

Governance of Impact

Can European Foundations Rise to the Challenge?

FULL REPORT



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Design by www.vanster.design

November, 2023

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Preface

The Esade Center for Social Impact (ECSI) is thrilled to release this new research on European foundations and the essential question of whether their governance of impact is fit for purpose. With the challenging external environment, **far-sighted, effective governance is needed more than ever**, putting communities that foundations seek to serve at the heart of decisions. **Ensuring that maximum impact is delivered for the foundation's financial and non-financial resources must be the driver for governing bodies**, but this relies on many different internal decisions, information flows and organisational dynamics which together we describe as 'governance of impact'

Governance of impact is intimately related to impact measurement and management. Our core hypothesis, and one which we see confirmed in our work with foundations, is that **impact measurement and management can create transformative value for social change efforts and better governance of impact can result in enhanced social value**. To measure and manage progress toward their goals, European foundations need to properly understand their past and forecast potential future impact (the positive or negative changes experienced by people or the planet as a result of their activities) and steer their ships using this critical information.

At the ECSI, we believe governance is not sufficiently discussed or brought out into the open, and we hope this report will help to create conditions so that conversations about these difficult and potentially sensitive topics can take

place, ideally in safe spaces where concerns can be shared as well as solutions.

We are deeply grateful to Bertelsmann Stiftung, Fondation Daniel et Nina Carasso, King Baudouin Foundation and Laudes Foundation for their support and to these foundations together with Rethink Ireland and the Pontis Foundation for opening their doors to our researchers—an act of courage without which this report would not have been possible.

The idea for this project emerged from the work of the Community of Practice on Impact Measurement and Management for Foundations, which ECSI has led together with BBK since 2020. This community has grown to include more than 53 European and Spanish foundations that meet regularly to share best practices, discuss barriers and challenges and exchange with peers to develop new ideas and collaborate and learn. We are grateful to be on this journey with this group of practitioners, and excited that the fruits of this collaboration and knowledge-sharing are evidence in this research.



Lisa Hehenberger

Associate Professor at Esade; Director of the Esade Center for Social Impact



Behind the Report

The Esade Center for Social Impact

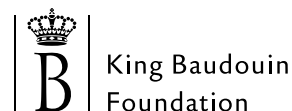
The Esade Center for Social Impact (ECSI) develops research with rigour, reach and relevance for and about social impact. As part of our mission, we work to create the conditions for interactions to understand problems in-depth, ask difficult questions to spur novel thinking and innovative ideas, pilot progressive change, and generate knowledge, tools, solutions, and leaders that enable social change through research, education, and social debate. Our vision is a better world where citizens understand global problems in-depth, co-organise the development of social impact practice and theory and hence solve complex global challenges to regenerate the environment and reduce inequalities.

More information is available at: <https://www.esade.edu/impact>

Acknowledgements

We are extremely grateful to the many people and organisations that contributed to this research study. It would not have been possible without the leadership of Bertelsmann Stiftung, Fondation Daniel et Nina Carasso, King Baudouin Foundation and Laudes Foundation, upholding the need for this research and supporting it financially. These foundations together with Rethink Ireland and Pontis Foundation also participated as subjects of the research, with key board members, executives, staff and partner organisations generously sharing their time, experience and knowledge, as well as confidential internal documents.

| BertelsmannStiftung



Laudes ———
— Foundation

We extend our heartfelt thanks to the members of our advisory board, who engaged actively with the research team to inform, challenge and strengthen the research, each contributing a different perspective. Our advisory board included three external experts together with representatives of each of our funding partners:

- Bonnie Chiu, Owner and Managing Director of The Social Investment Consultancy (TSIC)
- Kevin Bolduc, Vice President, Assessment and Advisory Services of The Center for Effective Philanthropy (CEP)
- Ruth Aguilera, Brodsky Trustee Professor at Northeastern University in Global Business and Corporate Governance
- Henrik Brinkmann, Bertelsmann Stiftung
- Isabelle Le Galo and Marie-Stéphane Maradeix, Fondation Daniel et Nina Carasso
- Tinne Vandensande, Brigitte Duvieusart and Arnon Vandenberghe, King Baudouin Foundation
- Lee Risby, Laudes Foundation

We would also like to thank BBK and the members of our Community of Practice on Impact Measurement and Management for Foundations, as the idea for this project arose through the work of this community.

Finally, we would like to recognise the rest of the team at ECSI who supported us in pulling together this report, most notably Laura Reijnders, Doménica Díaz, Julia Cruz and Suzanne Jenkins.

Section 1: Introduction

Importance of governance of impact

Governance of impact in foundations is mission critical and shapes how the board and executive leadership, supported by the foundation's staff, make optimal decisions to advance their organisation's mission. It plays a central role in creating, implementing and assessing the foundation's strategy, as well as determining how grant-making or operating budgets are spent. Like any private, public or civil society organisation, foundations require well-defined strategies and an ongoing commitment to continuous improvement to gauge their effectiveness in achieving their intended goals and identify areas for improvement.

Foundation boards are ultimately accountable for realising their organisation's mission, making impact their foremost concern. They must be able to assess whether they are achieving the most impact with their limited resources and serve as strategic allies to the staff, cultivating an environment that facilitates organisational learning while living and breathing their mission. This is not an easy task and requires a deep understanding of their foundation's mission and programmes, alongside the capacity to navigate the often technical realm of impact measurement, management and impact reporting. Nevertheless, it constitutes the very essence of their responsibilities.

Yet we believe that governance of impact is about more than just boards. While boards are essential, they are far from the whole story. When governance of impact is working, the whole organisation is involved, moving learning and knowledge up and down the decision-making tree to enable decisions to be made at the programme, senior management and board levels. These decisions can sometimes be exciting and future-oriented, such as designing and approving new programmes or grants, or difficult, as when a programme with a large spend creates limited on-the-ground change and needs to be axed, or when many projects that do not fit together into a cohesive impact narrative need to be rationalised or repurposed.

The elephant in the room is that the composition of boards and staff are often not representative of those they seek to

serve. One could argue that until this changes, foundations will not be properly governing for impact. While there is increasing awareness and action on representation, it will take time to build this new philanthropic reality. Many foundations are being proactive about making governance more participative, including a range of internal and external voices and sharing decision-making power with the communities most affected by social or environmental problems rather than centralising it with those who may have limited lived experience of the issues they are trying to improve.

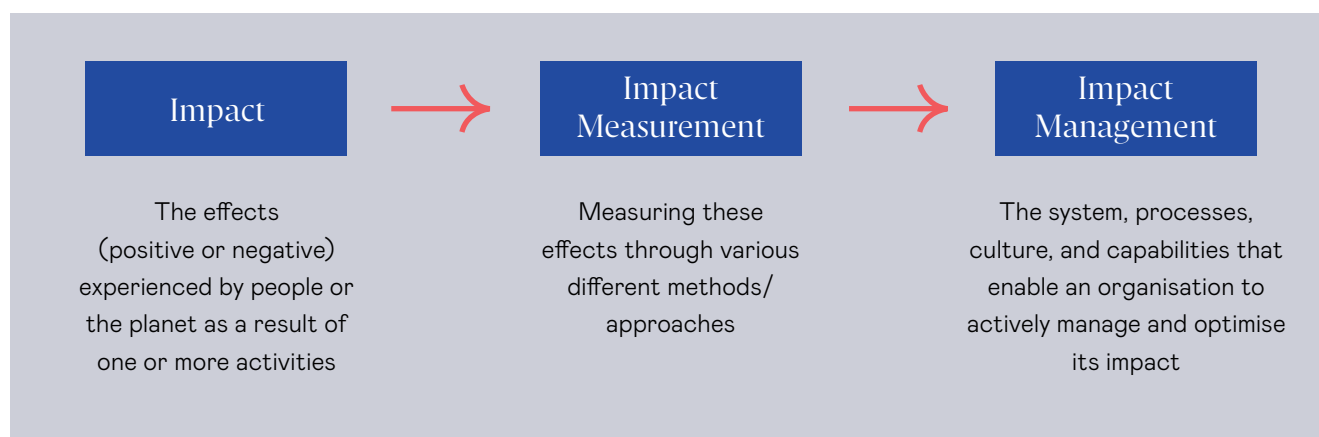
While this deep cultural shift will take time, **there is much that foundations can do to drive towards their mission more effectively through improved governance.** For this, philanthropy needs to broaden the lens on governance, going beyond the board to cover how impact is governed more generally across the organisation, opening up to external voices and stakeholders more and ensuring that accountability is not only top-down (from the board downwards) but also bottom-up (by those affected by the work of the foundations).



Definition of impact and governance of impact

At ESCI we have been working on IMM for some years and use the definitions in Figure 1 to describe what we mean by ‘impact, impact measurement and impact management.’ As we discuss in this study, impact can be a contested term, meaning different things to different people (often within the same organisation). In addition, within philanthropy many actors are more comfortable with the term ‘monitoring, evaluation, adaptation and learning’ (MEL or MEAL), but we use IMM relatively interchangeably with these terms.

Figure 1: Impact, impact measurement and impact management definitions



Source: Impact Management Project, own elaboration

Defining governance is also not easy or automatic. A more academic definition of organisational governance is the ‘systems and processes by which organisations are directed, controlled and held accountable,’ including a strategic function (providing direction) and a control function (through monitoring, ensuring accountability). For this practitioner study, we broaden the lens on governance to go beyond the board to cover how impact is governed more generally across the organisation, to suggest and acknowledge the possibility of a more reflective, participative form of organisational governance.

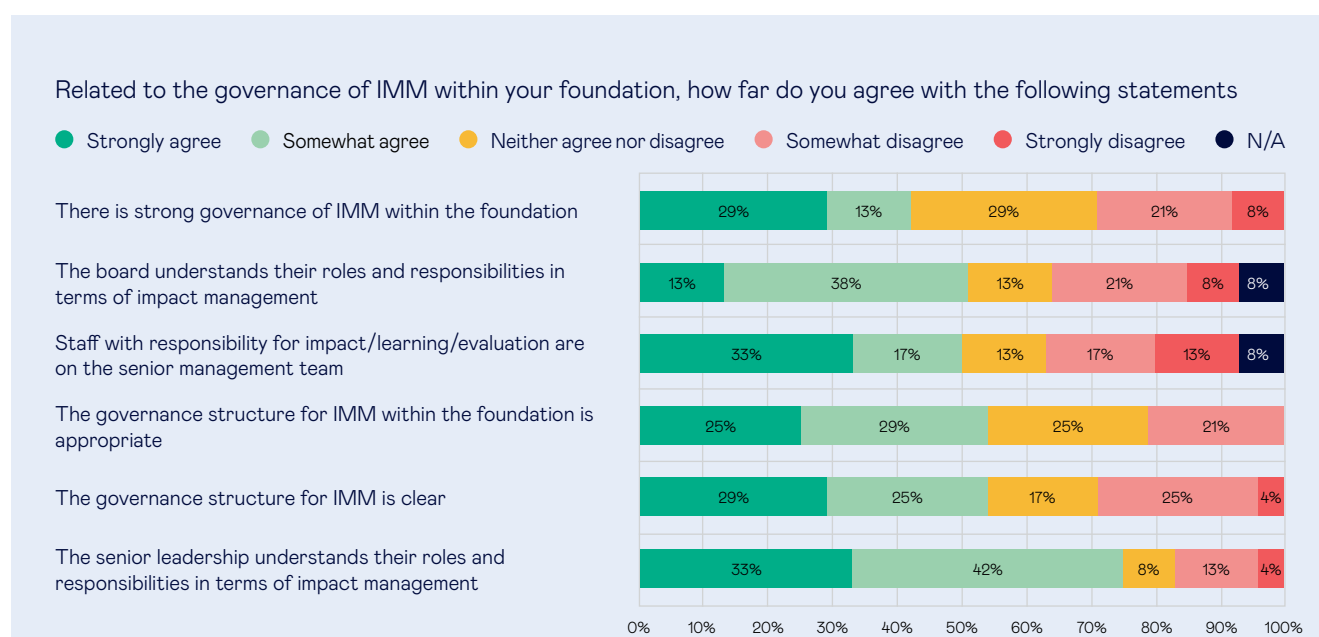


¹ Mair, J., Mayer, J., & Lutz, E. (2015). Navigating Institutional Plurality: Organisational Governance in Hybrid Organisations. *Organisation Studies*, 36(6), 713–739. <https://doi.org/10.1177/0170840615580007>

The need for a deep dive into governance of impact within European foundations

Since November 2020 the Esade Center for Social Impact (ECSI), supported by BBK Foundation, has co-ordinated a Community of Practice for European Foundations on the topic of Impact measurement and Management (IMM). This is a community of approximately 110 professionals from 53 European and Spanish foundations. A recurrent concern of the community is that governance in their organisations isn't working to optimise impact. Indeed, one member told us that governance of impact was 'philanthropy's Achilles heel'. This appears to stem from a variety of issues such as a board which may not be well-equipped to digest and make decisions on the basis of impact evidence, pressure to report with KPIs and dashboards which staff may not feel represent the true impact of the foundation, a lack of transparency on impact achieved (rather than on activities or grants made) and reams of impact data which is not necessarily channelled or used to make meaningful strategic or programmatic decisions. In a survey of members of the Community of Practice, **only 29% strongly agreed they had a strong governance of IMM within the foundation and only 13% strongly agreed that the board understood their roles and responsibilities in terms of impact management.** Figure 2 below illustrates CoP members views on governance of impact in their foundation.

Figure 2: Views on Governance of Impact by CoP Members²

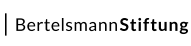







Four CoP members, including **Bertelsmann Stiftung, Fondation Daniel et Nina Carasso, King Baudouin Foundation and Laudes Foundation**, collaborated by providing funding and access to their resources. This support allowed ECSI to conduct an in-depth exploration on the subject, prioritising qualitative analysis to uncover sensitivities. They were joined in this effort by two additional CoP members, **Rethink Ireland** and **Pontis Foundation**, forming the full sample of six foundations. Although the majority of the sample are grant-makers, a few are also or uniquely operating foundations. We believe that the principles of governance of impact apply for any mission-driven organisation whether operating or grant-making foundations or even NGOs, although we have focused our Community of Practice more on grant-makers.

² Esade-BBK IMM Diagnostic Survey for CoP members 2021

Participants and method

Figure 3: Information on participating foundations

	 BertelsmannStiftung	 Carasso Daniel & Nina <small>Fundación afiliada a la Fundación de France</small>	 King Baudouin Foundation	 Laudes Foundation	 pontis foundation	 RETHINK IRELAND
	Bertelsmann Stiftung	Fondation Daniel et Nina Carasso	King Baudouin Foundation	Laudes Foundation	Pontis Foundation	Rethink Ireland
Year founded	1977	2010	1976	2020	1997	2013
Annual budget for projects	2022 fiscal year: 70,8m€	In 2021 awarded 11,4m€ in 174 grants	In 2021 awarded 132.5m€ in grants	In 2022 awarded 63.3m€ in grants	2021 annual budget: 4,7m€	In 2021 awarded 10,5m€ in grants
	Large	Small	Large	Large	Small	Medium
Geographical centre	Germany	France & Spain	Belgium	Netherlands, EU, UK, Switzerland & South Asia	Slovakia	Ireland
Typology	<ul style="list-style-type: none"> Corporate Operating 	<ul style="list-style-type: none"> Legacy Grant-making 	<ul style="list-style-type: none"> Legacy Community Foundation Grant-making & Operating 	<ul style="list-style-type: none"> Private foundation Grant-making 	<ul style="list-style-type: none"> Grant-making Operating 	<ul style="list-style-type: none"> New VP foundation Grant-making
Sectors of activity	<ul style="list-style-type: none"> Education Democracy Europe Health Values 	<ul style="list-style-type: none"> Sustainable Food Citizen Art 	<ul style="list-style-type: none"> Social just. & Poverty Health Heritage and culture Social engagement Education & talent development Climate, environment and biodiversity Europe International 	<ul style="list-style-type: none"> Just transition focus on: Finance & Capital markets Fashion industry Built environment 	<ul style="list-style-type: none"> Corporate Responsibility Education Transparency & inclusiveness 	<ul style="list-style-type: none"> Education Health Social Enterprise Equality Green Transition



Through the research, we aimed to uncover the challenges or sticking points that foundations face, as well as the creative and innovative ways they address these issues. We conducted 53 qualitative interview involving 60 individuals, including staff at various levels, board members, and organisations that receive support from the foundations.

We also adopted a participative approach, engaging in peer discussions during three workshops with diverse stakeholder groups from the participating foundations to refine emerging findings. Our analysis encompassed 78 documents, including impact reporting to the Senior Management Team (SMT) and board, minutes of board meetings featuring discussions on impact, and detailed information on impact measurement methodologies. Further detail on our research participants can be found in Figure 5 below.

Some data and quotes will remain anonymous in this study due to their sensitivity.

Figure 4. Research Questions by Key Theme

<h3>Structures and processes for integrating impact</h3> <ol style="list-style-type: none"> 1. What are the main structures and processes through which impact is integrated in governance? For example, are there specific roles and responsibilities or incentives related to impact? 2. How and whether do impact evidence/conversations determine and/or inform strategic decisions and resource allocation? 3. What kind of impact data is generated (e.g., KPIs measures, evaluations), and who generates it (e.g., internal evaluation vs. outsourcing, project level, programme level, organisation-wide)? 4. How/whether is impact data used at different levels of the foundation? 	<h3>Language & Culture</h3> <ol style="list-style-type: none"> 1. What do stakeholders within each foundation understand by impact and impact governance? 2. Is there a common language in terms of impact? If so, what does it consist of? 3. What are different mindsets in terms of impact governance (e.g., control vs. learning, qualitative vs. quantitative data, long-term systemic change vs. short-term results)?
<h3>Board involvement</h3> <ol style="list-style-type: none"> 1. Explore how board members are elected (knowledge of impact as criteria, representative of beneficiaries) 2. What is the role of the board in monitoring/improving/holding the foundation accountable for impact achieved? 3. How/whether is impact (i.e., evidence on results achieved) incorporated into the board's decision making processes 4. What role does impact play in conversation at board level? 	<h3>Stakeholder participation</h3> <ol style="list-style-type: none"> 1. To whom do foundations say they are accountable for delivering and communicating impact? 2. How do the voices of stakeholders (including partners, beneficiaries/grantees and communities) get properly integrated into impact governance? For example, are there specific roles or processes through which stakeholders are included in governance?

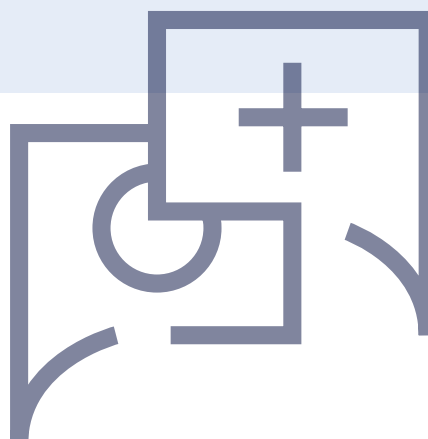


Figure 5. Details of Research Completed.

	Number of interviews						Total
	Bertelsman	Laudes	KBF	Carasso	Pontis	Rethink Ireland	
Board members	1	2	2	4	1	1	11
CEO	1	1	1	2	2	1	8
SMT	3	3	4	0	0	1	11
Program staff	3	1	7	3	2	3	19
Partners/grantees	-	-	2	2	2	1	7
Other	0	1	1	2	0	0	4
Total	8	8	17	13	7	7	60

Contribution of this study to the field of governance in foundations

Governance in philanthropy has long been recognised as an important but under-explored area with relatively scarce practitioner literature on the subject. Some years ago, the US-based Center for Effective Philanthropy pioneered a large-scale study of governance in US foundations and built a board assessment tool based on its results³. The core characteristics of good board performance identified by foundation trustees participating in the research still hold true today: appropriate mix of trustee capabilities and utilisation of those skills; engagement in strategy development and impact assessment; focus of discussions on important topics; positive relationship with the CEO; opportunity for influence and respectful dissent in board meetings; and, contribution of subject-specific expertise.

Whilst the CEP project covered governance in general (rather than governance of impact), **it confirmed there is significant room for improvement, particularly related to how the board is engaged in strategy development and impact assessment** and whether they received the right information to be able to assess how far this strategy was being achieved⁴. Although the CEP board assessment tool is no longer in use, there are other self-assessment tools related to governance in non-profit organisations such as BoardSource used in the US as well as courses specifically for board members to help build their understanding of what it means to be a governor of a mission-driven organisation. Anne Wallestad, the CEO of BoardSource wrote an important article on the subject of non-profit boards, stating that, *‘as they are currently operating, boards are not well-positioned to lead us toward a more equitable future as a society.’*⁵ Instead, she offers an alternative governance vision, entitled purpose-driven board leadership, in which boards need to, *‘re-centre on purpose: the fundamental reason that the organisation exists.’* This **re-centring on purpose at board level is fundamentally about prioritising impact and improving governance of impact.**

In Europe, such activities and discussions are less widespread. There are however various good governance codes which are more compliance-oriented, but which cover the minimum required. For example, Philea recently published a ‘Principles of Good Practice’⁶ with four principles connected to governance of impact: independent governance, operations, transparency and accountability. Moreover, the Rockefeller Philanthropy Advisors Theory of Foundation European project⁷ identified that there is a wide and diverse understanding of accountability in European foundations, and different types of governance approaches depending on the charter and how it has been interpreted over time. Mirroring our own hypothesis that the informal is as important as the formal in explaining how and how well impact is governed by foundations, the study noted that, *‘origin stories, including the role of the founding legacy, are central to a philanthropic organisation’s charter. They serve as a reference point and source of inspiration, typically informing both culture and programmatic areas.’*

³ CEP, ‘Beyond Compliance, the Trustee Viewpoint on Effective Foundation Governance’, (2017)

⁴ CEP Comparative Board Effectiveness Data (not public)

⁵ Anne Wallestad, The Four Principles of Purpose-Driven Board Leadership, Stanford Social Innovation Review, March 2021

⁶ Philea, Principles of Good Practice, A Self-Regulatory Tool for Foundations (2022)

⁷ Rockefeller Philanthropy Advisors Theory of the Foundation Initiative, ‘The Philanthropy Framework’, 2017

Although there has not been a recent, large-scale study related to governance in European foundations or governance of impact, there have been some important articles and blog posts highlighting the issues surrounding governance in non-profits⁸. There has also been valuable data published surrounding the lack of diversity at board level in non-profits and/or foundations⁹.

We believe that this study builds on the field by:

→ **Re-defining and putting governance of impact front and centre**

- advocating for a **revised and widened definition of governance of impact**, moving beyond what is going on at board level and with the board/chair/CEO dynamic. This fits with the broader trend of a more open, participative type of accountability (so-called democratic accountability) or participative governance, enabling the foundation to better integrate and respond to the voices of those affected by its work.
- **focusing on governance of impact** since it is exactly the fact that foundations have a mission to which they are accountable that makes the impact aspect so central. We are not interested, in this study, in how foundations govern in terms of their financial and legal responsibilities - areas are quite well covered in the various governance codes mentioned above. By describing, clarifying and expanding on the core components of governance of impact within this study, we hope to highlight its importance within general governance-related discussions.
- **exploring the hidden and less obvious aspects that underlie governance of impact**: we bring these underlying elements out in this research, as we believe they are key to assessing and improving governance.

→ **Exploring a multi-layered perspective across the organisation**: what is most unique about this study is that our research included a variety of stakeholders (board members, C-suite, staff, partners/grantees) as well as privileged access to sensitive materials. Governance is a delicate subject, with foundations normally reticent and unwilling to be fully transparent about the inner machinations of their governance structures and uncomfortable discussing organisational tensions. The relatively full disclosure by foundations for this study is a gift that we have been generously given by the participating foundations. We hope that with this privileged access to information and perspectives, we can go further than studies before in illuminating in practice the real challenges that foundations are facing. No doubt this will make other foundations feel more accompanied as they may recognise elements of themselves in the participating foundations experiences. Saying this, the study does not deliver a benchmark for governance of impact in foundations but rather stories and common themes (although a benchmark might be a next step for the project). There are clear limitations to the small sample size and each foundation is of course unique in its own way.



⁸ For example, CEP, 'Repurposing foundation boards', Phil Buchanan, March 2021

⁹ BoardSource, 'Leading with Intent: Reviewing the State of Diversity, Equity and Inclusion on Non-Profit Boards', 2021

Providing case studies and suggestions to provide a roadmap for better governance of impact

Foundations participating in this study are working through some of the challenges and issues they are facing related to governance of impact, coming up with creative solutions and endeavouring to build an impact mindset at board level and across the organisation. Whether this means setting up an evaluation and learning committee at board level, training the board on IMM, holding an 'evidence day', capturing diversity and inclusion data at all levels of the organisation, developing clearer frameworks to understand what impact means for the foundation, or finding ways to tell an overall impact story and provide aggregate data even in foundations with diverse programmatic areas, significant collective intelligence is being directed at this topic.

A key aim of this study is to help foundations determine how well they are governing for impact across a range of criteria and what type of actions or tools they can use to improve.

Navigating this report

We summarise the findings and frameworks that have emerged from this research in Section 2. Following this, we explore each of the three, key, interconnected themes associated with governance of impact: 'People and Culture' (Section 3), 'Knowledge and Information Flows' (Section 4), and 'Structure and Processes' (Section 5). For each of these themes we:

- Explore the theme in more detail and its associated challenges
- Outline key levers for improving governance of impact related to this theme
- Provide a table with criteria so that with each lever, foundations can diagnose whether they are 'beginner', 'on the journey' or 'advanced'
- Provide recommendations and case studies for inspiration related to each lever

We are mainly interested in ensuring the report is practical for foundations who want to deepen their understanding and improve their governance of impact. We suggest readers explore the different themes, diagnose where their organisation sits in relation to the key levers and decide what their priorities might be for improving governance of impact. The suggestions and case studies can be used to visualise a more concrete path forwards.






Section 2: Key Findings

Themes and challenges

While the governance of impact covers who sits on the board, how it discusses impact, how it interacts with the executive leadership, and the board's general role on impact-related matters, we argue it goes far beyond this to encompass other elements, sometimes less obvious, that play a critical role in driving how well impact is governed in each foundation. We have organised these elements into three inter-connected themes to clarify and bring out into the open the entire 'machinery' behind governance of impact. In each theme, we found that **foundations face common challenges in terms of governance of impact**, despite having different structures, processes and types of foundation (operating versus grant-making for example). These themes and challenges are summarised in Figure 6 and described below.

Figure 6. Governance of impact themes and common challenges

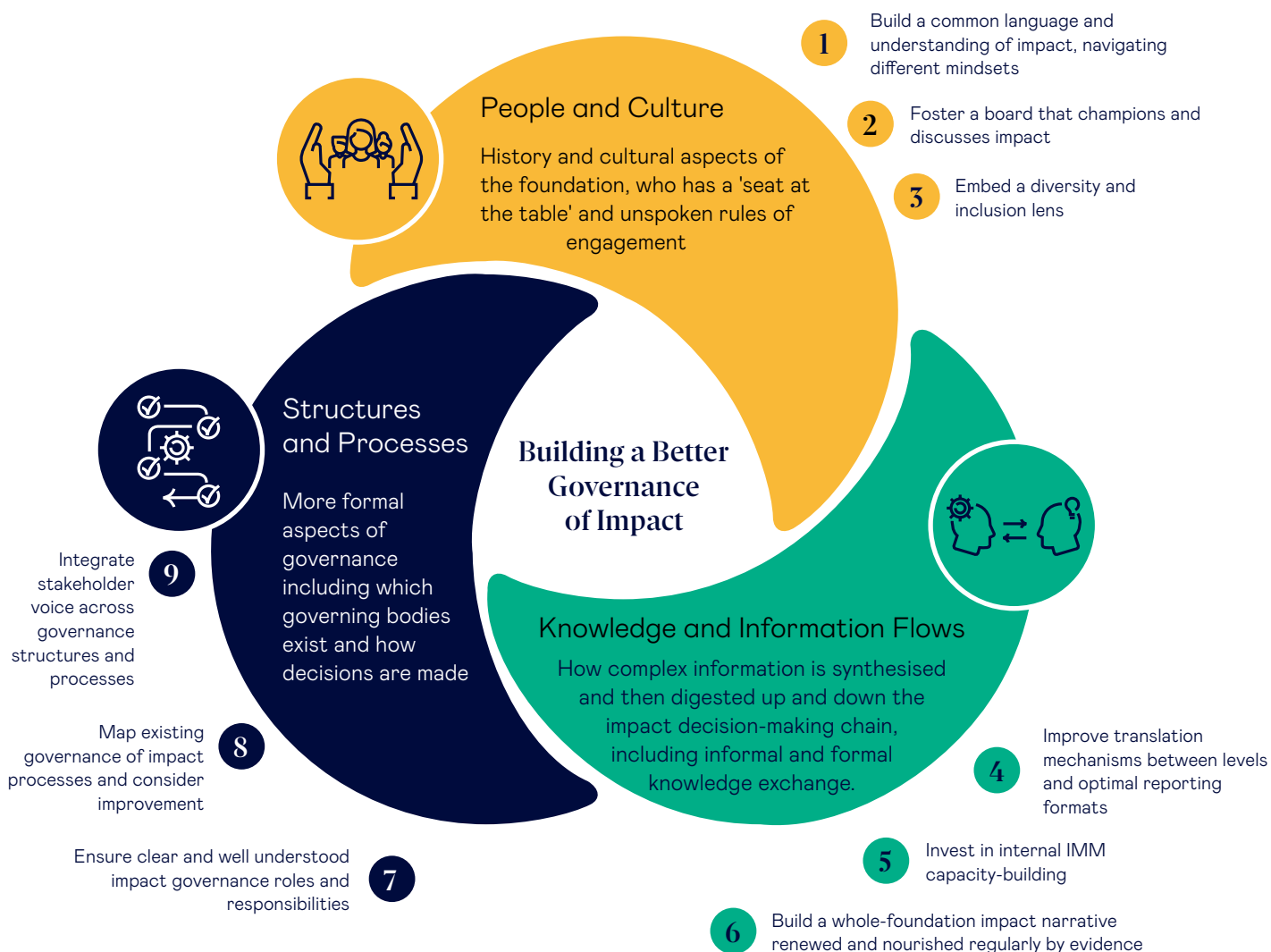
People and culture:	Knowledge and information flows:	Structures and processes
<p>The unwritten and often unspoken rules of engagement in each foundation. This includes the powerful influence exerted by the history and cultural aspects of each foundation, such as how hierarchical they may be, differences in mindsets, who sits on the board and at senior levels and how they tend to interact.</p> <p>→ Challenge 1: to develop a common language and understanding of impact across the foundation.</p> <p>→ Challenge 2: to increase the board's confidence and engagement to be a strategic ally and to see impact as their bottom line.</p> 	<p>The formal and informal flows of impact data and evidence as well as the capabilities of those involved in decision-making to engage with impact-related information and develop appropriate knowledge. For better governance, complex information needs to be synthesised and means of 'translating' knowledge from the ground upwards developed.</p> <p>→ Challenge 3: to optimise information flows within the organisation to enable better governance of impact.</p> <p>→ Challenge 4: to balance a search for an overall impact narrative for the foundation with the diversity and complexity of programmes.</p> 	<p>Including governing bodies, how decisions are made, by which bodies and whether there are codified processes to support decision-making.</p> <p>→ Challenge 5: how to integrate stakeholder voices, encouraging a more participative approach.</p> <p>→ Challenge 6: to allow for not knowing, experimentation and innovation in assessing impact.</p> 



Actionable framework for improving governance of impact

In the figure below, we present an actionable framework for improving governance of impact, with nine key levers foundations are using to address the challenges in each of the three interconnected themes discussed above. Through the research, we identified recommendations and case studies related to each of these levers, which can be further explored in the following sections.

Figure 7. Actionable Framework for Governance of Impact



Section 3:

People and Culture

About this theme and associated challenges

Foundations are made up of people, and governance of impact is about the 'who' as well as the 'what'. The theme of 'people and culture' refers to the unwritten and often unspoken rules of engagement in each foundation. This includes the powerful influence exerted by the history and cultural aspects of the foundation, such as how hierarchical or deferential it may be, differences in mindsets, who sits on the board and at senior levels and how they tend to interact.

KEY ELEMENTS

Board composition: the quality of governance of impact at board level is intimately related to who sits on the board and what skills / capabilities they have. In many foundations, there is limited opportunity to proactively change the board composition although external advisors and experts can support dialogue around impact at board level. Ideally, foundation boards will start to better reflect the diversity of the communities they serve. Currently European foundations lack such meaningful representation although exact data is hard to come by. In the sample participating in this research, some had a relatively business-dominant board, whereas others had more balanced boards coming from a variety of sectors. We did not do a skill or capabilities assessment of the boards in this research project.

💡 *Sometimes you don't have the right people on the board, and you may not have the ability to change the board. But you can augment the board with people that can hold the hands of those that are not well versed in impact. And that was our strategy. We purposely brought in externals that were well versed in these concepts, and they could learn together. It's not a perfect solution. But I think you have that ability that is useful.* 💡
(Board member)

SMT/CEO/ Board relationship: a key area within governance is the relationship between the SMT, CEO and Board. In particular, one of the foundation board's primary functions is to assess the CEO's performance. When governance goes wrong, it is often related to a breakdown in the relationship between the CEO and board. Whilst the board's impact contribution is not the formal responsibility of the CEO, they can exercise significant influence over this by defining which board skillsets are needed and will be of greatest value, working with the Chair to up-skill the Board, creating the space for the board to contribute and inviting inquiry, challenge and a learning mindset. Achieving this requires the CEO to frame their relationship with the board in a positive way, viewing the board as a strategic resource rather than an overseer and believing that the board can add value to the impact conversation¹⁰.

Organisational dynamics subtly affect governance of impact: each foundation has its own history, with related path dependencies. The culture of some foundations might be quite siloed programmatically, which makes overall knowledge-sharing more complex, whereas others might be quite hierarchical which impacts the fluidity of information flows. Moreover, there can be certain inflection points, such as the departure of the CEO who organised in a certain way or held a set of beliefs relating to governance of impact and the incoming CEO who has a completely different organisational approach.

¹⁰ Impetus, CEO Forum, Governing for Impact Practice, 2019 (Not published)

“I am always struggling with governance, because in the end it is about mindset. I would always argue that this needs to be part of the DNA of the organisation, rather than part of the governance structure.”
(SMT)

“Our new chairman of the board came into the field from a very different background; at discourse level he mentions impact in every speech – I don’t know if it is because he believes it or because it is his way of grasping something.”
(SMT)

Undercurrents of mindset tensions: within foundations and most typically between board and foundation employees, there can be cultural differences and tensions when it comes to understanding impact. These tensions are related to a more business mindset (often at board level, but sometimes also in the C-Suite) versus a more philanthropic mindset. There are unspoken differences related to what impact means and how far it can be measured. This can result in a culture of over-politeness, where the executive is not properly interrogated regarding impact performance, particularly where board members feel they do not have the technical skill or depth of non-profit experience. This can also play out in a desire of board members for impact dashboards and aggregate KPIs for the foundation’s impact, where project/programme managers may feel this is impossible or meaningless because KPIs may not adequately capture long-term changes or context-specific changes. The philanthropic mindset tends to come with a more learning lens and the business mindset with a greater accountability lens to approach governance of impact. These are both important and not necessarily in conflict or exclusive of each other, but the relative emphasis can differ at levels of the organisation (board versus staff).

Degree of diversity, equity and inclusion in the foundation: in practice this means better physical and cognitive diversity on governing decision-making bodies, such as boards, with representation from those whose lives programmes primarily affect. It also means more inclusive monitoring, evaluation and learning, for example through co-producing evaluations and evidence with grantees/partners and their end users as well as giving them decision-making power in terms of which projects are designed, developed and funded.



KEY CHALLENGES

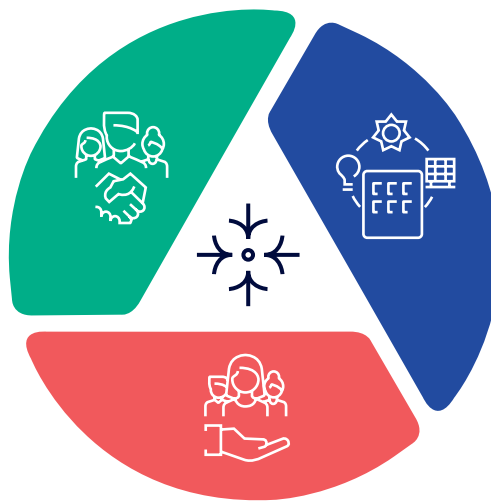
Challenge 1: Developing a common language and understanding of impact across the foundation

The use of clear language and framing of impact is important to develop a shared understanding across the foundation. **How people talk about impact within and across foundations is very diverse and can be linked to different mindsets and backgrounds** explored already. Often people refer to impact at different levels which might create confusion. The three levels of impact we saw emerging from the research are outlined below: impact on grantees/partners through capacity-building and support; impact on beneficiaries and impact on the wider ecosystem, society or the institutional environment. These levels are not mutually exclusive, and impact creation can occur at multiple levels.

Impact on grantees/partners through capacity building and support

"My direct impact is building up the resilience and the stability of an organisation. To build up their understanding of impact and impact management, so that they can bring about impact for their end users for the communities that they worked with".

Project Manager



Impact on the wider ecosystem society or the institutional environment

"The extent to which we have positively influenced the system, [...] There are certain elements within the system we have identified as broken and the extent to which we are able to essentially shift those elements."

CEO

Impact on beneficiaries

"Our impact is that we cause a positive change hopefully in their behaviour for that particular project in education: schoolkids are more motivated to learn or learn better if teachers can put things into the context and use innovative ways to improve their education."

Project Manager



Challenge 2: Increasing the board's confidence and engagement to be a strategic ally and to see impact as their bottom-line

Board members have an appetite to engage, contribute and learn more about the foundation's impact. They have a high degree of trust related to the teams implementing the foundation's strategy, but they would like a way to track progress, feel confident and articulate at a high-level the foundation's impact.

In an ideal world, the foundation's board would be a strategic ally, a sounding board, a critical friend, helping the foundation navigate through today's complexity, bringing a fresh, external perspective and asking challenging questions. However, in practice, there were tensions between the board and staff members in most of the foundations participating in the study. The tension seems to stem on the one hand from the sense, amongst staff (whether SMT or otherwise) that board members may not fully understand the nuance and complexity of the foundation's impact and on the other hand, board members who may be somewhat frustrated that they cannot properly assess impact performance or who do not feel that they are sufficiently engaged in impact discussions.

Obstacles to board members confidence and engagement that we have identified during the research appear to be:

→ **A lack of experience in philanthropic organisations.**

Board members may not have the skills or knowledge to work with impact measurement and management, or indeed in a mission-related world. Often this makes them less able to have rich, meaningful discussions about the foundation's strategy, impact goals and impact performance. This also means that they may feel less confident to be disruptive if needed.

“ *There are conversations. There is the possibility of intervening and suggesting whatever you want. But the reality is that it is not a space where it is very easy or very logical to make any changes. I feel more like a listener who is there to learn* ”
(SMT)

→ **High board turnover and lack of institutional memory on impact.** In some boards where board members come and go, it is hard to maintain the appropriate level of knowledge about the foundation's mission and how they are achieving it, and ultimately to have the right mix of skills, abilities and lived experience at board level.

→ **Inability to cut through impact data:** we heard from boards that they may be overwhelmed by the way that impact data is presented, or they do not feel enough

information or detail is shared with the board. (This is tied with knowledge flows and information which will be covered later).

→ **Lack of time and space for deeper, longer impact conversations about impact strategy or impact performance:** board meetings can have a focus on operational issues and on projects and activities or on new grants approval and outside board meetings members may have limited time available with teams concerned about taking up too much additional time.

“ *We need to make sure that the things that really matter are brought to the fore. Boards very often slip into other areas that are not as important but are much easier for board members to talk about (...) to me the board is strictly about policy and strategy.* ”
(Board member)

Levers for governance of impact related to the theme 'People and Culture'

Considering our research, we propose three levers (in order of where to start) for good governance of impact related to 'People and Culture', each which will be elaborated on with some suggestions and case studies. It is important to understand where the foundation is in terms of its journey to develop a customised menu of priorities to develop better governance of impact.

Lever	Beginner	Out the Journey	Advanced
1. Build a common language and understanding of impact across the foundation	Impact is not clearly defined by the organisation nor are there clear impact goals or evaluation principles. Understanding of impact varies widely at different levels of the organisation and in different programme/project areas.	There is a definition of impact which acknowledges different levels, as well as deals with the concepts of 'contribution' and 'attribution'. The foundation is attempting to create coherence across programmes about what impact may mean for the foundation as a whole.	Dealing with systems change and complexity, the foundation has an advanced understanding of the impact that it seeks to generate and how it will work with other players to do this. Strategies to on-board staff and board members in this impact framing and language are in place.
2. Foster a board that champions impact and is a strategic partner	Board members are primarily involved in operational, financial and compliance matters. They may be consulted for significant new grant approvals but probably do not play a significant role in strategy discussions. They lack the confidence, knowledge and/or interest to contribute to discussions and see themselves as observers or listeners when it comes to impact rather than active participants.	Board members understand their role in managing the foundation's impact. They participate actively in impact decisions beyond project approvals. They understand the importance of monitoring, evaluation and learning. They feel they have sufficient knowledge and data to participate in strategy discussions.	The board owns the impact and mission of the foundation and sees it as their bottom line. Some or all board members have acquired or have a deep understanding of the issues the foundation is trying to tackle, and they are able to offer constructive dissent and challenge at board level. They ask for the information they need to make impact-related decisions and are proactive in setting the agenda.
3. Embed a diversity and inclusion lens	There is limited discussion or focus on Diversity, Equity and Inclusion (DEI) within the foundation and in the IMM approach.	There is some attempt to determine how far the foundation is diverse and inclusive, data is disaggregated related to governance organs representativeness and there is a desire to include more stakeholder voice in impact decision-making.	Communities that are served by the foundation have a seat at the table through representation, with power over key decision-making for example foundation spend and impact strategy. There is a well-articulated and embedded DEI approach.



People and Culture

1

Lever 1: Build a common language and understanding of impact, navigating different mindsets

The key recommendation is to clarify the foundation's definition of impact and how impact will be evaluated. This does not necessarily mean coming up with a synthesised, aggregate impact management framework covering all the foundation's work. Rather, it entails creating alignment around consistent principles and language and a clear endgame in terms of the foundation's impact goals and strategy (even if these can only be identified at the program level). The two case studies below show the importance of this shared language for understanding impact (Rethink Ireland) as well as how this can be achieved through a co-creative approach, based on consultation and involvement of staff (King Baudouin Foundation).

Recommendations

- Explore/consider the different perceptions and mindsets within the foundation regarding impact and impact reporting.
- Develop a common set of definitions and principles with regard to IMM so that internal stakeholders, from the board to project managers, are aligned around the definition of impact, the actual and expected impact of the foundation and how it can be evaluated.
- Engage the board and other levels in an exercise where differences are made transparent, different needs are discussed and a solution is negotiated, co-created or achieved through consultation rather than imposed top-down.

CASE STUDY

Rethink Ireland, Defining and Disseminating Shared Understanding of Impact

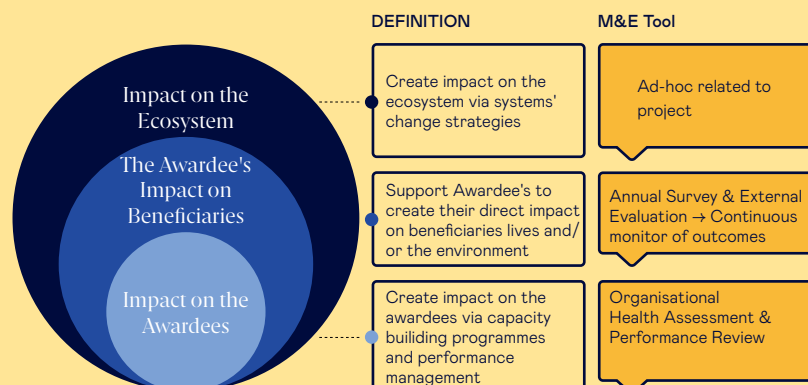
**RETHINK
IRELAND**

Rethink Ireland provides cash grants and business supports to the social innovations that can make a real difference. The foundation sees it as their task to fuel these innovations with the knowledge and the advice that they need to grow and maximise their impact across Ireland.

Rethink Ireland defines its impact at three levels:

- **Impact on the awardees:** how well Rethink Ireland is supporting awardees through capacity building and awardees are achieving their organisational development objectives.
- **Impact on beneficiaries:** how far awardees are meeting their targets in terms of generating positive impact on their direct beneficiaries lives.
- **Impact on the ecosystem:** how Rethink Ireland is contributing to changes in the wider ecosystem (e.g., developing the social enterprise support ecosystem).

This approach acknowledges the complexity of the impact that the foundation is trying to achieve, and the different stakeholders involved. It also provides a framework for gathering evidence at each level and to build a story around impact that is easier to communicate.



Developing a shared language requires acknowledging and then navigating different mindsets. It is essential that such a shared language is not 'imposed' upon staff or the board but is rather co-created through consultation and negotiation. In the mini case study below, King Baudouin Foundation, who is in a period of rapid growth on-boarding many new staff is in the midst of strengthening and reorganising its impact management. The foundation has consulted through a staff survey to understand the status quo and key needs. In addition, the impact and strategy team is working with the CEO and board and has crucially formed a guidance group to support the revamp of its impact management which includes staff from transversal services as well as programme areas.

CASE STUDY

King Baudouin Foundation (KBF), Staff Survey on Managing and Evaluating Impact



In May 2023, King Baudouin Foundation sent a twenty-question survey to all staff on the subject of managing and evaluating impact. The survey explicitly covered questions on how each individual understood the concept of impact, for example what 'acting to achieve impact' means from a list of potential answers, what key words or terms the phrase evoked and how the staff member might explain this term to a new colleague. In addition, it covered questions on what difficulties staff were encountering in managing impact both internally and with their grantee and investee partners, as well as innovative ideas for improving within KBF that could be piloted. The response rate was above 80%, with useful responses at around 70%. This data will be used as part of the strengthening of the impact management strategy of KBF, emphasizing the capturing and facilitation of knowledge-sharing by means of peer-to-peer learning and codifying knowledge, and with a particular focus on supporting innovation. This survey, suggesting obvious pilots and quick wins, will initiate the transition towards an impact & knowledge centre at KBF.



2 Lever 2: Foster a board that champions impact and is a strategic partner

Foundations in this sample have engaged a range of creative strategies to move towards a board that views impact as their responsibility, has a deep understanding of how the mission is delivered and invites transparency and reflection on impact from the foundation team, creating space for candid and respectful discussions.

Recommendations

- Increase board members' knowledge and understanding of what the foundation means by impact as well as how impact can be evaluated in philanthropy by, for example, organising specific sessions dedicated to impact.
- Get the board excited about impact by organising site visits to partners or programmes where board members can see and understand the context first hand.
- Change the format of board meetings to encourage more meaningful impact-related conversations.
- Recruit and/or cultivate an 'impact champion' within the board.
- Recruit advisors to the board who are impact experts.
- Set up a dedicated committee to deal with impact-related discussions.
- Provide tools to help board members better interrogate impact achieved, for example a set of learning questions.

“ *It's really difficult as a board to play a useful role in impact if you're not aligned on what the endgame looks like. What is that ambition? What are we working towards? And then identifying together what are the key areas that we need to learn more about.* ”
(Board member)

“ *And they have their own positions and opinions on things. I always love constructive dissent because I think that is what boards are there for – an open space to have argument and debate.* ”
(SMT)

Laudes Foundation, as per the mini case study below, has embraced all of these strategies with its board.

CASE STUDY

Laudes Foundation, Tools to Engage its Board as a Strategic Partner

Laudes ———
— Foundation

Laudes Foundation was founded by the Brenninkmeijer family business owners. It has implemented several best practices in its engagement with the board.

Establishing a dedicated sub-committee to delve deeper into impact-related questions

In 2020, Laudes Foundation set up an Effectiveness and Learning Committee which created a space in the governance structure for intentional discussions about lessons learned on strategy implementation, achievements, and failures. It met twice a year and had an advisory role, rather than being a decision-making body. Once established, it generated insightful and useful discussions for the management team and committee members. The committee evolved in 2023 to a 'Learning Group' across Laudes Foundation and its sister organisation, Porticus.

Encouraging debate and dialogue

Laudes Foundation approaches board and committee meetings as dynamic discussions rather than passive presentations. It provides board members with comprehensive information in advance enabling members to attend meetings armed with questions and comments.

Developing a set of learning questions at board level

Eight guiding principles shape board-level discussions, emphasising collective learning, the use of suitable methods and tools, and to enable the review of strategies and priorities. The principles are intentionally non-prescriptive, serving as a discussion guide, as one of Laudes Foundation’s board member noted, “the strength is in the conversation with the management team”.

Figure 8. Guiding Principles



3 Lever 3: Embed a diversity and inclusion lens

Although some foundations already prioritise listening to key stakeholders and the communities they serve in their governance of impact, for example by allowing them to decide which projects to fund, there needs to be more of an equity mindset. This can be described as cultivating programmatic oversight that interrogates disparate examples based on race and other demographics, diverse and inclusive board composition, and power-sharing with and across the staff team. In addition, it means involving the voice of those affected by the foundation's work in decision-making. Unfortunately, currently there is not transparent or available information on diversity and inclusion within governance decision-making bodies of European foundations, nor of the grantee/partners that they fund. This needs to be a key priority for the sector moving forward.

Recommendations

- Collect disaggregated diversity and inclusion data at all levels of the organisation and for partners.
- Where possible, increase representation at the board level or amongst advisors of communities the foundation seeks to serve.
- Ensure people and communities the foundation seeks to serve have a voice that counts in decision-making regarding impact (strategy, funding).

CASE STUDY

King Baudouin Foundation, Focus on Diversity and Inclusion



Building a strong and diverse team is one of KBF's key strategic objectives and they collect geographic, gender and other diversity data related to their staff as well as the juries and committees which are decision-making for specific projects and programmes made up of volunteers who represent Belgian society or the communities that are being served through that particular intervention. Internally, a working group has been set up around diversity and inclusion, which is guided by external consultants and which is entrusted with the task of advancing KBF's Diversity, Equity and Inclusion (DEI) policy concerning its staff through strategic objectives and indicative targets. Regarding the juries and committees, project coordinators are responsible for the composition of such boards and are expected to embed a diversity and inclusion lens, after which the members are approved by the SMT. Both actions are significant in KBF's inclusive transition narrative, ensuring that no one is left behind.



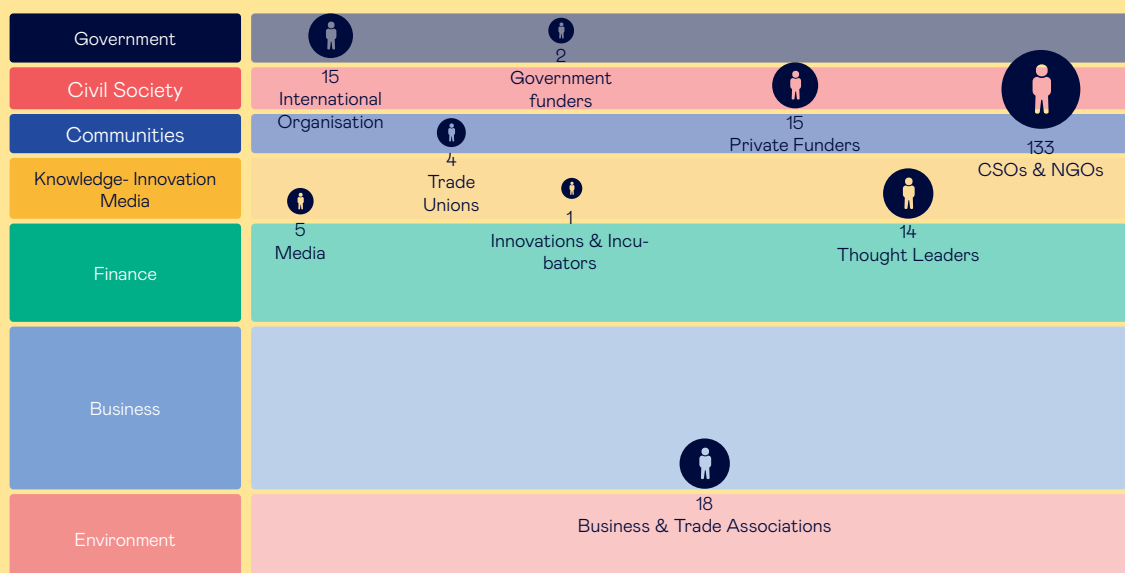
CASE STUDY

Laudes Foundation, Bring in stakeholder voices to the strategic process

Laudes —
Foundation

As Laudes Foundation developed a new theory of change and five-year strategy for 2020-2025 to address the dual crises of climate breakdown and deepening inequality, it consulted more than 300 senior leaders and change-makers to gather insights. With support from Nexial, the foundation mapped its discoveries into a dynamic map of the global economic system, known as the Laudes Foundation Economic System Map. This map served not only to facilitate discussions around the foundation's assumptions and ideas, it also created a shared understanding of the challenges and interconnections in the global economy. This collaborative agenda enabled partners and other funders to actively participate in the process and use the map themselves.

The Laudes Foundation Economic System Map was informed by the 225 stakeholders consulted during our strategy development process



Europe

of Stakeholders

Total: 59
New Economy: 23
Labour Rights: 25
Materials: 10
CEO Interviews: 1



Asia

of Stakeholders

Total: 76
Labour Rights: 62
Materials: 14



South America

of Stakeholders

Total: 34
New Economy: 2
Labour Rights: 25
Materials: 4
ONE Brazil: 2
GEI Brazil: 1



North America

of Stakeholders

Total: 36
New Economy: 2
Labour Rights: 23
Materials: 3
CEO Interviews: 1



Africa

of Stakeholders

Total: 2
Labour Rights: 1
Materials: 1

	Total	New Economy	Labour Rights	Materials	CEO Interviews	ONE Brazil	GEI Brazil
# of Stakeholders (Worldwide)	207	34	13	32	2	2	1

Section 4: Knowledge and Information Flows

About this theme and associated challenges

The theme of 'knowledge and information flows' covers both the formal and informal flows of data and evidence, but also the capabilities of those involved in decision-making to engage with impact-related information and develop appropriate knowledge. In order for better decision-making surrounding impact, often complex information needs to be synthesised and ways of translating knowledge from the ground upwards developed.

KEY ELEMENTS

Reporting formats and schedules (formal)

In the Community of Practice, we see a wide variety of practices in the type of reporting and how often, for example, external evaluations are used. In general, external evaluations receive a mixed opinion – more innovative ways of gathering impact data, for example through sense-making sessions with stakeholders or continuous learning loops are increasingly used rather than formal post-project external evaluations.

“ *They tended to have these external impact evaluations which were formal and not really helpful for furthering the project. In the end, it was always more helpful to directly talk to the stakeholders involved and get an impression from them.* ”
(SMT)

Amongst participating foundation, there appears to be less reporting on impact achieved by projects and programmes than on information collected for project approvals.

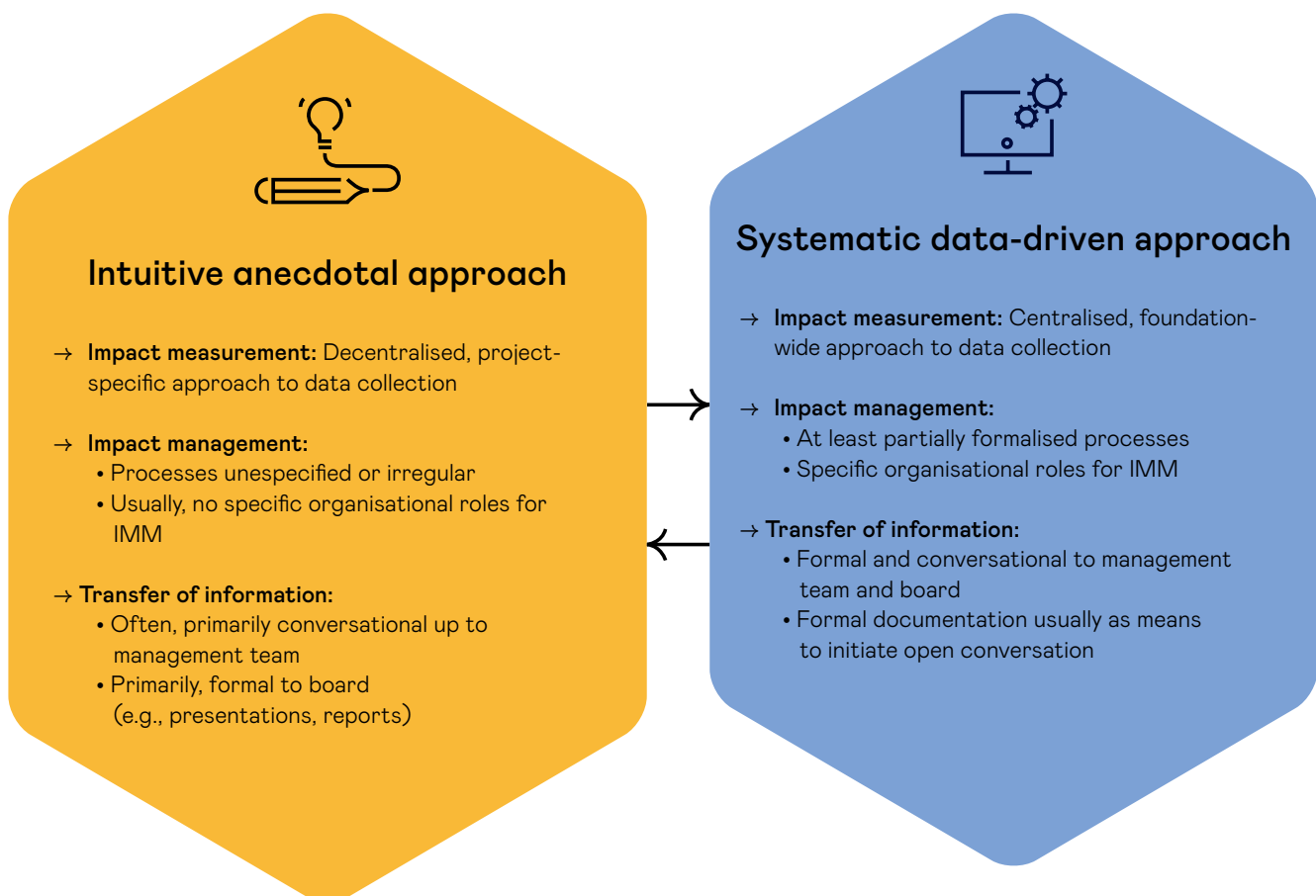
“ *The Board of Trustees receives funding proposals. Not results.* ”
(Board member)

Impact reporting can be challenging due to the complex nature of impact data and the ambiguity as well as subjectivity of social impact. **A key tension that has come up many times in the course of this research, is the search of board members for an 'impact dashboard' with KPIs.** It can be a source of frustration that this type of reporting is not available, and that there are no foundation-wide impact KPIs, and a certain feeling amongst board members as well as some CEOs that there is resistance amongst staff related to more quantitative measurement. There can be a tension between the foundation's teams that are often more comfortable with a more intuitive learning approach based on qualitative evidence and a board or SMT that feels more comfortable with a systematic and data-driven approach.

“ *(Impact is) basically achieving the goals that we set ourselves and setting up specific enough KPIs and targets to actually be able to quantify on impact. I mean in the non-profit side of the world, that's tough, right? In the for-profit world, it's easier to quantify. (...) But here it's more difficult. But if you don't quantify it, or at least try to quantify. Then, what are you achieving?* ”
(Board member)

There are also different approaches to evidence collection across and even within foundations. We have identified an intuitive-anecdotal approach versus a systematic, data-driven approach. While some foundations lean more towards one category or the other, this spectrum is continuous, allowing for various positions within the same foundation.

Figure 9. Different approaches to IMM



Horizontal and vertical information flows (more informal)

Foundations often struggle to translate the in-depth knowledge and impact information collected at project level into digestible information for decision-making at board or SMT level, for example for grant approvals or strategy development and revision (what we call vertical information flows i.e., upwards). There are several 'translation' tools that can be used to translate this complex, project information, including site visits, reports, presentations, and conversations.

“ I am very critical. I hear a lot about impact, evaluation, theory of change. I have seen nothing of it. We can go further both in developing strategy and reporting on to what extent we reach those goals. They are fenced with, ‘impact is too complex, this takes too much time.’ I agree, but in other cases it is possible. ”
(SMT)

Information flows across the organisation (what we call horizontal information flows) are also important, within programme teams and across different programme teams. These broadly seem to be working much better and more fluidly within the sample, although there are some issues in larger foundations with programmatic silos.

“ To make decisions with my team we have enough information, because the information is very discursive, but I do feel that I have all the information and so does my team. (...) We know exactly where we are. ”
(SMT)

Conversations around impact seem to be more efficient to transfer information rather than reports or conversations.

Impact Measurement and Management (IMM) resources (capabilities and time)

The quality of evidence generation on which important decisions can be made is normally correlated to the internal skills and capabilities within the foundation as well as how intentional and committed it is to IMM. Staff who have a specific role in overseeing and co-ordinating monitoring, evaluation and learning across the organisation often bring much-needed coherency to a foundation's impact data collection, providing tools and knowledge and helping to up-skill staff in this important aspect. Foundations which are part of this participating sample vary widely in terms of what percentage of their grant-making budget they spend on impact measurement and management. There is limited transparency across European foundations about this important topic, but a survey of our CoP members completed each year showed that the average FTE of dedicated impact professionals internally increased from 1.72 FTE in 2021 to 2.05 in 2022 and the average percentage of annual grant-making budgets spent on IMM activities is 5.3% with a range of between 0% and 30%.

“ We are weak when it comes to governance of impact; everyone and at the same time no one is an impact manager. ”
(Programme manager)

Particularly when foundations are expanding and taking on many new members of staff, it is essential to build up everyone's capabilities and confidence to monitor and evaluate impact.



KEY CHALLENGES

Challenge 3: Optimising information flows within the organisation to enable better governance of impact

There is a huge repository of information, knowledge and data collected at the project and programme level related to the impact of foundations. As explained above, this information may not be systematised and an organic and project-led approach to managing impact makes it more challenging to report, incorporating evidence of impact in decision-making as information flows upwards.

“ I don't know how to do it because It's so diverse. (...) I have evaluation everywhere. The methodologies are different, the governance is different. I just know that I need to have a real overview of what we did and the results we have. ”
(SMT)

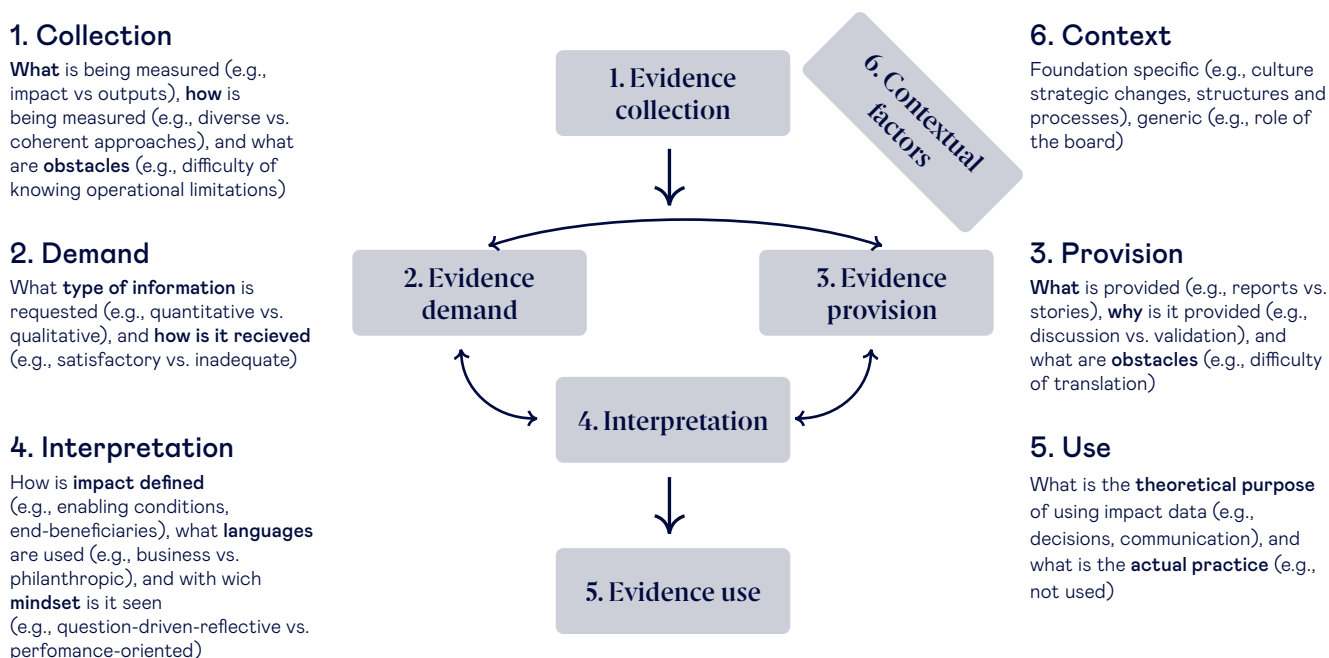
The research identified six dimensions in the way impact information / evidence flows within the foundation, as per the Figure 9 below. These dimensions encompass the collection and utilisation of evidence, alongside contextual factors that serve the foundation on their IMM journey. At each stage, decisions are made influenced by the type of information available throughout the foundation and its reception by different stakeholders. Examples of these decisions include determining what information is collected, demanded, and shared ‘as well as how it is measured or received. Each stage has different challenges associated with it.

1. **Collection:** there is a need to reduce the reporting burden on funded organisations and data may not be collected in a consistent way across teams. A common issue is having too much information and not being able to make sense of and package this information.
2. **Demand:** the key issue is whether the impact information requested by the board and sometimes the SMT is compatible with what is possible and meaningful for programs to collect. Often information is reported in a certain way due to legacy or habit, and this needs to be continuously challenged and interrogated to ensure that it is serving the needs of those making decisions.
3. **Provision:** how the information is presented and communicated is important. Often formal reports and presentations fail to properly engage decision-makers.
4. **Interpretation:** who interprets information is important and how far there is an attempt at synthesis. Foundations are increasingly attempting to make the interpretation more transparent and also equitable, by engaging stakeholders in this process. Moreover, each decision-maker will bring their own lens / mindset to interpreting impact evidence.
5. **Use:** how far impact evidence is material to consequential decisions (strategy, funding) is a critical factor to determine. Only where it becomes material will it be given the attention it deserves.
6. **Context:** the impact information flows and interpretation will depend on the aspects in the ‘People and Culture’ and ‘Systems and Processes’ theme, for example the mindsets of those using the information and the foundation’s culture.





Figure 10. Mapping impact evidence flows



Challenge 4: How to balance the search for an overall impact narrative for the foundation considering the diversity and complexity of programmes

The board and C-suite as well as in some cases the SMT and programme managers want to articulate and communicate the foundation's impact succinctly but struggle to find a broad impact narrative that is accepted and used internally as well as externally. The diversity and complexity of programmes can make an overall impact narrative hard to develop. Forcing a top-down approach is rarely successful and can amount to time and energy misspent, even creating a backlash. This is because this type of approach almost may not allow flexibility for the individual needs and context of programmes or projects.

“ We tried to create this overall understanding of impact on the Advisory Board level. We use external evaluation institutions to come to our foundation and to report this to the Advisory Board. We did it for every programme. It took three years and a lot of money. I am not convinced that we ended up with an overall understanding (of our impact). We stopped this way of working. ”
(SMT)

Levers for governance of impact related to the theme 'Knowledge and Information Flows'

Considering our research, we propose three levers (in order of where to start) for good governance of impact related to 'Knowledge and Information Flows', each which will be elaborated on with some recommendations and case studies. It is important to understand where the foundation is in terms of its journey in order to develop a customised menu of priorities to develop better governance of impact.

Lever	Beginner	Out the Journey	Advanced
4. Improve translation mechanisms between levels and optimal reporting formats	Impact reporting is primarily related to project approvals. The board and SMT do not necessarily have a clear vision of the impact achieved by projects/programmes during or after their life. What evidence is provided and how it is provided does not satisfy the needs of the board and/ or C-suite.	There is a recognition that impact reporting could improve and steps are being taken to provide impact evidence to decision-makers in the manner which most aids both learning and accountability. This is a work in progress. The focus is increasingly on conversations and engaging board members.	The foundation has negotiated between what is desired and what is possible / meaningful to report and has found translations tools which foster conversation, engagement, and better decision-making for governance of impact.
5. Invest in internal IMM capacity-building	IMM responsibilities are not clear and there is a lack of consistency in how and whether impact is monitored and evaluated at project and programme level. Some staff feel quite unsure about different IMM methodologies and there is a sense of being overwhelmed in complexity. There is a very low overall percentage of grant-making spend invested in IMM.	There is sufficient time and resources allocated for monitoring, evaluation and learning to be an integrated and valued part of programmatic life. Foundation staff feel relatively confident with key IMM approaches and methodologies. There is some consistency in how and whether impact is monitored at project and programme level. The percentage of grant-making spend invested in IMM is increasing over time as the foundation seeks to improve.	Impact measurement and management is a highly valued part of the foundation, regularly validated by the leadership. The percentage of grant-making spend invested in IMM is testament to the value placed on it by the board and C-suite. Staff feel knowledgeable and confident related to impact terminology and methodologies, or are sufficiently supported by a central team.
6. Build a whole-foundation impact narrative renewed and nourished regularly by evidence	Board members and SMT may struggle to articulate the overall impact of the foundation, creating some frustration and confusion.	The foundation is engaging in creative ways to build a whole-foundation impact narrative although this is still a work-in-progress, and some uncertainty remains about whether this is possible or necessary. Solid triangulated (quantitative / qualitative) evidence is not yet being gathered to test and validate this narrative.	The foundation has a clear impact narrative, regularly reviewed, discussed, and renewed on the basis of emerging evidence which allows the board and C-suite to meaningfully engage with the impact of the whole foundation.



Knowledge and Information Flows

4 Lever 4: Improve translation mechanisms between levels and optimal reporting formats

A first step is to map existing information flows on how evidence is collected, provided, interpreted, and used. It is also important to engage with board members and C-suite to understand what reporting provides most value for governance decision-making bodies whilst also ensuring impact information collected has meaning and value. New tools such as data science can be incorporated.

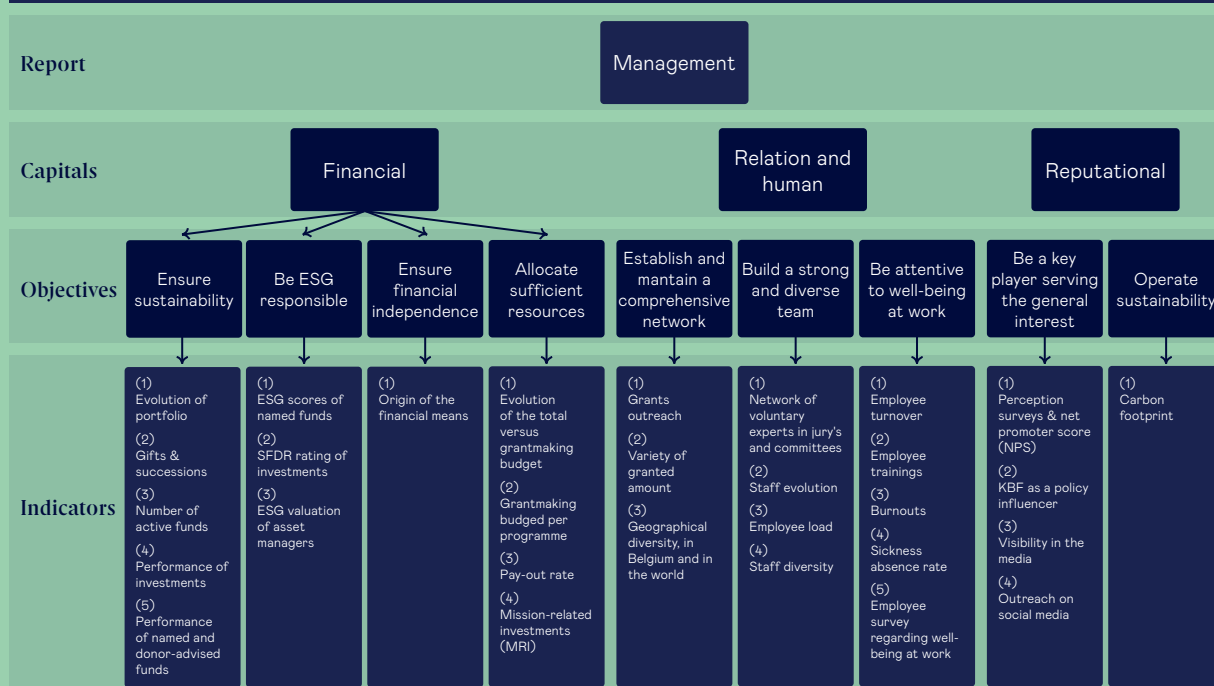
CASE STUDY

King Baudouin Foundation (KBF), Data Science and Business Intelligence Report



Over the last year, with the arrival of a new CEO, the foundation has been working to improve its reporting to board level, and to use data science specialists to help improve the quality and type of impact reporting (one of a handful of themes that it is working on to more generally improve its monitoring, evaluation and learning). Whilst KBF, given its size, complex structure and the multitude of different programmatic areas, does not feel able to report aggregate impact KPIs as initially desired at board level, it has chosen a selection of key performance areas which allow the board an overview. The report is made up of three areas: Financial, relational & human and reputational. Within each area, a number of objectives and indicators have been identified and presented in the report, along with business intelligence analyses to highlight significant findings, contextualise trends and draw conclusions. Below, the structure of this report at the level of the organisation is shown. On top of this static report, a dashboard has been developed to allow for a continuous follow-up, presenting the indicators in real-time.

Management Competent: structure



The foundation is also able to use data science to report for example on the reputational impact, 'KBF as policy influencer', through scraping websites of parliaments and scanning documents to see how often KBF is referenced, which links to KBF's advocacy work and is complementary to other information.

CASE STUDY

Laudes Foundation, Evidence Days

Laudes ———
— Foundation

In June 2023, Laudes Foundation held an evidence day for its Investment Committee (IC) members. The primary purpose was to create a forum to discuss the evidence for systems change across its work, as well as implications for Laudes' strategy adaptation. The event was not intended for decision-making but rather aimed to provide the IC with an opportunity to gain a deeper understanding, through dialogue, of Laudes Foundation's progress towards its 2025 strategic outcomes. The 'evidence' under consideration during the day was derived from a developmental evaluation, which is a realtime assessment and learning approach. This evaluation identified areas where Laudes Foundation's partners, are contributing to systems change. The developmental evaluation focused on three key questions:

- 1) How effective is Laudes at making progress towards the 2025 outcomes?
- 2) How well is Laudes set up to deliver against its mission?
- 3) How well is Laudes learning and influencing the field of philanthropic funding around the issues of climate and inequality? The agenda allowed sector experts to present evidence, but as important was the substantial time allocated for group discussions.



5 Lever 5: Invest in internal IMM capacity-building

This is a pending theme for many foundations in this study, although most are increasing the amount of resources that they are dedicating to impact measurement and management over time. One idea that a participating foundation has is to develop a knowledge centre internally for impact matters, which will serve as a resource hub for staff as well as helping the field in general to develop. Particularly when foundations are expanding and taking on new staff members, it is essential to build up staff capabilities and confidence to monitor and evaluate impact. Staff who have a specific role in overseeing and coordinating monitoring, evaluation and learning across the organisation often bring much-needed coherency to a foundation's impact data collection, providing tools and knowledge that help to up-skill staff.

Recommendations

- Make the case for a robust and proportionate budget for IMM.
- Particularly if impact function is decentralised, ensure project teams have sufficient skills, time, and knowledge (training).
- Build a centralised knowledge hub/system on impact that staff can access.

CASE STUDY

King Baudouin Foundation (KBF), Impact & Knowledge Centre



Building on its activities/expertise, KBF is creating an impact & knowledge centre, formalising its capacity to become an effective learning organisation. By virtue of continuous learning and innovation, the centre will establish tools and processes that create knowledge (by means of data and business intelligence), that facilitate the sharing of knowledge, both formally and informally, and that integrate these lessons learned into day-to-day operations. Furthermore, it aims to enhance the development of theories of change, strengthen impact management and generally support civil society. Hence, its scope is both internal, for all colleagues, and external, for all interested partners though focused on civil society organisations and their stakeholders. Some of its key values are sharing learnings, maximising efficiency and strengthening pluralism.



6 Lever 6: Build a whole-foundation impact narrative renewed and nourished regularly by evidence

Foundations may not have a consistent, common approach to frame the impact they want to have or to know whether they are achieving it, and this often creates frustration at a high level. Board members and CEOs may not be able to answer the question: what impact is your foundation having? Building a methodology, whether through qualitative or quantitative data, to describe and tell the story of the foundation's impact is critical for the board to feel more empowered, connected, and able to understand and assess the impact. While measurement of social impact can be complex, particularly where systems change is the objective and for foundations that deal with a diversity of issues, foundations are uncovering and piloting more innovative approaches.

Recommendations

- Find ways of aggregating information across projects/programmes where possible.
- Experiment with different ways to enable the foundation to develop a strong impact narrative, e.g., storytelling approaches or a foundation-wide Theory of Change.
- Ensure there is data behind the impact narrative, balancing qualitative and quantitative approaches.

There are many ways that participating foundations are attempting to develop a whole-foundation impact narrative which is fed and tested by evidence.

CASE STUDY

Laudes Foundation, Theory of Change with Rubrics-Based Methodology

Laudes ———
Foundation

The most structured example is that of Laudes Foundation, which has developed a systemic theory of change and rubrics measurement method to help its partners, the wider field of philanthropy, and its team understand its contribution to change, while learning and adapting to new and unforeseen circumstances. The work of the foundation is wide-ranging and includes supporting advocacy efforts by partners, scaling research and innovation, changing the dominant narrative around the economic system, cultivating alliances, and creating new models, solutions, and policies to redefine the purpose of the system. It focuses on long-term systems change areas across three industries that have an outsized impact on climate change and inequality: finance and capital markets; fashion; and the built environment.

Figure 11. Laudes Foundation Evaluative Rubrics

Are the processes in place working?	How are our partners contributing to systems change?		Is the system changing?
A1 Design	B1 Stakeholder-informed policies	C1 Policymakers reform, implement and enforce	D1 Build policy and regulatory frameworks
A2 Implementation	B2 Investor and financial pressure	C2 Financial actors use their influence	D2 Accountable financial sector
A3 Monitoring and Adaptation	B3 Progressive businesses leading	C3 Businesses transform	D3 Responsible businesses and industries
A4 Communication and Learning	B4 Worker and producer voice	C4 Workers and producers claim rights	D4 Workers and producers exercise power
A5 Organisation and Network Capacity	B5 Exposing and thwarting harm		
	B6 Multi-stakeholder movements pressure		
	B7 Redefined value		
	B8 New economic thinking		

CASE STUDY

Fondation Daniel et Nina Carasso and Bertelsmann Stiftung, Use Storytelling Approach

| BertelsmannStiftung



When it comes to data aggregation, the common (mis)perception is that this requires mainly quantitative data. However, qualitative evidence can also be used. For example, the CEO of **Bertelsmann Stiftung** states that, *'I expect from every programme to have a clear story in terms of what they would like to achieve in terms of a higher order of impact and then actually break it down into activities. My personal aspiration is to be the storyteller for each of these programmes. I expect especially from the leadership to not just know their story, but to act and think as one foundation.'*

Indeed, **Fondation Daniel et Nina Carasso** is currently engaged on a storytelling project, with external support, both as a means of developing a stronger impact narrative for the whole foundation relating to its two key programmes: sustainable food and citizen art as well as a transformative process for the field. The process involves engaging many external stakeholders to tease out different narratives relating to what the dominant narratives are which need to be disrupted and how Fondation Daniel et Nina Carasso can help to shape these new narratives through its actions. For one board members, *'the shared story will help to explain and understand better and to assess the impact in relation to that story.'* **This is about creating a cohesive impact narrative not through numbers but through stories.** As expressed internally, *'storytelling is an opportunity to breathe new life into the Foundation's strategy. It is also seen as a strategic framework and tool for the Foundation, helping it to clarify its targets, articulate the mobilisation of artists and scientific data, and respond to a number of tensions.'*



Section 5: Structures and Processes

About this theme and associated challenges

This covers more transparent and formal aspects of governance of impact, including what governing bodies there are, how decisions are made by which bodies and whether there are codified IMM or learning processes to support decision-making. In general, each foundation has a unique make up and set of governance organs and processes to support governance of impact, but there is not enough regular assessment of whether these are working well and what needs to change.

KEY ELEMENTS

Governance of impact organs and structures

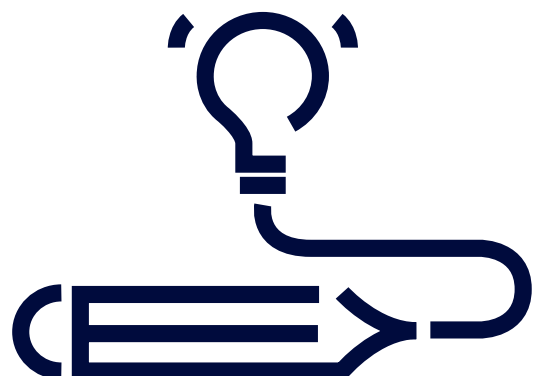
Although all foundations tend to have a board, some have two different boards that make decisions relating to impact – for example a management board and a supervisory board. This is, for example, the case at King Baudouin Foundation, which has a board of governors and an advisory council as well as juries and committees that are responsible for some decision-making related to impact in a more participative governance structure.

At Laudes Foundation, different governance committees work in a complementary way, although there are more governing bodies involved in impact conversations than most foundations. The Philanthropy Committee is an overarching committee across the different Brenninkmeijer family foundations. It operates as a kind of ‘safety mechanism’ to make sure they are active in the areas/issues where they want to make a difference.

In other foundations, the roles and responsibilities of each of the governance organs when it comes to impact decision-making are not clear enough, beyond the grant/project approval cycle. Where responsibility lies, for example, on developing the foundation’s strategy is an area that is sometimes vague, particularly if there is not a strategic team/function in the foundation. In addition, although boards are formally responsible for assessing the impact performance of the foundation, in reality the senior management is often doing this in a more informal way, and programmes managers may take the lead within their area.

Processes to support governance of impact (learning and accountability)

Formal routines and processes can be very supportive for governance of impact, for example standardised project application processes and learning processes which encourage reflection within and across programmes, as well as tools to determine when, what and how to evaluate projects and programmes.



KEY CHALLENGES

Challenge 5: Creating governance structures and processes which integrate stakeholder voice, encouraging a more participative approach

Foundations should be ultimately accountable to those whose lives they want to improve and so it is important that governance structure and processes integrate the voices of those they are seeking to serve. Here we are talking about stakeholders in the widest sense, from grantees/partners to end beneficiaries. Involving stakeholders in the governance of impact process, beyond a more extractive relationship where partners report on impact relating to funding, is a challenge for many. This involves power dynamics and indeed often ceding of decision-making power, which can be uncomfortable and difficult. As discussed in the section above on-board representation, the lack of active engagement with stakeholders is especially problematic given that foundation employees and boards tend not to be representative of the population as a whole, let alone the communities or people they are aiming to support. For example a recent study reported that just 13% of UK charity boards have achieved gender parity and 29% of charities have all white boards¹¹.

Stakeholder participation is not something that happens necessarily organically: it needs to be planned and prioritised, with spaces for exchange of knowledge and learnings. Most foundations have regular contact points with partners to check on progress, discuss challenges and talk about results. These mechanisms can be formal via progress reports or meetings, or informal – this represents the minimum level of engagement.

An obstacle to deeper and more meaningful stakeholder participation can be the foundation's culture, once again showing the link between the different themes of 'People and Culture', 'Knowledge and Information Flows' and 'Structure and Processes'. Foundations who feel more accountable to society tend to prioritise opportunities to actively exchange knowledge and learnings ensuring it is a bi-directional process and yields a rich exchange.

Challenge 6: Allowing for not knowing, experimentation and innovation in assessing impact

This is a particular challenge for many foundations who are increasingly adopting systems change approaches, which require not only patience in terms of when impact is properly understood (at outcome rather than output level), as well as a degree of not knowing in terms of how the foundation's projects affect wider systems change. Humility as well as creativity are required.

“ On the one hand, formal, structured impact measurement approaches might encourage more systematisation, but can also lead to foundations feeling straightjacketed, unable to be as agile and innovative as they would like. ‘We are so focused on measuring, do we create enough space to test if the causal chains created are complete / correct or need adjustment?.’ ”
(SMT)

There are also some programmatic outcomes which might ultimately be unknowable or hard to measure – this can be hard to communicate to board members for example. Working with board members is essential to help them understand what can be quantified and how to manage measuring complex social or environmental change/outcomes.

“ There is no perfect measurement approach, but lots of imperfect approaches. With most family members on our side, we had long discussions about the meaning of impact and whether it can be quantified, or whether it is more qualitative. It is complex and takes a range of different evidence to look at. ”
(SMT)

¹¹ GreenPark (2018), Third Sector Leadership 2000. A Review of Diversity in Major UK Charities.

Levers for governance of impact related to the theme 'Structures and Processes'

Considering our research, we propose three key levers (in order of where to start) for good governance of impact related to 'Structures and Processes', each which will be elaborated on with some tools and examples. It is important to understand where the foundation is in terms of its journey relating to better governance of impact across these levers in order to develop a customised menu of priorities.

Lever	Beginner	Out the Journey	Advanced
7. Ensure clear and well understood impact governance roles and responsibilities	There is not a clear impact decision-making pathway across governance organs. Boards tend to rubber stamp executive decisions and do not have the capacity to properly interrogate or discuss impact.	Each of the key governance organs understand what their role is in governance of impact, including project or programme approval, development of programme and/or whole foundation strategy and impact assessment. The different governance organs work in a complementary way.	The governance bodies are fully engaged in impact decision-making, optimising the trade-off between time taken from board members and the depth of knowledge / understanding needed for these bodies to make the optimal decisions.
8. Map existing governance of impact processes and consider improvement, balancing consistency, autonomy, and innovation	Either processes do not exist to support governance of impact, or they are inconsistent and not codified.	There are clear and consistent processes to support governance of impact, however they may not be across the entire impact decision-making pathway nor are they properly integrated into the work of the foundation. The foundation finds it hard to navigate the trade-off between allowing foundation staff autonomy with having more standard processes.	There are strong, clear and consistent governance of impact processes which are well embedded in the foundation's working life, and which lie across the entire impact decision-making pathway (not just at project approval stage). Learning is prioritised. There is room for some innovation and flexibility in processes.
9. Integrate stakeholder voice across governance of impact structures and processes.	The foundation's governance of impact is relatively top-down and there are not many spaces of reflection and exchange with stakeholders, nor are they inputting into key decisions for example on strategy or programmes.	Stakeholders are consulted and included in key decisions and there are clear, formal mechanisms to include their voice. There is a movement to increase the representation of diverse groups and voices in governance organs and processes.	The foundations are stakeholder-led, offering multiple ways for a diverse group of representatives from society to shape the work of the foundation as well as evaluate its progress. The foundation is practising participatory governance. Accountability to these stakeholders is embedded in the Foundation's DNA.



7 Lever 7: Ensure clear and well understood governance of impact roles and responsibilities

One idea is to conduct an evaluation of the board, focused not only on its performance but also how far governance roles and responsibilities related to impact are clearly understood.

8 Lever 8: Map existing governance of impact processes and consider improvement

Foundations participating in this study have started to take a deeper look into their governance of impact processes, with an eye to improving them. There are already several supportive processes amongst the foundations participating which can serve as inspiration to others.

CASE STUDY

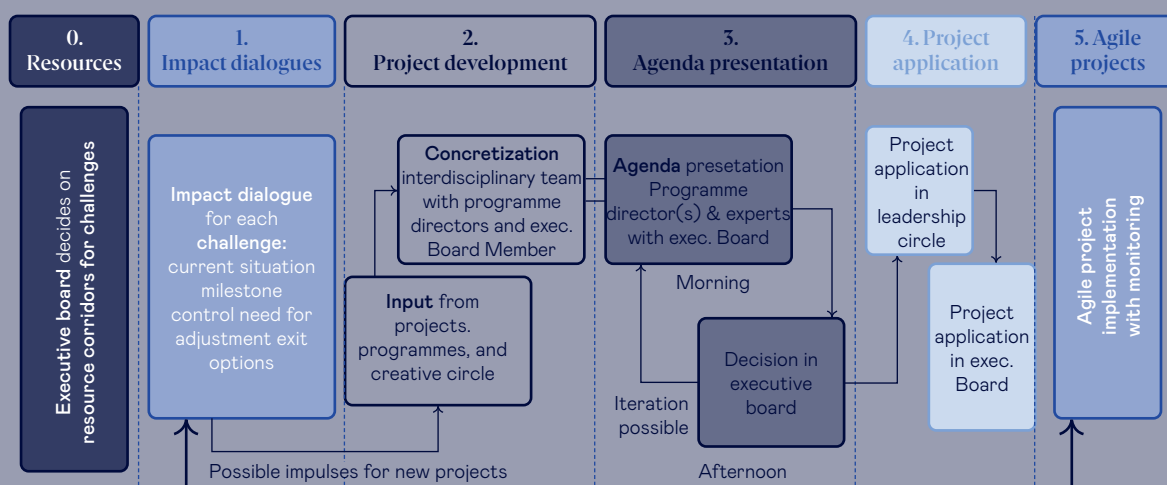
Bertelsmann Stiftung, Project Application Process, Impact Dialogues and Impact Workshops

| BertelsmannStiftung

Bertelsmann Stiftung has developed a new project application process (illustrated in Figure 13 below) which is rooted in the use of programme logic. It incorporates steps to take into account previous knowledge and learnings from all programmes that are working in the same field or with a similar implementation approach. The steps include developing the program logic for the project and having an impact dialogue which involves sharing the programme logic. Subsequently the project approach is explained to the Executive Board and two leadership circle members act as mentors for the conception and development of the project. The idea is to deep dive into the program logic over a period of months and challenge the logic to improve it.

'The application process with regard to impact governance is working well because you really have to focus and think about making it transparent.' (Programme manager, Bertelsmann Stiftung)

Figure 13. Project application and strategic impact management at Bertelsmann Stiftung



Another process is that of impact workshops which take place during the life of the project by invitation of the respective project team. Bertelsmann Stiftung team members from different projects come together to put questions to their colleagues and discuss what was learnt. Workshops have ten to twenty people working on topics connected to the project or in projects with a similar methodological approach in a different policy field.

CASE STUDY

Pontis Foundation, Annual Process to Support Strategy



Another example of a process that supports impact strategy decision-making is from Pontis Foundation which has operated in Slovakia for 25 years and is one of the largest non-corporate foundations there. The mission of the foundation is to create strong, meaningful connections and to bring about positive change in their areas of focus: social innovation, philanthropy, and responsible entrepreneurship. The co-CEO of Pontis Foundation holds an annual meeting with the programme team focused on lessons learned. Evidence gathered throughout the year from grantees and surveys are reviewed and the Theory of Change is re-evaluated. *'Once a year we look at our Theory of Change and we discuss what is going on: if there is something to be changed based on what we learned, if we need to remove something or add something, if the activities are efficient, or the programme needs to be reconsidered in some way.'*

An area that could be strengthened across most participating foundations is **post-project evaluation** – great time, energy and dedication is spent before projects are approved but significantly less on synthesising lessons learnt from projects and ensuring this knowledge is shared.

9 Lever 9: Integrate stakeholder voice across governance of impact structures and processes

Foundations in this study have developed different ways of integrating stakeholder voice, for example through enabling partners to address learning questions or through committees of external experts or stakeholders who either support the foundation in its strategic reflections or who even manage the projects themselves, taking key decisions about where funding goes and what the project or programme strategy should be. These more participative structures can be time-consuming to manage but do ensure a more participatory governance structure. In addition, foundations can better integrate stakeholder voice by working more participatively with their grantees/partners and giving them a say of what they measure and how.

CASE STUDY

Fondation Daniel et Nina Carasso, Stakeholder Engagement Mechanisms



Grantees' knowledge sharing workshops: towards the end of project implementation, grantees come together for 2-3 days to address a set of 5 to 6 questions that were co-developed. The foundation uses this opportunity to gather detailed information about the projects which is later compiled in a book with case studies that is published.

Committee of external experts from the field: For each program, there is a steering and monitoring committee (COS), composed of experts from academia, private sector and non-governmental organisations, including former grantees. The COS meet on ad-hoc basis when the foundation needs support on specific issues, such as the development of a new strategy, calls for projects, or grant-related recommendations. In addition, the foundation has a **strong network of external experts**, who are consulted frequently on an ad-hoc basis, depending on their background and experience. This external validation serves Carasso as a way of **triangulating the information** gathered from projects and instructors.

"They work with different academic ecosystems very fluidly and very well"

CASE STUDY

King Baudouin Foundation, Democratic Governance



KBF regularly calls on more than 4,000 volunteer experts who share their expertise on a voluntary basis, within, among others, management committees, advisory groups or programmatic support committees, and in the numerous juries that assess the submitted project proposals and select the projects supported.

The role of these committees and juries is prominent from the beginning of an initiative through its implementation and evaluation. Regarding the composition of these independent juries, the plurality of profiles is key and assessed by the management team. The intention is for them to reflect a diversity of viewpoints and approaches on the issues at hand.

In the case of donor funds which KBF manages, each one has a management committee which is approved by the Board of governors and has at least three members: an expert, a representative of the founder/donor and a representative of the Foundation.

On these juries and committees, the power dynamic is important with all stakeholders having the same weight. The committees participate in the development of the initiative and are the first ones to test the foundation's change strategy which is co-created with the committee and presented to the Board for approval. During the fund's or initiative's implementation the jury or committees hold the foundation to account: 'They would say: what did you learn about this? Even if it's just a call for projects, how can we improve? What did we learn from the grantees?' In addition, some members of the juries or committees are part of the Advisory Council, a body that supports the Board of Governors by making recommendations about strategy.

In the 2020-24 strategy, KBF declared the importance of these external experts, 'One of the responsibilities of the Foundation's colleagues is to continuously update and extend use of these experts with the aim of guaranteeing pluralism and reflecting society in all its diversity.'



Section 6: A call to improve governance of impact

The actionable framework with nine levers presented above is intended to be a map for foundations to improve their governance of impact. As a first step, foundations can use the tables relating to key levers (also in Appendix A) to assess where they are on each—beginner, intermediate or advanced—and prioritise levers for improvement, consulting the more detailed recommendations and case studies or inspiration. Yet ultimately, there is no rule book for foundations' governance of impact. Each foundation has its own patchwork of governance structures and processes which overlay onto history, culture and context. Governance of impact is somewhat different for those that are partnering and funding others to accomplish their mission (grant-makers) versus those who are running their own programs (operating foundations). Moreover, size matters as does how diverse the program areas are, or how long the foundation has been running. There are many variables influencing governance of impact, which means that foundations have a unique mix of factors. Foundations rarely exemplify best practice in all aspects of governance of impact, and there do appear to be some tradeoffs or structural issues that are hard to address. Flexibility, trust and decentralised impact management procedures involving external stakeholders as key decision-makers may lead to greater staff empowerment and programmes that respond to needs, but this can hinder ability to collect, synthesise and package impact evidence to enable those in high-level strategic roles (in particular the board) to have the right information at the right time.

Foundations need more time and space to consider their governance of impact. It is at the heart of what they do, it is mission-critical, and yet it seems not to be on the immediate path for most foundations, wrapped up as they are in delivering programmes and getting on with the daily work of philanthropy. We hope that this research can mark the beginning of a conversation and that the framework, suggestions and case studies can help to move the field forward. We do not underestimate the task to ensure that European foundations have fit-for-purpose governance of impact. This requires working on several aspects simultaneously and touches on sensitivities such as board composition as well as mindset differences. Foundations will need to be bold, brave and determined, acknowledging that solidifying the levers of good governance of impact will take time and commitment. Staff, board members and partners are all excited and willing to embark on this as they know the fruits will be many. Governance of impact is at the heart of ensuring philanthropy lives up to its promise, being accountable to those it seeks to serve, embedding reflection, learning and a ruthless mission-focus.



APPENDIX 1

Assessing governance of impact

Lever	Beginner	On the Journey	Advanced
1. Build a common language and understanding of impact across the foundation	Impact is not clearly defined by the organisation nor are there clear impact goals or evaluation principles. Understanding of impact varies widely at different levels of the organisation and in different programme/project areas.	There is a definition of impact which acknowledges different levels, as well as deals with the concepts of 'contribution' and 'attribution'. The foundation is attempting to create coherence across programmes about what impact may mean for the foundation as a whole.	Dealing with systems change and complexity, the foundation has an advanced understanding of the impact that it seeks to generate and how it will work with other players to do this. Strategies to on-board staff and board members in this impact framing and language are in place.
2. Foster a board that champions impact and is a strategic partner	Board members are primarily involved in operational, financial and compliance matters. They are consulted for significant new grant approvals and play a role in strategy discussions, but do not have the knowledge or capabilities to fully engage as a strategic partner. They lack the confidence, knowledge and/or interest to fully engage in impact matters, and see themselves as observers or listeners rather than active participants.	Board members understand their role in managing the foundation's impact. They participate actively on impact decisions beyond project approvals. They understand the importance of monitoring, evaluation and learning. They feel armed with sufficient knowledge and data to participate in strategy discussions.	The board owns the impact and mission of the foundation and sees it as their bottom line. Some or all board members have acquired or have a deep understanding of the issues the foundation is trying to tackle, and they are able to offer constructive dissent and challenge at board level. They ask for the information they need to make impact-related decisions and are proactive in setting the agenda.
3. Embed a diversity and inclusion lens	There is limited discussion or focus on DEI within the foundation and in the IMM approach.	There is some attempt to determine how far the foundation is diverse and inclusive, data is disaggregated related to governance organs representativeness and there is a desire to include more stakeholder voice in impact decision-making.	Communities that are served by the foundation have a seat at the table through representation, with power over key decision-making for example foundation spend and impact strategy. There is a well articulated and embedded DEI approach.

Lever	Beginner	On the Journey	Advanced
4. Improve translation mechanisms between levels and optimal reporting formats	Impact reporting is primarily related to project approvals. The board and SMT do not necessarily have a clear vision of the impact achieved by projects/programmes during or after their life. What evidence is provided and how it is provided does not satisfy the needs of the board and/or C-suite.	There is a recognition that impact reporting could improve and steps are being taken to provide impact evidence to decision-makers in the manner which most aids both learning and accountability. This is a work in progress. The focus is increasingly on conversations and engaging board members.	The foundation has negotiated between what is desired and what is possible / meaningful to report and has found translations tools which foster conversation, engagement and better decision-making for governance of impact.
5. Invest in internal IMM capacity-building	IMM responsibilities are not clear and there is a lack of consistency in how and whether impact is monitored and evaluated at project and programme level. Some staff feel quite unsure about different IMM methodologies and there is a sense of being overwhelmed in complexity. There is a very low overall percentage of grant-making spend invested in IMM.	There is sufficient time and resources allocated for monitoring, evaluation and learning to be an integrated and valued part of programmatic life. Foundation staff feel relatively confident with key IMM approaches and methodologies. There is some consistency in how and whether impact is monitored at project and programme level. The percentage of grant-making spend invested in IMM is increasing over time as the foundation seeks to improve.	Impact measurement and management is a highly valued part of the foundation, regularly validated by the leadership. The percentage of grant-making spend invested in IMM is testament to the value placed on it by the board and C-suite. Staff feel knowledgeable and confident related to impact terminology and methodologies, or are sufficiently supported by a central team.
6. Build a whole-foundation impact narrative renewed and nourished regularly by evidence	Board members and SMT may struggle to articulate the overall impact of the foundation, creating some frustration and confusion.	The foundation is engaging in creative ways to build a whole-foundation impact narrative although this is still a work-in-progress and some uncertainty remains about whether this is possible or necessary. Solid evidence is not yet being gathered to test and validate this narrative.	The foundation has a clear impact narrative, regularly reviewed, discussed and renewed on the basis of emerging evidence which allows the board and C-suite to meaningfully engage with the impact of the whole foundation.

Lever	Beginner	On the Journey	Advanced
7. Ensure clear and well understood impact governance roles and responsibilities	There is not a clear impact decision-making pathway across governance organs. Boards tend to rubber stamp executive decisions and do not have the capacity to properly interrogate or discuss impact.	Each of the key governance organs understand what their role is in governance of impact, including project or programme approval, development of programme and/or whole foundation strategy and impact assessment. The different governance organs work in a complementary way.	The governance bodies are fully engaged in impact decision-making, optimising the trade-off between time taken from board members and the depth of knowledge / understanding needed for these bodies to make the optimal decisions.
8. Map existing governance of impact processes and consider improvement, balancing consistency, autonomy and innovation	Either processes do not exist to support governance of impact, or they are inconsistent and not codified.	There are clear and consistent processes to support governance of impact, however they may not be across the entire impact decision-making pathway nor are they properly integrated into the work of the foundation. The foundation finds it hard to navigate the trade-off between allowing foundation staff autonomy with having more standard processes.	There are strong, clear and consistent governance of impact processes which are well embedded in the foundation's working life and which lie across the entire impact decision-making pathway (not just at project approval stage). Learning is prioritised. There is room for some innovation and flexibility in processes.
9. Integrate stakeholder voice across governance of impact structures and processes	The foundation's governance of impact is relatively top-down and there are not many spaces of reflection and exchange with stakeholders, nor are they inputting into key decisions for example on strategy or programmes.	Stakeholders are consulted and included in key decisions and there are clear, formal mechanisms to include their voice. There is a movement to increase the representation of diverse groups and voices in governance organs and processes.	The foundations is stakeholder-led, offering multiple ways for a diverse group of representatives from society to shape the work of the foundation as well as evaluate its progress. The foundation is practising participatory governance. Accountability to these stakeholders is embedded in the Foundation's DNA.

APPENDIX 2

Glossary

Impact (or social impact): This report uses the definition of impact to point towards the effects (positive or negative) experienced by people or the planet as a result of one or more activities.

Impact measurement: The concept refers to the ability to measure the above effects through various different methods/approaches.

Impact management: The term is used to describe a broader way of looking into the systems, processes, culture, and capabilities that enable an organisation to actively manage and optimise its impact.

IMM: Impact Measurement and Management.

SMT: Senior Management Team.

DEI: Diversity, Equity and Inclusion.

Monitoring, evaluation, and learning (MEL or MEAL): Extensively used in America, describes what we would term as impact management.

→ **Monitoring:** Is the ongoing collection of information about programme implementation and the shifting strategic context. Monitoring helps us understand what is and is not working, and what is emerging in our fields.

→ **Evaluation:** Is the systematic collection, analysis, and interpretation of data for the purpose of determining the value of and decision-making about a programme or policy. Evaluation looks at what we have set out to do, what we have accomplished, and how we accomplished it.

→ **Learning:** Is the use of data and insights from a variety of information-gathering approaches (including monitoring and evaluation) to inform strategy and decision-making.

Governance: A more academic definition of organisational governance refers to “the systems and processes by which organisations are directed, controlled and held accountable”*, including a strategic function (providing direction) as well as a control function (through monitoring, ensuring accountability). For this practitioner study, we broaden the lens on governance to go beyond the board to cover how impact is governed more generally across the organisation, to suggest and acknowledge the possibility of a more reflective, participative form of organisational governance involving not only different levels within the foundation but also external stakeholders.

* Mair, J., Mayer, J., & Lutz, E. (2015). Navigating Institutional Plurality: Organizational Governance in Hybrid Organizations. *Organization Studies*, 36(6), 713–739. <https://doi.org/10.1177/0170840615580007>

Grant-makers: those that are partnering and funding others to accomplish their mission.

Operating foundations: those who are running their own programmes.

APPENDIX 3

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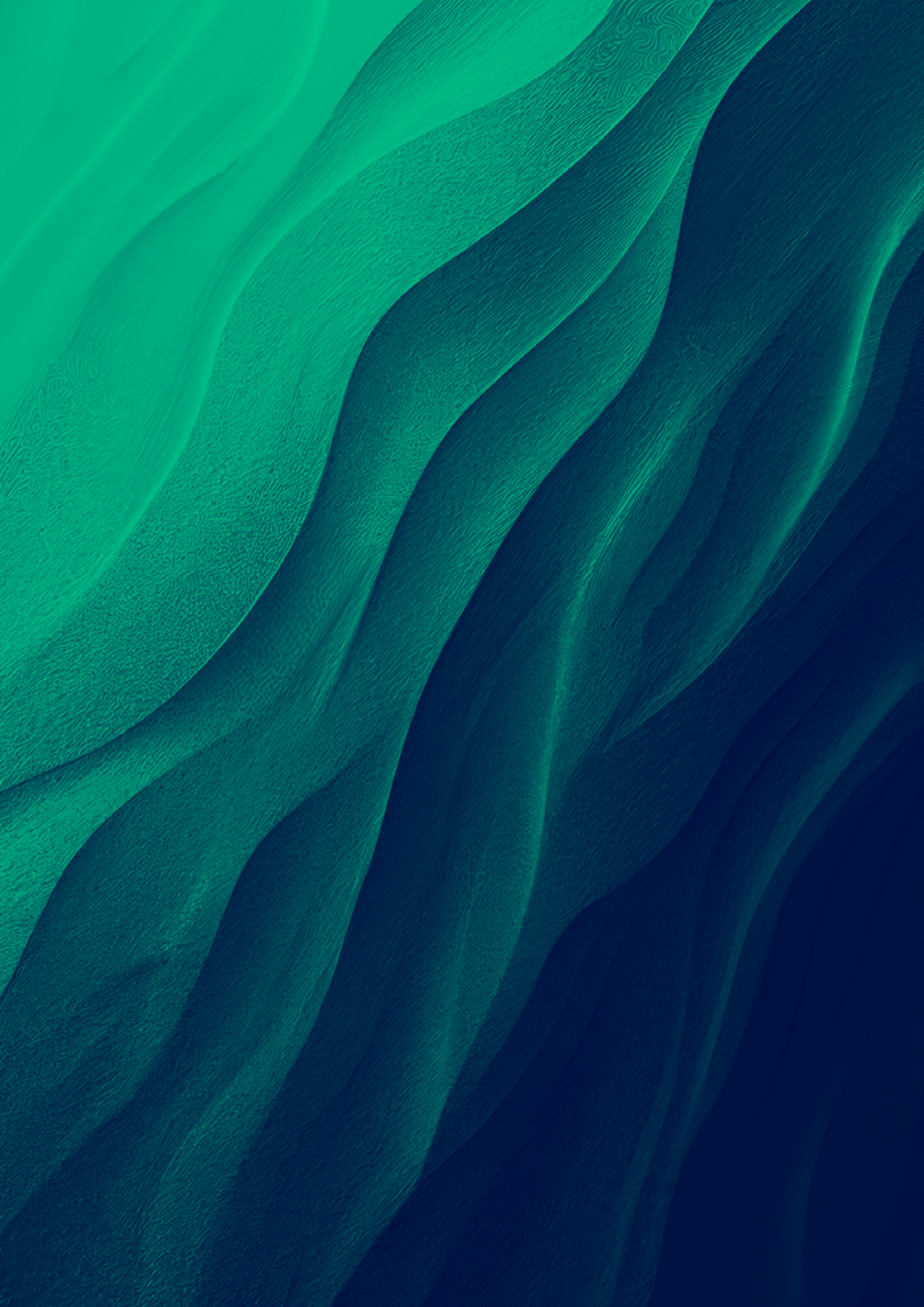
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APPENDIX 4

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