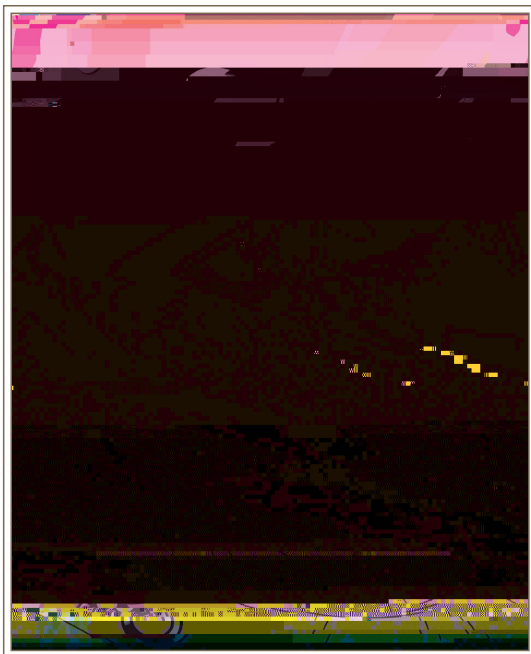


# ASSESSING IMPACT

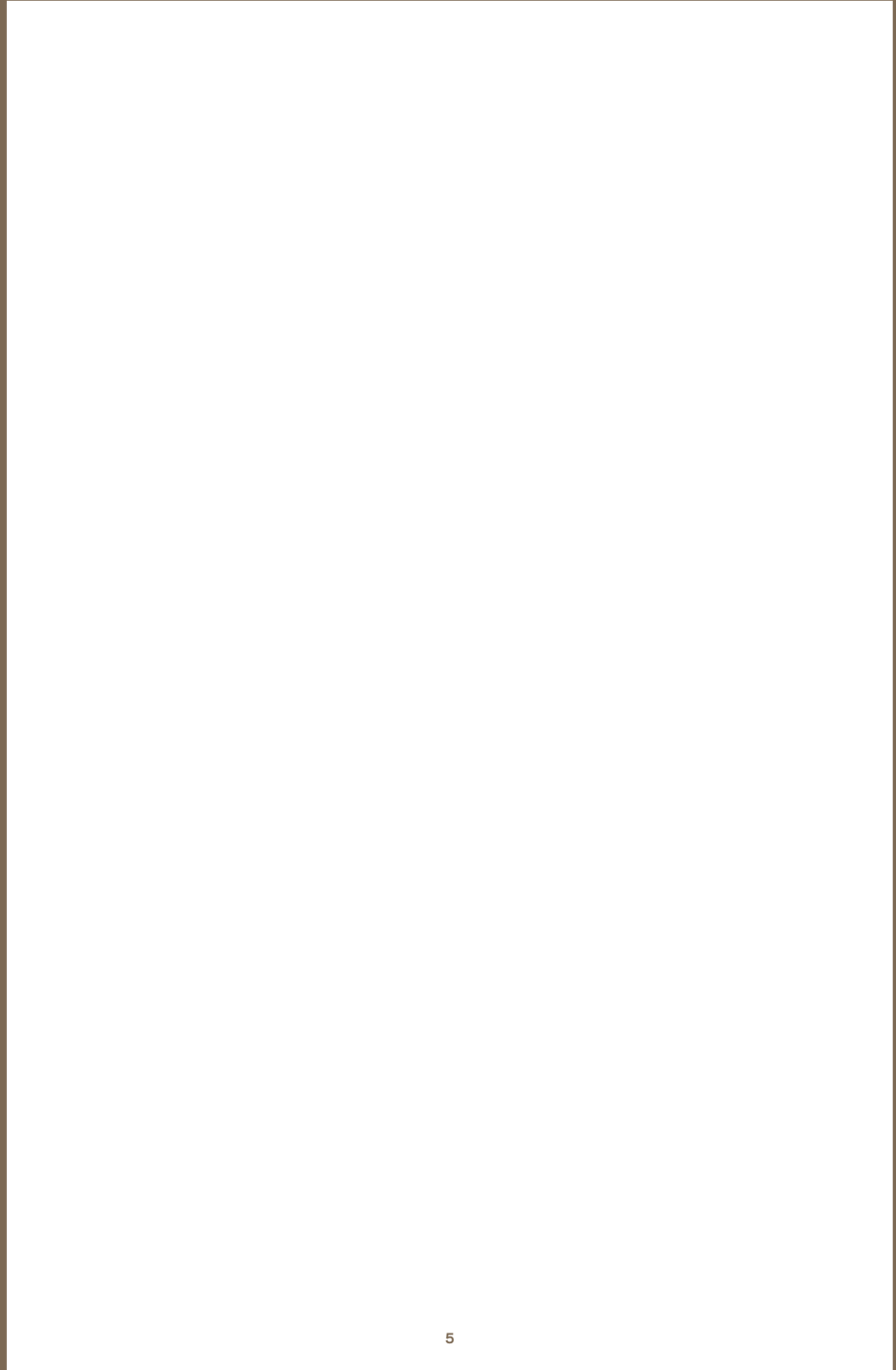
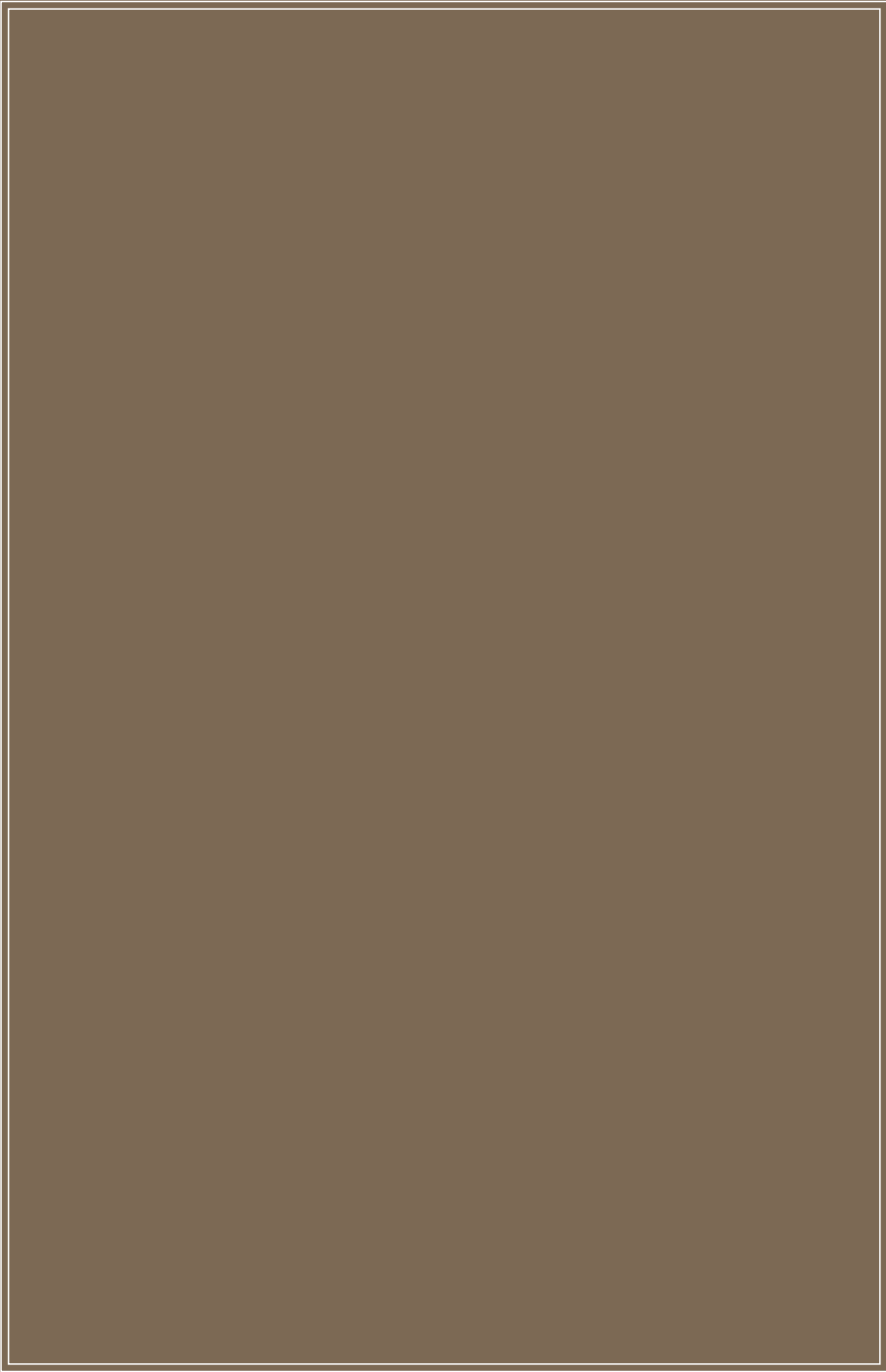


ROCKEFELLER PHILANTHROPY ADVISORS  
PHILANTHROPY ROADMAP

donors can ask as they consider how to proceed with their philanthropy. And finally, it details some of the limitations inherent in trying to understand exactly how donors' dollars are working.

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**PROOF OF CONCEPT**

Solid evidence that a program is making sustainable change is cause for celebration, but it also provides information that can leverage further development. Often evidence of success offers a funder and the nonprofit a chance to attract other funders and expand the initiative's reach. A successful program can also become a model for other programs.

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MEASUREMENT, IMPACT, AND PROOF OF CONCEPT: MORE  
FOR THE COMMUNITY

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E A A. ON

a decision trigger for whether a nonprofit is meeting the benchmarks for future payments.

#### E X P E R I M E N T A L D E S I G N

This rigorous method of evaluation seeks to document results by measuring the target population against a comparable group who did not participate in the program, and sometimes compares the effect on participants before and after the program. For example, health programs may compare participants who were carefully matched on most characteristics but who take part in different (or no) programs to reduce weight and increase exercise. Charter schools often try to compare their students' test results with those of other students attending a traditional public school. This methodology requires considerable sophistication, resources and a large enough research base for findings to be statistically valid.

#### C O N T R O L L E D T R I A L

This methodology tries to compare results across a series of similar programs. It may combine the results as a way of assessing the type of program—for example, behavioral modification therapy for anger management. Or it may compare different types of programs that had the same goals: for example, comparing results of multiple initiatives using behavioral modification therapy vs. initiatives that used medication for anger management.

Other types of evaluation may focus on diagnosing how a nonprofit developed and delivered its programs, providing opportunities for the nonprofit (and funders) to identify gaps in capacity and skills.

Enrique and Celeste thoroughly enjoyed funding multiple college scholarships through a well-respected nonprofit in their community. Their gifts were especially gratifying because they both had received scholarships to attend college. They also gave to partially fund evaluation of the nonprofit's core programs. This evaluation reported high efficiency within the organization,

RETURN ON INVESTMENT

This approach to measuring impact is a hallmark of both venture philanthropy and the social enterprise movement. It seeks to understand the relationship between dollars invested and results in as quantifiable a manner as possible.

The ROI approach can help a donor choose among an array of options (assuming the data exists) and can help spur replication. It's very appealing to those for whom measurement is a critical goal and inspiration. And it creates discipline and common standards that can be shared by many donors and many nonprofits in a field.

See the case history for one example of this approach.

RETURN ON INVESTMENT

Acumen Fund, a global nonprofit venture fund, wanted to reduce malaria cases in Africa by increasing the use of insecticide-treated, long-lasting bed nets. These nets act as barriers to mosquitoes that spread malaria in the developing world. By Acumen's calculations, more people would be protected if funds were invested in transferring the technology to a local manufacturer of bed nets than through a donation to a nonprofit that distributes bed nets. Here's how they assessed the opportunity:

<p> <b>\$350,000</b>                  INVESTMENT                  =  <b>93,000</b>                  BED NETS TO THE POOREST                  =  <b>464,000</b>                  'PEOPLE YEARS' OF PROTECTION                  =  <b>1.3 PERSON YEARS</b>                  OF PROTECTION PER <b>\$1</b> </p>
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<p> <b>\$390,000</b>                  INVESTMENT                  =  <b>1,000,000</b>                  BED NETS TO THE POOREST                  =  <b>5,000,000</b>                  'PEOPLE YEARS' OF PROTECTION                  =  <b>15.4 PERSON YEARS</b>                  OF PROTECTION PER <b>\$1</b> </p>
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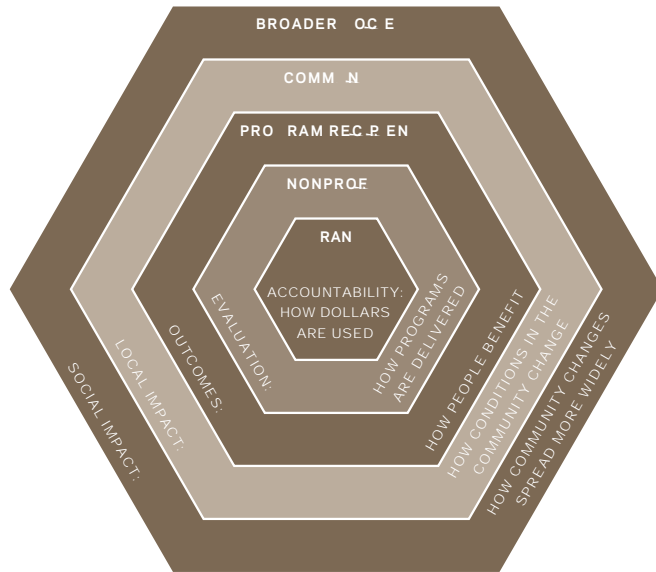
Acumen Fund's initial investment in 2002 catalyzed a public-private partnership between A to Z Textile Mills, Sumitomo Chemical, ExxonMobil, the World Health Organization and the United Nations Children's Fund. Since the investment, A to Z Textile Mills has grown to become the largest manufacturer of these long-lasting bed nets in Africa, producing 29 million bed nets a year and protecting millions of people from malaria.





Each of these questions deals with the issue of impact at a different level — and generally implies a different time frame. As a donor prioritizes goals, so too can the assessment level be defined.

L E E OF A E MEN FOR F NDER



Assessing giving on a number of levels invites a deeper understanding of the relationships at the heart of a philanthropic endeavor. As the chart above shows, every grant can be assessed in a variety of ways. One can account for the details of expenditure as well as evaluate far larger community and societal priorities. Such an overview, when carried out at the planning stages of philanthropy, can give the donor a chance to see where resources can be leveraged, partnerships formed and new efficiencies catalyzed. In this sense, planning for assessment is a vital part of designing a giving strategy.

STEP 4

# UNDERSTAND CHALLENGES IN ASSESSING IMPACT

Donors sometimes struggle to get straightforward and clear answers to questions they have about the results of their giving. Most people want to know if they made a good choice in supporting a particular project. They want to know if they should consider changing their approach or remain steadfast in their giving. No one wants to mess with success, but, on the other hand, no one wants to fund failure either.

The matter has become even more complex in recent years as ambitious donors, innovative nonprofits and influential experts have sought to define how philanthropy is making a difference in solving fundamental social problems.

This evolution in theory and practice encourages donors to think about how their funds can be most effectively used to make sustainable change happen. But it can also lead to unrealistic expectations from well-intentioned but anxious donors who demand to know how their \$50,000 gift to Doctors without Borders three months ago has changed long-term health outcomes for women in Haiti.

Many people say nonprofits don't have a bottom line the way a business does. This analogy is faulty, however. Nonprofits do quite literally have a bottom line: they too have financial results and tax returns. In addition, no sophisticated person will

Clearly, no grant of \$50,000 (or even \$1,000,000) will, alone, solve women's health problems in Haiti. In fact, it's likely that funding health organizations alone may not end disease in Haiti: the inability to access clean water and sanitation, poor nutrition, benefits, inadequate transportation, poverty and ill-treatment of women are complex, interwoven factors that result in poor health for women. Grants can, however, provide important relief as the society rebuilds or works to make services more available.

Another factor that makes assessment difficult is the huge range in time horizons among philanthropic endeavors. Only for some vaccinations do the treatment and cure happen simultaneously. Medical research can take decades. Most social challenges — poverty, lack of human rights, ethnic conflict — have time horizons that in some cases may have no real endpoint. But donors can hope to see progress and certainly benefit to individual communities and organizations.

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George and Belinda, together with their three adult children, wanted to reduce and eventually eliminate the threat from nuclear weapons. Through their family foundation, they decided to give to nonprofit education and advocacy groups which work toward nuclear disarmament and peace. The family recognized that the dismantling of all nuclear weapons was not likely in the short term. They also realized it would be hard to quantify just how much progress had been made towards disarmament in a relatively short period like a year. So they sought to connect their measurement of impact to concrete interim steps that could be taken toward the larger goal. They asked the nonprofits they supported to measure growth in membership and how active those members were in supporting advocacy actions like e-mailing elected officials. They tracked the number of peace leaders in the organization's peace leadership program. They also asked the nonprofits to do internet-based research to measure how much attention educational programs

were receiving. They sought reports on meetings staff had with politicians to pursue policy matters. And they funded the nonprofits to gather this information as part of their giving program. Belinda had a motto for their approach — "Learn by doing. Make each round of grants better than the last."

"Learn  
by doing.  
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## BUILD A PARTNERSHIP

Donors need clarity about why they seek assessment and what level they will target. But they also need to be clear-eyed about what can reasonably be answered, and by whom. The broader the scope of the assessment, the harder — and more expensive — it is to produce useful information.

Recently a donor wanted an after-school program to undertake a 10-year longitudinal study of its participants. Not only would the cost of that research be greater than the entire budget of the nonprofit, but no one at the nonprofit was qualified even to engage a research firm.

Donors and grantees should, ideally, reach a respectful agreement before a grant is made about what kind of assessment can be provided, by whom, and at whose cost. What is the grantee responsible for? What will the donor do? What might a third party be engaged to do? Who pays? Are there existing reporting methods that will work for the donor? Could the donor partner with other funders on a common approach?

Many nonprofits today are suffering unduly from donors' enthusiasm for reporting and assessment. Each donor, they feel, has a different set of reporting requirements — and the burden can be overwhelming. By recognizing that sometimes nonprofits already have good information on what programs work and why, donors can save money and effort.

Yoko grew up in a big city in a single-parent family where there never seemed to be enough food in the refrigerator or the dinner table. By the time she had become a top partner in a major entertainment law firm, she had already provided for her mother's comfortable retirement. She knew she wanted to start a giving program to help single-parent families who were struggling to make ends meet. She felt inspired to help, but also a bit vulnerable because her giving was so personal to her. Also, she had learned to create wealth by being very careful with her investments so she didn't like the idea of donating money to nonprofits with "loose metrics." As a result, she valued rigorous assessment of her giving and spent time researching various nonprofits to see how efficient they were at using their resources and how she might measure how successful her own giving was. Then she came across a nonprofit with a clientele of families led mostly by single mothers. The nonprofit allowed these families to go through their facility with shopping carts and choose donated food from shelves, even going through

One of the most valuable times to assess a grant is before it's made. But donors—whether individuals, families or foundations—can consider assessment at any time. As a form of due diligence with grantee partners, it is a natural part of thoughtful, effective philanthropy.

# FINAL THOUGHTS

Precision in measuring impact can be a difficult —