

Risk Pool Fund

Model Evaluation, 2018-2023
Executive Summary

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INTRODUCTION

The Risk Pool Fund (RPF) was founded in 2018 as a collaboration between CRI Foundation, the Eleanor Crook Foundation (ECF), Vitol Foundation, and Open Road Alliance, to test a new approach to mitigating unanticipated obstacles which arise during project implementation.

The goal of the RPF is to help projects and implementing partners overcome unforeseen obstacles, and thereby protect the anchor funders' original investment and the project's intended impact. After six years of operation, the RPF undertook this evaluation to objectively identify learning opportunities to adapt and improve

how the fund operates, and to better understand the impact of the approach to date.

The fund hired an external consultant to undertake this evaluation in mid-2023. This evaluation was conducted using mixed methods and grounded theory research approaches, consisting of 30 interviews, one focus group, and an online survey.



BACKGROUND

Gaps and weaknesses in current funding schemes supporting international development efforts worldwide are well-documented in literature. Some funders, especially those with complex bureaucracies, can take months to create or amend contracts.

Many funders focus on low overheads and indirect costs and high value for money. In addition, private and philanthropic funding¹ which is often nimble and sometimes unrestricted, is concentrated amongst a relatively small number of non-governmental organizations, leaving the majority without access to flexible financial resources.

Due to these limitations, organizations often face financial gaps when unanticipated obstacles arise. The RPF aims to bridge this

funding gap by allowing an anchor funder to nominate a project which it currently funds to the RPF. The fund is an invite-only mechanism in which each anchor funder is able to roster any implementing partner they currently fund, for an entry fee of \$15,000 per project, per year.

Each implementing partner can then apply for up to \$50,000 in the event they experience an eligible obstacle, without limitation on the number of applications which can be submitted per year.

The applications are reviewed by an external review panel (ERP), who appraise the application's fit and recommend funding or not, which is then confirmed by the RPF director.

SUMMARY OF FINDINGS

The RPF has significantly benefited both its anchor funders and implementing partners over the past six years. In the first six years of operation, the fund received 70 grant applications and funded 50 risk mitigation projects, totaling \$2,081,803 through August 2023. These RPF grants protected more than \$90 million worth of total project investments, and \$26 million invested specifically by anchor funders.

Analysis of 39 implementing partner final reports submitted to date showed 97% (n=38/39) of all projects reported the RPF funding completely alleviated the obstacle, and 97% (n=38/39) completed or were on track to achieve their original aims².

There are several enablers and barriers to bringing forth challenges to funders, acknowledged both in interviews conducted for this evaluation, as well as in literature³.



The RPF's approach uniquely addresses many of these barriers by creating a non-judgmental, debiased, and light touch funding mechanism.

One significant barrier to reporting challenges is that implementing partners often feel they must protect their reputation with funders. Non-RPF affiliated funders interviewed largely feel their commitment to generating trust and strong relationships in their grant-making enables implementing partners to share and mitigate most obstacles without the need for a third party.

However, implementing partners described concerns that sometimes reporting such obstacles could lead to loss of current or future funding, and was expressed explicitly in three interviews during this evaluation.

RPF provides an opportunity for implementing partners to seek additional resources to overcome eligible obstacles, without needing to engage with their original funders.

Implementing partners interviewed and surveyed consistently laud RPF's non-judgmental acceptance of mistakes and unexpected events, and would like more funders to join.

While the RPF's unique approach to funding is a strength, the nature of what is eligible does cause confusion amongst its implementing partners, and is worth revisiting and revising for clarity. Research was already underway towards the end of this evaluation to widen the evidence base upon which to base revised eligibility criteria.

By engaging an external review panel to review all applications, and hiring a dedicated and experienced executive director to manage applications and grant awards, the RPF is able to remove anchor funders from funding decisions, further debiasing the application process, and reducing risk of reputational impacts.

I worked for larger contractors and you didn't have open, transparent conversations with your donor.

Because it was always like, well, what if they don't like what we said? And so, then the general policy was don't tell them anything. It's like, let's just stick to the reporting requirements.⁴

One implementer interviewed noted they sometimes refrain from approaching funders with challenges due to the time and effort required to secure a time or cost extension. In an industry often awash in complex applications and monitoring requirements, RPF's light touch application, review process, and grant reporting are considered by stakeholders to be some of the easiest and user-friendly of any funder.

Due to the light-touch reporting nature of the RPF, and the breadth of projects funded, it is difficult to track the fund's true impact beyond obstacle resolution. In addition to financial investment protected, which is currently tracked, RPF should consider including metrics such as percent of obstacles fully alleviated, and application-to-decision turnaround time, as well as conducting an annual qualitative feedback survey.

Work was underway at the end of this evaluation to consider additional impact metrics.

CONCLUSION

The RPF makes it easier for implementing partners to reach out and request financial assistance as it decreases the potential for reputational risk, and its fast turnaround time allows partners to access immediate support without necessarily involving their original funder. The fund is efficiently managed, with light touch application and reporting processes that do not overly burden the grantee.

While there is room for metric improvement, the approach to date has protected over \$90m dollars' worth of investment, has fully alleviated the identified obstacle in 97% of all projects funded, and is praised by all stakeholders currently involved.



¹ E.g., from individuals, trusts, foundations, corporate donors, and private funds

² In one project the funding only partially alleviated the obstacle, but was on track to complete its original goal; In one project the funding would have alleviated the obstacle, but the project was canceled for unrelated reasons.

³ Jagtiani, T., Vora, R. (2022). Barriers to talking about nonprofit failures and how to overcome them. Alliance Mag.

⁴ Interview with RNGO#2, online, August 8, 2023

The RPF's unique, accommodating, and inclusive approach to funding is a model which should be recognized for its ingenuity, and expanded or replicated with more funders as possible.

