Evaluating Philanthropy

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1. PURPOSE OF THIS TALK

The talk has three goals:

1. To set out a business case for evaluation in philanthropy
2. To give some overview of the methods involved
3. To give case examples to illustrate the uses of evaluation in philanthropy

2. BUSINESS CASE

For the purpose of this talk, philanthropy is defined as the 'accumulation of private wealth for public benefit'. Such a definition might suggest that philanthropy needs no evaluation since giving away private money for the welfare of others is self-evidently a good thing.

But I disagree. The business case for the evaluation of philanthropy rests on four main factors:

1. Good practice about what works
2. Learning
3. Dissemination
4. Accountability

We will take each of these factors in turn.

To take **good practice** first, it is axiomatic that good practice requires that we assess the economy, efficiency, and effectiveness of our interventions. Otherwise, we are apt to fall prey to irrational forces such as 'let's do what we've always done', 'let's follow the latest fashion', or 'no matter what the evidence, our trustees dictate what is to be done'. The development of good evidence-based practice both fosters and protects rationality in programmes. My experience suggests that there are seven key areas where foundations should assess good practice:

1. Relevance (working on right things)
2. Effectiveness (meeting objectives)
3. Efficiency (going about things the best way)
4. Sustainability (setting things up to last)
5. Partnership (collaborating with others well)
6. Leadership (showing the way)

7. Impact (having an overall effect)

Turning to **learning**, performance results inform programme development and implementation by allowing informed discussion of the insights arising from the work so that practice can be improved. Arrangements for learning should take place in accord with a regular and planned cycle, so that information from the evaluation enables corrective action to the programme to be taken if necessary.

On **dissemination**, there is an important role to play in sharing findings with others to help to develop practice in the field, as well as providing evidence-based policy advice to government where appropriate.

Last, and certainly not least, there is the matter of **accountability**. Philanthropy enjoys tax advantages in many countries and is therefore a cost on the public purse. It is therefore important to communicate the added-value of philanthropy to offset that subsidy. Creating positive outcomes for programmes and measuring their impact is rising rapidly up the agenda in part because of the need for philanthropy to justify itself.

3. SYSTEM REQUIREMENTS

There are a number of essential principles in going forward. Any system set up to meet the business case should be as simple, user-friendly and nimble as possible to capture the things that really matter, so that people can readily use it and understand the results. Enemies of a good system are cost, complexity, and poor quality evaluators.

Experience suggests that an evaluation system will take root only if four criteria are applied:

Owned Users feel that the system is theirs, rather than being imposed on them

Useful Results are relevant, can be applied in day to day work and promote learning

Robust Results are valid and reliable

Simple Things work smoothly and easily without the need to have high technical knowledge

To help remember these principles, you may want to use the fitting acronym 'OURS'. If this acronym doesn't work for you, 'SOUR' works equally well. It does, however, have a different connotation.

My experience suggests that the more you can integrate the evaluation of a programme with its administration, using the same data for both tasks, the more likely the evaluation is to work and to yield useful results that are of value to people running the programme. This is bad news for people like me who have earned a living as external evaluators.

3. DESIGN

The evaluation design is defined as the theoretical approach that underpins the evaluation methodology. There are a variety of these in the literature, such as CIPP, Six Sigma, Results Based Accountability, and Outcome Mapping. All are useful, and remarkably similar. I will describe here the Logic Model of Evaluation. This, has the merit of being the most widely used method, and has been adopted as the standard by US and UK foundations.[1]

The logic model yields a critical path from 'baseline' to 'impact' with four intervening points on the way. This yields a six-fold framework, represented schematically as follows:

Baseline → Inputs → Processes → Outputs → Outcomes → Impact

The terms can be defined as follows:

Baseline	The starting point or the position before the programme begins. An assessment of the situation or problem to be addressed by the programme.
Inputs	Resources needed to address the situation or problem. This covers staff and volunteer time, design, skills, knowledge and experience, funding and tangible resources such as buildings and premises.
Processes	Operations, social interactions, management of relationships, and feelings.
Outputs	Outputs relate to the achievement of programme objectives. Deliverables, which are things that you can touch and count.

[1] http://www.cafonline.org/pdf/jargonbuster-issue1-print-friendly.pdf

Products, services, events, workshops, visits or facilities that result from activities.

Outcomes — Differences made. Outcomes relate to the achievement of programme goals. The changes, benefits, learning and other effects that result from what the project, organization or programme makes, offers or provides.

Impact — Overall difference made: the sum of the outcomes both positive and negative.

4. INTO PRACTICE

In measuring progress from baseline to impact, the 'gold standard' would be to have an 'experimental group' and a 'control group'. I have used this to evaluate a programme in the UK called Headway.

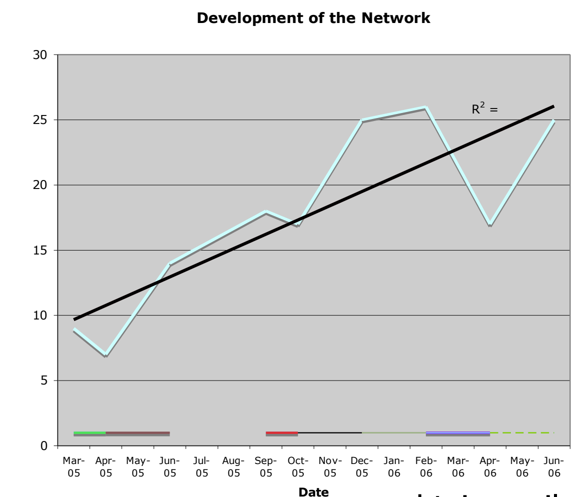
The experimental group take advantage of Headway's services, but the control group do not. Both groups are assessed at the baseline and on outcomes. Matching pairs at the baseline on relevant factors (e.g. on age, qualifications, gender, and race), the impact of the programme is measured by comparing outcomes of the experimental and control groups. Differences between the two groups can be attributed to inputs, processes, and outputs of the Headway Programme. Costs are assessed by adding up the monetary value of the inputs. Benefits are assessed by giving a monetary value to the measure of impact, which is the saving caused by taking people off the welfare register.

Rigorous comparisons of this type are commonly ruled out in the on the grounds of expense or difficulty in obtaining information or both.

If a controlled experiment of this kind cannot be undertaken, the next best option is the 'one sample-replicate measures' method, in which each client in Headway acts as his or her own control and differences between the baseline and outcomes are measured. The baseline in this case would again include age, gender, race, employment record and other items. It would be possible to see from this methodology whether certain types of people were more successful than others through the Headway Programme and whether it did not work for some people.

The one sample replicate measures approach is used in the evaluation of the International Initiative to Strengthen Philanthropy. By assessing the condition of 18 foundations when they entered the programme in 2005, and following them up in 2006, and again in 2009, it is possible to follow the progress of the cohort of foundations in the programme.

Here is another example of a foundation that supported the development of a network of professional workers in the North East of England.

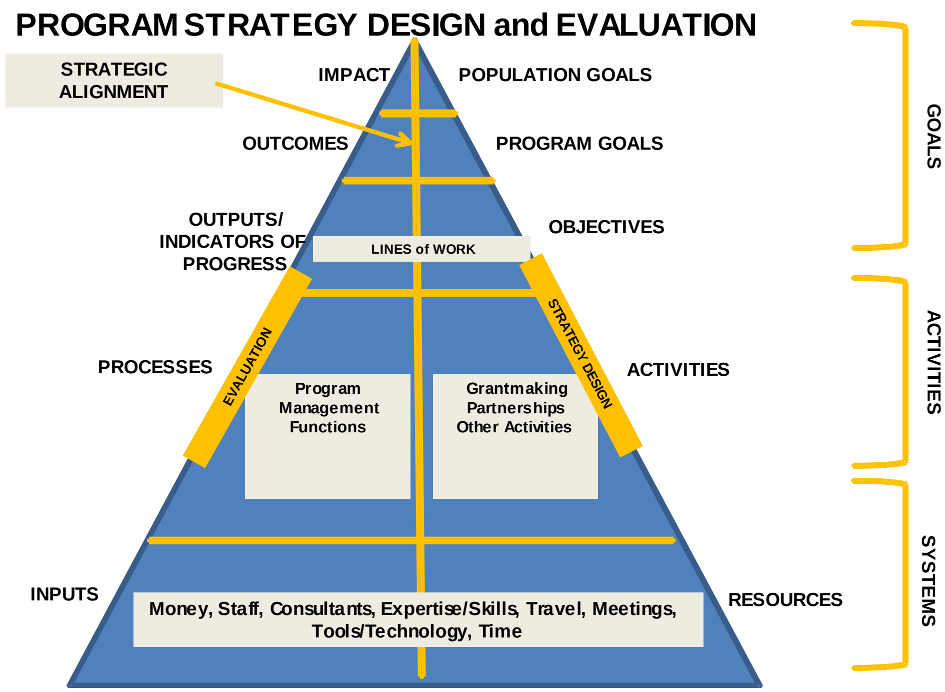


This chart tells us that the network appears to be progressing well. There is a steady rise in the numbers of people attending the meetings. But we don't know much more than this. To find out, we need to talk to the members of the network and find out the qualities of their experience.

As a general rule, it is important both to assemble analyse what quantitative data we already have and what we can obtain easily and to look at the stories that people tell. Quantity and quality is not either/or; it is both/and.

An important conclusion is that the method of evaluation should follow what is to be evaluated. What do we want to know and why? These are the key questions. It is important that we do not slavishly evaluate everything. We only want to evaluate things that matter. For this reason it is often not that important to evaluate at the grant level – unless, of course, the grant is large or has strategic importance. It is usually more important to evaluate at the level of a programme. Here what matters is the interrelationship between grants to produce desirable outcomes.

The following diagram, developed in concert with Filiz Bikmen from the Sabanci Foundation, is a guide to this.



The diagram puts the logic model into operation and integrates evaluation with planning. It separates goals (what is to be achieved) from the activities necessary to achieve them, and the systems that support the activities.