

CHAPTER 11

***Funding with Others: Collaboration and Pooled
Funding***



The growing practices of collaborative and pooled funding allow you to increase the impact and scale of your giving. This chapter provides answers to the following questions:

- How can I collaborate with others in making gifts?
- What is pooled funding and how does it work?

DEFINITIONS



Collaboration: A broad set of practices, ranging from sharing information and knowledge to co-funding and co-creating new projects with other donors.



Pooled funds: Aggregated funds aimed at creating large-scale impact in particular areas.

The simplest way to engage in collective funding is to provide general operating support to an organization, which then aggregates your gifts with those from others. Beyond this, you may also participate in intentional collaboration and pooled funding initiatives. You might donate to funds that are curated by an intermediary, where you have little or no control over particular grants; or you might contribute to a grantmaking collective where all donors, or at least major donors, participate in decision-making. This chapter discusses the various approaches to collaboration and collective funding.

There are five main ways to collaborate with other donors:

- learn with others
- fund a foundation
- coordinate funding with other donors
- pool funds
- participatory grantmaking



LEARN WITH OTHERS

The exchange of knowledge among donors (discussed in **Chapter 3**) is the most common form of collaboration. Examples include joining an affinity group and sharing “lessons learned” with other donors.



FUND A TRUSTED STAFFED FOUNDATION

You can entrust your funds to another well-established funder, usually a private or community foundation, that has full control over its grantmaking. Perhaps the best known example to date is Warren Buffett’s unrestricted gift of \$30 billion to the Bill and Melinda Gates Foundation in 2006.⁸³ Since then, while indicating its preference that people give directly to their grantees, the Gates Foundation has accepted contributions from others, which it disburses according to the foundation’s programmatic objectives.⁸⁴

Though you may wonder whether the Gates Foundation needs your money, there are other foundations that operate as intermediaries and thus depend heavily on contributions—for example Tipping Point Community and GreenLight Fund, which respectively address poverty and inequality.



COORDINATE FUNDING WITH OTHER DONORS

Donors may choose to coordinate funding strategies within their focus areas. They can identify opportunities to support one another’s work, reduce areas of

unnecessary overlap, and strategize together about how to address a specific problem. Having agreed on a strategy, each funder can implement his or her own grantmaking and have full control over those grants.

ClimateWorks Foundation, a nonprofit organization formed in 2008 to mitigate climate change, is an example of such a coordination mechanism. ClimateWorks brings together its core partners—the William and Flora Hewlett Foundation, the KR Foundation, the John D. and Catherine T. MacArthur Foundation, the Oak Foundation, and the David and Lucile Packard Foundation—to strategize and fund collective actions. In its view, when these foundations work together, they are better able to respond to climate change.⁸⁵



POOL FUNDS WITH OTHER DONORS

Donors can aggregate, or **pool**, funds with one another to create larger-scale impact in a shared focus area. Entities that have a thematic focus are known as **issue funds**. Hundreds of issue funds exist, covering a wide range of topics such as animal welfare, movement building, alleviating poverty, upholding human rights, providing clean water, hunger relief, youth homelessness, and many more.

DEFINITION



Issue funds: Entities that aggregate contributions with a specific thematic focus and grant them to the corresponding nonprofit organizations.

Governance of Pooled Funds

Pooled funds accord donors varying levels of influence and control. In some, each donor has a voice in decision-making. For example, the Oceans 5 collaborative is comprised of donors concerned with marine conservation. It makes grants and provides strategic guidance for recipient organizations. Oceans 5 has two levels of engagement: partners

and members. “Partners” donate \$1 million or more per year and have a seat on the Board of Directors. They are responsible for guiding projects through the design and approval process. “Members” are generally donors who give more than \$200,000 per year and participate in board meetings and discussions but have no governance role.⁸⁶

Co-Impact provides another example of a two-tier structure. Formed in 2017, Co-Impact is a philanthropic fund that aims to catalyze systems change in areas such as education, health, and economic opportunity. The collaborative has six core partners who define strategy and select grant opportunities.⁸⁷ Other donors contribute to those projects but do not have the same decision-making power as the core partners.

Blue Meridian Partners is the largest issue fund in the world. With aggregated funds of \$1.7 billion, it aims to transform the “lives of young people and families in poverty, to change the current funding paradigm ... and embrace a new model of philanthropy.”⁸⁸ It has two tiers of partners: general and impact. General partners contribute at least \$50 million over five years; each general partner has one vote in decisions related to investments and ongoing payments. Impact partners contribute at least \$15 million, divided between Blue Meridian’s pooled fund for all investments and particular organizations within Blue Meridian’s portfolio specified by the partners.



PARTICIPATORY GRANTMAKING

Participatory grantmaking aims to democratize philanthropy by shifting decision-making power from donors to the communities being served. It empowers community members by recognizing the unique importance of their lived experiences in making good decisions about how the community should be served.⁸⁹

The grantmaking process itself is a key element of participatory grantmaking. The process is often led by community members, with

varying degrees of participation by donors or professional staff.⁹⁰ Participatory grantmaking promotes diversity, equity, and inclusion, and provides participants with an opportunity to network and increase community engagement.⁹¹ Proponents of participatory grantmaking believe this process leads to better decisions.

For all of these potential benefits, participatory grantmaking is not inevitably the best approach to solving social problems. Some problems require regional, national, or even global coordination that can only be accomplished by large organizations or by funders implementing their own theories of change (as described in **Chapter 6**.) Community decision-making is often time-consuming, and ensuring representativeness can be a challenge. Moreover, even within a particular locale, there are many communities, defined by race, ethnicity, sexual orientation, religion, culture, and other characteristics. A donor cannot avoid deciding which ones to support. What may seem at first glance to be a single “community” often turns out to be a number of sub-communities with contending factions. Donors can’t avoid the responsibility of making choices.

The Complexities of Collaborative Funding

Collaborative funding requires donors’ agreement on goals, funding criteria, and decision-making processes. It almost inevitably requires donors with different working styles and cultures to make some compromises. For a collaborative venture to be successful, its funders must build trust with one another and be comfortable sharing or delegating responsibilities.

At its best, collective funding can create tremendous impact on social problems. But the concentration of funds and decision-making authority may have negative consequences as well by enshrining parochial strategies and cozy relationships with particular grantees. It is important that pooled funders seek input from their intended beneficiaries, potential grantees, and a diverse group of experts. When done thoughtfully and responsively, collective funding can significantly increase positive impact in your focus areas.

An Example of Impact Through Collaborative Funding: Civil Marriage Collaborative (CMC) and Marriage Equality⁹²

In *Obergefell v. Hodges*, decided in 2015, the US Supreme Court established marriage equality for same-sex couples as a constitutional right. The pooled resources of the funders of the Civil Marriage Collaborative (CMC) contributed greatly to this outcome. During the preceding 11 years, CMC spent \$153 million to support organizations advancing the marriage equality agenda at the state and national levels. In 2004, CMC funders met with LGBT leaders to develop a “10/10/10/20” strategy, which aimed to reach a “tipping point” for marriage equality by achieving equality in 10 states, getting 10 more to adopt civil unions and another 10 to adopt some form of legal recognition for same-sex couples, and shifting public opinion to support marriage equality in the remaining 20 states. This strategy focused on state-level legal policies and strategic litigation. As it turned out, the strategy succeeded sooner and more widely than had been anticipated.

Funding With Others Takeaways

- ➔ Participating in collaboration and pooled funding initiatives can increase the impact and scale of your giving.
- ➔ Collaboration and pooled funding are growing and evolving practices, with various models for donor engagement.
- ➔ Although collaborative efforts can be time-consuming and often require compromises, they have the potential for great impact.

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GUIDE

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