

From Measurement of Impact to Learning for Impact:

European Charitable Foundations'
Learning Journeys

Do Good. Do Better.



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Study supported by **BBK**

Table of Contents

Preface	06
Executive Summary	08
Introduction	22
Chapter 1	32
Setting the scene — the current status of impact management and charitable foundations in Europe compared to America	
Chapter 2	40
Key themes in the impact management learning journey roadmap	
Chapter 3	78
Case studies	
Conclusion and recommendations	114
Appendices	118
— 01 List of interviewees — 02 Terminologies	
Bibliography	120

Preface

Historically, **charitable foundations have been at the forefront of important social change and social movements.** Their role, in a time of increasing austerity and growing ‘wicked’ problems affecting the planet is ever more critical. And as with all institutions, both public and private, the level of transparency and accountability demanded by stakeholders and the general public is increasing. Yet, whilst foundations in general understand the need to become more focused and skilled **in understanding and communicating what change (impact) they are generating,** the task sometimes feels daunting and complicated.

There is a need for greater information-sharing as well as training to help charitable foundations better understand how their funding, investment and activities are affecting the communities it is their mission to serve. They, as well as the organizations they support, can constantly learn and improve. **Hopefully, this report,** which is a synthesis of existing research as well as a collection of new case studies and insights on impact management and charitable foundations, **will help others climb on board what we call a ‘learning journey’ towards better practice.**

Impact measurement is on every agenda.

It is increasingly common for organizations to spend time and resources measuring and communicating the social impact they generate in their activities. And no wonder. **Our society is ever more committed and demanding.** People increasingly choose to consume in a responsible manner and expect to know how an organization affects the environment in which it operates. As a result, it is necessary to evaluate and demonstrate contributions to society.

The **paradigm shift** is evident: it is evolving from a purely economic perspective **towards a holistic vision** that encompasses the financial performance of companies and organizations, and their social and environmental effects.

The importance of impact measurement goes beyond understanding, measuring, and communicating the social value of organizations. It is a key element in the responsible management of companies and organizations who seek to **maximize their impact** and understand the transformative effect generated. This involves understanding the measurement of impact as **a tool for learning and continuous improvement,** and which also helps define strategic objectives, decision-making, and accountability.

The **public administration** is aware of the importance of measuring impact and is integrating this approach into its management and public procurement. Even the European **regulatory framework** is evolving in the field of **non-financial transparency** by including environmental and social indicators in the annual reports of some companies.

Social impact is a trend that is here to stay.

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Executive Summary



About the report

The report fills a research gap by **addressing the challenges faced by foundations in developing impact management strategies**. By impact management we mean the systems, processes, culture, and capabilities related to social impact measurement. While there are frameworks that cover impact management in general, our research suggests that **the charitable foundation sector faces a distinct set of enabling factors, barriers, and priorities regarding impact management**.

To help close the current gap between theory and practice on impact management in the European foundation sector, we use a case study approach supplemented by an extensive literature review. **We describe how four leading European charitable foundations – the Calouste Gulbenkian Foundation (Portugal), the Esmée Fairbairn Foundation (UK), Impetus (UK) and Reach for Change (Sweden) – are navigating impact management**. We also include **The Rockefeller Foundation** in the research as an example of a pioneering American foundation in this field.

Figure 1: Overview of the participating foundations

[Source: Own analysis with information released by the foundations websites]

→

*** Note:**

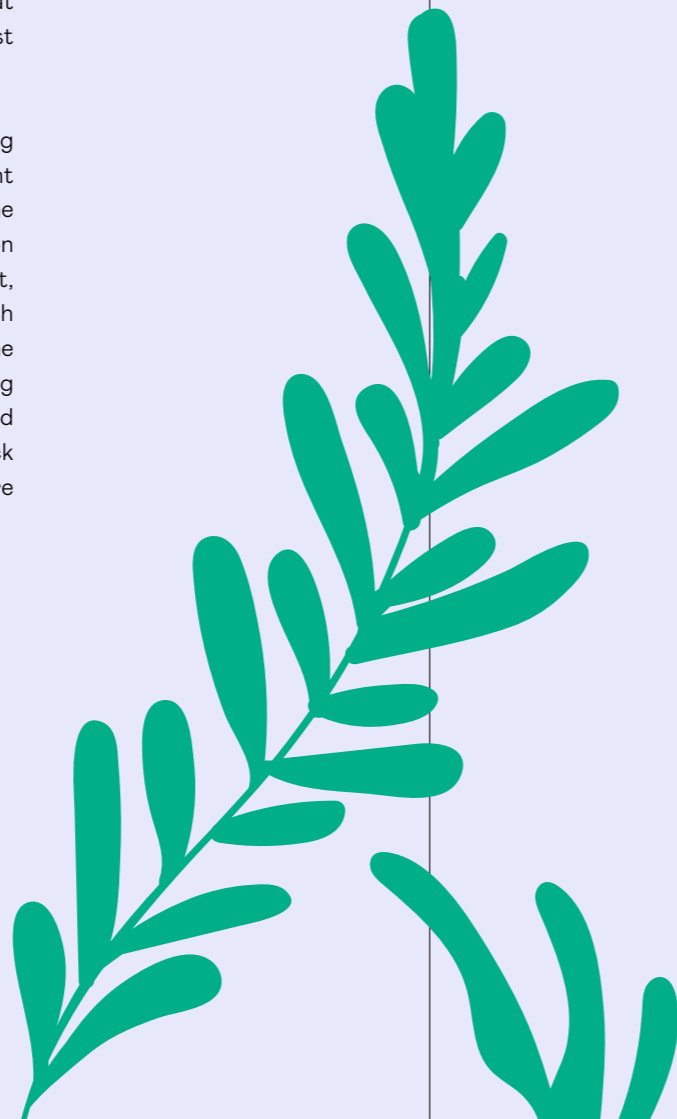
- Legacy foundations are founded by philanthropists and are influenced by the history of their founder
- Grantmaking foundations make charitable donations (grants) to organizations, institutions or individuals for charitable purposes
- Operating foundations manage their own charitable programs and activities

NAME OF THE FOUNDATION	SIZE (assets and annual grantmaking)	GEOGRAPHY	TYOLOGY OF FOUNDATION*	HISTORY OF THE FOUNDATION	SECTORS OF ACTIVITY
The Rockefeller Foundation	Assets of over \$4bn and annual grantmaking of over \$160mn	Offices in the United States, Italy, Kenya and Thailand	→ Legacy → Grantmaking	→ Set up in 1913 → Preserves same mission	→ Health → Food → Power → Jobs → Climate and Resilience → Innvation → Co-impact
Reach for Change	Assets of \$4.2mn and charitable cause spending of \$4.92mn in 2018	Swedish foundation with presence in 17 countries	→ Grantmaking	→ Co-created in 2010 by successful entrepreneurs in the non-profit and business sector	→ Children and young people
Calouste Gulbenkian Foundation	Assets of €2.8bn (among the biggest in Europe) and €65mn in activities (without management costs of €25mn) in 2018	Portugal, UK and France	→ Legacy → Grantmaking and Operating	→ Founded in 1955 by Calouste Sarkis Gulbenkian	→ Charity → Arts → Education → Science
Impetus	Assets of €8.9mn and annual grantmaking of €4.65mn in 2016	UK	→ Grantmaking	→ Founded in 2013 from the merger of two pioneering VP organizations: Impetus Trust and The Private Equity Foundation (PEF)	→ Education and employment for disadvantaged young people
Esmée Fairbairn Foundation	Assets of £996mn and annual grantmaking of £40.5mn in 2017	UK	→ Legacy → Grantmaking	→ Founded in 1961 by Ian Fairbairn	→ Arts → Children and young people → Environment → Food → Social change

Setting the scene: impact management and foundations in Europe versus America

The foundation sector's capacity for impact is increasing and the nature of its role in the complex process of social change is evolving as foundations begin to creatively leverage their financial and non-financial assets. The influx of new and performance-oriented actors from the business world, as well as a growing concern among foundations themselves that they use their power in an accountable manner by better listening to the organizations and beneficiaries they are supporting, is fostering **more attention to the issue of impact management**. Yet, there is some ambivalence as foundations struggle to balance a new performance management mindset with a desire to preserve what is valuable about a longer-term vision that understands social change as a complex process that may resist measurement.

In Europe, there are exciting and promising examples of grantmaking foundations that are relatively advanced in their impact management practice (these best practices are included as case studies in the report). There is thoughtful, innovative, and exemplary work on impact management found in the European foundation sector. Yet, Europe generally lags behind the American foundation sector, which has more intermediary supporting organizations focusing on the issue, a larger community of evaluation professionals, and a strong culture of transparency. The key trends in America revolve around the **acknowledgement of an important power shift**: handing back power to grantees and beneficiaries and including them as more active agents in impact management.



Key framework developed: impact management learning journey roadmap

As part of this study, we have developed an **impact management learning journey roadmap for charitable foundations**, as illustrated on the following page, to cover the key themes and sub-themes that foundations are advised to consider around impact management. We have framed this whole process **as a learning journey**. The roadmap is aimed to be a practical and useful tool for foundations, and it reflects **key insights from the research** – namely that:

- Developing and implementing impact management strategies is a long-term change management process that requires time, patience, and resilience.
- Foundations need to move beyond a compliance and risk management approach to see impact management as a learning opportunity for themselves, their grantees/investees, and the broader sector in general.
- A shift is required from technocratic and siloed approaches to an understanding of impact management as a holistic, foundation-wide issue that touches on key 'softer' themes such as organizational culture.

The roadmap covers five essential themes that foundations are advised to consider around impact management:

1. **Designing an impact management approach:** This covers the 'what', 'where', 'when', and 'how' of impact management including, for example, designing which tools are used, how impact data is collected and validated, and how stakeholders can be included in the process. These are the essential first steps in any impact management strategy by foundations.
2. **Resourcing and organizing for impact management:** This 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.
3. **Embedding impact management through organizational culture:** As the saying goes, 'culture eats strategy for breakfast', thus foundations need to pay special attention to carefully embedding their approach as part of the organizational structure, enabling the shift from a compliance and communications-oriented mindset, to one where learning and honest reflection are prioritized.
4. **Building internal and external capacity:** The European foundation sector needs to invest more in building internally, as well as among grantees, the necessary skills for implementing impact management.
5. **Collaborating, sharing knowledge, and being transparent:** There are encouraging signs of foundations pooling data, reducing the grantee reporting burden, and sharing insights and learnings. The data and technology wave could enable exciting opportunities for foundations to work together to improve impact management across the sector. The data and technology wave could enable exciting opportunities for foundations to work together to improve impact management across the sector.

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



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

04 Building internal and external capacity to manage impact

-  Building staff capacity
-  Building grantee capacity

Key findings from the impact management learning journey roadmap



Designing an impact management approach

01



Clarity of impact goals and purpose:

Impact management will fail without a clear strategy at foundation, programmatic, or project level. Most foundations included in this study have either considered or actively use the theory of change tool.



Moving from an audit to a learning mindset:

Foundations are changing their approach from evaluating projects to prove impact to creating opportunities for an honest and learning-oriented understanding of how the foundation, or its grants, have created change (being equally open to success as well as failure).



Engaging with stakeholders:

Foundations interviewed for this research are careful to ensure any impact management data collected by grantees/investees is something that the charities already gather or is very useful to them. This also means listening to grantees, encouraging direct feedback from them on the foundation and its impact management activities.



Determining level of impact:

Pioneering foundations are trying to understand their impact at a foundation-wide level, rather than simply at a programmatic or individual grant level. Most foundations admit that there is some way to go before they are comfortable with how they are capturing foundation-wide impact. Creativity is required here, particularly for foundations supporting diverse sectors where impact aggregation is difficult.



Choosing social impact measurement toolbox:

Foundations involved in this research each developed customized tools based on their specific needs. There is minimal standardization of frameworks or measurement indicators, even for foundations working in similar sector areas. American research points to an increasing emphasis on the use of conversations and site visits with grantees to better understand impact, rather than traditional impact reports produced by grantees.¹



Integrating grantmaking, venture philanthropy, and impact investment approaches:

Many American and European charitable foundations are experimenting with venture philanthropy and impact investing approaches. There is a strong, although recent, background of performance and impact management in these sectors that European foundations are adopting and sometimes trying to integrate with existing grantmaking practices.



Rigor, proportionality, and attribution:

While foundations are aware of issues affecting the social sector, in particular poor quality impact data, there is an increasing shift towards simplicity in impact management and the creation of light-touch approaches that enable foundations to become more data-driven, rather than instinct-driven, and which give them actionable data and insights.



Including a shared measurement agenda -across funders and sectors:

If foundations are working together on macro systems-level change, they are encouraged to adopt shared measurement approaches, and to jointly improve the level of impact data serving the whole sector.



Re-iterating, course-correcting, and growing in confidence:

Foundations included in this research emphasize the design and development of an impact management approach as an experimental and exploratory learning process that never ends.

Key findings from the impact management learning journey roadmap



02

Resourcing and organizing for impact management



Resourcing impact management:

While evaluation budgets are increasing in American and European foundations, financial and staff resources are still tight because this area has historically been under-resourced. In the US, evaluation spend is estimated in general at only 1% of overall grant spend, although larger foundations appear to be spending between 7.5-10% of total project costs on evaluation.² Impact management could be further prioritized and reflected in clear and expanded budgets, with impact-related responsibilities contained in organizational job descriptions.



Organizing for impact management:

Each foundation is developing its own unique organizational approach to impact management. There are no right or wrong answers, but foundations need to be aware of the changing skills required for impact management, beyond the technical. These skills involve a strong diversity and inclusion perspective, good listening skills, a collaboration approach with stakeholders requiring relationship-building internally and externally, and the ability to harness the data and technology wave.



Busting silos:

Some foundations are embracing the challenge of how to structure teams for more organization-wide impact management approaches. For charitable foundations using a range of financial tools (i.e. grantmaking, as well as investing), foundations are encouraged to create organizational structures, processes, training, and incentives to ensure fluid communication and learning exchange between grantmaking and impact/social investment within their foundations on impact management matters.

² Preskill, H., Mack, K. (2013). *Building a Strategic Learning and Evaluation System for your Organization*. FSG.

03

Embedding impact management through organizational culture



Organizational culture is one of the crucial and underestimated success factors for impact management as foundations often struggle to bring their staff and grantees on board with new approaches.

Ensuring that the Board and C-level lead the process:

Foundational leadership, as well as their boards, are key instigators and champions of impact management. For most foundations interviewed, stronger impact management has been explicitly initiated by the leadership. However, boards have also been 'weak spots' and often resist increasing budgets for impact teams and evaluations.



Spreading an impact mindset in the organization:

New impact management approaches are likely to encounter significant staff resistance. Foundations interviewed share ways of helping staff become more supportive, by including them in the design, keeping jargon to a minimum, and clearly showing how implementation of impact management means greater change in the organizations, and ultimately, the communities that foundations serve.



Moving toward a shared learning approach with grantees:

Pioneering charitable foundations no longer impose their priorities, but work with potential grantees and investees to negotiate priorities that work for all the partners.



Becoming a learning organization:

Beyond supportive leadership and an organizational culture that is aligned with learning, this requires clear structures and processes (for example, staff incentives related to learning goals and the inclusion of learning activities in job descriptions).

Key findings from the impact management learning journey roadmap



Building internal and external capacity to manage impact



Building staff capacity:

There is a significant skills and knowledge gap among foundation staff in terms of impact management, particularly on how to build the capacity of their grantees (which many program managers are responsible for doing). An overall impact manager or team at foundation level can help guide staff responsible for specific impact-related tasks. As the case studies illustrate, foundations have created resources and tools for their programmatic staff and training sessions to support them. However, they acknowledge that there is wide variability among staff in terms of their skills in this area and much more could be done. A key area for reflection is how impact 'experts' within foundations can be leveraged to ensure ownership and accountability for impact at the program level, but with sufficient upskilling of staff so that they can implement approaches.



Building grantee capacity:

The majority of grantees do not currently have the proper financial and non-financial resources to successfully manage their impact.

Foundations interviewed are experimenting with different approaches to help their grantees, either by working with them intensively on their impact, or by offering financial support for evaluations and internal capacity-building around impact management. The venture philanthropy approach and experience can help foundations orientate themselves in this field. Grantee capacity-building must be a key area of focus for the European foundation sector, although prior research suggests that some foundations are moving away from such approaches due to the reaction of their grantees, and/or a feeling that they are not delivering sufficient value.

04

Collaborating, sharing knowledge and being transparent to support impact management



Developing joint initiatives:

There are best practice examples of charitable foundations coming together, for example to reduce the grantee reporting burden, to build grantee capacity around impact management or to create shared measurement approaches, however these are generally exceptions rather than the norm.



Engaging in honest and frequent sectoral exchange:

About programmatic successes and failures, what works and does not work.



Leveraging data and technology:

There is significant expectation that data and technology will be a game changer for impact management, but limited evidence of this currently. At a minimum, platforms for sharing data are encouraging collaboration and knowledge-sharing among foundations.

05

Conclusion and recommendations

In this report, there are some very strong best practice examples from European charitable foundations that are on the impact management learning journey (the **Calouste Gulbenkian Foundation**, the **Esmée Fairbairn Foundation**, **Impetus**, and **Reach for Change**). Each of these foundations has experienced its share of challenges and frustrations, but overall, they have made great strides towards a better understanding of impact.

There is a question as to whether the majority of foundations across Europe are interested and ready to experiment in similar ways with impact management. We believe that it is important that they do so in their own way by learning from the examples here (as well as from other examples). It will be very healthy if European foundations start to take a positive, but critical, look at where they are and where they need to go in terms of managing their impact, and to work together in creative ways to benefit society and learn from their individual and collective efforts. Most importantly, even if charitable foundations are not convinced by a more structured impact management approach, there could be much more dialogue, debate, and exchange on the topic.

To help the European foundation sector become more knowledgeable about impact management, there needs to be significant awareness-raising activity for the sector at a European and at a national level. Organizations, as well as the development of a stronger community of practice. Since awareness is the first step on the road to change, we believe that this research can help **European foundations develop an overview to navigate this complex terrain**. Taking that first step is essential, and then the process unfolds in distinct ways for each foundation. The key is for impact management to be conceived as a learning process, and that the importance of the softer aspects of change are considered and adequately handled (such as culture, processes, and capabilities).



Introduction

Objectives

This report aims to be a useful starting point for European charitable foundations who are in the early years of actively managing their impact. In other words, those who are starting to **develop a stronger understanding of the social impact they are generating and want to move to the next level**. Through this research, we aim to raise awareness about the key themes within impact management for charitable foundations (such as the systems, processes, culture, and capabilities related to social impact measurement).

Our objective is to frame the debate, to focus on why charitable foundations need to develop stronger impact management approaches, illustrate the options available, and enable an understanding of how to implement these options.

Why is this research needed? While there is a large body of literature about impact and the social sector in general, we aim to fill a gap through:

1. **An exclusive focus on charitable foundations**, as important social sector players with specific needs and distinct characteristics related to impact management.
2. **A synthesis of the literature** providing a general overview of key themes.
3. **An illustration of these key themes through helpful and honest case studies** of how different European foundations have designed and implemented impact management approaches.
4. **An emphasis on practice rather than theory**: the report's vision is to make more alive what can be conceptually appealing (but practically daunting) about managing impact in the foundation sector.

This report provides insights on the broad ingredients required for charitable foundations to develop their own unique recipe for impact management. We describe this as a learning journey, since impact management within charitable foundations is a long-term change management process, often accompanied by significant internal and external barriers and challenges.

Methodology

The chart below illustrates the timing and methodology of the research project which we expand on in more detail below:

Step 1: Literature Review

April 2019

- Synthesis of major US and European publications and articles on impact management (academic and grey literature).

Step 2: Primary Research

May | June 2019

- Qualitative interviews with participating foundations: **Calouste Gulbenkian Foundation** (Portugal), **Esmée Fairbairn Foundation** (UK), **Impetus** (UK), **Reach for Change** (Sweden) and **Rockefeller Foundation** (US).
- Supported by secondary research on each foundation.
- Webinar with participating foundations to discuss emerging findings.

Step 3: Synthesis and Findings Review

July | August | September 2019

- Draft report shared.
- Webinar with participating foundations to discuss emerging findings.

Step 1

Literature Review

April 2019

The Esade team conducted an in-depth literature review as outlined in the bibliography to understand the major trends in how charitable foundations are managing impact. The key research questions framing this broad literature review were:

What is the history and current context of how foundations have measured and managed their impact?

What are the key emerging trends in impact management practice in different geographies?

Who are the pioneers and innovators and what are the best practices?

Step 2

Primary Research

May | June 2019

To enrich the literature review, Esade contacted a small group of foundations to participate in the in-depth case study research. The table on the next page describes the various participating foundations. Since the literature on the impact management of European foundations falls far short of the publicly available information on American foundations, we decided to focus our case studies on European foundations. We included a pioneering American foundation as a reference and guide.

We explored in a qualitative manner how impact management is evolving in practice in some of the more advanced European foundations. In addition to secondary research, and a review of relevant documents sent by these foundations, we conducted one-hour, semi-structured qualitative interviews with one or more employees involved in impact management at the foundations. Please see the list of interviewees in Appendix 1. The semi-structured interviews covered a series of topics including:




1. Perspective on how the foundation sector is developing in terms of impact management.

2. Detailed understanding of the current impact management approach of the foundations.

3. Learning journey of the foundations regarding impact management.

We also held a webinar to introduce the participating foundations to each other and have a high-level discussion of the key trends in how charitable foundations are managing their impact.

Figure 3. Overview of the participating foundations [Source: Own analysis with information released by the foundations websites]:

Name of the foundation	Size (assets and annual grantmaking)	Geography	Typology of foundation	History of the foundation	Sectors of activity
 The ROCKEFELLER FOUNDATION	Assets of over \$4bn and annual grantmaking of over \$160mn	Offices in the United States, Italy, Kenya and Thailand	→ Legacy → Grantmaking	→ Set up in 1913 → Preserves same mission	→ Health → Food → Power → Jobs → Climate and Resilience → Innovation → Co-impact
 Reach for Change	Assets of \$4.2mn and charitable cause spending of \$4.92mn in 2018	Swedish foundation with presence in 17 countries	→ Grantmaking	→ Co-created in 2010 by successful entrepreneurs in the non-profit and business sector	→ Children and young people
 FUNDAÇÃO CALOUSTE GULBENKIAN	Assets of €2.8bn (among the biggest in Europe) and €65mn in activities (without management costs of €25mn) in 2018	Portugal, UK and France	→ Legacy → Grantmaking and Operating	→ Founded in 1955 by Calouste Sarkis Gulbenkian	→ Charity → Arts → Education → Science
 Impetus	Assets of €8.9mn and annual grantmaking of €4.65mn in 2016	UK	→ Grantmaking	→ Founded in 2013 from the merger of two pioneering VP organizations: Impetus Trust and The Private Equity Foundation (PEF)	→ Education and employment for disadvantaged young people
 ef Esmée Fairbairn FOUNDATION	Assets of £996mn and annual grantmaking of £40.5mn in 2017	UK	→ Legacy → Grantmaking	→ Founded in 1961 by Ian Fairbairn	→ Arts → Children and young people → Environment → Food → Social change

Step 3

Synthesis and Findings Review

July | August | September 2019

We produced a first draft of the report and shared it with various actors, including the participating foundations. We held a further webinar to refine and review the emerging findings.

The case study approach has allowed us to look at a more granular level at the specific practice and experience of foundations, focusing on the **key idea of a learning journey towards improving impact management**. We carefully chose the participating foundations to represent the diversity of European foundations, and to provide different perspectives and approaches.



Key report framework

— Impact management learning journey roadmap

During this research project, the Esade team developed a thematic roadmap to help foundations navigate the range of issues they should reflect on when considering impact management. It builds on other impact management frameworks, and does not intend to reinvent the wheel. However, it offers a differentiated perspective by:

- Explicitly rooting the concept of impact management as a learning journey.
- Including a strong change management component to help close the gap between theory and practice.
- Speaking to the particular challenges of the foundation sector, such as the weight of legacy in a foundation's culture and the need to potentially build grantee capacity in impact management.

There are five themes covered in the impact management learning journey roadmap and it is discussed in more detail in Chapter 2 of the report.

Impact Management Learning Journey

01

DESIGNING AN IMPACT MANAGEMENT APPROACH:

This covers the 'what', 'where', 'when', and 'how' of impact management including, for example, designing which tools are used, how impact data is 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.

02

RESOURCING AND ORGANIZING FOR IMPACT MANAGEMENT:

This 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.

03

EMBEDDING IMPACT MANAGEMENT THROUGH ORGANIZATIONAL CULTURE:

As the saying goes, 'culture eats strategy for breakfast', thus foundations need to pay special attention to carefully embedding their approach as part of the organizational structure, enabling the shift from a compliance and communications-oriented mindset, to one where learning and honest reflection are prioritized.

04

BUILDING INTERNAL AND EXTERNAL CAPACITY:

The European foundation sector needs to invest more in building internally, as well as among grantees, the necessary skills for implementing impact management.

05

COLLABORATING, SHARING KNOWLEDGE, AND BEING TRANSPARENT:

There are encouraging signs of foundations pooling data, reducing the grantee reporting burden, and sharing insights and learnings. The data and technology wave could enable exciting opportunities for foundations to work together to improve impact management across the sector.

Many foundations get stuck on the first theme, which is the design of their impact management approach, and **do not pay enough attention to all of the surrounding capabilities and environments required to make sure this design fulfils its potential.** This new map **underlines the importance of these other softer enabling factors to help foundations avoid the common scenario of a technocratic impact management solution that fails to gain traction internally or externally.**

There are several existing important frameworks on impact management which we have drawn inspiration from in this report, notably:

- **EVPA five-step framework on impact management**, developed by Dr. Lisa Hehenberger, who has co-authored this report, at the EVPA. This framework aims to distil best practice from the vast number of methodologies and other frameworks to facilitate the work of impact measurement and management in venture philanthropy and impact investing.³
- **Impact Management Project (IMP)**: a forum for building a global consensus on how to measure, compare, and report ESG -Environmental, Social and Governance- risks and positive impacts, convening a practitioner community of over 2,000 organizations to debate and find consensus (norms) on technical topics, as well as sharing best practices. The IMP reached consensus that impact can be deconstructed into five dimensions: what, who, how much, contribution, and risk (with a set of impact questions each dimension seeks to answer).⁴

³ Hehenberger, L., Harling, A.M., & Scholten, P. (2015). *Measuring and Managing Impact-A Practical Guide*. EVPA

⁴ Impact Management Project. (n.d.). *What is impact?* Retrieved from: <https://impactmanagementproject.com/impact-management/what-is-impact/>

Overview of report structure

The **first chapter of the report** provides a short overview of what impact management is for charitable foundations, why it is becoming increasingly important, and the current situation and trends in America compared to Europe.

The **second chapter** illustrates and describes the key aspects of the impact management learning journey roadmap – synthesizing the literature review, as well as the qualitative case study interviews with participating European foundations.

The **third chapter** contains detailed individual case studies about the impact management of four best practice European foundations: the **Calouste Gulbenkian Foundation** (Portugal), the **Esmée Fairbairn Foundation** (UK), **Impetus** (UK) and **Reach for Change** (Sweden).



Chapter 1

Setting the scene

– the current status of impact management and charitable foundations in Europe compared to America

1 | 01. What is impact management for charitable foundations?

Impact management includes the systems, processes, culture, and capabilities of social impact measurement in a given organization. It aims to move away from a bean-counting approach and towards social impact measurement (normally after the event and on a project-by-project basis, with an emphasis on proving rather than learning from impact), to the concept of impact management as a holistic, organization-wide strategic process that feeds into decision-making and learning. The definition of impact that we use in this report is, 'a change in positive or negative outcome for people or the planet'.⁵

The concept of impact management builds on existing fields, such as that of monitoring and evaluation (recognized broadly in the social sector today) which has now been widened in America to incorporate the concept of learning (known as MEL – monitoring, evaluation and learning). What is innovative about impact management is the emphasis on a more dynamic and organization-wide attempt to determine impact, with an emphasis on the 'how' and 'for what purpose' as well as the 'what'. (Please see Appendix 2 for a more detailed description of terminology used in this report).

It is an approach for charitable foundations to investigate (and be held accountable) for how well they are doing in terms of the financial and non-financial support they provide, so that they can learn and improve. It covers not only the management of their own impact, but how they help those they fund and support to build capacity to do the same. Impact, then, is at the very heart

and the *raison d'être* for what foundations do and why they exist. It is a cross-cutting issue which goes beyond functions and programmatic areas and touches on every part of the organization.

While understanding impact seems to make intuitive and implicit sense, the foundation sector has wrestled with the concept of 'impact', and whether their impact can be properly measured. Given that many foundations are involved in different sector areas with diverse financial tools, the foundation sector is still wondering whether it is possible or desirable to attempt to understand overall impact at a foundation-wide level.

Moreover, there is a sense that there is something valuable to be preserved about an approach that does not become overly performance-oriented or numbers-focused. In a world of complex and long-term social change, impact management driven by a private sector mindset might have unintended consequences, favoring projects and organizations which can be easily measured for example. Foundations have often supported the unpopular, the risky and/or the marginal, and impact management principles for foundations based on performance management approaches must be balanced against the different time-frames for impact that many foundations use, and must not over-simplify the complex and subtle process of social change that many foundations are engaged in.

⁵ Impact Management Project. (n.d.). *What is impact?* Retrieved from: <https://impactmanagementproject.com/impact-management/what-is-impact/>

1 | 02. Why impact management for charitable foundations?

The foundation sector is growing and plays an important role in addressing social and environmental challenges

Philanthropy is on the rise globally, with European foundations spending nearly €60 billion in 2015⁶ and American foundations spending \$75.86 billion in 2018.⁷ There are more than 147,000 charitable foundations in the 24 European nations that the Donors and Foundations Networks of Europe (DAFNE) represents. The number of foundations has increased rapidly over the last few years, with European foundations primarily characterized by their youth. While philanthropic spend is a small percentage of overall spending on social and environmental issues (for example, charitable foundations in the UK spent £6.5bn in 2018 versus £780bn by the government),⁸ **the foundation sector arguably has a very powerful and catalytic role. It can support more innovative and untested approaches which can later be adopted by the public sector**, or it can even help to scale up innovations which the public sector has not been able to mainstream. Foundations can spend in areas where the public sector has been reduced due to spending cuts or declining activity.

In recent years, many charitable foundations have started to express a different vision of their role, and therefore, their potential impact. Their key advantage may not be financial resources, but rather attributes such as independence, a long-term view, flexibility, and the ability to convene and collaborate.⁹ The ability of foundations to influence other public, private, and philanthropic actors is increasing. Moreover, as foundations become more willing to operate on a level of entire systems (for example youth unemployment or refugee integration), the impact they can achieve goes far beyond the specific or aggregate impact of their individual projects or grants.

With shrinking public spending on key issues, the need to double down on achieving key environmental and social targets (such as the Sustainable Development Goals), impact management becomes increasingly important. Foundations can play a key, catalytic role which is differentiated from other public and private actors. Coupled with this growing sense of urgency around social and environmental challenges, foundations are also aiming to become more accountable (and some more transparent), not just to their founders' vision (if there is a founder) or to their boards and missions, but to the general public.

There is some anxiety and uncertainty among European foundations about their legitimacy: without membership, or votes, or consumers, what gives the foundation the right to act and decide on the public good? If they are asked to deploy assets such as brand, reputation, and access to networks to drive impact, the question arises about on whose behalf are they acting?¹¹ **Impact management thus becomes a way to access and respond to these deeper questions about foundational legitimacy, accountability, and power.** As Luís de Melo Jerónimo from the Calouste Gulbenkian Foundation puts it, *"we are in quite a privileged position. There is a need for humility."*¹²

"The critical value of the foundation of the future may be in the ability to step back and help the various stakeholders who work on an issue to see their challenges in the overall context, lift up potential new opportunities, and then deploy various kinds of capital (including, but not limited to, money) to help those stakeholders work toward change"¹⁰

Being the Change: 12 Ways Foundations Are Transforming Themselves to Transform their Impact.
Written by Stevenson, A., Bockstette, V., Seneviratne, A., Cain, M., Foster, T., FSG, 2018.

New trends and players in philanthropy

The philanthropic trends of catalytic and strategic philanthropy have highlighted the requirement for stronger impact management among foundations. Catalytic philanthropy is described as an approach practiced by funders to create transformative change beyond writing a check (such as leveraging their voice, community relationships, and convening and capacity building to drive social change).¹³ Strategic philanthropy has prioritized the commitment of foundations to clear goals, data-driven strategies, heightened accountability, and rigorous evaluations. These philanthropic trends have accentuated the need for data driven decision-making, as well as strategic learning being at the forefront of impact management thinking and methods.¹⁴

Moreover, the entrance of what can be described as 'market-oriented' actors, such as impact investors and social enterprises, is creating another disruption to traditional social sector evaluation approaches.¹⁵ For example, social impact bonds or public-private partnerships are creating new and different types of social impact measurement approaches, which are influencing and being influenced by more general grantmaking perspectives. In addition, many people are entering the social sector from other fields (such as technology and venture capital), where performance management and measuring results are expected.

The newer 'learning' frame influencing foundations' impact management

Interviewees stressed that **impact management is about learning, and that this is the key reason for designing and implementing an impact management approach.** This new frame is a bold move away from *post-mortem* project evaluations to a light-touch and flexible way of making data-driven decisions about interventions. It encompasses not just successes, but also failures (traditionally impact was always considered positive) and it tries to incorporate the element of risk.

⁶ McGill, L.T. (2016). *Number of Registered Public Benefit Foundations in Europe Exceeds 147,000*. Foundation Center.

⁷ Giving USA. (2019). *Giving USA 2019: Americans gave \$427.71 billion to charity in 2018 amid complex year for charity giving*. Retrieved from: <https://givingusa.org/giving-usa-2019-americans-gave-427-71-billion-to-charity-in-2018-amid-complex-year-for-charitable-giving/>

⁸ Pharoah, C., Walker, C., & Hutchins, E. (2018). *Foundation Giving Trends 2018*. ACF.

⁹ Teacher, S. (2016). *The Theory of the Foundation European Initiative 2016 Report*. Rockefeller Philanthropy Advisors and LSE Marshall Institute for Philanthropy and Social Entrepreneurship.

¹⁰ Stevenson, A., Bockstette, V., Seneviratne, A., Cain, M., & Foster, T. (2018). *Being the Change: 12 Ways Foundations are Transforming Themselves to Transform Their Impact*. FSG.

¹¹ Teacher, S. (2016). *The Theory of the Foundation European Initiative 2016 Report*. Rockefeller Philanthropy Advisors and LSE Marshall Institute for Philanthropy and Social Entrepreneurship.

¹² de Melo Jerónimo, L. & Palmares, F. (2019). Personal interview.

¹³ FSG. (November 4th, 2015). *What is Catalytic Philanthropy?* Retrieved from: <https://www.fsg.org/blog/what-catalytic-philanthropy>

¹⁴ Picciotto, R. (2015). *The 5th Wave: Social Impact Evaluation*. The Rockefeller Foundation Evaluation Office.

¹⁵ Picciotto, R. (2015). *The 5th Wave: Social Impact Evaluation*. The Rockefeller Foundation Evaluation Office.

¹⁶ de Melo Jerónimo, L. & Palmares, F. (2019). Personal interview.

1 | 03.

The state of impact management by charitable foundations in Europe and America

American foundations:
Strong intermediaries and supporting structure

There is a strong evaluation community within the American foundation sector which is pushing the envelope and striving to continuously improve. This is supported by intermediary support organizations such as:

**Grantmakers for Effective Organizations:**

A movement of over 7,000 grantmakers who connect and work together to support a more effective non-profit sector.

**CEP -The Center for Effective Philanthropy:-**

A non-profit organization focused on the development of comparative data to enable better philanthropic performances.

These organizations routinely survey and publish their findings about the state of monitoring, learning, and evaluation (MEL) practices in the American foundation community¹⁷ and offer training. In addition, Leap of Reason is a global emerging community of practice around performance management in the non-profit sector.

American foundations are relatively transparent about their impact management practices and tend to ask some quite difficult questions about the impact they are currently achieving. For example, the Lucile Packard Foundation commissioned and published an external evaluation of its own evaluation practices – an example of a foundation tasting its own medicine.¹⁸ In the US, it is acknowledged that there is still a lot of road to travel widespread and excellent impact management practices in the foundation sector.

¹⁷ For example: Buteau, E., Glickman, J. (2018). *Understanding and Sharing What Works: The State of Foundation Practice*. CEP; Buteau, E., Glickman, J., Loh, C., Coffman, J., & Beer, T. (2016). *Benchmarking Evaluation Practices: 2015 Benchmarking Data*. CEP and CEI; and Buteau, E., Loh, C., & Ilegbusi, T. (2018). *Strengthening Grantees: Foundation and Nonprofit Perspectives*. CEP and CEI.

¹⁸ Nsimbi, A., Orians, C., Beyers, J., Howlett, M., & Stachowiak, S. (2019). *MEL Practice at the David and Lucile Packard Foundation: Evaluation in Support of Moving to Good to Great*. David and Lucile Packard Foundation and ORS Impact.

¹⁹ Milway, K.S. (2019). *What Social Sector Leaders Think About Feedback*. SSIR.

²⁰ As an example, The Annie E. Casey Foundation, through its Leaders in Equitable Evaluation and Diversity (LEEAD) initiative, is strengthening the pipeline of historically underrepresented minority evaluators by priming them to be leaders in evaluation.

²¹ Kania, J., Kramer, M., & Senge, P. (n.d.). *The Water of Systems Change*. FSG. Retrieved from: https://www.fsg.org/publications/water_of_systems_change

American foundations:
Key impact management trends

The American foundation field is currently focused on some of the following trends (which are also present across the European sector although not as widely), which will be further explored in this report:

→ **Impact management as a dynamic decision-making tool:**

The usefulness of impact data is key – it must help decision-making. Rigor needs to be balanced with practicality, relevance, and responsiveness. Funders are attempting to work with grantees on reporting that informs grantee decision-making, with priority given to information needed by grantees to best serve their constituents.

→ **Changing the power dynamics and putting grantees/investees back in the driving seat:**

American foundation leaders are increasingly aware of the fundamental power imbalances within a funding relationship, especially where impact management is concerned. The key question is who gets to benefit from and control the data that is collected and how it is used. There is a strong emphasis on partnering and working with grantee organizations, empowering grantees (and their beneficiaries) to determine the impact data that will be most useful to them. Impact management must be for the benefit of grantees and the communities they serve, rather than for the benefit of foundations.

→ **Accountability and listening to communities and end beneficiaries:**

While many foundations and non-profits would like to collect feedback from those they serve, very few actually do so. In an Stanford Social Innovation Review (SSIR) survey of nearly 2,000 leaders of non-profits, charities, and other organizations, some 88% prioritized gathering client feedback, and only 13% felt that they had turned these aspirations into reality with many saying such attempts were too complicated or too costly.¹⁹ Foundations can be distant from the beneficiaries whose lives they are trying to improve.

→ **Using data and technology:**

This is seen as a major opportunity for impact management over the forthcoming years. Real-time data can be used to continuously inform decision-making at a project and/or program level. Technology is enabling different types of data on bigger scales, helping to gain new insights, or spot patterns. Advances in systems to capture, manage, and share sensitive data are helping organizations that want to work collaboratively, while moves towards open data are providing access to data that can be linked to generate even greater insight. However, the use of data is currently uneven and few datasets are shared.

→ **Ensuring diversity, equity, and inclusion:**

This is, for example, about collecting disaggregated data with the effects of an intervention for different groups of constituents, developing staff capacities in this field, and ensuring that the evaluation community represents the diversity of the communities being served. The impact management process needs to be managed in a way that is culturally sensitive, and alive to different perspectives based on race, gender, sexuality, etc.²⁰

→ **Understanding how to manage impact when engaged in systems change approaches:**

Systems change has become a key buzzword in philanthropic circles in the last decade. According to FSG, “*systems change is about advancing equity by shifting the conditions that hold a problem in place*”. From an impact management perspective, engaging in systems change means adapting to additional complexity, as impact can become more diffuse and harder to pin down and attribute. Impact becomes more about collective impact, rather than the impact of one actor within the system.²¹

European foundations — Is change coming?

There is a general lack of data about how European charitable foundations are approaching impact management, and there is a clear need for more quantitative and qualitative research to better understand the situation. A study where over 30 foundations were interviewed in Europe reported that while creating impact was a core ambition for many of the foundations, practical execution was not consistent with this ambition. Foundations were measuring impacts at grant or project level, but only a few were attempting to measure programmatic or foundation-wide impact.²² We heard during this research that **while everyone is talking about impact management, few foundations or grantees know how to do it.** This is quite a startling comment considering the abundance of information on impact measurement tools and practices, and the streams of reports generated by grantees. However, this comment **illustrates the gap between theory and practice.**

There is data for specific European countries that illustrates that evaluating projects (a step before a more holistic impact management approach) is considered to be a challenge. In France, 34% of foundations stated that they had difficulties evaluating their projects or programs.²³ In Belgium, 25% of

charitable foundations identified the evaluation of programs and projects they support as one of the three major difficulties they face. It appears that in some countries, many foundations are not measuring impact at all. For example, half of Belgian foundations only ask for financial reporting to prove the good use of resources (rather than social impact reporting).²⁴

On a positive note, interviewees for this research agreed that there has been significant progress in the impact field over the last five years in Europe. In particular, **there is greater awareness about the issue of impact management both among grantees and foundations.** The interviewees for this research are **best practice examples of foundations that are strongly engaging with this impact mindset shift.** However, it is clear that many individuals who are at the forefront of attempting to embed a stronger 'impact' culture feel frustrated by the slow pace of change. One interviewee mentioned that in general, most organizations *"do not know what impact is or how to manage it"*. Moreover, it seems that outside of the Anglo-Saxon world, impact management is not being widely operationalized. This is not a surprise, as it is a daunting and long-term change management process.

"One of our fundamental principles is that it is one thing to raise awareness of impact management but implementing it is hard"²⁵

Sherine Mahmoud,
Investment Director
at Impetus

²² Teacher, S. (2016). *The Theory of the Foundation European Initiative 2016 Report*. Rockefeller Philanthropy Advisors and LSE Marshall Institute for Philanthropy and Social Entrepreneurship.

²³ L'Observatoire de la Fondation de France. (2015). *Les fonds et les fondations en France de 2001 à 2014*. 1852 foundations were analyzed

²⁴ Mernier, A., Xhaufclair, V. (2017). *Les fondations en Belgique*. Fédération Belge des Fondations Philanthropiques. 227 foundations were surveyed (40% private foundations and 60% public utility foundations).

²⁵ Paulson, E. & Mahmoud, S. (2019). Personal interview.

Chapter 1

Key take-aways

- **Impact is at the very heart of what foundations do** and their *raison d'être*.
- **The role of foundations is changing** – they are becoming conveners, catalysts, and influencers, who collaborate with public, private, and other philanthropic players to create impact. **Their potential for impact is now greater, but it is harder to measure and manage.**
- The foundation sector's financial and non-financial resources are increasingly precious in an age of government funding cuts and growing social and environmental challenges. Coupled with a more significant emphasis on accountability and stakeholder engagement, as well as the example and influence of new players advocating a greater performance management mindset, **an ability to manage and articulate impact is becoming an essential string in a foundation's bow.**
- **Many European foundations have not begun the impact management learning journey. Particularly for foundations that are still distributing multiple short-term grants, measuring and understanding impact is challenging and limited. For foundations that are exploring different types of philanthropic models (such as venture philanthropy or core funding), an impact management approach may be more intuitive. In recent years, there has been significant progress in raising awareness of impact management, but less so in its implementation.** While there seems to be some will and commitment within the foundation sector, and an acknowledgement of impact management as a challenge, the pace of change is slow.
- **Impact management can be re-imagined as an organization-wide learning journey, as well as a culture change process, rather than a technocratic performance management issue.**
- **The American foundation sector is more advanced in impact management practices.** It is led by strong supporting intermediary organizations, a more developed professional evaluation community, as well as a culture of greater transparency and collaboration among foundations.
- The major American trends in impact management practice include **the acknowledgement of an important power shift:** recognizing and listening to grantees and beneficiaries and handing power back to them as active agents. **Impact management is becoming an opportunity for a shared learning experience with grantees rather than a top-down compliance-oriented, risk management or communications tool for foundations.**

Key recommendations

— for the foundation sector

Commissioning further research to understand:

- The current state of impact management in Europe (quantitative and qualitative research).
- Key barriers (either by type of foundation or by country) to close the gap between theory and practice in Europe.

Awareness-raising and community building around impact management within the European foundation sector:

- Raising awareness among European charitable foundations about impact management.
- Strengthening European charitable foundations' collaborations/communities to share peer learning on impact management.

Reframing the language and discourse around impact management:

- Encouraging the idea of a learning journey.
- Reducing expectations by communicating that this will be a long-term, step-by-step change management process, which may take time to bear fruit.

Chapter 2

Key themes – in the Impact Management Learning Journey Roadmap

There are five themes covered in the Impact Management Learning Journey Roadmap and discussed in detail in this report.



01 | Designing an impact management approach

02 03 04 05

2 | 01. Designing an impact management approach

“With performance management, the journey never ends. Given our resources each year, we continue to build elements”²⁶

Elisabeth Paulson,
Portfolio Director
at Impetus

The first theme in the report’s map for charitable foundations is ‘*Designing an impact management approach*’. This outlines the basic process that each foundation needs to go through to develop the ‘what’, ‘where’, ‘when’, and ‘how’ of its individual impact management recipe. This ‘design’ element is at the core of the whole impact management process and should be considered as the vital first step.

It is likely that there will be a moment in time when an attempt is made to amend and/or improve an existing impact management approach, even perhaps to set up an entirely new one. In a best-case scenario, foundations can use this moment to become more systematic, coordinated, and intentional about what to monitor and evaluate – as well as when and with whom. Perhaps this is due to the hiring of an impact-related staff member, the arrival of a new chief executive who questions what the foundation has been funding and what difference it is making, or the launch of a different program or funding strategy. There can be many triggers for

foundations to go back to the drawing Board on impact management. Rarely do foundations get the chance to start from a blank slate. But there are examples when foundations have made radical strategic decisions driven by a stronger and more determined push to understand their impact (such as that explained on the next page for the charity **Impetus**).

How do foundations develop an impact management approach? Interviewees in this study spoke about learning from what others do, as well as extensive consultation internally and externally. The creation and then unfolding of an impact management approach is a constantly iterative process, where foundations develop, test, or pilot one or many different approaches (for projects, programs, or at the entire foundation level) and then alter this as they receive feedback from their stakeholders (such as grantees, staff, and boards) and put it into practice. Once again, the metaphor of a learning journey is useful here.

²⁶ Paulson, E. & Mahmoud, S. (2019). Personal interview.

Clarity of impact goals and purpose

Whether the foundation is trying to create an organization-wide impact management approach, or one for a specific program area or project, being crystal clear on goals and strategy is considered crucial for developing the right impact management approach. Once the difference the foundation wants to make is agreed, the impact framework, measures, indicators, resources, and process emerge more easily. Indeed, impact management is intimately connected with the strategy of the organization, project, or program.

Getting to this strategic clarity can take some time, but it is aided by widely used tools in the philanthropic sector such as the 'theory of change'. This shows the organization's path from needs to outcomes to impact. It describes the change that the funder wants to make, and the steps involved in making change happen. There are specific guides to help both charities and funders develop a theory of change.²⁷

I Impetus

The charity **Impetus** went through a major theory of change process about five years ago that radically reset the organization on a new path. Shortly before the merger with the Private Equity Foundation in 2014, **Impetus** used the approach to clarify what it wanted to achieve, facilitated by David Hunter, the former Director of Assessment for the Edna McConnell Clark Foundation. Inspired by this work, **Impetus** decided to commit to an impact-led strategy that required several fundamental changes to its model. It would concentrate exclusively on education and employment for young people from disadvantaged backgrounds in the UK (previously, it had worked on many different social issues and geographies, and did not have a deep understanding or expertise in the sectors where its partners worked). In addition, it would aim for grantees to achieve meaningful and measurable results before they scaled. This required the development of a whole new support model for its charities. Elisabeth Paulson, Portfolio Director at **Impetus**, commented that this new focus was a brave new world, with a seismic shift required for the team to become experts on this issue over time. For Sherine Mahmoud, Investment Director at **Impetus**, the theory of change developed at **Impetus** five years ago still works well because the model is long term and it takes time to see the outcomes.²⁸

“Impact management depends on why you are measuring impact and the purpose”²⁹

Luís de Melo Jerónimo,
Director of the Cohesion
and Social Integration
Program at the Calouste
Gulbenkian Foundation

²⁷ Harries, E., Hodgson, L., & Noble, K. (2014). *Creating your Theory of Change: NPC's Practical Guide*. NPC; Plimmer, D., & Kail, A. (2014). *Theory of Change for Funders: Planning to Make a Difference*. NPC.

²⁸ Paulson, E. & Mahmoud, S. (2019). Personal interview.

²⁹ de Melo Jerónimo, L. & Palmares, F. (2019). Personal interview.

Moving from an audit to a learning approach

There is a strong consensus among interviewees that impact management must serve a learning purpose and the foundation needs to ask itself what it wants to learn as a pre-requisite to designing what impact data it is going to collect and when. Impact measurement should be undertaken in a spirit of inquiry with strong learning objectives. **The shift can be described as from measurement of impact to measurement for impact.**³⁰

³⁰ Paulson, E. & Mahmoud, S. (2019). Personal interview.

³¹ Crane, G. (2019). Personal interview.



Esmée Fairbairn Foundation and its learning mindset³¹

The **Esmée Fairbairn Foundation**, founded in 1961, is one of the largest independent grantmakers in the UK, aiming to improve the quality of life for people and communities in the UK now and in the future.

- Gina Crane is Head of Communications and Learning and her team has four members. Rather than talking about impact management, Gina prefers to talk about learning and *“the difference the foundation is making at the portfolio level (through its grants and social investments), as well as how they work and with whom they work”*.
- She is responsible for the **Esmée Fairbairn Foundation's learning system** and the way data and learnings are communicated. The funding team is responsible for assessing outcomes at the grantee level, and part of their job is to learn through conversations with their grantees. Learning, knowledge, and reflection are built into the funding team roles.
- For Gina Crane, **flexibility and adaptability are an important part of learning**: *“we are very flexible with the organizations we support and helpful with grantees”*. She notes that the top management is *“investigative and willing to learn”*. Trustees want to know how they can best allocate grants in the future and where is the need.
- Key questions that the **Esmée Fairbairn Foundation** are currently considering include how to enable good learning for grantees and how to solve challenges with its learning system when data multiplies and becomes increasingly complex.
- Gina Crane's advice for other charitable foundations starting on this learning journey is: *“Think through your purpose. What is your purpose for learning from and managing impact? Once you have that, you can start to build a system that works on it”*.

Engaging with stakeholders

It has become best practice for American foundations to significantly involve grantees, and even constituents, in the design of the impact management approach so that they are empowered in the process. Since the collection and use of monitoring and evaluation data is itself infused with power dynamics, and often a high stakes process for those receiving funds, grantees/investees need to be consulted and comfortable with the approach taken. Many grantees/investees feel that there is a one-way street with funders in which information is demanded and then extracted. Instead, **pioneering charitable foundations have attempted to enable grantees/investees to be part of a dialogue in which they have agency.** In essence, impact management needs to meet the needs of both the foundation and its grantees and can be described as a shared learning process, rather than an obligation. Moreover, a participative approach to impact management by funders can encourage grantees to replicate this method themselves, when they collect data from their beneficiaries.

One of the key ways for grantees to be involved is by having the chance to provide **direct feedback to funders** and support them on the impact of their financial and/or non-financial support. In its 2017 survey, GEO found that **an increasing proportion of grantmakers are seeking feedback from their grantees, rising from 36% in 2008 to 56% in 2017.**³² Some foundations are more skeptical about whether such feedback is a good use of grantee time, due to the power imbalances and inherent bias that such data might reflect. The use of anonymized and benchmarked feedback data by grantees could go some way to address these concerns.

In Europe, **the problem of grantee reporting burden** is an area that has received considerable attention and is a concern to many foundations.

“When it comes to impact reporting, there should be a hierarchy. In the center should be those that experience and live with the consequences of today’s issues. Next might be the frontline workers, practitioners, or staff working with the realities every day – and then follow the organization’s trustees or directors. Policymakers, or other decision makers who could influence the work or improve the root causes, come next. Only then, in the outer circle, come the funders. Reporting to us should be less important than to all those other groups – we are the last in the chain”³³

Caroline Mason,
Chief Executive at
Esmée Fairbairn Foundation



Reach for Change feedback from grantees³⁴

Reach for Change, founded in 2010, is a Swedish foundation active in 16 countries which aims to unleash the power of social entrepreneurship and innovation to create a better world for children and youth. The foundation conducts a survey of grantees so that they can provide quantitative and qualitative feedback about the foundation. Grantees respond anonymously, which make them feel comfortable sharing both positive and negative comments. Moreover, in conversations grantees have with the foundation’s program managers, they provide additional feedback.

³² Stevenson, A., Bocksette, V., Seneviratne, A., Cain, M., & Foster, T. (2018). *Being the Change: 12 Ways Foundations are Transforming Themselves to Transform Their Impact*. FSG.

³³ Mason, C. *Why We Need to Flip the Model of Grant Reporting*. Esmée Fairbairn Foundation. Retrieved from: <https://esmeefairbairn.org.uk/why-we-need-to-flip-the-model-of-grant-reporting>

³⁴ Johansson, A. (2019). Personal interview.

Determining level of impact

Understanding impact at different levels of the foundation (project, programmatic, and foundation-wide impact) is crucial. Assessing the performance of a foundation is challenging since foundations are **frequently a step removed from the change they seek and are typically one of many funders.** This makes it difficult to establish a causal link between what they fund and the result of that funding. Foundations can have an impact on organizations they support, on a sector, or on specific beneficiaries.³⁵ The further away in the impact chain from the foundation’s original support, the less clear the foundation is likely to be about its impact. For example, in a large survey benchmarking evaluation of over 100 American foundations giving over \$10 million a year,³⁶ **only 20% believed their foundation understands reasonably or very accurately what it has accomplished through its work when it comes to the ultimate beneficiaries. This figure rises to 46% when it comes to grantee organizations.**

Most impact measurement approaches by European charitable foundations focus on individual grants, clusters of grants, initiatives, strategies, or program areas. This type of evaluation data is difficult to aggregate up to the level of the entire foundation.

A small but growing number of foundations are exploring **how they can understand their impact at a foundation-wide level.** This is an important step in the foundation sector, becoming more accountable and better understanding overall impact, may help foundations discover that what they are funding may be greater than the sum of the parts.



Individual grantmaking unit impact management approach³⁷

The **Calouste Gulbenkian Foundation**, based in Portugal, aims to improve the quality of life through art, charity, science, and education. It is measuring and managing impact at the individual grantmaking unit level where each unit has its own impact indicators, within a common framework strategy. With a change in overall foundation strategy, there is more collaboration between grantmaking units on impact, and it is likely that in the future a more holistic concept of their overall impact could emerge. However, it is currently at a point of transition in terms of its impact management approach. For Luís de Melo Jerónimo, Director of the Cohesion and Social Integration Program at the **Calouste Gulbenkian Foundation**, *“if we aggregate up the work of the foundation, our theory of change would be too generic and broad. Apart from output indicators, indicators that can be used and make sense across the organization are difficult to find. This is our challenge and it is a journey that we are embracing”.*

³⁵ de Melo Jerónimo, L. & Palmares, F. (2019). Personal interview.

³⁶ Buteau, E., Glickman, J., Loh, C., Coffman, J., & Beer, T. (2016). *Benchmarking Foundation Evaluation Practices: 2015 Benchmarking Data*. CEP and CEI.

³⁷ de Melo Jerónimo, L. & Palmares, F. (2019). Personal interview.



Reach for Change has followed a theory of change approach to track activities, outputs, short and long-term outcomes, using a series of indicators. While the foundation is involved in many different countries and across different sectors, with social entrepreneurs at different stages of development, it tries to aggregate the overall impact. For example, as Figure 4 below illustrates, Reach for Change has tracked its impact using the theory of change approach:

- Output: it incubated 156 social ventures.
- Short-term outcome goal: 75% of its social ventures reached targeted development milestones.
- Long-term goal: 91% of alumni are still in business and 70% have continued to grow.

Annica Johansson, global head of impact at Reach for Change, explains that it has taken five years to build an impact management system that is producing data they trust. She acknowledges that they still continuously refine and work with validating their theory of change tool to better manage impact, in particular, to understand attribution (i.e. to what extent their financial and non-financial support has led to the outcomes they see). They also want to further explore the ratio of resources invested (inputs) and the resulting return (outputs and outcomes).³⁸

“I think you are never ready with your theory of change, it is a never-ending iterative process”³⁹

Annica Johansson,
Global Head of Impact
at Reach for Change

Figure 4:
Reach for Change's theory of change with indicators
[Source: Reach for Change. (2018).
Our Impact 2018.]
↓



I Impetus

Impetus tracks impact at individual grantee, portfolio, and sector level⁴⁰

Impetus has worked hard to understand its overall impact as a foundation and one of the most innovative and challenging steps it has taken is to understand how it is impacting on its grantees, and the youth education and unemployment sectors on which it is focused. It has dashboards that: 1) present sector-wide goals for youth education and employment; 2) track the foundation's contributions against sector-wide goals; and 3) track how individual grantees are building their capacity for impact, and delivering and sustaining it. For Andy Ratcliffe, CEO: “we are obsessed with making sure we take the same medicine we ask our charity partners to take – and that includes performance managing ourselves to know if what we are doing is working, and how we can do better. We have not found other foundations who have cracked this and so we started from scratch”.

For some foundations, aggregating to a whole-foundation impact approach with a unified set of impact goals and indicators is challenging, particularly where funders are responsive (i.e. funding is based on applications received, rather than funding based on a set of priorities) or focused on many social issue areas.

Another approach for such funders is to rate grants based on an agreed set of criteria and use this to manage impact at a foundation-wide level. Figure 4 on the next page outlines the rating framework that the Esmée Fairbairn Foundation developed to assess its impact, with a rating scale from A to D for each grant that is evaluated in three areas: how the foundation performed relative to its aims; what the grantee achieved in terms of outcomes (for each grant, the organization needs to work towards three pre-defined outcomes); and an evaluation of the grantees from an organizational perspective. Program managers use this rating scale to evaluate each grant.

³⁸ Johansson, A. (2019). Personal interview.

³⁹ Johansson, A. (2019). Personal interview.

⁴⁰ Weiss, L. (2018). *Understanding and Sharing What Works: A Profile of Impetus-PEF*. CEP.

↓ Figure 5: Esmée Fairbairn Foundation rating scale

[Source: Esmée Fairbairn Foundation. (2019). *Insights on Core Funding.*]

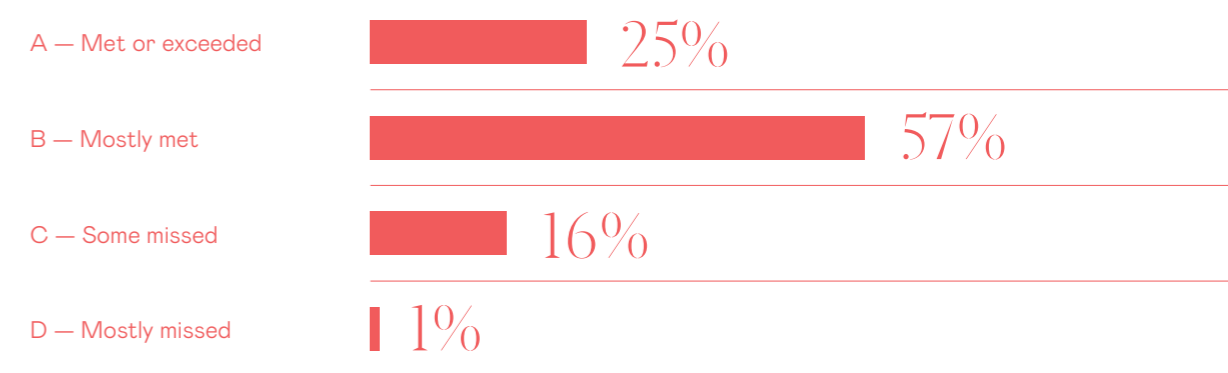
	A — Excellent	B — Good	C — Improvements needed	D — Poor
Esmée's aims	We went above and beyond.	Our support was positive.	Our support was adequate.	We got it wrong.
Assessment	We actively achieved greater impact for the grant.	Our assessment of the application and the funding and support we provided was as good as it could have been.	We could realistically have improved our support without great cost in time or resources.	Our actions or inaction had a negative impact on the grant or organization.
Funding package	We have added value to the original proposition over and above the contribution our money has made, or supported the organization in an unexpected way.	We have built a strong and strategic relationship where successes and failures are openly shared.	We could have provided a different funding package and/or engaged in stronger communication and/or provided further support.	We did not assess the organization well and/or the grantee's work might not be in line with our strategy.
Relationship and further support			We may not have created an open relationship with the grantee.	
Grantees' outcomes	Outcomes achieved, or exceeded (with potentially unexpected positive results).	Outcomes are largely met, in line with our priorities and backed with good evidence and data. Results not outstanding but the grant was mostly successful.	Some outcomes are met and the organization may be making progress but many targets are missed and/or evidence of impact is not easily identifiable.	Outcomes are mostly not met, organization is unable to articulate the benefits and progress of its work.
Objective outcomes	Excellent quality of data and evidence demonstrating impact.	OR the initial outcomes are not met but work has generated a level of impact similar to that initially expected.		Thinking and evidence are poorly-developed and outcomes achieved are unsustainable.
Subjective outcomes				
Evidence	Outcomes deliver against Esmée's priorities.			
Organization	Excellent quality of work.	EITHER good, but not outstanding, quality of work, and organization may need to improve finance/people but overall situation is in control.	EITHER concerns about quality of work and organization may need to improve finance/people, but overall situation is in control.	Serious concerns about quality of work.
Quality of work	Organization is aware and in control of potential weaknesses relating to finance and/or people.	OR outstanding quality of work but significant finance/people problems that are not being addressed.	OR organization's work is good but significant finance/people problems that are not being addressed.	No trust in the organization to turn its situation around in the foreseeable future.
People (staff and governance)		<u>Please explain.</u>	<u>Please explain.</u>	<u>Please describe specific problems.</u>
Finance				

Figure 6 below shows how the **Esmée Fairbairn Foundation** grants performed on achieving the grantees' stated outcomes over three years and looking at where it funded core/unrestricted grants, as well as project grants.

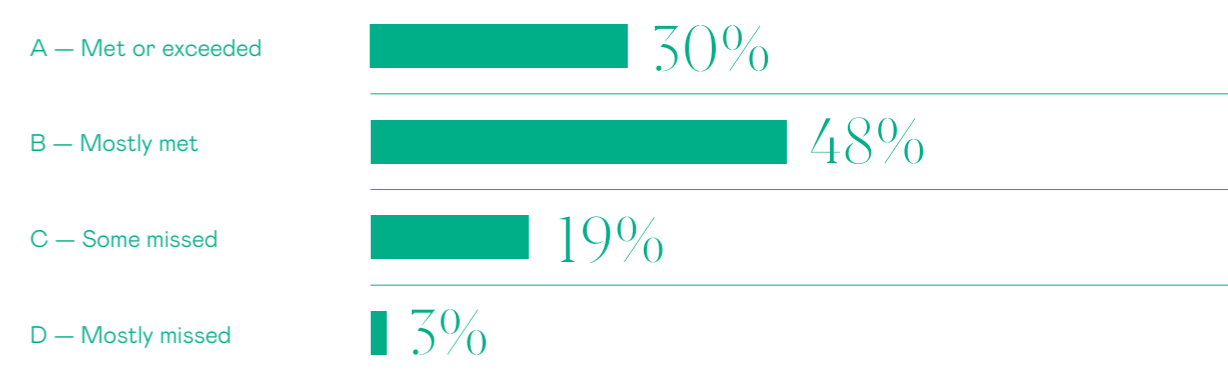
↓ Figure 6: Esmée Fairbairn Foundation grant performance – Outcome ratings

[Source: Esmée Fairbairn Foundation. (2019). *Insights on Core Funding.*]

Outcome ratings, core & unrestricted grants (450 grants)



Outcome ratings, project grants (223 grants)



Choosing social impact management tools

There is a **bewildering array of social impact measurement tools**. How to choose between them? **Funders and the charities/organizations they support need to focus on the right metrics, and keep this in proportion with the scale of the work they do.** Sometimes outside help in the form of external paid or pro-bono consultants is required to make sense of the labyrinth of impact measurement tools.

Furthermore, **foundations can use different sources of information** to understand the impact of their grants/investments, for example: site visits with grantees, final grant reports, etc. As Figure 7 illustrates, there is a **large gap between how frequently different sources are used and whether they are useful**. For example, while **98% of American foundations use final grant reports, only 31% find this source useful**. A large amount of data is generated that does not inform decision-making. **Interestingly, the sources considered most useful – site visits and/or on-site assessments of grantee organizations and focus groups/convenings of grantees – involved direct contact with grantees.** Once again, impact management is moving away from a reporting mindset to a learning, communicating, and sharing experience that can best be achieved through direct contact.

On their path to understanding foundation-wide impact, charitable foundations interviewed for this report have all developed their **own customized set of social impact measurement tools**. Examples of these tools are outlined with more information in Chapter 3 on other tools used, and the overall approach in the individual case studies of each foundation.

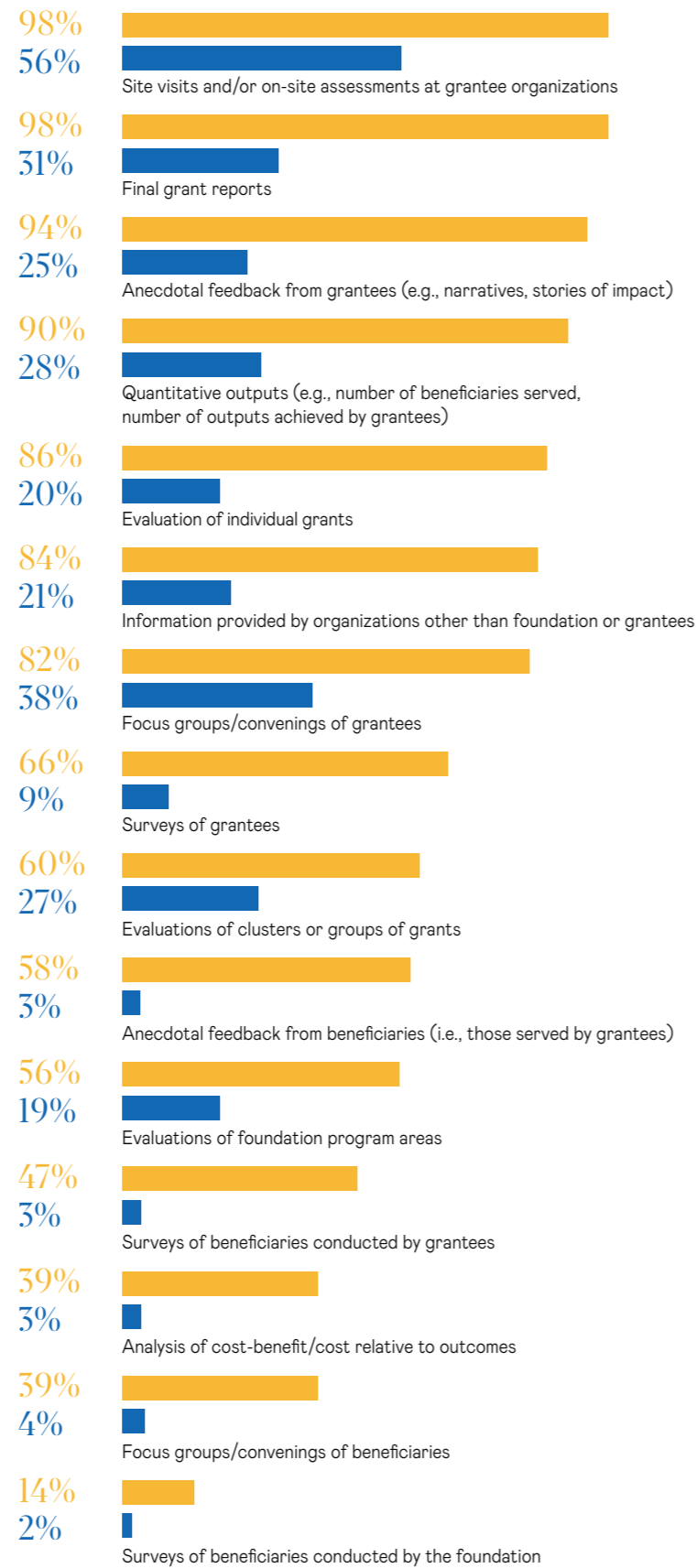
Figure 7: Sources used and their usefulness in evaluation among American foundations

[Source: Buteau, E., Glickman, J. (2018). *Understanding and Sharing What Works. The State of Foundation Practice.*] . CEP.

→

- Percentage of CEOs who use the information source to learn what is and is not working
- Percentage of CEOs who find the information source one of the most useful for learning what is and is not working

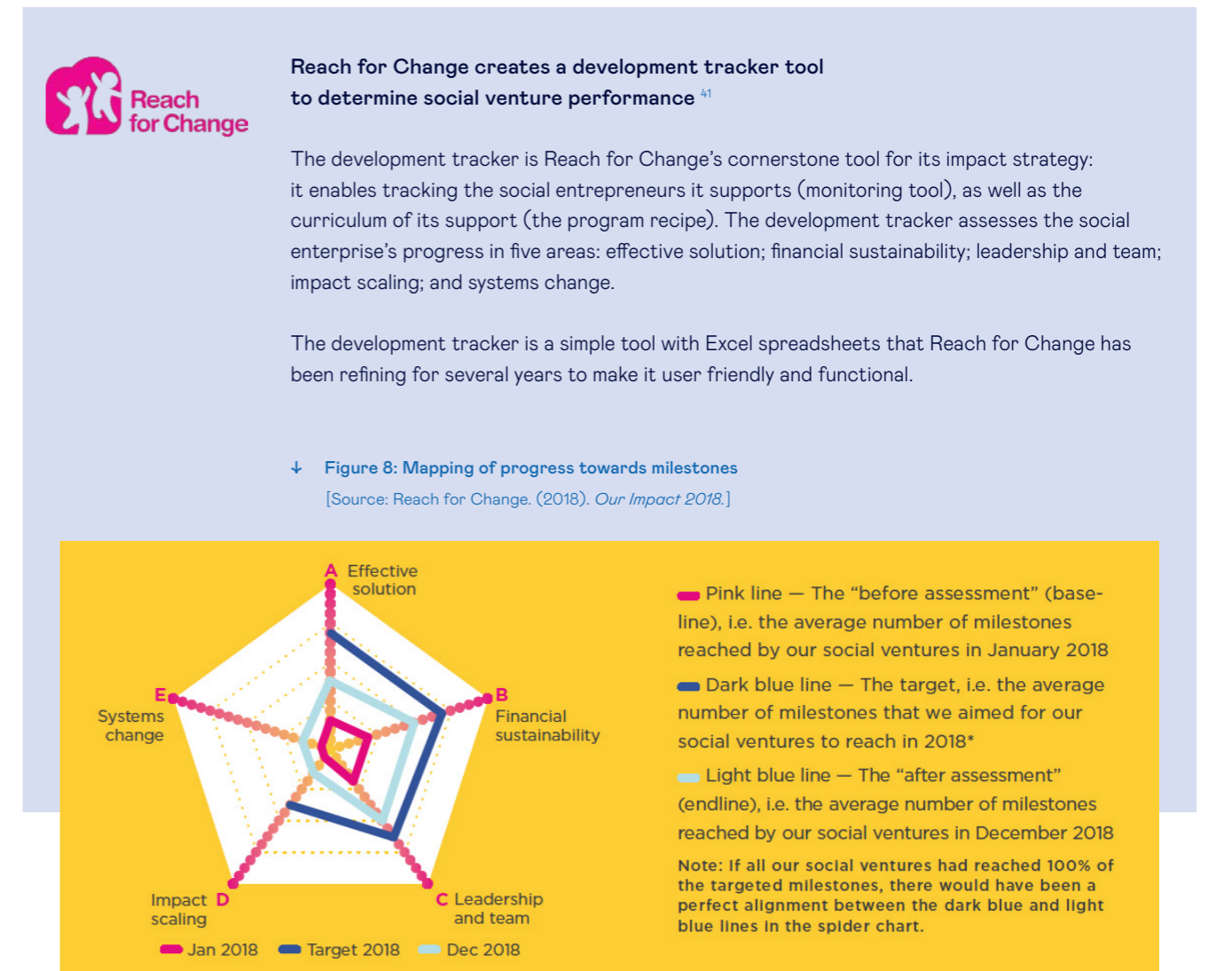
Use and usefulness of information sources



Integrating grantmaking, venture philanthropy, and impact investment approaches

Charitable foundations are increasingly using a mix of financial tools (grants, loans, and mission-related investment) to achieve their impact goals. **Venture philanthropy and impact investment approaches are bringing a more systematized and standardized outlook to impact management.**

Organizations such as **Impetus and Reach for Change work with an explicit venture philanthropy approach and provide unrestricted long-term core funding**. They have developed their own customized way to track what grantees are achieving, as well as determining how their organizations have contributed to this impact.



⁴¹ Johansson, A. (2019). Personal interview

Impetus

Impetus develops the Charity Outcomes Framework to determine its impact on charities ⁴²

Impetus finds and funds with a venture philanthropy approach the most promising charities that are focused on transforming the lives of disadvantaged young people. To determine its impact on charities, Impetus has been inspired by the EVPA framework and has developed its own tool: the Charity Outcomes Framework.

↓ Figure 9: Charity Outcomes Framework

[Source: Impetus (n.d.). Retrieved from: https://impetus.org.uk/assets/publications/Investment/Outcomes-framework-draft-scale_v7-ZN-edits-FINAL.pdf]

→ This Charity Outcomes Framework is a common roadmap for Impetus and its partners for heightened performance:

- Through its learning it identified the building blocks for managing impact at scale and grouped them into three pillars: leadership, impact, and organizational sustainability
- It created scales for each indicator
- Its ambition is to support charities to move from 'left to right'

→ It helps them to manage their non-financial support consistently by:

- Diagnosing a charity's capabilities
- Designing a non-financial support (NFS) plan to build capabilities on an annual basis: it is key for senior management teams to embed this plan in their own global plan and for charities to phase and prioritize it
- Setting milestones, tracking, and managing charity progress
- 'Course correcting' if support is insufficient or incorrect

→ It anchors how Impetus manages its portfolio and support:

- It scores each charity once a quarter
- It meets as a team to calibrate scoring and review NFS inputs, both the team and pro-bono
- It checks what it is doing well, what it could do differently or better, and reviews corrective actions at the next quarterly meeting

→ It drives the annual cycle of non-financial support review and improvement:

- Impetus reviews the portfolio dashboard data as a team and with its investment committee
- It tries to identify what is working to drive the outcomes it seeks and what is not working
- Where it sees patterns, it seeks to improve the non-financial support offered to help charity partners progress

Pillar	Criteria	Definition	1	2	3
Leadership	Strength of CEO leadership	Composite of score (average score across three scales below):			
		1. Strategic orientation	Reacts to short term opportunities and threats.	Articulates medium term organizational priorities.	Defines organizational strategy, making clear choices and plans accordingly.
		2. Results orientation	Demonstrates performance curiosity informed by data.	Dissatisfaction with quality of data.	Dissatisfaction with quality of data and reflective on cost structure.
	3. Team leadership	Explains what to do and why.	Allows input from the team.	Engages team commitment.	
	Strength of senior management team (SMT)	Main functions = finance / human resources, income generation / communications, program delivery and impact. Effectively resourced = sufficient capability and capacity.	Some main functional competencies in place.	Adequate resource and capabilities in place for finance; gaps identified for other important roles.	Effective finance capability in place; 2 of 4 main functions effectively resourced.
	Strength of Board	A stable, effective Board providing oversight of strategic and organizational effectiveness, holding CEO to account and providing fiduciary oversight	Basic oversight of financial, strategic and operational effectiveness, reactive risk management.	Gaps in Board structure, skills and processes identified; plan in place to develop Board gaps to support needs of the charity.	Well balanced Board in place with clear allocation of roles and responsibilities; Board showing shared purpose, commitment to accountability for financial, strategic and organizational outcomes and emerging proactive risk management.
Impact	Program model	Having a clear model for impact.	Partial definition of target population, intended outcomes and intervention. Some gaps and inconsistencies.	Theory of change has been defined at high level.	Theory of change has been defined in operational terms (e.g. detailed activities, assessment scales). Elements of the model have been tested.
	Impact management	Managing to impact.	Performance curiosity and emerging practices on data collection.	Awareness of gaps around impact management, supporting processes and systems. Plans in place to address gaps.	Completed pilot of newly designed impact management practices. Plan to roll out full impact management model.
	Evidence of impact	Having impact.	Self assessed data surveys and / or output data indicates examples of success.	There is a plausible link between program design and intended outcomes.	Internally collected data provides evidence of year-on-year improvement in outcome metric that had been defined in theory of change work.
Organizational sustainability	Financial health	Mid-term financial viability. Calculation (unrestricted reserves + confirmed income over next 12 months) / monthly costs.	Run way <3 months	Run way ≥3 months <6 months	Run way ≥6 months <9 months
	Financial management	Strength of financial systems and processes.	Good bookkeeping, producing financial statements.	Has an annual budgeting process. Reliably produces monthly management accounts, with strong understanding of cash position.	Produces 3 year forecast of profit and loss and 12 month cash / balance sheet forecasts. Monthly management accounts monitor actual vs. budget, and include cash forecasts.
	Scalability	Composite of score (average score across two scales below):			
	Assessment of financial readiness to scale.	Financial planning reflects focus on generating annual surplus, in context of incremental growth.	Financial planning shifting to a focus on scale up, including assessment of market demand, projected revenue streams, cost structure, risks and mitigants.	New sources of funding found for scale up with financial plans stress-tested against assessment of future market demand and external factors (e.g. government policy).	
	Assessment of operational readiness to scale.	Operations focused on steady state or incremental growth, but ambition present in leadership for scale up in the longer term.	Emerging awareness of constraints of current business model and core systems and processes, given desire for growth and intended route to scale.	Route to scale established, with implementation plans including plans for upgrading current business model / systems and processes for scale up.	
Partnership	Strength of partnership	Composite of: openness and trust, benefit from Impetus-PEF's value-add, commitment to meaningful social impact.	Interest in social impact but little action. Does not engage Impetus-PEF with areas of concern.	Actively engaged in developing plans, discusses difficult issues with team, interest in impact management approach.	Maintains good level of direct communications, co-owns process and begins to ask questions for clarification and support.

4	5	6
Adapts strategy based on arising opportunities and threats.	Anticipates upcoming changes to external environment and adapts strategy accordingly.	Creates long term strategic opportunities for scale.
Embeds culture of management to outcomes and awareness of cost base.	Holds staff to account for data driven learning culture and cost control.	Embeds relentless drive for optimization of cost per outcome, in context of scale up.
Empowers teams to perform independently.	Motivates and inspires high-performance teams.	Builds and sustains a high performance team culture.
Effective finance capability in place; 3 of 4 main functions effectively resourced.	All 4 main functions effectively resourced and sufficient for delivery at scale, with clear SMT role, aligned priorities and strong processes.	All main functions effectively resourced for scale up and working well together with proactive collaboration.
Well functioning Board in place; clear understanding of roles and responsibilities; Board working with appropriate operating practices, delegation and information flows; holding CEO to account; emerging proactive risk management.	Effective Board providing active support and challenge to CEO. Evidence of enhanced finance, strategic and risk oversight, including management of leadership succession planning; understanding of role of evaluation.	Stable, effectively run Board providing support and challenge to CEO on strategy, finance, evaluation and risk management; good understanding of what is required to deliver at scale.
Detailed model has been rolled out. Performance standards have been defined.	Program design is stable, following several full cycles of refinement and as informed by a formative evaluation. Refinements to delivery model underway for replication at scale.	Delivery model has been optimized in order to enable replication of the model during scale up.
Impact management model has been fully rolled out, a culture of managing to outcomes is emerging.	Impact management practices refined and now tied to HR practices. Effectiveness of impact management model reflected in fidelity of delivery.	Impact management practices, systems and standards have been replicated across multiple geographies.
Internally collected data shows higher effectiveness relative to external benchmarks.	External evaluation demonstrates outcomes are caused by the intervention.	Replication evaluation shows that intervention continues to show positive impact in multiple geographies.
Run way ≥9 months <12 months	Run way ≥12 months <15 months	Run way ≥15 months
Finance function is led by qualified personnel. Budgeting is bottom-up, supported by risk-assessed fundraising plans, with good accuracy vs. actual.	Financial function embedded in organizational strategy, with financial performance widely understood throughout organization. Budgets and management accounts reflect robust understanding of delivery center / program costs.	Financial plans provide an ongoing and fully risk-assessed articulation of business plan at all levels of organization, with quality assurance provided by internal audit and ongoing adjustment to operating environment.
4	5	6
Piloting of scale up model enables testing of financial plans for scale up, including cost structure, market demand and funding streams / fundraising approaches.	Financial model for scale up refined, with market demand established, momentum built with funders and cost optimization plans in place.	Significant growth underway, with reliable financial delivery against plans supported by well-developed finance function.
Scale up model piloted in new sites, with changes to systems, organization structure and business model underway.	Feasibility of route to scale tested and refined based on pilots, with new systems, organization structure and business model deemed fit for purpose.	Significant growth underway with new sites successfully opened and business model / systems and processes proving sustainable at scale. Additional rounds of growth planned.
Good level of direct communications, proactively seeks support and leverages Impetus-PEF; owns plan.	Seeks and responds well to coaching and feedback, engages all aspect of Impetus-PEF support and committed to meaningful social impact.	Pro-actively engages Impetus-PEF support to drive impact and scale up. Fully owns process and plan commitments.

⁴² Paulson, E. & Mahmoud, S. (2019). Personal interview.

Foundations such as the **Calouste Gulbenkian Foundation** and the **Esmée Fairbairn Foundation** which are involved in both social impact investment, as well as grantmaking, tend to use different impact management approaches in the grantmaking and social investment units.



The case of the Calouste Gulbenkian Foundation: Impact investing and social impact bonds managed through MAZE⁴³

The **Calouste Gulbenkian Foundation's** work on impact investing, social impact bonds, and social innovation is mainly done through **MAZE** (former Social Investment Lab). **MAZE** – the first Portuguese social investment intermediary – was co-founded in 2013 by the **Calouste Gulbenkian Foundation** in partnership with the IES Social Business School and Social Finance UK.

MAZE works alongside impact ventures, investors, and the public sector to scale effective solutions for social and environmental challenges. MAZE has:

- Launched five social impact bonds (SIBs)
- Raised €3mn investment for impact ventures and launched four acceleration and investment readiness programs
- Convened and launched the Portuguese Social Investment Taskforce – created in 2014 through a joint initiative led by a group of entities from the social, public, and private sectors

Social Impact Bonds (SIBs)

MAZE has launched five SIBs, four of them with Portugal Social Innovation (a public organization).

From its experience with the launch of these four SIBs, the MAZE conclusions are:

- **SIBs are more mature in terms of social impact measurement** than other social organizations in Portugal: social organizations sometimes take for granted that they have an impact and therefore, do not feel the need to demonstrate it.
- **In the SIBs field, impact has been more quantitative** than qualitative, **and therefore easier to understand and measure.** For example:
 - For the SIBs addressing unemployment (Academia de Código Bootcamp and Faz-Te Forward), if the program's participant gets a job, it is attributed to the program
 - For the SIB addressing the problem of children/youth at risk of exclusion (Projeto Família), if after one year, the child/youth is not institutionalized, it is a success.

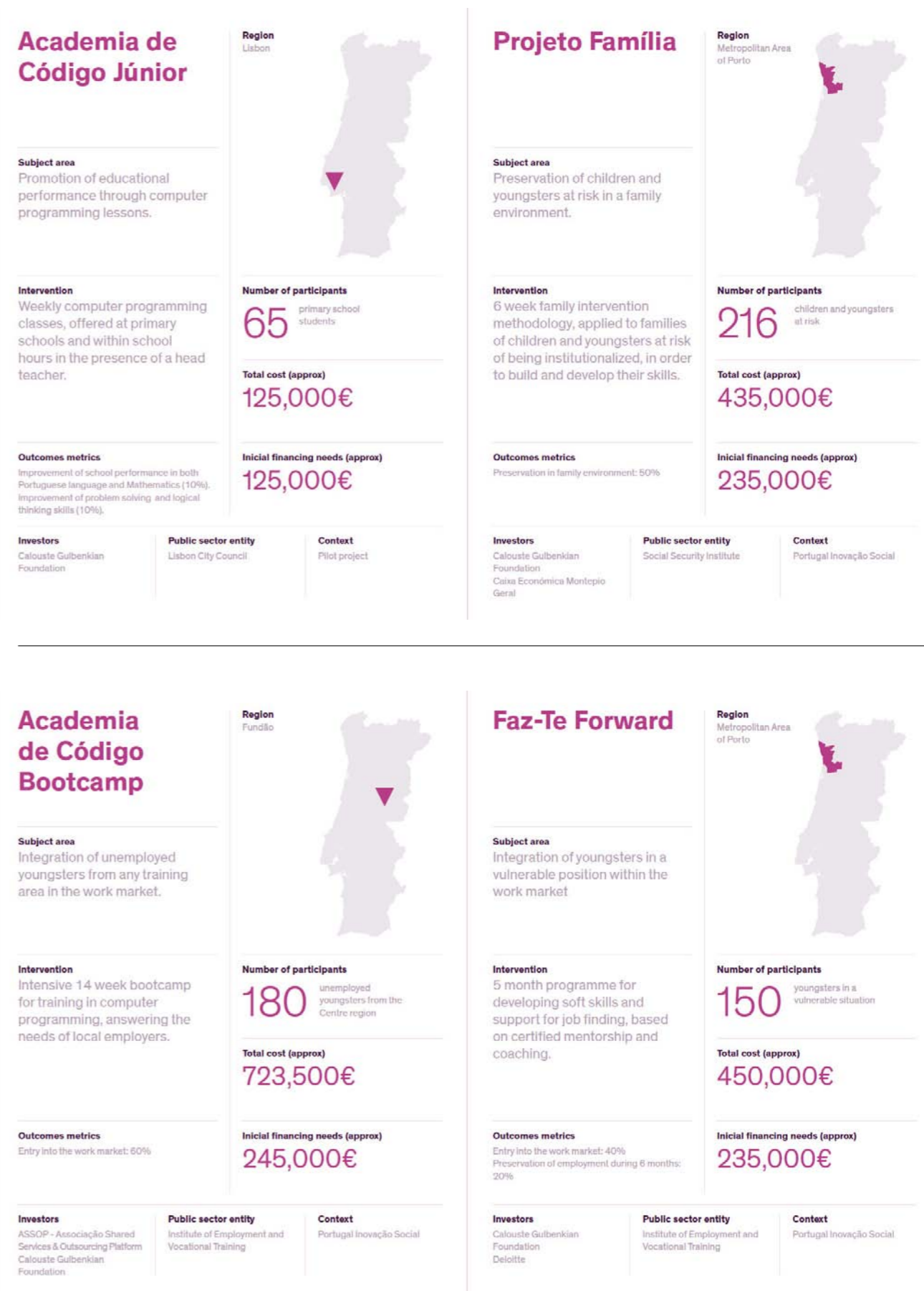
Foundations that use both grantmaking and social/impact investment signal that there **are very valuable lessons that can be transferred between the two.** For example, MAZE's experience with SIBs could help grantmaking to:

- **Take time to understand how a social organization is making change and how to contribute to this change.** MAZE learnt to sit down with organizations and be patient in order to design the SIB in the most effective way.
- **Track impact in a more technological way to reduce bureaucracy.** Technology has helped MAZE learn about each participant's journey, and how to react to the different modules of intervention.
- **Collaborate with public sector to spread learnings.** MAZE has informed public organizations that having a young adult on a coding program can be cheaper than having him/her on unemployment benefits.

⁴³ de Melo Jerónimo, L. & Palmares, F. (2019). Personal interview.

↓ **Figure 10: The first four social impact bonds launched by MAZE**

[Source: Calouste Gulbenkian Foundation and MAZE. (2018). *Portuguese Social Investment Force: Progress Report.*]



At the **Esmée Fairbairn Foundation** the social investment team (which is comprised of two staff members) creates its own investee reporting, rather than asking grantees to do this. This type of approach can inform the grantmaking side. For Gina Crane, Head of Communications and Learning at the **Esmée Fairbairn Foundation**, “we would like the grant side to be more similar because grants managers have a lot of information in their heads, but they are not good at synthesizing and communicating”.⁴⁴

In a recent report **The Rockefeller Foundation asks whether common ground can be found between evaluation models used by traditional social sector actors (government, non-profit/NGOs etc.) and the impact measurement focus of more market-oriented actors (such as impact investors)**.⁴⁵ Evaluation and impact measurement share common roots, but they diverge in a number of ways, particularly since financial returns are a priority measurement for impact investors. Funding sources, users of the results, approaches, etc., differ.⁴⁶

For the impact investing community, the sorts of evaluations that emerge from more traditional evaluation approaches (which tend to be custom-designed and expensive) **are not necessarily aligned with the ongoing and comparable impact information that they seek**. Yet the weakness of some market-oriented intervention approaches is that given their focus on monitoring, they are directed more towards outputs than outcomes, and produce superficial, rather than in-depth, analysis. Moreover, impact investors can come with a top-down approach to impact measurement using a set of standard indicators that fail to measure what each organization involved in social change is trying to achieve, adding to the investee reporting burden without helping to improve their impact.⁴⁷

Impact investors seem to be keen on working towards more standardized approaches with a uniform set of metrics. This has been called a ‘misguided quest’.⁴⁸ The challenges facing both traditional evaluation approaches and the more performance-management emphasis of market-oriented actors are similar in that many social and environmental outcomes are difficult to measure, and there is often disagreement about what outcome indicators for a given problem should look like (although the emphasis on standardization is being driven by the impact investing community).

In an interesting and valuable debate between the evaluation and impact measurement communities, important ideas have emerged to bridge these differences and move towards a more useful framework for achieving meaningful and valuable data on impact.⁴⁹ According to Ruff and Olsen, the challenge is “to create measures that combine uniformity and relevance – meaning standards that are flexible enough for specific purposes, yet comparable enough to allow for both portfolio-level and sector-level analysis”.⁵⁰ A proposed solution is to use thoughtfully chosen operational data to enable causal inferences, work within constructs of bounded flexibility (which means, for example, that organizations choose the definitions, counts, and measures that are most relevant from a prescribed and bounded set of options), and develop a cadre of analysts (similar to analysts in financial markets) who are skilled at interpreting impact reports.⁵¹

In summary, according to Hoffman and Olazabal, evaluation “can work with and add value to impact investing and market solutions and this is a live and dynamic global conversation”.⁵² Foundations engaged in more traditional social sector grantmaking and impact investing can take part in this conversation, offering practical and real case studies on how these approaches can become more complementary and so learn from each other.

⁴⁴ Crane, G. (2019). Personal interview.

⁴⁵ Picciotto, R. (2015). *The 5th Wave: Social Impact Evaluation*. The Rockefeller Foundation Evaluation Office.

⁴⁶ Vo, A. T., & Christie, C. A. (2018). Where Impact Measurement Meets Evaluation: Tensions, Challenges, and Opportunities. *American Journal of Evaluation*, 39(3), 383–388

⁴⁷ Hehenberger, L., & Harling, A.-M. (2018). Moving Toward “Impact-Adjusted” Financial Returns: Closing Remarks. *American Journal of Evaluation*, 39(3), 408–412.

⁴⁸ Ruff, K., & Olsen, S. (2018). The Need for Analysts in Social Impact Measurement: How Evaluators Can Help. *American Journal of Evaluation*, 39(3), 402–407.

⁴⁹ Ruff, K., & Olsen, S. (2018). The Need for Analysts in Social Impact Measurement: How Evaluators Can Help. *American Journal of Evaluation*, 39(3), 402–407.

⁵⁰ Ruff, K., & Olsen, S. (2018). The Need for Analysts in Social Impact Measurement: How Evaluators Can Help. *American Journal of Evaluation*, 39(3), 402–407.

⁵¹ Ruff, K., & Olsen, S. (2018). The Need for Analysts in Social Impact Measurement: How Evaluators Can Help. *American Journal of Evaluation*, 39(3), 402–407.

⁵² Hoffmann, S. A., & Olazabal, V. (2018). The Next Frontier for Measurement and Evaluation: Social Impact Measurement for Impact Investing and Market Solutions. *African Evaluation Journal*, 6(2), 1–3.

Rigor, proportionality, and attribution

As foundations seek to obtain evidence of the effectiveness of their grants or investments, **they need to have confidence in the validity and robustness of the data they receive from grantees/investees, or that which they generate themselves**. A common perception is that there is insufficient and low-quality impact data in the social sector. It is not common for charitable foundations to validate grantee output and outcome data in a meaningful way. Some foundations seek to reassure themselves about the quality of impact data collected by commissioning independent evaluations. In a recent American survey, nearly 75% of CEOs said that their foundation works with third-party consultants for evaluation, and those CEOs appear to say that they have a better understanding of what is working.⁵³

Foundations need to make decisions about the standard of evidence they require for themselves, and from their grantees, for their impact management purposes. As the evaluation industry has expanded (especially in the US), there has been some question of the validity and use of expensive impact evaluation approaches, which may result in overkill. Although a randomized control trial, for example, could be considered a gold standard in evaluation it is not appropriate in all cases.⁵⁴ Funders need to be aware of grantees/investees over-claiming on impact without sufficient evidence of causality. Impact measurement in the social sector is sometimes guilty of using easy-to-access data and making large unsubstantiated claims.

Recent literature has emphasized right-fit evaluations, where charitable foundations encourage their grantees/investees to spend more time collecting actionable monitoring data. The emphasis in the future will be on the learnings for impact optimization rather than on the impact data itself, otherwise grantees will continue to provide primarily positive (and perhaps unreliable) impact reports.

Including a shared measurement agenda – across funders and sectors

It is acknowledged that there is **enormous inefficiency** in how funders ask for and use impact data. At its simplest, charitable foundations each ask for customized information from grantees that relates to their needs, creating data collection, synthesis, and reporting issues for grantees who might need to collect different data for various funders related to a similar project or program, or to complete different reporting templates even when similar data is requested.

Going beyond this, there are more opportunities to **generate common impact measurement approaches at a sectoral or thematic issue level** which charitable foundations can use to track the effectiveness of their grants/investments. Larger data sets will allow significantly increased insight into how different projects or interventions are working and link into a more systems-led approach to impact measurement. According to the Monitor Institute, a ‘better future’ for monitoring and evaluation will see more field-level learning around impact, **and a more collective approach to the generation of evidence within the social sector**.⁵⁵ Funders can support or help these types of initiatives, which will lead to the streamlining of impact reporting for grantees/investees, and more importantly, create opportunities to develop a greater understanding of what is and is not working.

⁵³ Buteau, E., & Glickman, J. (2018). *Understanding and Sharing What Works: The State of Foundation Practice*. CEP.

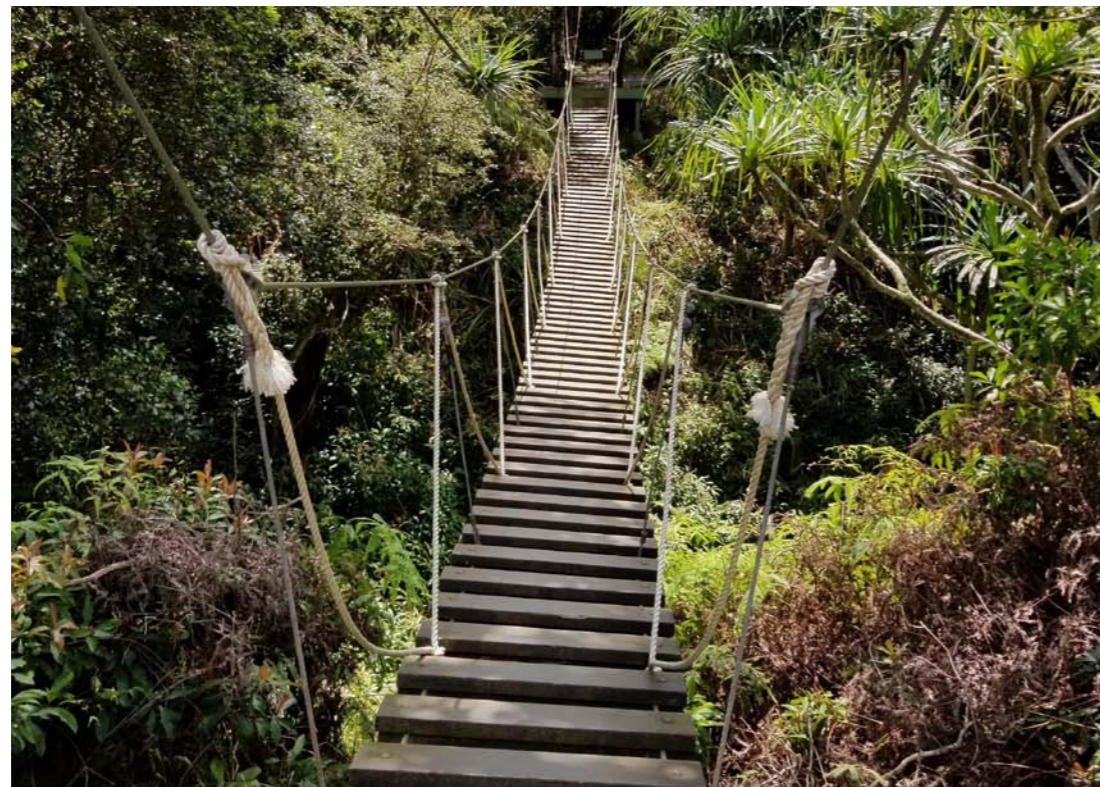
⁵⁴ Gugerty, M.K., & Karlan, D. (2018). *10 Reasons Not to Measure Impact and What to Do Instead*. SSIR.

⁵⁵ Monitor Institute. (2016). *Reimagining Management: A Better Future for Monitoring, Learning and Evaluation*. Retrieved from: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/monitorinstitute/us-monitor-institute-reimagining-measurement-toolkit.pdf>

Re-iterating, testing, course-correcting and growing in confidence

The impact management journey for charitable foundations is one of **listening, observing, and reviewing the approach – and this involves staff as well as grantees**. Interviewees have explained that it can take a long time for an impact management system to work well, and even then, there are still issues to resolve and greater understanding to be generated.

Some experts who were involved in the original thought leadership around catalytic and strategic philanthropy have questioned the effectiveness of foundations developing a clearly defined and top-down impact management framework after they experienced how it was operationalized in the field. According to Kania, Kramer, Russell and Summer, *“as practiced today, strategic philanthropy assumes that outcomes arise from a linear chain of causation that can be predicted, attributed, and repeated, even though we know that social change is often unpredictable, multifaceted, and idiosyncratic. And the forced simplicity of logic models often misleads funders to overlook the complex dynamics and interpersonal relationships among numerous non-profit, for-profit, and government actors that determine real world events”*.⁵⁶ They have now prioritized the idea of continuous adaptation and flexibility and what they term **‘emergent strategy’**. Indeed, thought leaders on social impact evaluation are predicting that a new wave (called the fifth wave), will be more eclectic and creative.⁵⁷ With the emphasis on participation, bottom-up inputs and increasing involvement in more complex systems, it is clear that significant adaptability will be required of foundation impact management practitioners.



⁵⁶ Kania, J., Kramer, M., & Russell, P. (2014). *Strategic Philanthropy for a Complex World*. SSIR.

⁵⁷ Picciotto, R. (2015). *The 5th Wave: Social Impact Evaluation*. The Rockefeller Foundation Evaluation Office.

Chapter 2 | 01

Key take-aways

Designing an impact management approach

- **Best practice for foundations in designing approaches include:**
 - Being clear about the goals and purpose of impact management.
 - Ensuring that a learning mindset is involved, considering the foundation, as well as the grantee/ investee learning objectives.
 - Empowering and including internal and external stakeholders in the design process.
 - Integrating approaches across venture philanthropy, social impact investment, and grantmaking.
 - Considering how other actors at a sectoral level can collaborate or be involved.
 - Constantly re-iterating and course-correcting.
- There are examples of this best practice in the charitable foundations participating in this research project, but when it comes to impact, most European foundations are still in compliance and reporting mode.
- There is an increasing shift towards simplicity in impact management and the creation of a light-touch approach.
- This is an experimental and exploratory learning process.
- Most foundations appear to be developing customized tools based on their own needs. **There is minimal standardization of frameworks or indicators** (even for foundations working in similar sector areas). Most foundations have either considered or actively use the theory of change tool.
- Pioneering foundations are attempting to find a way of understanding their impact at a foundation-wide level, rather than simply at a programmatic or individual grant level. Even so, most foundations admit that there is some way to go before they are comfortable with how they are capturing foundation-wide impact. Creativity is required here, particularly for foundations supporting diverse sectors (where impact aggregation is more difficult).

Key recommendations

— for the foundation sector

- **Commissioning further research to understand:**
 - How foundations can capture foundation-wide impact that goes beyond individual programs or grants.
- **Awareness-raising and community-building around impact management within the European foundation sector:**
 - Disseminate best practices around impact management and the European charitable foundation sector, using among other resources, this research and its case studies
 - Position impact management as a learning tool.

— for individual foundations

- Taking the first steps on the learning journey, implementing as far as possible the best practice approaches for impact management outlined in this research.
- Using this report, as well as the many other sources, as a guide to developing and understanding of impact management best practice.
- Adopting a new set of lenses through which to think about impact management – as a learning tool rather than for compliance, risk management, or as a way to prove impact.



2 | 02. Resourcing and organizing for impact management

This section deals with the second theme of the map that needs to be considered by charitable foundations around impact management, notably resourcing and organizing for impact management. **How much time and money is the foundation ready and able to dedicate to impact management, and what is the right organizational structure to implement a given approach?**

Resourcing impact management

Within charitable foundations, evaluation budgets can be mysterious and often unspecified. In a recent survey of 110 CEOs of American private and community foundations giving at least \$5mn annually, **40% say that their foundation is not investing enough time and money in understanding what is working** in their foundation's programmatic efforts.⁵⁸ **On average, in America foundations appear to spend about 1% on MEL (and this figure is perhaps even lower among European foundations).**⁵⁹ About half of over 100 American foundations recently surveyed state that they spend \$200,000 or more on evaluation, with about 25% spending \$1mn or more on evaluation.⁶⁰

Fortunately, **the amount of time and financial resources dedicated to impact management within foundations is on the rise.** Over half of American foundations surveyed on their evaluation practices state that funding levels for evaluation work within their foundations relative to program spend have increased over the last two years. In qualitative discussions with European foundations, many have increased the number of staff or staff time dedicated to impact issues in recent years.⁶¹ The **Reach for Change** and the **Esmée Fairbairn Foundation** impact teams have grown from one to four people, and the **Calouste Gulbenkian Foundation** is currently developing a new evaluation and learning team. In addition to these central resources, programmatic staff are spending more time on impact management issues, and program managers spend half a day a week on average on impact-related issues.

⁵⁸ Buteau, E., Glickman, J., Loh, C., Coffman, J., & Beer, T. (2016). *Benchmarking Foundation Evaluation Practices: 2015 Benchmarking Data*. CEP and CEI.

⁵⁹ Preskill, H., Mack, K. (2013). *Building a Strategic Learning and Evaluation System for Your Organization*. FSG.

⁶⁰ Buteau, E., Glickman, J., Loh, C., Coffman, J., & Beer, T. (2016). *Benchmarking Foundation Evaluation Practices: 2015 Benchmarking Data*. CEP and CEI.

⁶¹ Teacher, S. (2016). *The Theory of the Foundation European Initiative 2016 Report*. Rockefeller Philanthropy Advisors and LSE Marshall Institute for Philanthropy and Social Entrepreneurship.

⁶² Johansson, A. (2019). Personal interview.

Organizing for impact management

Approximately one-third of American foundations have a dedicated impact management (or evaluation) unit or department. Those large and well-resourced foundations that are relatively advanced in managing impact tend to have a small centralized impact team (which may be called by one of many names) supporting the larger programmatic teams. This centralized team tends to have specific impact measurement expertise which it uses to support and build the capacity of the program teams, and can provide a more holistic overview, ensuring communication, codification, and learning within the foundation. These teams tend to start small (perhaps with the arrival of just one person) and gradually build up over the years to a three or four-person team. Many foundations, such as **Impetus**, manage impact mainly through program staff (along with the approximately 66% of American foundations that do not have a dedicated evaluation unit or department).

It is important that there is a strong relationship, dialogue, and information flow between centralized teams that are managing impact and programmatic teams.



Reach for Change centralized Impact Team.⁶²

A central Impact Team was set up in 2014 with Annica Johansson joining as the first full-time person in 2015. Today Johansson works with two other employees based in Sweden (the foundation's headquarters). This team is in charge of:

- Measuring **Reach for Change's** impact on social entrepreneurs. They do this together with members of the program teams.
- Identifying areas for improvements and actions needed, as well as good practices to be shared in their monthly Global Program Team meetings.
- Building the capacity of social entrepreneurs to measure impact.
- Promoting social debate/events in which they disseminate information.

Busting silos

One of the frequent issues emerging in conversations with foundations is how programmatic silos impede the development of an overarching impact management framework. **Impact is a matter for many different departments and people working within the foundation.** As staff take on a wider and more diverse set of activities, breaking down silos between and across programs becomes increasingly important. In the US, the MacArthur Foundation has undergone a purposeful staffing realignment over the past few years to integrate all professional capacities into a single program team, with the goal of creating a more unified foundation and eliminating dysfunctional divisions between program and functional teams; and field experts and administrative professionals. According to the President, Julia Stasch, *"we want to transform the foundation from a hosting platform of disparate program areas to an effective integrated enterprise that both drives and supports impact"*.⁶³

Silos can also develop between grantmaking and social/impact investment units (where a charitable foundation is engaged in both), without a significant amount of dialogue and interchange between the different teams. According to Veronica Olazabal at **The Rockefeller Foundation**: *"most foundations think in a binary way: on one side there are charities and on the other side there are the impact investors. This way of thinking could be changed by building capacity internally"*.⁶⁴



Calouste Gulbenkian Foundation Cross-Foundational Programs ⁶⁵

The **Calouste Gulbenkian Foundation** is trying to break silos in the organization. A few years ago, the foundation went through a new strategic process, and developed three strategic priorities (cohesion and social integration, sustainability, and knowledge) which cut across the existing verticals of art, education, charity, and science. The PARTIS (Artistic Practices for Social Inclusion) program works across these existing verticals to integrate different programmatic areas. PARTIS aims to use artistic practices (including music, photography, video, theatre, dance, and circus) as tools to create bridges between communities that normally do not cross paths and promote the inclusion of society's most vulnerable groups. To deliver this program, the foundation put together teams that had not previously worked closely together, and developed an innovative set of procedures for calls to the projects. It is experimenting with a new impact management process that differs from the individual grantmaking unit approach. In the PARTIS program, there is an overall theory of change for the program, and the foundation is spending time with its grantees to build their capacity and create an individual theory of change for each grantee. The program includes a blend of financial and non-financial support.

⁶³ Stevenson, A., Bocksette, V., Seneviratne, A., Cain, M., & Foster, T. (2018). *Being the Change: 12 Ways Foundations are Transforming Themselves to Transform Their Impact*. FSG.

⁶⁴ Olazabal, V. (2019). Personal interview.

⁶⁵ de Melo Jerónimo, L. & Palmares, F. (2019). Personal interview.

Chapter 2 | 02

Key take-aways

- While impact management budgets are increasing in American and European foundations, **financial and staff resources are still tight as it has historically been an under-resourced area without a specific budget.** Staff time, particularly that of program managers, is a major challenge in ensuring that impact data is properly collected and used for decision-making.
- US and European foundations reflect **that they are still far away from understanding what is working within their program/funding.**
- If this situation is to change, impact management needs to be further prioritized and reflected in clear and expanded budgets, with impact-related responsibilities contained in organizational job descriptions.
- **Each foundation is developing its own unique organizational approach to impact management.** Some have central impact teams supporting program managers, while others are integrating impact management responsibilities across programmatic staff. There are no right or wrong answers, but foundations need to be aware of the changing skills required for impact management. Beyond the technical aspects, these abilities include a strong diversity and inclusion perspective, listening skills, a collaborative approach with stakeholders for building internal and external relations, the ability to harness data and technology, and an awareness of the ethics involved in the impact management process.
- Some foundations are embracing the challenge of **how to structure teams for more organization-wide impact management approaches**, rather than the more traditionally siloed approaches that many foundations have inherited (particularly large and older foundations).

Key recommendations

— for the foundation sector

- Promoting opportunities for capacity-building of foundation staff on impact management.
- Promoting more dialogue/meeting points between the evaluation community and charitable foundations to encourage learning and exchange.

— for individual foundations:

- Creating a clear impact management budget and associated organizational structure with well-defined roles.
- Ensuring the core foundation team has the right skills for impact management in the future, through up-skilling existing staff and/or hiring new staff and/or use of external consultants.
- Creating an organizational structure, processes, training, and incentives to ensure a greater communication and learning exchange between grantmaking and impact/social investment employees/teams (where these exist).
- Encouraging trustees to understand the value of impact management and properly resource it within the foundation.

01 02 03 | Embedding impact management through organizational culture

2 | 03. Embedding impact management through organizational culture

This section covers the third theme on the impact management learning journey roadmap, namely embedding impact management in the foundation's culture.

A shiny new approach to impact management by a charitable foundation can hit the rocks if the internal culture is not ready. This can be particularly true for older charitable foundations with strong existing organizational cultures and program staff who have been in their jobs for many years and often find themselves at odds with a different or stronger focus on impact measurement. There is a developing understanding of the critical importance of organizational culture in facilitating or impeding impact management approaches. An impact management system will work best, and create learning and action, when there is a strong sense of shared purpose, buy-in from staff, trust, and openness to failure as well as success. There is also a cultural transformation involved in moving from being instinct-driven to data-driven.

Ensuring that the board and C-level lead the process

Success stories in the design, development, and implementation of impact management strategies derive first and foremost from the leadership. The CEO or Senior Management Team identifies measurement or learning as a top organizational priority, clearly and publicly, and then follows through with actions that demonstrate this commitment. CEOs can profoundly influence culture, priorities, and strategy; and may have a significant amount of freedom to set the direction and tone, depending on their relationship and implicit/explicit agreements with trustees. For the **Esmée Fairbairn Foundation**, a key turning point in the development of their impact management approach was the arrival of a new CEO, Caroline Mason. Gina Crane from the **Esmée Fairbairn Foundation** explains that *"you need very strong leadership on this, and sustained interest"*.⁶⁷ For Elisabeth Paulson from **Impetus**, who has worked with many charities on their impact strategies, *"impact is a leadership decision"*.⁶⁸

⁶⁶ Forti, M. (2011). *Creating a Culture of Learning and Accountability*. Bridgespan.

⁶⁷ Crane, G. (2019). Personal interview.

⁶⁸ Paulson, E. & Mahmoud, S. (2019). Personal interview.

04 05

"Culture matters far more than systems. If your organization does not care about metrics, do not bother to start building systems to measure performance"⁶⁹

Brian Trelstad,
Former Chief Investment
Officer at Acumen

Spreading an impact mindset through the organization

Staff, and especially program managers, can be resistant to the development of a new impact management system. According to the interviewees, **the transition towards a clearer impact mindset is slow.**

Interviewees have shared their success stories and advice in terms of how to spread an impact mindset through the organization. Staff from different teams, particularly program managers, need to be involved from the beginning in the design of the approach, and when a new impact management system is piloted, this will help them understand the value of the new processes and tools. Any impact measurement 'jargon' should be kept to a minimum and an emphasis on how the lives of beneficiaries could be improved by such a process is key to the internal communication strategy. Moreover, since there may be fear of additional work that an impact management approach might generate, and a sense that this is not part of an existing job description, additional administrative tasks should be minimized. Continuous employee engagement is necessary in terms of widely sharing impact data collected by the foundation, as well as giving staff an opportunity to input and respond to what the new impact management approach is producing. Developing strong case studies on how grantees or beneficiaries are benefitting due to the foundation managing impact helps to build staff support for such an approach.

The Board is another crucial player in the transition to a more impact-centered mindset, but from our interviews, the Board sometimes appears to be the most resistant and slowest to change. One of the barriers that limits impact management by charitable foundations is that boards *"do not ask for enough impact information or do not ask for the right things"* according to Annica.⁶⁹ Moreover, according to Gina Crane from the **Esmée Fairbairn Foundation**, trustees are the weakest supporters of organizational learning: *"They have engaged with impact data at the level of impact reports (which they find very helpful), but not at the level of decision-making and accountability"*.⁷⁰



Calouste Gulbenkian Foundation – dealing with cultural transitions⁷¹

Calouste Gulbenkian Foundation's adoption of a new and more cross-programmatic strategy has a stated goal: *"to develop the foundation as a whole, around the same vision, mission and priorities, increasing the social impact of its activities, strengthening the links between them, and leveraging the foundation's unique potential"*.

Moving towards a more rigorous impact management approach is a learning process and a work in progress as the foundation needs better evidence about what it is achieving, acknowledging that stronger impact management will enable it to keep better track of its resources.

For Luís de Melo Jerónimo, Director of the Cohesion and Social Integration Program at the **Calouste Gulbenkian Foundation**: *"cultural change doesn't happen from one day to another. We are trying to build good cases to demonstrate that when we measure/manage impact, the programs/organizations do better"*.

⁶⁹ Johansson, A. (2019). Personal interview.

⁷⁰ Crane, G. (2019). Personal interview.

⁷¹ de Melo Jerónimo, L. & Palmares, F. (2019). Personal interview.

Moving towards a shared learning approach with grantees

Pioneering charitable foundations are attempting to develop more collaborative working relationships, less focused on accountability and control, and more concerned with shared learning. At a practical level, this means that instead of setting out the charitable foundation's priorities initially, and then seeking out grantees and investees who can meet these priorities, the foundations work with potential grantees and investees to negotiate priorities that work for all partners. Data is therefore sought, contextualized, discussed, and shared with others in flexible ways. Foundations are no longer the central authority in the evaluation and learning process, but *"begin to function more as one node of many in a dynamic, non-hierarchical learning network"* (Taylor Newberry Consulting, 2018).⁷² This has profound consequences in terms of how data is collected and analyzed.

For shared learning to happen, the whole approach might shift, for example affecting what foundations ask at the application stage.⁷³ In addition to requesting outcome objectives, targets, and indicators, the foundation might ask why the organization is proposing the project, what are its learning goals, and how the foundation can help advance these goals. Learning is different from, although complementary and related to, impact evaluation.⁷⁴

Becoming a learning organization

Becoming a learning organization is a tall order for many foundations and **none of the interviewees in this study claimed to have reached this goal**. However, some acknowledge that they are on the way.

In the foundation sector, **a learning organization needs to be reflected in leadership and culture, but also in learning structures and processes**. Such learning structures and processes are currently lacking in the foundation sector. Ideally, foundations would have defined roles and responsibilities for capturing, distilling, applying, and sharing knowledge internally and externally, with specific processes that are part of daily workflows. A large-scale study of learning in the non-profit sector illustrated that **only 40% believe that their existing processes are effective for encouraging learning, and only half created incentives around learning**.⁷⁵ Gina Crane, Head of Communications and Learning at the **Esmée Fairbairn Foundation**, says the foundation is becoming a learning organization because the top management is investigative and willing to learn. However, it is an administratively heavy organization and processes are difficult to change. These processes influence the grants managers towards focusing on impact measurement, rather than prioritizing learning and reflecting. Gina believes that staff incentives are currently insufficient to encourage a learning mindset.⁷⁶

⁷² Taylor Newberry Consulting (2018). *Achieving Greater Impact by Starting with Learning*.

⁷³ Taylor Newberry Consulting (2018). *Achieving Greater Impact by Starting with Learning*.

⁷⁴ Taylor Newberry Consulting (2018). *Achieving Greater Impact by Starting with Learning*.

⁷⁵ Taylor Newberry Consulting (2018). *Achieving Greater Impact by Starting with Learning*.

⁷⁶ Crane, G. (2019). Personal interview.

Chapter 2 | 03

Key take-aways

- **Organizational culture is one of the crucial success factors for impact management and has been historically underestimated.** This has resulted in the current gap between theory and practice as foundations have struggled to bring their staff and grantees on Board with new approaches.
- New impact management approaches are likely to encounter significant resistance and it is a step-by-step long-term process that will take between 5 to 10 years.
- **Foundations can aspire to become learning organizations**, and this requires a supportive leadership, an organizational culture that is aligned with learning, as well as specific learning structures and processes.

Key recommendations

— for the individual foundations

- Supporting and championing impact management at a leadership and Board level.
- Devoting time and money to learning from impact management, building organizational processes and structures to support learning goals and priorities.
- Finding ways to bring staff along in the process, including ensuring you are listening to them and getting their feedback, that there are sufficient training opportunities to gain the new skills required, and that the whole approach is communicated adequately.

01

02

03

04

Building internal
and external capacity
to manage impact

05

2 | 04.

Building internal and external capacity to manage impact

This section covers the fourth theme in the impact management learning journey roadmap, namely, how a foundation can ensure that there is the right capacity both within its foundation, as well as at the grantee/investee level, for impact management.

Building staff capacity

The monitoring and collection of impact data, as well as building the capacity of grantees and investees, often happens at the program manager level. For example, **The Rockefeller Foundation's** team is relatively small at two and a half full-time employees and spends much of its time supporting and helping programmatic staff. Gina Crane from the **Esmée Fairbairn Foundation** emphasizes that: *"knowledge and reflection around impact need to be built up at grants manager level"*.⁷⁷ At **Reach for Change**, the impact team has developed an internal certification for program managers to get them ready to support social entrepreneurs on the development of their impact frameworks.

Since much of the capacity-building of grantees/investees comes via the foundation's program managers, it is essential that they feel prepared for this task. However, in a 2017 survey of grant officers in America **only 53% said that they had the knowledge necessary to help the grantees they work with assess the results of their work.**⁷⁸ There is an essential skills gap that needs to be plugged. Gina Crane from the **Esmée Fairbairn Foundation** explains that some grants managers were already very good at grantee capacity-building, but others were not quite so good. Crane feels they could have given more training to grants managers, but one of the issues they faced was that it was hard to persuade staff who had a huge amount of knowledge of their job to begin new activities.⁷⁹

Building grantee capacity

Since a charitable foundation's impact relies primarily on what its grantees/investees are achieving, it is critical that foundations support grantees to manage their impact, prioritizing the learning aspect. This could mean providing additional capacity-building to grantees, either from the foundation's program managers or external consultants, to help build their capabilities; or funding and commissioning internal or external independent evaluations, for example, as part of general grant applications or in one-off cases. Within venture philanthropy, best practice is for impact measurement to be part of the budget that venture philanthropy organizations dedicate to their investees. In a survey of benchmarking evaluation practices in the US, **69% of respondents believed that their foundation was doing too little in terms of improving grantee capacity for data collection or evaluation.**⁸¹

Moreover, **grantees/investees often have to meet funder data needs on impact management out of their own pockets.** When funders ask investees for data that is only useful for them, they should provide the resources for the investee to report on that. Among the surveyed American foundations, only 19% of respondents report that grantees can spend a portion of their grant dollars on evaluation, while only 10% of grantees receive general operating support funds and can choose to spend these on evaluation.⁸²

Foundations need to build the appetite for impact management among their grantees/investees, and this approach may not always be initially well-received.

"The challenge in impact management is that foundations are both suppliers and demanders of impact management tools. When asking their grantees to measure/ manage their impact, some grantees might not know how to design and set up an impact management approach, and so there is a gap"⁸⁰

Veronica Olazabal,
Director, Measurement, Evaluation
and Organizational Performance at
The Rockefeller Foundation

I Impetus

Impetus – working with grantees in the long-term on impact management⁸³

Impetus' goal as a funder is about creating organizations that have the ability to be sector leaders. **Impetus** starts with a one-year investment. During this first year, **Impetus** helps the charity define its impact strategy. For Elisabeth Paulson, Portfolio Manager, *"the great thing about building impact management capacity in charities is the data they use to deliver their impact could double as the data they share with funders, to show they are on track"*. The basis of the **Impetus** approach is outlined in the 'Driving Impact' framework that it uses with the charities it supports and which it has disseminated to over 150 charities and funders through an impact management capacity-building program in the UK. Much of the success in terms of **Impetus'** capacity-building around impact management relies on open and honest conversations between the charities and **Impetus**, which is known for working shoulder-to-shoulder with the leaders of funded organizations.

⁷⁷ Crane, G. (2019). Personal interview.

⁷⁸ Buteau, E., Glickman, J., Loh, C., Coffman, J., & Beer, T. (2016). *Benchmarking Foundation Evaluation Practices: 2015 Benchmarking Data*. CEP and CEI.

⁷⁹ Crane, G. (2019). Personal interview.

⁸⁰ Olazabal, V. (2019). Personal interview.

⁸¹ Buteau, E., Glickman, J., Loh, C., Coffman, J., & Beer, T. (2016). *Benchmarking Foundation Evaluation Practices: 2015 Benchmarking Data*. CEP and CEI.

⁸² Buteau, E., Glickman, J., Loh, C., Coffman, J., & Beer, T. (2016). *Benchmarking Foundation Evaluation Practices: 2015 Benchmarking Data*. CEP and CEI.

⁸³ Paulson, E. & Mahmoud, S. (2019). Personal interview.

Impetus engages in long-term venture philanthropy with its grantees. A more traditional responsive grantmaker such as the **Esmée Fairbairn Foundation** has tried to resolve the capacity-building issue by setting up a 'Grants Plus' program, which allows grantees to opt for capacity-building and external advice to give greater impact to the work funded. In the selection process for this 'Grants Plus' program, applicants are required to identify two or three outcomes they wish to accomplish through these additional funds. Often one of these outcomes is 'getting better at evaluation'. The **Esmée Fairbairn Foundation** will then finance the grantee to collaborate with someone to build their internal impact management approach, stressing the importance of capacity-building rather than one-off external impact evaluations.

While grantee capacity-building around impact management could be considered best practice, some foundations are reticent, believing that it is not advisable to encourage their grantees to engage in impact management. For example, according to a recent study of many CEOs of European charitable foundations, certain leaders feel that the non-financial aspects of grantmaking are not always appreciated by grantees and might interact with other important power dynamics. Moreover, others have stepped back from a capacity building approach due to lack of evidence that it is adding much value.⁸⁵

“Everyone thinks about sustainability and resilience when it comes to supporting charities, but they think less about impact. Grantmakers can help organizations develop the capacity to know how each beneficiary is progressing and what to do if they are not. Currently that work is not yet a focus among grantmakers.

Could you as a funder support the development of the capacity of your investees/grantees so they can answer the key questions? Do they really know who is coming through the door? Are they able to answer questions about outcomes? Can you fund them to do that better?”⁸⁴

Elisabeth Paulson,
Portfolio Director at Impetus

⁸⁴ Paulson, E. & Mahmoud, S. (2019). Personal interview.

⁸⁵ Teacher, S. (2016). *The Theory of the Foundation European Initiative 2016 Report*. Rockefeller Philanthropy Advisors and LSE Marshall Institute for Philanthropy and Social Entrepreneurship.

Chapter 2 | 04

Key take-aways

- There is a **significant skills and knowledge gap among foundation staff** in terms of how to build the impact management capacity of their grantees.
- It is important to ensure a proper budget and training for measuring and managing non-financial support provided to grantees.
- **Most grantees do not have the financial and non-financial resources to successfully manage their own impact.**

Key recommendations

— for the individual foundations

- Upskilling foundation staff so that they can help grantees improve capacity for impact management.
- Increasing opportunities for grantees to use core or specific funding for evaluation/impact management purposes.
- Increasing the budget for capacity-building of grantees around impact management.

01 02 03 04 05

Collaboration, transparency, and knowledge sharing to support impact management

2 | 05. Collaboration, transparency, and knowledge sharing to support impact management

This section covers the fifth and final theme in the impact management learning journey roadmap.

Developing joint initiatives

As philanthropic foundations are moving towards understanding their role within a larger system, they are starting to collaborate more with other foundations, as well as a range of sectors (such as the public sector) on impact management. This is happening at a rapid pace in America, and there are emerging examples of this in Europe as well. Whilst everyone is supportive of collaborations and joint initiatives in theory, it is clear that this is very challenging in practice. There is significant time and investment necessary to support successful collaborations, and the challenge of the engaged funder collaborations is too big for many. According to one foundation executive *"you are basically transferring some of your autonomy to a bigger platform with some common objectives"*.⁸⁷

Several types of joint initiatives are emerging among philanthropic foundations related to impact management:

Joint initiatives to improve grantee capacity around impact management

The Fund for Shared Insight is an example of American foundations working together to build the capability of the social sector to learn from and empower the beneficiaries they seek to help. The coalition began in 2014 with six funders pooling \$6 million a year. By 2018 it had granted \$21.1 million and had 78 funders collaborating with 184 non-profits to develop and test a signature feedback tool that by 2020 any non-profit with a SurveyMonkey account should be able to use. According to Katie Smith Milway *"the Fund for Shared Insight's theory of change is audacious: it seeks to build the core capacity we all have to listen, empathize, and respond into a norm that meaningfully connects non-profits, foundations, and the people and communities they seek to help. The goal is challenging funders' capacity to listen to diverse voices surrounding communities and make changes themselves"*.⁸⁸

*"Unless we all – funders, charities, and social enterprises – see ourselves as a network, change will be slow"*⁸⁶

Caroline Mason,
Chief Executive at
Esmée Fairbairn Foundation

⁸⁶ Mason, C. (n.d.). *Why We Need to Flip the Model of Grant Reporting*. Esmée Fairbairn Foundation. Retrieved from: <https://esmeefairbairn.org.uk/why-we-need-to-flip-the-model-of-grant-reporting>

⁸⁷ Teacher, S. (2016). *The Theory of the Foundation European Initiative 2016 Report*. Rockefeller Philanthropy Advisors and LSE Marshall Institute for Philanthropy and Social Entrepreneurship.

⁸⁸ Milway, K.S. (2018). *Funding Feedback*. SSIR. Retrieved from: https://ssir.org/articles/entry/funding_feedback

I Impetus Impetus collaborates to deliver an impact management program to UK charities⁸⁹

Impetus has been part of a collaborative effort in partnership with New Philanthropy Capital and Social Investment Business, funded by Access Foundation. This program aims to build the capacity of charities to manage their impact. This has been incentivized through 'Impact for Growth' funding by the Access Foundation where 40 organizations receive £1.8m of funding in total for a one-year impact management project. Grantees work with approved providers to focus on the area of impact management where they need most help. Applicants for the 'Impact for Growth' grants are required to attend a day of impact management training with Impetus before applying to the program. Impetus designed and delivered this training for 150 organizations and the consultants that help deliver the funded work.

Joint initiatives to coordinate and learn from impact evaluations

Over 40% of foundations surveyed in America on evaluation benchmarking practices have engaged in efforts to co-ordinate their evaluation.⁹⁰ Following the clinical field, foundations can support the development of evaluation synthesis, replication, and meta-evaluation.

Some American foundations are implementing shared evaluation strategies for grantees working in similar issue areas, reducing individual reporting burdens, ensuring comparability of data across different grantees, and enabling group-level learnings and insights. For example, the Conrad N. Hilton Foundation, a private funder in Southern California, embeds collective learning in its six strategic initiatives, each of which may involve as many as 50 grantees working toward a shared set of goals. An external partner manages the evaluation and learning for each initiative. Edmund Cain, Vice President of Grant Programs of the foundation, describes the approach: *"The evaluation partner's job is not to issue a report card on each grantee's performance but to track the collective impact on that particular issue over time"*.⁹¹ This strategy promotes collaborative learning and reduces the burden on grantees to manage their evaluation and learning.



The Esmée Fairbairn Foundation works with the Institute for Voluntary Action Research (IVAR)⁹²

IVAR, and a group of UK funders⁹³ and some of the organizations they fund, are exploring how to improve and align grant reporting. They set up a workshop to understand what is important to funders, as well as the organizations they fund, so that they could learn and adapt their reporting processes. They have developed a set of principles to make grant reporting a more shared, meaningful, and mutually beneficial experience (as outlined below):

1. Funders explain why they have awarded a grant
2. Funders and funded organizations are clear about what grant reporting looks like
3. Funders are clear about the type of relationship they would like to have with the organizations they fund
4. Funders only ask for information they need and use, and question whether they need bespoke reporting
5. Funders give feedback on any grant reporting they receive, and share their thoughts on the progress of the work
6. Funders describe what they do with the information they obtain from funded organizations

The Esmée Fairbairn Foundation continues to work with this group to improve UK grant reporting processes.

⁸⁹ Paulson, E. & Mahmoud S. (2019). Personal interview.

⁹⁰ Milway, K.S. (2018). *Funding Feedback*. SSIR. Retrieved from: https://ssir.org/articles/entry/funding_feedback

⁹¹ Monitor Institute. (2017). *Bright Spot: Investing in Data and Analytics Infrastructure to Build Understanding and Guide Programming*.

⁹² Crane, G. (2019). Personal interview.

⁹³ Founding funder group includes: Big Lottery Fund, Cardboard Citizens, Comic Relief, Esmée Fairbairn Foundation, Heritage Lottery Fund, Hull Community Church, Institute for Voluntary Action Research, Joseph Rowntree Foundation, Lloyds Bank Foundation, Older Citizens Advocacy York, One25, Paul Hamlyn Foundation, Pears Foundation, Refugee Action, Thames Reach, Tudor Trust.

Engaging in honest and frequent sectoral exchange

There is a significant amount of knowledge that foundations develop over time through their funding and work, which could be much more widely and openly shared than is currently the case. This includes publishing impact data and evaluations that foundations collect. For Ed Pauly, Director of Research at the Wallace Foundation in the US, *"making evaluations public is a classic case of a virtuous circle. Public scrutiny creates incentives for high quality, accessibility, and utility; high quality reports lead to expanded and engaged audiences – and the circle turns again as large audiences use evaluation lessons to strengthen their own work and demand more high quality evaluations"*.⁹⁵

However, in a survey of evaluation practices of 110 CEOs of American foundations, most admitted that they do not know much about what is working and not working in the programmatic efforts of other foundations focused on the same or similar goals.⁹⁶ Barriers to sharing knowledge about impact more widely include lack of capacity (it takes time and resources to communicate information externally); concern about reputational damage, as well as a lack of conviction that this information will be used.

The type of transparency and knowledge-sharing that many within and outside the foundation sector crave is not that of glossy annual reporting, but sincere conversations between funders, as well as between funders and grantees/beneficiaries. According to Luís de Melo Jerónimo, Director of the Cohesion and Social Integration Program at **the Calouste Gulbenkian Foundation**: *"we need to create the safe spaces for funders to be honest about what is going well and what is not going so well. That is critical in this sector"*.⁹⁷

Since it acknowledges the importance of knowledge-sharing, **Reach for Change** has organized the annual event 'Partnering for Change' where it invites leading doers and thinkers from around the world to consider how businesses and non-profits can work together. The Esmée Fairbairn Foundation has been a leader in transparently sharing its impact data, through its insight reports that outline what it is learning about its grants and social investments, based on hundreds of learning conversations that grants managers have with grantees. Gina Crane, Head of Communications and Learning from **the Esmée Fairbairn Foundation**, explained how the recent 'Insight Report on Core Funding'⁹⁸ was met with delight and surprise by the sector. This transparency inspires other funders such as **the Calouste Gulbenkian Foundation**. Luís de Melo Jerónimo, Director of the Cohesion and Social Integration Program, commented that, *"what the Esmée Fairbairn Foundation is doing is a great example of how we can be transparent"*.⁹⁹ Meanwhile, **Impetus** has been extremely active in sharing insights from its impact management process and disseminating its approach.¹⁰⁰

Leveraging data and technology

In theory, the data and technology wave should make collaborating, knowledge-sharing and being transparent within the foundation sector far easier.

There are some examples of foundations coming together to create open source databases. In the US For example, the Foundation Center in America has an Issue Lab which is an open repository, providing free access to more than 20,000 social knowledge products such as case studies, evaluations, and white papers. In Europe, **the Calouste Gulbenkian Foundation** and **the Esmée Fairbairn Foundation** are involved in open data initiatives, as described in the next page.

"The foundation sector is not transparent"⁹⁴

Gina Crane,
Head of Communications
and Learning at Esmée
Fairbairn Foundation



one value

Esmée Fairbairn Foundation and Calouste Gulbenkian Foundation open data initiatives¹⁰¹

The **Esmée Fairbairn Foundation** publishes its grants and social investments via 360Giving, an initiative involving over 107 funders, cataloguing 322 grants and over £26bn of grant data. This means that for the first time in the UK, it is possible to see and compare grants awarded by different funders in one place. This includes grants awarded by central and local government, lottery funds, charitable trusts, and corporate and community foundations. According to 360Giving, it is transforming the knowledge base of the whole sector, powering new and exciting data tools, and supporting strategic planning and decision-making.

The **Calouste Gulbenkian Foundation** partnered with the Portuguese government to create 'One Value', a free access website that gathers and systematizes information about public investment in several priority response areas in Portugal (such as social protection, education, health, employment, and justice). Qualitative and quantitative information is presented in a structured way to: a) promote discussion about public policy priority issues; b) develop innovative intervention models; and c) assess the relevance of outcome metrics.

However, it is questionable whether such platforms are already resulting in more effective philanthropy. One of the barriers is a lack of data analytics capability within the foundation sector. For such platforms to improve grantmaking, specific data skills and capabilities need to be supported.

⁹⁴ Crane, G. (2019). Personal interview.

⁹⁵ Buteau, E., Glickman, J., Loh, C., Coffman, J., & Beer, T. (2016). *Benchmarking Foundation Evaluation Practices: 2015 Benchmarking Data*. CEP and CEI.

⁹⁶ Buteau, E., Glickman, J., Loh, C., Coffman, J., & Beer, T. (2016). *Benchmarking Foundation Evaluation Practices: 2015 Benchmarking Data*. CEP and CEI.

⁹⁷ de Melo Jerónimo, L. & Palmares, F. (2019). Personal interview

⁹⁸ Esmée Fairbairn Foundation. (2019). *Insights on Core Funding*.

⁹⁹ de Melo Jerónimo, L. & Palmares, F. (2019). Personal interview.

¹⁰⁰ Impetus publications include: Impetus. (2016). *Driving Impact: Helping Charities Transform the Lives of Disadvantaged Young People*; Leap of Reason. (2017). *Invested in Empathetic Challenge: A Profile of Impetus-PEF*; Weiss, L. (2018). *Understanding and Sharing What Works: A Profile of Impetus-PEF*. CEP. All publications are available at <https://impetus.org.uk/publications>

¹⁰¹ Crane, G. (2019). Personal interview; de Melo Jerónimo, L. (2019). Personal interview.

Key take-aways

- There are **best practice examples of significant collaboration, knowledge-sharing, and transparency in the European foundation sector**, particularly in terms of reducing the grantee reporting burden and creating shared and open-source data repositories. Yet these practices are not yet widespread, and the sector could benefit from prioritizing and amplifying such activities.
- **There could be more honest sectoral peer exchange** about programmatic successes and failures, what works, and what does not work.
- **The data and technology wave could be a game-changer in improving impact management.**

Key recommendations

— for the foundation sector

- Setting up a European foundation-wide working group to explore opportunities to improve impact data-sharing.
- Creating a set of principles around transparency and knowledge-sharing that European charitable foundations can sign up to (e.g. a commitment to publish and share evaluations and impact data).

— for individual foundations:

- Paying attention to the coming data wave and how this can be positively harnessed to improve impact management.

Chapter 3

Individual Case Studies

Case Study

Reach for Change



↓ Overview of Reach for Change

Type of foundation Grantmaking	Founded 2010
Target geography Presence in 16 countries in Europe, Asia, and Africa – with HQ in Sweden (2018)	Target sector Children and youth (2018)
Assets \$4.2m (2018)	Charitable cause spending \$4.92mn (2018)
Number of organizations supported 156 (2018)	Number of children supported 341,620 (2018)

01 02 03 04 05

01. Designing an impact management approach

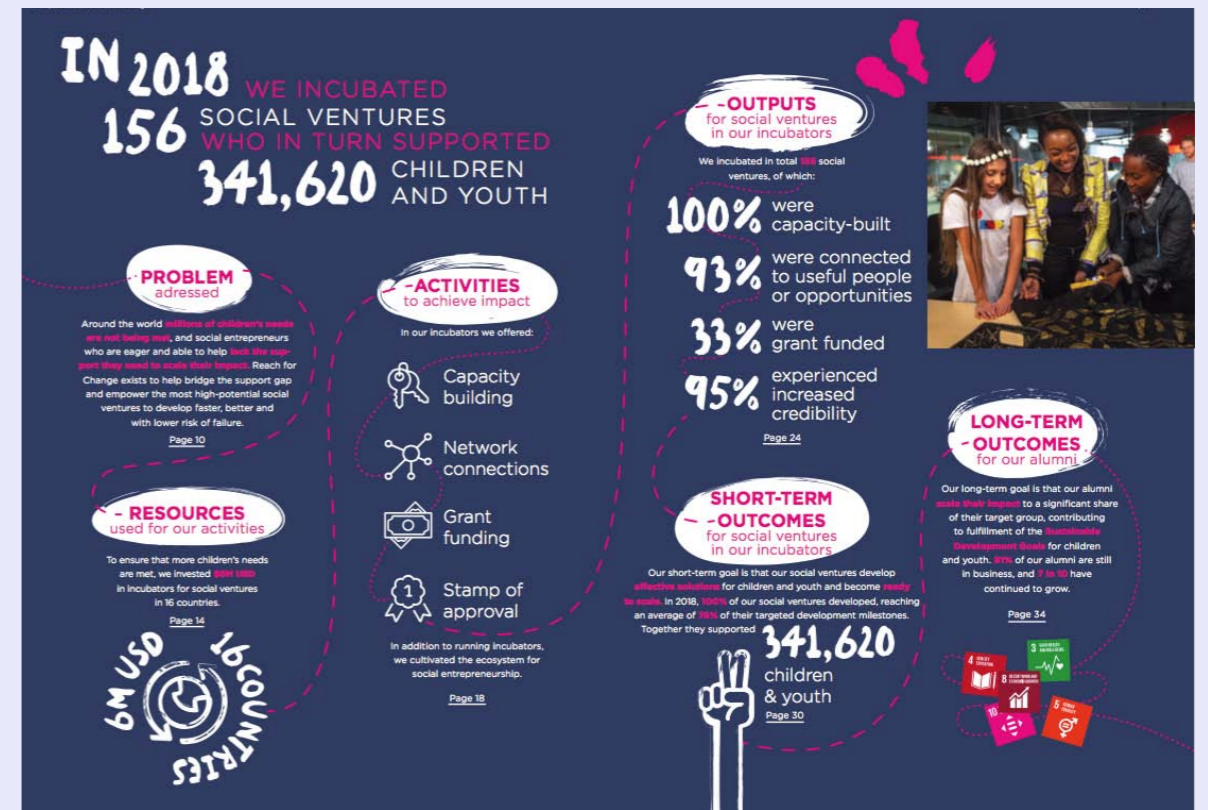
1.1. History and sources of inspiration

- **Until 2014:** The foundation only knew the resources spent, and the number of children supported. The only driver for taking action was the number of final beneficiaries.
- **In 2014:** Development of a new impact process inspired by its own experience.
- **2014-2019:** Continuously questioning and refining its model.

1.2. Impact at the level of the foundation

- **Theory of change at the level of the foundation** has been designed and used.
- **Challenges:**
 - **Establishing links between levels:** Connecting outputs with outcomes to understand which types of grantees are succeeding and compare different types of inputs with outcomes.
 - **Estimating the costs of supporting each venture and ensure the best allocation of resources:** Difficulty in drawing the line between programmatic costs and general costs.

↓ Reach for Change's theory of change with indicators



01 02 03 04 05

Reach for Change

1.3. Impact at the level of social ventures

Outputs

- **Tool:** Survey
- **Process:** Program managers are in charge of making sure that social entrepreneurs fulfill the survey.
- **Timing:** At the end of the year.
- **What is assessed?** The incubator support received by social entrepreneurs.

↓ Reach for Change's output results

93% report that **Reach for Change** connected them with at least one person and/or opportunity (on average **four**)

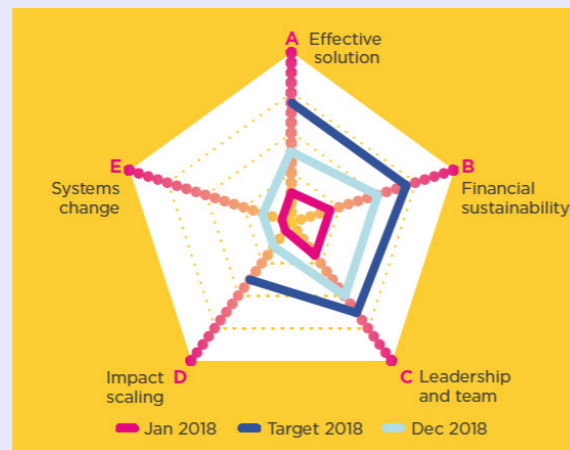
71% found the connections overall useful:

- 67% gained knowledge
- 41% formed new partnerships/collaborations
- 36% acquired new tools
- 18% gained new funding

Short-term outcomes

- **Tool:** Excel sheet
- **Process:** Country managers talk with social entrepreneurs.
- **Timing:** At the beginning of the incubator year, every four months, and at the end of the incubator year.
- **What is assessed?** Progress of organizational capabilities towards targeted outcomes within five areas: effective solution; financial sustainability; leadership and team; impact scaling; and systems change. Progress is assessed through the indicator 'number of milestones reached'. Milestones (i.e. completed activity or result accomplished) are predefined by the foundation and are the same for all the ventures incubated.

↓ Mapping of progress towards milestones



Long-term outcomes

- **Tool:** Survey
- **Process:** Social entrepreneurs are asked to complete the survey.
- **Timing:** Once a year, but not every year.
- **What is assessed?** Survival and scaling of alumni (i.e. growth in terms of revenue, staff, end beneficiaries).

↓ Reach for Change's long-term outcomes

91% are still in business

71% reached more children and youth

69% increased their revenues

68% expanded geographically

73% report that **Reach for Change** had a considerable or huge impact on their overall development

1.4. Impact at the level of final beneficiaries (children and youth)

Outputs

- **Tool:** Report
- **Process:** Social ventures report the number of children and youth supported and provide verification of their reach (uploading photos and attendance lists). The impact team audits these reports.
- **Timing:** Every four months.

↓ Reach for Change's final beneficiaries



Outcomes

- **Tool:** Report
- **Process:** Social ventures report progress toward their targeted outcomes through outcome stories and outcome indicator results.
- **Timing:** Outcome stories are reported every four months and outcome indicator results are reported annually.

↓ Outcome stories

Examples of outcome stories include: 'ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR CHILDREN' and 'Lives improved: 305,537 children and youth (89%) received support to empower them with knowledge, awareness, attitudes, etc.'

↓ Outcome indicator results

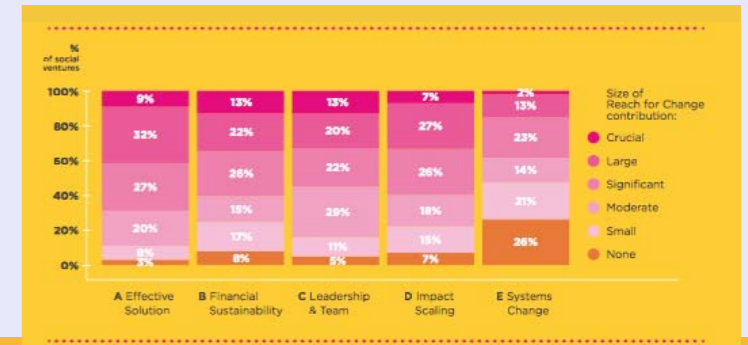
341,620 children and youth supported

- Lives improved:** 305,537 children and youth (89%) received support to empower them with knowledge, awareness, attitudes, etc. Example: Love Guide (Bulgaria) provides sex education to youth.
- Lives changed:** 30,670 children and youth (9%) received support to reroute them onto a better path. Example: Tolerancijos Centras (Lithuania) helps children suffering from obesity to a healthy lifestyle.
- Lives protected:** 5,413 children and youth (2%) received support to protect them from a dangerous situation. Example: Umoja Wa Wawezeshaji (Tanzania) protects and frees children from slavery and child labor.

1.5. Attribution

- **Tool:** Survey
- **Process:** **Reach for Change** surveys its social entrepreneurs asking them how much less they believe they would have developed during the year without their support.
- **Timing:** At the end of the year.

↓ Reach for Change's contribution to short-term outcomes



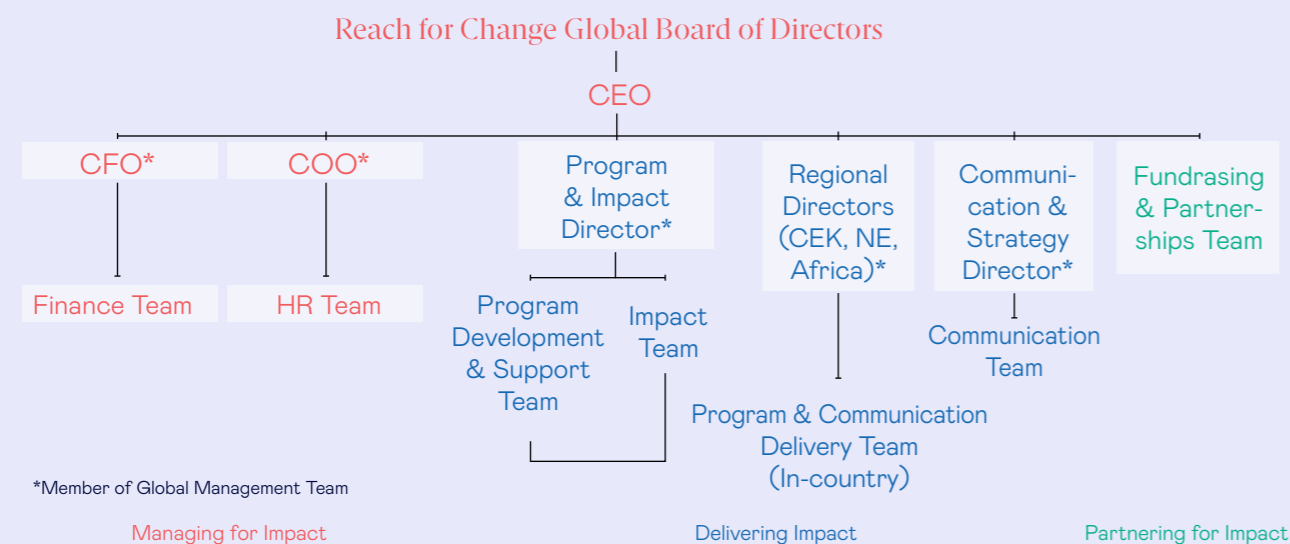
01 02 03 04 05 **Reach for Change**

02. Resourcing and organizing for impact management

2.1. Resources allocated to impact

→ **Impact Team** was set up in 2014 with **1 full-time employee**. In 2019 there were **4 full-time employees**.

2.2. Organizational structure



2.3. Skills and learning around impact management

- **Skills:**
 - Impact Team has the right skills.
 - Program managers are internally certified after successfully completing training to support the social entrepreneurs in building their frameworks. As of today, the majority are certified.
- **Reflection and learning** around impact is built in different departments and levels of the organization.

2.4. Responsibilities of the Impact Team

- **Measuring** the foundation's **impact** on social entrepreneurs.
- **Identifying areas for improvement**, corrective actions, and best practices.
- **Building the capacity of social entrepreneurs** to measure its impact (through the program managers and an Online Resources Center).
- **Promoting social debate**, share information about own learnings and sell consulting services.

2.5. Interaction of Impact Team with other departments

- Multiple **interactions** with the other departments and processes:
 - With the **Program Team**, the **Country Program Managers** and **Regional Director**.
 - With the **Communication Team** and the **Fundraising Team**: This is key to ensure that **Reach for Change** communicates in line with its impact philosophy (focus on outcomes not on outputs) and that its funding drives impact not activities.

01 02 03 04 05 **Reach for Change**

03. Embedding impact management through organizational culture

3.1. Spreading the impact mindset through the organization

Staff response to impact management and enablers to make the transition smoother

- Some **skepticism** and **resistance** (mostly from the older staff) due to:
 - Fear of additional work.
 - Feeling that it is not part of their job.
- Tools have been presented as **supporting tools**.
- Staff now understand the **need for evidence** and found the **process inspiring**.

Key success factors to embed a culture of impact management

- **Reach for Change** has managed to embed a culture of impact management within the foundation for the following reasons:
 - **Leaders think 'impact first'** and the Impact Team is supported by other champions.
 - **Employees have been engaged in the impact management process** by sharing results with them and **giving them a say**.

3.2. Being a learning organization

→ **Reach for Change** considers itself to be a learning organization because it is **continuously looking to improve and is open to change**:

“For us, the learning that comes from measuring impact has been generated not only from analyzing our results, but just as much from carrying out the process of setting our goals and designing our measurement tools. It has challenged the beliefs that underpin our program design and delivery, and made us become more aligned and focused – and in the end more impactful”

Annica Johansson, Global Head of Impact.

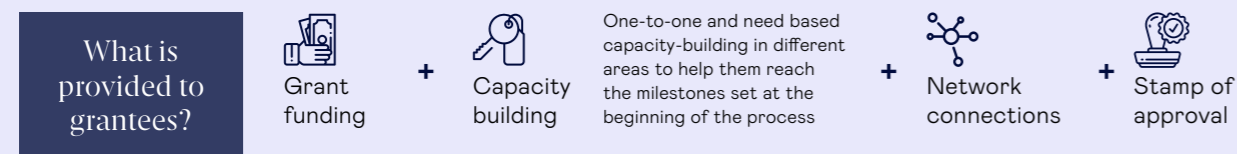
01 02 03 04 05 Reach for Change

04. Building internal and external capacity to manage impact

4.1. Building staff capacity

- Program managers are internally certified when successfully completing training to support the social entrepreneurs in building their framework.
- Impact Team does regular 'Impact Huddles' where they convene to discuss a topic to promote their professional development as M&E specialists, or to support the learning and development of the organization. The team also attends external M&E trainings organized by organizations such as EVPA and SIDA (the Swedish Development Agency).

4.2. Building external capacity



- How is the capacity of grantees around impact management being built?
- Year 1:
 - Support to map the problems and goals of the social venture.
 - Support to qualitatively explore outcomes: build the social venture capacity to interview children and youth about how they were impacted by their support, and guide them on how to capture what they learn in impact stories.
 - Years 2 and 3:
 - Support to quantitatively measure outcomes.

- Who builds the capacity of grantees to manage impact?
- Impact team (one-to-one coaching, lectures, workshops).
 - Program managers (trained by impact team).
 - Partner advisors, mentors and consultants.
 - Social entrepreneurs can also access the Online Resources Center (lectures, tools, articles, etc.) for advice.

- Grantees' response to impact management
- Most of the social entrepreneurs find that the processes put in place by Reach for Change to manage their impact have been empowering because it has given them a structure. However, some of them have not found it helpful.

01 02 03 04 05 Reach for Change

05. Collaboration, transparency, and knowledge sharing to support impact management

5.1. Collaborating on impact management issues

- Collaboration with different organizations
 - Example: Close collaboration around impact management with a Swedish foundation working with children/youth.

↓ Case of a social venture supported by Reach for Change

PUTTING SOCIAL ENTREPRENEURSHIP ON THE MAP IN ETHIOPIA
CASE: THE IKEA FOUNDATION

Since Reach for Change launched in Ethiopia in 2015, the country has gone from being a blank spot on the map of social entrepreneurship to the host of the upcoming Social Entrepreneurship World Forum. The partnership with the IKEA Foundation is fundamental to Reach for Change's work to promote social entrepreneurship and improve conditions for children in Africa's second most populous country.

When Reach for Change launched its programs in Ethiopia in 2015, it was the first incubation program specifically for social entrepreneurs.

"We were the first and only organization in Ethiopia focusing solely on social enterprise. We knew we had a lot of work to do to convince people that social entrepreneurship had the power to make a real, sustainable and lasting positive change on society," recalls Anna Chopnicka, Country Manager for Reach for Change in Ethiopia.

Despite the challenges of being a pioneer in the sector, we immediately saw the potential of working with social entrepreneurs to address the dire needs of children in Ethiopia.

"We found a number of exceptional entrepreneurs who were dedicated to developing businesses that not only generate profit but improve education, health, create quality jobs and build livelihoods," says Anna Chopnicka.

In 2016, the IKEA Foundation joined as an anchor partner, and the year after we jointly launched a three-year program focused on the potential of social entrepreneurship to improve early childhood development and primary education in Ethiopia. An aggressive target was set – to support and nurture 120 outstanding social entrepreneurs who will develop and scale-up solutions impacting over 84,000 children (from birth to 15 years) and their families in urban and rural settings.

With a Swedish background and a mission to create brighter futures by helping children and families afford better lives, the IKEA Foundation was a natural partner. And two years down the line, we are well on the way to reaching the target.

To date, through the IKEA Foundation partnership, we have supported 79 social entrepreneurs, who have together impacted more than 68,000 children.

Many of the social entrepreneurs have been able to drastically scale their impact through the support. One example is Ayatam Simineh, who has developed a model for providing free soap and hygiene training within schools to prevent absenteeism and the spread of diarrheal infections. Since he entered the Reach for Change Incubator, Ayatam has been able to increase his revenues by 700 percent, allowing him to go from a one-man operation to a team of 15 people and extend his reach from two to 20 schools in Ethiopia.

Beyond impacting individual children, the social entrepreneurs in our programs are also role models for the emerging social entrepreneurship scene in Ethiopia. From experience in other markets across West Africa, Central Europe, the Baltics and Scandinavia, we know that these kinds of role models demonstrate the power of social entrepreneurs to tackle pressing challenges.

Establishing an ecosystem for social entrepreneurship has been key in Reach for Change's work in Ethiopia. To boost this development, we have contributed as the founding partner for Social Enterprise Ethiopia (SEE), a locally-led movement designed to create an environment where social enterprises can thrive in Ethiopia. SEE received recognition as a formal association in November 2018.

Patrick Obonyo, Programme Manager, IKEA Foundation
"We know that social entrepreneurs have a deep understanding of their local realities. This ensures their solutions are relevant for the communities, families and children that they seek to benefit. The IKEA Foundation believes that helping social entrepreneurs in Ethiopia to succeed is key to creating a lasting positive impact. In partnership with Reach for Change, the IKEA Foundation supports social entrepreneurs so that thousands of children in Ethiopia can enjoy better health, better education and a brighter future."

Anna Larley, Regional Director Africa, Reach for Change
"The fact that the Social Entrepreneurship World Forum will be hosted in Ethiopia in 2019 is a testament to how much momentum the sector has generated in only a few years. We can't wait to take the next step together with the IKEA Foundation and other brave partners to see this movement spread nationwide and inspire generations of social entrepreneurs to come."

5.2. Transparency and knowledge sharing

- Annual event 'Partnering for Change': sharing knowledge with all stakeholders.
- Attending as guest speakers to mobilize the sector and share learnings.

Note: This case study has been built upon:

- Jonhansson, A. (2019). Personal interview.
- Reach for Change. (2018). *Our Impact 2018*.
- Website of the foundation: <https://reachforchange.org/en/>

Case Study

Calouste Gulbenkian Foundation



↓ Overview of the Calouste Gulbenkian Foundation

Type of foundation Grantmaking and operating	Founded 1955
Target geography HQ in Portugal; delegations in France and UK, and activities throughout the world (mainly Portuguese-speaking African countries, East Timor, and countries with Armenian communities)	Target sector Charity, art, education, and science
Assets €2.8bn (2017)	Spending in activities (without management costs) €62mn (2017)

01 02 03 04 05

01. Designing an impact management approach

1.1. History

- **In the past:** Attempts made for a 'one size fits all' performance management system for the foundation. **Unsuccessful** due to the broad scope of intervention/ models of the foundation.
- **Current status:** Different processes and tools for each project.
- **For the future:** Trying to break silos based on verticals (arts, science, education, charity) in order to have a **more global approach** towards impact management.

1.2. Impact at the level of the foundation

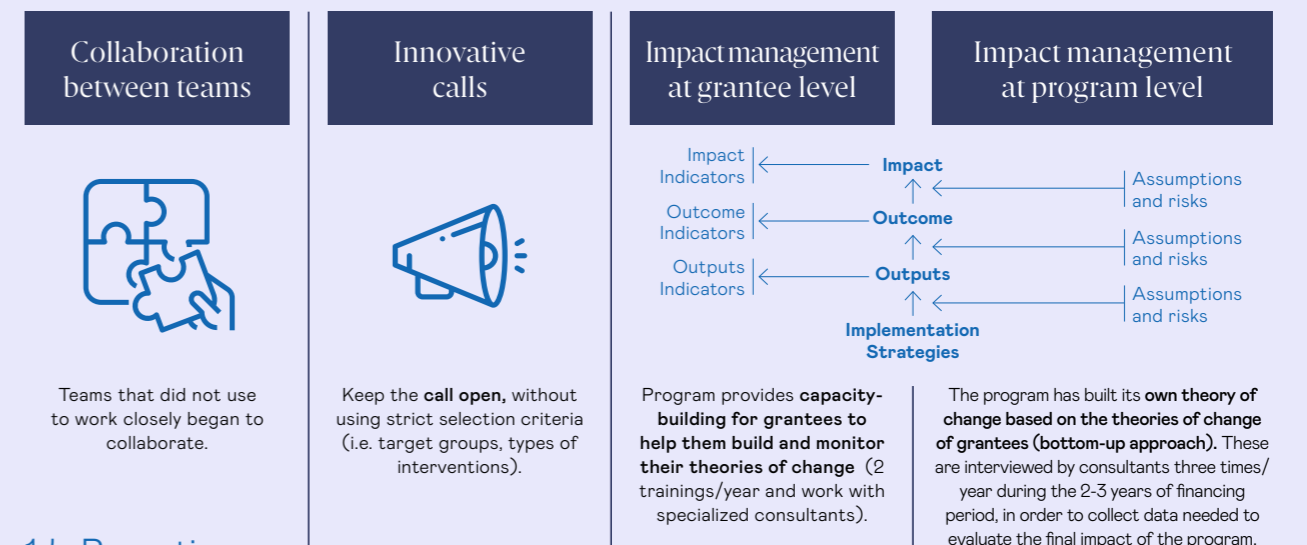
- There are **three strategic priorities** (cohesion and social integration; sustainability and knowledge) at the foundation level. However, since its interventions are so diverse, **the foundation has not been able to design a theory of change at the foundation level** (and therefore evaluate impact at this level).
 - There are **only output indicators** at the foundation level.

1.3. Impact at the level of programs and grantees

The Case of the PARTIS Program

→ **Description of the program:** PARTIS (Artistic Practices for Social Inclusion) is about projects that use arts to promote social inclusion/change.

→ **What did this program enable?**



1.4. Reporting

- **Useful** (communicate to grantees that reporting is something meaningful for them and can help them to improve their performance/intervention model).
- **Easy** (simple tools and lean processes so that reporting is not a burden for grantees).
- **Collective** (working on creating a greater coordination between funders towards reporting).

01 02 03 04 05 Calouste Gulbenkian Foundation

02. Resourcing and organizing for impact management

2.1. History

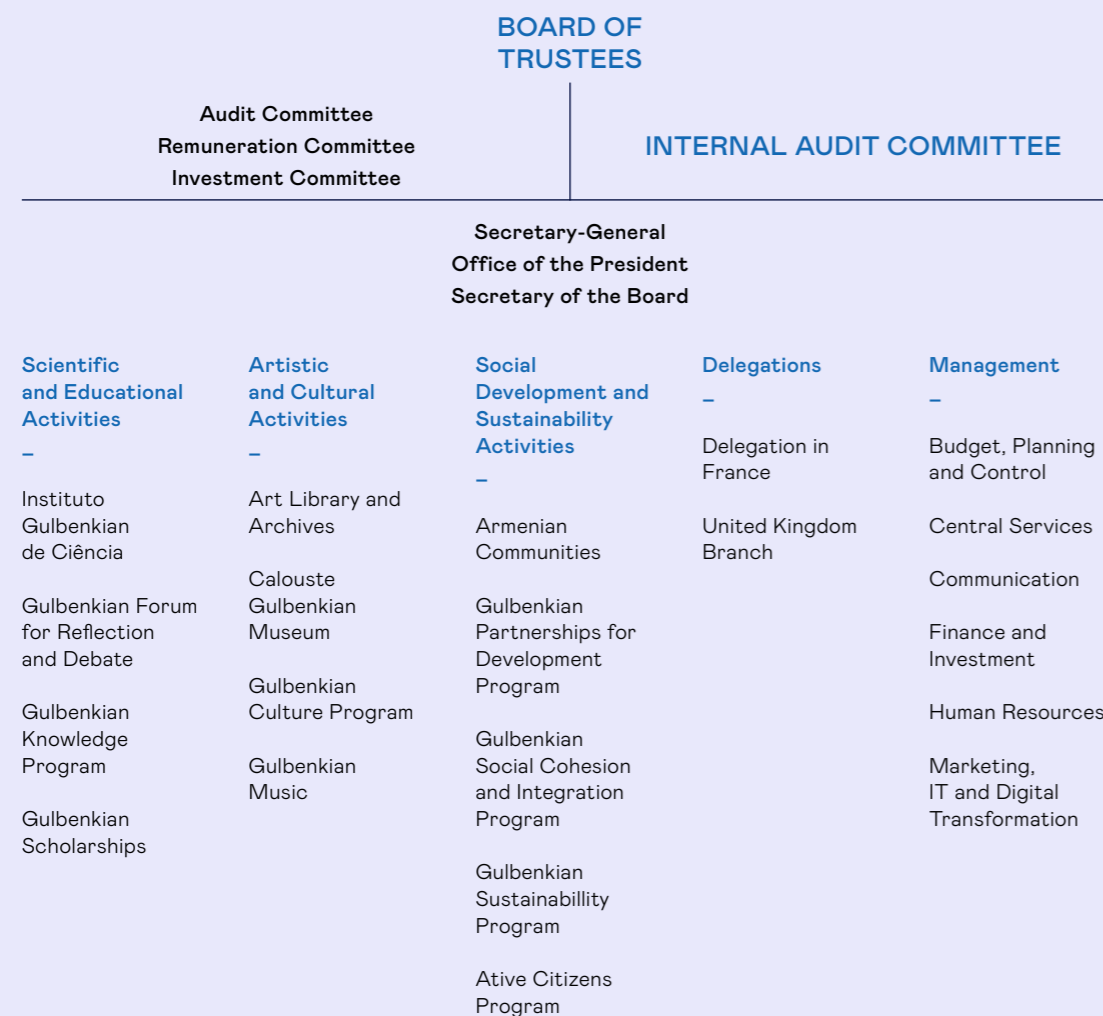
→ **Until 2019:**

- **For the grantmaking activities: each grantmaking program** has been measuring/managing the impact of its projects with its **own strategy and tools**. Program managers are in charge of the relationship with grantees.
- **For direct activities** (i.e. museums, music events): No impact measurement/management is being done.

→ **Currently:** The foundation is in the process of building a **Monitoring and Evaluation Unit** with external consultants to **measure/manage impact in a more collaborative and holistic way**.

→ It is a **challenge** to organize around impact for the foundation due to its **broad diversity of areas of intervention**.

2.2. Organizational structure



01 02 03 04 05 Calouste Gulbenkian Foundation

03. Embedding impact management through organizational culture

3.1. Change of strategy for 2018-2022

→ The **goals** of the new strategy are (among others):

- **Developing the foundation as a whole** around the same vision, mission, and priorities (**increasing the social impact** of its activities, strengthening the links between them).
- Positioning the foundation as a center for reflection and debate in partnership with other organizations.

3.2. Spreading the impact mindset through the organization

Staff response to impact management and enablers to make the transition smoother

Key success factors to embed a culture of impact management

→ Some **skepticism** and **resistance** (mostly from the older staff) due to:

- Sense of **difficulty** associated with measuring and managing impact.

→ Tools have been presented as **supporting tools**.

→ Some **cases** have been **shared** to demonstrate that when the foundation manages its impact, it is doing better, and grantees are thankful.

→ **Barriers:**

- Having most of **the top and middle management running units for 10-20 years** made it very difficult to manage the change process.

→ **Key success factors:**

- **The President**, Isabel Mota, is a **key champion**.
- **The Board** is in the process of **changing the top and middle management**.


01 02 03 04 05 Calouste Gulbenkian Foundation

04. Building internal and external capacity to manage impact

4.1. Building staff capacity

→ No specific internal capacity building made

4.2. Building grantee capacity

<p>What is provided to grantees?</p>	<p>€ Grantmaking +  Support provided to design and implement impact strategies and processes</p>
<p>How is the capacity of grantees around impact management being built?</p>	<p>→ Capacity-building around impact is different for each project</p> <p>→ Example: The PARTIS Program</p> <ul style="list-style-type: none"> Grantees are supported in the process of building their theories of change and social impact measurement capabilities. The informal PARTIS network, which incorporates different cultural organizations, has been created to develop a shared work agenda around the issues of art and community.
<p>Who builds the capacity of grantees to manage impact?</p>	<p>→ Program managers</p> <p>→ External organizations, such as MAZE (for more specific matters)</p> <ul style="list-style-type: none"> There is a proper budget to cover these external support expenses.

01 02 03 04 05 Calouste Gulbenkian Foundation

05. Collaboration, transparency, and knowledge sharing to support impact management

5.1. Collaborating on impact management issues

<p>Creation of a shared database with open source data</p>	<p>→ Example: Support of the creation of 'One Value', a free access website that gathers and systematizes quantitative data about public expenditure in several priority social response areas in Portugal.</p>	
<p>Partnering for capacity-building and training</p>	<p>→ Example: Support of School of Business and Economics at the New University of Lisbon with the aim of creating a chair dedicated to impact economics.</p>	
<p>Collaborating to strengthen ecosystems</p>	<p>→ Example: Partnership with the Edmond de Rothschild Foundations to strengthen the impact ecosystem in Europe focused on supporting entrepreneurs, civil society, universities, investors, and public sector leaders.</p>	

Note: This case study has been built upon:

- de Melo Jerónimo, L. & Palmares, F. (2019). Personal interview.
- Website of the foundation: <https://gulbenkian.pt/en/>
- Website of MAZE: <https://maze-impact.com/>

Case Study

Esmée Fairbairn Foundation



↓ Overview of the Esmée Fairbairn Foundation

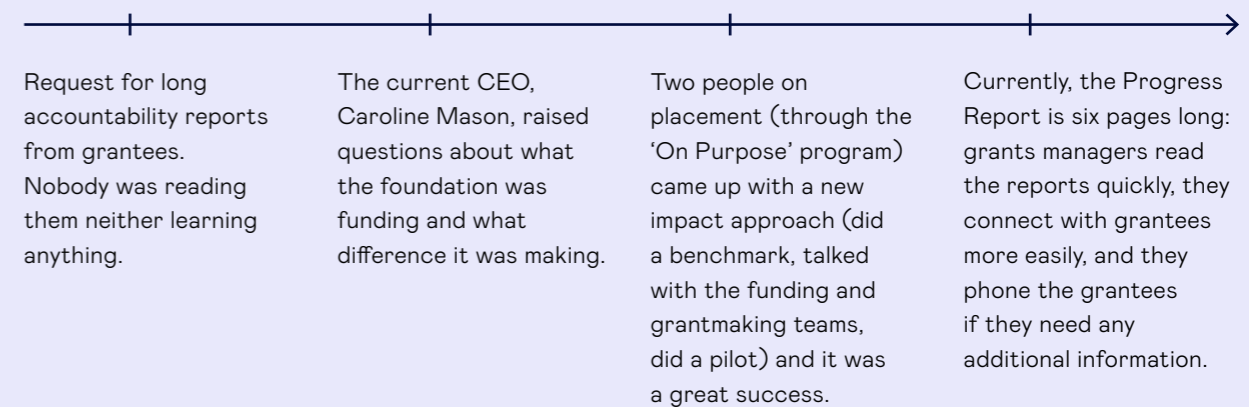
Type of foundation Grantmaking	Founded 1961
Target geography UK	Target sector Arts, children and young people, the environment, food, and social change
Assets £996mn (2017)	Annual grantmaking £40.5mn (2017)
Number of grants provided 271 excluding TASK and Grants Plus grants (2017)	Social investments spending £4.1mn (2017)

01 02 03 04 05

01. Designing an impact management approach

1.1. History and sources of inspiration

The Case of The Progress Reports



1.2. Impact and learning at the level of the foundation

Theory of change

→ The foundation went through a theory of change process but it is currently using a **responsive model**: it screens projects in terms of very broad funding priorities and guiding principles it wants to achieve. Since funding in very disparate sectors, it has been **hard to understand and aggregate data at the foundation level**.

Effectiveness Data: A funding team learning report
(Decision-making and monitoring tool)

→ **What is assessed?** The effectiveness of the foundation's support, the outcomes, and the organization, as well as the learnings that can be extracted.

→ **Sections of the report:** Organization name; project title; effectiveness of the **Esmée Fairbairn Foundation** (letter from A to D); effectiveness of outcomes; effectiveness of organization; so what we can learn?; what next?; first key outcome; second key outcome; third key outcome; sector; funding priority; awarded type of support (i.e. project costs, core costs, unrestricted); awarded amount; awarded term; received strategic support?; geographical area served; primary beneficiary; key words; owner name.

↓ **Funding team learning report**

01 02 03 04 05

Esmée Fairbairn Foundation

A dashboard on effectiveness judgements

(Monitoring tool)

- **What is assessed?** The effectiveness of the foundation's support, outcomes, and organization.
- **Sections of the report:** Effectiveness of outcomes; effectiveness of organization; effectiveness of the **Esmée Fairbairn Foundation** (rated from A to D).

↓ Dashboard



Impact performance reports for trustees: sectorial reports

(Monitoring and decision making tool)

- **What is assessed?** The effectiveness of the foundation's support, the outcomes and the organization, as well as the learnings that can be extracted.
- **Sections of the report:** Current funding; key issues of the sector; future developments; learning and impact (at the level of the beneficiaries [achievement/non-achievement of outcomes]; at the level of the grantee [i.e. organizational performance] and at the level of the foundation).

↓ Impact Performance Report



1.3. Impact at the level of grantees

The Progress Reports (Monitoring tool)

- **Process:**
 - Grants managers ask grantees to define three key outcomes that they think can be achieved by the end of the grant, and detail how they will monitor their progress towards these outcomes.
 - At the end of each funding year, the grants managers are responsible for the correct delivery of the grantees' progress report.
- **Timing:** Annually
- **Length:** Around six pages
- **What is assessed?** Grantees' progress towards their outcomes.
- **Sections of the report:** External context; internal context; 1st key outcome; 2nd key outcome; 3rd key outcome; additional comments/questions; attachments.

1.4. Reporting

- **Pragmatic:** The foundation prefers to request little written information from grantees and ensure that the grants managers speak more with grantees (i.e. through learning conversations).
- **Empowering:** The CEO is willing to shift more to an investment model where charities really own their own reporting and thinking about impact, and funders merely read these reports.
- **Collective:** The foundation is working on creating greater coordination between funders towards reporting — For the grantees to use only one way of reporting to all their co-funders. It organized a workshop with funders and grantees to understand what was important on both sides to readapt reporting processes. The foundation is now doing a pilot in which they ask grantees to choose between two options of reporting (report already produced vs the foundation's template).

01 02 03 04 05

02. Resourcing and organizing for impact management

2.1. History and resources allocated to impact

- The seeds of The Communications and Learning Team emerged in 2014.
 - **In 2014:** 1 full-time employee.
 - **In 2019:** 4 full-time employees + 10% of the time of the 10 grants managers.

2.2. Skills and learning around impact management

- **Not all grants managers are equally skilled** at impact management. The foundation tried to promote a collaborative way of learning among grants managers but it did not work so well. **More training could have been given.**
- The **knowledge and reflection** around impact is built at the level of the Grants Manager Team as well as at the level of the Communications and Learning Team.

2.3. Responsibilities of the Communications and Learning Team

- **Learning system at the foundation level** (i.e. identify areas for improvement, best practices).
- **Communication of data and learnings at the foundation level.**
- **The Grants Plus program** (which provides capacity-building for grantees).

2.4. Interaction of the Communications and Learning Team with other departments

- Impact is a matter for many people involved at different departments and levels of the foundation. However, the Communications and Learning Team mainly interacts with **grants managers**.

2.5. Responsibilities of the grants managers

- **Assessment of outcomes at the grantee level.** They do this by:
 - Reading the progress reports of grantees.
 - Having one conversation per week with grantees.
 - Meeting with the Communications and Learning Team once a month.

01 02 03 04 05 Esmée Fairbairn Foundation

03. Embedding impact management through organizational culture

3.1. Spreading the impact mindset through the organization

Staff response to impact management and enablers to make the transition smoother

- Some **skepticism** and **resistance** due to:
 - **Apprehension about rating grants** (the grants managers wondered whether the impact assessment would be used against the grantees).
 - **Grants managers involved in the first pilot** to help them understand the value of the new processes and tools.
- New processes and tools designed to be **enjoyable** for grants managers (i.e. having **learning conversations** with grantees).
- **Additional administration** for these new tasks has been **minimized**.

Staff now understand the **need for evidence** and found the **process inspiring**.

Barriers and key success factors to embed a culture of impact management

- **Barriers:**
 - The **internal memory** about the way the foundation used to give money (i.e. without evaluating impact).
 - **Not enough engagement with trustees.** They have not been sufficiently involved at the level of decision-making and accountability (only engaged at the level of impact reports).
 - **Administratively heavy organization and rigid processes** (i.e. the processes influence grants managers towards not prioritizing learning and reflecting, but rather focusing on performance measurement).
 - **Insufficient staff incentives**
- **Key success factors:**
 - **Sharing results with the rest of staff and giving them a say.**
 - **Involving grantees** in the process.

3.2. Being a learning organization

Creating a learning culture internally

- The foundation is **aiming at being a learning organization** and since 2015 they have set out to focus as much on learning from its funding as they do on allocating it.
- The process has helped the foundation to **make changes** to its way of working and **use what they learn to influence what they fund** to some extent.

Moving towards a shared learning approach, especially with grantees

- **Grantees** are perceived as **learning partners.** The foundation wants to hear from them via their progress report and a learning conversation by phone.
- Even when the foundation focus more and more on listening and learning from their grantees, they **keep making the decisions based on their terms.** They do not always include grantees' feedback in future actions.

01 02 03 04 05

04. Building internal and external capacity to manage impact

4.1. Building staff capacity

→ At the start, the foundation expected that grants managers would feel comfortable **sharing knowledge and learning together.** In reality, this process **needs to be well facilitated and followed up,** but the foundation did put that in place. However, **they could all use more training in analyzing data, and picking out useful lessons -** also in giving and receiving feedback.

4.2. Building grantee capacity

What is provided to grantees?



Funding mainly to cover the organization's core running costs.



The 'Grants Plus' Initiative allows grantees to opt for capacity-building and external advice.

How is the capacity of grantees around impact management being built?

- Capacity-building around managing impact is provided through **the 'Grants Plus' initiative to the grantees who proactively request it** (i.e. when becoming better at evaluation is a targeted outcome that the grantee has mentioned in the application process).
 - The foundation does not push its grantees to engage in impact evaluation.
 - Requests for support are considered on a case by case basis.
 - **The foundation finances the grantees to collaborate with an external consultant who helps them build their internal approach for impact management.**
 - In 2017, around £450,000 were awarded to over 150 organizations.
- **The support provided varies across sectors:**
 - **Arts (very early stage):** Building up an infrastructure of support for the organizations to **understand what funders want.**
 - **Children and young people sector:** Supporting organizations to obtain some really **in-depth evaluation assistance** (i.e. from Oxford University) to enable them to do RCTs (Randomized Control Trials) to access scale and further funding.
- The **grants managers** also support the grantees around **setting** (and later revising) **the outcomes and indicators** they report against.

Who builds the capacity of grantees to manage impact?

- **External consultants** (to grantees who opt for the Grants Plus support)
- **The grants managers** (to all grantees)

Grantees' response to impact management

→ Impact management has been **mainly well received** even if **sectors are not equally set up** for it. For example, the education sector is very advanced on the subject whereas for the arts sector it is less common practice

01 02 03 04 05

Esmée Fairbairn Foundation

05. Collaboration, transparency, and knowledge sharing to support impact management

5.1. Collaborating on impact management issues

Partnering to deepen impact

→ Currently working in partnership with other funders or organizations to target a particular region, community, or sector, or to help tackle a specific issue (increase the reach and make more of a difference).



Creation of a shared database with open source data

→ **Example:** The foundation publishes its grants and social investments via '360 Giving' - an initiative that aims to help UK funders publish their data in an open and standard format online. The initiative is currently in the set-up phase and mainly used for collaboration. The foundation hopes that it could also become a tool for assessment.



5.2. Transparency and knowledge sharing

→ Culture of sharing learnings from its work through insights reports, publications, and case study.

- It received an amazing response when it published 'Insights on core funding'

↓ Extracts of Esmée's 'Insights on core funding'

Core grants and project grants are similarly effective

Looking at more than 600 closed grants, we rate the effectiveness of organisations we fund, and the outcomes the grants achieve, similarly for core costs grants and project grants. There are small differences in our ratings – we judge project grants to be 4% more likely to exceed their planned outcomes, and 2% more likely to miss them – but we were surprised not to see a bigger variance. **For Esmée, project funding and core funding is similarly effective when it comes to achieving outcomes.**

Core grants lever in more money

Grants for organisations' core costs, and in particular unrestricted grants, are more likely to help lever in other funding for organisations.

14% of organisations which received an unrestricted grant, and 9% of those with a core costs grant, gave unsolicited feedback in end of grant learning conversations that our grant had unlocked further funding, compared to 2% of project-funded organisations.

Core funding enables evolution, and evolution is key to impact

Organisations consistently told us that core funding gave them the flexibility to develop and improve their work. They made changes to the way their work was carried out, communicated and understood. They tested and tried new things. They took risks, made mistakes, failed and learned as a result. We think that this ability to evolve and change is key for both funded organisations and funders.

Time matters

The most negative feedback we have received about our funding has not been about the type of grant (project or core), but how long it is for. 1 or 2 year grants can make it hard to recruit and keep staff. Even a 3 year core costs grant only gives organisations an 18 month respite from fundraising. 5 years of support could genuinely free organisations up to concentrate on impact.

We could give more unrestricted funding

Despite making a policy decision to do it, we haven't increased the number of unrestricted grants we make. Unrestricted grants are more likely to lever in other money, and are considered by our twitter followers over earnings donation restrictions are most

Our funding is only as good as an organisation's other funding lets it be

Many organisations we fund told us that Esmée's core funding helped them piece together the complex jigsaw of grants and restrictions from others. We are rarely a charity or social enterprise's only funder. Where a grant achieves its outcomes, or a project is successful, that is because of the work of a whole organisation, and by extension the whole funding model of the organisation, and cannot be attributed to the single grant of a donor. Even an unrestricted grant is only as effective as an organisation's other funding allows it to be.

sometimes unhelpful. All of a charity's activities should be core – direct delivery as well as back office functions. There shouldn't be a sense that some activities are optional or nice to have.

How can core funding help you achieve your organisation's outcomes?

We look holistically and focus on the change we want to see for young people, and then on all the elements needed to make that happen. That requires a healthy, strong, resilient organisation that's looking ahead and able to respond to change. A resilient organisation is better able to meet their outcomes.

What does core funding allow you to achieve that you might struggle with project-based funding?

Core funding protects investment in infrastructure. Without it, organisational structure can become very vulnerable. It can be very difficult to keep the base infrastructure maintained, and even harder to patch-up if it's weakened. Project funding doesn't allow us to a step back to be taken to ask 'what will our needs be in 5 to 10 years' time?'

Another area core funding allows for is the development of partnerships and



relationships, which for us usually falls outside project funding. One area core funding could be better harnessed for early-stage organisational development.

If you could provide one key piece of advice to funders, what would it be?

We would challenge funders to consider whether there are circumstances where an unrestricted grant is more appropriate than a restricted grant to allow for flexibility and to support organisations to be more future-focused. We often see our members working with many sources of funding and it's really challenging to put these together. It creates gaps and becomes very difficult to fit the jigsaw together.

As well as this, we're asking funders to support organisational development, not just the maintenance of existing infrastructure. Instead of just helping charities to tick-over, help them thrive! This will help organisations to be strong and resilient now and well into the future.

If you could provide one key piece of advice to grant applicants, what would it be?
Don't be afraid to assert yourself and be confident to apply for the full cost needed to deliver your service. There's a tendency in the sector to play down support costs, and I think that leads us to an unhelpful place where we're not having open and honest, genuine conversations about what's needed to do our work and to do it well.

"All of a charity's activities should be core – direct delivery as well as back office functions. There shouldn't be a sense that some activities are optional or nice to have."

What have we learned?

Case study London Youth

Note: This case study has been built upon:

- Crane, G. (2019). Personal interview.
- Esmée Fairbairn Foundation. (2017). *Learning from our grants: Insight Report 1*.
- Esmée Fairbairn Foundation. (2019). *Insights on Core Funding*.
- Internal documents provided by the foundation
- Website of the foundation: <https://esmeefairbairn.org.uk/>

Case Study

Impetus



↓ Overview of Impetus

Type of foundation Grantmaking	Founded 2013 <small>(from the merger of Impetus Trust and the Private Equity Foundation)</small>
Target geography UK	Net assets £7.7mn <small>(2017)</small>
Target sector Education and employment for young people from disadvantaged backgrounds	Number of charities supported 19 <small>(2017)</small>
Annual grantmaking £4.1mn <small>(2017)</small>	

01 02 03 04 05

01. Designing an impact management approach

1.1. History and sources of inspiration

- **Sources of inspiration:** Impetus was influenced by David Hunter and Mario Morino, the founders of the Leap of Reason community by putting performance and impact at the heart of its work.
- **A never ending journey:** Impetus is always looking at ways to build its impact. It has worked with a wide range of different types of organizations and has flexed its framework. According to Elisabeth Paulson, Portfolio Director, "with performance management, the journey never ends. Given our resources each year, we continue to build elements".

1.2. Impact and learning at the level of the foundation

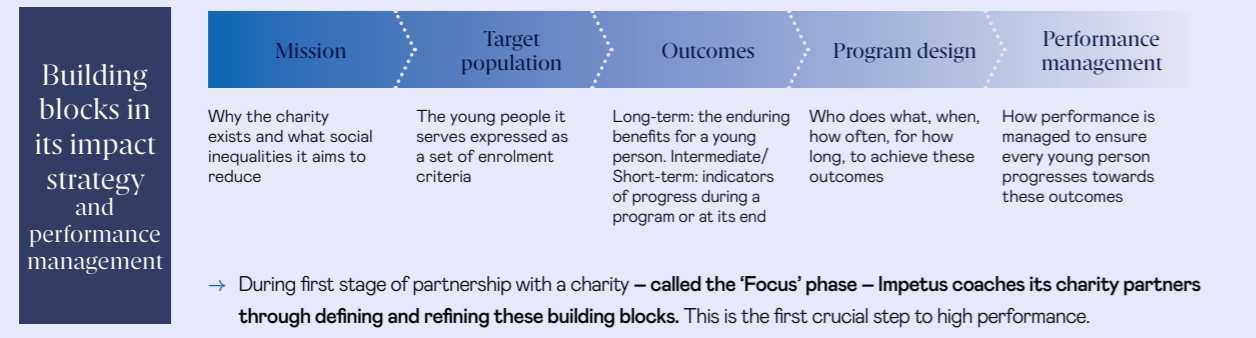
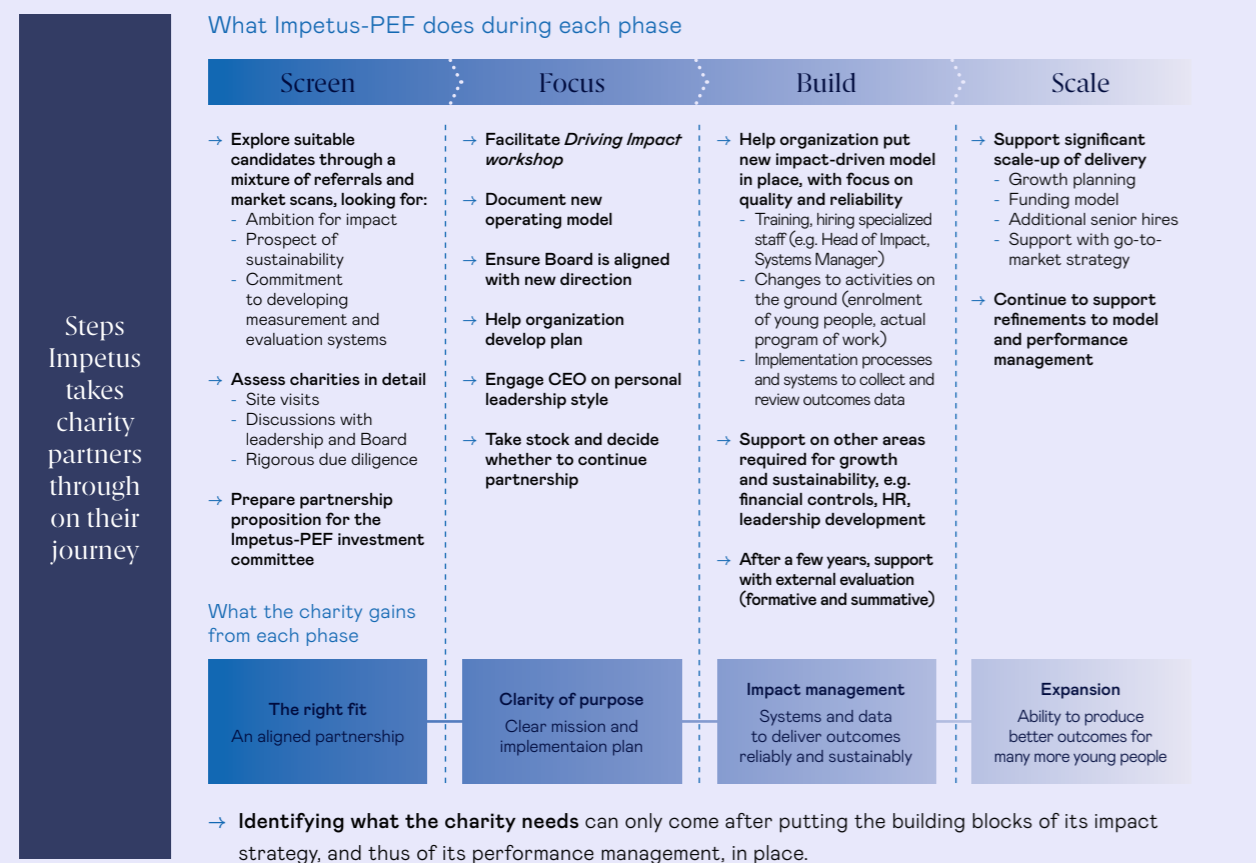
Impact at the level of the foundation	<ul style="list-style-type: none"> → Impetus is very sophisticated and advanced in this domain. → When a merger occurred (5-6 years ago), Impetus had a major theory of change session where it went through the same process its charities go through: <ul style="list-style-type: none"> ▪ This was a great opportunity to understand what had gone well /not so well historically. ▪ It decided to concentrate exclusively on youth and education/employment: At merger, it decided to focus more on charity impact, which required it to focus on some sectors, build its expertise in them, and rebuild its support model. ▪ Since this major change, it has been a more ongoing practice development.
Managing impact at an aggregate level	<ul style="list-style-type: none"> → To manage its impact at an aggregate level, it uses three dashboards: <ul style="list-style-type: none"> ▪ Sector dashboard: Gives Impetus' leaders a high-level view of the education and employment sectors, key barriers to change, and Impetus advocacy priorities for addressing those barriers. ▪ Impetus dashboard: Gives executives and Board an effective way to track contributions to progress against sector-wide goals. ▪ Portfolio dashboard: Helps executives and Board track progress of individual grantees in meeting the sector-wide goals.

01 02 03 04 05 **Impetus**

1.3. Impact at the level of social ventures

'Driving Impact'

- **Approach:** 'Impact first, then scale' → **Impetus** supports the charity's growth in scale, but only where there is clear evidence that the charity is producing transformative outcomes for the vast majority of young people it serves.
- **Program delivered to its charity partners:** 'Driving Impact'



1.4. Reporting → As the charities develop, with their support, a better understanding of their target population, program design and outcomes, **Impetus asks them to report the same data, along with key financials, that they use to manage impact for Impetus' reporting.**

01 02 03 04 05

02. Resourcing and organizing for impact management

2.1. Resources allocated to impact

→ **Impetus** manages impact through the **investment directors.**

2.2. Organizational structure



2.3. Responsibilities of the Investment Directors around impact management

- Investment Directors work on front line with charity partners and are responsible for:
 - Building **trust-based relationships** and providing **deep support over many years.**
 - Driving the **delivery of Impetus' model** including facilitating key decisions and delivering hands-on support.
 - **Tracking progress of the charities.**
- **Each Investment Director** is responsible for **2 to 4 charities.**

01 02 03 04 05

03. Embedding impact management through organizational culture

3.1. Spreading the impact mindset through the organization

Staff response to impact management and enablers to make transition smoother

→ **Impetus** was born with impact management at the core of its strategy.

3.2. Being a learning organization

Creating a learning culture internally

→ **Impetus** considers itself to be a learning organization because it is continuously looking to improve and is open to change.

Moving towards a shared learning approach, especially with grantees

→ **Impetus** tries to have open and honest conversations with grantees. However, it takes some time to engender this openness.

01 02 03 04 05 Impetus

04. Building internal and external capacity to manage impact

4.1. Building staff capacity

Type of charities supported

→ **Charities that Impetus can be successful with:**

- Support young people from disadvantaged backgrounds in the UK to succeed at school and work.
- Are the **right size** (no start-ups) and have some **track record** that suggests a program could produce impact.
- Have the **potential to scale outcomes**.
- Have a CEO or Chair worried about the fact that they are not good enough and **willing to go down the road of impact management**

Purpose of the capacity-building

→ Creating **organizations that have the ability to be sector leaders**. The idea is to support them until they can get others to come on board. According to Elisabeth Paulson, Portfolio Director *"impact is a leadership decision"*.

→ Building capabilities on three pillars (impact, sustainability, and leadership) **to manage, improve, and then scale up impact**

What is provided to grantees?

→ Long-term support (4 to 10 years)



Core funding (i.e. to fund the systems to manage impact)



Access to their pro-bono network



The expertise of the Internal Investment Team, which provides them with capacity-building and NFS (Non-Financial Support)

↓

How is the capacity of grantees around impact management being built?

→ **Working shoulder-to-shoulder with organizations** (and specifically with the leaders) **in the long-term**, having a rigorous performance management, and a focus on impact.

Year 1	Following years (tendency to fund in three-year buckets)
<ul style="list-style-type: none"> The charity is not expected to make any changes. Impetus helps the charity to define its target population, outcomes, program design, monitoring, and improvement of performance, and to develop an impact strategy. Sometimes either Impetus, or the charity, decide not to progress after that point. 	<ul style="list-style-type: none"> Persuading the charity to develop an impact plan that everyone supports and implement it (it has metrics to check whether organizations are delivering against the plan). Building a great leadership team and sustainable organization. It does a lot of core and leadership work to improve the capabilities for grantees' performance impact management and long-term sustainability.

Who builds the capacity of grantees to manage impact?

→ **Internal Investment Team:**
Their role is to develop, implement, and scale up the impact plans.

→ **Pro-bono partners:**
Their role is to supplement the work of the investment team.

IMPACT
MANAGEMENT PROGRAMME

'The Impact for Growth Program'

→ 'The Impact for Growth Program' is **part of the 'Impact Management Program'**. It has been designed and delivered by **Impetus**, in partnership with NPC and Social Investment Business, and funded by the Access Foundation for Social Investment.

→ It aims at **building the capacity of charities to manage impact**.

→ Process:

- The **150 applicants** were required to attend a **one-day training session** covering the **main building blocks of what Impetus does**. It was organized with an accompanying worksheet, **diagnosing the organization through the workshop, and developing a theory of change**. According to Sherine Mahmoud, Investment Director, *"what we tried to do with the curriculum was to distil the fundamental principles. What does good look like? How could you operationalize it?"*.
- 40 charities** were chosen to receive **£1.8mn of funding** in total for a **one-year impact management project**. The funding was given to grantees for them to **work with approved providers to focus on areas of impact management where they need the most help**.

→

This is done by using 'The Charity Outcomes Framework'
(see next slide for more details)

01 02 03 04 05

Impetus

4.1. Building grantee capacity

↳ The Charity Outcomes framework

Pillar	Criteria	Definition	1	2	3
Leadership	Strength of CEO leadership	Composite of score (average score across three scales below):			
		1. Strategic orientation	Reacts to short term opportunities and threats.	Articulates medium term organizational priorities.	Defines organizational strategy, making clear choices and plans accordingly.
		2. Results orientation	Demonstrates performance curiosity informed by data.	Dissatisfaction with quality of data.	Dissatisfaction with quality of data and reflective on cost structure.
Strength of senior management team (SMT)	Main functions = finance / human resources, income generation / communications, program delivery and impact. Effectively resourced = sufficient capability and capacity.	3. Team leadership	Explains what to do and why.	Allows input from the team.	Engages team commitment.
		Some main functional competencies in place.	Adequate resource and capabilities in place for finance; gaps identified for other important roles.	Effective finance capability in place; 2 of 4 main functions effectively resourced.	
		A stable, effective Board providing oversight of strategic and organizational effectiveness, holding CEO to account and providing fiduciary oversight	Basic oversight of financial, strategic and operational effectiveness, reactive risk management.	Gaps in Board structure, skills and processes identified: plan in place to develop Board gaps to support needs of the charity.	Well balanced Board in place with clear allocation of roles and responsibilities; Board showing shared purpose, commitment to accountability for financial, strategic and organizational outcomes and emerging proactive risk management.
Impact	Program model	Having a clear model for impact.	Partial definition of target population, intended outcomes and intervention. Some gaps and inconsistencies.	Theory of change has been defined at high level.	Theory of change has been defined in operational terms (e.g. detailed activities, assessment scales). Elements of the model have been tested.
		Managing to impact.	Performance curiosity and emerging practices on data collection.	Awareness of gaps around impact management, supporting processes and systems. Plans in place to address gaps.	Completed pilot of newly designed impact management practices. Plan to roll out full impact management model.
		Having impact.	Self assessed data surveys and / or output data indicates examples of success.	There is a plausible link between program design and intended outcomes.	Internally collected data provides evidence of year-on-year improvement in outcome metric that had been defined in theory of change work.
Organizational sustainability	Financial health	Mid-term financial viability. Calculation (unrestricted reserves + confirmed income over next 12 months) / monthly costs.	Run way <3 months	Run way ≥3 months <6 months	Run way ≥6 months <9 months
		Strength of financial systems and processes.	Good bookkeeping, producing financial statements.	Has an annual budgeting process. Reliably produces monthly management accounts, with strong understanding of cash position.	Produces 3 year forecast of profit and loss and 12 month cash / balance sheet forecasts. Monthly management accounts monitor actual vs. budget, and include cash forecasts.
		Composite of score (average score across two scales below):	1	2	3
Assessment of financial readiness to scale.	Financial planning reflects focus on generating annual surplus, in context of incremental growth.		Financial planning shifting to a focus on scale up, including assessment of market demand, projected revenue streams, cost structure, risks and mitigants.	New sources of funding found for scale up with financial plans stress-tested against assessment of future market demand and external factors (e.g. government policy).	
Assessment of operational readiness to scale.	Operations focused on steady state or incremental growth, but ambition present in leadership for scale up in the longer term.	Emerging awareness of constraints of current business model and core systems and processes, given desire for growth and intended route to scale.	Route to scale established, with implementation plans including plans for upgrading current business model / systems and processes for scale up.		
	Partnership	Strength of partnership	Composite of: openness and trust, benefit from Impetus-PEF's value-add, commitment to meaningful social impact.	Interest in social impact but little action. Does not engage Impetus-PEF with areas of concern.	Actively engaged in developing plans, discusses difficult issues with team, interest in impact management approach.

4	5	6
Adapts strategy based on arising opportunities and threats.	Anticipates upcoming changes to external environment and adapts strategy accordingly.	Creates long term strategic opportunities for scale.
Embeds culture of management to outcomes and awareness of cost base.	Holds staff to account for data driven learning culture and cost control.	Embeds relentless drive for optimization of cost per outcome, in context of scale up.
Empowers teams to perform independently.	Motivates and inspires high-performance teams.	Builds and sustains a high performance team culture.
Effective finance capability in place; 3 of 4 main functions effectively resourced.	All 4 main functions effectively resourced and sufficient for delivery at scale, with clear SMT role, aligned priorities and strong processes.	All main functions effectively resourced for scale up and working well together with proactive collaboration.
Well functioning Board in place; clear understanding of roles and responsibilities; Board working with appropriate operating practices, delegation and information flows; holding CEO to account; emerging proactive risk management.	Effective Board providing active support and challenge to CEO. Evidence of enhanced finance, strategic and risk oversight, including management of leadership succession planning; understanding of role of evaluation.	Stable, effectively run Board providing support and challenge to CEO on strategy, finance, evaluation and risk management; good understanding of what is required to deliver at scale.
Detailed model has been rolled out. Performance standards have been defined.	Program design is stable, following several full cycles of refinement and as informed by a formative evaluation. Refinements to delivery model underway for replication at scale.	Delivery model has been optimized in order to enable replication of the model during scale up.
Impact management model has been fully rolled out, a culture of managing to outcomes is emerging.	Impact management practices refined and now tied to HR practices. Effectiveness of impact management model reflected in fidelity of delivery.	Impact management practices, systems and standards have been replicated across multiple geographies.
Internally collected data shows higher effectiveness relative to external benchmarks.	External evaluation demonstrates outcomes are caused by the intervention.	Replication evaluation shows that intervention continues to show positive impact in multiple geographies.
Run way ≥9 months <12 months	Run way ≥12 months <15 months	Run way ≥15 months
Finance function is led by qualified personnel. Budgeting is bottom-up, supported by risk-assessed fundraising plans, with good accuracy vs. actual.	Financial function embedded in organizational strategy, with financial performance widely understood throughout organization. Budgets and management accounts reflect robust understanding of delivery center / program costs.	Financial plans provide an ongoing and fully risk-assessed articulation of business plan at all levels of organization, with quality assurance provided by internal audit and ongoing adjustment to operating environment.
4	5	6
Piloting of scale up model enables testing of financial plans for scale up, including cost structure, market demand and funding streams / fundraising approaches.	Financial model for scale up refined, with market demand established, momentum built with funders and cost optimization plans in place.	Significant growth underway, with reliable financial delivery against plans supported by well-developed finance function.
Scale up model piloted in new sites, with changes to systems, organization structure and business model underway.	Feasibility of route to scale tested and refined based on pilots, with new systems, organization structure and business model deemed fit for purpose.	Significant growth underway with new sites successfully opened and business model / systems and processes proving sustainable at scale. Additional rounds of growth planned.
Good level of direct communications, proactively seeks support and leverages Impetus-PEF; owns plan.	Seeks and responds well to coaching and feedback, engages all aspect of Impetus-PEF support and committed to meaningful social impact.	Pro-actively engages Impetus-PEF support to drive impact and scale up. Fully owns process and plan commitments.

→ The Outcomes Framework is the roadmap for Impetus, and the charities it supports, towards high performance.

→ Through learning, it identified the building blocks for managing impact at scale and it grouped these into three pillars:

- Leadership
- Impact
- Organizational sustainability

→ It created –and refined– scales for each indicator.

→ Its ambition is to support organizations to move from 'left to right'.

→ The Outcomes Framework helps Impetus manage non-financial support (NFS) consistently. It uses this at charity level to:

- Diagnose a charity's capabilities (with the charity team).
- Plan non-financial support program to build capabilities (embedded in annual planning).
- Set milestones, track, and manage charity progress (jointly).
- 'Course correct' if its support is insufficient or incorrect.

→ The Outcomes Framework also anchors how it manages its portfolio and support:

- It scores each charity once a quarter.
- It meets as a team to calibrate scoring and review NFS inputs (both from the investment team and pro-bono).
- It assesses what it is doing well, and what it could do differently or better.

01 02 03 04 05 Impetus

05. Collaboration, transparency, and knowledge sharing to support impact management

5.1. Collaborating on impact management issues

Partnering to deepen impact

→ Impetus collaborates with other funders to support its charities, **deepen their impacts**, and expand their work.



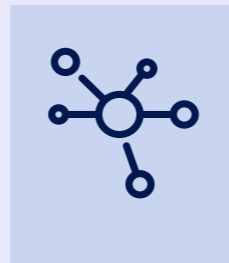
Collaborations to improve grantee capacity around impact management

→ **Example:** The delivery of 'Impact Management Program' in partnership with NPC and Social Investment Business.



Fostering collaboration among grantees

→ Impetus encourages **peer network** and **peer learning** by **bringing the grantees from the charity portfolio together quarterly**:
According to Elisabeth Paulson, Portfolio Director, *"this is about building a community, testing if it helps charity development. Does it unearth patterns or opportunities that we might not see on a one-to-one? And can it accelerate capacity building?"*.



5.2. Transparency and knowledge sharing

→ Impetus is one of the most **advanced players** in the field:

- The organization finds what works by **combining the lessons from its charities with its own research**. It tries to **influence policy and decision-makers by sharing data and learnings**.

Example: It worked with Big Society Capital to influence government policy on youth employment. This led to the creation of the **Life Chances Strategy**, and an £80 mn fund to help young people who face significant barriers.

- It **reports on impact management**. Its **policy briefings and impact stories** are well regarded in the sector.
- Impetus is also focusing on **writing down the development of its practice** (i.e. codifying the high-level building blocks and the main stages of investment management).

↓ Examples of Impetus' publications



Note: This case study has been built upon:

- Paulson, E. & Mahmoud, S. (2019). Personal interview
- Impetus. (2016). *Driving Impact: Helping Charities Transform the Lives of Disadvantaged Young People*.
- Leap of Reason. (2017). *Invested in Empathetic Challenge: A Profile of Impetus-PEF*.
- Internal documents provided by the foundation
- Website of the foundation: <https://impetus.org.uk/>

Conclusion and recommendations

Impact management is important for foundations and the grantees and beneficiaries they serve. It is time for foundations to properly pay attention and prioritize this area.

Developing and implementing impact management strategies is a long-term change management process that requires time, patience, and resilience. Foundations need to move beyond a compliance and risk management approach, and see impact management as a learning opportunity for themselves, their grantees/investees, and the sector in general. Indeed, a shift is required from technocratic siloed approaches to an understanding of impact management as a holistic and foundation-wide issue that touches on key 'softer' themes such as organizational culture.

There are some very strong best practice examples from European charitable foundations covered in this report. These foundations (**Calouste Gulbenkian Foundation, Esmée Fairbairn Foundation, Impetus, and Reach for Change**) are on the impact management learning journey and can show the way. Each of these foundations has experienced its share of challenges and frustrations, but they have made great strides towards better understanding their impacts.

It is unclear how far foundations across Europe are interested and ready to experiment in similar ways with impact management. Each foundation has its own unique characteristics, many are perhaps either comfortable with a traditional social sector evaluation approach (if they have one), or do not feel equipped to experiment with integrated and holistic impact management approaches that are a version 2.0 of traditional project-based monitoring and evaluation.

We believe that it is important that they learn, in their own way, from the examples here – as well as those of others. It will be very healthy if European foundations start to take a positive, but critical look at where they are, and where they need to go to manage their impact, and to work together in creative ways to benefit society and learn from their individual and collective efforts. Most importantly, even if charitable foundations are not convinced by a more structured impact management approach, there could be much more dialogue, debate, and exchange on the topic.

To help the European foundation sector become more knowledgeable about impact management, there needs to be significant awareness-raising activity at a sectoral level through intermediary European and national organizations – as well as the development of a stronger community of practice. Since awareness is the first step on the road to change, we believe that this research has a role to play in helping **European foundations develop a helicopter view for navigating this complex terrain**. Taking that first step is essential, and then the process unfolds in distinct ways for each foundation. The key is for impact management to be conceived as a learning process, and that the importance of the softer aspects of change are considered and adequately handled (such as culture, processes, and capabilities).

Below is the final list of more detailed recommendations that we have developed in each of the chapters.

	For the foundation sector	For individual foundations
The current status of impact management and charitable foundations in Europe and the US	<ul style="list-style-type: none"> → Commissioning further research to understand: <ul style="list-style-type: none"> — The current state of impact management in Europe (quantitative and qualitative research). — Key barriers (either by type of foundation or by country) to close the gap between theory and practice in Europe. → Awareness-raising and community building around impact management within the European foundation sector: <ul style="list-style-type: none"> — Raising awareness among European charitable foundations about impact management. — Strengthening European charitable foundations' collaborations/communities to share peer learning on impact management. → Reframing the language and discourse around impact management: <ul style="list-style-type: none"> — Encouraging the idea of a learning journey. — Reducing expectations by communicating that this will be a long-term, step-by-step change management process, which may take time to bear fruit. 	
Designing an impact management approach	<ul style="list-style-type: none"> → Commissioning further research to understand: <ul style="list-style-type: none"> — How foundations can capture foundation-wide impact that goes beyond individual programs or grants. → Awareness-raising and community-building around impact management within the European foundation sector: <ul style="list-style-type: none"> — Disseminate best practices around impact management and the European charitable foundation sector, using among other resources, this research and its case studies. — Position impact management as a learning tool. 	<ul style="list-style-type: none"> → Taking the first steps on the learning journey, implementing as far as possible the best practice approaches for impact management outlined in this research. → Using this report, as well as the many other sources, as a guide to developing and understanding of impact management best practice. → Adopting a new set of lenses through which to think about impact management – as a learning tool rather than for compliance, risk management, or as a way to prove impact.
Resourcing and organizing for impact management	<ul style="list-style-type: none"> → Promoting opportunities for capacity-building of foundation staff on impact management. → Promoting more dialogue/meeting points between the evaluation community and charitable foundations to encourage learning and exchange. 	<ul style="list-style-type: none"> → Creating a clear impact management budget and associated organizational structure with well-defined roles → Ensuring the core foundation team has the right skills for impact management in the future, through up-skilling existing staff and/or hiring new staff and/or use of external consultants → Creating an organizational structure, processes, training, and incentives to ensure a greater communication and learning exchange between grantmaking and impact/social investment employees/teams (where these exist) → Encouraging trustees to understand the value of impact management and properly resource it within the foundation

	For the foundation sector	For individual foundation
Embedding impact management through organizational culture		<ul style="list-style-type: none"> → Supporting and championing impact management at a leadership and Board level. → Devoting time and money to learning from impact management, building organizational processes and structures to support learning goals and priorities. → Finding ways to bring staff along in the process, including ensuring you are listening to them and getting their feedback, that there are sufficient training opportunities to gain the new skills required, and that the whole approach is communicated adequately.
Building internal and external capacity to manage impact		<ul style="list-style-type: none"> → Upskilling foundation staff so that they can help grantees improve capacity for impact management. → Increasing opportunities for grantees to use core or specific funding for evaluation/impact management purposes. → Increasing the budget for capacity-building of grantees around impact management.
Collaborating, sharing knowledge and being transparent to support impact management	<ul style="list-style-type: none"> → Setting up a European foundation-wide working group to explore opportunities to improve impact data-sharing. → Creating a set of principles around transparency and knowledge-sharing that European charitable foundations can sign up to (e.g. a commitment to publish and share evaluations and impact data). 	<ul style="list-style-type: none"> → Paying attention to the coming data wave and how this can be positively harnessed to improve impact management.

Appendix 01: List of interviewees

Foundation	People interviewed
The Esmée Fairbairn Foundation	<ul style="list-style-type: none"> · Gina Crane, Head of Communications and Learning · Anthony Russell, Learning Officer
Reach for Change	<ul style="list-style-type: none"> · Annica Johansson, Global Head of Impact
Impetus	<ul style="list-style-type: none"> · Elisabeth Paulson, Portfolio Director · Sherine Mahmoud, Investment Director
The Calouste Gulbenkian Foundation	<ul style="list-style-type: none"> · Luís de Melo Jerónimo, Director of the Cohesion and Social Integration Program · Francisco Palmares, Program Manager at the Cohesion and Social Integration Program
The Rockefeller Foundation	<ul style="list-style-type: none"> · Veronica Olazabal, Director, Measurement, Evaluation and Organizational Performance

Appendix 02: Terminologies

Impact (or social impact)

This report uses the definition of impact from the Impact Management Project: *“an important negative or positive outcome for people or the planet.”*¹⁰²

Impact management

We use the term ‘impact management’ to describe a broader way of looking into the systems, processes, culture, and capabilities related to social impact measurement. Impact management is a holistic way of describing how organizations monitor and measure their social impact.

Monitoring, evaluation, and learning (MEL)

This is a term used extensively in America to describe what we would term as impact management.

→ **Monitoring:** Is the ongoing collection of information about program implementation and the shifting strategic context. It helps us understand what is and is not working, and what is emerging in our fields.¹⁰³

→ **Evaluation:** Is the systematic collection, analysis, and interpretation of data for the purpose of determining the value of and decision-making about a program or policy. Evaluation looks at what we have set out to do, what we have accomplished, and how we accomplished it.¹⁰⁴

→ **Learning:** Is the use of data and insights from a variety of information-gathering approaches – including monitoring and evaluation – to inform strategy and decision-making.¹⁰⁵

¹⁰² Impact Management Project website: <https://impactmanagementproject.com/>

¹⁰³ Monitor Institute. (2016). *Reimagining Management: A Better Future for Monitoring, Evaluation and Learning*. Retrieved from: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/monitor-institute/us-monitor-institute-reimagining-measurement-toolkit.pdf>

¹⁰⁴ Monitor Institute. (2016). *Reimagining Management: A Better Future for Monitoring, Evaluation and Learning*. Retrieved from: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/monitor-institute/us-monitor-institute-reimagining-measurement-toolkit.pdf>

¹⁰⁵ Monitor Institute. (2016). *Reimagining Management: A Better Future for Monitoring, Evaluation and Learning*. Retrieved from: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/monitor-institute/us-monitor-institute-reimagining-measurement-toolkit.pdf>

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About the organizations behind the report

The Esade Entrepreneurship institute (EEI)

Esade Entrepreneurship Institute aims to bring meaningful change by focusing on **innovation and social commitment**. One of its key roles is to generate knowledge that improves the strategies and activities of organizations and this report stems from this objective.

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