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Taking the Pulse of the European Foundation Sector

Moving from Proving Impact to Improving Impact

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We are hugely grateful to our partner and the sponsor of the Communities of Practice, BBK, who have supported this concept from idea concocted in a get together in Bilbao to the reality of a thriving group of over 50 foundation professionals from many different countries in Europe coming together to help each other and find inspiration in turning IMM into something altogether more human and meaningful.

Finally, to the rest of the team at ECSI who have supported us in pulling together this report, most notably Suzanne Jenkins and Andrea Cuartero.

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Taking the Pulse of the European Foundation Sector

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Preface

European foundations are driven by their social mission and aim to generate an impact on society. Social Impact is the positive or negative changes experienced by people or the planet as a result of one or several activities. The Sustainable Development Goals (SDGs) provide a useful and necessary direction, but social impact focuses on the results and the impact journey is how to get there. A growing focus on social impact stems from society's need to tackle important challenges in new ways and understand what works and doesn't work. We also recognize that single organizations cannot solve complex on their own. The sector needs to work systemically and develop collaborations instead of operating in silos. Foundations are in a privileged position to spearhead such collaborations, thinking long term and supporting smaller organizations that lack the necessary resources.

It is a given that foundations are interested in better understanding if and how they are achieving their objectives. Therefore, most foundations agree that impact measurement and management are a fundamental activity. When Esade Center for Social Impact and BBK created the Community of Practice on Impact Measurement and Management we responded to a need detected in the foundation sector for a safe space to share best practices, discuss barriers and challenges, and exchange with peers to develop new ideas and collaborate and learn. After more than a year of working with a group of forty leading European and Spanish charitable foundations, we have developed several learnings that we are now ready to share with the entire sector. This report strikes a balance between respecting the confidentiality of the participating foundations whilst considering which parts of the conversations can be useful for a wider audience. We are deeply grateful to BBK for supporting this endeavor from idea to action, to the many external experts who intervened and invested time during the webinars, and to the foundations for their active contribution throughout this journey.

The Esade Center for Social Impact (ECSI) develops research with rigor, 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-organize development of social impact practice and theory and hence solve complex global challenges to regenerate the environment and reduce inequalities.

The United Nations 2030 Agenda establishes the 17 Sustainable Development Goals as an aspirational framework. Seventeen objectives that we are all called to achieve and that can be summarized in 5 areas: People, Planet, Prosperity, Peace and Partnership. For more than a century, the BBK Foundation has worked to advance inclusion, culture and sustainable economic development in Bizkaia (the Basque Country in Spain), contributing to improving well-being in our community. Aware of the need to measure and manage impact in order to maximize it, in 2015 the foundation started a journey to develop a methodology to evaluate the results of projects and, at the same time, be a solid basis for decision-making. This journey has been full of challenges and learning. It is a path that more and more organizations are undertaking, convinced of the need to measure in order to improve. The Communities of Practice that BBK and the Esade Center for Social Impact have created seek precisely to foster alliances between foundations and generate a safe space where participants can share knowledge, best practices and methodologies that can help strengthen and extend impact measurement and management (IMM).

After one year of operation, the Communities have demonstrated the professionalism and expertise of the participating entities. Organizations and professionals have shared advanced management models, sophisticated tools and governance structures that contribute to the effective implementation of IMM and have served as inspiration for all. This report aims to collect much of the learning and reflection shared in these sessions, using an approach that combines theory with practical examples. None of this would have been possible without the dedication of the Esade Center for Social Impact team and the transparency, generosity and commitment of the entities that make up the Community of Practice and with whom we hope to continue to move forward hand in hand and face the challenges that IMM holds for us.

BBK's mission is to help build a prosperous, cohesive and sustainable Bizkaia. It strives to foster well-being and equal opportunity while preserving its founding commitment to responsible investment by supporting initiatives that generate driving forces in four areas aimed at achieving the SDGs: 1) Inclusion, equality and participation, 2) Culture, 3) Education, talent and entrepreneurship and 4) Environment and sustainable development.

The BBK banking foundation is shareholder of 57% of Kutxabank, and it also collaborates in promoting the territory's economy through the investment activity it undertakes with the companies in the surrounding area. Leveraging these two sources of income, it supports social projects aimed at generating sustainable social and economic value that benefit all the people of Bizkaia.

Lisa Hehenberger
Director of the Esade Center for Social Impact (ECSI)

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Director of Socioeconomic Impact at BBK

Highlights

About the Communities of Practice

The Esade Center for Social Impact (ECSI), in partnership with BBK, has spearheaded the development of two different Communities of Practice for impact measurement and management (IMM): a European Community of Practice with 26 members and a Spanish Community of Practice with 21 members. The members come from 13 different countries (see figure 1). These Communities of Practice come together at different times and at regular intervals through a curated online program of webinars and discussions to share knowledge and discuss challenges related to IMM. They comprise a diverse group of over 40 leading European and Spanish foundations, including community, corporate and legacy foundations. The Communities of Practice are convened and curated by the ECSI, supported financially and ideationally by BBK. We work with several partners, including EVPA[1] at a European level and AEF[2] at a national Spanish level.

Foundations tend to still operate primarily within a national context, so having a European lens with the plethora of different and unique histories of each foundation has been enriching. In contrast, the Spanish Community of Practice has served as a more national experiment, where we have found that it has been easier to build trust and create relationships, as well as to discuss potential joint actions. In general, foundations in both communities have developed important relationships amongst each other, and have also benefitted from rolling up their sleeves to discuss practical, day-to-day concerns and issues.

Figure 1. The members of the Community of Practice come from 13 different countries

[1] European Venture Philanthropy Association: https://evpa.eu.com

[2] Asociación Española de Fundaciones: https://www.fundaciones.org/es/inicio

The research methodology behind this report

This report aims to disseminate more widely the learnings from the first year in which the two Communities of Practice have been in operation. A primary goal of the communities is to help to build up knowledge related to IMM for the whole European foundation sector. In many webinars, we have taken the pulse of the Spanish and, more broadly, the European foundation sectors through our members on the many diverse topics that touch on impact measurement and management, such as data, accountability, transparency, IMM tools, and more innovative evaluation approaches. Through regular surveys we send to members, we have also gathered valuable data in order to start to identify what the status quo is in terms of IMM. To create this report summary, we have integrated the data gathered from members with transcriptions of conversations in the CoPs.

In this report we have left the quotes from foundation staff anonymized since much of the content in the Communities of Practice is confidential, based on the concept of Chatham House rules where discussions are not shared beyond the group. This is used to create a safe, shared space. We also should mention that the survey data is self-reported and is thus a subjective measure, although we did use common criteria to attempt to reduce subjectivity. Although we sent two separate surveys (with the same questions) - one to the European Community of Practice members and another one to the Spanish Community of Practice members - we created a combined dataset for the purposes of sharing insights. The prevalence of a large group of Spanish foundations could somewhat skew the overall European sample and should be borne in mind when reviewing the findings.

Key learnings

As an overarching framework to organize all of the data that we have assembled from both the transcribed discussions and surveys, we use the 'Impact Management Learning Roadmap' from the original Esade research on European foundations and IMM – **'From Measurement of Impact to Learning for Impact: European Charitable Foundations' Learning Journeys'** – which organizes topics under what we consider to be five key, interlinked themes:

01 Designing an impact management approach

02 Resourcing and organizing for impact management

03 Embedding impact management through organizational culture

04 Building internal and external capacity to manage impact

05 Collaborating, sharing knowledge and being transparent to support impact management

For each theme the report contains:

- A description of the theme and a table outlining what the different 'levels' of practice might be, so that the reader can understand what the impact management learning journey looks like at different stages (beginner, on the journey, and advanced)
- Insights from discussions to date and the survey of the communities of practice
- A short descriptive case study of a member foundation
- A section on 'headaches' that our foundations are struggling with, related to each theme
- A section on what the pioneers/innovators are doing on the theme

On the next pages you can find the 'Impact Management Learning Roadmap' from the original Esade research on European foundations and IMM (figure 2) and our main findings for each of these themes, which we will explain in more detail later in this report.

Impact Management Learning Journey Roadmap

for Charitable Foundations

01 Designing an impact management approach

- Clarity of impact goals and purpose
- Moving from an audit to a learning mindset
- Engaging with stakeholders
- Determining level of impact
- Choosing social impact measurement toolbox
- Integrating grantmaking, venture philanthropy, and impact investment approaches
- Rigor, proportionality, and attribution
- Including a shared measurement agenda -across funders and sectors
- Re-iterating, course-correcting, and growing in confidence

02 Resourcing and organizing for impact management

- Resourcing impact management
- Organizing for impact management
- Busting silos

03 Embedding impact management through organizational culture

- Ensuring that the Board and C-level lead the process
- Spreading an impact mindset in the organization
- Moving towards a shared learning approach with grantees
- Becoming a learning organization

04 Building internal and external capacity to manage impact

- Building staff capacity
- Building grantee capacity

05 Collaborating, sharing knowledge and being transparent to support impact management

- Developing joint initiatives
- Engaging in honest and frequent sectoral exchange
- Leveraging data and technology

Figure 2: Impact Management Learning Journey Roadmap for Charitable Foundations [Source: Own analysis]

01 Designing an impact management approach

- On average, members of both the Spanish and European communities rank themselves as 6.1/10 on the impact learning journey related to this theme.
- CoP members are using **a mix of different tools**, with the **Sustainable Development Goals (43%) and Theory of Change (82%) being the most common.**
- Foundations are finding it **hard to get the correct balance between rigor and proportionality** (by which we mean what is appropriate, given the time and resources available for both the funder and grantees/investees), and in particular to get the right mix between qualitative and quantitative indicators.
- Understanding the contribution[3] and/or the attribution[4] of foundations' support and/or programs, as well as aggregating and assessing whole foundation performance (beyond those of individual projects and programs), are **key challenges**.
- **Validation of impact** by external third parties is increasingly considered important.

[3] Contribution can be defined as an intervention making a noticeable difference to an observed result.
[4] Attribution can be defined as a causal link between observed changes and a specific intervention.

02 Resourcing and organizing for impact management

- On average, members of both the Spanish and European communities rank themselves as 5.4/10 on the impact learning journey related to this theme.
- There is a **significant range of time and money being spent** by foundations **on IMM** relative to their overall budget.
- **Governance of impact measurement and management is a key factor** in good impact management by foundations that merits greater attention.
- There **is little standardization on how impact management is governed** within foundations.
- A key challenge is that **program staff are often not able to dedicate sufficient time to IMM.**

03 Embedding impact management through organizational culture

- On average, members of both the Spanish and European communities rank themselves as 6/10 on the impact learning journey related to this theme.
- It is important to **commit to learning, both with time and money**.
- **Learning requires focus, clarity, and consistency** about the type of data that will be gathered, what to measure and why.
- **Members share the need to look out of the window, listen to those whose voices matter the most** (i.e. grantees and their beneficiaries), and engage to build the external evidence base as an ecosystem actor.
- **Cultural traits of foundations that embrace learning** include curiosity, being on a journey to improve, braveness as regards to transparency and, importantly, the quality of listening.

04 Building internal and external capacity to manage impact

- On average, members of both the Spanish and European communities rank themselves as 5.4/10 on the impact learning journey related to this theme.
- **Strengthening grantees' impact measurement and management is a priority** for most foundations.
- **Foundations** are moving to **minimizing impact reporting requirements amongst grantees/investees** instead of imposing any reporting requirements or specific indicators on their grantees/investees.
- The **main challenge** encountered by most foundations is the **lack of understanding and knowledge of grantees/investees around impact management.**

05 Collaborating, sharing knowledge and being transparent to support impact management

- On average, members of both the Spanish and European communities rank themselves as 5.8/10 on the impact learning journey related to this theme.
- Foundations are **committed to greater data sharing, collaboration, and transparency**, but there still remains a say-do gap in some cases.
- **Data science and open data** are important topics **for the future of philanthropy**.
- The two main challenges are **finding appropriate collaboration opportunities** related to IMM and **getting enough out of such collaborations.**

Conclusion

Our overall conclusion is that the European foundation sector is developing at a fast and exciting speed related to IMM. In Spain, there is a real interest in IMM and some strong examples, but the field as a whole is less advanced than the overall European picture, a factor that is primarily related to the difficulty that Spanish foundations encounter in allocating the appropriate time and resources. Yet, in general, IMM is starting to take a rightful central place in the daily life of most European foundations, and there is a strong commitment to improving. The majority of foundations feel that they still have a long way to go, but their intentions are there. On the more technical aspects of impact measurement and management, there remains a high degree of customization of approaches and difficulties in generating transparent, comparable impact data across the sector, but there is also a consensus on a few important tools that have become more ubiquitous.

However, the discussions in our CoPs have moved beyond the technical to focus on strategic topics such as power dynamics between the foundation and organizations/projects supported, capacity-building internally and externally, and the balance between trust and accountability. There is a re-framing of the whole monitoring and evaluation agenda as a learning adventure, partnering with the organizations or projects supported as well as others in the sector, in order to improve the evidence base. On this hopeful note, there is a group of foundations who appear to be cracking the code in terms of 'how' to do IMM and who are pioneers in IMM as a whole or in specific aspects – they serve as an inspiration for us all. This report includes best practices from these pioneering foundations.

SECTION 1:

Origins and context for the Community of Practice

IMM is growing in importance internationally as the world struggles with the growing climate crisis, inequality, and the devastating fall-out from the pandemic. The public and private sectors are becoming more focused on measuring social impact better – in terms of public service delivery, corporate social responsibility, and environment, social and governance (ESG) metrics. The social sector can play a key role in leading the charge towards improved measurement methodologies, standards, and practices that will benefit all sectors. Within the social economy, which in Europe comprises many foundations, co-operatives, charities, social enterprises, and NGOs, foundations play a pivotal role in impact measurement and management, since they need to account for and manage their own impact, as well as help their grantees/investees get more proximate with their beneficiaries in order to listen, learn, and improve their interventions.

Figure 3. What do we mean by impact measurement and management?

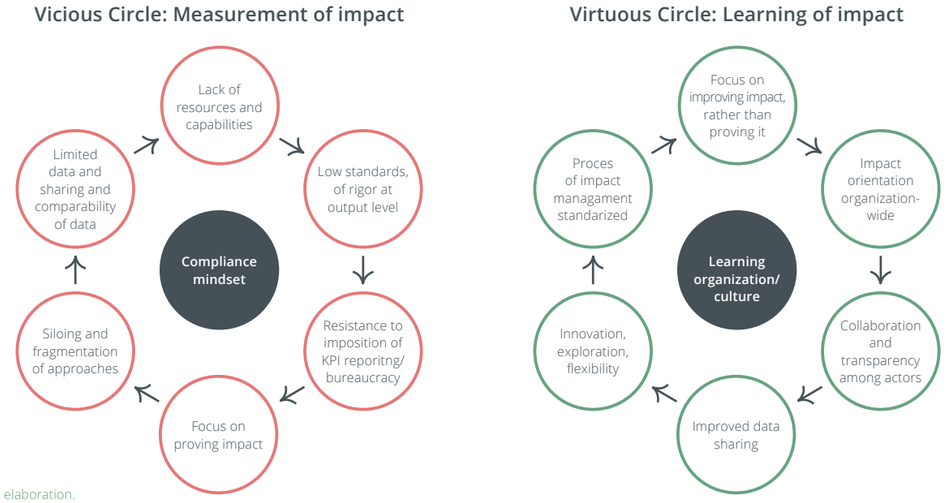
Source: Impact Management Project, own elaboration.

European foundations, of which it is estimated there are 147,000, managing 511 billion euros in assets and endowments, and who are given an estimated 60 billion euros annually[5], are lagging behind their US counterparts in terms of transparency around impact, as well as their day-to-day impact measurement and management practices. The earlier research – 'From Measurement of Impact to Learning for Impact: European Charitable Foundations' Learning Journeys' – conducted by the Esade Center for Social Impact and BBK, identified a worrying gap between the European rhetoric related to impact management and the actual field of practice where foundation professionals and their partners are often overwhelmed, struggle to invest, and can be stuck in technocratic, compliance-oriented approaches that do not deliver the learning, change, and reflection that good impact management practices can enable (the vicious cycle illustrated in figure 4).

We passionately believe that foundations can be at the forefront of a change in impact management practices, where the vicious cycle of proving impact in the European social economy, characterized by limited resources and a compliance mindset, becomes a virtuous cycle of improving impact through learning, led by greater transparency, data-sharing, and collaboration. The Esade-BBK Community of Practice intends to contribute in its own small way to this shift, through the creation of a safe space in which foundations can share their challenges and their latest thinking, and start to engage with each other and their partners to work towards a better vision for impact management.

[5] Philanthropy Europe Association https://philea.eu/how-we-can-help/knowledge/data-on-the-sector/

Figure 4. How can the social economy move from a vicious cycle of IMM to a virtuous cycle?[6]



Source: Own elaboration.

The communities of practices' ultimate aims are to improve their members' own IMM practices, but most importantly to create wider value for the entire foundation sector in Spain and the whole of Europe, through dissemination of best practice and new knowledge. Both communities of practice hold the principles of trust, transparency, collaboration, and sharing at their heart (see figure 5).

Objectives of the Esade-BBK Communities of Practice

- To cultivate transparency, knowledge-sharing, and peer exchange on the subject of IMM
- To create a safe space where foundations can share struggles, concerns, even 'failures'
- To jointly move the Europe foundation sector forward, through dialogue and the output of the community
- To facilitate collaborations between foundations

Figure 5. Word cloud describing desired principles of the European Community of Practice

Source: First meeting of the European Community of Practice.

[6] Buckland, L., Hehenberger, L. (May 21, 2021). *Measuring Social Impact can Help to Foster a Stronger European Social Economy*. Stanford Social Innovation Review https://ssir.org/articles/entry/measuring_social_impact_can_help_foster_a_stronger_european_social_economy%20

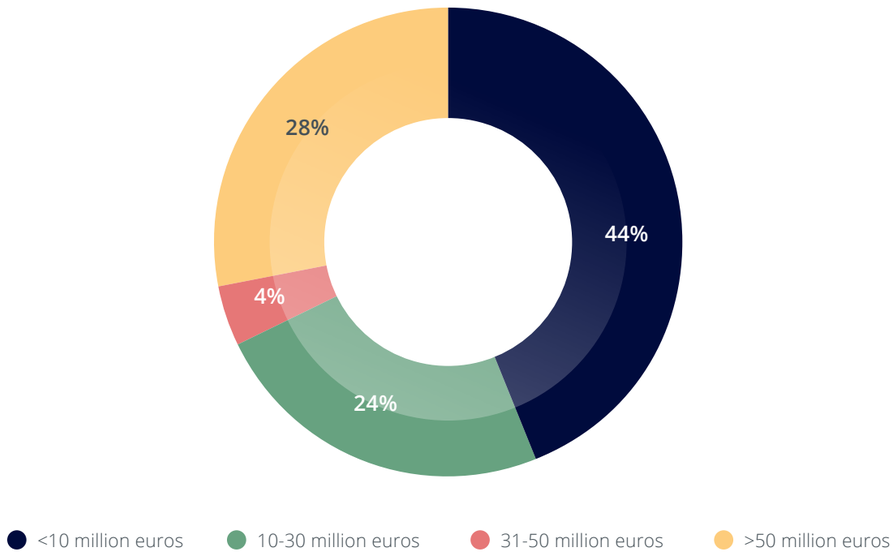
SECTION 2:

Participants and the Program

There are two Communities of Practice – a Spanish CoP (21 members currently) and a European CoP (26 members currently) – made up of a diverse range of foundations, including corporate, community, grant-making, and operating foundations from different European countries. As shown in Figures 6-10 below, the majority of foundations in the European Community of Practice have grant-making budgets of over 10 million euros, whereas the majority of foundations in the Spanish Community of Practice have grant-making budgets under 10 million euros. The European Community of Practice also has more impact investors (58% vs. 33%).

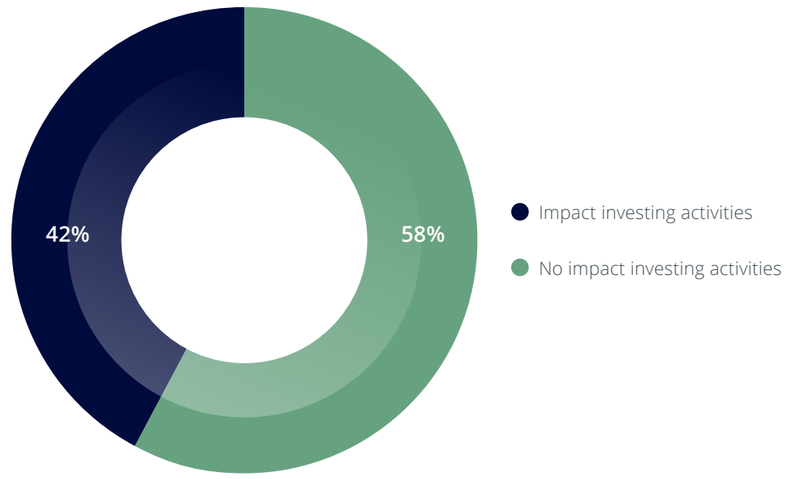
About the European Community of Practice (26 foundations)

Figure 6. Size of the annual grant-making budget of the members of the European Community of Practice (N=25)



Source: Annual reports and foundations' websites.

Figure 7. Percentage of members of the European Community of Practice that have impact investing activities (N=26)



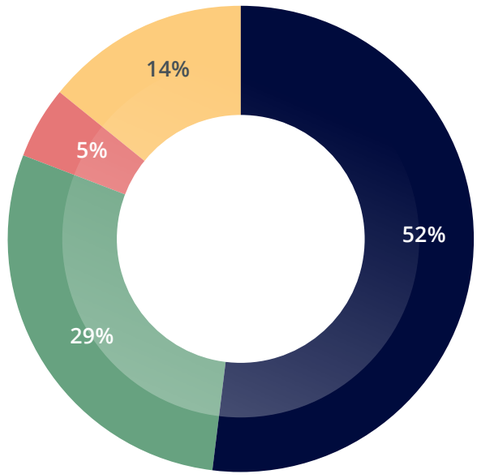
Source: Diagnostic survey, European CoP.

Figure 8. The members of the European Community of Practice on the map

Source: Own elaboration.

About the Spanish Community of Practice (21 foundations)

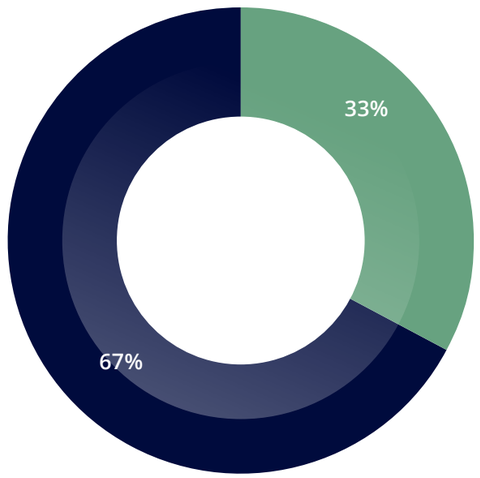
Figure 9. Size of the annual grant-making budget of the members of the Spanish Community of Practice (N=21)



● <10 million euros ● 10-30 million euros ● 31-50 million euros ● >50 million euros

Source: Annual reports and foundations' websites.

Figure 10. Percentage of members of the Spanish Community of Practice that have impact investing activities (N=21)



● Impact investing activities ● No impact investing activities

Source: Diagnostic survey, Spanish CoP.

Figure 11. The logos of the members of the Spanish Community of Practice

Source: Own elaboration.

About the Program

The Program consists of regular webinars on key IMM topics, regular updates by email to keep the community informed and engaged, and a Microsoft Teams space for information and resources. Members are encouraged to share in depth and from experience, creating a more member-led, bottom-up dynamic within the Community. Foundations range from very advanced to relative beginners in terms of impact management practice, but a prerequisite for being in the CoP is a strong intentionality around IMM.

SECTION 3:

Key learnings

The Communities of Practice have been up and running since the winter of 2020 and we would like to share some of the key initial take-aways amassed from the 10 external speaker talks and 48 peer group discussions. Whilst we cannot cover in depth all that has been learned and discussed, we hope to provide a broad overview in this summary report, which will be followed during 2022 with more in-depth materials, such as specific case studies. Through a survey, we have collected valuable data on how the Spanish Community of Practice (15 responses out of 18 members[7]) and the European Community of Practice (26 responses out of 28 members) are conducting IMM. **This is one of the only up-to-date surveys of a broad and diverse range of European foundations on the subject of IMM.**

How to navigate the learnings in this report

We have organized the key learnings according to the framework we developed in our earlier research to help guide foundation practice in impact measurement and management. There is a section related to key learnings on each of these five themes (1. Designing an impact management approach; 2. Resourcing and organizing for impact management; 3. Embedding impact management through organizational culture; 4. Building internal and external capacity to manage impact; and 5. Collaborating, sharing knowledge, and being transparent to support impact management). Content for each theme contains:

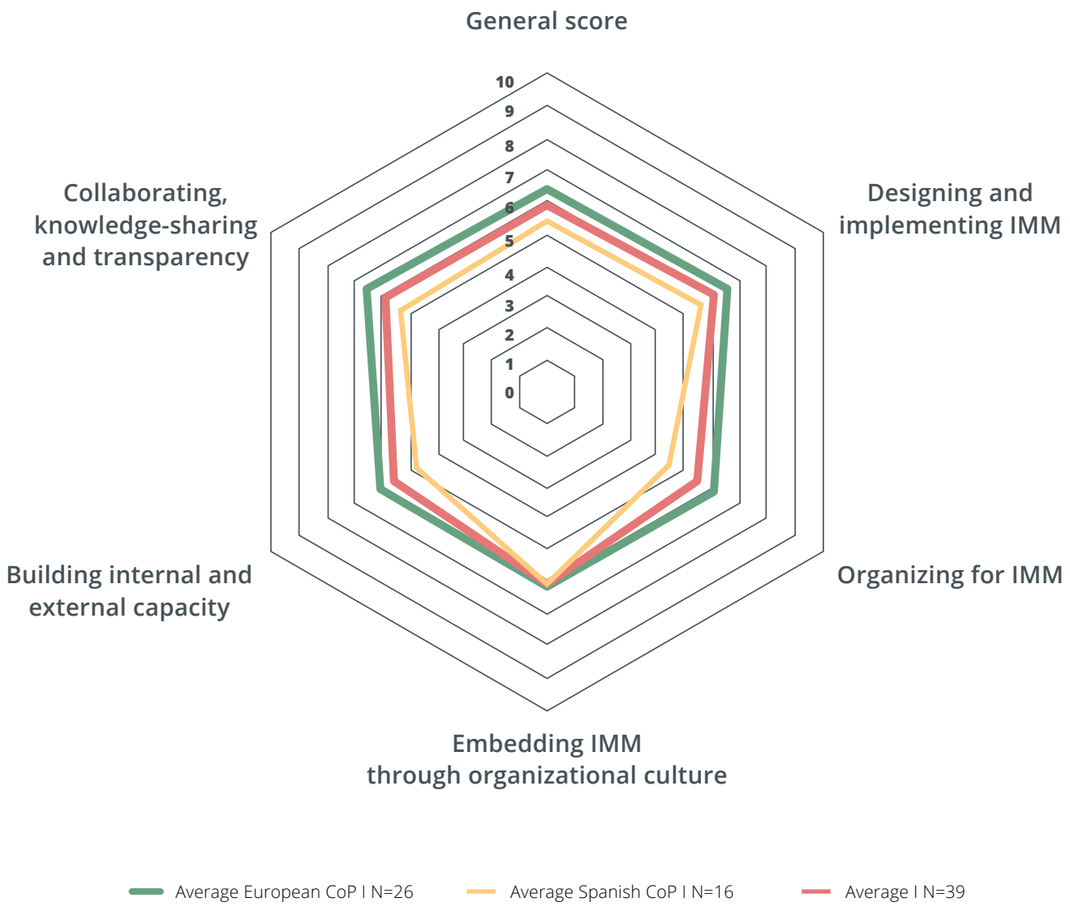
- A description of the theme and a table outlining what the different 'levels' of practice might be, so the reader can understand what the impact management learning journey looks like at different stages (beginner, on the journey, and advanced)
- Insights from discussions to date and a survey of the Communities of Practice
- Short descriptive case studies of member foundations
- A section on 'headaches' that our foundations are struggling with, related to each theme
- A section on what the pioneers/innovators are doing on the theme

[7] When the diagnostic survey was sent out to the Spanish CoP, it consisted of 18 members. Currently, the number of members has increased to 21.

How are foundations doing overall on IMM?

The chart below illustrates the aggregate score across the communities of practice according to each of these themes. The results indicate that foundations, even those who could be considered best practice examples and at the forefront of the field, understand that **there is a long road ahead when it comes to improving their impact measurement and management practices.**

Figure 12. Average score per theme of the Impact Management Learning Journey Roadmap for Foundations



Source: Diagnostic survey data from European and Spanish CoPs.

Key Learnings Theme 1

Designing and implementing an impact management approach

01 02 03 04 05

About this theme

This theme covers the 'what', 'where', 'when', and 'how' of impact management, including, for example, designing which tools are used, how impact data are collected from whom and validated, and how stakeholders can be included in the process. These are the essential first steps in any impact management strategy by foundations. On average, members of both the Spanish and European communities rank themselves as 6.1/10 on the impact learning journey related to this theme.

The learning journey related to this theme

The table below summarizes signs that denote whether foundations are at the 'beginner', 'on the journey' or 'advanced' stage along the journey related to this theme, and where they might self-evaluate. The foundations who filled in the survey used this table to guide them in describing how they ranked themselves for this theme (from 1-10).

Table 1: The stages on the Learning Journey Roadmap for Theme 1

Theme: Impact Management Approach

Beginner (1-3)

- We have recently started or would like to start on the journey, testing and exploring different tools for understanding our impact.
- We have not yet tried to aggregate our impact beyond the individual project level.
- We are still developing our impact management approach.

On the journey, progressing (4-7)

- We have implemented different IMM approaches, tools, and methodologies and have consulted with internal and external stakeholders.
- We have strong monitoring and evaluation at the project and program level.
- We are considering and understanding more carefully our impact at an organization-wide level (although aggregation might not be desirable/possible).
- We still feel we have a lot to develop in our impact management approach.

Advanced (8-10)

- We are innovators and pioneers in the field, using our learnings as best practice to help the sector move forward.
- We have reflected long and hard about different tools and methodologies, and we have codified our knowledge.
- We have tried to reflect on our aggregate impact and to get closer to understanding attribution.
- We are relatively satisfied with our impact management approach, data collection, rigor and data quality (understanding there is always room for improvement).

Source: Own elaboration.

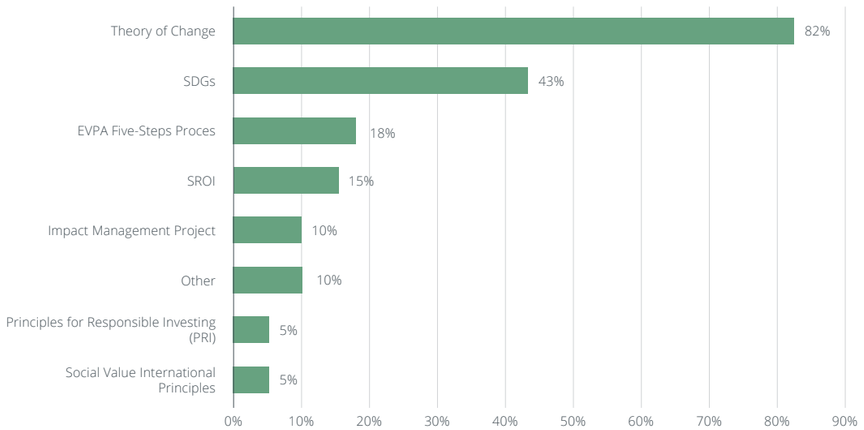
Members of the CoP are using a mix of different tools, with the SDGs and Theory of Change being the most common

As the chart below shows, there are many different tools/frameworks available for foundations to use, and the key first steps are understanding the different options and creating the right first impact management approach. Over 60% of European CoP members are using more than one framework in their grant-making, which they combine and customize to create their own unique impact management framework. In total, 28 of the 39 foundations of the CoPs that responded to the survey report using standardized tools, principles, and frameworks (see Figure 14 below).

Figure 13. Examples of different standards, frameworks, and principles

Source: Own elaboration.

Figure 14. Tools, principles and frameworks for grant-making (N=28)



Source: Diagnostic survey data from European and Spanish CoPs.
Note: More than one tool may be used for the same foundation, which explains why the numbers do not add up to 100%.

Examples of how and when foundations are using the Theory of Change (ToC)

> **Once you put down your ideas, others can easily understand them, and you get your internal discussions into a form that others can understand and relate to.**

The foundations have shared that they have found the ToC useful in creating a common impact language, facilitating more alignment internally as well as helping them to communicate externally. Developing a ToC can drive strategy and strategic decision-making (it has forced foundations to decide where to focus) and help to operationalize strategic thinking. It is commonly seen as one of the best tools available to begin to both describe impact and then be able to measure it.

There are common challenges identified by foundations in developing and using the ToC. Mostly, these relate to how to involve program staff and grantee/investee partners in the process, as well as deciding which issues and solutions to focus on. In addition, the systemic nature of many foundations' work doesn't neatly fit into the ToC's more linear framework, although more systemic ToCs are being pioneered by foundations in the group.

> **Projects have an obligation to come up with a ToC when they make an application and get resources and they don't like it. But once they go down the ToC road, they find it extremely useful.**

All the foundations agreed that developing and using a ToC is a constant work-in-progress and that there are significant improvements they could make to ensure that the ToC is as useful and valuable as possible, in particular that it becomes an integral part of the whole project management cycle.

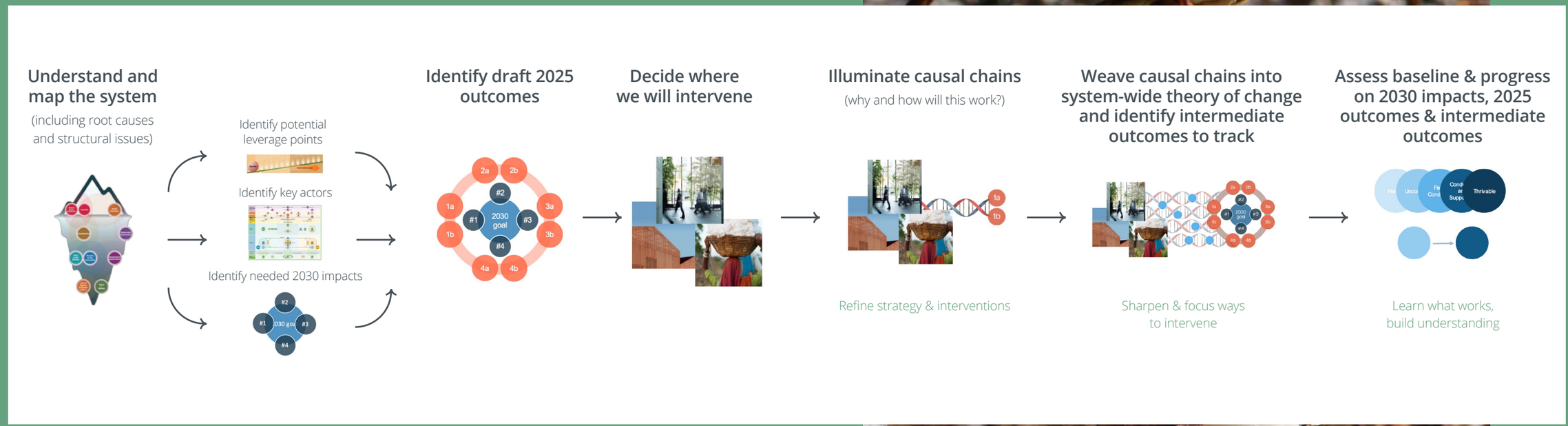
> **We're probably not maximizing the ToC at the project level as well as we could. Are we really using the ToC to design interventions in our projects and are we capturing data against those ToCs as well as we could?**

Laudes Foundation

Laudes Foundation mini case study

The Laudes Foundation is responding to the dual crises of inequality and climate change by supporting brave, innovative efforts that inspire and challenge industry to harness its power for good. They work collectively with and through specific industries (the built environment, fashion (materials, labour rights), finance and capital markets) to help catalyze systems change. A leader in the field of measurement and evaluative learning , they have recently developed an interactive Theory of Change, a new five-year strategy, and an economic systems map, which all integrate in a powerful and innovative way the 'systems change' dimension of their work. In order to develop these, they have engaged over 300 internal and external stakeholders. In addition, the Laudes Foundation has created evaluative rubrics to manage, measure, and learn, in order to promote systems change. Rubrics '*set a standard for what good looks like and create a shared language for describing it.*' The rubrics allow the foundation to combine quantitative and qualitative evidence in a simplified way that can be used as a basis for conversations with partners, to ensure there is shared meaning and learning behind the evidence collected.

Figure 15. Description of how the Laudes Foundation developed a system-wide Theory of Change

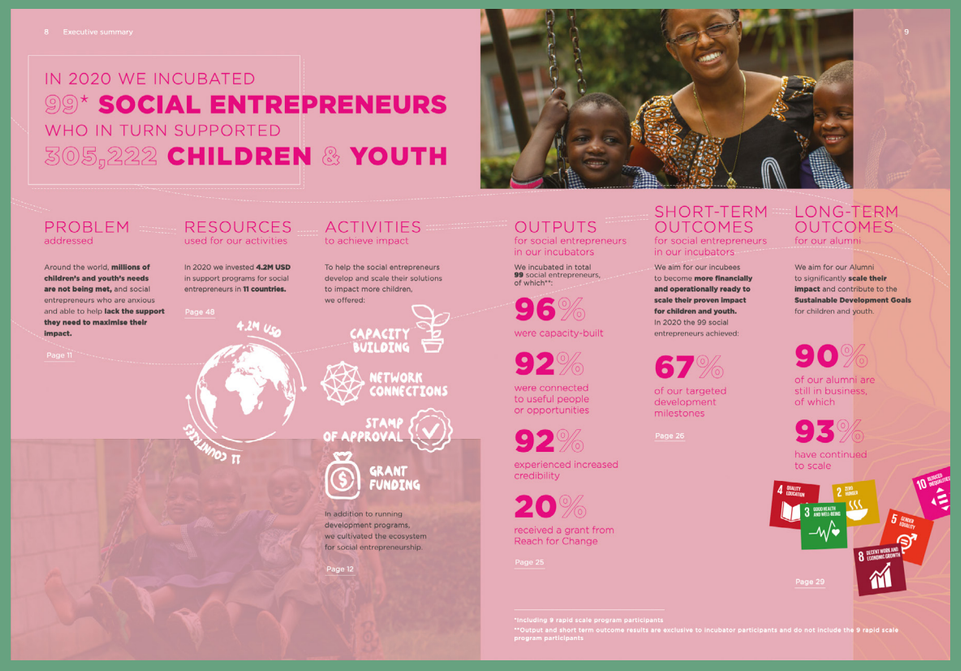


Source: Part of a presentation by the Laudes Foundation from one of the online European CoP sessions.

Reach for Change mini case study

Reach for Change is a foundation that runs incubators and accelerators for social entrepreneurs that improve the lives of children. The foundation currently operates in nine countries across three regions. Reach for Change has found the ToC tool extremely useful, using it for 'everything'. It has helped to shape the internal alignment in terms of what the foundation is trying to achieve, and to make sure that all the country teams have the same perception of what the foundation is doing and how to get there. It has driven program development, as well as aiding the structuring of learning and measurement around what has worked and what hasn't worked. Ultimately, the aim is that it will enable the foundation to understand its effectiveness: are they spending money and resources in the right way and on the right things? This will help them to achieve their goal of obtaining maximum impact with their resources for their target beneficiaries. Their ToC, as shown below, was created and adapted in 2015, although they are currently developing a new one based on a new strategy. Ida Johansson, Impact Manager, believes that it is very important to have buy-in from the program team and managers, and that the ToC needs to be anchored properly at every level within the foundation (board, management team, team on the ground).

Figure 16. Theory of Change of Reach for Change



Source: Impact Report 2020, Reach for Change: http://reachforchange.org/static/pdf/sir-2020.pdf

Foundations are beginning to operationalize the SDGs in impact measurement and management

> **The SDGs are at a macro level; however, when you start talking about the actual operational dimensions of the problem, they are at a micro level, and it becomes challenging to make a direct link.**

For many foundations, the SDGs serve as a global guiding framework for their strategy and impact management. Most foundations in both communities of practice try to align in some way with the 17 SDG goals and to map their programs/interventions onto them. Many foundations specifically go further relating to SDGs in impact management, using the specific SDG indicators to assess their work. The key benefits noted by foundations of using the SDGs for impact management include comparability, universality of impact language, and the ability to aggregate across a diverse portfolio of interventions. However, the foundations find it tricky to operationalize the SDGs in terms of impact management practices – they perceive them as quite broad and macro level, with indicators that are often not relevant enough to the on-the-ground activities of the foundation.

Figure 17. The 17 Sustainable Development Goals (SDGs)

Source: Website of the United Nations on SDGs https://sdgs.un.org/goals.

Foundations have been creative in adapting and making the SDG framework their own, moving far beyond the 'SDG washing' that can be present in corporate and investment circles. With the release of the UNDP SDG Impact Standards[8], which are accompanied by a free course on impact measurement and management related to these standards[9], it is likely that we will see more rigorous reporting against the SDGs by foundations. Perhaps the mismatch between the macro and the micro experienced by social sector organizations will become unblocked. For foundations that are not impact investors, it can be harder to see themselves reflected in the UNDP SDG Impact Standards, but one venture philanthropy foundation, **Rethink Ireland**, has recently operationalized the UNDP SDG Impact Standards in their impact management, and it feels it is a very helpful and positive step (see quote right).

> **We have decided to use the UNDP SDG Impact Standards as a basis for our impact management framework – we believe they provide the best proven methodology across impact strategy, management, and governance to be used as a self- assessment tool. The standards have been developed in collaboration with many international stakeholders such as Social Value International, the Impact Management Platform, and others to which our approach is wholly aligned.**

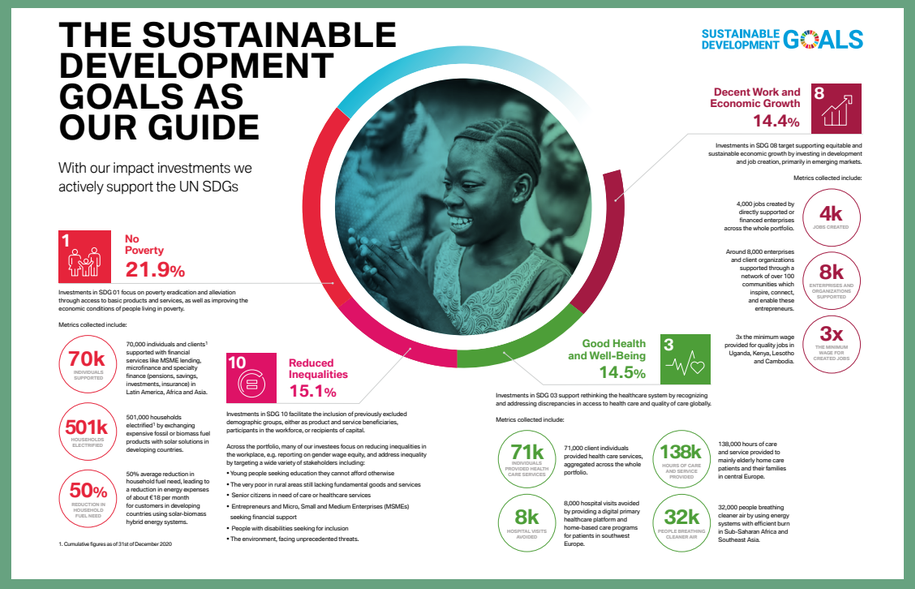
BMW Foundation
Herbert Quandt

BMW Foundation Herbert Quandt mini case study

> **The SDGs are the basic framework that we are using to track what we are currently doing, and they have helped to guide our process of what topics we wanted to tackle.**

The BMW Foundation Herbert Quandt promotes responsible leadership and inspires leaders worldwide to work towards a peaceful, just, and sustainable future. They aim to advance the Sustainable Development Goals through their international 'Responsible Leadership' programs and their investments. In 2020/21, the sustainable finance team, together with Toniic, analyzed the impact of their impact investing portfolio in detail, using the Toniic Tracer tool to collect data and the IMP framework, as well as the IRIS+ metric, to evaluate the impact data, with a focus on how their portfolio was contributing to the SDGs. They faced challenges regarding the measurement and defined the following questions: How do you measure contribution to the SDGs? How do you weigh up contribution to the different SDGs? What is material for one investment/company versus another? The foundation published their impact investing report with results of the SDG mapping (see the figure below). Johannes P. Weber, Program Manager, points out that this SDG mapping exercise helped to get a more detailed understanding of how they currently cover the SDGs and what needs to be changed to better align the portfolio with the SDG priorities of the foundation.

Figure 18. Impact Investing Report BMW Foundation



Source: BMW Foundation. (2020). Impact Investing Report. Retrieved from: https://bmw-foundation.org/en/publications/impact-investing-report-2020".

[8] SDG Impact: https://sdgimpact.undp.org/practice-standards.html

[9] Coursera course on Impact Measurement & Management for the SDGs: https://www.coursera.org/learn/impact-for-sdgs

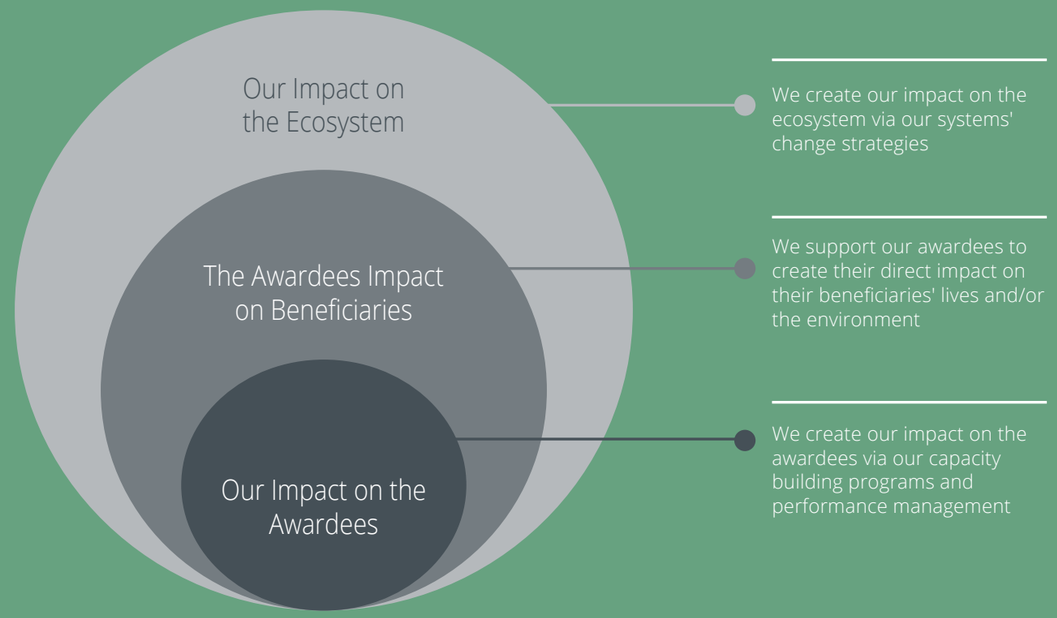
RETHINK IRELAND

Rethink Ireland mini case study

Rethink Ireland is a venture philanthropy fund, providing cash grants and business support to the most innovative charities and social enterprises in Ireland. Its impact management framework uses the UN SDG Impact Standards, along with Social Value International principles and EVPA best practice. Its impact management framework is aimed at providing a blueprint for decision making and generating trusted, credible, and actional impact information to inform investment decisions. The fundamental elements of its impact management framework are recently aligned with the four key UN SDG Impact Standards:

- Standard 1, Strategy: Rethink Ireland has developed an impact thesis: clear goals, outputs, and outcomes for its key programs (equality, social enterprise, green transitions, education and health), and has identified its impact on three levels – i) on its awardees; ii) the awardees' impact on their beneficiaries; and iii) their impact on the ecosystem.
- Standard 2, Management Approach: Rethink Ireland has a strong capacity-building program for its awardees and an impact management approach designed for its awardees.
- Standard 3, Transparency: Rethink Ireland reports regularly on its social impact performance through, for example, annual reports, annual impact reports, and external impact evaluations.
- Standard 4, Governance: awardees, for example, have contracts with clear deliverables and impact objectives, and the grant-making committee reports to the board of directors.

Figure 19. The three level of Rethink Ireland's Impact



Source: Part of a presentation by Rethink Ireland from one of the online CoP sessions.

Foundations are finding it hard to get the right balance between rigor and proportionality, and in particular to get the right mix between qualitative and quantitative indicators

A conversation that has been present throughout our sessions has been about getting the right balance related to how much impact data should be collected and what type of information should be prioritized. Whilst quantitative information is important (and often less costly to gather), all foundations have asserted how critical qualitative information remains to their assessment of impact, particularly if they are working on systemic change.

There is a general perspective that there is a danger in having too much impact data, and the key is to ask powerful learning questions early on in order to frame the type of data needed to be able to address these. For some foundations, collecting too much data can generate statistical noise, contradictory data, and confusion about what to do with the data; at the same time, it burdens grantees with requirements that are less likely to be aligned with what grantees want to know. Harry Devonshire from **Argidius Foundation** warns that '*the temptation to collect too much data is very strong. You always want to know more. If you want to know what works and to do so cost-effectively in a way that doesn't overburden your grantee, then you need to think about what are the minimum number of indicators*'. CoP members agree that having the right data, which is actionable and comparable over time, is critical; often, 'less is more'. An often-made mistake is to over-complicate.

> **A slight challenge is that staff and leadership often want a simple, quantitative, metric-based strategy for IMM. It can be difficult to get full buy-in to a qualitative approach.**

Headaches – how foundations are navigating trickier IMM terrains

Understanding contribution and/or attribution, as well as aggregating and assessing whole foundation performance, are key challenges – as per the chart below – related to designing an impact management approach. Many foundations express that they have almost given up trying to attempt in a rigorous, statistical way to assess attribution, as it can be complicated methodologically (and expensive), and they don't consider it as necessarily the best use of their time and money. However, others are trying to find ways to understand their specific role better: to look more at contribution to change, particularly within a systemic change context.

Another key challenge identified is to assess whole foundation performance (and even in the future to benchmark it against other foundations). In the European CoP, approximately half the foundations aggregate their impact at the whole foundation level, whilst the other half measure at a project and/or program level but do not attempt to aggregate further. In general, **foundations struggle to measure and manage at a more holistic, cross-foundation level as specific projects, and programs can be quite siloed.**

> **So what we really need to ask ourselves is: how is the work going, what is working? Why are things going well or not, what are the changes to the context? We are less concerned with attribution numbers and KPIs and more about understanding better what will enable our aims to be achieved.**

Figure 20. Key challenges related to designing and implementing the impact management approach (N=39)

Source: Diagnostic survey data from European and Spanish CoPs.

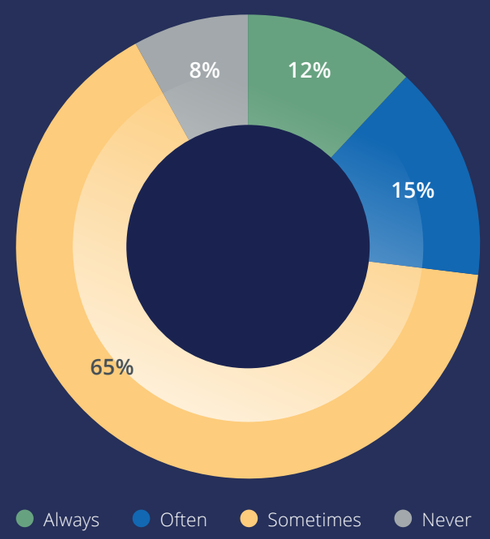
What next? – The innovators' wave

Leading foundations such as the **Laudes Foundation**, the **Bertelsmann Stiftung**, the **Open Value Foundation** and the **Fondation Daniel et Nina Carasso** are **pioneering ways to create an impact management and measurement system suitable for engagement and investment in systemic change**. This has involved developing system-wide ToCs for their foundations or improving their ability to measure and account for the often messy work of systems change.

Another key development has been in the **approaches that foundations are using to better engage their key stakeholders**, i.e. their grantee/investee partners, on the subjects of impact management and how they are listening to those on the ground. For example, the **'la Caixa' Foundation**, in its Work4Progress program (which operates in Peru, Mozambique, and India) has developed a participatory impact measurement methodology, with a strong focus on listening to beneficiaries through the use of open-ended questions, anonymous feedback, as well as expert panels and peer learning with their grantee partners. **Robert Bosch Stiftung** regularly uses a more adaptive management approach to impact measurement and management, focused on asking evaluative questions, gathering data to inform ongoing decision-making, adapting projects, and using more conventional evaluations (formative and summative): not by design, but when they promise real insight. **The ProFuturo Foundation** focuses on the continuous measurement of outputs and outcomes from their program. They regularly obtain feedback from both direct and indirect beneficiaries as well as from key participants and stakeholders. Their monitoring and evaluation system is based on advanced use of data analytics fed by diverse methods (digital educational resources, surveys, interviews, observation).**This illustrates a more inclusive, stakeholder-led approach to IMM and a welcome shift from a pre- and post-project evaluation process that has often dominated the non-profit sector.**

Finally, **validation of impact** is increasingly considered important, as more than 90% of foundations in the European CoP are stating that they commission independent external impact evaluations of their projects and programs, with some frequency (see Figure 18 at the top of page 31).

Figure 21. The response of the European CoP members to the question: do you commission independent external impact evaluations of your projects and programs? (N=26)



Source: Diagnostic survey from the European CoP.

Key Learnings Theme 2

Resourcing and organizing for impact management

01 02 03 04 05

About this theme

This theme is about ensuring that the organization is budgeting sufficiently for impact management-related work and creating an appropriate organizational framework for it to be a foundation-wide activity and concern. On average, members of both the Spanish and European communities rank themselves as 5.4/10 on the impact learning journey related to this theme.

The learning journey related to this theme

The table below summarizes signs that denote whether foundations are at the 'beginner', 'on the journey' or 'advanced' stage along the journey related to this theme, and where they might self-evaluate. The foundations who filled in the survey used this table to guide them in describing how they ranked themselves for this theme (from 1-10).

Table 2: The stages on the Learning Journey Roadmap for Theme 2

Theme: Resourcing and organizing for impact management

Beginner (1-3)

- We have not identified a monitoring and evaluation budget.
- We have not properly thought through the skills and competencies necessary to manage impact internally.
- We do not yet have an organizational structure for impact management that we are satisfied with.
- We have not thought that much about the governance of IMM in our foundation.
- We are more focused on tools and frameworks.

On the journey, progressing (4-7)

- We have a monitoring and evaluation budget and a relatively clear organizational structure for impact management.
- The foundation still has an issue with organizational silos on impact management.
- We need improvements to the governance structure of our IMM.
- We do not yet have sufficient time or resources dedicated to impact management.

Advanced (8-10)

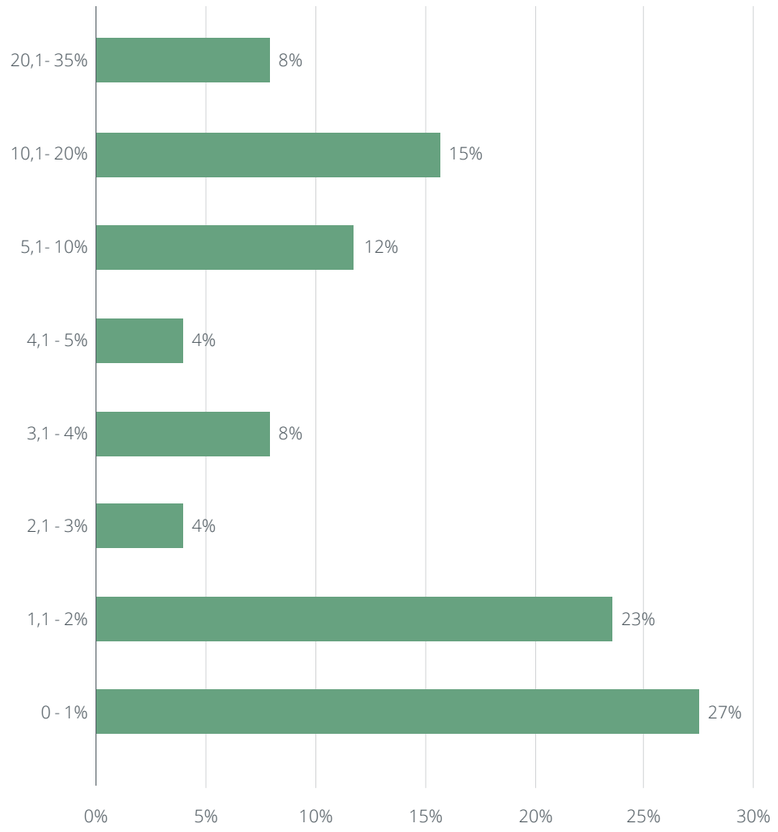
- We have experimented with different ways of organizing for impact and we have found a structure that works for us.
- We have significant time and resources allocated to impact management and it is a clear priority for the organization.
- The governance of IMM is strong, clear, and appropriate.

Source: Own elaboration.

There is a significant range of time and money being spent by foundations on IMM relative to their overall budget

Some foundations have reflected that it can be hard to internally catalyze the investment needed for strong impact management practices. Yet others are spending significant parts of their grant-making budget on learning/impact management activities, as per the charts below. An average of 1.48 FTE staff is estimated to be dedicated to IMM by the 35 out of the 39 foundations that have responded to this question. This number does not include the time of project/program staff and external consultants. Furthermore, 26 out of the 39 foundations provided insight into the amount spent annually on IMM (in euros) as a percentage of the grant-making budget.

Figure 22. Estimation of the euros amount spent annually on IMM, as a percentage of the grant-making budget (N=26)



Source: Diagnostic survey data from European and Spanish CoPs.

> **You do not have to start measuring everything at once, but take the steps that match with your resources and aims/ goals for the moment and remember that set-up costs are always the highest.**

> **Has the board seen everything through the lens of learning, that information and knowledge acquired can help the sector work on systemic change, rather than looking through the concepts of success or failure?**

> **The accountability mechanism should come from within the foundation – in order to do our work well and because we are accountable first and foremost to our grantees and the people we are serving.**

Governance of impact measurement and management is a key factor in good impact management by foundations, which merits greater attention

We have started to discuss some very interesting guiding questions related to governance within foundations, as stated below.

- *Organizational structure:* What are the roles and responsibilities related to IMM in the foundation? How should the impact function be built? How should IMM be advocated for within the foundation? What financial and human resources are required?
- *Accountability and overall foundation performance*: To whom is the foundation accountable for impact? How far do the voices of stakeholders get integrated into IMM governance?
- *Board*: What is the role of the board? Are IMM questions discussed in board meetings/strategy meetings? How should the board be engaged with, particularly when impact can be technical?
- *Decision-making*: What are the material consequences for the foundation of impact measurement? How does the foundation integrate learnings from impact measurement in decision making?
- *Incentives*: How is IMM integrated in incentive structures, if at all??
- *Different funding possibilities*: How does governance of IMM change for impact investments vs. grant-making vs. operating programmes? Are there different teams/methodologies used within the same foundation? How should cultural differences be dealt with (IMM vs. MEL)?

Governance of impact measurement and management is a challenge. **Only half of the European foundations surveyed agreed that they had a strong, clear, and appropriate governance related to IMM** – illustrating that many are dissatisfied with how impact is governed internally. One of the key dimensions related to weak governance appears to be a lack of understanding at the board level of impact measurement and management roles and responsibilities. Discussions in the CoP groups related to governance and the board have tended to chime with the broader academic and practitioner literature in their conclusions, namely that boards tend to prefer quantitative measures and simple metrics, which may cause an oversimplification of their strategy. Time constraints, and often financial backgrounds, explain boards' preferences for simple metrics. Boards should instead be encouraged to embrace complexity and engage in deeper, learning discussions that reflect the nature of the foundation's work. Engaging in conversations about achievements and failures and making informed decisions requires qualitative and contextual information. Some suggestions for how to improve the dynamic with the board include a relentless focus on learning rather than accountability, not detailed discussions with the board about methodological or technical impact measurement questions, exploring external evaluations together, and finding board member allies who 'get' and champion impact measurement and management.

To whom are foundations accountable? We have had very passionate discussions about the concept of accountability, with some foundations finding the word itself difficult, preferring to talk about 'accountable learning', with an emphasis placed on 'trust' rather than 'control'.

There is little standardization on how impact management is governed within foundations

Foundations appear to each develop a very unique, customized approach to implementing and running IMM internally, as a result of historic/legacy issues regarding how the foundation is organized, as well as budgeting constraints. Some foundations feel very strongly that the key IMM roles need to be at the program level, as that is where the deep knowledge and specific social/environmental expertise resides. Yet others feel that there needs to be a central impact person or team to drive the process forward, work across the programmatic siloes and help the foundation develop a more coherent, as well as independent approach. Many foundations have developed a hybrid approach between these two models (program-led versus central impact team-led). Ways to bridge these two models include having an IMM working group comprised of people from different departments and programs, and an advocate or impact champion within the foundation who checks for internal consistency. If you have a separate team for IMM, it is essential to ensure that interaction and learning are happening across the foundation and that IMM is not simply left to the 'experts.'

Headaches – how foundations are navigating trickier IMM terrains

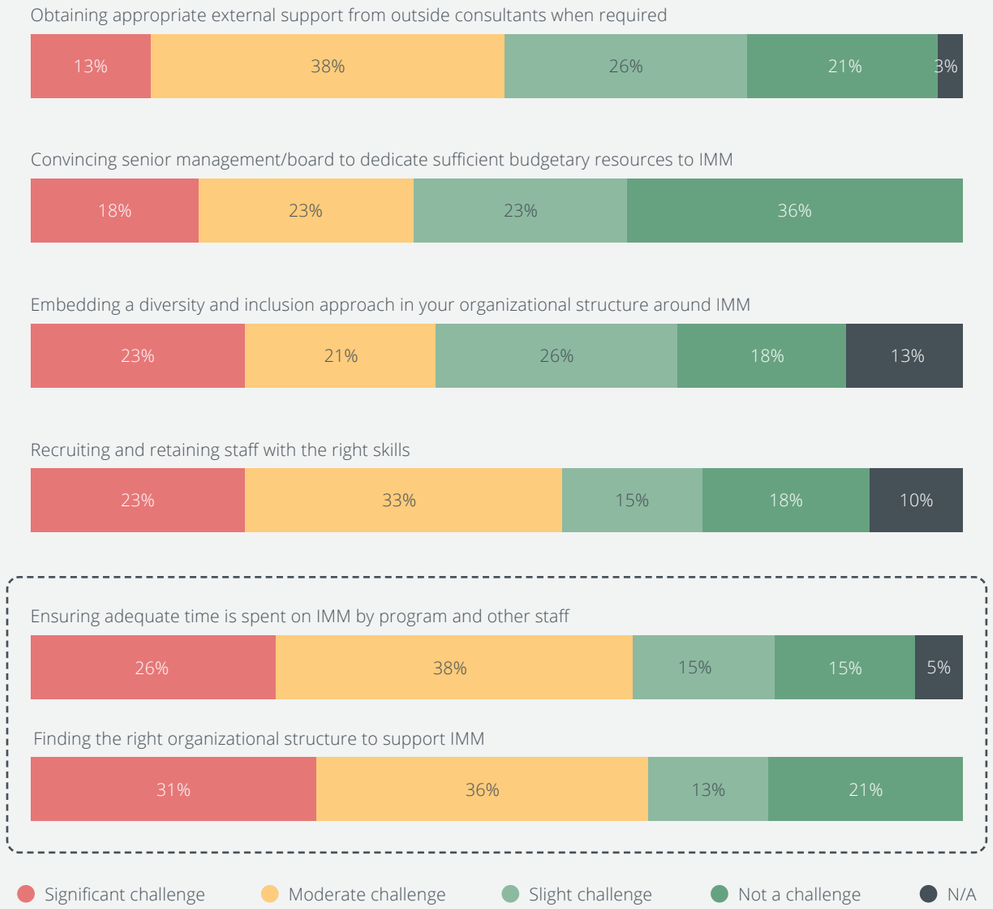
One of the key success factors related to implementing impact measurement and management is how far the foundation's program staff are engaged, committed, and invested in the approach. Unfortunately, European foundations in our CoP note that their program staff are often not able to dedicate sufficient time to it, which is a key challenge they are faced with (as per the chart below).

In addition, many foundations are **finding it hard to achieve the right organizational structure to support impact measurement and management.**

> **Making IMM a priority is a challenge: there is common agreement on the importance of measuring, but it is often relegated as a secondary priority, especially in Covid times, where demand for support was strong.**

> **Our main challenge is related to internal stakeholder management, including moving away from siloed working. IMM is seen as one team's role and we need to ensure that everyone sees it as their role.**

Figure 23. Key challenges related to resourcing and organizing for impact management (N=39)



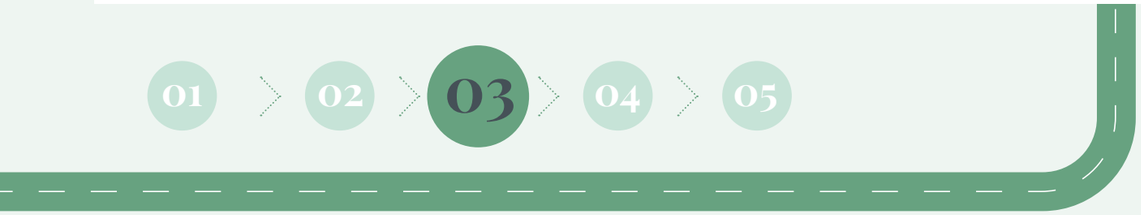
Source: Diagnostic survey data from European and Spanish CoPs.

What next? – The innovators' wave

Governance of impact measurement and management, with its relationship to the accountability question, is a hot topic for leading foundations. Some foundations are considering incentives for impact achieved to organizations they fund, particularly if they have social investment/impact investment allocations. Others are working on internal governance structures by separating out the measurement and data function from the impact strategy and operational function, to ensure strong independence (and to reduce the risk of foundations 'marking their own homework'). Constant external evaluations are other approaches to ensure greater impartiality. However, what is critical for all leading foundations is to illustrate their commitment to impact management and learning by ensuring that it is a topic that is strategic and alive within the senior management team (with a representative on this team) and discussed often at the board level.

Key Learnings Theme 3

Embedding impact management through organizational culture



About this theme

As the saying goes, 'culture eats strategy for breakfast'; this theme covers making the (slow) shift from a compliance/communications-oriented mindset related to impact reporting to one where learning and honest reflection are prioritized internally, and there is an 'impact mindset'. On average, members of both the Spanish and European communities rank themselves as 6/10 on the impact learning journey related to this theme.

This theme is concerned with the 'culture' surrounding impact measurement and management, covering many inter-related elements such as learning and innovation, as well as a focus on both success and failure. We have appreciated how far foundations in the CoPs have been on a transformational journey in recent years, with a more humble approach to considering their own impact, re-setting their relationship with their partners, and prioritizing honest reflection and debate over glossy reporting. The foundations in the CoPs have shared with us the ways in which they have been experimenting with putting learning front and center in their impact management practices.

The learning journey related to this theme

The table below summarizes signs that denote whether foundations are at the 'beginner', 'on the journey' or 'advanced' stage along the journey related to this theme, and where they might self-evaluate. The foundations who filled in the survey used this table to guide them in describing how they ranked themselves for this theme (from 1-10).

Table 3: The stages on the Learning Journey Roadmap for Theme 3

Theme: Embedding impact management through organizational culture

Beginner (1-3)

- Impact management is quite siloed and may not be sufficiently supported by the leadership and board.
- We have heard of a 'learning organization' but have not started to take active steps to become one.

On the journey, progressing (4-7)

- Our leadership and board are fairly aligned about the importance of impact management, but there are still disagreements about the why and how.
- The importance of measuring and managing impact is recognized widely within the organization.

Advanced (8-10)

- Our culture supports learning and reflection at all levels of the organization (board, management, staff).
- In some respects, we are a learning organization.

Source: Own elaboration.

Top tips from foundations in our CoPs

- It is important to **commit to learning with time and money**. Some foundations have R&D budgets and annual learning budgets for staff.
- **Learning requires focus, clarity, and consistency** about the type of data that will be gathered, what to measure and why. Open-ended learning is harder. Instead, with a structured approach, long-term, cumulative data can be gathered.
- **Look out of the window, listen to those whose voices matter** the most (grantees and their beneficiaries), engage, and help to build the external evidence base as an ecosystem actor.
- **Everyone learns differently**: foundations need to find the right way to encourage learning internally – culture, context, and language matters. Digital tools can help; foundations are creating online and offline platforms for sharing learning across their partners and peers.
- **Innovation will not occur without learning** – in particular, the license to fail and take risks. Some foundations hold failure workshops, others engage in pilots and prototypes to gather learnings faster.
- **Cultural traits of foundations that embrace learning** include curiosity, being on a journey to improve, braveness as regards to transparency, and, importantly, the quality of listening.

argidius

The Argidius Foundation mini case study

The Argidius Foundation helps individuals, families, and whole communities move away from poverty through access to decent, fulfilling, and paid work. They partner with business support organizations to help SMEs grow and generate employment. Argidius believes that learning helps to scale impact and has prioritized learning through developing long-term data on a few consistent, clear, high-level objectives. As an enterprise development funder, their three proxy indicators of success for the social enterprises they support are revenue growth, job creation, and investment raised. They have kept these indicators consistent over time, so that the data accumulate, and they have found that it takes over four years to get credible data about the project/program. They have built up a database of the direct and indirect impacts of over 10,000 SMEs, which they see as a 'public good goldmine'.

Argidius has used collected data to identify intermediary organizations that are out-performing or underperforming their peers, and then undertaken research projects to understand why. The three indicators gave them information to help focus deeper data collection efforts. Argidius believes that indicators often work as proxies for change and need to be complemented by other approaches (including, for example, field visits). Internally, they have encouraged a culture of paying attention to existing evidence and knowledge, whilst also creating and adding to this evidence base through sharing of their own learnings, as well as publishing openly all impact evaluations that they have commissioned in unedited formats. Argidius believes strongly in the need to invest in learning (through resources, the size of the team, and the seniority of members), spending about one third of their entire financial resources on learning, which is a sign of how fundamental it is for them.

Figure 24. Learning agenda Argidius

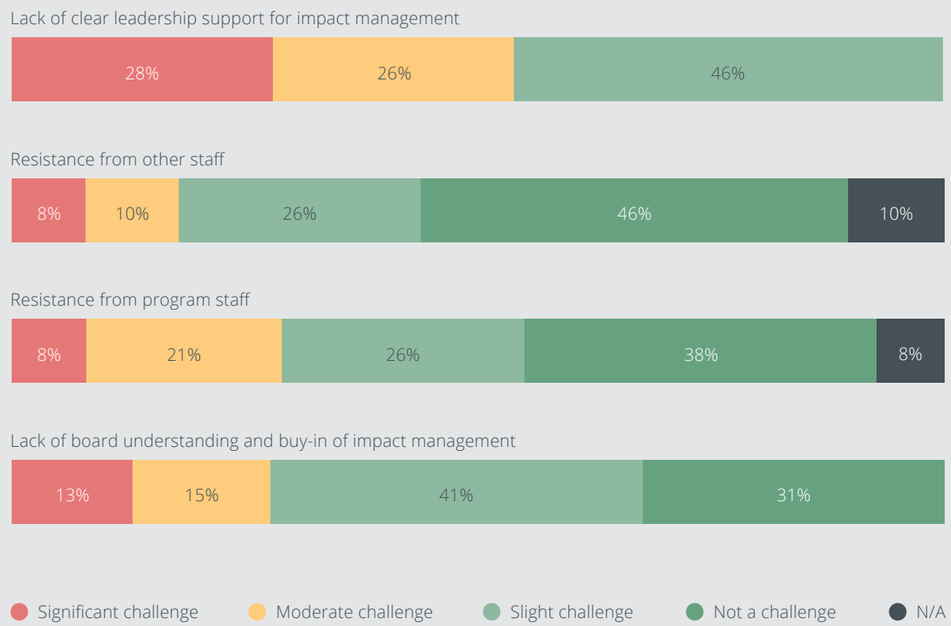
Source: Part of a presentation by Argidius from one of the online European CoP sessions.

Headaches – how foundations are navigating tricker IMM terrains

For the majority of foundations in the CoP, **there is minimal cultural resistance to impact measurement and management** (as illustrated in the chart below), which shows that the field has moved on quite considerably recently, and there is a widespread acceptance of the importance and indeed necessity of strong practices amongst foundation staff. However, a clear challenge discussed within the CoPs is related to putting the good intentions into practice, in particular how to find the right learning moments, as well as encountering ways in which learning can happen across the foundation, with cross-fertilization between different projects and programs that often work on quite distinct issues.

> **Learning is a team sport - it does not just happen because it is in someone's job title.**

Figure 25. Key challenges related to embedding impact management through organizational culture (N=39)

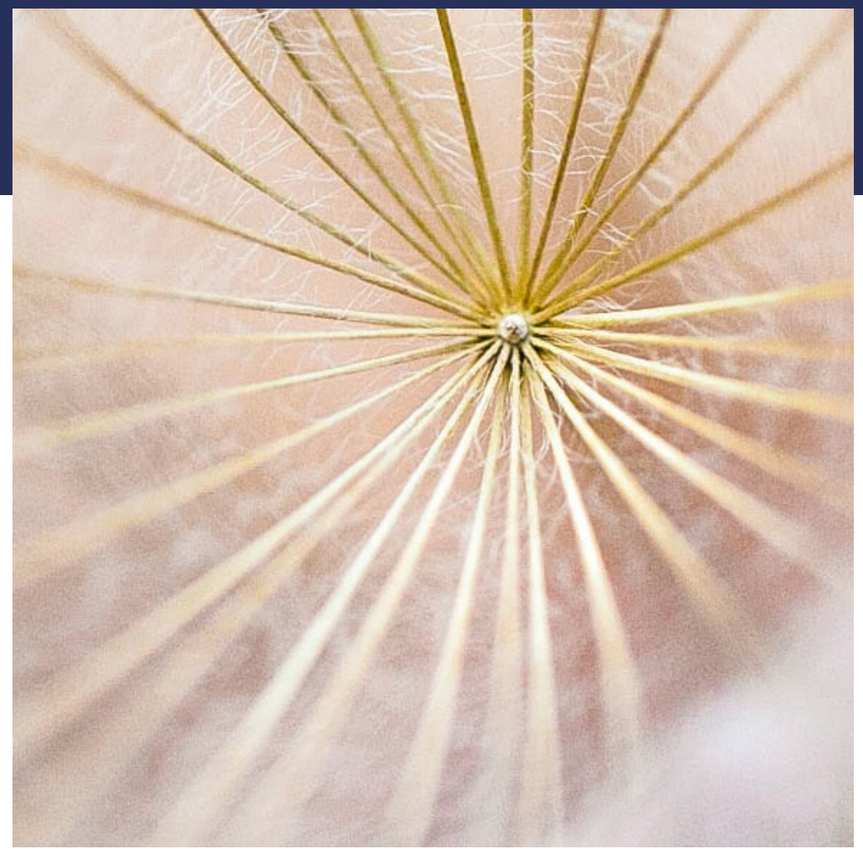


Source: Diagnostic survey data from European and Spanish CoPs.

What next? – The innovators' wave

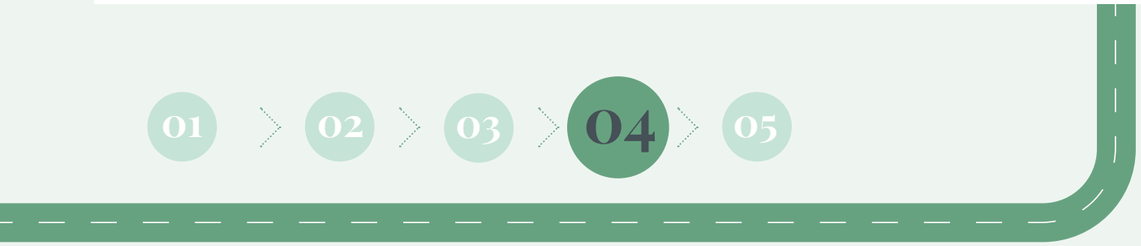
> **We feel we need to manage our results and impact in order to contribute to building the evidence base in our fields: learning for the field itself, for our partners, and for our peers. Even if we do not do well, or if we fail or exit, we share that information.**

Foundations at the forefront of learning, such as the **Laudes Foundation**, the Argidius Foundation, the **Esmée Fairbairn Foundation**, **NESsT**, the **King Baudouin Foundation**, the **Santa María La Real Fondation**, and the **Fondation Daniel et Nina Carasso** are putting significant portions of their budgets into generating learning, and are using their role as conveners to create learning, not only internally but across the entire sectors where they operate. Foundations are discovering increasingly that generating ecosystem learnings can be their 'superpower'. Other foundations are creating specific internal roles/job descriptions that are associated with learning, such as 'Learning Officer' or 'Head of Learning', to catalyze learning internally and to underline how important it is considered to be. Many foundations in the CoP are also commissioning/engaging in feedback surveys to provide important insights into how they are rated by their partners.



Key Learnings Theme 4

Building internal and external capacity



About this theme

This theme covers how foundations can work with program managers as well as partners in order to develop the skills and confidence around impact management. On average, members of both the Spanish and European communities rank themselves as 5.4/10 on the impact learning journey related to this theme.

The learning journey related to this theme

The table below summarizes signs that denote whether foundations are at the 'beginner', 'on the journey' or 'advanced' stage along the journey related to this theme, and where they might self-evaluate. The foundations who filled in the survey used this table to guide them in describing how they ranked themselves for this theme (from 1-10).

Table 4: The stages on the Learning Journey Roadmap for Theme 4

Theme: Building Internal and External Capacity

Beginner (1-3)

- We have provided occasional support to partners/investees related to impact management, but we have not yet consolidated our approach.
- Our program staff may not feel confident and comfortable about impact management.
- There is quite significant upskilling that needs to be done internally, related to impact management.

On the journey, progressing (4-7)

- We have worked in a concerted manner with our partners to help them with their impact management.
- We feel that there are quite a few skills and competencies that we still need to master and develop related to impact management.

Advanced (8-10)

- We have a strong, well-tested framework, and sufficient resources invested in capacity-building related to impact management.
- We regularly obtain feedback from our staff/partners/clients about what we can do better in this aspect.
- We are confident about our internal skills and competencies related to IMM.

Source: Own elaboration.

Strengthening grantees' impact measurement and management is a priority for most foundations

Whilst some foundations note that it is still a struggle to get the organizations that they support to properly prioritize and see the value of impact measurement/management, others feel that they see a change on the ground, and that more honest conversations and greater transparency are occurring, driven by a different, more open partnership between funder and grantee. The climate of trust and mutual transparency between the funder and the programs/projects it funds or supports is considered critical to developing stronger impact management, and in particular learning. **Unrestricted funding, access to particular pots of money to support projects related to impact measurement and management, as well as direct capacity-building by the foundation's program managers and/or commissioned external consultants, have been valuable ways in which foundations can unlock the more virtuous cycle of learning that we alluded to at the beginning of this report.** In saying this, venture philanthropy funders also select based on their belief that the organization and senior management team they support actually have the desire to go on the impact management learning journey with them.

Foundations have moved away from imposing any reporting requirements or specific indicators on their grantees/investees, but rather work together in a more open-ended way to come up with impact measurement frameworks that have inherent value for the funded organization and their end beneficiaries. They are also recognising that there is often significant skill and expertise in terms of impact measurement within their grantees/investees, and this needs to be enabled and valued. Moreover, they are stimulating learning between their grantees through peer learning formats.

> **One of the best ways to build trust is through capacity-building.**

FUNDACIÓ BARÇA

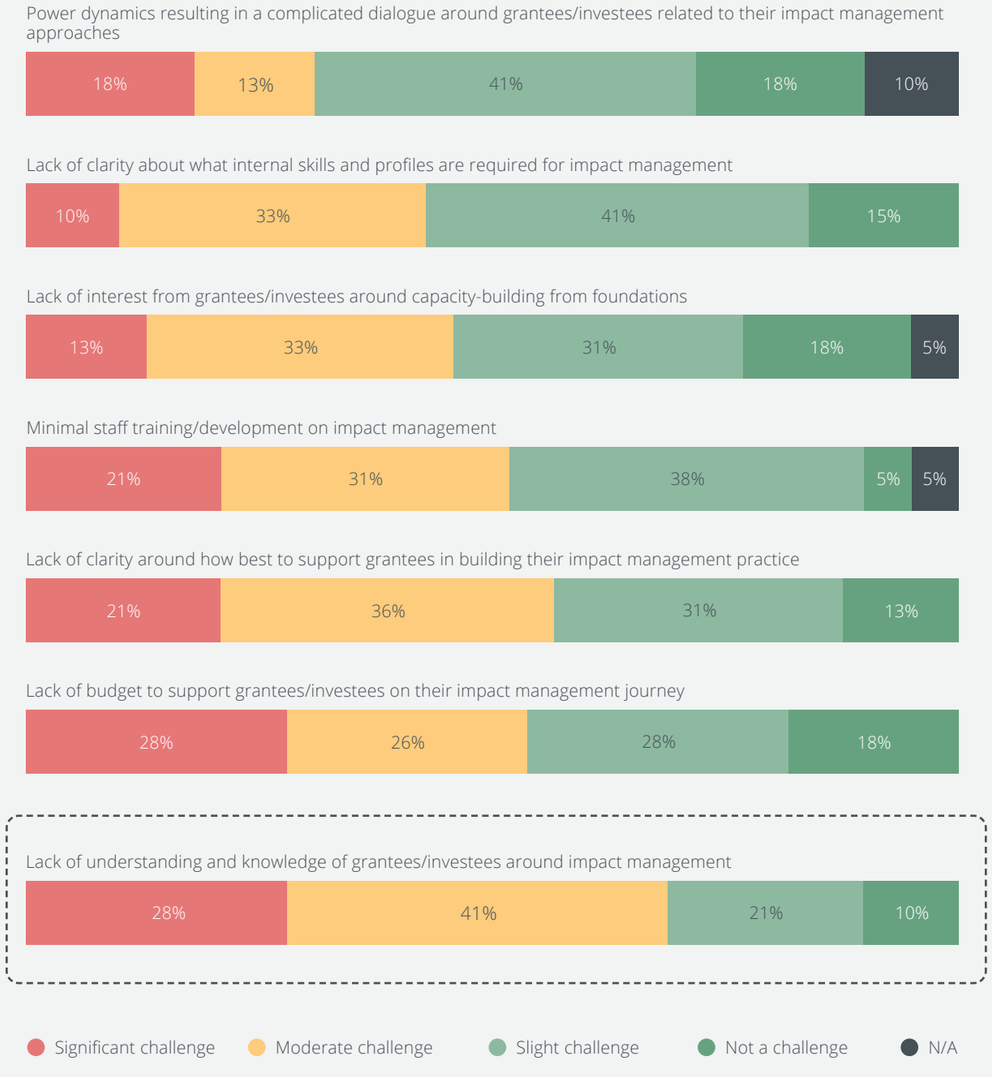
Fundació Barça mini case study

Fundación Barça supports vulnerable children and young people through sport and the teaching of values (prevention of violence; social inclusion; access to/strengthening of education). The foundation currently operates in 51 countries. Fundación Barça has gone from transactional alliances with their grantees in 2016 to transformational alliances with them in 2021. Transactional alliances are alliances where there is verticality, no negotiation, and very little accountability and justification as a procedure. Transformational alliances are alliances where there is horizontality, constant negotiation, constant communication, mutual accountability, and justification is seen as a 360º evaluation. In order to make this shift, Fundación Barça has used tools such as an integral dashboard and a justification report. However, '*tools are at our service and the most important is what is subtle*'. The key aspects are constant communication, trust, having real common objectives, time, and shifting from being a mere funder to an allied partner. All this is related to a change in organizational culture from both the foundations and the grantees (i.e. bilateral transparency), which is also strongly linked to a change in language (i.e. talking about allies instead of funders, or about improvement in the processes rather than about evaluation). Finally, Fundación Barça strongly supports the dimension of giving time, which is key to allowing this change to happen.

Headaches – how foundations are navigating trickier IMM terrains

As identified below, the main challenge encountered by most foundations is the lack of understanding and knowledge of grantees/investees around impact management. There is a skills and knowledge gap affecting the entire social economy related to impact measurement, and management and foundations are increasingly looking to help to bridge and lessen this gap, understanding that if they obtain low-quality impact data from their grantees/investees they will not be able to estimate their own impact – as the saying goes: '*garbage in, garbage out*.'

Figure 26. Key challenges related to building internal and external capacity related to IMM (N=39)



Source: Diagnostic survey data from European and Spanish CoPs.

What next? – The innovators' wave

There is a general move to **minimizing impact reporting requirements** amongst grantees/investees. The **Esmée Fairbairn Foundation**, which aims to improve the natural world, secure a fairer future and strengthen the bonds in communities in the UK, allows funded organizations, for example, to send in pre-existing reports that they have used for other funders or their own internal reporting, rather than creating new customized reporting for the Esmée Fairbairn Foundation. This approach came from taking part in the Institute of Voluntary Actions Research's (IVAR) project to develop 'New Principles for Grant Reporting', along with other funders and funded organizations. For Gina Crane, Head of Communications and Learning, *'It was clear to us that impact reporting was time-consuming and funder-led, and we wanted to make it more mutually beneficial and meaningful.'*

Many foundations are also **engaging in in-depth capacity-building with their grantees** around IMM. For example, **BBK**, who works for and on behalf of Bizkaia province – in areas such as entrepreneurship, people, culture, and environment – has conducted a series of capacity-building sessions around IMM with hundreds of social organizations (already financed by the foundation or willing to apply for financing). In those sessions, they presented the tool they had developed to work with grantees on IMM and adjusted it better to their needs through feedback. Bearing in mind the capacity of their grantees around IMM, they have aimed to develop a tool that is simple and easy to use.

Another example of strong capacity-building is by **Impetus**, who supports young people from disadvantaged backgrounds by helping them succeed in education, employment, and life in the UK. Impetus does this by finding promising charities and supporting them with a combination of multi-year unrestricted funding and capacity building on leadership, impact, and sustainability. Specifically, in the area of Impact, Impetus supports grantees with the following:

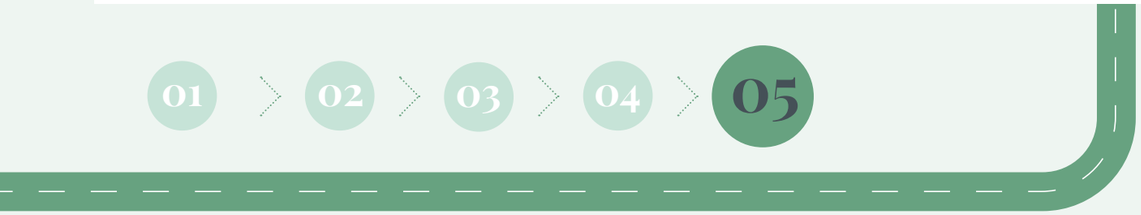
- Clarifying what impact means for each grantee and making sure there is internal alignment by facilitating ToC workshops
- Helping grantees design and codify benchmarking-beating programs (in line with their overall theory of change)
- Helping grantees implement changes required to improve their impact – i.e. providing implementation planning tools and advice on change management
- Guiding grantees to structure and resource their organizations for impact management and helping them create an impact culture
- Helping grantee boards govern for impact – i.e. helping to facilitate board-level discussion on impact, and/or helping to design dashboards
- Curating a community of practice across its portfolio, helping charities to learn from each other

Moreover, foundations are also increasingly putting their money where their mouth is, and are willing to pay for rigorous external evaluations. Finally, foundations are being very careful in the language that they are using related to impact measurement and management, once again focusing on talking about shared and mutual learning rather than merely expecting reporting on pre-defined KPIs.

[10] Institute for Voluntary Action Research & Esmée Fairbairn Foundation. (2018). *New principles for grant reporting*. Retrieved from the **https://www.ivar.org.uk/publication/new-principles-for-grant-reporting/**.

Key Learnings Theme 5

Collaboration, knowledge-sharing and transparency



About this theme

This theme covers ways in which foundations can work together to improve the amount and quality of impact data in a given system, share learnings from impact data/evaluations, as well as work with other players in the impact system on impact measurement and learning. On average, members of both the Spanish and European communities rank themselves as 5.8/10 on the impact learning journey related to this theme.

The learning journey related to this theme

The table below summarizes signs that denote whether foundations are at the 'beginner', 'on the journey' or 'advanced' stage along the journey related to this theme, and where they might self-evaluate. The foundations who filled in the survey used this table to guide them in describing how they ranked themselves for this theme (from 1-10).

Table 5: The stages on the Learning Journey Roadmap for Theme 5

Theme: Collaboration, knowledge-sharing and transparency

Beginner (1-3)

- We have not shared much about our impact management approach.
- We have participated in knowledge-sharing efforts, but mostly as listeners, learning from others.
- We do not actively collaborate with other organizations on impact management.

On the journey, progressing (4-7)

- We have started to work more proactively with other organizations either to share data or to reduce the grantee reporting burden.
- We try to openly publish evidence about what has worked and what has not worked in our impact management approach.

Advanced (8-10)

- We are thought to be leaders in the systems we work in related to impact management, for example providing training or consultancy on the above.
- Transparency is a core belief and value of our organization.
- We actively seek out collaborations with other ecosystem players on impact management.

Source: Own elaboration.

Foundations are committed to greater data sharing, collaboration, and transparency, but there still remains a say-do gap in some cases

The foundation sector has been traditionally characterized as mysterious and opaque, but this is changing, with a move towards greater transparency that is embraced and welcomed by many in the sector. Foundations are clear, convinced, and committed as to why data-sharing, collaboration, and transparency are important to build up the evidence base, scale the best initiatives, and develop and implement the most effective impact strategy. Many foundations are prioritizing deeply understanding the issues and fields in which they are investing and making use of their pivoting power and privilege to investigate these fields and build new knowledge. For transparency to reach the next level, courage and bravery of foundation professionals are needed to open up and share what hasn't worked, with the idea of 'radical candor' internally and externally suggested by one foundation. This would mean not just sharing grant data/grant lists, but also evaluations of grantees, as well as a clear definition of how success is defined and measured. In order to encourage more honest reflection, foundations are experimenting with ideas such as having a 'best failure award', where each program has to share at least one failure. Moreover, initiatives in the US, such as GlassPockets, which enables foundations to provide consistent data transparently on their performance and activities (currently with 189 foundations as members), could be replicated in Europe.

> **While our transparency practices have improved, we do not share externally when things don't work. We have so many different divisions and activities, but there is no global transparency standard for us.**

Fondation Daniel et Nina Carasso mini case study

> **Everything we produce and co-produce has a creative commons license. This is key for an ecosystem of projects like ours, which suffers from a lack of resources.**

Fondation Daniel et Nina Carasso is a grant-making foundation working in the areas of sustainable food systems and citizen art in France and Spain. The foundation combines **action** (financial and non-financial support to grantees, programs' evaluation) with **reflection** (research, studies, collection of learnings in the creative commons format) and **dissemination** (communication, publications, raising awareness of political bodies). One key aspect of the foundation is their definition of impact, which should be systemic and transformational. They collaborate with many different external actors beyond the foundation and their partners (for example, consultants, experts, and scientists) and develop strong networks to support their work. Moreover, they put great emphasis **on learning and sharing knowledge with the ecosystems in which they operate in order to empower the different agents of change and multiply impact**. To facilitate learning, they develop a strong, trusting environment with stakeholders and foster a participatory approach that builds on collective intelligence. They share the knowledge they generate: through annual impact reports and learning notebooks, for example.[11] To ensure that these learnings have significant reach, the foundation leverages different networks and uses political incidence, storytelling and creative commons.

Figure 27. Strategy 2019-2023 Fondation Daniel et Nina Carasso

01	02	03	04
A foundation engaged with its vision	A foundation connected with its ecosystems and which cooperates with its partners	A foundation located in the center of impact	A foundation at the service of its missions
1.1 Revisit our VMV	2.1 Nourish our ecosystems	3.1 Align ourselves in the triangle of impact	4.1 Adapt the governance
1.2 Propose a new strategy in Sustainable Food Systems	2.2 Identify our partners	3.2 Measure the impact and develop a work of analysis of the information	4.2 Organize the teams and structure the back office
1.3 Propose a new strategy in Citizen Art	2.3 Position the project promotor at the center of our offer	3.3 Adjust our modalities of interventions	4.3 Align the endowment
1.4 Affirm our "hybridizations"	2.4 Integrate the networks	3.4 Learn, communicate, bear witness and spread, to empower	4.4 Give coherence to our practices

Source: Part of a presentation by Fondation Daniel et Nina Carasso from one of the online Spanish CoP sessions.

[11] An example of a notebook from Fondation Daniel et Nina Carasso: https://www.fondationcarasso.org/wp-content/uploads/2019/01/190618_Cuaderno_Carasso_SAT_ES_Web.pdf

Data science and open data are important topics for the future of philanthropy

Foundations are starting to bring more data scientists into their team and are more actively working on building rich datasets. Building large comparable datasets allows foundations to go deeper into what works better and how. These datasets are being created, but they take time, dedication, and trade-offs, with a need to work across sector boundaries to develop the evidence base and use national-level statistics. National-level data collaboratives are emerging, such as the first 'data for good trust' in Belgium; sharing sensitive data from the non-profit sector and European foundations can enable information on their funding to be disseminated, using the Candid grants database.

Fundación ONCE mini case study

> **It is a challenge for activism to make public data become fully accessible to citizens.**

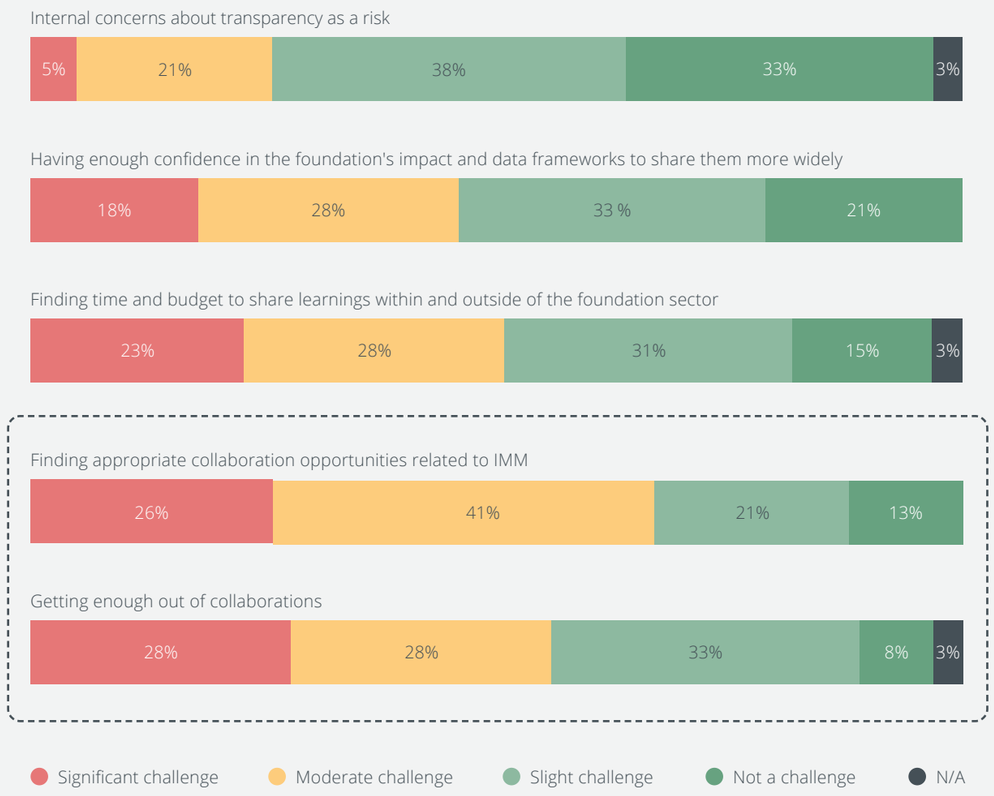
The mission of Fundación ONCE is to contribute to the full social inclusion of people with disabilities, helping to make effective the principle of equal opportunities and non-discrimination. Its board is composed of key Spanish organizations working with people with disabilities. In order to improve labor inclusion policies for persons with disabilities, the foundation has spotted the need for a systemic framework to monitor, observe, and analyze the situation of people with disabilities in the labor market. Together with Inserta Empleo, they created the observatory 'Odismet'[12] – which is co-financed by the European Social Fund. The observatory is focused on disability and the labor market in Spain and provides acess (through a digital platform) to the main indicators related to the integration of people with disabilities in the labor market, as well as to other products and complementary analysis (data bank, reports and publications, lists of employment policies, a virtual library). The objective is to raise awareness and make existing inequalities more visible, as well as to foster new interventions to reduce those inequalities. From this experiment, Fundación ONCE concludes that there is huge potential for the impact sector to link administrative records with technology and artificial intelligence in order to manage data and to define more accurate public policies and projects based on the evidence the data provides. This initiative can inspire other sectors and collectives.

[12] Source: Website of the Observatory Odismet: https://odismet.es.

Headaches – how foundations are navigating trickier IMM terrains

Most foundations are willing and eager to collaborate, but find it hard to locate the right opportunities and to get the most out of them, as per the chart below. As a group, they are asking: is there a better way of organizing for effective systems change and for facilitating more meaningful collaborations between foundations?

Figure 28. Key challenges related to collaborating, knowledge-sharing, and transparency (N=39)



Source: Diagnostic survey data from European and Spanish CoPs.

What next? – The innovators' wave

Hiring data scientists and exploring opportunities to add to field knowledge through research and building large-scale datasets, often in collaboration with others, is where foundations are heading. Foundations in the CoPs are starting to do this, but the rhythm and scale of integration of data science into philanthropy are likely to grow. Another future-proofing opportunity for foundations is working across sectors to build stronger comparable outcomes datasets for their given fields. Also, **sharing all impact evaluations unedited will become the norm, as will publishing full grant data and being more transparent about their own performance.**

SECTION 4:

Conclusion and looking forward

Foundations have come a long way in the last decade concerning impact measurement and management. What was once a functional and transactional form of social accounting has been opened up to be positioned as an enormous learning opportunity for the whole social economy, as funders and grantees/investees work together and with a greater partnership to improve their understanding of impact. The challenges that remain for the group comprising the European and Spanish CoPs are primarily related to resources rather than intentionality or mindset – what we have seen is that the battle for hearts and minds has been won in the sense that impact measurement and management is now an accepted and critical part of running a social organization in the 21st century, whether a foundation, NGO, or impact-related organization.

We would like to see all foundations move towards the leaders of this group, who are in more open, trusting partnerships with their grantees/investees, harnessing the collaborative mindset required to start to tackle the enormous systemic challenges that the world is facing. Not everyone will have the enviable resourcing and freedom of action that many of these foundations have, nor will they be so advanced on the impact management journey, but we can all be inspired and encouraged by the strong general direction of travel.

Transparency, trust, learning, openness, accountability, collaboration, innovation – these are all words that are intimately connected, which we have heard again and again and which define the spirit of these communities of practice and how the foundations in this group are forging a hopeful impact management future. There are clear and continuing technical challenges related to impact measurement that affect the entire social economy (and beyond), but the foundations in this group are showing how they are moving beyond these more technical conversations. They are working within a powerful shift within philanthropy, as it aims to become more equitable and more at the service of organizations supported and their beneficiaries. Impact measurement and management in this new context means something different: no longer transactional and with a strict reporting focus, but rather transformative – where funders listen better and learn better, with the humility to support and help their grantees/investees. Impact analysis and KPIs still count, but they become a means to an end, and are only a part of a much wider and deeper conversation about how funders and their grantees/investees can achieve their missions.

About the organizations behind the report

The Esade Center for Social Impact

The Esade Center for Social Impact (ECSI) develops research with rigor, 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-organize development of social impact practice and theory and hence solve complex global challenges to regenerate the environment and reduce inequalities.

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

BBK

BBK's mission is to help build a prosperous, cohesive and sustainable Bizkaia. It strives to foster well-being and equal opportunity while preserving its founding commitment to responsible investment by supporting initiatives that generate driving forces in four areas aimed at achieving the SDGs: 1) Inclusion, equality and participation, 2) Culture, 3) Education, talent and entrepreneurship and 4) Environment and sustainable development.

The BBK banking foundation is shareholder of 57% of Kutxabank, and it also collaborates in promoting the territory's economy through the investment activity it undertakes with the companies in the surrounding area. Leveraging these two sources of income, it supports social projects aimed at generating sustainable social and economic value that benefit all the people of Bizkaia.

More information available at:
https://www.bbk.eus/

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