ISDM | Centre for Innovative Finance and Social Impact

# Innovative Financing for Smaller Non-profits: An Exploration of the Consortium Funding Model

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# List of Abbreviations

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|---|---|
| AVPN | Asian Venture Philanthropy Network |
| MSDF | Michael and Susan Dell Foundation |
| CFM | Consortium Funding Model |
| IF | Innovative Finance |
| NPO | Non-profit Organisation |
| RCRC | Responsible Coalition for Resilient Communities |
| SHG | Self Help Group |
| OD | Organisational Development |
| CSR | Corporate Social Responsibility |

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# 1. Introduction

In India, many small Non-profit Organisations (NPOs), particularly those operating at the grassroots level, play a pivotal role in addressing critical social challenges. These organisations often work in resource-constrained environments, serving the most vulnerable communities with limited resources. Despite their impact, they frequently encounter significant barriers when accessing traditional financing mechanisms. Limited financial capacity, underdeveloped internal systems, and insufficient technical expertise hinder their ability to scale their efforts and achieve long-term sustainability.[1]

Moreover, the NPOs sector itself remains fragmented, with organisations often working in isolation. This lack of collaboration exacerbates the difficulties smaller NPOs face in building shared solutions or leveraging collective knowledge for the communities they serve. As a result, they struggle not only to secure funding but also to harness the potential for broader social impact.

Innovative financing approaches, largely tailored to the needs of more established organisations, further reinforce these challenges. Smaller NPOs are frequently excluded from innovative funding opportunities due to complex eligibility criteria, high upfront costs, and cumbersome reporting requirements.[2] This creates an ecosystem where smaller organisations are perpetually constrained and structurally excluded from the opportunities that innovative financing brings, unable to invest in their internal systems or the long-term sustainability of their interventions.

Addressing these gaps requires reimagining funding models to serve small NPOs better, fostering collaboration,[3] and creating inclusive mechanisms. This

[1] https://idronline.org/article/leadership-talent/why-are-grassroots-NPOs-not-able-to-scale-easily/

[2] https://www.convergence.finance/api/file/803bdaaacf76098063473215ce841d25:809cf47e982118126dac34ae48010443ddc94577ee25dba6b2902d0a348d4e9c8e2d3bb62b5e9f2b302ab509124c291976658ddc957c7eaf73e83e7ad45e709bbe39f76000016e29f603c9b0a8b09473d2d451df756f8f1d7034a9aa83cab2a39f9029cd2df39f19633d11021bdf6bc915ad7221679b00965550109282aa86bf7a6f6dd6d555464f7e154fd5252a01485f3f12e1eedf81ddfd0d37422703682be38da3709410cbef71e13339dcefc4e7a6bec3f23452a75b42c4f96cef6cf940

[3] https://betterworld.org/blog/NPOs/why-NPOs-partnerships-are-important-for-fundraising/#:~:text=The%20Power%20of%20Collaboration,and%20potentially%20bringing%20more%20donations. https://www.bridgespan.org/getmedia/f5d1a314-a277-4a5f-a13c-8483360fac25/MakingSenseOfNPOsCollaborations_1.pdf

working paper explores whether a Consortium Funding Model (CFM) can address some of these challenges. By pooling resources and fostering collaboration, this model seeks to provide smaller NPOs with equitable access to flexible funding and tailored capacity-building support to strengthen internal systems, among other things, enabling sustained impact and operational resilience. For this study, NPOs with an annual operating budget of less than INR 10 crores have been considered.

## 1.1. Objective

To examine existing cases of CFM, engage with principles from Innovative Finance (IF), and apply conceptual thinking to outline how a structured CFM could enhance financial access, foster collaboration, and strengthen long-term sustainability.

## 1.2. Approach

The conceptualisation of the CFM for smaller NPOs in India follows an exploratory research approach, drawing on existing financing models and expert consultations to design a structured framework that enhances financial access, fosters collaboration, and ensures long-term sustainability for grassroots organisations. This methodological approach ensures that the CFM is grounded in practical realities and designed to address critical gaps in NPO financing.

A comprehensive review of existing innovative finance mechanisms was conducted, with a particular focus on models applicable to smaller NPOs. Relevant examples, such as blended finance models, Self Help Groups (SHGs), and impact bonds, were analysed to identify principles that could inform a collaborative funding model suited for smaller NPOs. Case studies of successful consortium-based approaches were NPOs, including:

- The RCRC Model, enables collective resource mobilisation for project interventions.
- Project Maitri by Educate Girls, demonstrated a collaborative funding and implementation model for grassroots NPOs.

Insights from community-led financial structures, such as SHGs, were incorporated to ensure that the CFM is flexible, scalable, and sustainable.

On the other hand, the primary sources of data included consultations with 13 key stakeholders, including NPO leaders, funders, and sector experts, who were engaged to understand the challenges faced by smaller NPOs in accessing funding and capacity-building resources, existing collaborative funding approaches and how they function in practice and potential barriers to implementing a CFM. Drawing from insights gained through literature, interviews, and case studies, the CFM blueprint was developed. Further, scenario analysis has been conducted by testing CFM against two distinct scenarios to assess its adaptability: Each scenario was evaluated based on fund flow, governance structures, risk management strategies, and collective impact measurement.

- Scenario A: NPOs with a similar program focus but geographically dispersed.
- Scenario B: NPOs working in the same geography but focusing on different program areas for the same community.

One of the significant limitations has been the lack of sector-specific adaptation.

# 2. What is a Consortium Funding Model?

It is a financing model in which smaller NPOs come together to collaboratively access a shared pool of resources, guided by an anchor organisation. This model allows NPOs to overcome individual capacity limitations by pooling financial and technical resources, fostering collective responsibility, and facilitating shared learning. Led by an anchor NPO(s), the consortium provides access to flexible funding while encouraging collaboration and mutual support among participants.

## 2.1. Why Consortium Funding Model?

Funding a consortium rather than individual NPOs offers a strategic solution to the challenge of fundraising for smaller organisations. Unlike innovative funding models like impact bonds, which often overlook these organisations due to their limited capacity and fragmented nature,[4] a consortium enables collective impact through pooled resources, shared accountability, and the strengthening of internal systems. This model creates an environment where NPOs collaborate and unlock their collective potential.

Smaller NPOs are often excluded from innovative funding mechanisms, which are typically designed for larger organisations with established systems and processes. A consortium model overcomes these barriers by allowing these organisations to work together under a unified structure led by an anchor organisation. This approach grants access to pooled funds, coordinated capacity-building, and tailored support, enabling NPOs to tap into funding opportunities that would otherwise remain inaccessible.

Drawing inspiration from the SHG model, which empowers communities through shared resources and collective responsibility,[5] the consortium model applies these principles within the NPOs sector. Similar to SHGs, which allow

[4]https://www.convergence.finance/api/file/803bdaaacf76098063473215ce841d25:809cf47e982118126dac34ae48010443ddc94577ee25dba6b2902d0a348d4e9c8e2d3bb62b5e9f2b302ab509124c291976658ddc957c7eaf73e83e7ad45e709bbe39f76000016e29f603c9b0a8b09473d2d451df756f8f1d7034a9aa83cab2a39f9029cd2df39f19633d11021bdf6bc915ad7221679b00965550109282aa86bf7a6f6dd6d555464f7e154fd5252a01485f3f12e1eedf81ddfd0d37422703682be38da3709410cbef71e13339dcefc4e7a6bec3f23452a75b42c4f96cef6cf940

[5]https://vmml-cwds.ac.in/sites/default/files/2024-01/kpr_Self_Help_Groups.pdf

individuals to pool savings and access credit,[6] a NPOs consortium facilitates resource sharing, collaborative learning, and mutual support. This model offers flexibility to accommodate the diverse needs of smaller NPOs, ensuring that it remains relevant to their operational contexts while providing necessary capacity-building support.

Investing in a consortium rather than individual organisations has several advantages. The collective approach reduces redundancy, lowers transaction costs, and enables NPOs to achieve broader, more scalable impact. Collaboration within the consortium fosters knowledge exchange, encourages problem-solving, and creates synergies that would be difficult to achieve independently.[7]

The consortium funding model also promotes long-term sustainability. By sharing risks and providing continuous capacity-building, the model strengthens NPOs' internal systems and enhances the potential for sustained impact. Ultimately, funding a consortium represents a more strategic and impactful use of resources, supporting a more inclusive and resilient social sector. By creating a space for collaboration and mutual growth, the model enhances the capacity of smaller NPOs to serve their communities better.

[6] https://www.researchgate.net/publication/381109773_The_Power_of_Self-Help_Groups_Building_Communities_and_Empowering_Individuals

[7] https://www.bridgespan.org/getmedia/f5d1a314-a277-4a5f-a13c-8483360fac25/MakingSenseOfNPOsCollaborations_1.pdf

## 3. Potential Guiding Values of Consortium Funding Model

- **Shared access[8] (inspired by SHGs)[9]:** The fund is a collective resource accessible to all consortium members, providing smaller NPOs with equitable access to financial resources.
- **Collaboration[10] (inspired by SHG)[11]:** The model fosters collective action under the leadership of an anchor organisation, enabling shared learning, mutual support and trust.
- **Graduated access[12] (Inspired by SHG)[13]:** NPOs begin with smaller funding amounts and access larger funds as they demonstrate effective use and meaningful contributions (social or financial).
- **Risk absorption[14] (inspired by blended finance -guarantees)[15]:** To mitigate financial risk, the anchor organisation or funders may absorb a portion of financial setbacks. This encourages participation by reducing fear of punitive consequences.
- **Collective growth through shared learning:** Regular learning exchanges, facilitated by the anchor, allow members to share best practices, lessons and strategies through workshops, story telling, and case studies.
- **Customised monitoring:** Simplified and tailored monitoring tools to track progress based on each NPOs' type -social, financial or mixed.
- **Capacity-building fund (inspired by philanthropic capacity-building initiatives):** A dedicated portion of the pooled fund supports Organisational Development (OD), enhancing NPOs' systems, staff and operational capabilities to deliver sustained impact effectively.

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[8] In a SHG, all the members pool their savings to create a shared fund for internal lending among all members
[9] https://www.elgaronline.com/display/book/9781803920924/book-part-9781803920924-35.xml
[10] SHG operates on the principle of collective action where members not only pool resources but also engage in knowledge sharing, supporting each other and participate in community development activities
[11] https://www.elgaronline.com/display/book/9781803920924/book-part-9781803920924-35.xml
[12] Graduated access also known as progressive lending refers to the practice of lending repeated loans with an increase in loan size over time for individuals & groups with good standing
[13] https://journals.sagepub.com/doi/full/10.1177/2158244012444280
[14] Risk absorption in the context of blended finance, particularly through guarantees, involves mechanisms that allow financial systems to manage and mitigate risks associated with investments, especially in underdeveloped or high-risk markets

[15] https://www.oecd.org/en/publications/the-role-of-guarantees-in-blended-finance_730e1498-en.html

- Mutual support and strategic partnerships: The consortium provides opportunities for NPOs to collaborate not only for accessing funding but also for forging strategic partnerships that enhance project interventions.

# 4. Blueprint for Consortium Funding Model

## 4.1. Key Players and their Interactions

### *Consortium members*

The members of a consortium comprise a range of social enterprises, including NPOs organisations, NPOs social enterprises, and for-profit social enterprises. The consortium may be homogeneous—consisting exclusively of one type of entity– or heterogenous, involving a mix of these organisational forms. This composition significantly influences the operational dynamics of the consortium funding model, including decision-making processes, collaboration frameworks, and shared accountability mechanisms.

Collaboration among members is both essential and foundational to the consortium's success. Despite their diverse organisational structures and unique project interventions, all members align on a shared goal and a common vision of success. This shared understanding extends to the ways in which success is measured, tracked, and demonstrated, ensuring coherence in how impact is defined and reported. Members actively contribute to key decision-making processes, fostering collective ownership of the consortium's activities and reinforcing mutual accountability.

The strength of this collaboration lies in the members' ability to leverage their expertise while working toward the consortium's overarching objectives. By aligning their efforts under a unified framework, the consortium creates a cohesive operational model that balances individual contributions with collective impact.

- **Engagement with the Anchor Organisation:** Members depend on the anchor organisation to provide strategic direction, ensuring that the projects undertaken are aligned with the consortium's collective impact goals. The anchor organisation also facilitates the design of monitoring frameworks, develops collaborative impact metrics, and aids in capacity-building, ensuring members are equipped to manage the funds and meet the agreed collective impact of the consortium.
- **Engagement with Funders:** Members communicate their needs and project proposals to funders, often through the

anchor organisation, ensuring that their objectives align with funders' expectations. However, their engagement is structured such that the anchor organisation manages the broader relationship with funders, ensuring that all members benefit equitably from the pooled resources.

### *Anchor Organisation*

The anchor organisation acts as the central coordinating body of the consortium, facilitating the pooling of resources, managing relationships with funders, and ensuring the effective deployment of funds across the consortium. The anchor organisation is also tasked with ensuring that all members adhere to the governance frameworks established at the outset of the consortium's formation.

- **Role in Relation to Members:** The anchor organisation provides critical support to members, particularly in the areas of technical assistance, capacity-building, and ensuring that the funds are used in a manner consistent with the collective goals. By conducting needs assessments and tailoring support to each member's operational requirements, the anchor organisation ensures that members are sufficiently prepared to manage the funds and maximise their impact.
- **Role in Relation to Funders:** The anchor organisation is the primary point of contact for funders. It is responsible for negotiating the terms of funding and ensuring that the funders' expectations are clearly communicated and met throughout the consortium's lifecycle. Additionally, the anchor organisation facilitates the flow of information between funders and members, ensuring transparency and accountability in fund management.

### *Funders*

Funders in the consortium funding model can include governments, philanthropies, and impact investors. They provide the necessary financial resources to support the consortium's collective activities. Their role is to ensure that the financial resources they allocate are used effectively to meet the stated outcomes, often through a structured relationship with the anchor organisation.

- **Engagement with the Anchor Organisation:** Funders primarily engage with the anchor organisation to ensure that their resources are aligned with the consortium's objectives. They may provide feedback on the strategies and priorities that guide the fund allocation process, with an emphasis on ensuring that impact measurement frameworks are robust and outcomes are effectively tracked.
- **Engagement with Members:** While funders typically interact with the anchor organisation, they may also engage directly with individual members, particularly where significant financial investments are involved. This interaction ensures that members remain accountable to the goals set by funders and that any deviations from expected outcomes are swiftly addressed.

## 4.2. Capital flow: Source, Access, Management and Disbursement

The fund flow in a CFM is designed to ensure equitable access to financial resources, efficient management, and transparent disbursement.

**Source of funds:** The consortium's funds may come from a single large grant, a mix of multiple funders, or several funders of the same type (e.g., multiple grants from philanthropic organisations or government programmes).

**Accessing Funds:** The access process is guided by pre-determined, pre-agreed criteria, ensuring that funds are distributed based on the demonstrated needs of the members and the potential for achieving measurable social impact. Members submit project proposals, which the anchor organisation and management committee reviews before funds are disbursed. A key feature of this model is the graduated access to funds, where smaller disbursements are made initially, with larger amounts becoming accessible as members demonstrate their ability to manage and deploy funds effectively.

**Fund Management:** The management committee, in collaboration with the anchor organisation, oversees the financial management of the pooled fund. The committee ensures that funds are allocated in a manner that prioritises the achievement of collective goals and addresses the individual needs of consortium members. Effective financial governance is essential to maintain trust and transparency among all stakeholders. This committee provides regular reviews of fund usage and tracks financial sustainability throughout the funding cycle.

**Disbursement and Repayment:** Funds are disbursed based on agreed-upon milestones, ensuring that each member has the necessary resources to meet their objectives. Repayment mechanisms are established based on the specific terms of the consortium. It could be a mix of either:

- **Social return as repayment:** NPOs with no revenue generating activities contribute back to the fund by delivering social returns. What constitutes social returns has to be rethought based on the work of the smaller NPOs, the understanding in the community and consortium members. Anchor organisations have to facilitate this effort. Caution should be exercised in over-metricising these efforts.
- **Financial return as repayment:** NPOs that generate revenue repay the fund through repayments, either at zero interest or with minimal interest, based on their financial capabilities. The repayment terms are flexible and scaled according to the requirements of the NPOs's financial capacity.
- **Mixed returns:** For NPOs that provide both social and financial returns, repayment is split proportionately between social returns and financial returns.

The repayment model is designed to be flexible, ensuring that repayments are structured according to each member’s capabilities and enterprise model.

**Default Management:** In the case of non-repayment or underperformance, the anchor organisation and the concerned NPOs work collaboratively to develop corrective actions. A portion of the reserved fund may be used to absorb financial setbacks and mitigate the risks associated with defaults.

### 4.3. Risks and Mitigation Strategies

**Financial Risks:** One of the primary risks is the potential for members to default on repayment obligations or mismanaged funds. To mitigate these risks, the anchor organisation ensures that financial controls and regular audits are in place, and the management committee monitors the financial health of each member. If a member is unable to meet repayment terms, risk absorption mechanisms are employed, such as renegotiating repayment schedules or providing additional technical support. A portion of the reserved fund may be used to absorb financial setbacks and mitigate the risks associated with defaults.

**Operational Risks:** Misalignment of goals or operational challenges within the consortium can create inefficiencies. To address this, the anchor organisation facilitates continuous communication and regular check-ins to ensure that all members remain aligned. Clear governance frameworks, accountability structures, and transparency in decision-making are essential in mitigating operational risks.

**Collaboration Fatigue:** Members may become overwhelmed by the collaborative processes, particularly if they perceive limited individual benefits. This fatigue can undermine motivation and participation, jeopardising the consortium's cohesion. Mitigation strategies include clear communication of the consortium's value proposition, emphasising benefits such as shared learning, risk-sharing, and collective capacity-building. Additionally, peer support mechanisms can foster a sense of community and shared purpose, creating an environment where members feel valued and supported.

**Inequitable Access to Funds or Favouritism:** Members may perceive that access to funds is not equitable, or that certain NPOs are favoured in fund allocation, undermining trust and collaboration within the consortium. To mitigate this, the management committee plays a crucial role in ensuring transparency and fairness. A committee that includes diverse representation fosters inclusivity and reduces potential biases. Establishing clear, pre-defined criteria for fund access, aligned with the consortium's collective goals, further ensures equitable distribution.

***Management Committee***

The management committee can be formed through elections or rotational nominations, with each method suited to specific contexts and designed to enhance the credibility of decision-making and incorporate the diverse experiences of consortium members.

In an elected committee, members are chosen democratically, ensuring representation and accountability. This approach is particularly suitable for larger, diverse consortiums where inclusivity and trust-building are critical. Elections empower members by giving them a direct say in governance and creating a sense of ownership over decisions. However, this method can pose logistical challenges, such as organising elections, managing differing agendas, and mitigating potential power imbalances. Additionally, there is a risk of influential members dominating the process, which could erode trust and undermine equitable representation.

A rotational nomination system, on the other hand, assigns committee roles to members on a pre-determined, periodic basis, fostering inclusivity and shared responsibility. This method works well for smaller, tightly knit consortiums where trust among members and operational efficiency are priorities. Rotations ensure that all members have an opportunity to contribute to governance, reducing the risk of favouritism or monopolisation of power. However, this approach can occasionally place underprepared members in decision-making roles, potentially affecting the committee's overall competency and continuity. A hybrid model could be adopted, combining core elected members with rotating representatives to balance these trade-offs.

Regardless of the method chosen, the committee's structure should prioritise legitimacy and trust, ensuring that decisions reflect the collective interests of the consortium while integrating the unique perspectives and expertise of its members. Ultimately, the management committee serves as a cornerstone of the consortium's governance, aiming to provide credibility to its decision-making processes and draw on the diverse experiences of its members. By aligning the committee's formation process with the consortium's goals and context, this governance body can effectively uphold the principles of shared accountability, inclusivity, and collaborative growth.

## 4.4. Capacity-building and Technical Assistance

The anchor organisation plays a pivotal role in equipping consortium members with the skills, systems, and resources needed to manage funds effectively and deliver project interventions. In this context, capacity-building is not a one-time activity but an iterative and responsive process, evolving with the needs of the members and the collective goals of the consortium.

**Comprehensive Needs Assessments:** The process begins with an in-depth needs assessment conducted by the anchor organisation. This exercise identifies the specific challenges and gaps faced by individual members -be it in financial management, Monitoritn and Evaluation (M&E) frameworks, or program implementation capabilities. Needs assessments are tailored to account for organisational size, type, and operational focus, ensuring that the interventions proposed are both relevant and practical. These assessments also inform the allocation of dedicated capacity-building funds, which are reserved as part of the overall pooled resources of the consortium.

**Ongoing Support:** Capacity-building activities include workshops, training programs, and one-on-one support to help members enhance their financial management, monitoring and evaluation systems, and program implementation. In addition to direct training and support, the anchor organisation creates resource hubs–centralised repositories of toolkits, templates, and guides. These resources enable members to access relevant information, fostering self-reliance and operational efficiency independently. Where specialised knowledge is required, the anchor organisation facilitates access to external experts and mentors.

**Responsive and Iterative Approach:** Capacity-building is not static; it evolves in response to feedback from members and shifts in the consortium’s goals or funder requirements. Regular feedback loops—through surveys, focus group discussions, and mid-term reviews—ensure that support is adaptive and aligned with the members' changing needs.

## 4.5. Demonstrating Impact: Monitoring, Evaluation and Learning

A robust M&E framework is integral to the consortium's success. It ensures accountability to both funders and stakeholders and while also enabling members to adapt and course correct as required. The M&E framework is designed to track performance and social impact while accommodating the diversity of member organisations and their interventions.

**Customised and Adaptive M&E Systems:** The anchor organisation leads the design and implementation of an M&E system that is customised to meet the unique needs of each member organisation while aligning with the collective goals of the consortium. At the individual level, the framework allows each member to monitor and report on the specific programs, enabling them to demonstrate progress in their unique interventions. At the collective level, the M&E framework aggregates data to assess the consortium's overall impact, ensuring that the shared goals and vision of success are effectively tracked and demonstrated.

**Easing the Reporting Burden:** Given that smaller NPOs often lack the resources for extensive reporting, the anchor organisation assumes primary responsibility for compiling, synthesising, and presenting data to funders and other stakeholders. Members are only required to provide essential information related to their programs, which the anchor organisation consolidates into comprehensive progress reports.

**Transparency and Reporting:** Periodic reporting remains a cornerstone of the consortium's operations, ensuring transparency and fostering trust. However, the reporting strategy distinguishes between two levels of accountability -one, to funders and stakeholders, where the anchor organisation acts as the primary point of contact, and two, to members and peers, where progress reports are shared within the consortium to promote a culture of learning, mutual support, and shared accountability.

**Mitigating Over-Metricisation Risks:** The framework recognises the risk of overwhelming smaller NPOs with unnecessary or overly complex metrics. To address this, reporting requirements are co-developed in consultation with members, ensuring that they reflect the realities of smaller organisations while meeting funder expectations. NPOs are required to use simplified, customised monitoring tools to track progress and report. The use of non-traditional means like storytelling, case studies, etc. must be encouraged. The anchor organisation ensures that metrics are practical, meaningful, and directly tied to the goals of both the individual organisations and the consortium as a whole.

**Purpose beyond Accountability:** In addition to fulfilling funder requirements, the M&E framework serves as a learning and improvement tool. It encourages members to reflect on their progress, share challenges, and seek peer or anchor organisation support where needed. Additionally, it informs capacity-building efforts by identifying gaps in performance or processes that require targeted intervention.

### 4.6. Peer Support for Collective Learning and Growth

In a consortium funding model, peer support plays a critical role in fostering a sense of community, shared responsibility, and mutual growth. By leveraging the collective knowledge and expertise of its members, peer support enables organisations to navigate challenges, share best practices, and collectively build capacity.

**Collaboration and Knowledge Sharing:** Peer support creates an environment where members actively exchange insights, strategies, and solutions. This collaboration enhances the consortium's overall ability to achieve its collective goals while strengthening individual members' capabilities. Regular communication forums, such as group meetings, workshops, and online platforms, allow members to connect, share their experiences, and learn from each other. These interactions promote the development of innovative solutions to common challenges, facilitating ongoing learning and adaptation across the consortium.

**Providing Emotional and Practical Support:** Peer support extends beyond technical knowledge; it also addresses emotional and practical challenges. Peer support mechanisms help mitigate these challenges by creating a space for members to offer each other moral support, advice, and reassurance. This mutual encouragement reinforces a culture of trust and resilience.

**Institutionalising Peer Support:** To ensure that peer support remains a sustainable feature of the consortium, it is essential to institutionalise it within the consortium's governance and operational frameworks. This could involve designating dedicated staff or teams to facilitate peer support activities, establishing formal mentorship programs, and integrating peer support into capacity-building efforts. Such structures not only make peer support a central feature of consortium operations but also ensure that it is consistently available to members throughout their participation.

## 5. Exploring Different Scenarios for Making a Consortium

In this section, we explore different scenarios of how the consortium is formed and what is the basis for the member organisations to come together, recognising that the context and objectives of participating NPOs may vary. The goal is to illustrate how the CFM model can be adapted to address distinct requirements and collaborative structures within the sector. Here, we will consider two specific scenarios -(a) geographically distributed organisations with similar program focus and (b) NPOs working in the same geography with the same community but with different program focus.

*Table 1: Summary of consortium funding model for two scenarios*

| **Element** | **Blueprint** | **Scenario A: NPOs with a similar program focus distributed across geographies** | **Scenario B: NPOs with Different Programs Focus on the same community** |
|---|---|---|---|
| **Basis of consortium** | Members with shared goals | NPOs with a similar program focus distributed across geographies | NPOs with Different Program Focus for the same community |
| **Role of anchor Organisation** | Provide strategic direction, governance, and fund management | Define collective impact, foster cross-geography synergies, ensure accountability and funder confidence | Define collective impact, foster cross-sector synergies, align member efforts with the collective goal |
| **Role of consortium members** | Implement interventions, collaborate, report on progress | Implement interventions aligned with shared outcomes, contribute to collective | Implement sector-specific interventions, collaborate across sectors, engage in |

| | | | |
|---|---|---|---|
| | | decision-making | joint learning and planning |
| **Member selection** | Cultural fit, baseline assessments, shared objectives | Cultural fit, shared programmatic goals, baseline assessments | Cultural fit, sector-specific alignment, capacity for cross-sector collaboration |
| **Fundraising and fund access** | Collective fundraising, flexible access based on capacity | Graduated access based on organisational capacity and performance | Graduated access with flexibility to support varying programmatic needs and organisational capacities |
| **Fund allocation** | Based on needs assessments, collective impact focus | Based on program needs, collective outcome priority | Based on needs assessments, with emphasis on integrated, cross-sectoral impact |
| **Fund management and disbursement** | Managed by the anchor, with regular reviews and transparent reporting | Managed by the anchor with graduated disbursement and periodic reviews | Managed by the anchor, regular reviews, focus on aligning fund use with sectoral synergies |
| **Risk management** | Risk absorption through pooled funds, peer | Risks addressed with reserve funds, peer support, transparent governance | Risk-sharing through reserve funds, peer accountability, and collaborative |

| | | | |
|---|---|---|---|
| | accountability | | conflict resolution |
| **Impact** | Systemic-level impact metrics aligned with shared goals | Collective impact, scalable across geographies, focused on overlapping outcomes | Collective impact, holistic outcomes, addressing multiple dimensions of community needs |
| **Repayment model** | Social or financial return through collective impact | Social returns (systemic change, measurable outcomes in each geography) | Collective social impact, focusing on deep, multi-sectoral community change |
| **Scale** | Focus on systemic, sustainable impact | Scale achieved through geographic expansion, with each member contributing to a unified impact | Scale achieved through cross-sector integration, deepening impact in specific communities rather than geographic spread |
| **Peer support and learning** | Structured peer reviews, workshops, and support systems | Peer learning, mutual assistance across geographies, joint strategy development | Joint planning, cross-sector learning, shared resources and data for holistic solutions |
| **Governance** | Inclusive, transparent, with clear roles and decision-making | Defined roles and decision-making processes for cross-geography coordination | Structured governance ensuring sectoral integration, cross-sector decision-making |

| | | | |
|---|---|---|---|
| **Funder engagement** | Transparent reporting, clear impact metrics | Clear communication of impact across geographies, unified financial reports | Regular updates on cross-sectoral impact, clear picture of collective outcomes |
| **Example** | NA | Project Maitri | Not aware |

### 5.1. Scenario A: Organisations with Similar Program Focus Distributed Across Geographies

In this case, the consortium consists of organisations with a similar program focus but geographically dispersed NPOs. Here, the consortium is composed of NPOs that share a common focus on the type of change or outcomes they seek to achieve through program interventions, even though the intervention and specific activities may vary. In other words, while these organisations are geographically dispersed, their alignment stems from their shared vision and overarching programmatic goals rather than identical implementation strategies. This alignment allows the consortium to:

**Offer Local and Context-specific Program Intervention:** The consortium allows NPOs to design interventions that are tailored to local contexts while aligning with shared programmatic goals. Each organisation leverages its local knowledge, ensuring that solutions are both relevant and effective to the communities it works for. This flexibility in approach, combined with a unified vision, ensures that interventions are impactful at the grassroots level while contributing to the broader goals of the consortium.

**Streamline Impact/Outcome Metrics:** The shared focus on envisioned change provides an opportunity to adopt standard metrics and indicators to demonstrate impact. While interventions may vary across organisations, the similarity in desired outcomes enables consistency in how progress and success are measured.

**Leverage Collective Learning:** NPOs can share insights and strategies to tackle similar challenges in different geographies, fostering innovation and best practices.

**Scaled Impact:** Through collaboration, the consortium is able to achieve a broader and more significant impact than any individual organisation could on its own. Each NPOs contributes to a larger, shared vision, demonstrating that the collective impact can be scaled across multiple geographies, even though the organisations themselves do not need to scale in size or resources. By aligning on common goals and outcomes, the consortium can extend its reach and influence, amplifying the results of each intervention. This enables the consortium to showcase systemic change and large-scale impact without requiring the same financial or operational growth that would be needed if each organisation sought to scale independently.

#### *5.1.1. Role of Anchor Organisation*

**Defining Impact and Aligning Organisations on Measurement Indicators:** The anchor organisation plays a critical role in shaping and aligning the consortium's impact metrics, ensuring that all members contribute towards a shared vision of change. Although the member organisations implement interventions tailored to their local contexts, the anchor ensures these efforts align with the overarching goals of the consortium. To achieve this, the anchor facilitates the creation of a set of core measurement indicators that reflect the collective objectives of the consortium. The process of defining these metrics is participatory, involving input from all member organisations to foster alignment and ownership.

In addition to defining these metrics, the anchor provides essential technical support to enable effective implementation across the consortium. This includes offering training in data collection and reporting, providing simplified tools for tracking progress, and developing templates that balance consistency with flexibility. These resources are particularly valuable for smaller organisations, which may face capacity constraints, enabling them to contribute meaningfully to the consortium's impact measurement efforts.

Ultimately, the anchor's role in defining and aligning metrics goes beyond measurement -it builds a culture of shared accountability and continuous improvement. By creating a unified framework for impact assessment, the anchor enhances the consortium's ability to demonstrate systemic change, strengthening its appeal to funders and solidifying its role as a cohesive force for transformative outcomes.

**Ensuring Governance:** The anchor organisation acts as the central pillar of the consortium's governance, providing the structure and processes needed to foster accountability, transparency, and shared decision-making. Its primary role is to establish a governance framework that ensures smooth operations while aligning diverse organisations toward shared goals.

The governance framework begins with clearly defining roles and responsibilities. The anchor sets expectations for member organisations, outlining criteria for participation, reporting, and decision-making. To ensure inclusivity, a representative committee of member organisations works with the anchor to oversee critical aspects like fund allocation, performance reviews, and dispute resolution, creating a balance between central leadership and collective ownership.

Transparency is essential to governance, and the anchor organisation facilitates this by managing a centralised platform where financial reports, impact updates, and decisions are openly shared. Regular meetings and progress reviews ensure that members remain informed and engaged in shaping the consortium's direction. These mechanisms also build trust by fostering open communication and collaborative problem-solving.

Risk management is another cornerstone of governance. The anchor develops policies to mitigate financial and operational risks, such as maintaining a risk absorption fund or setting protocols for addressing underperformance. By proactively identifying and addressing challenges, the anchor ensures the consortium's stability while supporting members in overcoming setbacks.

**Role as a Guarantor and Building Confidence with the Funders:** As a guarantor, the anchor organisation serves as the trusted intermediary between the consortium and funders, ensuring the group's financial and operational credibility. This role is rooted in the anchor's established reputation, its demonstrated capacity to manage funds responsibly, and its ability to coordinate effectively among diverse NPOs members.

The anchor assumes financial accountability for the consortium, offering assurances to funders about the proper utilisation and repayment of funds. This includes creating a risk absorption mechanism, funded either through a reserve within the pooled fund or through contingency planning, to address potential defaults by member organisations. The anchor's ability to present such a safeguard enhances funder confidence by mitigating financial risks.

Operationally, the anchor builds funder confidence by maintaining oversight of consortium activities. The anchor ensures funders have access to clear data on fund disbursements, impact metrics, and consortium-wide progress.

Additionally, the anchor's role extends to fostering funder engagement by demonstrating the consortium's potential for systemic impact. By presenting a cohesive narrative of collective achievements, the anchor positions the consortium as a scalable model for driving change across geographies or sectors. This focus on scale, combined with the anchor's ability to coordinate diverse members toward shared goals, amplifies funder trust in the consortium's viability.

#### *5.1.2. Role of Consortium Members*

Each member brings unique, context-specific, local expertise to the table, with the objective of contributing to the shared programmatic focus. Members are responsible for implementing interventions within their regions while adhering to the consortium's overarching impact goals. They participate actively in peer learning, co-develop solutions, and align themselves with the consortium's shared vision. Members also commit to transparency in operations, providing input for shared reporting and monitoring processes.

**Member Selection:** In addition to conducting essential due diligence, the anchor organisation should assess the cultural fit of potential members. This includes evaluating whether the leadership of each organisation is aligned on key reporting metrics, particularly those related to impact. It is essential to determine whether the organisation's leaders are focused on the broader vision of the intended change rather than getting mired in the specifics of their activities. This cultural alignment helps to ensure a shared commitment to the consortium's objectives and facilitates smoother collaboration.

#### *5.1.3. Role of Funders*

Funders engaged in this model provide financial support with a clear understanding of the consortium's collective goals and impact potential. They benefit from streamlined communication through the anchor organisation and the assurance that funds are being utilised effectively across geographies and are creating impact at scale.

### *5.1.4. Capital Flow: Source, Access, Management and Disbursement*

**Source:** The consortium's capital flow is sourced through a mix of funding channels, which may include philanthropic grants, government funding, and/or impact investors. Fundraising is a collective effort led by the anchor organisation. It consolidates the needs of geographically distributed members into a single, compelling funding proposal. By showcasing the potential for scaled impact and system-wide change, the consortium appeals to funders who value collaborative approaches.

**Access to Funds:** To ensure equitable access to funding, the consortium adopts a structured, yet flexible approach that accommodates the varying needs and capacities of its members. At the outset, member organisations submit detailed funding proposals that outline how they intend to use the funds, aligning these proposals with the shared outcomes and the consortium's overarching goals. The anchor organisation supports members in refining these proposals through training, ensuring that plans are tailored to local contexts while adhering to the collective vision.

This process should prioritise aligning fund requests with the collective outcomes and change defined by the consortium. The objective is not to reject applications outright but to guide NPOs in refining their proposals. NPOs benefit from constructive feedback, helping them adjust their plans to better align with the consortium's goals and optimise their use of funds.

**Access to funds is graduated:** Organisations receive smaller disbursements initially, with the potential for increased access over time, based on demonstrated progress, the evolving needs of the organisation, and their capacity to manage funds effectively.

**Fund Management and Fund Allocation:** The fund serves multiple purposes, including financing program implementation, capacity-building, and providing for risk absorption. Allocations are determined based on an initial needs assessment, with clear protocols to prioritise urgent and high-impact interventions.

Collective impact is a guiding principle in fund allocation. While individual NPOs progress is monitored, the consortium's primary objective is to achieve the envisioned change collectively. If specific organisations exceed their targets, their achievements can offset underperformance by other members, reinforcing the consortium’s shared responsibility. At the same time, a portion of the fund should be allocated to support NPOs struggling to meet their goals along with the capacity-building support, allowing them to experiment, innovate, and refine their strategies without undue financial pressure.

Regular reviews and feedback loops are implemented to ensure that the fund is being utilised effectively, with financial accountability maintained at every level. To further strengthen this process, the anchor ensures that reporting mechanisms are both simplified and consistent across all organisations, offering support to smaller NPOs to meet these requirements. The fund’s management involves a transparent system for tracking disbursements and expenditures, ensuring that all members and funders have visibility into how the resources are being utilised.

**Collective Social Impact as Repayment:** Instead of financial repayment, the consortium’s success is measured by the collective social impact delivered by all member organisations. As each member contributes to the shared vision, the scaled impact resulting from these collective actions is viewed as the repayment to the fund. This highlights that the true value of the fund lies in the systemic change achieved across different geographies rather than in individual financial transactions.

By focusing on social returns through collective impact, the consortium reinforces the importance of long-term, sustainable outcomes. This approach strengthens the model’s appeal to funders by demonstrating how the collective impact across members contributes to scalable, systemic change.

***Case Example: Project Maitri by Educate Girls***

Educate Girls is a NPOs organisation that has been working since 2007 to address gender inequality in public education. By mobilising the community and partnering with governments, the organisation has successfully enrolled 1.8 million out-of-school girls and supported over 2.2 million primary school students with supplementary education classes. A notable milestone in its journey was the implementation of the world’s first Development Impact Bond (DIB) in education in 2015.

A DIB is an innovative financing mechanism where private investors fund social programs upfront, and outcome payers reimburse them only if pre-defined results are achieved. In this case, the DIB brought together UBS Optimus Foundation as risk investor and Children's Investment Fund Foundation (CIFF) as outcome payer, with Educate Girls being the implementing partner to achieve targets in girl enrolment and learning outcomes. The DIB surpassed its objectives, achieving 116% of its enrollment target for girls and 160% of its learning targets. This demonstrated the potential of a DIB model to scale social impact and outcomes.

While the DIB delivered exceptional outcomes, its success hinged on Educate Girls' ability to upgrade internal systems and processes, including data management, MEL, governance and risk mitigation strategies among others. These capacities, supported by DIB partners, were resource-incentive and required significant operational bandwidth -factors that may not be feasible for smaller resource-constrained NPOs. This limitation highlighted the need for alternative models that could enable smaller organisations to achieve scale impact without necessarily scaling organisations themselves.

As a response, Project Maitri was developed. Launched in 2022, its objective was to scale impact by partnering with local Community-based Organisations (CBOs) that were working in education for out-of-school girls and drawing from their unique expertise and knowledge about the local context rather than direct delivery by Educate Girls.

The project is supported by Educate Girls USA, which provided upfront capital to support delivery costs and Educate Girls India as the technical partner. Educate Girls India's role encompasses mentoring and training partner organisations in areas such as program planning, financial management, data systems, and strategic course corrections. Partner CBOs were carefully selected through a process with criteria such as track record of working with communities, experience in delivering projects aligned with government priorities, and leadership's openness and capability of making data-driven, evidence-based decisions. A strong emphasis was placed on community engagement and ties, prioritising regular interaction with key community members and project interventions tailored to the needs of the community.

Collaboration lies at the heart of Project Maitri's success, addressing multiple dimensions critical to scaling impact. First, it enables scaling without expanding organisational structures. By partnering with CBOs, the project accounted for local contexts and interventions, leveraging the unique knowledge and trust these organisations hold within their communities. While Educate Girls provided technical expertise and strategic guidance, partner CBOs retained the flexibility to tailor their implementation strategies to meet community-specific needs.

Furthermore, the collaboration aligned all stakeholders around common outcome indicators, ensuring accountability while allowing for contextual adaptation. In just two years, the project enrolled 39,428 girls, surpassing its target by 41%, and demonstrated cost and time efficiencies. The project's reach extended to 10,000 villages, a scale that would have been unachievable under a conventional delivery approach. Finally, Project Maitri's by-products included capacity-building for CBOs, with partner organisations reporting improvements in data management, financial accountability, and results-based program delivery. Many CBOs also leveraged their enhanced capacities to secure additional funding, further sustaining their impact.

Thus, utilising the local CBOs' capacity, this project resulted in an effective way of scaling impact without Educate Girls having to hire unnecessary staff and set up offices. The success of this project showcased huge potential for such collaborations for not just funders and larger NGOs but also smaller CBOs as well by providing them the flexibility to contextualise the implementation strategy based on their community needs.

Source:
[https://golab.bsg.ox.ac.uk/documents/Educate_Girls_Social_Finance_Maitri_Case_Study15-11-_2024.pdf](https://golab.bsg.ox.ac.uk/documents/Educate_Girls_Social_Finance_Maitri_Case_Study15-11-_2024.pdf)

## 5.2. Scenario B: NPOs with Different Program Focus on the Same Community

In this scenario, the consortium comprises NPOs that work within the same geographic region and serve overlapping community groups but focus on the diverse programmatic areas. For example, a consortium in a district might include one NPOs focusing on education, another on healthcare, a third on livelihoods, and another addressing water and sanitation. While these organisations operate independently of one another, their collective efforts address interconnected needs, enabling holistic development within their shared target communities.

**The Model Leverages this Diversity in Programmatic Focus to Foster Cross-sectoral, Holistic Solutions for Communities:** By addressing complementary aspects of development (eg: education, health, livelihood), the consortium creates integrated interventions that respond to the multifaceted needs of the same community. For instance, providing healthcare ensures that students are healthy enough to attend school, while improving livelihoods equips families with resources to sustain education and healthcare costs. This collaboration ensures that the impact of one program is reinforced by the efforts of another, amplifying the overall impact and development.

**Optimise Resource Use and Avoid Duplication:** The consortium encourages members to pool resources (financial, human and technical) wherever possible, reducing redundancy and increasing efficiency. For example, organisations can share data collection efforts, streamlining beneficiary engagement while reducing survey fatigue. Jointly conducted workshops or training sessions can build capacity across member organisations without duplicating effort or resources.

Beyond resource sharing, the consortium minimises the duplication of interventions by harnessing the positive externalities and synergies created by multiple programs working together. For example, consider a region where three NPOs focus on education, health and livelihoods. The NPOs working on health may implement a community-based nutrition program, improving school attendance for children supported by the education-focussed NPOs. At the same time, the livelihood program's efforts to train parents ensure families have more stable incomes, enabling them to prioritise their children's education and health. Together, these coordinated interventions not only achieve their individual objectives but also create a cumulative effect that reduces the need for additional interventions. For instance, improved school attendance and health outcomes, along with increasing family income, lessen the need for remedial education. This collaborative approach ensures that the same resources generate a more significant impact, maximising the consortium's overall effectiveness and the community's holistic development.

**Strengthen Local Networks for Systems Change:** The consortium fosters collaboration among NPOs to build robust local ecosystems that address systemic barriers. Through shared planning, NPOs align efforts to maximise impact. Joint learning sessions, data sharing and resource pooling further enable members to address challenges holistically, avoiding fragmented interventions. Scale in this context is not only about reaching more people or expanding geographically but also about deepening the quality and sustainability of impact within the same communities.

**Demonstrate Collective Impact across Sectors:** The consortium showcases how coordinated, multi-sectoral approaches can generate tangible, interconnected outcomes and impact. Collective impact, in this case, refers to the combined effect of multiple organisations' efforts working towards shared goals, where their individual contributions are interdependent and mutually reinforcing. For instance, improved educational outcomes in a region may stem not only from teaching initiatives but also from complementary programs that ensure children are healthy, well-nourished, and supported by economically stable families. Such approaches are critical in addressing the complex, overlapping challenges of communities, providing funders with a clear picture of how collaboration across sectors drives sustained, systemic change.

#### *5.2.1. Role of Anchor organisation*

**Defining Impact and Fostering Synergies:** The anchor organisation plays a pivotal role in aligning the consortium under a unified vision of collective impact, where individual organisational outcomes contribute to a broader, transformative change. It facilitates a clear understanding of members of how their interventions interlink, ensuring each NPO recognises its role in achieving shared goals. This alignment requires co-creating impact metrics that connect individual programmatic outcomes to collective results. The anchor also provides clarity on the methodology for calculating collective impact, enabling members to see how their contributions translate into holistic development for the community.

To support this, the anchor offers technical assistance, including simplified tools, training in data collection, and frameworks for reporting progress to enable members to effectively measure and demonstrate both their individual and collective contributions.

**Governance and Oversight:** A robust governance framework is essential for ensuring accountability, transparency, and equitable participation within the consortium. Given the interdependent nature of their interventions, governance must facilitate coordination without duplicating efforts or leaving critical needs unaddressed. The anchor begins by clearly defining the roles and responsibilities of each member, ensuring that every organisation understands its contribution to the shared vision. Structured processes are implemented for collective decision-making, resource allocation, and conflict resolution. To foster transparency, the anchor establishes platforms where financial reports, progress updates, and programmatic data are shared openly. These platforms allow members to monitor activities, track outcomes, and coordinate their efforts more effectively.

The governance framework is customised to address the unique needs of the consortium -particularly the need to integrate sector-specific interventions into a coherent, holistic strategy. For instance, the anchor facilitates regular joint planning sessions where members align their timelines, outputs, and goals to ensure that their programs complement one another. This coordination prevents redundancies, such as overlapping interventions in the same domain, and avoids gaps where key beneficiary needs might be overlooked. Additionally, proactive measures are introduced to resolve potential conflicts arising from overlapping areas of focus or resource constraints. The anchor mediates these disputes to maintain harmony and ensure progress toward collective goals.

On an operational level, the governance framework includes regular progress reviews, peer learning sessions, and transparent communication channels to maintain alignment and build trust. The anchor organisation's oversight ensures that all parties adhere to agreed principles while adapting to evolving challenges and opportunities within the consortium.

Risk management forms a critical part of this governance structure. The anchor works to identify, assess, and address risks that could disrupt collaboration, such as delays in program implementation, shifts in community needs, or financial shortfalls. A risk-sharing mechanism, such as a reserve fund, is established to absorb potential shocks and ensure continuity. Peer accountability processes are also embedded to reinforce collective responsibility and mutual support among members.

**Role as a Guarantor and Building Confidence with Funders:** The anchor organisation plays a pivotal role as a guarantor, ensuring the financial integrity and operational credibility of the consortium. As the trusted intermediary between the consortium and funders, the anchor organisation instils confidence by managing risks, ensuring transparency, and presenting a unified vision of change.

The anchor takes financial responsibility for the consortium, offering funders assurances regarding the efficient and effective use of resources. This is particularly critical in this case, where the risk of diverse interventions across sectors may lead to challenges in coordinating fund distribution or ensuring accountability.

Additionally, the anchor’s role extends to building and maintaining trust with funders through robust reporting and monitoring processes. By consolidating data from across the consortium, the anchor provides funders with a transparent, coherent picture of the collective impact being achieved. This includes regular updates on financial disbursements, programmatic outcomes of individual organisations, and alignment with the consortium’s overarching goals. The anchor’s ability to provide clear, data-driven insights into the progress of the consortium’s initiatives demonstrates the accountability and efficiency of the partnership, reinforcing funders' confidence in the model's potential for sustainable impact.

The anchor organisation also actively fosters funder engagement, positioning the consortium as a scalable, high-impact model for addressing complex, interconnected community needs. Through clear communication of the consortium’s progress and collective achievements, the anchor demonstrates how the integrated approach leads to systemic change, reinforcing the consortium's long-term value to funders and increasing the likelihood of continued support.

### *5.2.2. Role of Consortium Members*

Members are responsible for implementing interventions within their specific sectors, but they must align their work with the broader, collective goals of the consortium. They contribute to shared learning, co-develop solutions, and ensure that their activities do not duplicate one another but instead build on each other's strengths. Transparency is essential, and members must participate actively in joint reporting and monitoring to ensure that the consortium's impact is clearly measurable across multiple sectors.

**Member Selection:** The process of selecting members requires a careful balance of diversity and alignment. Beyond conducting essential due diligence, the anchor organisation must evaluate how potential members' activities, resources, and strategies can interlink with the broader goals of the consortium. The cultural fit assessment is critical in this scenario, as it involves ensuring that members can work across sectors and bring complementary skills and knowledge to the table.

Additionally, the anchor organisation should assess whether each potential member's leadership aligns with the consortium's vision of collective impact, and whether they are willing to engage in cross-sectoral dialogue and collaboration.

### *5.2.3. Role of Funders*

Funders engaged in this model provide financial support with a clear understanding of the consortium's collective goals and impact potential. They benefit from streamlined communication through the anchor organisation and the assurance that funds are being utilised effectively across geographies and are creating impact at scale.

### *5.2.4. Capital flow: Source, Access, Management and Disbursement*

**Source:** The consortium's capital flow is sourced through a mix of funding channels, which may include philanthropic grants, government funding, and/or impact investors. Fundraising is a collective effort led by the anchor organisation. Anchor organisation demonstrates the potential for holistic and synergistic solutions that address overlapping community needs, thereby appealing to funders who are interested in cross-sectoral, collective impact. This approach ensures that resources are allocated where they can be most effective in addressing the interconnected challenges faced by the shared beneficiary groups.

**Access to Funds:** To ensure equitable access to funds, the consortium adopts a flexible, yet structured approach that acknowledges the varying capacities and needs of its members. Member organisations submit detailed funding proposals outlining how they plan to utilise the funds in line with the shared outcomes of the consortium, taking into account both their specific programmatic focus and the broader objectives of the collective. The anchor organisation plays a critical role in supporting members in refining these proposals, ensuring that interventions are not only locally relevant but also aligned with the overarching consortium vision. This refinement process is iterative.

Importantly, access to funds is graduated to account for both organisational capacity and progress in achieving outcomes. Initially, organisations receive smaller disbursements, with the potential for increased access over time as they demonstrate progress. This graduated access is designed to provide an opportunity for organisations to build their capacity and prove their ability to manage resources effectively while also accommodating varying implementation speeds across different program areas.

**Fund Management and Fund Allocation:** The fund serves multiple purposes, including financing program implementation, capacity-building, and providing a buffer for risk absorption. Allocations are determined based on an initial needs assessment, which evaluates both the individual requirements of member organisations and the collective objectives of the consortium.

The guiding principle of collective impact shapes fund allocation. While individual progress is important, the consortium's primary goal is the achievement of system-wide change. If certain organisations exceed their impact, their success can support others facing challenges. Funds will also be set aside to support organisations that need additional capacity-building or flexibility to adjust their strategies, ensuring that underperformance in one area does not derail overall progress.

**Regular Reviews and Feedback Loops:** These will be conducted to ensure the effective use of funds. This includes tracking the disbursement and expenditure of funds across all organisations, with the anchor organisation providing ongoing support to ensure that all reporting is consistent and transparent. By simplifying and standardising reporting processes, the anchor ensures that even smaller or less-resourced organisations are equipped to meet accountability requirements.

**Collective Social Impact as Repayment:** The success of the consortium is measured by the collective social impact achieved, rather than through traditional financial repayment. The impact is defined not only by how widely the interventions reach, but also by how deeply they influence the interconnected aspects of the communities they serve. The focus is on the change driven by coordinated, multi-sectoral efforts that address the overlapping needs of beneficiaries. The collective actions of member organisations are designed to work synergistically, amplifying one another's effects and contributing to a comprehensive, sustainable development process.

This model redefines "scale" by considering both the breadth and depth of impact. While scale typically refers to the geographic spread of interventions, in this case, the scale also encompasses the extent to which different aspects of development -such as health, education, and livelihood -are holistically addressed. By fostering integrated solutions that address multiple dimensions of community well-being, the consortium creates a deeper, more meaningful impact that goes beyond surface-level expansion.

The value of the fund lies in how these diverse program areas interact to foster long-term, systemic change. For funders, this means that the true return on investment is not just in the number of people reached but in the transformative, multi-dimensional change that is achieved across overlapping sectors. This approach strengthens the consortium's appeal to funders who prioritise systemic, sustainable impact that reshapes entire communities rather than focusing on individual or isolated outcomes.

## 6. Identifying the Best-Suited Funders for Consortium Needs

The type of funder best suited to support a consortium depends on the nature of the consortium itself -its structure, focus, and operational priorities. Since the foundation of the consortium is driven by community needs and ongoing interventions, the choice of funder should enhance the consortium's ability to achieve its goals, whether through systemic, scalable solutions or holistic, community-centred approaches.

For Scenario A, where the consortium consists of geographically distributed organisations with a similar programmatic focus, philanthropic funders such as larger philanthropic foundations, HNIs, and even theme-focused Corporate Social Responsibilty (CSR) initiatives may be well suited. These funders typically aim to support long-term, thematic interventions, which align well with the consortium's goal of scaling collective impact across regions.

However, CSR funders can present some limitations in this context. While CSR funding is attractive for its focus on specific themes and its alignment with the impact outcomes of the consortium, it often comes with stringent compliance and reporting requirements that can be burdensome for smaller, grassroots organisations. The regulatory and reporting obligations imposed by CSR funding can be challenging for NPOs in remote or rural areas, where administrative capacity may be limited. Furthermore, CSR initiatives tend to have more rigid timelines and shorter funding cycles, which may not be conducive to the long-term, systemic change that a geographically distributed consortium requires. As a result, large philanthropic foundations and HNIs, with their ability to provide flexible, long-term funding, are more suited to supporting this type of consortium.

Plus, a single large grant is better suited than a pooled fund for several reasons. First, the geographical diversity of the organisations involved necessitates standardised outcome metrics to measure the consortium's collective impact. A single large grant typically comes with clear, pre-defined impact and outcome expectations that can be uniformly applied across the different regions. This ensures consistency in reporting and accountability, allowing the consortium to demonstrate a unified impact despite the geographical differences. Additionally, a single large grant simplifies administrative and compliance processes. In contrast, a pooled fund may face challenges in aligning all member organisations to a common set of performance metrics and outcomes, given the potential differences in the scale and approach of each organisation's activities. This can complicate reporting and monitoring, making it harder to maintain cohesion across the consortium.

For Scenario B, where organisations work with overlapping beneficiaries but address complementary programmatic areas, collaborative funding emerges as a strong option. Collaborative funders, such as philanthropic initiatives focussing on a region, community development funds, or foundations focusing on integrated approaches, are well-suited to support this type of consortium. These funders value the interconnected nature of challenges faced by communities and aim to foster partnerships that deliver holistic solutions. Collaborative funding allows multiple funders to align their priorities and jointly support the consortium's vision. Funders could divide responsibilities, with one focusing on capacity-building while another supports programmatic interventions, ensuring comprehensive support without duplicating efforts.

A subset of collaborative funding is pooled funding, where multiple funders combine their resources into a single fund managed by an anchor organisation or intermediary. This model is particularly effective for Scenario B, as it simplifies fund management for consortium members and ensures a unified approach to funding allocation and monitoring. Pooled funding encourages flexibility in addressing the interconnected needs of the community while maintaining transparency and reducing administrative burdens.

Alternatively, a single large grant from a funder with a broad mandate could also support Scenario B. Such a funder would need to appreciate the consortium's diverse interventions and be willing to allocate resources across programmatic areas. While this approach reduces the complexity of managing multiple funders, it may place a greater emphasis on the anchor organisation to ensure that funds are equitably distributed and aligned with the consortium's collective objectives.

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