse and complementary backgrounds, geographies, and philanthropic experiences.

Each Core Partner typically commits US \$50 million over 10 years to the grant-making pool; jointly, they approve Co-Impact's strategy and make decisions regarding Co-Impact's portfolio of investments above US \$5 million.

In addition to grant recommendations and input, Core Partners may also support investments with their voice, network and expertise, and personally engage with specific investments as desired, including through additional funding.

Core Partners can also work with Co-Impact on communications efforts and encouraging others to join.

Current Core Partners are listed on our website.



Co-Investors

These funders invest alongside Co-Impact in specific initiatives that match their geographic or issue-area interests.

For each of our systems change grants, Co-Impact seeks to both structure co-investment from an additional set of funders, and unlock additional investments or matching funds by the most relevant governments, multilaterals, corporate and/or institutional funding partners.

Co-Investors typically contribute a minimum of US\$ 5 million over five years, either via Co-Impact or directly to the program partner.

The option to co-invest is a great opportunity to: benefit from extensive due diligence and ongoing program support from the core team, advisors and Core Partners' teams; have the ability to help shape an initiative; share in Co-Impact's learning platforms; and significantly leverage their contribution to systems change.



Community

This is a group of up to 100 individuals, families and foundations who want to join Co-Impact's systems change investments and to collaborate with and learn from one another.

Each member typically contributes US \$500,000 per year for at least three years to the grant-making pool, and can express their preferences as to how the pool of Community funds are allocated towards Co-Impact's initiatives.

Community Members are at different stages of their philanthropic journeys, but are united by the desire to support social change leaders enabling systems change around the world.

Community Members benefit from the extensive work of Co-Impact in sourcing, vetting, structuring, and supporting significant initiatives to multiply their impact.

Community Members can choose to engage more deeply with specific initiatives, as well as Co-Impact's learning platforms.

SECTION TWO

Our Grantmaking Process



Courtesy of Jonathan Torgovnik/Reportage by Getty Images

Our Grantmaking Process



Courtesy of Jonathan Torgovnik/Getty Images

IN BRIEF:

- We make a targeted set of relatively large-sized grants to well-established organizations for “meso-level” systems change initiatives. We do not fund start-ups nor initiatives that are already working at great scale within a particular system.
- We select program partners through competitive funding rounds that focus on themes related to health, education, and/or economic opportunity in low- and middle-income countries that meet minimal civic and governance conditions.
- We source concepts through an open process, which we complement with a referral process from experts within our networks.
- Concepts are primarily assessed by their alignment with our approach to systems change.
- At the conclusion of each round, we typically award Design Grants for 5-8 initiatives. Design Grants are a prerequisite for, but not a guarantee of a Co-Impact Systems Change Grant, and:
 - Are meant to be valuable in and of themselves, giving organizations an opportunity to fully develop and prepare for a systems change initiative.
 - Typically provide US \$500,000 over the course of 6-8 months.
- At the conclusion of the Design Grant period, we typically award 3-6 initiatives with Systems Change Grants, which:
 - Are meant to provide organizations with funding to implement a systems change initiative that has the potential to reach millions of people.
 - Typically, provide US \$10-25 million in flexible support over five years.
 - Are intended to provide substantial support, typically between 25-35% (and not more than 50%) of the total five-year budget of a given systems change initiative.
 - Include funds for necessary overhead, learning and adaptation, evaluation, and meaningful additional support and expertise as driven by program partners.
- We do not invite concept notes or proposals for Venture Grants. On an exceptional basis, Venture Grant opportunities for early-stage initiatives that are particularly compelling in a neglected space which lacks early-stage funding, may be identified during the sourcing process for systems change grants. Venture grants may receive US \$1-3 million for 2-3 years.

2.1 WHAT WE FUND AND DO NOT FUND

Philanthropy supports many different worthwhile objectives, across a range of issues and types of support. Some funders support idea generation and testing; others focus on service delivery or advocacy. Some funders inject large capital to supplement government budgets to pay for critical infrastructure (e.g. schools or clinics) or key inputs (e.g. textbooks or medicine).

Our approach fills a very particular gap in the philanthropic landscape and will not be suitable for most organizations. We do not fund work outside of low- and middle-income countries in the Global South, or on issues other than our three main themes of health, education and economic opportunity. We do not focus our funding on the “beginning of the story” by supporting critical startups, pilots or innovation incubators. Nor do we support initiatives that have only worked at a smaller scale (see further detail below), or do not have rigorous third-party evidence to validate that they have been implemented successfully at scale. Likewise, we do not fund the “end of the story” where a good idea is already being implemented at large-scale and has become “the new normal”.

So where do we fit?

We make a targeted set of relatively large-sized grants to well-established efforts to change systems and have impact at scale with rigorously tested, proven ideas in low- and middle-income countries in the Global South.

We only fund efforts that contribute to achieving outcomes related to health, education and economic opportunity. These themes are usually further refined for each round of funding. The initiatives we support tend to have received funding from other funders for many years, and have both a strong evidence base and coalition of support that positions them to shift systems. Our support helps bridge successful pilots and sustainable “adoption at scale” from within the system itself.

We also recognize that systems change takes longer than the five years of our grant period. But by helping successful initiatives grow, we seek to support program partners to prepare for, accelerate, and expand commitments by larger entities, such as bilaterals, multilaterals, and country governments.

2.2 OUR FUNDING ROUNDS

We select program partners through competitive “sourcing” rounds that are announced on our website, typically about once per year. Each round focuses on a combination of subdomains that draws from our primary interest areas of health, education, and economic opportunity. We select these subdomains after consultations with leading experts in each field and taking into account the interests of our Advisory Board. Based on the approved subdomains, we launch an open process to source concept notes, while also soliciting referrals through our networks. Unfortunately, we do not have the capacity to review and respond to unsolicited proposals outside designated funding rounds.

WHAT WE FUND

- ✓ “Meso-level” systems change initiatives
- ✓ Health, Education and Economic Opportunity
- ✓ Low- and middle-income countries in the Global South
- ✓ Strong evidence base
- ✓ Coalition of support

WHAT WE DO NOT FUND

- × Start-ups, pilots, innovation incubators
- × “End of the story”
- × Initiatives without rigorous evidence for success at scale

ROLE OF OUR ADVISORY BOARD IN OUR FUNDING ROUNDS

Co-Impact’s Core Partners comprise the Advisory Board (see Section 4 on Governance). In our grantmaking process, Core Partners:

- Help select the subdomains for each funding round
- Provide input and guidance on the process of sourcing of Design Grants
- Approve Systems Change grants recommended by the Co-Impact team

CO-IMPACT'S SOURCING PROCESS IN ROUNDS ONE AND TWO

Co-Impact announced its first grants in January 2019. These initiatives were selected based on an extensive referral process that cultivated compelling ideas from a broad range of funders, partners, and experts in the fields of health, education, and economic opportunity. Ultimately, we funded four Systems Change initiatives in the areas of community health, basic literacy, and economic inclusion. We also awarded one Venture Grant for a program focused on mental health in cities.

Based on our learning in Round One, we made two key changes to the process for Round Two. First, we decided to complement our “referral” process with an open call for concepts to help us cast a broader net for compelling ideas. Second, we decided to select specific “subdomains” for our call for concepts - (1) early childhood development; and (2) more and better quality earning opportunities. This refinement is designed to help provide greater focus and make the process more manageable.

2.3 OUR PRINCIPLES FOR SOURCING GRANTS

We source transformative ideas

When evaluating concepts, we look for transformative ideas that have the potential to improve the lives of millions of people through systems change. The initiatives we support tend to, but need not strictly, reflect the components of our approach to systems change (see pages 11-12). The concepts need to be consistent with the selected themes of each round.

We are open and transparent

As described below, we source ideas through an open call for concepts that is complemented by selective referrals from our close partners. This combination serves two purposes. First, our referral process lets us leverage our relationships with a wide range of experts and other funders who often have knowledge about the best opportunities in a given field. Second, open calls allow us to source ideas from organizations that may not be known to our networks through a fair and transparent process.

We create meaningful, manageable processes

We respect the time that it takes an organization to prepare concepts for potential funders. In our calls for concept notes, we try to be as clear as possible about the types of initiatives we support, so that organizations can better assess their likelihood of success and make informed choices about whether to apply. We also believe in administering a sourcing process that offers potential program partners a meaningful and fair chance at success. In providing the guiding questions for the concept note, we seek to strike a balance between asking for enough information to make a fair assessment, and not so much that we pose an undue burden on interested organizations, our independent reviewers or ourselves.

2.4 OUR SOURCING PROCESS

In the spirit of our commitment to learning and adaptation, we have made significant changes to our sourcing process over the course of Co-Impact’s first two funding rounds. We expect our sourcing process to continue to evolve as we learn

from experience and adapt to feedback from previous applicants. This section provides an overview of the process as it currently stands.

Open Calls for Concept Notes

Our open call seeks to promote a transparent and inclusive process that provides an equal opportunity to all eligible organizations and, in particular, attracts initiatives that may not be known to us. The open call is announced on our website and promoted widely through our networks and social media. It describes the thematic areas or domains for which we are soliciting concepts, outlines the basic qualifications required of all prospective program partners, and provides a structured guide for them to describe their proposed initiative in a short concept note (typically four pages). The guide is deliberately designed to be short, only asking key questions to reduce the burden on interested organizations and staff in this first stage of the process. We also provide additional information (in a note that can be downloaded from our website) to help orient the applicant to our fuller thinking. This includes an explanation of what we fund and do not fund, and an articulation of our approach to systems change. We also host a series of webinars to address questions during the concept note period.

Concept notes are typically accepted over a period of two to three months.

Referral Process

Our Referral Process seeks compelling candidates from networks of experts and other funders. In each funding round that we administer, we source candidates from a broader network of foundation staff, bilateral and multilateral staff, philanthropists, and experts in our three domains of health, education, and economic opportunity.

As we launch each round, we meet with experts with insight into the subdomains of our interest. In our conversations, we gather opinions about both the state of play in the subdomain and specific organizations that are doing powerful work. We also explore ways to collaboratively fund these initiatives and organizations.

Qualifications for potential candidates

Our calls for concept notes seek initiatives that reflect the following qualifications:

01. **Scale:** The core focus of the proposed systems change initiative should be to drive meaningful and enduring improvements for at least one million people.
02. **Themes:** Each call focuses on a theme or combination of themes related to our primary domains of health, education, and economic opportunity.
03. **Countries:** The proposed initiative should focus on one or more low- or middle-income countries or territories in the Global South that meet minimal civic and governance conditions. We do not have a specific list of countries; instead, we ask prospective organizations to articulate their analysis of such conditions and how they will address them.
04. **Evidence:** The proposed initiative needs to have independent, third-party evaluation or research demonstrating that the core approach/model/idea(s) at the center of the initiative works and has achieved people-centered outcomes in a context similar to their proposed initiative. While this evaluation needs to be relevant, rigorous and of high quality, we do not require the use of any particular methodology.
05. **Scale and Budget**
 - The proposed or very similar change initiative should be already underway (not a start-up or initial pilot), and in the past year have benefited at least 10,000 persons in a meaningful way.
 - Prospective organizations should have significant capacity and track record to work at scale; the annual budget in the last audited financial report of the lead organization should be at least US \$1 million or equivalent. (We expect most organizations that can effectively manage the size of resources we offer to have much larger budgets.)
06. **Organization(s)**
 - Co-Impact gives preference to organizations based in and/or led by individuals from the countries or regions that are the focus of the work.
 - Partnerships between multiple organizations are generally encouraged, since it is difficult for one organization alone to play all the roles required to lead a successful systems change initiative. But partnerships are not required where an organization can articulate a credible strategy. Concepts from more than one organization should designate a lead partner.
 - Prospective initiatives may not be political campaigns promoting a specific candidate or party. While most effective system change efforts will require an element focused on policy change, lobbying organizations primarily seeking to influence legislation are not eligible.
 - For-profit organizations are eligible, provided the primary objective of the effort is to achieve lasting social impact for millions of people in the domains described above.

The guidelines from our second call for concepts can be found [here](#). The guidelines for future rounds will be updated and provided on our website.



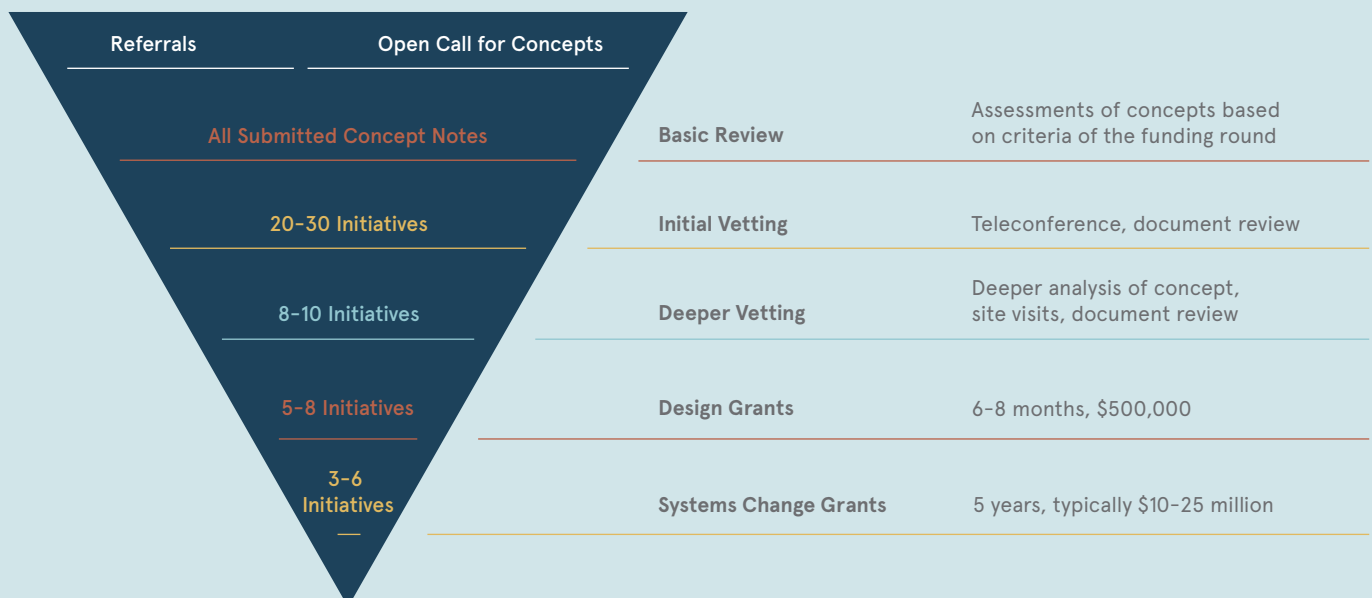
Courtesy of Juan Arredondo/Reportage by Getty Images

2.5 OUR VETTING PROCESS

Our vetting process is designed to help us identify promising concepts that might ultimately lead to a Systems Change Grant. Yet, while our eye is on the potential for long-term systems change, we cannot expect a four-page concept note to be able to cover the full breadth of information we need to assess the feasibility of a systems change effort, nor do we want everyone to prepare and submit full blown proposals. We therefore use the following phased approach:

First, we undertake a “basic review” meant to identify concepts that clearly do not meet the basic qualifications of the round: for example, they do not correspond to the identified subdomains, or propose work in high-income countries, or do not meet basic organizational characteristics.

Next, we undertake an “initial vetting” review to help us sort between ideas that hold most promise and those that are simply not aligned with our approach to systems change. Based on this review, we select approximately 20-30 organizations to follow up with as part of our “deeper vetting” process. During this stage, we may ask organizations to provide additional documents that supplement those already submitted. These initial calls are not meant to be exhaustive evaluations.



Rather, through background research and conversation, we are looking for deeper potential, and we focus on the areas of the concept that seem particularly weak or strong. At this time, we may also consult with trusted partners and/or independent experts in the course of assessing these ideas.

Following these conversations, we prepare a short summary of each initiative and narrow the pool of concepts to about 8-10 initiatives. For these initiatives, as part of our due diligence process, we request information that includes:

- Overall governance, including board members and key staff;
- Gender composition of board, leadership and staff;
- The organization's financial systems and stability that, beyond audited financial statements, may include a snapshot of reserves, year-on-year changes in budget, and key operational policies;
- Policies on Conflict of Interest; Whistleblower Protections; Child Protection; Non-Discrimination and Anti-Harassment; Diversity, Equity and Inclusion; Data Protection & Data Sharing, or a plan and commitment to develop these.
- Additional materials, if any, required by Co-Impact's fiscal sponsor (New Venture Fund – see Annex F).

We generally expect organizations to already have this information, and so usually ask finalists to submit documents within a relatively short period or develop a plan to submit these documents in consultation with us. Next, we arrange a call with each (lead) organization to discuss any outstanding issues, and prepare a short report describing the organization's basic strengths and weaknesses through a due diligence lens. Ultimately, this report contributes to our selection of organizations for Design Grants. (For more information on our financial and legal due diligence process and documents required for Design Grant decisions please see Annex A and Annex B).

We typically also arrange site visits to engage substantively with applicant leaders and partners, assess organizational strength, and observe their work in action. Each site visit typically involves two staff or associates from Co-Impact, and is expected to take at least three full days. At times, representatives from Co-Impact Core Partners or Co-Investors may also participate. In our visits, we seek to:

- Assess a candidate's idea against the elements of our approach to systems change;
- Understand the expected 5-year impact;
- Become familiar with the key partners and their leadership;
- Understand the organization's financial position and funding needs;
- Identify any issues arising from our due diligence review and in-depth site visits.

At the end of this phase, in consultation with our Advisory Board, Co-Impact selects 5-8 organizations to be awarded Design Grants.



Courtesy of Project ECHO

How We Expect Program Partners to Use Design Grants

Design Grants are primarily meant to help organizations fully flesh out their systems change initiative and prepare a compelling prospectus for a Systems Change Grant. Each lead organization selected for a Design Grant typically receives up to US \$500,000 over a term of 6-8 months. The funds may be used by program partners to refine their ideas and strategy, build out partnerships, consolidate an evidence base, and create an overall budget and fundraising plan for the initiative.

While we expect to be in regular communication, program partners will be at liberty to use funds to identify and procure the support they need, rather than Co-Impact doing so on their behalf.

In addition, we may also provide limited upfront support from an independent adviser to assist organizations to chart their course of work, and towards the end pay for an editor and/or graphic designer to assist with the finalization of their prospectus document.

Only a subset of initiatives provided Design Grants will be selected for Systems Change Grants from Co-Impact. Nonetheless, the Design Grant process is meant to be helpful to the participating organizations in its own right, as the thinking and partnerships that emerge from the process should be useful for the organization's own operational planning, and should be designed to attract other funders. For this reason, organizations are encouraged to use this period to best serve their systems change interests beyond the prospectus for Co-Impact.

Throughout the Design Grant period, we will engage with program partners to track progress; develop keener insight into their thinking; link them up with people, material and ideas that may be useful; and to provide feedback as appropriate. Specifically, we will:

- Convene a "launch" workshop that jump-starts the work of creating a compelling program (travel and participation costs are included in the design grant budget);
- Seek to have about one 2-hour call per month with each program partner;
- Visit program partners on site, at the approximate mid-point of the Design Grant term;
- Hold in-depth dialogue with program partners at the mid-point and end of the Design Grant term.

What We Expect to See in a Prospectus for a Full Systems Change Grant

In the prospectus narrative, we expect a meaningful and thoughtful articulation of a five-year systems change effort. What interests us most is the partners' theory of change and approach; their analysis of and response to political economy and governance considerations; their relationships; how they will measure progress and evaluate success; and their leadership and people. We also know that circumstances change, so we expect an organization to articulate its strategy for learning from and adaptation to changing circumstances. (See Annex C for additional guidelines.)

In the prospectus budget, we expect enough detail to cover major types of activity and personnel, choices between them, including those related to systems change efforts, learning, evaluation, and necessary overhead. The basic numbers of what this involves – such as level and numbers of staff, type and numbers of major activities – should be evident. While we expect program partners to have used more detailed calculations to arrive at their budget, we do not expect to be provided with full workings.

In general, our Systems Change Grant covers 25%-35%, but never more than 50%, of an initiative's cost. These limitations on our support are designed to encourage broader ownership of each initiative and limit dependency on Co-Impact. Conversely, we may consider funding less than 25% of an initiative's total budget when there is high potential for our investment to be leveraged. We expect that the program partners we select will generally have established a stellar track record and good working relationships with other funders; nonetheless, the requirement to raise additional funds may seem daunting. We can, to a limited extent, support program partners to develop a fundraising plan and connect with new funders. When helpful, we may consider "front loading" our support to some degree so that initiatives can get underway while program partners raise additional resources.

Moreover, where practicable, program partners may want to structure the activity and budget proposal modularly in ways that illustrate two or three funding level scenarios. This would allow partners to proceed with meaningful work in earlier years where full funding is not secured and scale it faster over time, or to plan for lower but significant impact even where full funding does not materialize. Doing so in advance may be more helpful than to only assume an optimistic scenario, and then have to make drastic cuts at a late stage.

Increasingly, through our collaborative philanthropy approach, we will engage with potential Co-Investors from an early stage of our funding rounds, including in informing selection of criteria, sourcing of opportunities, vetting, due diligence, and support. Co-Investors may fund through Co-Impact or they may fund program partners directly. Additional funding from funders for program partners will generally be considered outside of our 25-35% guidelines, except when funders are a part of our Core Partner or Community groups. These matters can be further clarified during the Design and Systems Change Grant phases.

Our Process for Awarding Systems Change Grants

At the conclusion of the Design Grant period, we award Systems Change Grants to a subset that we have assessed to be highly promising and the best aligned for our portfolio. Initiatives that receive Systems Change Grants are poised to make significant improvements in the lives of millions of people in specific countries or regions.

Final award decisions are ultimately made by Co-Impact's Advisory Board, based on the recommendations of our team and subject to final approval from our fiscal sponsor, New Venture Fund. We generally aim to award 3-6 Systems Change Grants in each funding round. Grants typically range from US \$10 to \$25 million over five years. The amount offered to program partners depends on the nature of the initiative and the total envelope available for the funding round. We provide feedback to organizations that are not ultimately selected for Systems Change Grants and, with permission, seek to share information about their opportunity with other potential funders.

We expect to develop a mutually respectful, candid, and productive relationship with program partners, as described in Section Three below. While board composition and function are part of what we discuss, we typically do not seek to secure a seat on the board of program partner organizations or their core initiatives, in order to maintain program partner independence.

Organizations are encouraged to use this period to best serve their systems change interests beyond the prospectus for Co-Impact

The Exceptional Case of Venture Grants

Finally, in rare cases, as we review systems change concept notes, we may identify a few initiatives that are exceptionally compelling with game-changing potential but lack early-stage funding support. These ideas are not yet ready for a full Co-Impact Systems Change Grant. In these rare cases, we may consider making a Venture Grant to support the initiative. We do not invite concept notes or applications for Venture Grants and may not make any Venture Grants in a particular round.

Venture Grants generally help an organization to test, refine, and advance early stage work that may contribute to significant systems change and work at scale in the future. A Venture Grant might help an organization fill out its leadership team, build key organizational capabilities, consolidate partnerships, start pilot implementation, or build an evidence base. These grants provide US \$1-3 million, including expert consulting, over the course of 2-3 years. Venture Grants are typically one-time commitments; receipt of a Venture Grant does not imply any commitment by Co-Impact to provide a Systems Change Grant in the future.



Courtesy of Fundación Capital

Assessing Political Economy Risks

Co-Impact recognizes that all systems are shaped by political, economic, and social forces. By thinking critically about the ways that power is manifested within a system (“political economy”), we can thoughtfully assess risks and opportunities, make responsible decisions about our grant-making, and support our program partners to effectively navigate the pathways to results.

This section outlines: 1) types of political economy considerations we take into account; 2) different stages of the grant process where we undertake this assessment; and 3) sources we draw on to inform our thinking.

OI. Questions we ask

We ask questions at a) a macro level about a country or region, and b) at a micro level about the specific initiative and partnership that has been proposed.

Macro-level analysis

First, we seek to understand the high-level conditions that may threaten or advance development outcomes in particular contexts. This view “from 30,000 feet” helps frame the way we think about prospective initiatives. For example, an initiative that proposes long-term agriculture investments in an active conflict area would raise questions about the associated risks and prospects for long-term sustainability. Similarly, an initiative that proposes a community-driven approach to education reform in a context in which freedom of assembly is severely curtailed would raise questions about the safety of communities. In all cases, these types of questions do not necessarily disqualify initiatives from consideration, but the strategies for mitigating the associated risks need to be clear and persuasive.

Our macro-level analysis typically involves an examination of:

- Political context (how the state functions, political coalitions, tensions and competition, election fairness and integrity, openness and transparency, levels of grand and petty corruption, political incentives)
- Economic context (basic structure of the economy, fairness and competitiveness, business environment, market capture, participation)
- Social context (social cohesion, exclusion/discrimination, tensions, gender dynamics, participation in governance, stresses due to conflict, displacement and/or climate change)
- Rule of law (checks and balances between the executive, parliament and courts, enforcement of contracts, freedom of expression and association, conditions for independent civil society, funding restrictions)

Initiative-specific analysis

Second, we seek to understand the specific factors that may advance or undermine each systems change initiative. In this analysis, we look for the specific sources of power that shape the system that the initiative seeks to change. We seek to understand the people and institutions that make decisions; the incentives that underpin the status quo; the possible mechanisms for shifting those incentives; and to identify those who stand to win or lose from the changes. For example, for an initiative that proposes a change to government policy, we might want to understand who is best positioned to move an agenda through elected and executive bodies; who controls associated resources and how they will be deployed; and how the implementers will be incentivized to deliver. In this analysis, we look more deeply at issues such as:

- Who, specifically, are the decision-makers that have the power to determine whether the system shifts or not? What positions do they hold and how strongly do they hold their views? Who has the power to influence these decision-makers? How does the initiative plan to connect to these people and groups?
- If this is a good idea, why hasn't the initiative already happened? Does it need our involvement? What sort of evidence or political pressure is likely to persuade decision-makers? How does the initiative plan to deploy this evidence or pressure?
- What role do different government stakeholders play, including elected leaders, political appointees, civil servants and service providers? What influence do non-state actors have, including multilaterals, civil society, the media, faith-based groups? What partnerships does the initiative have with these groups? Can they build a “winning coalition” to champion the changes they seek?
- What budget or funding streams will sustain the initiative over time? Who controls this budget? What types of economic volatility might threaten this initiative?
- What demand exists among the people who the initiative ultimately seeks to benefit? Is that demand increasing/decreasing? Why?

These questions are illustrative rather than exhaustive and are adjusted for each particular context.

02. When do we assess political economy?

We undertake and engage on political economy assessments at all stages of our grants process:

- When we launch our open calls for initiatives, we communicate clearly that political economy factors will be a major consideration and review the concept notes accordingly.
- We raise these questions throughout the sourcing process, including during interviews with and site visits to prospective partners, and these considerations inform the final short list.
- During the design grant we support partners to pressure test these aspects and further validate the feasibility of the initiative, as well as to develop the relationships that will be essential to inform and mitigate political economy risks.
- Throughout the five years of the systems change initiative, including through the formal semi-annual reporting, regular check-ins, and site visits with program partners, we discuss these matters systematically and where data shows there is reason to be concerned.
- At grant closure, we consolidate lessons and seek to assess how political economy factors and the response to them has affected the success and sustainability of the systems change and outcomes.

03. Sources of Information

Co-Impact draws on multiple sources to inform our analysis and triangulates the information we gather to validate or challenge perspectives and build a fuller and more nuanced picture about a situation. These include:

- First, and most importantly, we engage with (prospective) program partners on the analysis they undertake. We expect the initiative's staff to understand the core of their challenge, and to have ideas about how to mitigate the most serious risks, and maximize the opportunities, as part of a contextually grounded strategy for adoption at scale. We seek to understand their reasoning, risk analysis and mitigation measures, with the aim of learning how they think. In doing so, we pay close attention to how a partner asks questions and how they collect and use data dashboards and evidence; the frequency of updating assessments, mechanisms and incentives to interpret and respond to the information; and the adequacy of governance and management roles (beyond just the CEO) to act.
- Second, we speak to experts who bring specialized knowledge and experience on specific geographical contexts, disciplines, and the political economy of systems change. These may be drawn from academia, funders, civil society, business and consultants. We also engage with expertise among our Core Partners and other key funding partners (e.g. DFID, TAI).
- Third, we consult key country and comparative data and analyses. These typically include country analyses undertaken by international and regional organizations

(e.g. The World Bank, IMF, UNECA, AfDB); major indices (e.g. WGI on governance, TI on corruption, Mo Ibrahim Governance Index, Civicus on civic space, Freedom House, IBP on budget transparency) and special reports produced by these and other entities.

- Fourth, we focus on conversations with country-based actors of different kinds who bring an engaged and/or independent perspective. Typically, this begins during a site visit, where we generally seek to speak with others in addition to our program partners, and it can include follow-ups over phone and video. We are considering identifying a group of country-based advisors who can provide updated information on risks and opportunities and whom we can call upon on a set frequency basis and more often as key matters arise.
- Finally, we set up media alerts so that we are informed of new developments in a timely and ongoing manner and can consult with experts swiftly as needs arise.

The approach outlined above has drawn from the lessons learned from previous rounds of grantmaking; and we will continue to learn, test and evolve the approach as needed.

In sum, we believe that effective systems change for results is always contextually grounded and is never risk-free. We also appreciate that it is impossible to understand the totality of any context. In our selection of program partners, we seek to make calculated risks, and exercise good stewardship, based upon a robust analysis of the major political, economic, and social features of the context. In our support for program partners, we work to ensure we continue to understand some of the complexity our partners face, and provide the support partners need, in order to adapt and succeed.



Courtesy of Fundación Capital

SECTION THREE

Our Engagement with Program Partners



Our Engagement with Program Partners

IN BRIEF:

- Throughout our engagement, we seek to help program partners succeed by:
 - Supporting their leaders to achieve strategic clarity and coherence.
 - Helping them grow organizational capabilities necessary for success over the long term.
- We support organizations to develop the capabilities they need to achieve strategic coherence and effectively advance systems change to achieve social change outcomes.
 - Every Systems Change Grant includes flexible funding (typically up to US \$500,000 over five years) for strengthening organizational capabilities.
 - In general, we expect program partners to procure the help they need from the best available sources. Because we are connected to a broad network of leaders, experts, academics, consultants, funders, and coaches, we are always available to help make referrals.
- Learning and adaptation serve as key elements of our approach to systems change. We include dedicated support for learning in every grant budget and expect organizations to adapt in order to reach their goals. In our view:
 - Measurement is not something that the “grantee does for the donor”; rather, its core purpose is to help the program partner to review and adjust practice on an ongoing basis.
 - Learning is meant to strengthen partnerships, including with peer organizations and the people who the initiative is meant to benefit.
 - Learning should contribute to the global development community, in ways that are also beneficial to the program partner.
- In our approach to relationships and accountability, including reporting, we:
 - Recognize that while program partners have primary accountability for the success of the effort, our team has some accountability as well.
 - Make our model more flexible and adaptable, so partners can exercise more agency.
 - Distinguish clearly among: our “non-negotiables”; the areas where we have preferences; and the areas where we rely on partners to decide.
- In reports to Co-Impact, we do not require a specific format, but do expect information about:
 - Progress towards the Impact Goals, which serve as the “north star” of the initiative
 - Progress towards the Payment Milestones, which generally must be met for an initiative to receive an additional disbursement from Co-Impact.
 - The finances associated with the initiative.
 - Key lessons learned.
- Our communication with program partners includes:
 - Check-ins, approximately once per month which may be reduced to 1-2 times per quarter.
 - Site visits, approximately once per 12-24 months.
 - Semi-annual reporting.
- Co-Impact is committed to fostering trust, transparency and openness. We encourage partners to disclose key information to the extent practicable and respect the need to maintain confidentiality where necessary, to safeguard wellbeing and sensitive relationships, and to promote trust and candor.



Courtesy of The Rockefeller Foundation

3.1 OUR GOALS IN OUR ENGAGEMENT WITH PROGRAM PARTNERS

Our model puts program partners at the center of our work because we recognize them as the experts with the contextual and technical knowledge that is most critical for success in serving the communities we ultimately seek to benefit. In our engagement, we seek to help program partners and their leaders effectively achieve their systems change goals. From decades of research, feedback we have received, and our own experience, we know that how we structure our funding and relationships with program partners can be pivotal to their success and our collective learning. Accordingly, our engagement is guided by two overarching goals:

We support program partners to achieve strategic clarity and cohesion

Clear and cohesive strategy sits at the heart of successful systems change initiatives. But good strategy is often jeopardized by competing interests that distract from the ultimate goal of an initiative, or from focusing on the most important actions that are needed to achieve the goal. The temptation to try to do many different things, at times driven by funders insisting on their favorite issue being prioritized, is strong. In our view, the biggest threat to organizational effectiveness is having partners who are compelled to do too many scattered activities, because others need it or because there is money to do it. Rather than making additional “asks”, we seek to support leaders to sift through multiple demands and options and make a set of strategic choices that will best advance their goals.

More often than not this needs program partners to step back and proactively articulate their own strategy, and to

get funders to support it, rather than the other way around. Too often program partners too quickly give up on advocating for what they consider to be better choices and give too much deference to funders. Similarly, it will require funders to resist the temptation to weigh in too much with our good intention and ideas, and to instead engage thoughtfully in a manner that supports partners to better flesh out their own thinking. The best funders model such supportive behavior, and actively encourage other funders to do so too.

To this end, we work to provide program partners the space and time to clarify their overall strategic choices throughout the Design and Systems Change Grant periods, and in our engagement with the funder community. In our conversations with leaders, we seek to work in a way that does not contribute to unnecessary “busyness” or lengthens to-do lists, but instead cultivates a quiet, reflective space that enables them to step back and make the decisions that lead to greater clarity and coherence. This includes being able to say “no” to many good opportunities, including ideas and funding from donors that do not align well with strategic priorities.

Of course, good strategy must also adapt to changing circumstances.

The flexibility of our approach is meant to help organizations keep their eye on outcomes rather than sticking to a funder-endorsed logframe written in stone.



Courtesy of Jonathan Torgovnik/Getty Images

THINKING AND WORKING ADAPTIVELY TO ADVANCE SYSTEMS CHANGE

Our approach to systems change depends upon an open political context with at least some demand for change within government. But even in this enabling environment, organizations must always be acutely aware of the power dynamics that can help or hinder lasting systems change.

Therefore, we help organizations further develop a learning agenda and practices that advance a keen understanding of these power dynamics and build the organization's capacity to think and work politically. Program partners may want to consider questions such as:

- How does one build a powerful enough coalition to help the initiative achieve – and sustain – its goals?
- How might political shifts affect the ability of local leadership to sustain the change?
- What is the role and power of funders, especially bilaterals and multilaterals, to either advance or thwart change?
- Who might oppose the change and what are their interests?

Working with questions like these, we engage with partners in ways that suit them in order to set learning goals that will help us respond and adapt to the power dynamics that ultimately affect our success.

We help program partners and their leaders grow the organizational capabilities necessary for success over the long term

Running an organization with ambitious systems change goals is hard. The skills and capabilities needed are complex and must be continually updated. Faced with these challenges, program partners can benefit from dedicated resources, specialized advice, and expertise to grow and succeed.

Our team possesses expertise that might be helpful to our program partners. Our current team has skills in organizational development, strategic planning, program design, communications, fundraising, governance, and political economy analysis. Our funders also bring valuable networks, advocacy, and skills including strategic analysis, societal platform thinking for working at scale, communications and metrics. We offer these networks and skills when helpful, and refer partners to experts who can provide more specialized advice. In this “light touch” model, we are committed to being clear about the difference between our opinions and the conditions of a grant.

As we engage, we seek to be helpful listeners who can serve as responsive, respectful thought partners. We expect to ask thoughtful questions, offer our point of view, and share our concerns, too. But we recognize that our requirements and communication impose a burden on the limited time that organizational leaders have available, and that our concerns may not always be what needs to be prioritized at a given moment. Thus, we strive to be available when program partners need us, are flexible about what gets on the agenda, and remain conscious of the moments when the best course of action is simply to give leaders space.



3.2 OUR APPROACH TO LEARNING AND ADAPTATION

Systems change is complex. Our program partners work in contexts where uncertainty and setbacks are to be expected, and where progress rarely follows a straight line. All of us make assumptions about the way change will happen and determine whether these assumptions are holding over time. They need to constantly test and refine their approaches so that they can respond to a system's many moving parts.

In order to meet this challenge, program partners need to be equally supported to foster learning as they are tracking whether their program is making a meaningful and measurable difference; these two components are linked and mutually reinforcing. We support partners to cultivate a thirst for critical inquiry, reflection, and adaptation within their initiative – to ask, on a continuous basis, “Are we making progress? Why and how? How do we know? How can we make it better?”

We expect all program partners to develop a learning agenda and practice, and are keen to engage in this effort, with partners in the driver's seat. Toward this end, we support partners as they confront the complexity of systems change, test their embedded assumptions, and adapt and hone their approaches to be more effective. These capacities cannot be limited to the leader or the learning person/team; they need to be reflected across the organization, and especially across frontline practitioners who interact with people.

Clearly, monitoring and evaluation form important components of any organization's learning agenda. All the initiatives we support include an articulation of a long-term goal, specific outcomes, and periodic milestones. We support program partners to develop and/or sustain

capacities for monitoring that are typically managed by the organization's own staff and partners. Additionally, we expect that each initiative's learning plan includes an element of independent evaluation, in a way that makes strategic sense for the initiative.

In developing a learning practice, we recognize that, too often, “monitoring and evaluation” is something that the “grantee does for the donor”, often as an accountability tool. We seek a different kind of relationship based on:

- **Curiosity:** For us, learning begins with curiosity – a desire to understand more deeply how things work and how to make them better.
- **Improvement:** Learning and measurement are about program partners tracking their progress and improving practice, especially to the people they serve.
- **Form follows purpose:** We strive for rigor and quality, but we do not insist on the use of any particular “gold standard” approach.
- **Credibility and accuracy:** We support measurement approaches that are technically sound and generate accurate and powerful data.
- **Transparency:** We support public dissemination of research and evaluation results so that we can contribute to the broader sector.
- **Alignment:** We work with program partners' other donors to align measurement and evaluation efforts in order to maximize impact and efficiency, while minimizing burdens.

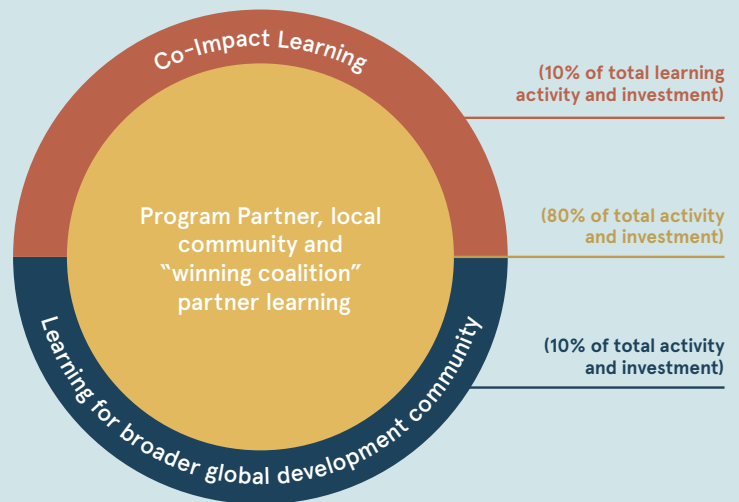
As we advance a relationship based on these principles, we also aspire to ensure that learning serves a variety of audiences:

Learning is for everyone, but should primarily benefit the program partner

Different constituencies have a stake in learning about systems change – including program partners, Co-Impact and our funding partners, and the global development and philanthropic communities more generally. For us, these interests are interconnected; the primary user is the program partner and should shape the core motivation of the learning approach (see diagram).

Thus, we expect the program partner’s executive leadership team to champion and shape its learning practice, and to help staff understand that iteration, adaptation, and learning from failure are critical to realizing outcomes. The agenda does not just belong to the learning or monitoring and evaluation department but constitutes the core posture of an organization and its approach to success.

In practice, we encourage program partners to trust their understanding of the context and approach, to interrogate and document their hypotheses, and to engage us in the process.



The practice of active learning helps program partners ask and listen to the people meant to benefit from the initiative

Global development efforts aim to benefit people who tend to be on the margins of power, and yet tend to make little meaningful or systematic effort to listen to them. Effective feedback systems enable people to voice priorities, offer advice and ideas, and communicate how they are experiencing the program. By incorporating feedback, information and perspectives from those closest to the problem, we tend to learn details and nuance that can play a critical role in the refinement of our approach to systems change. This is the case for all people meant to be benefit from systems change initiatives, and especially so for women and other underrepresented groups. In this commitment we draw on the lessons of the Listen for Good initiative, including the principle of closing the feedback loop (see adjacent text). We believe that seeking feedback from the people that the program partner seeks to benefit needs to be a core learning practice.

In practice, our commitment to listening and learning from communities leads us to request all our program partners to seek feedback from people they aim to benefit in a systematic and meaningful manner, and to respond to that feedback accordingly. There has been significant development in recent years of working with feedback meaningfully, and we would help make that experience available to program partners where relevant.

LISTENING TO PEOPLE WE WANT TO HELP: WHAT DOES A HIGH-QUALITY FEEDBACK LOOP LOOK LIKE?

We believe that for feedback systems to thrive, they need to:

- Employ simple yet flexible data collection approaches.
- Capture a large number of representative client voices and gather credible, candid feedback.
- Identify areas for celebration and areas for improvement, while shedding light on differential experiences across specific client groups.
- Engage organizational decision-makers (and external stakeholders, such as funders) to learn from client feedback and implement changes based on what is learned.
- Close the loop by sharing back with clients what was learned from listening to them and the specific ways that an organization is responding to feedback.

Excerpted from Listen for Good, accessed on May 5, 2019 www.fundforsharedinsight.org/listen4good

Learning contributes to the global development community

While we recognize that a learning practice is designed to serve program partner interests, many of the resulting lessons will benefit Co-Impact and the broader development community. Our team, Core Partners, Co-Investors, and Community Members have an interest in understanding broader patterns and lessons that apply to our work and the support we provide for systems change. The successes and failures of our partners can help us better target our support in the future. Similarly, these lessons may also be of interest to the broader global development community, of which we are a part, by helping spread knowledge, enabling partners to avoid ineffective approaches, and building on what works. Our partnership with Stanford's Global Innovation for Impact Lab is an example of this type of contribution (see adjacent text).

In practice, our interest in contributing to global learning leads us to ask program partners to communicate the results of their learning processes with us, as well as to make research and reports public. Co-Impact uses this learning to better support our program partners, and to contribute to knowledge within the broader community of funders.

Our Approach to Impact Evaluation

Impact evaluation constitutes one element, among many, of our broader approach to learning and adaptation. Co-Impact requires an independent impact evaluation of every systems change initiative we support. We do not require any particular methodology, but rather rely on the general principle that any element of a learning agenda should be fit for purpose. In order to contribute to the broader field, we expect that evaluation results will be shared publicly.

In summary, we believe that organizations pursuing systems change are more likely to achieve results when they have a curious and adaptive learning practice in place – and that philanthropy needs to actively support this capacity. Over time, we hope that our learning support will help partners develop deep institutional strengths and processes that they can deploy to other areas beyond the initiative we support, and to share these strengths with their partners. We recognize that program partner capacities vary; our support model is designed to enable them to further strengthen their “learning muscle” to the full extent of their interest.

OUR PARTNERSHIP WITH STANFORD UNIVERSITY'S GLOBAL INNOVATION FOR IMPACT LAB

In 2018, Co-Impact launched a research and learning partnership with the Global Innovation for Impact Lab to advance knowledge on how systems change initiatives – and the organizations that drive them – tackle complex systems as a means to improve the lives of marginalized and excluded people in order to address social problems at scale. The objectives of the partnership are to:

- Produce and disseminate knowledge that is useful for program partners and the field of practice, and inspirational for scholarly work on systems change.
- Accelerate program partner learning about how to carry out systems change work more effectively, and adjust along the way.
- Help Co-Impact examine and refine assumptions and criteria for how to support systems change.
- Advance our understanding of how to make progress on systemic problems and challenges that require interventions involving a range of stakeholders and collaborative efforts.

The Impact Lab develops trusted relationships with program partners to observe their efforts and share feedback and insights directly with them in ways that could illuminate and improve practices, as well as generate broader lessons for public use.

HOW WE LEARN

- We foster candid conversation within our team, and with and among program partners. We surface assumptions and blind spots, interrogate theories of change, and ask the questions, “How will we know we are succeeding?” and “How can we make our work more effective?”
- We exercise healthy skepticism. We research, use, and care about the evidence in ways that are rigorous and focused on improving practice.
- We accept that failure is a key element of learning. To this end, we strive to cultivate a safe space among Co-Impact and program partners to discuss failure and learning openly.
- We work to better connect communities of practitioners and researchers/academics in ways that can benefit both groups and advance knowledge and practice.
- We participate in and at times organize strategic convenings, not only to affirm what's known, but to stretch the thinking of ourselves and program partners.
- We pledge to be active and open learners and contribute to the learning of the team. We are not afraid to change our minds or admit that we were perhaps off the mark. After key interactions, we try to ask ourselves, “What did I learn?” and “Did I come to see something in a new light?” We commit to make the time to read and write, to communicate what we are learning and trying to do, to invite new ideas, and to hold ourselves accountable.



Courtesy of Fundación Capital

3.3 OUR SUPPORT FOR ORGANIZATIONAL STRENGTHENING

In the spirit of shared responsibility for our program partners' success, we take organizational strengthening seriously. Aside from learning and adaptation, we shape our support model around two key themes:

Our support for systems change leadership

Our approach to systems change depends upon capable and creative leadership. How do we seek to structure our help?

First, to do no harm. We need to ensure that the way we work and engage and the demands we place on leaders do not contribute to the problem. This requires us to develop relationships of trust and candor where program leaders can tell us what is and is not helpful. We need to be particularly mindful of demands on their time in relation to meetings, communication, site-visits, convenings, proposal development, measurement, and reporting.

Second, we seek to develop a genuine posture of service to program leaders by demonstrating our interest in their thinking and priorities over our own.

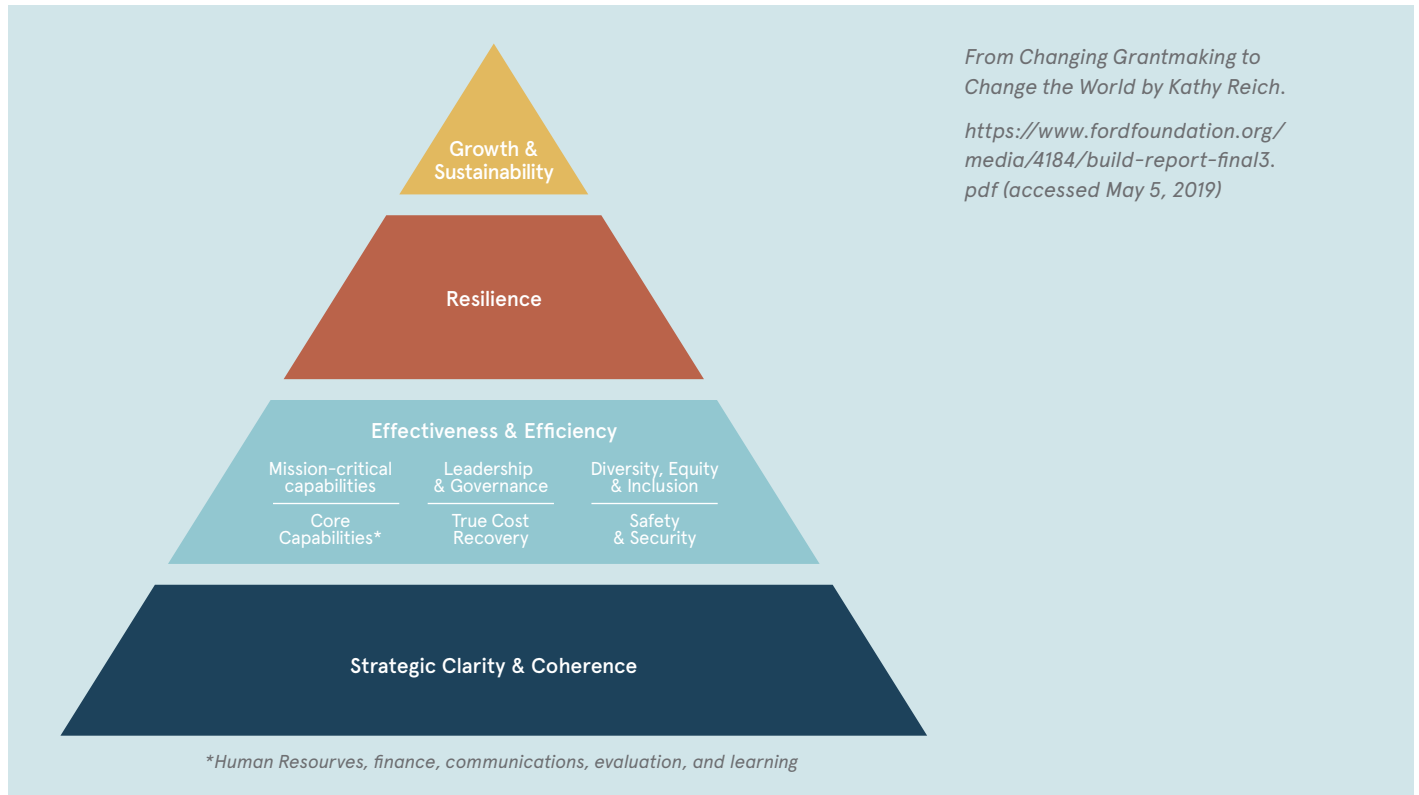
This means listening well. It requires us to refrain from packing agendas, so that we instead can create quiet space to allow reflective perspectives and tentative thoughts to surface. It means being careful not to sway program leaders away from their core goals, and towards our favorite issues. Even as we engage around progress on their outcomes and milestones, we need to show that we are keen to understand and discuss what they are puzzling through and struggling with, towards our shared goals.

Third, we leverage our comparative advantages to the benefit of program partners. By virtue of our various positions and geographic locations, we have access to networks, contacts and information that may be of use to program leaders. For example, we are often exposed to many promising peer initiatives that might have relevance for our partners. In addition, we may be able to connect them with resources – individuals, organizations, coaches, consultants, websites, studies, tools, stories, funding – that they may need. We may be able to convene key people to meetings and conference calls to share lessons, develop an idea, and organize collective action. Linking program leaders with such resources that they may not otherwise have access to – when requested by them and/or in response to their priorities – can be one more useful form of philanthropic support.

Fourth, when we refer to “leadership”, we mean not just the CEO, but also the entire senior management team. This is important because expertise does not rest in just one individual and success requires a diverse range of talent and roles. This approach also mitigates for the leadership transitions which will likely occur over the next 5-10 years among many of our program partner organizations.

Organizational Capabilities

We believe that systems change is best achieved through organizations that have both strategic coherence and critical skills and capabilities. Our thinking draws and seeks to adapt lessons from research and approaches of other funders, including the Ford Foundation's BUILD initiative (see diagram below).



We support program partners in their efforts to develop the systems, policies, processes, and staffing they need to succeed. A successful organization needs many capabilities – including human resources, financial management, measurement and evaluation, IT, adoption of technology, communications, fundraising, legal, risk management, and other program and operational matters. That said, it is tempting for a program partner – and its funders – to want to address all these challenges at once. But the reality is that an organization only has a certain amount of bandwidth to address these areas well, and a key feature of leadership is to identify the capabilities that need priority attention. Co-Impact supports program partners to develop these capabilities in two ways:

First, program partners may identify mission-critical and other key capabilities that need attention and investment during the Design Grant phase. In these cases, strengthening one or more key capabilities will be reflected as a core component of the organization's prospectus and budget. We may also help partners identify and connect to people, resources, and organizations who can help think through these challenges.

Second, not all capacity challenges will be identified at the design stage – several may become known as the initiative takes further shape or during the course of execution. We expect these issues will be surfaced in our regular check-ins and conversations with program partners. Our experience is that an external view can sometimes help leaders see possibilities that otherwise could be lost in the pace of day-to-day activities. We also will bring our point of view, experience, and lessons to the conversation in ways that might be helpful. Nonetheless, the program partner is the leader of the engagement and best placed to shape its priorities.

We believe that systems change is best achieved through organizations that have both strategic coherence and critical skills and capabilities.



Because organizational development needs to evolve and cannot always be planned well in advance, every civil society organization (CSO) program partner budget includes flexible funding (typically up to US \$500,000 over 5 years) dedicated to strengthening organizational capabilities.

The fund may only be used for organizational strengthening. While we expect to engage with program partners on their thinking, it is primarily the prerogative of the program partner to determine the use of this resource. By placing the fund with the program partner, we hope to ensure that they feel a sense of ownership of the fund and its goals. Program partners have the freedom to procure the support from whoever best serves their needs and help us avoid “retail” contracting or grantmaking and associated transactional costs on our side.

Because we are connected to a broad network of leaders, experts, academics, consultants, funders, and coaches, we are glad to make referrals. For example, at times we work with experts (including from our Core Partner teams) who offer low cost or pro-bono services related to design and technology, developing short films and other communication materials, or evaluation support. We can also connect program partners with funder-supported resources and services provided by other networks. In every case, any support needs to be what the program partner believes is the best fit for the organization’s needs.

In addition to earmarked funding in program partner budgets, we also occasionally identify themes that are important to several program partners (such as how to work effectively with government to incentivize delivery of outcomes, how to use research and feedback to adapt practice in an ongoing basis, how to ensure sustainability across changes in key personnel). Our team holds a separate budget to support learning around these cross-cutting themes.

While we seek to support the program partner to be in the “driver’s seat” around organizational strengthening, we do not expect that all conversations about organizational development will be smooth or tension-free all the time. Co-Impact also has the responsibility to exercise due diligence and good judgement, and we may raise questions about organizational sustainability or indicators that signal red flags. With shared purpose and trust, we believe that all parties can emerge from such engagements in a stronger position.

FUND FOR ORGANIZATIONAL STRENGTHENING

We expect that our program partners might use this funding to address common issues such as:

- Strategy development
- Systems and technology that help leaders make data-driven decisions
- Leadership development
- Coalition building
- Political economy analysis
- Strategic communications
- Measurement and metrics
- Strategies to improve organizational approaches to gender, inclusion, and power distribution
- Promoting meaningful and systematic client feedback
- Digital security to ensure safety of staff, partners, and communities
- Board development and organizational restructures
- Fundraising capabilities
- Risk management



3.4 OUR APPROACH TO COMMUNICATION, REPORTING, AND ACCOUNTABILITY

We know that some of the most sensitive issues in the funder/grantee relationship can arise in respect to reporting and accountability, where the inherent power imbalance between funder and grantee can be most apparent.

We try to mitigate this power imbalance in three ways. First, we are outcomes-focused, prioritizing a meaningful difference in – and accountability to – lives of millions of people over other concerns. We explicitly recognize that while program partners have primary accountability for achieving these outcomes, our team has some accountability as well. We know that the way we structure our support impacts the ability of program partners to deliver.

Second, we try to create a more balanced relationship by making our model more flexible and adaptable, so that program partners can exercise maximum agency.

Third, we also recognize that like every funder, our support comes with certain requirements. We believe we owe it to program partners to be clear about the distinction between those requirements and our general principle of flexibility in the interest of achieving agreed outcomes. We also try to clearly communicate about areas for which we have an opinion or preference, but for which we are happy to defer to the program partner. By eliminating uncertainty about where we stand, we think we can create spaces for program partners to be candid with us.

Throughout our relationship, we try to maintain clear, regular channels of communication with the executive leaders of a program partner organization. For organizations that have received a Systems Change Grant, we maintain this contact in a variety of ways, as described below.

GUIDELINES FOR OUR COMMUNICATION WITH PROGRAM PARTNERS

Mindful of the demands upon our program partners, we seek to make our communications as effective as possible. In our regular calls with partners, we:

- Jointly set an agenda beforehand, guided primarily by the interests of the program partner.
- Ask for pre-reading that is easily accessible and might help us prepare.
- Cover topics in depth, listen to understand.
- Reserve calls for discussion of topics that cannot be addressed by email.
- Clearly state our point of view on issues raised.
- Check with colleagues on any sensitive matters prior to the call.
- Document the interaction in a simple way, including clear action points.

Regular check-ins

Our general practice is to schedule a monthly call, for approximately 90 minutes, with the executive leaders of the initiatives we're supporting. Over time, the frequency of these calls may reduce to once or twice a quarter. By and large, we see these conversations as part of our overall approach to learning and adaptation. These check-ins should offer a reflective space for executive leaders to grapple with the toughest questions.

We recognize that we cannot cover all topics during our check-ins. Therefore, we create focused agendas that prioritize program partner interests and identify

ways that Co-Impact can be helpful. The table below illustrates some of the types of issues we hope to cover. Importantly, while we will likely wish to focus our conversations on the initiatives we support, we will need to take the program partners' overall mandate and work into account, especially where our support constitutes only a part of their portfolio. This is to avoid exerting undue pressure on program partners and because we recognize that overall organizational coherence is essential to achieving agreed outcomes.

FOUR AREAS FOR DISCUSSION WITH PROGRAM PARTNERS DURING CHECK-INS AND SITE VISITS			
Area One: Program Effectiveness	Area Two: Organizational Strength	Area Three: Political Economy and Context	Area Four: Financing and Fundraising
Looking at our ultimate goals and targets, where is the initiative on track? Off track?	Where are the shining stars in your organization? How is staff morale?	How is the "winning coalition" functioning? Is it appropriately matched to the context?	What funding opportunities do you see on the horizon?
Are the assumptions embedded in the theory of change holding up? Which assumptions seem to be most under pressure? How is the program adapting?	What elements of the organization seem to be under the most stress? What core capabilities do you need to achieve and sustain outcomes?	Do you feel like you have the systems in place to sense the power dynamics at play around the initiative? What major political shifts might impact the work in the next 6 months?	How has the donor landscape shifted since we last spoke? Are there particular connections that Co-Impact might help to make?
What is your feedback system telling you about the experience of the people the intervention is meant to serve? What problems keep you awake at night? Any nice surprises?	What outside expertise or facilitation might help right now? How are you promoting women in leadership across the program?	Are government partners on track to measurably increase their investment in the initiative?	How many months of reserves does the organization have? How is spending relative to budget? How is the organization's cash flow?
Do you feel like our learning agenda is fit for purpose? Are we getting actionable information about effectiveness?	How diverse and inclusive is your board? Does it surface different views? How is your board supporting the initiative?	How are other stakeholders responding to the initiative? Media? Civil society partners? If you have a government "champion", do you sense any changes in his or her approach?	Is the initiative on track to raise the total budget proposed for the 5-year plan? Are there new multi-lateral, bilateral, philanthropic, or private funding commitments for the broader system change?
What interesting trends are happening right now? How are they playing out?	How robust are your financial checks and balances?		How diversified is your funding base? Are your funders supporting you to focus on strategy?
What areas of opportunity exist for you right now?			

Site Visits and Convenings

Site visits serve as an important way for us to understand the richness of the organizations we support and the complexity of their work. Nonetheless, we recognize that site visits can be time-intensive, and so take steps to ensure they are as productive and useful for program partners as possible. We ask that program partners do not “roll out the red carpet”, but rather give us visibility into their core work and day-to-day operations of the organization, and in ways that minimize the burden on them. In our view, it is important to have candid and explicit conversations well in advance about expectations.

Our site visits are designed to help us see the work in action and provide space for program partners to reflect on what they are learning about their theories of change. They also provide time to attend to some of the more administrative aspects of grant management that occasionally cannot be resolved at a distance.

Where practicable, we expect to visit program partners approximately once every 12–24 months, and try to time our visits to the partner’s rhythm of reporting and reflection when possible. When helpful, we try to combine these visits with those of other funders. Our Core Partners, Co-Investors and Community funders may also wish to visit program partners occasionally. In all cases, we work to minimize the disruption site visits can cause. (For more information on the spirit of site visits and what we hope to achieve, please see Annex E).

In addition to these visits, we try to attend key program partner events to which we have been invited, where appropriate. Likewise, we occasionally invite program partners to events that we convene, such as those related to cross-program learning. We always appreciate receiving a calendar of partner events in advance, and strive to provide advance notice to partners about events we plan to convene. As a general practice we encourage partners to include these costs in their grant budgets.

Our team takes a keen interest in the social and political dynamics of the places where we work. Yet we recognize that our limited time with program partners is best spent on the specific dynamics that affect our systems change objectives. In order to ensure we are up to speed, Co-Impact may engage with experts in countries or regions of our support, on a one-off or ongoing retainer basis, and will generally share such information with program partners. These local experts advise us on broader contextual developments, risks and opportunities. We strive to ensure that such advisers reflect effective gender representation and bring a diversity of disciplinary expertise.

Mid-year and annual reporting

Social change organizations consistently tell us that grant reporting requirements sap too much energy and time from their work.

We primarily view grant reporting as a subset of our broader learning and adaptation agenda. Reports should draw on information already being produced through the program partner’s learning agenda. As a general rule of thumb, a good

80% of the work involved in producing data and analysis in a report should serve program partners themselves. No more than the remaining 20% or so should go towards serving audiences such as partners, funders, or government.

Every grant agreement we sign includes a required reporting frame for mid-year and annual narrative and financial reports (see Annex D). However, we make every effort to help program partners develop a rhythm of reporting that is matched to key reflection and learning moments, and to which all funders can align. When helpful, we work directly with other funders to harmonize reporting requirements, so that organizations can deliver one report to multiple funders. Accordingly, we do not require a specific reporting format, but do have some requirements for content, based on our grant agreement and its accompanying annual metrics and milestone targets.

Reporting on the Theory of Change, Impact Goals and Payment Milestones


In mid-year and annual reports, we expect program partners to reflect on the program’s theory of change and key learning questions. As a part of this reflection, we expect an update on progress towards the Impact Goals of the program, as defined in the grant agreement. Impact goals serve as our “north star” and are negotiated at the outset of a Systems Change Grant. The Impact Goals of a grant agreement serve as our objectively verifiable medium-term measures of success and include quantitative measures of the numbers of people served as well as key measures of systems change. We only consider adjusting these goals under rare conditions, since they serve as the main basis of our support for program partners, but are open to discussing the pathways and actions to get there.

Each grant agreement also includes Payment Milestones, which describe the minimum results necessary for a program partner to receive a subsequent disbursement from the grant. These typically reflect the delivery of a realistic set of outputs (e.g. numbers of health workers or teachers deploying a new approach) or key organizational developments (e.g. 60% of country team directors recruited and in place). We negotiate payment milestones, including the frequency and substance, with each program partner prior to awarding a Systems Change Grant. As we recognize the complexities and challenges of this type of work, we aim to keep milestones appropriately conservative. Where milestones are missed, we initiate a conversation with the respective program partner about assumptions in the initiative’s theory of change that did not hold up, potential adjustments to payments, and necessary adjustments to enable the program to realize outcomes. Major changes in program context or approach may also mean we need to adjust the pathway to change and the milestones towards achieving our agreed goals. Such circumstances are jointly discussed and adjusted as appropriate.

Every semi-annual and annual report should include a financial report as well (see Annex D). Where a program partner has expended less than 75% of their planned annual budget, we work with partners to understand the reasons for the underspend, and determine whether it makes sense to decrease the amount of a subsequent disbursement.



Courtesy of Fundación Capital



Our sense of how to apply these principles in practice is evolving, and we are continually learning from foundations and organizations who are leaders in this area.

Trust, Transparency and Confidentiality

We believe that social change organizations who seek to advance public well-being should operate by the principle of maximum practicable disclosure, with the presumption to publish all key information, subject to a narrow set of exceptions where confidentiality needs to be maintained. By disclosing information about our work, we can foster greater trust, better understanding and collaboration among partners, build confidence, nurture learning, and open ourselves to healthy critique and accountability. This means that we seek to model and encourage program partners to make all core documents public, and publish, in open source format, research data and reports.

In practice, to the extent feasible, we expect that program partners and Co-Impact will publish the prospectus (and summaries of the same) associated with a successful systems change grant, the core descriptive and analytical information in (or executive summaries of) two reports that partners send us each year, annual audited financial statements, and any research, reports and data (in open machine readable format) produced over the course of the grant. For all of these materials, we encourage program partners to subscribe to the most generous version of the Creative Commons License.

That said, we recognize that certain information may be sensitive in nature and not helpful to be published in full, or that may hamper the candor and openness that we seek to build in our bilateral relationships. This may include information on discussions with government and other partners, or information that can potentially endanger staff or the communities they serve, jeopardize relationships, be politically or socially sensitive, contain the private information of individuals, or include proprietary information that does not derive from a non-profit's status. We ask and respect that program partners exercise care in sharing such information, and communicate such matters in a separate document or annex and mark it as "confidential" or "not for disclosure/circulation". Program partners who believe that either or both the reports they submit to Co-Impact each year fall under this category may also request that the reports not be shared publicly.

Our sense of how to apply these principles in practice is evolving, and we are continually learning from foundations and organizations who are leaders in this area. We look forward to engaging with our program partners on how best to interpret these principles, in the progressive realization of building greater trust, openness and accountability.

SECTION FOUR

Our Governance and Team Structure



Courtesy of The Rockefeller Foundation

Our Governance and Team Structure

IN BRIEF:

- We are structured around three functional teams and a Leadership Team, composed of the heads of the functional teams and our CEO.
 - The Program Team serves as the primary interface with program partners, including sourcing, vetting and supporting opportunities.
 - The Philanthropy Team serves as the primary liaison with Co-Impact’s funders.
 - The Operations Team manages Co-Impact’s finances, human resources, grant reporting, compliance, communications and other support functions.
- Co-Impact’s Core Partners comprise the Advisory Board, which serves many of the traditional functions of a board of directors. The Advisory Board:
 - Approves Systems Change Grants, with input and guidance on the sourcing of Design Grants;
 - Approves the grantmaking strategy for Co-Impact and any modifications thereto; and Approves any new Core Partners.
- The Rockefeller Foundation provides significant operating capital and strategic support to Co-Impact.
- The New Venture Fund serves as Co-Impact’s fiscal sponsor.

Co-Impact was founded by Olivia Leland. Over the course of two years, she interviewed several hundred funders and social change leaders to better understand the needs of the field and how a new, fit-for-purpose, philanthropic collaborative might serve them. Based on this research and her own experience, Co-Impact was born to help bring together leaders looking to solve social issues at scale with funders interested in working collaboratively to meet the challenge, and to model a respectful and effective philanthropic practice that enables program partners to achieve effective systems change, for the benefit of millions of people around the world.

4.1 OUR TEAM

Co-Impact’s team helps to advance this broader vision. We organize our work around three main functions, with a Leadership Team comprised of the heads of each of the three functions plus our Founder/CEO. Across our staffing we seek to recruit talent in a manner that promotes diversity, equity and inclusion, includes women in leadership and senior positions, and values experience working and living in low- and middle-income countries.

Program Team

The Program Team serves as the primary interface with program partners. The team designs and administers the sourcing and vetting process for each funding round, and seeks to provide the support that program partners need to succeed in their work, including leadership development, learning and adaptation, and organizational capacity building. In addition, the Program Team sets Co-Impact’s programmatic learning agenda, and works with the Philanthropy Team to connect Co-Investors with program partners.

Philanthropy Team

The Philanthropy Team serves as the primary liaison with Co-Impact’s funders. The team supports relationships with Core Partners; recruits new potential Core Partners and members of the Co-Impact Community; and manages our Co-Impact Community to encourage “learning by doing”, exchange of ideas and interest in systems change philanthropy. It seeks to catalyze and influence global giving for systems change and promote practices that are more likely to enable social change organizations to achieve durable results. The team also works with the Program Team to match Co-Investors with program partners.

Operations Team

The Operations Team manages Co-Impact’s finances, human resources, grant reporting, compliance, information technology, donor agreements, communications and external affairs, and ensures that the team is supported in its work overall. In addition, the Operations Team serves as the primary liaison with New Venture Fund, Co-Impact’s fiscal sponsor.

Bios for our current team members can be found on our website.

4.2 OUR GOVERNANCE

Advisory Board of Core Partners

Co-Impact's Core Partners comprise the Advisory Board, which serves many of the traditional functions of a board of directors. The main responsibilities of the Core Partners are articulated in core founding documents of the collaborative, and primarily involve:

- Approving Systems Change Grants, with input and guidance on the sourcing of Design Grants;
- Approving the grantmaking strategy for Co-Impact and any modifications thereto; and
- Approving any new Core Partners.

Because collaboration is at the heart of Co-Impact, we seek consensus among our full Advisory Board; accordingly, Advisory Board approvals require a unanimous vote among Core Partners¹. Current Core Partners can be found on our website. In addition to its role as a Core Partner, The Rockefeller Foundation provides significant operating capital and strategic support to Co-Impact.

The Core Partners are represented by members of their teams who are in more regular communication with the Co-Impact leadership ("Team Leads"). The Team Leads are senior representatives of their principals. In addition to serving as an effective channel of communication between Co-Impact and the Core Partners, Team Leads are consulted on major strategic aspects of the work, such as developing programs, finalizing grant awards, learning and engagement on key ideas, networking support for staff team and program partners, and providing referrals for technical and strategic resources.

Advisory Board Meetings

In general, the Advisory Board meets twice a year for regular business, and may meet more often where needed. In addition, the Team Leads, who represent the Core Partners, also meet twice per year, usually in advance of the Advisory Board meetings.

When practically feasible, the Advisory Board meets in person once a year, and meetings are otherwise held by tele- or video-conference. To enhance participation, quality and proper preparation, meetings are generally scheduled well in advance (12+ months). Every effort is made to coordinate important decision-making with the rhythm of these meetings; however, the Advisory Board may also be consulted in between meetings for decisions where necessary. The Co-Impact team is responsible for preparing a strategic agenda and a "board pack" of materials and circulating it with enough time for review in advance of the scheduled meetings.

The Co-Impact team is responsible for keeping the Advisory Board informed of critical developments and well-briefed to exercise its responsibilities. Consistent with its commitment to focus on strategic matters and delegate management to the Co-Impact team, the Advisory Board expects "just the right" level of information and discussion in meetings. This includes succinct and focused executive memos related to key matters for approval presented to them, such as approval of changes to policy, new funding round thematic areas, awards of Systems Change Grants and any expenditure exceeding US \$5 million. Core Partners are also in regular informal contact with the Co-Impact CEO to share ideas and provide support as needed, while reserving major decisions for formal Advisory Board sessions. Where practicable, approvals may be sought by written consent following discussion of the substantive issue under consideration.

The New Venture Fund

The New Venture Fund (NVF), a U.S. 501(c)(3) public charity, serves as Co-Impact's fiscal sponsor. Fiscal sponsorship refers to the practice of a nonprofit organization providing its legal and U.S. tax-exempt status to the activities of a group wanting to engage in a charitable project. Co-Impact and NVF have entered a fiscal sponsorship arrangement whereby Co-Impact does not exist as its own legal entity, but rather is housed within NVF and operates under its legal, financial and organizational structure. Accordingly, NVF directly receives contributions from funders, executes subgrants and contracts, hires staff, pays invoices, and tracks financials for Co-Impact. (For more information see Annex F).

¹ Co-Impact is fiscally sponsored by the New Venture Fund; accordingly our Advisory Board of Core Partners makes recommendations to the New Venture Fund for their ultimate decision. See Annex F for further information.

SECTION FIVE

Annexes





Courtesy of Juan Arredondo/Getty Images Reportage

ANNEX A: OUR FINANCIAL AND LEGAL DUE DILIGENCE PROCESS

In addition to our substantive review of each systems change initiative, Co-Impact and New Venture Fund conduct a financial and legal review of each Design Grant finalist. We typically ask for:

- Registration/Incorporation documents
- Names of key leaders (Board of Directors/Trustees and Senior Executives)*
- Audited financials (last 2 years available)
- For US-based organizations: Form 990 (last 2 years available)
- Current year organizational budget showing budget vs. actuals as of the submission date
- Updated committed, pending, and prospective funding sources
- Current year financial statements: Balance Sheet (Statement of Financial Position) and Profit & Loss Statement (Statement of Activities)
- Confirmation of access to legal counsel
- The gender composition of the organization's (i) Board of Directors, (ii) Senior Leadership, and (iii) Staff
- Information on the following policies and practices:
 - Diversity, Equity and Inclusion
 - Non-Discrimination & Anti-Harassment
 - Conflict of Interest
 - Whistleblower Protection
 - Child Protection
 - Data Protection & Data Sharing

This constitutes the core list. Co-Impact/NVF may also ask for further information as needed. Additional information may be requested if a significant portion of the Design Grant is planned to be directed to a subgrantee.

Further, we may need to re-collect any updated materials between the Design Grant and the Systems Change grant.

**Please note that per US law, the leaders of non-US-based organizations will be subject to an Office of Foreign Assets Control (OFAC) check.*

ANNEX B: DOCUMENTS FOR DESIGN GRANT DECISIONS

Key inputs for decision-making: Concept note, supplemental documents, 2-3 virtual interviews, 3-day site visit, inputs / views from Core Partners and potential Co-investors, and overall Co-Impact portfolio mix

DOCUMENTS	SOURCE	KEY CHARACTERISTICS
Concept note	Prospective program partner	<p>Total 4 pages (approx.)</p> <ul style="list-style-type: none"> • Overview of the problem, its causes, other efforts, & why it persists • Proposed change initiative, including 5-year results, theory of change and evidence for it, key partners/stakeholders, approach to gender, approach to learning, estimated cost, and how change will endure • Track record of initiative and lead organization, including current impact, third-party evidence base, annual budget and last year audited, staffing, location, legal status, and two external references
Design period plan outline	Design Grant Awardee	<p>Total 8-12 pages plus annexes (if needed), covering:</p> <ul style="list-style-type: none"> • Executive summary of assessment and design grant decision • Profile of lead organization(s) (including year founded, location(s), registration, CEO, staffing, overview and assessment of financial performance and position) <p>Our assessment will likely include:</p> <ul style="list-style-type: none"> • Problem's impact, why it persists, other key past & present efforts • Evidence about, & relevance of, the central idea or model • Viability and robustness of proposed change strategy • Suitability & readiness of context, including level of demand/desire • Estimated total cost, key cost drivers, and proposed funding model • Potential for long-term sustainability of change (inc. financially) • Leader(s): capacity, commitment, character, and approach of team & organization/ initiative: state, capacity, track record, culture • Commitment to gender and inclusion • Learning posture and commitment to continuous improvement • Governance/Board: structure, role(s), suitability, alignment • Status of and plans for "winning coalition" - identification, suitability, state of relationships, and plans re: initial partnerships and key allies (and/or targets) • Key uncertainties, risks, and potential mitigations • Initial level of interest and commitment from other key funders
Audited financials	Applicant	<ul style="list-style-type: none"> • 3 most recent years of lead organization's independently audited annual financial statement, with auditor's opinion
Current budget	Applicant	<ul style="list-style-type: none"> • Copy of current year's operating budget (current and projected income and expenses for year), and financial position (max 2 pages)
Grant list	Applicant	<ul style="list-style-type: none"> • List of all major gifts (\$100,000+) received in last three years
Evaluations of outcomes	Applicant	<ul style="list-style-type: none"> • Best available evaluation(s) of the ultimate outcomes achieved by the organization / initiative / approach previously, in as comparable a context as available, conducted by independent and credible 3rd-party evaluators
Staff list	Applicant	<ul style="list-style-type: none"> • Current organizational chart, and bios of leadership team
Board list & governance	Applicant	<ul style="list-style-type: none"> • List and bios of Board of Trustees, and governance document
Partnership agreements	Applicant	<ul style="list-style-type: none"> • Copy of relevant existing partnership agreements or MOUs with key partners stakeholders (e.g., other NGOs, government, etc)

ANNEX C: DOCUMENTS FOR SYSTEMS CHANGE GRANT DECISIONS

DOCUMENTS	SOURCE	KEY CHARACTERISTICS
<p>Investment prospectus</p> <p>(serves as a guide, OK for each org to use its own structure provided key questions are covered)</p>	<p>Prospective program partner</p>	<p>Total 20-40 pages plus annexes</p> <p>Executive Summary (2-3 pages)</p> <p>Critical overview of the system and change needed (1-2 pages)</p> <ul style="list-style-type: none"> • Overview of system, its failures or shortcomings, the implications of these for people & communities, why it persists, & why other past/present efforts were insufficient <p>Powerful opportunity for change, and evidence base supporting this (2-3 pages)</p> <ul style="list-style-type: none"> • Recent progress/momentum, and the most important key challenges remaining • Opportunity for breakthrough, and evidence base underlying the core idea/model • Limitations, uncertainties, and alternatives to the core idea/model <p>Clear and enduring five-year impact(s)/result(s)/change that matters (2-3 pages)</p> <ul style="list-style-type: none"> • Specific and measurable impact(s) to be achieved in five-year period • Why this impact matters, and what catalytic contribution it makes to the larger arc of change • How the impact will be sustained and multiplied beyond the five-year investment • Evidence of demand for the arrival point from key stakeholders (inc. beneficiaries) <p>Credible pathway and partnerships to reach the arrival point (8-12 pages)</p> <ul style="list-style-type: none"> • What is the theory of change, and plan to achieve the target impact(s), and ensure the change endures? What are the few key strategic priorities, and milestones? • What is the winning coalition? Who is needed, for what? What is their involvement/relationship today, and plan? What is an important barrier to overcome, and how? • What is the evidence that this plan is credible? That the context is suitable/ready? • Most critical risks, assumptions, unknowns, and mitigation strategies? • Overview of existing learning and measurement system and culture, and go-forward plan to robustly learn, improve, and track progress and results along the way <p>Why the organization/coalition is ready and well-suited for this work (2-4 pages)</p> <ul style="list-style-type: none"> • How the opportunity and its leaders are well-positioned to deliver these results • Results that each leader will be accountable for, their track record & relationships • Governance and management structure of opportunity • Approach to gender and inclusion • Approach to learning and continuous improvement • Evidence that each key organization has the governance, financial stability, and systems, processes and capabilities to execute responsibly and effectively <p>Investment & support required for this effort, from Co-Impact and others (3-5 pages)</p> <ul style="list-style-type: none"> • Overview of budget, and proposed funding model & fundraising plan • Non-financial support required • Proposed catalytic role for Co-Impact, and why? Other funders? <p>Annexes</p> <ul style="list-style-type: none"> • Relevant agreements/MOUs with key stakeholders (partners, governments, co-investors, etc) • Detailed five-year activity-based budget for the opportunity (anchor & key partners) – maximum 4 pages • Audited financials of the anchor and key partners • Biographies of key leadership of the anchor and key partners

Key inputs for decision-making: All design grant decision inputs and documents (per above), plus investment prospectus, 2-3 day initial workshop, monthly update meetings, mid-point & final in-depth reviews, second site visit, 3-6 supplemental interviews as needed, more in-depth financial and legal due diligence, views of Core Partners and potential co-investors, and overall Co-Impact portfolio mix.

DOCUMENTS	SOURCE	KEY CHARACTERISTICS
Investment assessment (to be compiled by Co-Impact staff for internal use)	Co-Impact	<p>Total 5-10 pages plus annexes (if needed), covering:</p> <ul style="list-style-type: none"> • Executive summary of assessment • Profile of lead organization(s) (including year founded, location(s), registration, CEO, staffing, overview and assessment of financial performance and position) <p>Co-Impact's updated/deeper independent assessment of:</p> <ul style="list-style-type: none"> • Problem & why it persists, other key past & present efforts • Evidence about, & relevance of, the central idea or model • Viability and robustness of proposed change strategy • Suitability & readiness of context, & level of demand/desire • Immediate and longer-term importance of targeted results • Estimated total cost, key cost drivers, and proposed funding model • Potential for long-term sustainability of change (inc. financially) • Leadership: capacity, commitment, credibility • Team & organization/initiative: current status, capacity, track record, culture • Commitment to gender and inclusion • Learning posture and commitment to continuous improvement • Governance/Board: structure, role(s), suitability, alignment • Status of and plans for "winning coalition" – identification, suitability, state of relationships, and plans re: initial partnerships and key allies (and/or targets thereof) • Key uncertainties, risks, and potential mitigations • Level of interest and commitment from other funders • Catalytic potential of Co-Impact's support
Confidential Recommendation for portfolio of systems change grants (internal)	Co-Impact	<p>Total 3-5 pages, covering:</p> <ul style="list-style-type: none"> • Recommended portfolio of systems change grants, and summary of rationale • Profile of recommended portfolio on key dimensions, plus implications for Co-Impact's overall portfolio profile (e.g., topic, geography, change approach, demographics, etc.) • Summary of scores/assessment of each finalist • Overview of implications for Co-Impact funding committed and financial position

ANNEX D: SAMPLE PROGRAM PARTNER REPORTING GUIDELINES

We expect two reports per year (narrative and financial) and one final comprehensive report at the conclusion of five years. Below is a sample of program partner reporting guidelines that are generally consistent with what many peer funders require. They set out the general terms of the content that we expect to be included in the reports, but we remain open as to format. The example below assumes a calendar reporting year from January to December, but Co-Impact generally will work

with the operational and financial year that best suits program partners. Where separate grants are made to multiple partners working on one initiative, we expect all partners to work with a common reporting year and submit one common report (with one common narrative report, and including separate financial accounting/reporting for each contractual program partner). In addition, we expect to have phone calls about 1-3 times each quarter to discuss progress, challenges and lessons.

TYPE OF REPORT	PERIOD COVERED	KEY CHARACTERISTICS	DUE DATE
Mid-year update	January to June of each year of the Grant period	Total 6-8 pages, covering: <ul style="list-style-type: none"> • a succinct account of progress against plan • highlighted key achievements, setbacks and insights, major adjustments • one-page dashboard against key indicators/milestones 	30 days after six-month mark in each grant year
Annual narrative report	Full year (January to December) of each year of the Grant period	Total 12-20 pages plus annexes (if needed), covering: <ul style="list-style-type: none"> • a comprehensive account of progress against plan • highlighted key achievements, setbacks and insights, major adjustments • at least 2-3 “stories” that illustrate the effects of the work • reflections on insights/lessons learned on core project idea/hypothesis/theory of change and what adaptations are necessary to better achieve outcomes • one-page dashboard against key indicators/milestones • a summary of any results reported by third-party evaluators <p>Additional information can be provided in annexes or links, including copies of any publications or media generated as a result of the project. Each annual narrative report must include the following certification:</p> <p><i>“All [ORGANIZATION] activities conducted with the Grant funds were and are consistent with charitable purposes as set forth in Section 501(c)(3) of the Internal Revenue Code, and [ORGANIZATION] complied with all provisions and restrictions contained in this Agreement, including, for example and without limitation, those provisions relating to lobbying and political activity.”</i></p>	60 days after close of each grant year
Annual financial report	Full year (January to December) of each year of the Grant Period	<ul style="list-style-type: none"> • Report of total actual expenditures against total project budget lines, with explanations for variance over 10%. • Report of all sources of revenue in addition to this Grant, specifically enumerating co-investment funds in the following categories: <ul style="list-style-type: none"> – Within plan + with direct Co-Impact engagement – Within plan + without direct Co-Impact engagement – Outside of plan but with Co-Impact engagement • If any, a report on grassroots and direct lobbying expenditures. 	60 days after close of each grant year
Audited financial report	Each of the Organization’s fiscal years in which grant expenditures are made	<ul style="list-style-type: none"> • Comprehensive financial statements for the Organization that include all incomes and expenditures (against major line items) for the project, which are independently audited by a reputable firm, with auditor’s opinion. These may be undertaken as part of a broader, organization-wide audit. 	As soon as completed for each year, but no later than 6 months after the end of the fiscal year
End of project report	5 years	Total 15-25 pages + annexes (if needed), covering all items listed above under annual narrative report. Reflective report covering: <ul style="list-style-type: none"> • Major activities and adaptations undertaken over the five years • Achievements in relation to expected outcomes, with attention to source and rigor of evidence used to back up claims • Exemplary cases or stories that illustrate achievements, challenges, lessons • Critical challenges, surprises and lessons learned for the program/organization and field/sector • Summary of income from all sources and expenditures in relation to budget 	90 days after close of project

ANNEX E: GUIDE TO SITE VISITS



Courtesy of JiaRL Africa

Purpose:

Expectations about site visits should be discussed fully and candidly well in advance. Typically, we expect to do/achieve the following:

- Meet the program partner leaders and staff, get to know them beyond titles and roles; begin to dig into the motivation/what is driving people to do the work they do.
- Understand program partner leadership style and dynamics between lead program partner and its coalition partners.
- Meet with government leaders and other key partners; plus others in the sector or related, including skeptics and critics (these may be selected by the program partner or us or both).
- Understand the context and political economy, actors, constraints and opportunities.
- Get a brief sense of the history of similar efforts in the past; what worked, what didn't, their insights or take-aways from those experiences.
- Hear partners' sense of why change was not already happening prior to this intervention, and why they think this approach may work (essentially drawing out the hypotheses). Get a sense of evidence-policy uptake opportunities and challenges.
- Get a feel of the work by observing programs/activities or context where the program partner would be working. As much as possible, to not have this be "staged" or specially prepared.
- Where possible and appropriate, interact with the people meant to benefit from the grant.
- Make meaningful time to respond to what partners might be curious about/their concerns.

Our Style and Spirit:

During site visits we:

- Seek candid conversations rather than "set pieces". We prefer to hear what partners are struggling with, rather than expecting them to tell us only about success or how unique they are.
- Consider having a relaxed meal early during the visit to make human connections before getting to business.
- Keep preparation burden as low as possible, minimize special preparations.
- Visit in small groups, in order to avoid overwhelming hosts/communities.
- Keep things as informal as possible (with exception of government protocol where necessary), e.g. no "high tables".
- Consider some time to go off-plan, off-road, and experience unannounced interactions – to make space for serendipity.
- Meet with a range of people from different disciplines (e.g. journalists, religious leaders, youth activists, local businesses, etc.), who are both champions and critics of the project/idea/issue. This can often be done over meals.
- Avoid means of transport that would stick out as "foreign" or "rich person" visiting, while recognizing the need for program partners to ensure security of visitors.
- Seek simple and safe accommodation, and communicate any dietary restrictions; be flexible and not demanding.
- Communicate these ideas with hosts early and hear theirs; work jointly on the program site visits. We always aim to be respectful of host preferences and guidance.

ANNEX F: OUR FISCAL SPONSOR NEW VENTURE FUND

Co-Impact is a fiscally-sponsored project of the New Venture Fund, a U.S. 501(c)(3) public charity. The following is intended to help explain that relationship.

Who is New Venture Fund?

The New Venture Fund (NVF), a U.S. 501(c)(3) public charity, supports innovative and effective public interest projects. NVF was established in 2006 in response to demand from leading funders for an efficient, cost-effective, and time-saving platform to launch and operate charitable projects. NVF executes a range of donor-driven public interest projects in conservation, global health, public policy, international development, education, disaster recovery, and the arts.

NVF is overseen by an independent board of directors that has extensive experience in philanthropy and nonprofit management. NVF is managed under an administrative agreement with Arabella Advisors, a leading philanthropy services firm that helps funders and investors find innovative ways to achieve greater good with their resources. NVF has collaborated with Arabella on successful projects for many of philanthropy's leading players and institutions, and the two organizations share a commitment to evaluation and measuring impact. To date, NVF has run over 280 projects across a range of issues worldwide. Each project operates with guidance from a project advisory board (such as the Co-Impact Advisory Board), under the supervision of NVF's board of directors.

What is Fiscal Sponsorship?

Fiscal sponsorship refers to the practice of a nonprofit organization providing its legal and U.S. tax-exempt status to the activities of a group wanting to engage in a charitable project. Co-Impact and NVF have entered a fiscal sponsorship arrangement whereby Co-Impact does not exist as its own legal entity, but rather is housed within NVF and operates under its legal, financial and organizational structure. Accordingly, NVF directly receives contributions from funders, executes subgrants and contracts, hires staff, pays invoices, and tracks financials for Co-Impact.

Why is Co-Impact set up this way? Will it always be this way?

As Co-Impact is initially structured as a ten-year fund, we looked for an entity structure that would allow us to establish ourselves quickly without devoting unnecessary time and effort to gain recognition by the government of any one country as a charitable organization, and to minimize the expenditure of resources on infrastructure. We undertook a rigorous due diligence process assessing a few organizations that would be able to serve this purpose. NVF offered the legal status and structure that would allow us to operate quickly and efficiently, a strong team at NVF and Arabella that could meet operational needs across finance, legal, governance, human resources and

other areas, and a strong track record of providing support for other efforts where funders collaborate in pooled funds.

Co-Impact may evolve as a platform for international giving, such that it will become an ongoing effort rather than a time-limited one. In such a case, we will explore other institutional structures, but would most likely spin out from NVF as a separate entity. The Advisory Board of Co-Impact, comprised of its Core Partners, would authorize any such change.

How does this impact the governance of Co-Impact?

As set forth in the governance documents for Co-Impact, NVF is legally responsible for the oversight and implementation of Co-Impact, as well as for compliance with all financial, employment, and other governmental laws and regulations. The Co-Impact Advisory Board, comprised of the Core Partners, and the Co-Impact team are tasked with making recommendations to NVF's Board of Directors to ensure that the Project's mission is executed appropriately and successfully, thereby achieving the desired impact. NVF's Board therefore acts to implement the recommendations of the Co-Impact Advisory Board and staff, but ensuring that all recommendations and actions are consistent with Co-Impact's charitable purposes and with any restrictions imposed by funders to NVF for Co-Impact.

Why was Co-Impact set up with a U.S. entity, and how are we supporting cross-border giving?

Co-Impact has always been envisioned as a global effort, bringing together funders from around the world to support systems change efforts in low- and middle-income countries. Our structure with NVF enables us to receive funds from around the world, and to disburse funds internationally, given the infrastructure in the U.S. for supporting cross-border giving. Co-Impact and NVF have also established a partnership with the King Baudouin Foundation's Transnational Giving Europe network to enable tax-advantaged giving from a growing list of countries throughout Europe.

