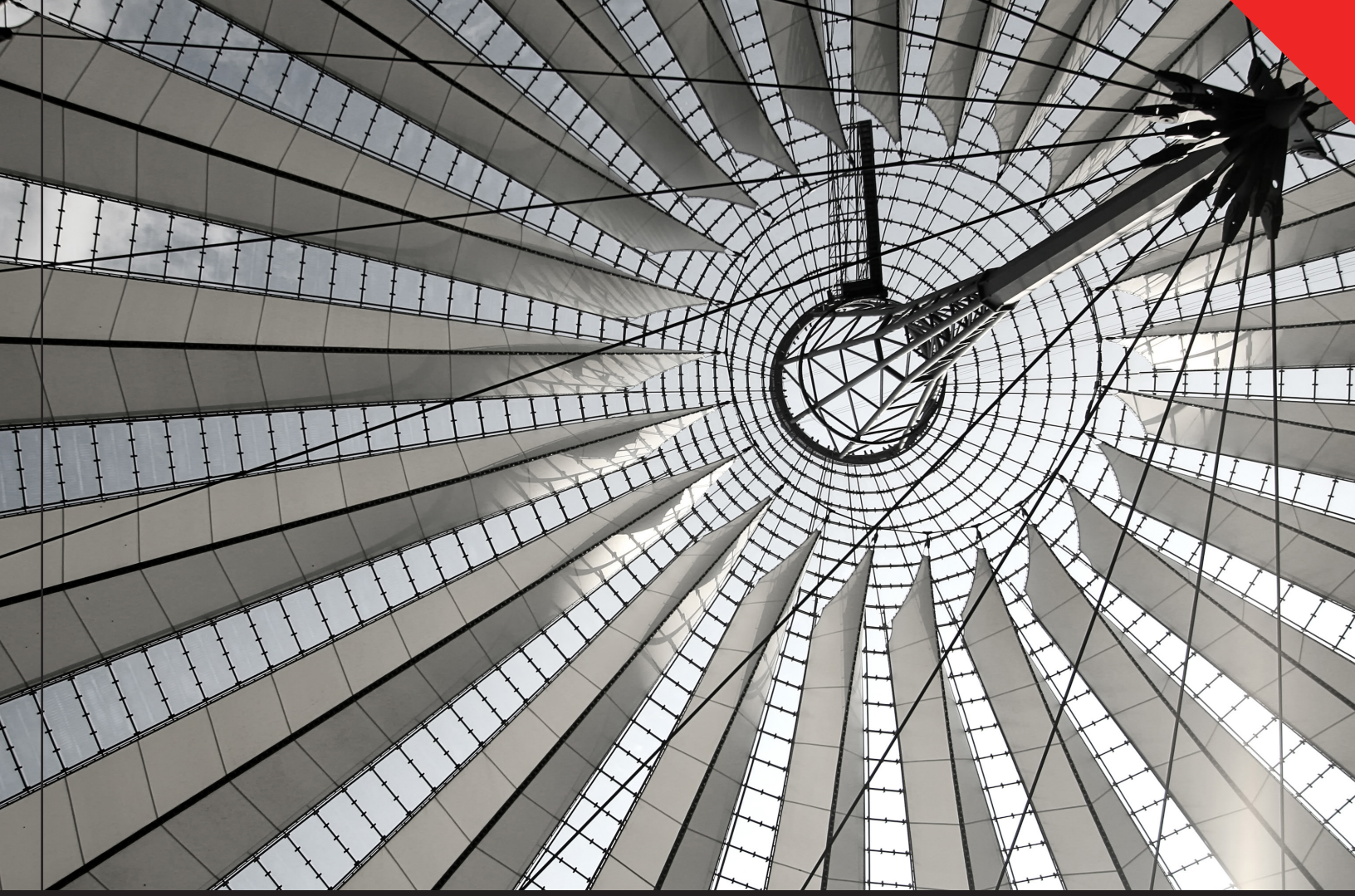

MORE THAN THE SUM OF ITS PARTS:
Making Multi-Stakeholder Initiatives Work

GLOBAL DEVELOPMENT INCUBATOR

USAID FROM THE AMERICAN PEOPLE

GDI Global Development Incubator

OMIDYAR NETWORK

November 2015

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GDI was created to advance and scale social impact. We do this by creating and expanding select ideas, organizations, and initiatives that address urgent global problems.

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GDI goes beyond traditional consulting models, capacity builders, and bureaucratic platforms to do hands-on implementation in addition to strategic and networking support. We take initiative to address real-world barriers to growth, offer a critical and independent perspective, and partner with innovators to deliver social impact at scale.

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ABBREVIATIONS AND ACRONYMS

A4AI	Alliance for Affordable Internet
AGRA	Alliance for a Green Revolution in Africa
ANDE	Aspen Network of Development Entrepreneurs
APOC	African Program for Onchocerciasis Control
BTCA	Better than Cash Alliance
CA	Cities Alliance
CGAP	Consultative Group to Assist the Poor
CGIAR	Consultative Group for International Agricultural Research
EITI	Extractive Industries Transparency Initiative
GAATW	Global Alliance Against Traffic in Women
GACC	Global Alliance for Clean Cookstoves
GAIDS	Global HIV/AIDS Partnership
GAIN	Global Alliance for Improved Nutrition
GAVI	Gavi, the Vaccine Alliance
GDI	Global Development Incubator
GEF	Global Environment Facility
GIIN	Global Impact Investing Network
GPE	Global Partnership for Education
GPO	Global Partnership for Oceans
GPSDD	Global Partnership for Sustainable Development Data
GWP	Global Water Partnership
infoDev	Information for Development Program
mHA	mHealth Alliance
MSI	Multi-stakeholder initiative
OGP	Open Government Partnership
PACT	Partnership for Capacity Building in Africa
PPIAF	Public-Private Infrastructure Advisory Facility Global Fund
PROFISH	Global Program on Fisheries
PROFOR	Program on Forests
RBM	Roll Back Malaria
SE4ALL	Sustainable Energy for All
SWA	Sanitation and Water for All
SDI	Shack / Slum Dwellers International
SDGs	Sustainable Development Goals
SSATP	Africa Transport Policy Program
UNAIDS	United Nations Program on AIDS
UNGIFT	United Nations Global Initiative to Fight Human Trafficking
WCF	World Cocoa Foundation
WSP	Water and Sanitation Program

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FOREWORD

WHY THIS STUDY?

In the last several decades, the global community has increasingly recognized the complex nature of problems to be solved in global development. Many of the key poverty reduction, inclusive growth, and empowerment tasks of our time – from ensuring food security and nutrition to advancing open government – require changing complex systems, and doing so on a scale commensurate with the size of the problems.

In this context, donors, foundations, and even private sector bodies have asked, "How do we move from pilot projects to platforms that enable scale?" and "How do we mobilize and influence stakeholders – like governments, private industry, and entire sectors of fragmented players – who can operate at scale?" Many have embraced the idea that impact at scale requires a systems approach, but a collection of uncoordinated and disjointed interventions among disparate stakeholders is simply not enough to achieve these changes.

Thus, it is no surprise that a realization has emerged among those who work in global development: Complex systems change often requires collective action to bring stakeholders together around a common agenda, goals, and measures of success to solve big problems. The rise in what this report calls "multi-stakeholder initiatives" (MSIs) reflects the popularity of this theory. While diverse in form and strategic intent, these MSIs possess a number of common attributes: a focus on collective action; engagement with a broad set of stakeholders across sectors; and the intent to align, coordinate, and influence actors in an ecosystem in ways that help them achieve results at meaningful scale.

MSIs are an increasingly popular model for funders trying to bring about positive change. In the last decade and a half, the number of MSIs has dramatically increased, and the period of 2000-2015 alone saw a more than fourfold proliferation, by a conservative and non-exhaustive count. Our organizations know this from firsthand experience; having been involved in funding or founding many of the MSIs surveyed in this study.

Yet, for all of this activity, there has been little effort to date to understand what makes MSIs succeed or fail, or indeed if they were the best choice to address the problem in the first place. While many MSIs are still relatively new, we are now at a point in their evolution to step back and ask: what have we learned? Are MSIs delivering on what they set out to do? Where – and where not? And why – or why not? Many MSIs have been evaluated individually (and some multiple times!), but no study has looked at the experiences of MSI in a comparative light. This report takes a macro-level view of the MSI landscape to date, focusing on the initiation through start-up phases of an MSI's lifecycle, and represents an important first step in the longer-term journey of learning about MSIs.

Those readers familiar with Omidyar Network and its publication Priming the Pump will recognize that we have argued often for the importance of taking a sector-based approach, which often includes establishing or supporting MSIs in order to move a whole sector forward. From the USAID side, multi-stakeholder approaches are at the heart of how our partners strive to achieve impact at scale through presidential initiatives such as Power Africa and Feed the Future, as well as MSIs we've helped launch, such as the Better than Cash Alliance (which Omidyar Network supported at launch as well). USAID's support for this study is part of the U.S. Global Development Lab's role in driving a learning agenda and building a stronger evidence base for how to design and implement effective partnership models for development.

[1] Matt Bannick and Paula Goldman, "Priming the Pump: The Case for a Sector Based Approach to Impact Investing," Omidyar Network, 2012.

ABOUT THE REPORT

Against this backdrop, when the Global Development Incubator (GDI) approached us about engaging with and supporting this research, we were keen to participate and – along with valued advisors from the Rockefeller Foundation and Gates Foundation – shed some light on these often overlooked field-building anchors. The report starts by asking: what have we learned from the experience of conceiving, designing, launching, and running these MSIs? Although not designed to be a comprehensive examination of these entities, this research mines the wisdom of the founders and first CEOs of 17 MSIs, drawing insights from their experiences and 20/20 hindsight, as well as public documents and evaluations. In analyzing the successes, trials, and failures of these MSIs to date, the report provides a useful guide for those who are considering setting up MSIs and those charged with running or participating in them.

The findings point to important early lessons. Overall, we were heartened to see that the report highlights some promising examples of success, and leads us to believe that MSIs – in the right context, and set up well – can play an essential role in helping achieve results at greater scale for a broad cross-section of stakeholders.

But the report also says loud and clear to *proceed with caution*, drawing on experiences of MSIs that did not live up to the bold ambitions of their founders. Moreover, as an additional warning to would-be funders of future MSIs, the GDI team found that (1) none of the profiled MSIs fully cover their costs, even after decades, and (2) most MSIs never close shop. Those considering forming or funding a new MSI, therefore, should expect to be in it for the long haul.

The report also articulates important questions any organization should ask before diving into the labor and time-intensive, complex commitment of setting up a new MSI. It gives concrete guidance around how to stand up an MSI, drawing on lessons learned from the blood, sweat, and tears of those who have set them up in the past.

One key finding from GDI's research was particularly resonant with both Omidyar Network and USAID: Funders should think of MSIs as start-ups and should provide funding, leadership, risk tolerance, and guidance more akin to how they might invest in a new venture, versus, say, a government program. Another finding that spoke to us was the importance of active stakeholder consultation in the process of setting up MSIs, particularly for those seeking to define and build an emerging field.

Finally, the report also points to future research priorities where more can and should be learned, including a deeper dive into the operational stages of MSIs after they start up. It also suggests that we can learn further lessons from both those who did in fact "ride off into the sunset" as well as those who did not and instead pivoted (sometimes more than once) on their mission or focus. We see this study as the start of a journey, but hardly the last word, and hope others will comment and add their voices to the conversation.

At USAID and Omidyar Network, we are aware that our organizations alone cannot possibly make a dent in the magnitude of global development challenges – greater collaboration across sectors and stakeholders is absolutely essential. But of course, that's easier said than done. We hope this study can help us make that progress together.

Chris Jurgens
Director – Global Partnerships
U.S. Global Development Lab
USAID

Mike Kubzansky
Partner
Omidyar Network

EXECUTIVE SUMMARY

Now more than ever, solving the world's most pressing problems requires the kind of systems-level change that can only be addressed by collective action. Consider the ambitious post-2015 Sustainable Development Goal (SDG) areas, such as food security, climate change, and universal education, whose challenges can hardly be addressed by a single government or donor alone. Simply financing these goals will require global coordination and action: estimates suggest an annual funding shortfall of roughly $2.5 trillion USD for the SDGs, across critical health, education, food security, climate change, and infrastructure targets.

In response to increasingly complex global problems, the global development community has launched an ever-growing number of collective action bodies. A conservative, non-exhaustive count shows a more than fourfold increase in these types of efforts between 2000 and 2015 alone. In this report, we focus on 17 organizations that fit our definition of "multi-stakeholder initiatives," or MSIs: **organizations (1) focused on bringing about collective action solutions for global public benefit, (2) comprised of actors across the public and private sectors (both for-profit and philanthropic), and (3) whose governance bodies and capabilities are wholly new, rather than simply reliant on those of the constituent actors.**

When set up well, an MSI can achieve more-than-the-sum-of-its-parts results. Indeed, we saw several examples of this from our sample alone. In order to better understand when and how this occurs, we interviewed over 30 experts who were early funders or implementers of MSIs to systematically extract and synthesize best practices. In particular, we sought answers to the questions: When is an MSI the best-suited solution to address a global development problem, and what can an MSI do in its early days to be most effective?

KEY CONSIDERATIONS

Beyond the strategic and tactical recommendations for MSIs we identified through our interviews and research, several overarching key considerations also emerged:

Proceed with caution

Of all the lessons learned from our interviews, one was the most salient: setting up an MSI is a high-risk venture, and those considering doing so should proceed with caution. In addition to requiring significant time and financial investments, MSIs' achievements often fall short of expectations. Our interviewees gave their MSIs on average a C grade ranking on performance against founding objectives.

Consider alternatives

Before launching an MSI, initiators should consider whether an alternative, less costly, and less risky mechanism is better suited to address the challenge at hand. For example, a single project, stand-alone organization, or government is often better positioned to address issues that are more narrowly focused, whether geographically and sectorally, as those issues may not require complex coordination.

Timing is everything

Even when an MSI is the most appropriate mechanism to address a given global development problem, prospective MSIs must carefully consider whether the right conditions are in place for a successful start-up. Successful collective action mandates tend to require urgent action, emerge from a field that has critical mass, and have start-up support from core funders and leaders who will not let the effort fail. Not all of these conditions must be in place, but if most seem unattainable, then the timing and environment may not be right to launch an MSI.

PLANNING FOR SUCCESS

After carefully weighing these key considerations—and others identified in the "whether" framework in Section II—to determine if an MSI is the best-suited mechanism to address the collective action problem at hand, a prospective MSI can begin planning for success early. In Section III, "How to Set Up an MSI," we outline insights and recommendations in detail for both donors and implementers of MSIs. We highlight a few of those here, and recap the full set in the report's conclusion.

For donors of MSIs

Our study found donors should keep the following principles top of mind when considering whether and how to support a new MSI:

- **Seek to launch a conversation, not an institution:** Launch an MSI only after thorough consultation with and buy-in from the broader field. Otherwise, the MSI risks becoming a mere extension of a donor's existing programs.
- **Be prepared for long-term engagement:** Fund an MSI only if you are willing to commit for the long haul. Fund an MSI as if it is a start-up, with a long timeframe in mind: provide multi-year funding attached to 3-5 year targets, tranched against incremental milestones to be achieved.
- **Give the MSI agency:** Grant the MSI's leadership the autonomy to make strategic and budgetary decisions free from distracting political or donor pressures.
- **Play to your strengths when supporting the MSI:** Without becoming too involved, use your competitive advantage to help the MSI capture the conditions for success outlined in Section II, "Whether to Set Up an MSI," and successfully launch. For example, organize a galvanizing event for the public announcement of the initiative or leverage your networks to find the right CEO.

For implementers of MSIs

Our action-oriented recommendations for implementers range from the strategic to the tactical, including the following best practices:

- **Fill a table (with the right people) before you fill the tent:** Focus first on getting the right people at the table. Then, over time, identify the organizations that need to be involved to mobilize and sustain action.
- **When ready, leverage galvanizing events:** Build momentum through continuous stakeholder engagement and a strategically timed forcing event, such as a public launch. Meanwhile, insist on a long tail of work pre-launch to ensure the MSI has buy-in.
- **Give yourself time to build a permanent team:** Get substantive work started right away with an interim CEO, and de-risk the position longer-term by making early progress. When possible, limit the number of early full-time hires so the eventual CEO can build his or her team.
- **Develop and articulate a realistic membership fee model:** Give funders accurate expectations around the challenge of membership-driven sustainability; use membership fees to cover actual member services and raise grants for other public goods.

Heeding these considerations, which surfaced from the trials and tribulations of past MSIs, can greatly increase a new MSI's chance of success. In addition to providing recommendations around how to set up a successful MSI, this research also informed our caution around trying to launch an MSI without the right conditions in place. Although certain readers will undoubtedly be drawn to specific sections of this report, we encourage funders, implementers, and others to consider both the "how" and "whether" questions with equal weight.

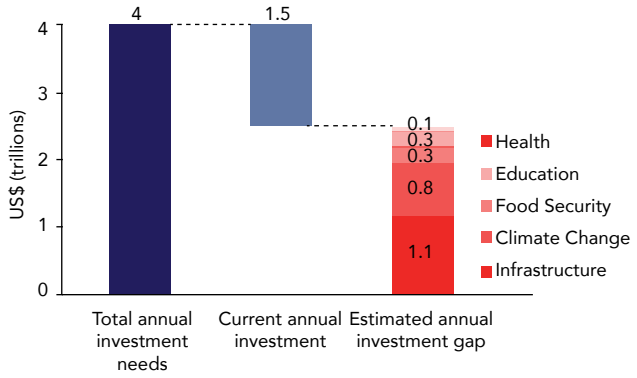
SECTION I: COLLECTIVE ACTION: PROMISE, PERILS, AND DEFINITIONS

INTRODUCTION

Now more than ever, solving the world's most pressing problems requires the kind of systems change that comes only through collective action. Consider, for example, any of the Sustainable Development Goals (SDGs). From food security to climate change, each goal has a public good at its core, and a scope and budget that goes far beyond any one government, donor, or sector. Accordingly, achieving the SDGs will hinge on multi-stakeholder involvement and resource mobilization from a range of groups across the public, philanthropic, and private sectors, as well as civil society. Looking at financial resource gaps alone, we see an estimated shortfall in global funding for key SDG sectors of approximately $2.5 USD trillion annually (see Figure 1).

FIGURE 1

Estimated investment needs and gaps in key Sustainable Development Goals sectors[4,5]



Furthermore, as the development community has begun to acknowledge the benefits of a more collaborative, bottom-up approach over the past several decades, many actors have become more capacitated—and willing—to tackle complex, systemic global challenges. Building off this awareness, the global development community has launched an increasing number of multi-stakeholder, collective action efforts. As shown in Figure 2, the period of 2000-2015 alone saw a more than fourfold proliferation, by a conservative and non-exhaustive count. The global development community has further underscored the popularity of these efforts through the recently launched "Partnerships for SDGs" platform, created to encourage global engagement around multi-stakeholder partnerships and voluntary commitments in support of the SDGs.[2] As of publication, more than 1,900 initiatives had registered on the platform.

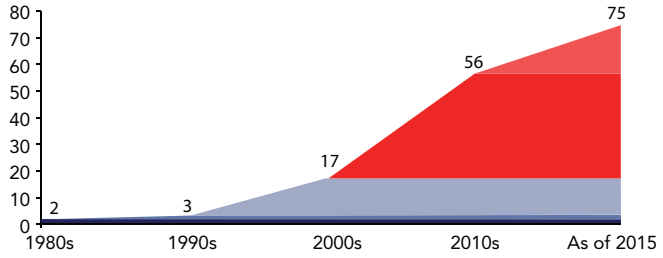
When set up well, and under the right conditions, a collective action effort can achieve more-than-the-sum-of-its parts results in global development (see 'Examples of high performing MSIs' at the end of this section for examples). But with the lofty expectations that inherently accompany these efforts also comes the perception that they often fail to achieve them. These failures are partially driven by the absence of any sort of discipline or research around setting up multi-stakeholder initiatives, or MSIs.[3]

[2] "Partnership Engagement for the Sustainable Development Goals," United Nations Partnerships for Sustainable Development Goals, https://sustainabledevelopment.un.org/partnerships.

[3] While others have indeed written about MSIs, including FSG's great work on collective impact and the Center for Global Development's on partnership governance specifically, there has been surprisingly little reflection on the two topics we address in this report. See Appendix C for a list of suggested reading.

FIGURE 2

Collective action efforts launched by decade[6]



Names of Collective Action Efforts Launched (Non-Exhaustive)

CGIAR (1971)	SSATP (1987)	GEF (1991)	GAVI (2000)	GACC (2010)
WSP (1978)		PACT (1991)	WCF (2000)	SWA (2010)
		GAATW (1994)	GAIN (2002)	SE4All (2011)
		APOC (1995)	Global Fund (2002)	OGP (2011)
		CGAP (1995)	GPE (2002)	BTCA (2012)
		GAIDS (1995)	EITI (2003)	GPO (2012)
		infoDev (1995)	PROFISH (2005)	A4AI (2013)
		GWP (1996)	AGRA (2006)	Internet.org (2013)
		SDI (1996)	UNGIFT (2007)	GPSDD (2015)
		UNAIDS (1996)	ANDE (2009)	+ 10 others
		PROFOR (1997)	GIIN (2009)	
		RBM (1998)	mHA (2009)	
		CA (1999)	+ 27 others	
		PPIAF (1999)		

This report seeks to address that research gap by taking a systematic look at the experience of nearly 20 past or existing global collective action efforts—some high-performing, others not—in order to extract and synthesize best practices. Driven primarily by in-depth interviews with early funders and implementers of MSIs, this report organizes findings into two main sections: whether to pursue an MSI, and how to best to set one up if the decision is made to do so. Section II, "Whether to Set up an MSI," outlines three key questions that initiators should ask themselves before embarking. Section III, "How to Set Up an MSI," proceeds to detail best practices for setting up a successful MSI and recommendations for avoiding major pitfalls.

FOUNDATIONS AND DEFINITIONS

To help define the scope of this study, we returned to the first principles of collective action.[7] Broadly speaking, collective action is any action taken by a group of actors to achieve a common objective. In many cases, it aims to address "collective action problems:" situations in which multiple individuals would all benefit from a certain action, but the associated cost deters a single actor from taking action and solving the problem alone.[8] In essence, the SDGs are collective action problems; take, for example, goal number one: "End poverty in all its forms everywhere."

Certain collective action problems can only be overcome by materially influencing the associated cost-benefit analysis – think, for example, about governments remedying the overuse of public goods through taxation. However, less formal groups may also be able to influence cost-benefit calculations by leveraging non-material considerations like public prestige or embarrassment. Such groups can realize collective action solutions by creating normative cultures in which pure self-interest is poorly tolerated,[9] convening and coordinating otherwise disparate actors, elevating shared issues, and promoting mutually beneficial solutions. In short, they can grow and disburse the pie – financial and otherwise – for all actors. For the purposes of this study, we focus on these kinds of collective action efforts in the field of global development (see Appendix B for the full list in our sample.)

[4] Current annual investment of $1.5T includes both public and private investments, defined as capital expenditures. Estimated annual investment gap based on average between low and high estimates.

[5] "World Investment Report 2014," Dalberg Global Development Advisors, adapted from UNCTAD, 2014.

[6] Advisory Committee discussions; World Bank Directory of programs supported by Trust Funds 2011 and 2012; GDI research; "17 Sustainable Development Goals, 17 Partnerships," United Nations Department of Economic and Social Affairs Division for Sustainable Development, 2015.

[7] See, for example, the foundational work of David Hume in the 1740s or Mancur Olson's popular policy theories as articulated in his 1965 *The Logic of Collective Action: Public Goods and the Theory of Groups*.

[8] Mancur Olson, *The Logic of Collective Action: Public Goods and the Theory of Groups*, Harvard University Press, 1965.

[9] See Holzinger 2003 for more on how collective decision-making and norms can be powerful solutions to certain collective action problems.

FIGURE 3

Examples of names used for collective action efforts in global development[10]

Multi-stakeholder partnerships	Coalitions	Alliances
Commissions	Initiative	Associations
Public-private partnerships (PPP)	Private-to-private partnerships (P2P)	Hyper collaborative partnerships
Market infrastructure	Challenges / prizes	Financing mechanisms
Collective impact	Solution networks	Fourth sector

"MULTI-STAKEHOLDER INITIATIVES"

Naming conventions within the world of global collective action are messy: stakeholders use numerous terms, and do so inconsistently. Figure 3 shows some examples of terms we encountered.

Largely speaking, the entities in our study sample fall under the nomenclature of alliances, networks, and partnerships. To help frame an emerging discipline, we will refer to those within our scope as "multi-stakeholder initiatives" (MSIs).[11]

MSIs are organizations[12] (1) focused on bringing about collective action solutions for global public benefit, (2) comprised of actors across the public and private sectors (both for-profit and philanthropic), and (3) whose governance bodies and capabilities are wholly new, rather than simply reliant on those of the constituent actors.

Given the categorical nature of the definition, it is also helpful to define what kind of efforts would not be considered an MSI. These include:

- Efforts to advance private goods, such as traditional industry associations[13]
- Efforts with only two actors, such as simple public-private partnerships
- Efforts with a single type of actor, such as a government taking on an issue without working with other types of stakeholders
- Efforts to build or develop a single value chain in a single country
- Efforts with singular activities or programs, particularly related to pooled funding, such as a pure financing mechanism like a prize or challenge

As noted above, MSIs seek to achieve collective action solutions in three primary goal areas:

- Industry and market development: Bringing people into the same tent and improving practices by convening and coordinating

[10] GDI research.

[11] While there are national-level MSIs established to tackle collective action within a single nation, this report only looks at those that are global in nature. Also note that this term is close in spirit to the term used by the Center for Global Development in its 2012 Governance of New Global Partnerships Policy Paper (#14): "new global partnerships." From the report: "Compared to earlier partnerships, these organizations are far more heterogeneous. Their guiding frameworks depend far less on legislated international regimes and far more on sequential discourse, networks and adaptive and flexible decision-making. Decision-making authority is far more distributed and diluted. The need to balance the interests and perspectives of highly diverse constituencies (governments, civil society, philanthropists, foundations, private sector) necessitates governance that is more complex and nuanced than that of traditional collective action organizations. In particular, the effectiveness of their governance depends much more on "soft power" whose defining characteristics are attraction as opposed to force, persuasion instead of regulation, convincing rather than requiring others to follow and the power of complex information systems as opposed to rules-based systems."

[12] Note that we have intentionally used the term "initiative" since these organizations are in principle designed to exist for a goal-driven and time-bound body of work, rather than in perpetuity.

[13] While industry associations do, of course, support industry development, they are generally not constituted of stakeholders across sectors, are usually entirely funded by their industry members, and are primarily concerned with the protection of their industry and employees rather than the furtherance of public benefits.

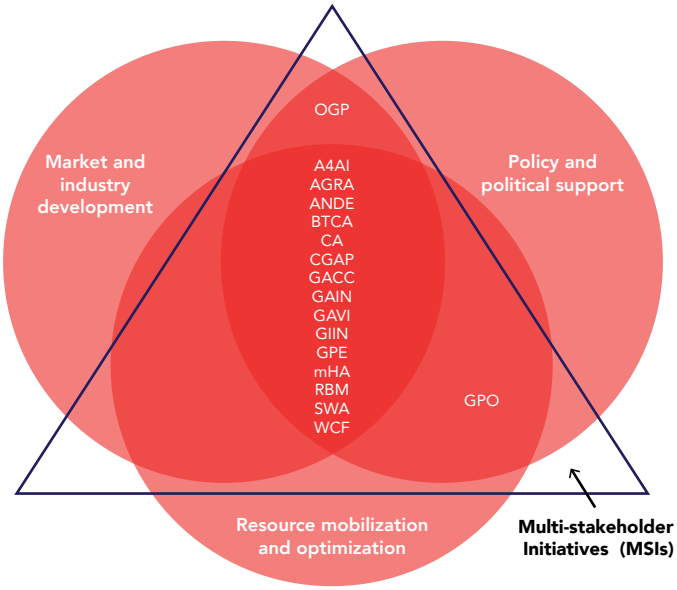
- Policy and political support: Elevating issues and promoting solutions through advocacy and consensus building
- Resource mobilization and optimization: Growing, aggregating, maximizing, and/or disbursing assets, which can be financial or informational in nature (e.g. research and evidence-building or knowledge-sharing)

The systems-change mandates of MSIs generally require efforts in more than one goal area, and indeed the three are reinforcing in nature. Figure 4 and 5 illustrate the extent to which this is true of the MSIs in our sample. Note that the second graphic reflects a primary emphasis on industry and market development and focuses secondarily on policy and political support; resource mobilization and optimization is almost always a necessary component of an MSI, but rarely a primary function.

Finally, Figure 6 depicts how these three goal areas relate to other collective action efforts outside of our scope. While this graphic shows the landscape at a high level, these boundaries are not absolutely distinct; there is more overlap in reality than this graphic indicates.

FIGURE 4

Reported goal areas of MSIs in our sample[14,15]



THE PERIL

The promise of MSIs stems from demonstrated success; they can be a powerful tool for collective action when set up well and under the right conditions. But the costs and risks involved in setting up an MSI are significant enough that prospective MSIs should only launch after very careful consideration. As noted earlier, many MSIs struggle to meet their initial high expecta-

FIGURE 5

Sample MSIs self-reported primary goal area[16]

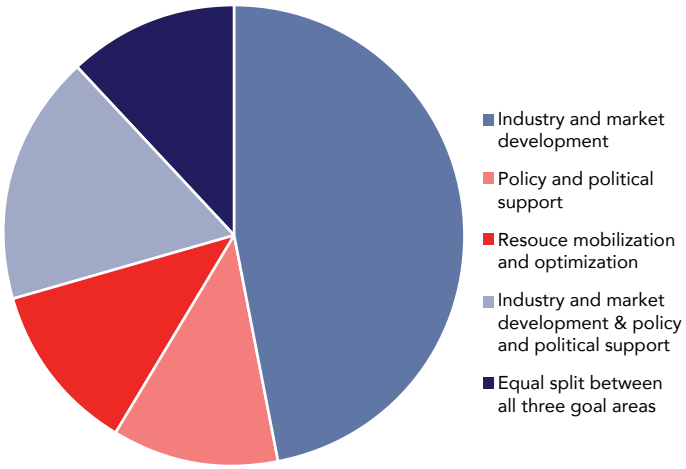
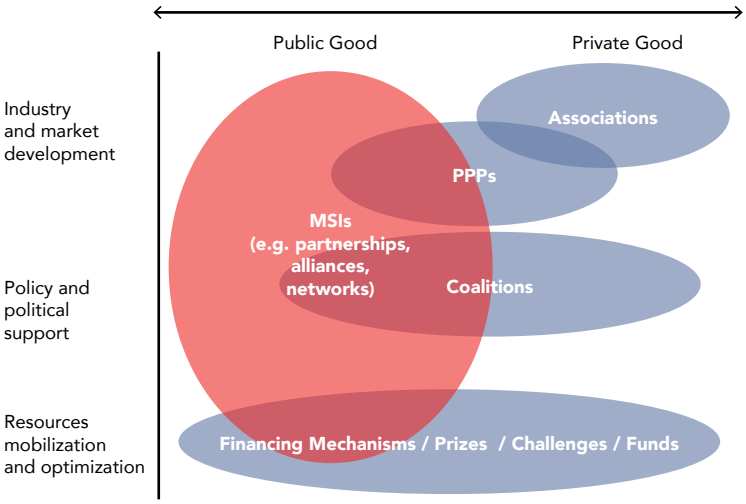


FIGURE 6

Mapping of select collective action efforts[17]



[14] With one exception: we were unable to verify the information for RBM.

[15] GDI interviews and research.

[16] GDI interviews.

[17] GDI analysis.

tions due to design and operational challenges that have plagued them from the start. Our interviewees highlighted several common struggles their MSIs experienced in the early stages:

- Initiation
  - **Misreading market signals:** "In the foundation world, you can talk yourself into a hypothesis and use the grant money to mask the market rejection of the idea."
- Design
  - **Lacking a strategy:** "There was an overall shared goal, but zero alignment on how to get there. The lack of a strategic action plan reduced momentum, and we never got past the discussion on 'how.'"
  - **Not establishing consensus:** "For the first three years, every meeting was spent trying to rehash the same conversation about aligning goals and objectives and trying to bring all partners onto the same page."
- Launch
  - **Launching prematurely:** "The MSI was announced by the World Bank President in a press conference and we had very little time to come up with an initial draft of what this initiative would look like, so the initial planning stage was far too rushed."
  - **Launching with too many players:** "There were so many actors around the table from the first meeting that it proved impossible to forge a consensus on the means of implementation of the MSI over time."
- Start-up
  - **Lacking guidance on how to start:** "We spent a lot of upfront time and energy thinking about the right organizational structure and governance, but many of the recommendations were not implemented. The sector needs a toolkit to provide guidance to board members and project managers."
  - **Perpetuating zombie partnerships:** "The conflation of an MSI's strategy failure and execution failure exacerbates the problem, because it can come across as a failure of organizations to partner, compared with the failure of the partnership to realize impact. And people don't like that, so they continue to partner for the sake of partnering."

In fact, initiators in our sample gave their MSIs an average C ranking on performance against initial

FIGURE 7

Average performance rating (scale of A to F) of the MSIs in the study sample[18,19]

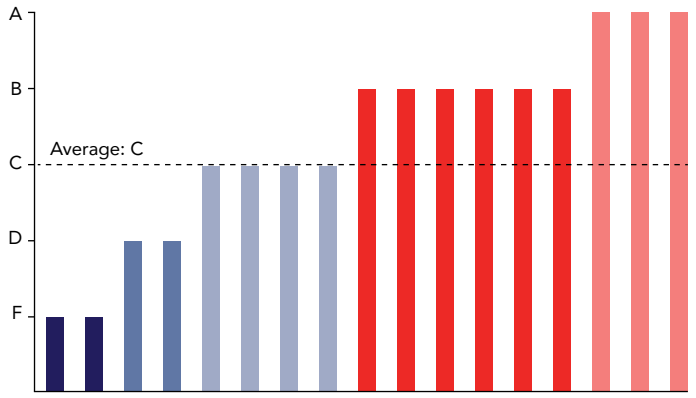
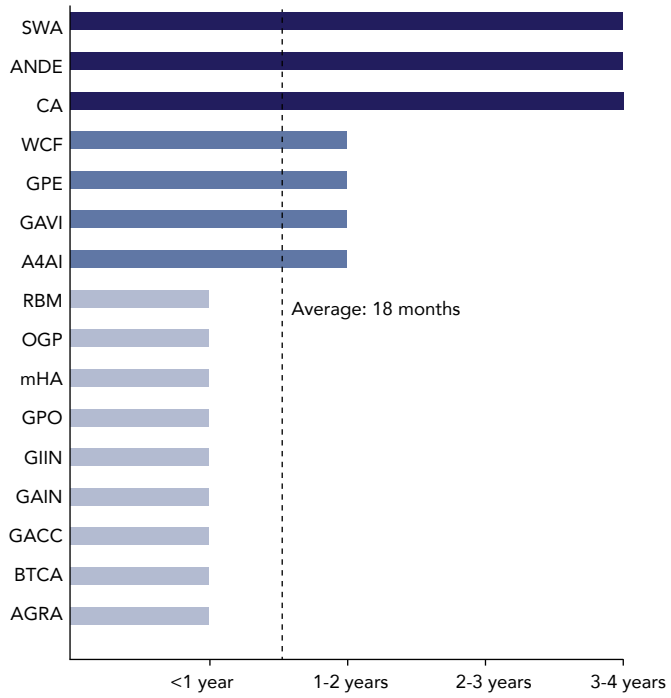


FIGURE 8

Time taken to launch the MSIs in the study sample[20]



[18] GDI interviews.

[19] Performance ratings are based on how well the MSI is performing against its initial objectives; see Appendix I - Methodology for more details. Performance rating scores of 1-5 have been converted to letter grades where A=4.5-5, B=4-4.4, C=3.5-3.9, D=3.0-3.4, and F=2.9 or less.

[20] GDI interviews. Note that time to launch data are estimates and CGAP is excluded due to a lack of information on conception date.

[21] "Five Years of Impact: 2010-2015," The Global Alliance for Clean Cookstoves, http://cleancookstoves.org/resources/reports/fiveyears.html.

[22] "Five Years of Mobilizing for Health Impact," mHealth Alliance, http://www.mhealthknowledge.org/sites/default/files/5_mHealth_5Year_Report.pdf.

expectations (see Figure 7). Their comments behind these rankings point to a combination of the unrealistic expectations that accompany large, resource-intensive multi-stakeholder efforts, and operational underperformance that can come with complex initiatives. At a minimum, setting up an MSI is time-consuming and costly for all parties involved. Although the intensity of their launch efforts varied, the MSIs in our sample took on average 18 months to move from earliest discussions to launch (Figure 8), and those that launched faster sometimes faced challenges due to moving too quickly.

Given these reflections, it is prudent to view setting up an MSI as a high-risk venture: the investment in time and cost is high, and the achievements of those that make it to the start-up phase tend to be lower than expected. We do not intend this caution to discourage collective action, but rather to strongly recommend initiators approach setting up an MSI as systematically as possible (Section III), and only when the conditions are favorable (Section II).

CASE IN POINT
Examples of high performing MSIs

Global Alliance for Clean Cookstoves

According to GACC's "Five Years of Impact" report[21] examples of its achievements include:

- Standardizing product evaluation and performance: 28 countries are actively engaged in the development of International Organization for Standardization-approved standards.
- Strengthening close to 200 enterprises across the sector, 28 of which have increased cookstove production by more than 300% and have doubled their fuel production.
- Helping to attract $265 million in carbon finance for the sector.

"Though the Global Alliance for Clean Cookstoves was founded just five years ago, we have already made impressive progress in developing a market-based clean cookstoves and fuels sector that is poised for sustainable growth. The Alliance has helped raise the visibility of household pollution and its harmful health impacts, especially on women, at the time when few people were aware of this issue, and convened more than 1,300 diverse global partners to promote clean cooking solutions. The Alliance has also been successful in mobilizing over $60 million in new funding for the sector, which has provided support to entrepreneurs, researchers, development organizations, women's groups, and other stakeholders to promote the adoption of clean cookstoves and fuels in developing countries."

Leslie Cordes (Senior Director, UN Foundation and Senior Director of Strategic Partnerships, GACC)

mHealth Alliance

According to mHA's "Five Years of Mobilizing for Health Impact" report,[22] examples of its achievements include:

- Partnering with the Government of Norway to host and manage a catalytic grants mechanism supporting the use of mobile technology to improve maternal and child health.
- Advancing the mHealth dialogue and knowledge base by organizing summits, producing over 20 high-quality publications, and connecting sector partners.
- Building the evidence base on mHealth monitoring and evaluation and understanding of how to implement at scale.
- Worked with the Nigerian Federal Ministry of health to integrate the strategic use of information and communications technologies in support of the president's Saving One Million Lives initiative.

"The mHealth Alliance exceeded what it was set up to do. The original goals were to establish and grow the field of mHealth and demonstrate the potential for mobile technologies to improve health outcomes. Since its formation at the Bellagio meeting, the mHealth Alliance helped facilitate the development and adoption of the Greentree Principles by over 300 member organizations ranging from governments to private sector companies as well as international agencies and NGOs. At the global level, mHealth Alliance catalyzed the field and brought together the community by identifying key barriers and gaps to scale and mobilizing collective action to systematically address them."

Patty Mechael (Former CEO, mHealth Alliance)

SECTION II:
WHETHER TO SET UP AN MSI

In light of the cost and risks involved in pursuing an MSI, implementers and donors should set up an MSI with caution, and only after thoughtfully validating that it is the best vehicle for the desired collective action outcome. This section details the three questions that can help guide an assessment of whether to set up an MSI:

1. Alignment: Can an MSI address the mandate? Confirm that the objectives align with at least one of the core goal areas of MSIs: industry and market development; policy and political support; and resource mobilization and optimization.
2. Suitability: Is a new MSI the best kind of intervention to address the mandate? Further validate that an MSI is, in fact, the organizational format best suited to this mandate, based on relevant screens.
3. Prospects: Is this MSI likely to succeed? Determine whether key conditions for success are in place.

FIGURE 9

Framework for whether to set up an MSI

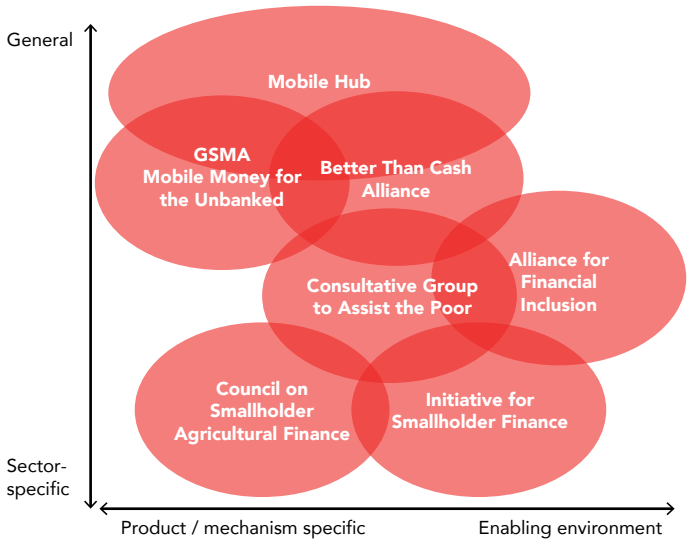
1. Alignment: Can an MSI address your mandate?	**Based on your objectives, confirm you are pursuing at least one of these goal areas**			
	Goal areas	**Industry and market development**	**Policy and political support**	**Resource mobilization and optimization**
	Example objectives ↓	• Coordinating actors in fragmented sectors • Strengthening industry practice • Reaching scale required to attract the private sector • Building a common framework for transparency • Sharing knowledge	• Advocating with a collective voice • Shaping global public policy	• Building an evidence base • Supporting the provision of public goods in under-resourced markets • Catalyzing new funding
2. Suitability: Is a new MSI the best kind of intervention to address your mandate?	**Further validate the suitability of an MSI through relevant screens**			
	Example screens ↓	• What is the geographic scope of the mandate? • How many sectors are involved? • How well-coordinated is the industry? • What is the nature of the knowledge development?		
3. Prospects: Is your MSI likely to succeed?	**Determine whether key conditions for success are in place**			
		• A burning platform: converging trends, emerging evidence, and a good narrative • A burgeoning field: successful actors who need to work together to grow the pie • The prospects of seizing a galvanizing event • Confidence in securing at least one anchor funder • An interim "owner" • The ability to select initial participants		

It is worth noting, however, that even if the answer to each of these questions is "yes," initiators of an MSI must be fully aware that they are about to enter an already crowded field. An obvious (but often overlooked) implication of the proliferation of MSIs in recent decades is that key stakeholders— whether funders, governments, NGOs, or the private sector—are asked to participate in an increasing number of MSIs. New MSIs are therefore in competition with many incumbents for funding, attention, political will, and time. The pressure on stakeholders to engage in multiple MSIs can inadvertently be a negative effect of this kind of pursuit, especially for organizations that may be under-resourced. Beyond wasting or absorbing undue resources, launching MSIs in suboptimal situations can add to growing initiative fatigue and be detrimental to the field as a whole.

Figure 10 provides a glimpse into the crowded, overlapping field of one social sector field – financial inclusion – as illustrated by just a subset of initiatives within that space.

FIGURE 10

Sample MSIs in and near the financial inclusion sector[23, 24]



ALIGNMENT: CAN AN MSI ADDRESS THE MANDATE?

We have seen that MSIs can promote global collective action in three primary goal areas: industry and market development; policy and political support; and resource mobilization and optimization. The objectives of a prospective MSI should thus fall under at least one of these goal areas.

Given the contextual differences between MSIs, it would be nearly impossible to build an exhaustive list of all MSI objectives; instead, the table below notes examples from past and existing MSIs. Because of the reinforcing nature of the three goal areas, some objectives overlap. We also note specific roles commonly associated with each goal area, as well as functions that generally cut across all three.

CASE IN POINT
Words of caution before launching an MSI

- "Anyone who's looking to start an MSI needs to realize they are entering a very crowded field compared to even a decade ago. When you tally up the number of commitments governments have made, especially in line ministries in developing countries, there's not a tremendous amount of bandwidth left."
- "By the time the UN system got around to [MSI], it was completely exhausted from trying to absorb these new entities, which many other actors also saw as competition – they felt the money should have gone to existing bodies within the system, rather than new MSIs like this."
- "It helped that [our MSI] was launched before [another MSI in the same field], so we avoided having to compete for the spotlight."
- "Strategic decision was taken [that]...everyone who wants to join should be able to, and everyone has to be a piece of the solution. But operationalizing and executing this became very difficult."

[23] Note that we have included MobileHub to represent that financial inclusion is adjacent to and in some cases overlapping with another field: mobile for development.

[24] GDI interviews.

FIGURE 11

Example objectives, roles, and functions for each goal area

Goal areas	Industry and market development	Policy and political support	Resource mobilization and optimization
Example Objectives	• Coordinating actors in fragmented sectors • Strengthening industry practice • Reaching scale required to wattract the private sector • Building a common framework for transparency • Sharing knowledge	• Advocating with a collective voice • Shaping global public policy	• Building an evidence base • Supporting the provision of public goods in under-resourced markets • Catalyzing new funding
Example Roles	• Member services • Knowledge sharing • Communities of practice	• Advocacy • Campaign management	• Fundraising • Fund management • Aggregating and disbursing data
Example Functions	Data collection / Research and insight development / Communications, events, networking		

Example Objectives within Industry and Market Development

Coordinating actors in fragmented sectors: Fragmentation can mean a lack of collaboration among actors, a lack of complementary markets to serve different aspects of a market, or simply a paucity of actors in a market. As a neutral third party, an MSI can help convene and coordinate to reduce fragmentation and build a better-functioning sector.

- Example: Aspen Network of Development Entrepreneurs (ANDE) built a community of practice from scratch around small and growing businesses by connecting previously disparate actors in business and international development and encouraging others to enter the market. ANDE established this connective tissue both through convening in-person meetings as well as through creating shared terminology and points of reference regarding the meaning of a "development entrepreneur."

Strengthening industry practice: If an MSI can bring together practitioners to create a consensus on how their industry can improve as a whole, practitioners will have more buy-in over the proposed changes and will be more motivated to implement them.

- Example: The World Cocoa Foundation (WCF) was created to take a holistic industry-wide approach to supporting the farm households within the cocoa supply chain, so as to strengthen vertical integration and prevent or mitigate crises that threaten crops and livelihoods at a global level.

Reaching scale required to attract the private sector: MSIs can help organize a sector so as to provide an entry point at scale for corporations and private investors. This approach is relevant when no single player within the field is big enough to effectively mobilize and work with the private sector, yet the field requires private sector involvement to develop and scale.

- Example: Despite historic tensions between the two groups, the Global Alliance for Improved Nutrition (GAIN) has mobilized the private sector to collaborate with the global nutrition field, whose stakeholders were traditionally very public or philanthropic-oriented. The scale of GAIN made it impossible for the private sector to ignore calls for its participation in global efforts to reduce malnutrition.

Building a common framework for transparency: Many sectors suffer from an opaqueness that prevents comparison among various actors, in performance, or even in type. MSIs can help establish common definitions, standards, and metrics to improve the overall accessibility of a sector for outside resources. Because standards and metrics inevitably hurt actors who do not welcome transparency, an MSI is often best positioned to facilitate a process for practitioners to define standards and metrics together, and then to impartially monitor and report within the industry.

- Example: The Global Impact Investing Network (GIIN) manages IRIS, a catalog of performance metrics for the impact investing sector, in order to

support transparency, credibility, and accountability in impact measurement practices.

Sharing knowledge: Donors or implementers often start MSIs to create a peer-to-peer learning space within a specific sector. As an overarching, neutral party, MSIs can help facilitate peer-to-peer sharing of knowledge and best practices in a way that will support the entire field, especially early markets or sectors with small organizations that have limited capacity. Yet in cases where the knowledge does not depend on the operational learnings of practitioners, a single organization may be better suited than an MSI to develop and deliver the knowledge.

- Example: The Global Alliance for Clean Cookstoves (GACC) produces and aggregates knowledge products on the clean cooking sector, such as research reports, market assessments, customer segmentation and adoption studies, issue briefs, and fact sheets, in order to help their partners overcome market barriers impeding scale.

Example Objectives within Policy and Political Support

Advocating with a collective voice: Many MSIs use their global weight to advance changes to country-level policies, build political support, and mobilize resources through the power of global consensus. MSIs are particularly well-positioned to lead policy and advocacy efforts that require the credibility of practitioners in the field or benefit from neutral advocates. Efforts from one organization may be sufficient in other contexts, however, such as a single-issue campaign to mobilize government action or public support.

- Example: The Better than Cash Alliance (BTCA) seeks to raise awareness around the benefits of electronic payments globally. It has succeeded in putting the issue on the global agenda and secured commitments from governments to transition national disbursements such as benefits, payroll, and humanitarian aid assistance from cash to electronic.

Shaping global public policy: MSIs can function as an important global platform for shaping dialogue and policies beyond a single country, given the international reach and influence of its stakeholders. An MSI is well-positioned to play this role when the policies of multinational groups such as UN agencies themselves are needed for a sector's growth; however there may be other contexts in which multilateral institutions in the UN system can play this role better.

- Example: Open Government Partnership (OGP) influences policy reforms within governments committed to making themselves more transparent and accountable to their citizenry, by giving them a clear platform from which to make commitments and an eligibility framework to help them strengthen practices.

Example Objectives within Resource Mobilization and Optimization

Building an evidence base: Building an evidence base in order to strengthen the field's perspective and mobilize resources is a key objective of some MSIs, as this base is a public good that is therefore unattractive for a single organization to undertake alone. While a single organization can fund or conduct an impact evaluation that speaks for a sector, an MSI can often do so in a more objective and cost-effective way that enjoys buy-in across the industry and external credibility.

- Example: ANDE builds evidence around the benefits of supporting small and growing businesses. The project is made possible in part by a small research grant facility. ANDE members' studies will serve the entire field.

Supporting the provision of public goods in under-resourced markets: MSIs often mobilize financial and other resources necessary to deliver public goods in underdeveloped markets. They are best suited to do so, ideally temporarily, in contexts where governments have limited capacity or legitimacy to provide the public good. To ensure sustainability in these instances, MSIs must not supplant governments, but rather work together with them, so that they can assume this role over time.

- Example: The Global Partnership for Education (GPE) supports the provision of primary education in developing countries by mobilizing local stakeholders to develop national and global plans to raise funds, including through its own grant facility.

Catalyzing new funding: Although MSIs do not focus exclusively on financial resource mobilization – this would by definition be a different effort, such as a fund – catalyzing new funding is often a key objective of MSIs. There are two ways for MSIs to attract new funding to a sector: directly by creating financial incentives like matching funds; and indirectly through improving the attractiveness of funding opportunities, such as by helping a country strengthen its education system to attract more investments.

- **Example:** Gavi, the Vaccine Alliance (GAVI) catalyzes new funding by requiring in-country co-financing for the cost of vaccines requested by a country – funding that was not previously being invested.

To recap, a prospective MSI should intend to address at least one of these goal areas through its objectives. Those we note above are meant to be examples against which to gauge whether a prospective MSI's objectives do in fact align, but others may fit as well.

SUITABILITY: IS A NEW MSI THE BEST KIND OF INTERVENTION TO ADDRESS THE MANDATE?

Having validated that the mandate aligns with at least one of the goal areas and associated objectives an MSI can address, the next step is to consider alternatives. Initiators of MSIs should always ask themselves whether there is an alternative, less risky, and less costly mechanism that is better suited for their effort, such as a government, a single organization, a loose consortium, or a discrete project.

In Figure 12 below, we identify a few examples of screens that initiators should apply to determine whether an MSI is appropriate for their endeavor, or if there is another, more suitable kind of intervention. These questions highlight that non-MSI mechanisms are generally better positioned to address mandates that are more narrowly focused, geographically and sectorally, and do not require complex coordination. The examples below, which are generally applicable to most MSI mandates, aim to provide a sense for the types of questions that initiators should be asking themselves; however, there may be additional sector- or context-specific considerations. Finally, if an MSI still seems like the best-suited mechanism after screening, initiators should nonetheless consider whether an existing MSI could take on the mandate in place of a new one.

FIGURE 12

Example suitability screens before setting up an MSI

Key questions	Potentially applicable for MSI	Likely better suited to another entity	Rationale
What is the geographic scope of the desired solution?	Global or multi-country (e.g., providing universal primary education)	Single-country (e.g., providing primary education in Kenya)	MSIs with the right stakeholder configuration can be well suited to address complex multi-country mandates, whereas single-country mandates may not require such complexity and therefore could be pursued via an existing organization or national government.
How many sectors are involved?	Multiple (e.g., convening ICT and health professionals across public and private sectors to further the field of mHealth)	One (e.g., convening health service professionals in the private sector)	MSIs can provide a platform for collectively developing new solutions through coordination and collaboration between multiple sectors. Meanwhile, a single organization, industry association, or loose network can often convene players within the same sector.
How coordinated is the industry?	Highly fragmented (e.g., convening actors in a nascent sector like blended finance)	Cohesive (e.g., convening actors in a well-established sector like microfinance)	As a neutral third party, an MSI is well positioned to help strengthen a fragmented industry of disparate and potentially wary actors, whereas a single organization, industry association, or loose network can typically convene players within an already cohesive industry.

CASE IN POINT
Example of an ambitious goal tackled by non-MSIs

The West Africa Seed Alliance was established to develop the seed industry across West Africa. It was ultimately run as a project with multiple implementing partners (an INGO, a trade association, and multiple research institutes) and multiple donors (bilateral and from private nonprofit and corporate actors), rather than being set up as a wholly new entity with new governance and capabilities.

PROSPECTS: IS THE MSI LIKELY TO SUCCEED?

Even if the mandate at hand is aligned with relevant goal areas and well-suited to an MSI, the final consideration for initiators is whether the conditions for success are in place at this particular point in time. If they are not, a new MSI may find itself unable to actually make it to the start-up phase, and may be better off launching when conditions are more favorable – or not at all. Below, we list the conditions that our interviews indicate are the most likely to increase prospects for success. It may not be necessary to fulfill all of them, especially if initiators are confident in an MSI's ability to create these conditions over time as it progresses into launch and start-up phases. But if most are not in place and it is unclear how they would come about, the risk of an MSI's failure could be significant.

1. A Burning Platform: Converging trends, emerging evidence, and a good narrative

It is hard to mobilize stakeholders and resources without a "burning platform" – a reason to act right now. From our research, a burning platform for an MSI tends to have three components: converging trends, emerging evidence, and a good narrative. Most successful MSIs in our study launched on the frontier of new, often converging, trends—such as new technologies (e.g., mobile, new medicines), new market segments (e.g., bottom of the pyramid), or new demographic pressures (e.g., food security)—that drove the development of new solutions and provided an answer to the question, "Why now?" Several MSIs referenced global conferences, a common forum for showcasing emerging trends, when describing the origin story of their MSIs. For example, the mHealth Alliance was in part catalyzed by The Rockefeller Foundation's "Making the eHealth Connection" conference at Bellagio, and the Cities Alliance spoke about the groundwork laid by the first two UN Conferences on Housing and Sustainable Urban Development.

Similarly, some of the most successful MSIs in our study noted that their launch built off an emerging evidence base. While a blind launch into in a purely speculative area is not advised, MSIs can sometimes benefit from launching when windows of opportunity and timeliness present themselves – even if a comprehensive evidence base is not yet fully validated. Finally, the most successful MSIs in our study launched in a field with a strong narrative and clear theory of change. A compelling story that speaks to a wide audience can often mobilize stakeholders, build momentum, and attract attention even before the evidence base is fully robust. (However, MSIs should be careful not to oversell their solution and risk a backlash, or worse, focus the world's attention and resources on a lower priority area.)

CASE IN POINT
Microfinance's burning platform

- **Trend:** the proliferation of financial services, except for the bottom billion
- **Emerging evidence:** early data around the benefits and repayment rates of microfinance
- **Compelling narrative backed by theory of change:** The "woman with a sewing machine" origin story, in which access to microfinance enables savings, which facilitates investment, which reduces poverty

2. A Burgeoning Field: Successful actors who need to work together to grow the pie

MSIs are most effective when working in a field with some degree of critical mass. An MSI that sets up a figurative tent without a clear sense of how many people and who will show up is unlikely to build any momentum. Although MSIs often play the critical coordination and standardization role within a field, this job is made possible when a sufficient number of practitioners are already acting independently in the field. Often an MSI can maximize impact when actors in a field are not yet actively engaging but

are hungry to come together, create a common language, and apply a framework to their relationships. In short, they know that coordination will help grow resources for the group at large, but have not yet succeeded in doing so – or maybe have not even tried.

Actors working in a field marked by confusion or debate are often more motivated to come together. Defining and establishing terms becomes the first order of business, so that stakeholders can articulate in a common language their collective problem, strategy, and individual roles. (As we discuss later, however, establishing a common language is a necessary but insufficient body of work for an MSI to pursue; an MSI must be able to continue adding value to the field in the long run.)

3. The Prospects of Seizing a Galvanizing Event

Most successful MSIs leverage a galvanizing event that allows it to bring people together, establish credibility, build momentum, and begin to shape the global policy dialogue. These galvanizing events come in many different forms, including political commitments or calls to action, high-level endorsements, and prestigious platforms. They generally involve announcements or unveilings by senior figures that help create a sense of inevitability of the MSI's future work and serve as a marker of political prominence, thereby legitimizing the MSI. These events also help elevate public awareness around key issues an MSI may focus on, thus reducing the amount of effort the new MSI must exert itself.

Ideally, MSIs can identify an existing event that aligns with their operational launch timing, so that they can unveil something tangible and work through implementers or donors to secure participation, or even shape the event to better suit a launch. In reality, these events are often opportunities to seize, rather than opportunities to create. When major opportunities for public, political prestige come before the MSI is fully operational or even ready for implementation, MSIs can best leverage them for "announcements" rather than for an official "launch." (The latter starts the clock on expectations and can therefore be detrimental to MSIs that have not yet actually gotten off the ground.) As discussed further in Section III, MSIs must be clear about this distinction while also harnessing compelling opportunities for momentum.

CASE IN POINT
The burgeoning field of mHealth

Today, mobile health, or mHealth, is a widely recognized, legitimate sector within the field of global health. However, just a few years before the mHealth Alliance (mHA) launched, even technology-oriented Wikipedia reviewers questioned whether the term warranted its own entry, versus living within the eHealth page. The mHA was ultimately borne out of the Rockefeller Foundation's 2008 Bellagio conference on "Making the eHealth Connection." In the preparations for this month-long conference, the organizers debated how much agenda space mHealth warranted on its own. At the time, the sector was characterized by a limited understanding of its potential, a relatively small set of pioneering actors, a fragmented set of pilot programs with limited knowledge sharing, and the lack of enabling environment. Yet, once participants dug into the subject matter, there was consensus that indeed mHealth was an emerging field that required a definition and a common language; a neutral platform for supporting cross-sectoral collaboration, including key private sector players such as Vodafone and the GSM Association; and coordinated efforts to address ecosystem gaps. Immediate actions followed, including anchor funding commitments by the UN Foundation and The Rockefeller Foundation, the formation of a steering committee, and the decision to develop an operational plan. mHA was formally launched within less than a year, at the February 2009 GSMA Mobile World Congress in Barcelona.[25]

4. Confidence in Securing At Least One Anchor Funder

Most MSIs are conceived alongside at least one key donor whose initial contribution gets the MSI started. This contribution is generally either a significant investment (sometimes over 50% of the total funding at launch), the willingness to make a long-term commitment to help crowd in other funders, or in some cases, both. Philanthropic foundations often play this role, as their relatively flexible grant processes compared to bi- or multi-lateral funding

[25] GDI interviews; 2011 strategic review of mHA; 2014 independent evaluation of mHA.

agencies enable them to give unrestricted, multi-year funding to a range of organizations. Relevant examples are The Bill & Melinda Gates Foundation and the Rockefeller Foundation for AGRA, the Rockefeller Foundation for ANDE, and the Bill & Melinda Gates Foundation for GAVI. Ideally, anchor funders are also willing to give the MSI's management enough leeway to make its own decisions—a topic we discuss in greater length in Section III of this study.

Prospective MSIs that lack an anchor funder within their earliest group of initiators are strongly encouraged to prioritize finding one. The comfort of a reasonably unrestricted runway of seed capital is essential to giving an MSI time and space to fully conceptualize and build its strategy. Otherwise, it runs the very real risk of spending undue time "tin-cupping" for support, which reduces the time it can spend delivering value to the field. This distraction risks forcing an MSI to continually reorient its core strategy and services in order to patch together sufficient funding from project-oriented funders, rather than staying focused on its main objective.

5. An Interim "Owner"

Ironically, MSIs face a collective action problem of their own when they start out: finding an "owner" in a position of significant influence within the sponsor or host organization who will not let the effort fail. The origin stories of almost all of the successful MSIs we interviewed feature one person who stepped up to the plate when no one else would. Various drivers motivate these interim owners, but they tend to fall into one of the following three categories.[26]

- **Passion:** The person feels the MSI represents their life's work and will carry on without resources, recognition, or authority.
- **Reputation:** The person, or their institution, has staked their reputation on the effort.
- **Capital:** The person, or most likely the institution that has invested significant capital in the MSI, is unwilling to let the money go to waste.

In many cases, these drivers reinforce each other. For example, one's reputation may hang on something in which large amounts of capital have been invested. However, owners of an MSI are more likely to be motivated by a personal passion or reputation rather than the concern of lost personal or institutional investment, since any seed capital is likely grant-based. In fact, we have seen several MSIs that suffered from initial champions motivated to move too much capital out the door too quickly, without a healthy fear of losing it.

CASE IN POINT
Specific galvanizing events

- Political commitments or calls to action
  - Cities Alliance: Then-World Bank President Jim Wolfensohn asked for a target on improving the lives of slum dwellers, which helped raise awareness and generate an action plan
  - Roll Back Malaria: WHO Director General Gro Harlem Brundtland made malaria one of the two major issues of her tenure and engaged other major multilateral organizations
- High-level endorsements
  - Global Alliance for Clean Cookstoves: Secretary of State Hillary Clinton publicly endorsed the MSI through a launch event at the Clinton Global Initiative
  - Open Government Partnership: President Obama gave the MSI his public endorsement by participating in its launch at the UN General Assembly
- Prestigious platform
  - Global Partnership for Oceans: The forthcoming MSI was announced at the Economist's World Oceans Summit
  - mHealth Alliance: The MSI was launched at the GSM Association's Mobile World Congress

6. The Ability to Select Initial Participants

An MSI's ability to choose the initial participants before launch can play an important role in shaping the subsequent trajectory of its launch and operations. Initiators of more successful MSIs reported they were able to cherry-pick stakeholders for foundational meetings, thereby ensuring active engagement and a collaborative atmosphere. Some MSIs warned against underestimating the staying power of these initial actors, noting that it can be difficult to un-invite people once they have started participating.

CASE IN POINT
Success conditions for the Alliance for Affordable Internet

- **Burning platform:** When A4AI was conceived, emerging trends and evidence were in place, and the theory of change was sound. The global community was well aware of the prevalence of mobile phones and fully on board that mobile communication was a cross-sectoral tool for good (hence, for example, the mHealth Alliance). The International Telecommunication Union's 2012 "Measuring the Information Society" was full of data and projections around the discrepancy between the access to mobile phones and access to internet connections. A4AI's theory of change explained how increased connectivity through remote technology was essential for economic growth, the delivery of public services, and the achievement of inclusive societies holds for broadband.
- **A burgeoning field:** There was indeed a burgeoning field, as embodied for example in the Broadband Commission for Digital Development. However, the field was not moving on the issue of affordable internet at a pace that satisfied a sub-community that wanted to see a vast reduction in cost for entry-level services in the developing world.
- **The prospect of a galvanizing event:** A4AI had the implicit prospect of a galvanizing event, or the promise of political prominence, by virtue of its association with the U.S. Department of State. Indeed, then-Secretary of State Hillary Rodham Clinton announced A4AI at the end of her tenure. Ultimately, A4AI formally launched at the Commonwealth Telecommunications Organisation's Annual Forum in Abuja, Nigeria.
- **One anchor funder:** USAID made an early commitment for a four-year period, which helped secure first Omidyar Network and then Google and DFID as additional sponsors.
- **An interim owner:** Ann Mei Chang, then Senior Advisor for Women and Technology in the Secretary of State's Office of Global Women's Issues through the Franklin Fellowship program, conceived of A4AI. She drafted a concept note, "pounded the pavement" to secure buy-in and funding for a year before launch, and applied productive impatience to ensure A4AI came into being.
- **Ability to select early participants:** A4AI worked hard to curate their earliest governance bodies and ultimate membership to ensure there was a strong balance in perspective between the developing and developed world and between the public/philanthropic and the private sector. The initiative also ensured it had participation from linchpin actors in the field who were essential for overall credibility (e.g., Google).

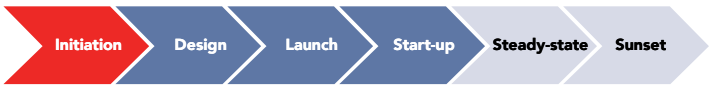
[26] Stace Lindsay of the Aspen Network of Development Entrepreneurs, conversation with author, July 2015.

SECTION III:
HOW TO SET UP AN MSI

Having explored the critical first question of whether to pursue an MSI in Section II, we aim in Section III to provide guidelines on how best to set up an MSI through four key phases of its early life: initiation, design, launch, and start-up:

1. Phase 1 - Initiation: The initiation phase is when the founding cohort of the MSI creates a space for collaboration and alignment of expectations, defines the scope of the issue to be addressed, and develops the language to talk about it.
2. Phase 2 - Design: The design phase centers around developing the MSI's model and strategy for fulfilling its mandate.
3. Phase 3 - Launch: The launch phase begins when an MSI is ready to publicly go live, although it may also involve earlier announcements to take advantage of galvanizing events that occur pre-launch.
4. Phase 4 - Start-up: The start-up phase begins when the MSI shifts into day-to-day operations, including growing the team and delivering against its mission and objectives. Given the complexity of this phase, we have delineated it into four primary sub-topics: financial resourcing; hosting; governance and stakeholder engagement; and leadership and staffing

Guidance in this section will focus primarily on strategies and tactics that MSI donors, implementers, and management can influence. Note that there are two additional phases beyond the scope of this study – steady state and sunset – that we do not explore.



PHASE 1 - INITIATION

Facilitating Neutral, Upfront Convenings and Consultations

In our research we saw a sharp distinction between MSIs that were conceived through an extensive and consultative process, and those that were initiated by a few donors with limited consultation. The former developed problem definitions and solutions that represent the field and earned them the legitimacy to do so, while the latter tended to define these as extensions of the donor's programs. The latter approach typically did not adequately consider the broader field's participation and therefore failed to gain sufficient buy-in from the field.

MSIs can immediately add value to a field if they succeed in bringing together for the first time participants in the same field who have not previously engaged in structured conversations about mutual goals or points of intersection. MSIs can build a shared vision, direction, and ultimately the infrastructure for a new field more organically if they convene and facilitate a consultation process in which core stakeholders are directly engaged. MSIs establish legitimacy through this early body of work long before they can point to any institutional results. These early consultative groups often feed into the MSI's early partner or member base, which helps signal credibility and thus crowd-in other participants. (The GIIN is a particularly strong example of this; for more detail see the Box X) MSIs' self perceptions matter at this stage, too: MSIs were able to build significant amounts of trust and consensus when they saw themselves playing an enabling rather than imple-

menting role for this process. Our interviewees commonly used words such as "conductor," "architect," "network weaver," and "platform" to describe successful roles.

In particular, MSIs that emphasized neutrality and common ground in their early days found themselves better positioned to bring private sector actors such as corporations into the conversation. Neutrality also matters for development practitioners, who might otherwise be wary of participating due to perceived competition for resources and attention. To create a more neutral convening, MSIs we interviewed strongly emphasized the need to "check your hat at the door," ensure all participants are consulted, and use third party facilitators who can manage inevitable differences in perspectives.

In contrast, MSIs that were conceived through closed-door sessions with only a few funders have struggled. From the reflections of early CEOs, these MSIs were initiated as donor partnerships that served primarily to advance programmatic priorities and move large amounts of funding. This approach creates several risks for the long-term success of an MSI, including goals and priorities that are misaligned with the sector's needs, difficulty attracting others partners, and challenges mobilizing additional funders. In some cases, MSIs were able to overcome these initial challenges and positively influence the sector through the power of their considerable funding base or through a deliberate reorientation to expand the MSI's governance and bring in other partners.

In sum, successful MSIs forge themselves out of a series of conversations with different stakeholders by aggregating views, teasing out what the field is saying from the bottom up, and identifying opportunities to address the challenges that arise.

Defining the Right Problem and Scope

A common struggle for prospective MSIs is determining how big or small to set the aperture of their work. As one interviewee put it, MSIs need to find a sandbox big enough that people get excited, but small enough that MSIs can show meaningful progress against objectives before too long. BTCA is a compelling example of striking the right balance. Within the broad challenge of financial inclusion, in which an estimated two billion adults remain unbanked,[27] BTCA honed in on digital payments. This is an area that has both the potential for "quick wins" – for example, through the expansion of electronic payment solutions – as well as for long-term, cross-sectoral relevance, as electronic payments can be applied across fields such as health and agribusiness.

Several MSIs voiced concerns that, in hindsight, their scope was too big. Key implications for this misstep include:

- Difficulty translating early momentum of a figurative handshake around a loosely defined problem into targeted action around a more focused agenda
- he risk of ending up with an unwieldy group with varied expectations, given the breadth of scope
- A sense of being a mediocre player in a broad space (e.g., global health), rather than a leader of a narrower space (e.g., a single disease)

Another critical consideration when defining an MSI's scope and problem is understanding where the initiative sits in relation to an inflection point. Some of the MSIs in our study focused on advancing the agenda on the crest of the wave; others prioritized giving a unique push to something that had early, but insufficient, traction. The latter was most common in MSIs aimed at securing top-down commitments for action around a global development issue receiving insufficient attention from policymakers in particular. In order to sustain momentum over time, however, these efforts must be clear what they can offer beyond the unique push of their own launch.

Where there is a lack of a universal, consensus-based language familiar to both practitioners and policymakers alike, there usually follows a clear case to establish foundational terms and definitions. Lack of a common language signals an underdeveloped field and an opportunity for an MSI to be the first galvanizer for stakeholders. Creating a unified language or conversation is a critical but insufficient achievement for an MSI, so prospective MSIs should know how they will continue to add value to the field in the long run. MSIs that do not have struggled to sustain political relevance and engagement from the field.

While our study focused on MSIs that lasted beyond launch, we also came across many that never made it off the ground. These MSIs often struggled because they did not define the problem or scope in a way that adequately mobilized stakeholders and focuses action or because they prioritized an issue that had failed to receive the field's attention.

[27] "The Global Findex," The World Bank, http://www.worldbank.org/en/programs/globalfindex.

Getting the Right Stakeholders at the Table and in the Tent

These first two processes (facilitating neutral convenings and consultations and defining the problem) will help an MSI understand who needs to be at the table versus who needs to be in the tent. Those at the table will help define the scope of these earliest conversations, while those in the tent are critical to longer-term efforts.

Initiators of MSIs discussed the careful curation approach required to identify the right group of people for the table. (They also cautioned the staying power of early partners can be strong and emphasized the need to select stakeholders carefully and assume they will stick around for the long haul.) MSIs often prioritized collaborators and problem-solvers over thought leaders, who can be seen as having an ideological point of view that might inhibit dialogue. They also sought a diversity of viewpoints between sectors and roles to ensure healthy tension around different perspectives. In several cases, as the problem definition and scope shifted, participants recognized that they no longer fit, and MSIs invited others to participate.

Once MSI initiators solidly defined the MSI's problem and established a core group at the table, they slowly added in additional people and institutions that would be critical to achieve the MSI's objective and signal its long-term credibility – in other words, those who needed to be in the tent. In some cases, MSIs noted that certain "linchpin partners" simply must be brought into the tent to ensure success, or at least buy-in.

CASE IN POINT
Aspen Network for Development Entrepreneurs

As CEO of TechnoServe, Peter Reiling had long tried to bring together the emerging group of organizations focused on applying private sector approaches to development. The effort never got off the ground, in large part because these organizations saw themselves as competitors for the limited set of donor dollars being funneled towards the work in the early 2000s, and were suspicious of a single organization hosting.

When Peter later joined the Aspen Institute, he recognized an opportunity to use its neutral platform to try again. Together with representatives from Dalberg Global Development Advisors and the Acumen Fund, the Aspen Institute brought together thirty leaders who were each deploying various approaches to bringing private sector approaches to development and committed to working together to grow this emerging sector. The group was curated to ensure no single individual would dominate the discussion with an organization-specific point of view or refuse to check their organizational hat at the door.

The first convening and subsequent convenings held annually for four additional years were framed as an open forum to define the scope of the sector the group was trying to build. The effort started broadly as "private sector approaches in development" and included any organization that was hiring private sector staff, deploying private sector processes, or trying to support entrepreneurs around the world. Early sessions illuminated much confusion within this broadly defined field, with one member summarizing the group of organizations at the first meeting as "a cloud within a big tent" – in other words, a confusing and loosely aligned group of organizations working toward an amorphous goal. After several convenings, clarity around a unifying goal finally emerged: the commitment to building small and growing businesses around the world and the conviction that they are engines of prosperity.

From there on, each annual, multi-day meeting ended with Peter asking whether participants wanted to meet again next year, as a way to confirm interest and commitment. As the vision became clearer, some organizations dropped out, including those focused more on donations, microfinance, or general private sector approaches; and others joined. Indeed, many new members were specifically asked to join, in order to round out the conversation around addressing the problem.

What emerged was a committed group of organizations around a defined problem and a unifying vision. Ultimately, the Aspen Network of Development Entrepreneurs (ANDE) launched to carry on the group's work more substantively and regularly than the annual meetings allowed. This early founding group signaled the legitimacy and credibility of the effort, particularly to funders who found the practitioner-led effort appealing.

KEY RECOMMENDATIONS - Initiation

- **Seek to launch a conversation, not an institution:** Seek to launch a conversation and create a language first and foremost, rather than an MSI specifically. If you are able to convene the right configuration of people and arrive at a shared conclusion of the need for a common language to work together and mutual long-term goals, then the creation of an MSI will naturally follow. To successfully launch this conversation:
  - **Give it time:** Set regular meetings over months or years.
  - **Find a neutral convener:** Set the right norms and, if needed, find a third-party facilitator.
  - **Start small:** Get a small core group of multi-sector representatives to start building trust, and then add people slowly to the group.
- **Get the aperture right:** Build consensus around a problem definition and scope that is broad enough to be translated into a compelling story that generates momentum, yet narrow enough to allow for meaningful impact and the mobilization of collective action.
- **Fill a table (with the right people) before you fill the tent:** Focus on getting the right people at the table in the beginning – collaborators and problem-solvers with diverse perspectives, preferably from different parts of the sector – and over time, identify the right organizations that need to be in the tent to mobilize and sustain action.

CASE IN POINT
Well-defined goals

- **Alliance for Affordable Internet:** To achieve the UN Broadband Commission target of entry-level broadband priced at less than 5% of monthly income, thereby enabling internet access for billions more people
- **Global Alliance for Clean Cookstoves:** To foster the adoption of clean cookstoves and fuels in 100 million households by 2020
- **Roll Back Malaria:** To halve malaria deaths by 2010

PHASE 2 - DESIGN

Setting a Well-Defined Goal

Beyond the three general goals areas of MSIs (industry and market development, policy and political support, and resource mobilization and optimization), MSIs must clearly define and articulate their unique goal and specific objectives, value proposition in achieving them, and approach to reaching them. MSIs that articulate a focused strategy early on are successful in building a productive, committed donor base, with positive implications for their start-up phase. Part of this effort is defining what the MSI can and cannot be to whom, and, similarly, what participating stakeholders expect. MSIs that do not articulate these principles risk being distracted by the most vocal stakeholders or funders. To define a strong strategy, MSIs recommended engaging those with long-term interests in and ownership over the MSI's success, rather than external consultants alone; and building strategy materials with external communications in mind, for example in a succinct pitch-like format.

A goal is the focal point of any strategy; MSIs report that the setting one is a productive forcing mechanism to get stakeholders to align expectations and, ideally, agree on priority outcomes. In practice, most MSIs end up with very broad, hard-to-measure goals. Very few set concrete and well-defined goals, but those that do seem to benefit from the wide appeal that helps mobilize stakeholders. Clear yet ambitious-sounding goals are more than a powerful marketing tool: they become a galvanizing target against which to measure progress. MSIs caution, however, against setting up a goal that risks being perceived as an oversimplification of a complex problem or too easy to achieve without the MSI.

Defining a Target Lifespan

Many MSIs reflected that creating time-bound commitments can help ensure that stakeholders are driven to move the initiative forward. Rather than assume perpetuity, a set timeframe allow for moments of strategic review, in which extending an MSI's lifespan becomes an intentional decision point. Without these bounds, an MSI risks becoming a sort of "zombie partnership,"

where actors continue to partner for the sake of partnering and thus continue to absorb resources with no end in sight. In theory, all MSIs should be working to put themselves out of business upon completion of their particular set of systems-changing goals. In reality, however, practitioners report that it is much harder to wind down an MSI than to start one.

When there is clear demand for an MSI to pursue work beyond its original goal, two primary options for staying relevant and impactful emerged from our interviews. MSIs can:

- Reframe their aperture of scope to track with a demonstrated need on the ground
  - **Example:** The Consultative Group to Assist the Poor's evolution from a focus on microfinance to a focus on financial inclusion overall
- Retain the original goal but adapt the approach, for example by transitioning from a global to a localized approach; a short-term to a long-term focus; or from big investments in a few areas to small investments in many
  - **Example:** The Cities Alliance shifted from short-term projects to longer-term relationships with fewer cities and countries

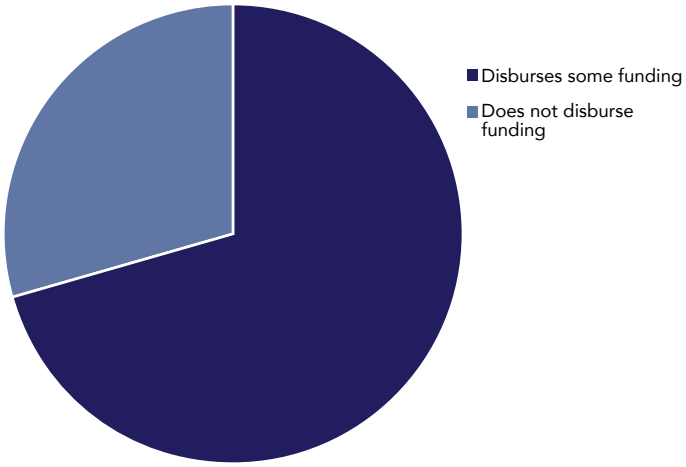
To Fund or Not to Fund?

Although most MSIs in our sample play a funding disbursement role, many found it challenging to determine whether to play a direct role in resource mobilization and optimization through a dedicated fund, or to mobilizing resources indirectly as a result of awareness-building and advocacy. In the latter case, an MSI's key goal is to create a demonstration effect that will crowd in funding that otherwise would not have been directed to the field.

MSIs that did decide to raise and distribute funds themselves were successful if those funds were seen as new and additional – and in no way seen as cornering existing resources. These MSIs were able to secure significant bilateral funding at a scale that members or partners would not have been able to obtain on their own, and then could create a regranting strategy

FIGURE 13

MSIs' roles in fund disbursement[28]



to support the sector as a whole. MSIs that disburse funding report that a transparent grant-making process is key to managing conflicts of interest or perceived favoritism in this role. GACC, for example, has been able to secure bilateral funding at a volume that would have been impossible for their members to secure individually, and can regrant to organizations that benefit the sector as a whole by driving scale, gender impact, and market-based business models.

Identifying the Appropriate Structure and Stakeholder Engagement Model

From our interviews, two primary MSI structures emerge: donor-driven and practitioner-driven.[29] While this distinction is more of a spectrum than a dichotomy, the main distinction is the source of influence for strategic decision-making. It should be noted that some MSIs are donor-driven in early days, but later shift to a practitioner-driven structure when the member base is sufficiently developed to assume strategic decision-making. Either structure can be successful if it aligns with the needs of the sector, but practitioner-driven structures that develop from the field up are particularly compelling for MSIs, as they best embody the collaborative principles of an MSI and ensure close alignment with demand on the ground.

[28] GDI interviews.

[29] This is similar to the shareholder (donor) versus stakeholder (all interested or affected parties) point articulated in the Center for Global Development's "Governance of New Global Partnerships" report, page 1.

FIGURE 14

MSI Structures

Source of Strategic Decision-Making	Spectrum of Donor- vs Practitioner-Driven ← →	
Most Common Goal Areas	• Industry and market development • Policy and political support • Resource mobilization and optimization, primarily in the form of funding	• Industry and market development • Resource mobilization and optimization, primarily in the form of knowledge
Attributes	• Well-suited to advocating for a certain point of view that the MSI's funding partners believe the market needs and that is not yet popular within the field; the MSI plays more of a leadership role • Appropriate for seeking top-down political commitments or policy alignment • Effective at mobilizing funding and disbursing financial resources	• Well-suited to a membership-based approach in which the MSI is in service of practitioners, and hence strategy definition and decision-making are subject to broad-based consultation; funders take more of a back-seat • Appropriate for seeking bottom-up behavior change. • Effective at mobilizing and sharing knowledge, and for fostering buy-in around knowledge products/recommendations
Example	Global Partnership for Education (GPE) is funded through government-level donors who also carry the heaviest weight in decision-making. GPE decided early on that it would be a policy-driven partnership that would help countries put in place sound action plans to accelerate access to basic education	World Cocoa Foundation (WCF) was set up so member companies all along the coca value chain are well represented in the governance structure and have control over WCF's strategic decisions

Note that MSIs that are more practitioner-driven tend to be focused primarily on industry and market development, whereas more donor-driven MSIs tend focus on policy and political support in addition to industry and market development. These structures also correlate with different stakeholder engagement models: donor-driven structures tend to be partner-based, while practitioner-driven models tend to be member-based.

- Partnership model: In this model, organizations are formally affiliated with the MSI – often through an MOU or adoption of guiding principles – with an expectation that the organization will help execute part of the MSI's overall strategy. The organization receives a diffuse benefit but participates because it helps advance the sector, and this affiliation aligns with its organizational interests. The focus is thus on alignment and execution.
- Membership model: In addition to receiving many benefits of the partnership model, organizations involved through this model also receive direct services and benefits in exchange for member fees. The focus of this model tends to be on capacity building and knowledge sharing, often in order to promote changes in practice.

It is relatively rare for an MSI to pursue a mix of these structures and models; only two MSIs in our sample did so. In reality, the terms "members" and "partners" are used fairly interchangeably (and perhaps opportunistically), which leads to confusion in expectations and incentives. For example, it can be unclear who should contribute financially to what, or who can be "named-and-shamed" in the case of non-compliance or participation.

CASE IN POINT
Thresholds for inclusion

- **High bar:** Membership with the World Cocoa Foundation is open to manufacturers and cocoa processors, supply chain managers, ports, allied industries, and trade associations, who pay a tiered membership fee based on cocoa usage and the company's position within the cocoa value chain.
- **Low bar:** Membership with Sanitation and Water for All (SWA) is open to any organization that works in the water and sanitation sector and commits to generally support SWA, participate in an annual partner's meeting, and vote for members of the steering committee.

Setting a Threshold for Inclusion

Regardless of which structure or model an MSI pursues, it must also consider whether the bar for participation will be low bar and inclusive or high and exclusive. An inclusive threshold is beneficial when the MSI is working to forge a new field and its objective is to increase the number and diversity of actors. Yet MSIs advised against lowering eligibility criteria so far that key players opt out, due to a perception of a low-quality participant pool. MSIs can set more exclusive thresholds through strict criteria, an application process, or significant membership fees. MSIs report that, in practice, it is hard to achieve exclusive models because political considerations often outweigh objectivity – this is especially true for MSIs with strong governmental participation. Either way, it seems that MSIs tend to make this decision based on political concerns around being inclusive or attempting financial sustainability.

KEY RECOMMENDATIONS - Design

- **Set a bold goal and an endgame:** Too many MSIs set obtuse goals that fail to mobilize stakeholders, create a measurable target, or provide a decision-point for winding the initiative down. Do the hard work of figuring out a baseline, working with stakeholders to determine what the MSI truly can catalyze in the sector, and take a stand. Be transparent, monitor, and adjust if needed. Ensure that your goals are achievable, as failure to achieve them could lead to reputational damage.

- **Go big or go home with a fund:** If you can realistically bring more resources to the sector and disburse them in a fair and transparent way that enables stakeholders to better achieve their mission, then consider launching a fund within the MSI. Otherwise, avoid the challenges and risks associated with doing so, and focus on mobilizing non-financial resources instead (such as building an evidence base).

- **Align model with desired outcomes:** Models should be tied to desired outcomes. Pursue a top-down partnership model if your primary focus involves securing commitments from political influencers like governments or large funders. Pursue a bottom-up membership model if your primary focus is actual behavior change by practitioners at the field level.

- **Pick the best threshold for participation:** Set the inclusion bar low if you are trying simply to increase the number of actors identifying with the field, or high if you are trying to curate a select group of participants that inspire others to change practices in order to become eligible for the club. If you want to try to do both, allow for some differentiation through transparent metrics or a leadership council of high performers.

PHASE 3 - LAUNCH

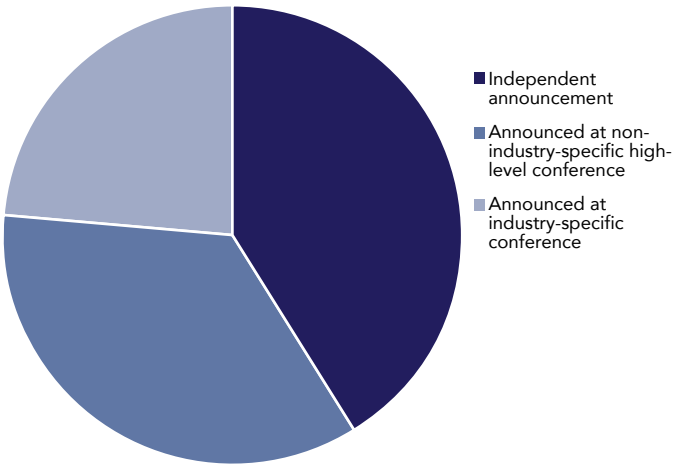
Taking Advantage of Galvanizing Events

As discussed in Section II, the opportunity to leverage or create a galvanizing event that will help raise awareness, generate a sense of inevitability, and confer political legitimacy is critical for new MSIs. The majority of MSIs in our study leveraged global convenings, such as the Clinton Global Initiative, or industry-specific conferences, such as the Commonwealth Telecommunications Organisation Annual Forum, for this purpose.

Ideally, this galvanizing event is a premeditated launch event whose timing is aligned with the MSI's readiness to transition into start-up mode. In reality, however, these opportunities are often something to be seized, rather than created. Due to anxiety around missing a potentially unique opportunity, MSIs often find themselves seizing a galvanizing event before they are truly ready for an operational launch. In this scenario, MSIs strongly encourage framing the moment as an announcement of something that is yet to be launched, rather than allowing it to be misconstrued as a launch (as this starts the clock on expectations around demonstrated results.) There are, of course, times when forcing this distinction is beyond the MSI's control, and an MSI thus finds itself launching prematurely. In those cases, MSIs often struggle to catch up to expectations.

FIGURE 15

Types of MSI launch venue[30]



[30] GDI interviews and research.

DEFINITIONS

Thresholds for inclusion

- **Galvanizing event:** a convening that catalyzes action or attention around a new MSI
  - **Announcement:** A preview or teaser of work to come, usually made by a global leader at a high-profile convening
  - **Launch:** The formal start of an MSI's core operations and services, often additionally signaled by having the leadership and team in place

When an MSI can influence and prepare for the timing of its galvanizing event – for example, committing to launch at the Clinton Global Initiative a year in advance – this milestone can be used as a public forcing mechanism. A known "go-live" deadline often generates the following benefits:

- It helps propel stakeholders through the design phase into operations planning without too much drag. (Some MSIs spoke of getting stuck in the design phase when there was no concrete requirement to move on to operationalization.)
- The opportunity to stand on a platform, or sign on to a press release as a "founding member," can help propel stakeholders through the internal collective action problem of who will step forward first – especially when working with governments and other leaders who are responsive to spotlight moments. Demonstrating varying commitments from credible organizations helps to establish a reputation as being truly consultative from the start and thus can snowball momentum.

Working Behind the Scenes Pre-Launch

No MSI wants to find itself launching without a rocket. MSIs in our sample that had to backfill a strategy around a goal, target, or scope that was too hastily defined or politically influenced struggled to get off the ground. Conversely, those that were able to secure (or, in some cases, protect) sufficient time and space to move thoughtfully through initiation and design, building momentum, and mobilizing resources along the way were more successful. In hindsight, MSIs recall this period as the "hidden long-tail" of pre-launch work. While funders often pressure a new MSI to go public

sooner rather than later, MSIs report that one of the most valuable assets early donors granted them was the time to do significant work behind the scenes.

Using this time to consult broadly and to formulate and document foundational start-up elements, such as governance structures, allows the MSI to:

- Point to formative progress at launch, thereby signaling progress and momentum
- Engage early stakeholders in a substantive way, thereby enabling them to convey substantive, authentic participation by launch

Launching Globally or Locally

MSIs described facing a tough decision between launching a global agenda with global commitments and activities, versus building out a global effort around a single pilot or country. On one hand, donors and other stakeholders generally mobilize most readily behind a big, global agenda, suggesting a pressure to show scale in addressing the enormity of the global issues these MSIs contend with. On the other hand, MSIs that moved forward with more focused pilots found they are able to achieve a more experience-driven (versus strategy-driven) approach that allowed learning and iteration before attempting at global expansion. This approach can also help create a clear proof-of-concept that can become a touchstone for the MSI to validate its value proposition. However, focusing on regional or national-level programming poses the operational challenge of launching a new organization with a decentralized structure.

CASE IN POINT

Building the Global Impact Investing Network pre-launch

Reflecting on the launch of the GIIN, Antony Bugg-Levine recalls that a key resource The Rockefeller Foundation gave him in addition to grant funding was program officer time. He estimates he spent six months holding meetings and making several phone calls a day to "network weave:" introducing people to the concept of "impact investing" as distinct from the existing concept of "social investing" and making connections between individuals working across sectors within this burgeoning field. After this "network weaving" came two formative meetings at The Rockefeller Foundation Bellagio Center, first in 2007 and then in 2008. Participation doubled in size between the two convenings, and these founding members took increasing ownership over different themes. Ultimately, the GIIN's official launch was set for the 2009 Clinton Global Initiative, as a forcing event to ensure this early collaborative action was operationalized. The GIIN was thus able to launch with an existing body of members who had a two-year body of work behind them and therefore a very credible investment in and commitment to the GIIN.

KEY RECOMMENDATIONS - Launch

- **Protect time to consult and build:** Allow for or insist on a long tail of work pre-launch so you can go live as a can-do organization with an existing body of work to point to. This will help avoid launching before there is emerging consensus on the problem definition and solutions, and thus avert the risk of alienating core partners.
- **When ready, leverage galvanizing events:** Build momentum by mobilizing stakeholder convenings and getting a forcing event on the calendar that will help focus people, create a sense of inevitability, and overcome the collective action problem of who steps up first. A "founding member" structure also helps secure participation.
- **Separate announcement from launch:** Be cautious about using the word "launch" when you are merely announcing a future launch or issuing a general call to join the effort. If you find yourself being launched unexpectedly, work quickly to harness this momentum into at least some kind of tangible action, so as to avoid being perceived as losing steam.
- **Go global through a small, fast start:** Build support around a global agenda, but aim to complete a pilot project on the heels of a launch in order to quickly demonstrate the viability of your MSI's activities and establish credibility.

PHASE 4 - START-UP

PHASE 4.1 - START-UP: FINANCIAL RESOURCING

MSIs are costly, and securing funding for a new start-up organization with no track record, reputation, or body of work is particularly challenging. Bilateral donors often have institutional regulations that limit how they can fund organizations that have been in operation for fewer than two years, thus eliminating a major source of seed funding. This is yet another reason that initiators should thoroughly consider whether to start an MSI in the first place and, in particular, what its long-term financial resourcing strategy will be. As one donor put it, any funder embarking on an MSI needs to be prepared to invest for the long haul.

Diversifying Funding: Don't Put All Your Eggs in One Basket

An MSI's earliest funding sources are significant beyond their obvious financial implications. Early donors' reputations often influence perceptions of the MSI, which has no reputation of its own at start-up. MSIs can consider pursuing one of two common funding scenarios.

Scenario 1 – Single anchor donor: For the purposes of this study, we define an anchor donor as one that provides the first, and usually most significant contribution (sometimes more than 50% of the total funding at launch) to get the MSI started, and/or is willing to make a long-term commitment to help attract other funders. It is undoubtedly advantageous for a new MSI to be able to cover its operating expenses and reduce overall fundraising costs. Over-reliance on one donor, however, poses several risks:

- The MSI may be perceived as merely an arm of that entity – for example as "a Gates thing" – rather than a truly independent effort, which can crowd out other potential donors or create a free rider problem.
- There may be limited incentive to generate strong buy-in and follow collaborative practices from the beginning.
- There may be limited motivation to proactively seek new funding relationships, thus threatening the MSI's long-term sustainability.

Scenario 2 – Multiple smaller donors: On the other hand, support from multiple smaller donors creates a sense of critical mass and helps attract more donors. (Multiple MSIs noted their perception that donors are subject to a "herd mentality," whereby potential funders' decisions are influenced by what other donors are doing.) MSIs also reported that having multiple donors around the table at the onset helps create a balanced conversation that is less likely to be captured by any one organization.

Our research suggests that having a good anchor sponsor that crowds in other well-known, respected donors is the ideal path. Indeed, in addition to having an anchor sponsor, the higher performing MSIs in our study tended to have more donors at launch than lower performing MSIs.

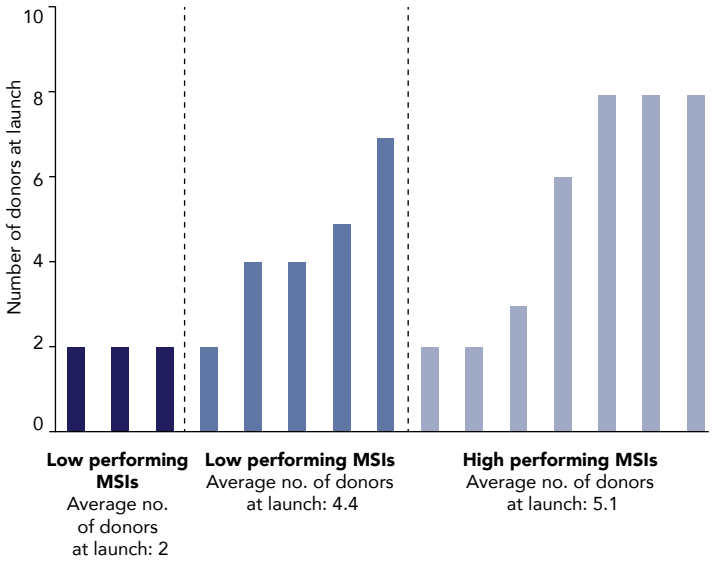
Prioritizing Donors: All Money is Not Created Equal

Our interviews and research suggest that an ideal donor for an early-stage MSI:

- Structures its grant over a multi-year time period and commits to fund long-term

FIGURE 16

Average number of donors at launch per performance category[31,32]



[31] MSIs with performance ratings of A and B are high performing. MSIs with performance ratings of C and D are medium performing. MSIs with performance rating of F are low performing.

[32] GDI interviews and research.

- Is willing and able to give unrestricted funding without dominating strategy or decision-making processes
- Provides a healthy amount of seed funding, but not so much that expectations are unduly high, and does not expect too high a burn-rate before the MSI is ready to start executing
- Has a reputation that will helps crowd in other donors

The start-up lens: Funding timeframes need to match MSI timeframes

A new MSI is a start-up, and donors need to see it this way. Like any start-up, it requires a multi-year timeframe to both build the organization and achieve initial proof points that will help raise additional funds. A new MSI's funding should match that timeframe so that it can focus on achieving initial results, and this is a point that needs to be stressed relentlessly with potential funders. Having leadership skilled at articulating the need for long-term funding has proven essential to many of the MSIs we interviewed.

Flexible funding: True autonomy rather than project management

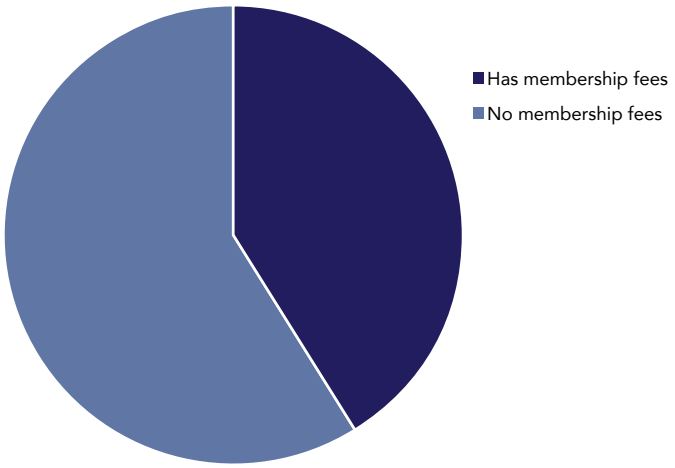
There are immense benefits to securing unrestricted, long-term funding from donors who resist the urge to impose their views on strategy and implementation. Across the board, MSI leaders emphasize the need for enough agency and license to determine their own governance structures, funding approaches, and execution strategies, rather than simply becoming an extension of a funder's existing programs. MSIs, however, frequently struggle to achieve this agency, because donors' investment decisions are often motivated by the promise of direct involvement in governance. Successful MSIs cautioned against losing ground on defined missions by chasing after restricted funds that did not align with the MSI's objectives. This sometimes means turning down funding that risks positioning an MSI as simply a project manager for a donor – a course of action that is particularly difficult for MSIs with a donor-driven structure.

Too much of a good thing: Too much funding creates unrealistic expectations and missteps

While most new MSIs encounter challenges in raising funding, securing outsized funding can be too much of a good thing: the larger the dollars, the larger the expectations. It also often creates pressure on the MSI to spend money quickly, because donors do not like their funds held for too long. Some MSIs recall that in response to this pressure, they funneled funds towards hiring staff faster than was strategic, before the MSI was fully operational and executing programmatic activities. The wrong hiring decisions—whether hiring too many or the wrong people—come with high managerial, reputational, and operational costs. MSIs that did experience this misstep frequently cited it as their biggest lesson learned.

FIGURE 17

Proportion of MSIs with membership fees[33]



Managing Expectations of Financial Independence

Many MSIs utilize a revenue-generating membership model in attempts to achieve some degree of financial sustainability beyond pure donor funding. While appealing in principle, especially to donors who often welcome the prospect of providing seed capital to an organization that can eventually be self-financed, almost no MSI has been able to achieve financial sustainability through membership fees alone.

Several MSIs noted an economics conundrum with membership fees: public goods cannot be self-sustaining, as they will always be underfunded by the contributing organizations and will thus create free-rider problems. A successful financial sustainability strategy would therefore use grant funding to pay for true public goods like research, standards development, and advocacy, while using member fees to pay for services truly benefiting members, such as workshops, conferences, and certain knowledge products.

[33] GDI interviews and research.

KEY RECOMMENDATIONS - Start-Up: Financial Resourcing

For donors of MSIs:

- **Put the MSI's leadership in the driver's seat:** Provide unrestricted funding to support the MSI's overall mandate and strategy, rather than supporting particular programs or functions. Grant the MSI's leadership the independence and autonomy to make budgetary and strategic decisions.
- **Fund like you are supporting a start-up, but not an overvalued one:** Provide multi-year funding attached to 3-5 year-targets, tranched with interim milestones to be achieved. The funding size should be healthy but not overwhelming. Too much funding leads to waste and excess expectations, while too little handicaps takeoff velocity.
- **Be prepared for long-term engagement:** Since it is extremely difficult for MSIs to achieve a self-sustaining model, be prepared to fund the MSI for an extended period of time.

For implementers of MSIs:

- **Diversify funding sources at the onset:** Prioritize fundraising efforts on securing multiple donors in order to build credibility as being truly "multi-stakeholder." Seek out those with a crowding-in effect, and take advantage of funder collaboratives where they exist. Do not let a single funder turn you into a mere programmatic arm.
- **Develop and articulate a realistic membership fee model:** Use membership fees to cover member services and raise grants to pay for other public goods. Set realistic expectations with funders about self-sufficiency levels. Create or stipulate membership fees at start-up to set accurate expectations.

Ultimately, if the services an MSI offers are beneficial, then members will pay for them; if not, then the market is telling the MSI that its services might not be needed. In this way, membership fees can provide a solid stream of income when they are attached to a valuable offering and introduced from the start, before stakeholders expect to access the offering for free. MSIs that do not stipulate their future fee structure from the outset struggle to successfully transition into a membership fee model at a later date. The challenge with this approach in early days, however, is that the value an MSI delivers is usually too small and unproven to convince stakeholders to pay for future benefits. Nonetheless, certain MSIs were successful in getting members to contribute from the outset; consider ANDE, whose 30 initial members paid fees to help get it off the ground.

Overall, MSIs should not expect membership fees to have a significant effect on their balance sheets, especially in the early days. MSIs caution against pursuing membership fees for the sake of money alone, as deciding what services must be offered to justify these fees can undermine core strategy or and dilute the quality of the membership base. Finally, paid membership models pose challenges for UN-hosted MSIs in particular, which are generally prohibited from accepting membership fees.

PHASE 4.2 - START-UP: HOSTING

Rather than incorporating independently, most MSIs begin their lifecycle in a hosted arrangement. A host overcomes new MSIs' barriers to funding, provides an immediate operating and administrative platform, and reduces the overall risks associated with a start-up. Hosts may also add value to the MSI's mission, for example by helping it establish credibility, providing a network for outreach and advocacy, or supplying programmatic and technical expertise. Hosting arrangements generally fall within four categories: within the UN system, within a sector-agnostic NGO that specializes in incubating or hosting, within a mission-aligned NGO, or within a purely fiscal sponsor. Most MSIs in our sample are either hosted within the UN system or a sector-agnostic NGO.

The host matters a great deal to an MSI's future trajectory and should be approached carefully. With a hosted arrangement come both benefits and risks. As we will discuss below, MSIs can mitigate some of the potential downsides of a hosting scenario by establishing strong governance arrangements and leadership.

CASE IN POINT

Examples of hosting arrangements

- UN system:
  - Global Partnership for Education and the Global Partnership for Oceans at the World Bank
  - Better than Cash Alliance at the United Nations Capital Development Fund
- Sector-agnostic NGO:
  - Aspen Network of Development Entrepreneurs at the Aspen Institute
  - Global Alliance for Clean Cookstoves at the UN Foundation
- Mission-aligned NGOs:
  - Alliance for Affordable Internet at the World Wide Web Foundation
- Purely fiscal sponsor:
  - Open Government Partnership at Tides Foundation
- Independent/non-hosted:
  - Alliance for a Green Revolution in Africa
  - Gavi, the Vaccine Alliance

Assessing Benefits and Risks of A Hosted Arrangement

MSIs highlighted several benefits to being hosted, including:

- Access: The access to government leaders, policymakers, and high-profile global organizations can be extremely compelling for MSIs focused on policy and political support.
- Convening power: Legitimacy and credibility can increase the stature and convening power of an MSI.
- Operating platform: Existing administrative support, governance, or other functions can allow the MSI team to focus on defining strategy and mobilizing action rather than setting up operations.
- Mission-aligned capabilities: An MSI can leverage existing resources and processes for advocacy and policy change (i.e., campaigns), industry and market development (i.e., service delivery), or specific technical expertise (i.e., research, evaluation).

Nevertheless, MSIs also pointed out that some hosting arrangements come with major strategic and operational downsides, including:[34]

- Control: Certain hosts have a tendency to engulf an MSI, at least to the perception of external stakeholders, and some hosts have tried to advance their own institutional agenda or potentially take over the governance and leadership structure of an MSI (a scenario we will discuss in the next section).
- Cost-effectiveness and speed-to-market: It can be costly for an MSI to be hosted within the UN system or another organization due to existing operational procedures and guidelines it must adhere to (e.g., human resource policies and procurement processes).
- Resource mobilization: Not all hosts are conducive to flexible fund disbursement or to mobilizing non-financial resources (e.g., knowledge, sweat equity, in-kind labor).
- Start-up support: Certain host categories are ill-suited to fostering a start-up.
- Reputation: MSIs with certain types of missions or orientations run the risk of establishing a negative association with a foundation or a big bureaucratic organization.
- Donor constraints: A host's geographic location may affect which donors an MSI can attract. Bilateral funders outside of the U.S. are unfamiliar with the fiscal sponsorship model, and bilateral funders everywhere are reluctant to pay annual dues to an NGO.

Successful MSIs selected their hosts based on a careful evaluation of the benefits and risks noted above, rather than letting political concerns or preferences of early donors or stakeholders drive their decision. MSIs that have thrived within a hosting arrangement emphasize the importance of aligned philosophy, vision, and expectations of roles between host and MSI, both

[34] It is worth noting that we did also hear a downside from the host itself: sometimes a hosting entity unwillingly becomes more strongly identified with a particular MSI than it wants to be.

FIGURE 18

Pros and cons to specific hosting arrangements

Host Type	Additional Pros	Additional Cons
UN system	• Particularly helpful for MSIs working on the policy and political support goal area, or MSIs that generally need to work with and secure credibility among governments • Certain logistics are easier: for example, travel and obtaining visa for staff to work locally • Immediate brand awareness globally, and hence generally also strong credibility building • Potential for both back-end and programmatic support	• Difficult to establish independent governance bodies; risks of conflicts of interest • Not conducive to flexible fund disbursement or re-granting. • Potentially negative connotations for prospective private sector stakeholders • Lengthy recruiting, contracting, and financial process timelines; recruiting must follow quota-based hiring system • Difficult to establish a true membership model due to the challenges of instituting membership fees within UN system-hosted MSIs • Often less cost-competitive compared to other arrangements
Sector-agnostic NGO	• Confers neutrality and can support brand building (depending on the NGO) • Strong capabilities in (and usually lower levels of bureaucracy around) relevant administrative support	• Governments struggle to give membership fees to NGO-hosted MSIs • Location matters: some governments will also be challenged to direct funding to entities in developed countries (e.g., an NGO based in the US), or in any country with a history of corruption
Mission-aligned NGO	• Same as above, plus this host can bring technical expertise and credibility	• Same as above, plus the MSI may no longer be seen as neutral, because the host already has a certain perspective on how an issue should be addressed
Pure fiscal sponsor	• Confers neutrality and strong independence • Strong capabilities in (and usually lower levels of bureaucracy around) relevant administrative support • Usually no governance expectations • Lowest profile category of host, and hence lowest risk of brand conflation between host and MSI	• No brand building benefits • The concept of fiscal sponsorship is rare outside of the US and hence can be particularly problematic for bilateral donors • In some cases, high fees for varying qualities of service offered

at start-up and later in steady-state. Ideally, hosted MSIs can negotiate key roles including the ability to set strategy, prepare and recommend budgets (for host approval), manage performance and give input into hiring and firing of the CEO, and decide whether and when to become an independent NGO. The success of hosted MSIs also require constant communication, management, and adjustment, as well as cultivation of support from champions within the host's leadership and board of directors.

While the benefits and downsides discussed above apply in some ways to all types of hosting arrangements, the table below summarizes specific pros and cons associated with each type of hosting arrangement.

Thriving in the UN system

Many of the disadvantages noted above are most commonly associated with large bureaucracies like those found within the UN system. Indeed, within our sample,

MSIs hosted outside of the UN system had slightly higher performance rankings than those within. Nonetheless, it is possible to thrive in a UN system, and the UN system's ability to influence governments is invaluable for MSIs that primarily focus on policy and political support. We also note a correlation between MSIs that are hosted within the UN system and the donor-driven structure outlined in Section III – Design, likely due to the UN system's focus on governments, which make up a large proportion of the MSI funder pool.

MSIs that have been able to maximize the benefits of UN system hosting often had an "intrapreneur" who helped them navigate the bureaucracy; championed the MSI at the most senior levels of the host organization; and provided constant communication, management, and adjustment support. In some cases, MSIs found it helpful to create a "brand distinction" between an MSI and its UN-based host. Some examples of this approach included locating physically outside of UN or World Bank Group-branded buildings, or through careful framing in communications collateral.

Getting Out of a Hosting Arrangement

The benefits of a hosted arrangement are usually most applicable to an MSI in the start-up stage of its lifecycle. When MSIs transition from start-up to a more operational steady state, MSIs are prone to outgrow their hosts. The process of extracting an MSI from a host can be relatively smooth when both parties arrive at a mutual and objective decision to do so, but can be messy when only one party sees the need for a spin-out. To quote one interviewee who spoke about the UN system in particular: "It can be harder to get out than to get in." One final word of caution for MSIs considering a UN system-based host: MSIs that have spun out of these arrangements note that they often have to start afresh with new hires, because existing MSI staff might prefer to preserve the compensation and benefits packages that the UN system uniquely offers them.

CASE IN POINT
Thriving at the World Bank

The Consultative Group to Assist the Poor (CGAP) has been housed at the World Bank since its launch in 1995 and has managed to thrive within this context. This seems to be primarily the result of the nature of individuals working within and with CGAP, as well as an effective governance arrangement.

CGAP was able to secure early staff with enough experience in the World Bank to know how to navigate its internal systems, but whose primary loyalty was to the field of microfinance – and thus to CGAP – rather than to the World Bank itself. These staff identified "intrapreneurs" within the World Bank who could help get CGAP off the ground with strong momentum. CGAP was able to secure strong buy-in from well-established World Bank officials, such as Jan Piercey (U.S. Executive Director at the time) and Ismail Serageldin (Vice President of the Sustainable Development Network at the time), who helped establish CGAP's strong member-driven governance.

At the leadership level, CGAP has had several CEOs with long tenure who were strong, outspoken leaders dedicated to protecting CGAP's relative independence, comfortable pushing back on World Bank leadership in order to do so, and savvy about how best to message and brand this independence. For example, Elizabeth Littlefield insisted that CGAP's office be located outside of the World Bank's main building. Additionally, the CGAP CEO position was created to have autonomy by reporting to a member-elected executive committee. Even though this body has only informal authority, it carries institutional stature and political weight that allows it to help the CEO stand his or her ground while navigating the rest of the World Bank.

Lastly, CGAP's governance structure is recognized for being highly effective and efficient.[35] CGAP's board is a relatively trim executive committee whose nine representatives are technical specialists appointed by its member-wide council of governors. In addition to one World Bank representative, half of the executive committee's members are constituency representatives and the other half are independent professionals serving in their personal capacity.

[35] More on this in CGD's "Governance of New Global Partnerships" report.

KEY RECOMMENDATIONS - Start-Up: Hosting

- **Select the host based on strategic priorities, not political concerns:** In addition to weighing the pros and cons of specific hosting arrangements, also consider your MSI's overall priorities, such as the relative importance of establishing early credibility and gaining access to governmental stakeholders, versus retaining perceived and operational independence and flexibility. Seek a host model that aligns with the MSI's structure: be aware that donor-driven MSIs can thrive within the UN system, whereas a practitioner-driven MSIs may be better suited to being hosted elsewhere.
- **Set expectations and clear milestones upfront:** Bear in mind that hosting arrangements that make sense in start-up mode do not necessarily carry to steady state. You should therefore build a 3-5 year review process into any hosting agreement, in order to assess the continued suitability of the arrangement. Consider including an explicit spin-out clause in hosting contracts, to secure the option to later transition into an independent NGO.

PHASE 4.3 - START-UP: GOVERNANCE AND STAKEHOLDER ENGAGEMENT[36]

By their very nature, MSIs take a multi-stakeholder approach to decision-making. MSIs can engage and balance diverse perspectives through governance structures, but they need other mechanisms too, as governance bodies that try to include and represent every single voice become unwieldy and ineffective. Getting the governance structure right is made all the more tricky when an MSI is hosted within another entity with its own board of directors and requirements for fiduciary and legal oversight. (We touch upon this challenge in this section, but we explore the full issue of hiring, firing, and management of the CEO in Phase 4.4 – Leadership and Staffing.)

Emphasizing Flexibility, Neutrality, and Continuity

Based on our interviews, the most important attributes of an MSI's early governance structures are flexibility, neutrality, and continuity.

Flexibility to adapt to changing environments

While it is important to lay the building blocks of a steady-state governance structure in an MSI's early days, MSIs warn against establishing too much finality or rigidity early on. They emphasize the need to build in enough flexibility to adapt to inevitable changes that arise from an MSI's evolution and growth. One approach to achieving flexibility in early days is to institute a hand-picked consultative and advisory steering committee as the de facto decision-making body during the initiation, design, and launch phases. The MSI can later reconfigure this body as it moves into the start-up phase and needs its own board, or the ability to navigate the host's. Indeed, the majority of hosted MSIs in our sample established non-authoritative governance bodies underneath the formal governance of their host. Some MSIs have also found it useful to revisit the governance structure after 2-3 years in start-up mode, usually through an independent review.

Neutral convening space to bring the stakeholders together

MSIs report that governance structures are most effective when they serve as a neutral space in which stakeholders can convene to work with new kinds of organizations and reconcile differences in viewpoints. For this reason, it is critical that individual members of the governance body check their institutional hats and self-interests at the door. GAVI, CGAP, and others have achieved this by limiting the number of institutionally designated board seats and instead focusing on the appointments of qualified individuals, especially those without affiliation to a major stakeholder.

Continuity of board members

A common frustration among MSIs is high turnover in board members due to board terms that are too short and turnover within the associated organizations themselves. This cycle undermines the investment it took to build institutional memory and relationships within a board, and perpetually rebuilding boards requires significant bandwidth at the leadership level. Here again, MSIs can achieve continuity by appointing individuals rather than designated seats institutionally.

[36] Those interested in a deeper-dive into the governance elements of MSIs should read the Center for Global Development's report, "Governance of New Global partnerships: Challenges, Weaknesses and Lessons," which specifically examines the performance and effectiveness of the governance of many MSIs.

Getting Longer-Term Governance Structure and Representation Right

Two major tensions influence decisions on MSI governance structures:

1. Between inclusivity and efficiency: Inclusivity is inherently important to an MSI's governance structure since, by definition, an MSI must bring multiple organizations to the table and balance a diverse set of viewpoints. At the same time, having an inclusive but bloated governance body can make decision-making processes too slow.
2. Between mobilizing investments from donors and creating agency for the MSI itself: Successful MSIs are able to both attract donors and establish agency to ensure they are not simply an implementer of those donors' interests. Several interviewees indicated that the best solution to the latter concern is getting a strong CEO who can build confidence in the MSI and shepherd common interest through an independent MSI.

Achieving a balance in both of these is critical for both the MSI's credibility and ownership over outcomes. Regardless of where on either of these spectrums a board structure lands, MSIs report that boards are most valued and productive when members are able to reorient from their own organization's self-interests towards those of the MSI. They also note that a strong board chair is particularly important in order to navigate the challenges of multi-stakeholder boards on an ongoing basis, especially during leadership transitions or other challenges.

We came across one approach, from CGAP, which has successfully addressed the tensions between legitimate and diverse representation as well as tight and efficient decision-making. Generally speaking, this approach involves establishing a consultative "council" comprised of many or all members/partners that appoints a much smaller core of individuals to serve as the board of directors (or "executive committee") with decision-making and fiduciary responsibilities. The consultative group can enable representation without vote or veto and allows for two-way information and perspective sharing, as long as the value of participation for stakeholders is clear. Achieving a fairly equal representation of public, private, and civil society in a consultative body also gives more latitude for proportionality at the board level. The primary challenges of this structure are to identify the most productive ways to engage this body and avoid perceptions of alienation among those not appointed to the board.

Motivating and Sustaining Stakeholder Engagement

The success of an MSI is largely dependent on the quality of interactions among members/partners. Interviewees identified an MSI's ability to actively engage and allow for contributions from non-funding stakeholders as key to its success, especially for those attempting to be practitioner-driven. The structure described above is an important first step, but MSIs generally need to go further than that, as MSIs should not treat governance-type bodies as their primary engagement mechanism. When it is the only pathway for participation, members/partners tend to focus their feedback and effort on negotiations around governance politics.

Moreover, MSIs emphasized the importance of being very transparent about how various stakeholders fit into strategy and what roles they can and should play, in order to make discussions around participation and collaboration concrete. This is especially true in the case of private sector actors, who are generally less motivated by the concept of "sweat equity" and prefer more transactional engagements in which all parties' investments and returns are clearly outlined.

How stakeholders are labeled and framed can also influence the nature of engagement. A "partnership" may imply that there is something mutually at stake and everyone is in it together, which may encourage more active participation. For example, several MSIs have successfully leveraged their partnership network to help lead national chapters with partners as in-country leads. In contrast, a "membership" implies a more transactional relationship in which members expect discrete benefits in exchange for their participation and dues.

Below are some examples of how MSIs can engage stakeholders, based on our interviews:

- Ask members and partners to accept a particular set of principles or memorandum of understanding (MOU) that define and clarify upfront their roles
- Take annual surveys to allow candid feedback from the stakeholders, and use the findings to inform the board

KEY RECOMMENDATIONS - Start-Up: Governance and Stakeholder Engagement

- **Structure for balanced inclusiveness and efficiency:** Create a smaller board appointed by a larger partnership council or consultative group to benefit from efficiency in the decision-making process and from broader representation and legitimacy. Consider non-transferable, independent appointments based on personal capacity rather than institutional seats.
- **Separate participation from vote:** Set up separate consultative bodies with clear value to participants and outline commitments in an MOU. Pursue a mix of other non-governance related engagement strategies to ensure that a range of opinions is taken into account. For example, conduct semi-annual meetings in which management presents and stakeholders have the opportunity to give feedback. Consider a rotating seat for funders, so that they need to collaborate outside of governance and represent themselves with a single voice.
- **Earn, and give, agency:** If you are a CEO, set the direction and seek common interests to empower the MSI to achieve the collective good. If you are a donor, give the MSI the room to pursue its mandate when it is ready for it. Seek out ways to mold MSI-owned advisory bodies into hosted governance structures.

- Provide quality member services, such as workshops and seminars, as long as they are not so high-touch that the MSI becomes a de facto industry association
- Leverage the international presence of some members to help lead national chapters
- Shine a spotlight on members who are not contributing, motivating them to play a more active role and avert the negative attention
- Make grant renewal conditional on meaningful participation, if disbursing funding

PHASE 4.4 - START-UP: LEADERSHIP AND STAFFING

While this report has focused largely on an MSI's external stakeholders so far, an MSI's internal stakeholders – i.e., the team running it – are just as critical, especially as an MSI has no institutional history or reputation to rely on. Nearly every interviewee highlighted the significance of early team members for an MSI's success.

Recall the finding in Section II that a strong champion is a key pre-condition for an MSI's successful trajectory. Even though this role is important, the founding visionary who drove the MSI's initiation phase is not always the best person to steward its start-up, although it may seem to be the most expedient path forward. Overall, finding a strong CEO-level leader for start-up mode is not an easy endeavor. It is often unclear for MSIs when they should hire a CEO, and when they decide to do so, it can be a lengthy process to find the right person.

Timing the First CEO Hire

The need to sustain momentum among stakeholders coupled with the pressure to spend early funds often leads MSIs to build out staff as early as possible to get the work going. Ideally, a first CEO would be able to hire his or her own team to promote ownership over the effort and positive team dynamics at all levels. In fact, MSIs that hired permanent staff before a CEO sometimes found themselves spending their first year re-building the team, occasionally letting go of early hires.

MSIs must tackle three main challenges when hiring the right first CEO: finding a candidate who possesses the valuable CEO attributes outlined below; attracting talented, interested candidates when the MSI has no track record; and facing the reality that the right start-up CEO may not be the right steady-state CEO.

Given these challenges, some MSIs have found it effective to delay hiring for a true CEO-level position until the MSI has funding runway and demonstrated progress, which helps expand the talent pool and "de-risks" the CEO role, at least in perception. This approach has worked when the overall team structure can remain small and thus more easily manageable in the early years, and the interim CEO position can be filled by someone with demonstrated subject matter expertise who is also fully on-board with the short-term nature of his or her role.

Seeking Valuable CEO Attributes

MSIs spoke of a range of important attributes for a CEO. We categorize them into three competencies: diplomacy, entrepreneurial management, and technical leadership.

Diplomacy

- Excellent public speaking skills and effective communication to a wide range of audiences
- Orientation as a chief cheerleader, or even evangelist
- Strong coordination skills
- Political negotiating skills
- Ability to be seen as a neutral party who is sympathetic to the interests of particular stakeholders, but who, in practice, can balance across all of them
- Little ego or need to put themselves in the spotlight

Entrepreneurial management

- Fundraising skills
- Ability to take a stance and push back without alienating stakeholders
- Productivity in ambiguous and uncertain environments
- Strong builder (as opposed to operator) who executes effectively

Technical leadership

- Experience navigating and speaking the same language as the different kinds of organizations involved, such as government or the UN system
- At a minimum, some technical grounding (note: sometimes stronger technical skills are required)

MSIs also spoke of the necessity of personality traits like productive impatience, stubbornness, and perseverance, as well as the value of a "servant leader"-type who enables and empowers others to achieve their goals. The CEO must be able to command enough authority to earn agency for the MSI, rather than allowing it to function as simply a secretariat support system.

Of course, MSIs struggle to find all of these attributes in a single candidate and must prioritize among them.

We have identified the following trends, depending on an MSI's specific objectives:

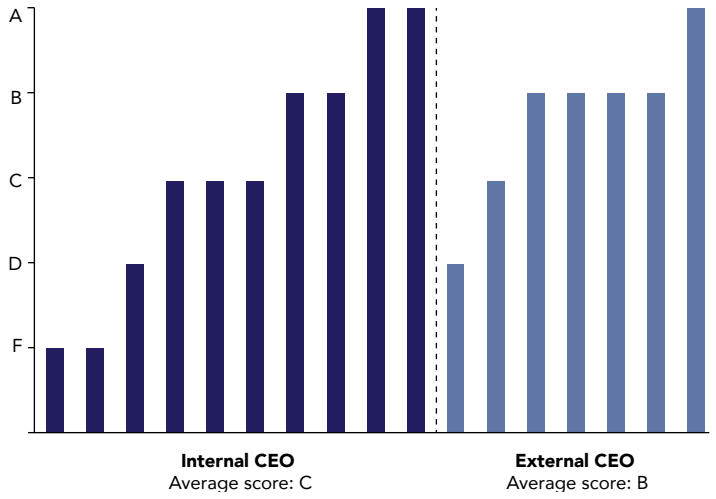
- Those seeking to build a network benefit from CEOs who are networkers, whether by training or nature
- Those seeking to build a movement around a new norm or practice benefit from the credibility conferred by a CEO with technical expertise
- Those seeking to foster partnership between unlikely bedfellows benefit from CEOs who are visionaries and good relationship managers
- Those hosted in or working closely with the UN system report that it is essential that the leader have experience working in the UN system

Determining Ownership of Hiring and Firing

The CEO of an MSI must be able to create a truly multistakeholder decision-making process that does not favor any one stakeholder. Otherwise, the CEO ends up being an extension of that organization. A poorly selected CEO will do more reputational damage to the MSI than any of its individual stakeholders. MSIs that have experienced a credibility loss of this nature expressed a diminished ability to trade on the basis of confidence, which is necessary to secure funding or additional partners. The higher performing MSIs in our sample hired their first CEOs externally, rather than choosing someone affiliated with the original founding

FIGURE 19

Average grade scores of MSIs with internally sourced CEO vs. externally sourced CEO[37]



[37] GDI interviews and analysis.

group. This search process was most successful when a steering committee owned it, rather than the MSI's donors or implementers alone.

Hosting arrangements can make hiring (and firing) of CEOs and staff complex. Ideally, hosted MSIs can establish governance structures with the ability to manage and oversee the CEO, and to provide significant input on the hiring (and firing) of the CEO to the host management and board. This ensures clearer lines of accountability, in which the CEO is truly reporting to the MSI's governance and stakeholders, rather than to the hosting entity. Bylaws can empower a steering or executive committee to recommend and approve hiring and firing decisions and manage the performance review process – subject to host organization approval. MSIs without this clarity and ownership have struggled. Again, leadership and governance are strongly linked: MSIs should develop succession plans, especially in the case of interim solutions, and strive for a board that is capacitated to manage transitions appropriately and in a timely manner.

Building the Team

If a CEO candidate is very strong but misses certain competencies, an MSI can develop these through manager-level staff instead. The nature of an MSI's work in its early days is ambiguous, and hence it is essential to give managers the flexibility to think creatively and take risks, but also hold them accountable for the outcomes. MSIs spoke of the value of hiring staff who buy into the idea that the MSI should have an endgame and thus should be working itself out of business. Hosted MSIs also emphasized that it is essential to cultivate staff loyalty to the MSI rather than to the host. Otherwise, a spin-out is likely to see heavy staff turnover. Taken together, these insights point to the importance of building a team of individuals who can truly think outside the box and are comfortable operating in an uncertain environment.

Ultimately, MSIs that position their management team as staff seem to have a stronger sense of buy-in and accountability for the MSI's success than those that describe the team as a secretariat, which implies a group whose primary goal is to fulfill administrative functions. While primarily a semantic distinction, in practice it also seems to influence perceived affiliation and identity.

The MSIs we interviewed offered additional considerations for team building:

- "Lean and mean" has become a popular but not always productive principle to staffing. Especially in early days, MSIs need sufficient human resources to get themselves successfully through the start-up phase.
- Employing working groups in order to advance finite projects is not a substitute to a sufficient staff structure. This solution works well for knowledge sharing, but not for creating new knowledge that will advance the MSI to the next phase. Working groups are thus likely to be a better tool for stakeholder engagement.
- A membership model has significant staffing implications: building, maintaining, managing, and serving the relationships within a member base requires a larger team.

KEY RECOMMENDATIONS - Start-Up: Leadership and Staffing

- **Appoint an interim CEO, and then get the right CEO:** Get the work started as soon as possible with an interim CEO and give yourself more time to de-risk the position to find the right candidate for the role. Whenever possible, limit the number of full-time hires until then, so the eventual CEO can build his or her team.
- **Prioritize diplomatic capabilities of a CEO:** Prioritize the diplomat with credibility and convening power from the field. Insource missing management and technical expertise as needed. Furthermore:
  - CEOs of donor-driven organizations need to have excellent coordination and political negotiation skills, as well as experience working with governments, international organizations, and foundations.
  - CEOs of practitioner-driven organizations need to be good networkers with strong coordination skills, as well as experts in working with the private sector and civil society organizations.
- **Establish CEO accountability to MSI governance (and, therein, to stakeholders):** As formally as possibly, negotiate a strong role for the MSI governance structure in managing and overseeing the CEO, and in providing input into the hiring and firing decisions. Informally, ensure clear lines of communication between the MSI and the host's leadership.

SECTION IV: CONCLUSION

"We had the right people, right timing, and right support...and did things that have never been done before."

- MSI sponsor

To recap, MSIs can be an incredibly powerful mechanism to address some of the world's most pressing and complex collective action problems. But they are also costly to set up and run a non-material risk of low performance. Those contemplating initiating an MSI should therefore very carefully consider whether an MSI is the best means to address the mandate at stake. Three questions that can guide this line of questioning are:

1. **Alignment: Can an MSI address the mandate?** Confirm that the objectives align with at least one of the core goal areas of MSIs: industry and market development; policy and political support; and resource mobilization and optimization.
2. **Suitability: Is a new MSI the best kind of intervention to address this mandate?** Further validate that an MSI is, in fact, the organizational form best suited to this mandate, based on relevant screens.
3. **Prospects: Is the MSI likely to succeed?** Determine whether key conditions for success are in place.

Even when there is strong alignment, suitability, and prospects of success, the daunting task of how to best set up an MSI remains. Below we have broken out our recommendations into those most relevant for early donors and those most relevant for implementers. The recommendations for donors are admittedly more about mindset than action, and hence donors should review those geared towards implementers as well, in order to consider how best they can support them.

For donors of MSIs:

- Put the MSI's leadership in the driver's seat.
- Fund as if you are supporting a start-up, but not an overvalued one.
- Be prepared for longer-term engagement.
- Proactively support your MSI based on existing comparative advantages, such as:
  - Helping to generate a galvanizing event (on a timeline that does not force a premature launch)
  - Leveraging networks for the purposes of first CEO search and Board development
- Avoid over-involvement in areas that might weaken the MSI's agency, for example:
  - Pressuring design timelines due to political concerns
  - Controlling the MSI as if it were a program implementer
  - Requiring disproportionate influence through governance structures

For implementers:

Initiation	• Seek to launch a conversation, not an institution. • Get the aperture right. • Fill the table (with the right people) before you fill the tent.
Design	• Set a bold goal and an endgame. • Go big or go home with a fund. • Align structure with desired outcomes. • Pick the best threshold for participation.

Launch	• When ready, leverage galvanizing events. • Separate announcements from the launch. • Take the time to consult and build. • Go global through small, fast start.
Start-up	Financial resourcing • Diversify funding resources at the onset. • Develop and articulate a realistic membership fee model. Hosting • Select the host based on a strategic priorities, not political concerns. • Set expectations and clear milestones upfront. Governance and stakeholder engagement • Structure for balanced inclusiveness and efficiency. • Separate participation from vote. • Earn agency. Leadership and staffing • Appoint an interim CEO and then get the right CEO. • Prioritize diplomatic capabilities of a CEO. • Establish CEO accountability to the MSI governance structure (and, therein, the MSI stakeholders).

We hope that this study represents a step toward towards developing a discipline around setting up multi-stakeholder initiatives. There are undoubtedly additional research areas beyond the scope of this study that would advance this field and benefit potential funders and implementers alike. A few that struck us as most important as we pursued this study include:

- Prescriptive advice on which non-MSI entities are better suited to address specific global development problem, to provide clear alternative pathways to MSIs when they may not be the right tool
- Further in-depth research on topics covered in this report, including interviews with a broader set of stakeholder groups (possible topics include monitoring and evaluation best practices, optimal group size for each type of MSI, revising mission change and evolution, and when and how to design incentives structures that reward progress and excellence beyond simply joining an MSI)
- Advice on how best to sustain the success of an MSI, and when and how to wind it down or spin off its constituents

For those who are interested, we flesh out these ideas further in Appendix D, and hope to continue building this discipline through additional research in the future.

APPENDIX A: METHODOLOGY

Objectives

We embarked on this study to inform prospective MSI donors and implementers as to whether and how to launch MSIs, with the following specific objectives:

Whether to launch an MSI:

- Identify the types of goals MSIs are best suited to address.
- Identify the necessary conditions for launching an MSI on an upward trajectory towards success.

How to launch an MSI:

- Identify best practices and lessons learned for the early life of an MSI, from initiation through start-up.
- Make recommendations on strategic and tactical decisions or critical steps that can be taken to improve the likelihood of an MSI's success.

Approach

Our analysis of MSIs is grounded in two layers of research: 1) secondary research and 2) in-depth interviews. We started with a literature review of 30 articles and reports related to general commentary and analysis about MSIs (see Appendix C for our top 10 highlights). Our secondary research involved reviewing available documentation, such as original business plans and other foundational documents, assessments, and strategic reviews. Through these materials, we collected information of the characteristics of MSIs, strong and weak practices, and overall performance that informed the in-depth interviews we conducted.

For the more substantive interview phase, we identified over 30 representatives of early funders and implementers of 17 MSIs to participate in 60-90 minute structured interviews.[38] We developed a detailed interview guide to facilitate the discussions. Interviewees were prompted to reflect on the MSI's performance level to date and specific strategies and tactics that were most helpful or detrimental to the MSI's overall trajectory, from initiation to start-up.

We asked the interviewees to rate their respective MSIs' performance on a scale of 1-5 in terms of achievement against original objectives. These ratings were then converted to letter grades[39] for the purpose of presenting the study analysis. These rankings helped calibrate general performance perceptions. Ultimately, the insight and recommendations in this report reflect the perspective and expertise of those representing both higher and lower performing MSIs – the former to guide best practices and the latter to reflect on lessons learned in hindsight. It is worth noting that many of the study interviewees have been directly or indirectly involved in MSIs beyond those we specifically asked them about, and hence they bring a wealth of experience to bear on this topic. The interviews were confidential, and therefore we have referenced specific best practices in some cases but anonymized challenges.

[38] A list of the interviewees can be found in Appendix II. Interviews were held in confidence and specific quotes have been included only with explicit permission.

[39] Performance rating scores are converted to letter grades where A=4.5-5, B=4-4.4, C=3.5-3.9, D=3.0-3.4, and F=2.9 or less.

APPENDIX B: STUDY SAMPLE

In the process of selecting MSIs to focus on in this study, we strived to achieve a balanced but diverse sample of MSIs ranging in sector, size, and age. As a result, our study honed in on the following 17 MSIs.

MSI	Description	Sponsor representative interviewee	CEO-type representative interviewee
Alliance for Affordable Internet (A4AI)	A4AI partners with governments, companies, and not-for-profits to shift policies and regulations, and deliver open, competitive and innovative broadband markets. This unlocks the power of technology and forces prices down.	Jonathan Dolan	Sonia Jorge
Alliance for a Green Revolution in Africa (AGRA)	AGRA is a dynamic partnership working across the African continent to help millions of small-scale farmers and their families lift themselves out of poverty and hunger. Their programs develop practical solutions to significantly boost farm productivity and incomes for the poor while safeguarding the environment.	Gary Toenniessen	N/A[40]
Aspen Network of Development Entrepreneurs (ANDE)	ANDE is a global network of organizations that propel entrepreneurship in emerging markets.	Andrew Stern	Randall Kempner
Better Than Cash Alliance (BTCA)	BTCA helps governments, private sector and development organizations to accelerate the shift from cash to digital payments.	Sahba Sobhani	Ruth Goodwin-Groen
Cities Alliance (CA)	CA is a global partnership for urban poverty reduction and the promotion of the role of cities in sustainable development. The CA's overall strategic objectives are to support cities in providing effective local government, an active citizenship and an economy characterized by both public and private investment.	Nancy Martin	William Cobbett
Consultative Group to Assist the Poor (CGAP)	CGAP develops innovative solutions through practical research and active engagement with financial service providers, policy makers, and funders to enable approaches at scale. CGAP combines a pragmatic approach to responsible market development with an evidence-based advocacy platform to increase access to the financial services the poor need to improve their lives.	Jan Piercy	Tilman Ehrbeck
Global Alliance For Clean Cookstoves (GACC)	GACC is a public-private partnership to save lives, improve livelihoods, empower women, and protect the environment by creating a thriving global market for clean and efficient household cooking solutions.	Leslie Cordes	Radha Muthiah

[40] Gary Toenniessen also served as an interim CEO before the first official CEO came on board.

Global Alliance for Improved Nutrition (GAIN)	GAIN is driven by the vision of a world without malnutrition. They act as a catalyst - building alliances between governments, business and civil society - to find and deliver solutions to the complex problem of malnutrition.	Katharine Kreis	Marc Van Ameringen
Gavi, the Vaccine Alliance (GAVI)	GAVI brings together public and private sectors with the shared goal of creating equal access to new and underused vaccines for children living in the world's poorest countries.	N/A[41]	Geoff Adlide
Global Impact Investing Network (GIIN)	The GIIN is dedicated to increasing the scale and effectiveness of impact investing. The GIIN addresses systemic barriers to effective impact investing by building critical infrastructure and developing activities, education, and research that attract more investment capital to poverty alleviation and environmental solution	Antony Bugg-Levine	Amit Bouri
Global Partnership for Education (GPE)	GPE brings together multiple stakeholders to develop effective and sustainable education systems, mobilize technical and financial resources, and ensure that those resources are coordinated and used efficiently. GPE focuses on enhancing countries' capacity to improve results in basic education in access, equity, quality, and stronger and inclusive education systems.	Patrick Collins	Bob Prouty
Global Partnership for Oceans (GPO)	GPO sought to mobilize finance and knowledge to activate proven solutions for the benefit of communities, countries and global well-being by tackling documented problems of overfishing, pollution, and habitat loss.	Barbara Best	John Virdin
mHealth Alliance (mHA)	mHA served as a convener for the mHealth community to overcome common challenges by sharing tools, knowledge, experience, and lessons learned.	Karl Brown	Patty Mechael
Open Government Partnership (OGP)	OGP is a multilateral initiative that aims to secure concrete commitments from governments to promote transparency, empower citizens, fight corruption, and harness new technologies to strengthen governance	Martin Tisné	Julie McCarthy
Roll Back Malaria Partnership (RBM)	RBM is the global framework to implement coordinated action against malaria. It mobilizes for action and resources and forges consensus among partners.	Bernard Nahlen	N/A[42]
Sanitation and Water for All (SWA)	SWA is a global partnership that catalyzes political leadership and action, improve accountability and use scarce resources more effectively. Partners work towards a common vision of universal access to safe water and adequate sanitation.	Heather Skilling	Cindy Kushner
World Cocoa Foundation (WCF)	WCF is committed to creating a sustainable cocoa economy by putting farmers first--promoting agricultural and environmental stewardship, and strengthening development in cocoa-growing communities.	Richard Rogers	Bill Guyton
Additional interviewees		Joe Dougherty (Dalberg Global Development Advisors), Brad Herbert (Brad Herbert Associates)	

[41] We were not able to secure an interview with our desired contact.

[42] We were not able to secure an interview with our desired contact.

APPENDIX C:
SUGGESTED READING

Of the 30 articles, papers, and reports we reviewed to inform this study, these sources struck us as contributing the most to developing a discipline around designing and setting up multi-stakeholder initiatives.

Article	Summary	Author / Organization (Year)
Governance of New Global Partnerships: Challenges, Weaknesses, and Lessons	Accepted standards of governance are not being met by global partnerships and key shortcomings include the lack of strategic direction, accountability mechanisms, M&E systems and risk management.	Keith A. Bezanson and Paul Isenman; Center for Global Development (2012)
Guide to Evaluating Collective Impact Learning and Evaluation in the Collective Impact Context	Performance measurement and evaluation systems are critical depending on the initiative's stage of development so a combination of different performance indicators must be used to assess and understand the progress as an initiative develops and matures.	Hallie Preskill, Marcie Parkhurst, Jennifer Splansky Juster; FSG (2014)
Understanding the New Multi-Stakeholder Models for Global Cooperation, Problem Solving and Governance	There has been a fundamental change in the way how global problems are being solved given the emergence of global solution networks which has been enabled by the digital revolution.	Don Tapscott; Global Solution Networks (2013)
The Changing Aid Architecture: Can Global Initiatives Eradicate Poverty?	Global programs have led to unnecessary duplication and overlap with each other and with country assistance programs. Only once the overall aid architecture is more attuned to the vast global changes and country realities that they will have increased joint effectiveness in the eradication of global poverty.	Uma Lele, Nafis Sadik, Adele Simmons; World Bank (2006)
The Convergence Continuum: Towards a 4th Sector in Global Development	An emergence of a new paradigm: the 4th sector - as the opportunities for cross-sector cooperation multiply we reach the tipping point of creating a entirely new business ecosystem.	Accenture (2014)

Cooperation between the United Nations and all relevant partners, in particular the private sector	A number of concrete steps should take in order to build a more conducive environment for partnerships. These include increasing institutional capacity, promoting training, streamlining UN's guidelines for partnerships, improving the selection processes, building the foundation for smart selectivity and fostering transparency.	Secretary-General; United Nations (2001)
Multi-Stakeholder Global Networks: Emerging Systems for the Global Common Good	Based on an extensive analysis of about twenty global action networks (GAN), the authors investigate their potential to protect the global commons and produce global public goods.	Steve Waddell and Sanjeev Khagram (2007)
Multi-Stakeholder Partnerships in ICTs for Development	A set of principles for multi-stakeholder partnerships was drawn up in a preparatory conference in Bali, Indonesia in 2002, as input to the World Summit on Sustainable Development. Some of 'Bali Principles' might be re-worked to align them with the task of formulating partnerships that involve the ICT sector.	Global Knowledge Partnership Secretariat (2003)
Multi-Stakeholder Partnerships for Sustainable Development: Does the Promise Hold?	Multilateral environmental agreements have increasingly been accompanied and partially also substituted by more flexible instruments to fill the regulation deficit. Although these partnerships should be focusing on less regulated fields, most of them are working with heavily regulated fields.	Frank Biermann, Man-san Chan, Ayşem Mert and Philipp Pattberg (2007)
Partnerships for Sustainable Development: Why and How Rio+20 Must Improve the Framework for Multi-stakeholder Partnerships	Rather than praising PPPs, is more rewarding to systematically evaluate the factors that defines their success or failure. Partnerships should evaluate their performance and implement changes.	Marianne Beisheim; German Institute for International and Security Affairs - SWP (2012)
Priming the Pump: The Case for a Sector Based Approach to Impact Investing	Impact investing sector should focus more on what is required to spark, nurture, and scale entire sectors for social change. Though investing in firms is an essential component to driving sector-level change, it is ultimately sector development that matters the most.	Matt Bannick & Paula Goldman; Omidyar Network (2012)

APPENDIX D:
AREAS OF FURTHER RESEARCH

- One area for further exploration concerns which non-MSI entities are better suited to address specific global development problems. This research would provide those considering pursuing an MSI with clear alternative pathways should an MSI not be the right tool. Answering this question would require sound analysis of the relative merits and drawbacks of these other bodies and the implications for their applicability under various circumstances. Our initial thinking on the structural analysis is based on the level of coordination across four dimensions: 1) governance structure, 2) funding, 3) strategy, and 4) entity (e.g., organization, secretariat, or separate entities). On one end of the level of coordination spectrum are MSIs that unify different stakeholders' efforts and resources under one governance structure, funding pool, and entity with one strategy. On the other end of the spectrum are structures through which a collection of individual organizations partner agree on certain principles or goals, but without an overarching entity to coordinate their efforts. Understanding how the different structures fall within the level of coordination spectrum and what their characteristics are will better inform donors of the alternatives to creating an MSI, and when each non-MSI option should be pursued.

- Some of the topics covered in this report merit further in-depth research, including interviewing a broader set of stakeholder groups. The information gathered in this study could not answer certain questions concerning MSIs' start-up phases. These include the following:

  a) What are monitoring and evaluation best practices for an MSI, especially in fields where impact is more difficult to measure?

  b) What is the optimal group size for each type of MSI, and when does it become too unwieldy?

  c) How and when should an MSI review the changes to and evolution of its mission?

  d) How much control should each type of MSI have over its country-level operations?

- Beyond the start-up phase of an MSI, where this study ends, further research could also look into best practices and recommendations for the steady state and sunset stages. Some specific questions that could be addressed, as raised by interviewees, include:

  a) How does an MSI sustain momentum and ensure high-quality governance and stakeholder interactions, even after the initial excitement of the MSI fades?

  b) How does an MSI sustain success past the founding team, for example, once founding partners have cycled off the board or steering committee?

  c) How does having a new set of funders in its steady-state stage impact an MSI?

  d) How can MSIs establish constant learning mechanisms that allow for mid-term course correction?

  e) When is the right time to wind down an MSI and what are the best ways to do so?