

For philanthropy and social investment worldwide

A photograph of two giraffes in a savanna setting, reaching up to eat leaves from a tree. The giraffe on the left is in the foreground, and the one on the right is slightly behind it. The background is filled with green foliage and tree branches.

SPECIAL FEATURE **Beyond accountability: feedback as transformation**

**Guest editors: David Bonbright,
Elizabeth Christopherson and Fadel Ndiame**

How organizations are using feedback,
the challenges they face, and how they
can be overcome

PLUS

Interview with new executive director
of the Bernard van Leer Foundation

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Cover photo As soon as a giraffe starts munching on acacia leaves, the tree does two things. It pumps nasty-tasting and poisonous alkaloids into its leaves, forcing the giraffe to move on to another tree, and it releases a chemical hormone into the wind. This is picked up by other trees, which immediately pump alkaloids into their leaves. Which explains why giraffes always graze upwind.



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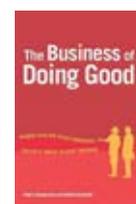
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Goodbye, Alliance!

It hardly seems possible that, after 16 amazing years, my time with *Alliance* is almost at an end. Paula Park, my successor, takes up her post on 1 June, and we will work together to ensure a smooth transition. I wish her every success and will watch with interest to see where she takes *Alliance*.

As I've said before, I won't miss working to perpetual deadlines – I wish Paula joy of them! As I sat up late in the evening getting the final copy ready for this issue of *Alliance*, I said to myself, 'Well, I'm not going to miss this!'

But I will miss all the people I've worked with. Working with the guest editors on this last special feature has been typical of my time with *Alliance*: I have known David Bonbright, one of the guest editors, from the earliest years. He is both colleague and friend and working with him is always stimulating and fun. By contrast, until recently I didn't know either of the other two guest editors, Elizabeth Christopherson and Fadel Ndiame, and it has been a pleasure getting to know them.

This is what I will miss most about *Alliance*, all the wonderful people I work with, the ones I've known for years and the new ones I'm always meeting. The list of people I'd like to mention personally and thank for being so unfailingly supportive and so willing to help when called upon is too long to attempt to include here – members of our board and editorial board, all those who write for *Alliance*, our longstanding freelancers, our great staff team. I can only say that it has been a privilege and a pleasure to work with all of you.

Now I'm about to leave *Alliance*, a few people have asked me: how has philanthropy changed since you started? This is a hard question to answer: it's a bit like looking in the mirror every day and not noticing you're getting older. If I try to answer, my first response is 'not in a good way'. Owing to the withdrawal of the state everywhere, it is now much more widely accepted that philanthropy has a big role to play in public service provision, helping governments to do their job. But how compatible is this with the role of innovator, supporter of the marginalized, of civil society as advocates and watchdogs?

The upside is that people are more demanding of philanthropy, and it is perhaps a bit more demanding of itself. This has led to a greater focus on impact, professionalization, measurement and so on in order to meet the greater demands. The special feature in this issue of *Alliance* looks at efforts to transform philanthropy by bringing feedback from constituents into the equation. But the fact that philanthropy may be doing a better job leaves open the question about what job it should be doing.

Looking at the years ahead, inequality and climate change seem like the biggest challenges facing the world, and I'm sure philanthropists and foundations will have a role to play in tackling them. *Alliance's* coverage of philanthropy and the post-2015 agenda aims to explore what this role should be. I hope that *Alliance* will continue to play its part in exploring issues like this for many years to come.

CAROLINE HARTNELL Editor, *Alliance*

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Responses to the March special feature

Writing in the March special feature, 'Why should philanthropists fund the arts?' Michelle Coffey expressed rebellion 'against the idea of designing metrics to validate the impact of arts and social justice'. Here, Oksana Oracheva talks about the Potanin Foundation's approach to measurement, while Alessandra Valerio emphasizes the need for programme evaluation. Gina Anderson misses examples of 'radical philanthropy', while Gayle Peterson draws attention to the role of impact investing.

We do not therefore value artistic performance as such but its effect in creating a better place to live.

Getting round the measurement dilemma

In the last issue of *Alliance*, Michelle Coffey and Barry Knight raised the very important issue of how to measure the social impact of arts and culture. Charitable foundations and donors support both areas generously, particularly in Russia, but they want evidence that the money they spend produces positive effects. On the other hand, it's hard to disagree with Coffey that 'standardized measurements fall drastically short in allocating value to artistic practice, failing to notice and account for the transformative power of art'.

The Vladimir Potanin Foundation has been supporting leaders and cultural institutions for more than 15 years. By investing in culture, we advance creativity and knowledge, develop critical thinking and the spirit of entrepreneurship, and provide new opportunities for individuals and institutions. In the course of this, we face the dilemma outlined above.

We use different assessment models, including quantitative ones. However, they are not about the number of grants given or the amount of money

spent. Among the indicators used are the economic impact of cultural institutions (eg increase in tourism and local economy, new employment opportunities), the strengthening of local communities (eg volunteers, co-funding of cultural projects from local sources, participation in cultural projects), and the development of cultural and regional identity (eg common values, positive self-perceptions). We do not therefore value artistic performance as such but its effect in creating a better place to live by connecting people and providing social cohesion and a platform for dialogue.

Assessing impact at the personal level is also very important: arts and culture primarily concerns individuals rather than institutions. What do we need to assess here and how do we do it – the amount of money spent, the number of grantees or people involved in projects? Those figures are undoubtedly needed, but taken alone they would not justify the investments. What makes a difference here are personal stories, when cultural leaders become role models for their communities. We believe that our investment contributes to the appearance of new community

and opinion leaders, the creation of networks, and increasing professionalism in the field.

Raising the issue of measuring the social impact of our investments in arts and culture is a positive step. We need such debates in order to look critically at our own work and to increase the value of what we are doing.

Oksana Oracheva
General director, Vladimir Potanin Foundation

Why programme evaluation is crucial

In the last years Fondazione Cariplo has given significant support to the interaction among artists, cultural operators and the public. At the same time, we have invested considerable resources to allow the practice of performing arts at schools and to demonstrate how it helps youth express their creativity and develop their cognitive, emotional and relational skills.

The investment in creativity, particularly in the creation of start-ups, can be a powerful tool to boost youth employment in the cultural sector and to stimulate the offer of innovative cultural services and products; we believe that ultimately more traditional cultural institutions can be positively influenced by such dynamics and novelties. Italians' participation in cultural life is far below the European average, so we have also been encouraging cultural institutions to tackle this and to transform themselves into places for meeting and exchange, and for looking beyond borders; places that stimulate growth in a civic sense and generalized (other than self) awareness; places where new cultural synthesis

Alliance welcomes letters in order to facilitate debate. Please address them to the editor at caroline@alliancemagazine.org. We reserve the right to edit letters and may refuse to publish them on the grounds of their offensive, injurious or defamatory tone or content.

can be conceived. In this belief, we see the need to put cultural institutions on a firm basis by encouraging and supporting sustainable managerial approaches, empowerment and capacity building.

In principle, programme evaluation is crucial for at least three reasons: first, to improve transparency and accountability with stakeholders; second, for the foundation itself for operational purposes (that is, to allow for the introduction of adjustments if required); and last but not least, for the validation of effective programmes, if a foundation wants to transfer and/or scale up successful models of intervention. Evaluation, however, must not consist of the mechanical application of a predetermined model; it implies, on a case-by-case basis, a thorough analysis and prior definition of the expected change and a well pondered identification of the tools, qualitative and/or quantitative, to achieve it and a consideration of how far they have done so.

Besides the complexity or even feasibility of assessing less tangible achievements, we are well aware of its costs and benefits, and among the former we include the efforts demanded of our grantees, in terms of skills, time and financial resources.

As Michelle Coffey says in her article, we cannot definitely weigh imagination, but it may be worthwhile trying at least to capture the related dynamics, the forms and ways it reveals itself and the goals achieved when it is nurtured.

Alessandra Valerio

Programme officer, arts and culture, Fondazione Cariplo

As Michelle Coffey says in her article, we cannot definitely weigh imagination, but it may be worthwhile trying at least to capture the related dynamics.

Rather than the art, I found the actual experience of visiting MONA the most exciting part, particularly the use of technology.

What about radical philanthropy?

I read with interest the articles on why philanthropists should fund the arts in the March 2015 issue of *Alliance*. While I recognize that the discussion was focused on social justice and the arts, I was a bit disappointed that no one examined any examples of radical philanthropy in this area.

The Museum of Old and New Art (MONA) is variously described as one of the most controversial private collections of modern art and antiquities in the world. Located in Hobart, Tasmania, off the southern coast of mainland Australia, the collection of some 400 works takes up three floors within a subterranean architectural masterpiece. It has challenged much of the mainstream arts world with its unconventional methods and presentation. It is the brainchild of and funded by one of Australia's most eccentric zillionaires, David Walsh, who has made his money through gambling.

Rather than the art, I found the actual experience of visiting MONA the most exciting part, particularly the use of technology. On arrival you are given a type of 'smart phone'. As there is no identification of the art works on the wall, you press buttons on the phone to locate the piece you are looking at and to learn about the work and artist. You can click to read David's personal comments, some of which are hilarious. You can 'love' or 'hate' individual objects and discover that '432 people think it is crap too'. Provide your email and you can save your tour to keep a record of your entire path

through the museum to share with family and friends via all types of social media. It makes every other art gallery and museum seem antiquated and out of touch.

Just imagine the data they are collecting.

What about impact? MONA is at the centre of a cultural regeneration and sense of excitement in Hobart. Hannah Martin in *The Mercury* wrote in April 2014 that Tasmania's tourism industry is riding the wave of a MONA-led revolution, with visitor numbers smashing previous records. Tourism groups, she said, celebrated the results of the latest Tasmanian Visitor Survey, which showed a 14 per cent jump in numbers for the year ending December 2013. The boost resulted in a 13 per cent increase in visitor spending, to \$1.58 billion. And that means jobs, business and pride.

While it may not be social justice per se, David Walsh's MONA is a major philanthropic investment in arts and culture that challenges the prevailing art establishment while making a big positive measurable social impact for the community.

Gina Anderson

Philanthropy fellow, Centre for Social Impact, University of NSW, Sydney, Australia

Arts and impact investing

The March feature on the role and value of arts and culture in philanthropy was provocative and, for me, very timely. I have just finished directing the Oxford Impact Investing Programme where, for the first time in three years, we had participants who came specifically to learn more

Increasingly, funders and investors are realizing that arts and impact investing bridges finance, policy and social change.

about arts and impact investing. The programme also coincides with my research for an upcoming book, *Good, Evil, Wicked: The art, science, and business of giving*, which showcases innovative investments in the arts as a social change tool.

Impact investing in the arts has a long history. An Ashmolean Museum curator told programme participants the story of paisley, describing how Nur Jahan, queen of Mughal India during the 17th century, influenced commerce, fashion and social change across centuries through her courage, artistry and investment.

In the 1970s, the Ford Foundation, a pioneer of programme related investments (PRIs), invested US\$1 million in the Studio Museum in Harlem as interim funding. This helped the museum get a government grant to renovate a permanent space.

The MacArthur Foundation, also a long-time leader in PRIs, launched an Arts and Culture Loan Fund to support strong arts organizations to help fulfil the foundation's mission of 'building a more just, verdant, and peaceful world'. In late 2007, when the recession threatened the viability of arts organizations in Chicago, MacArthur worked with local banks and technical assistance providers to help organizations access commercial loans.

The Canadian Inspirit Foundation has invested in Artspace Youngplace, a project to help promote social inclusion. Artspace, in partnership with Inspirit and public and private co-investors, invests in real estate projects that provide cooperative and affordable living and working arrangements for artists, organizations and non-profits working to advance public policy, private development,

community and philanthropic interests.

In the UK, Arts Council England has launched a £7 million Arts Impact Fund to show how impact investing can offer alternative sources of non-grant income to arts organizations. In Russia, the Vladimir Potanin Foundation, while not formally impact investing itself, is investing in museums which are in turn spearheading new social enterprises and new business models countrywide and fostering a new generation of critical and creative thinkers.

Increasingly, funders and investors are realizing that arts and impact investing bridges finance, policy and social change. Thinking out of the box opens the door to exciting possibilities for the field.

Gayle Peterson

Programme director, Oxford Impact Investing Programme

Updates from Alliance

NEW EDITOR FOR ALLIANCE

We are pleased to announce the appointment of Paula Park as the new editor of *Alliance*. Paula is an experienced editor who has worked in that capacity for Dow Jones and Bloomberg, among others. She founded, helped design and edited Bloomberg's global *Financial Regulation* newsletter. She also managed long-term reporting projects in Europe, Africa and the Middle East for Dow Jones Newswires and the *Wall Street Journal*. An alumnus of the Columbia University's Graduate School of Journalism, she also taught online journalism at the university's School of International and Public Affairs. She will take up her new role on 1 June, working alongside founding editor Caroline Hartnell for a smooth transition.

LATEST INTERVIEWS

Recently published in *Alliance Extra*: interviews with **Christian Jacobs**, on the 25th anniversary of the Jacobs Foundation; **Ridgway White**, new president of the C S Mott Foundation; **Roshni Nadar** of the Shiv Nadar Foundation; and **Laurence Lien**, founder of the new Asia Philanthropy Circle.

You can find these interviews and more exclusive content on www.alliancemagazine.org

THE SEPTEMBER 2015 ISSUE WILL HAVE A SPECIAL FEATURE ENTITLED ...

A changing landscape: philanthropy the world over

This special feature will attempt a stocktaking of the wealth of philanthropic

traditions around the world. It will look at evolving trends and new players in individual, family and corporate philanthropy; the development of community philanthropy and impact investing; the role of philanthropy in society; and the changing and often deteriorating regulatory and policy environment for philanthropy around the world. It will also try to answer the question: is there any evidence for the belief that donors' priorities are different or changing, that they care more about impact and evaluation than in the past?

Guest editors are Maria Chertok, Atallah Kuttab and Timothy Ogden

COMING UP IN DECEMBER

► **Philanthropy and the post-2015 agenda** Why should foundations and philanthropists care about the Sustainable Development Goals?

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How is corporate India responding to the new CSR law?

Noshir Dadrawala

A full fiscal year has passed since the new Indian Companies Act 2013 came into force, mandating CSR for companies meeting certain criteria of turnover, net worth and net profit. One still observes a lot of excitement and hope, but the impact of mandating CSR in India is as yet unknown.

Noshir Dadrawala is CEO of the Centre for Advancement of Philanthropy. Email noshir@capindia.in

In the meantime the Ministry of Corporate Affairs (MCA) has constituted a High Level Committee to suggest measures for improved monitoring of the implementation of CSR policies by eligible companies coming under Section 135 of the Act.

MCA has also come out with a first short list of what it likes to call 'sanitized' NGOs – 'free of any terrorist links or unwanted funds' – that companies may choose to partner with for implementing their CSR policy.

MCA is listing the 'sanitized' NGOs through the Indian Institute of Corporate Affairs (IICA). NGOs for CSR purposes (CSR implementing agencies) will be registered with the 'Implementation Agencies Hub for CSR'. It is hoped that this will synergize partnership between corporations and NGOs and meet

the requirement of companies looking for NGO partners. The process for NGOs requires online registration and submission of a number of notarized documents and payment of Rs 10,000 (US\$159). Only NGOs whose average turnover over the last three years is at least one crore rupees (\$158,730) will be eligible.

Companies are likely to give greater weight to IICA listing than to NGO evaluation by sector-focused initiatives like GiveIndia, GuideStar India, HelpYourNGO and Samhita.

While CSR has been made mandatory under law, NGOs that were expecting a bumper crop of funds have not been able to harvest even a trickle. The estimated Rs 20,000 crores (\$3.195 billion) has been scaled down to just Rs 5,000 crores (\$799 million). Why is that? Below are some possible reasons.

- ▶ The old private sector companies like Tata, Godrej, Mahindra and Birla have anyway been involved in CSR for decades through their trusts and foundations.
- ▶ Out of the 16,000 companies hit by the mandatory CSR clause (Section 135 of the Indian Companies Act 2013), the vast majority have funds between Rs 1 million (\$15,873) and Rs 5 million (\$79,365) only. Unless pooled effectively, these funds get frittered away in a manner that is neither appropriate nor impactful.
- ▶ The bulk of funds lie with public sector undertakings and they generally have semi-governmental systems and processes that many NGOs are not comfortable with.
- ▶ Many NGOs, especially the smaller ones, are still looking

for 'donations'. They are unable to grasp the fact that companies are mandated under law to implement CSR in programmes or project mode only, with clear 'needs statements', 'goals', 'objectives', 'outputs' and 'outcomes'.

- ▶ A few companies are adopting the easier route of making corpus grants to their own foundations or giving it to the Prime Minister's National Relief Fund.

One thing that could make partnering with an NGO more attractive for companies is the income tax situation. CSR expenditure is not allowed as business expenditure under Section 37 of the Income Tax Act 1961 – although any CSR expenditure that is allowed as a deduction under other sections is permissible. Hence, if a company were to undertake CSR activities on its own, there would be no tax deduction. However, if it partnered with an NGO that has a tax deduction certificate, the company could claim a tax deduction.

Over the next couple of months we will know how exactly 'corporate India' has performed in the CSR space. In the meantime, companies in India have not yet understood the real value or benefit that accrues from being CSR compliant, with or without the law mandating it. Also, unfortunately, neither Section 135 nor the CSR Rules have accounted for 'employee engagement'. In the West, employee engagement is a major component of a company's CSR policy. @

Every day, hundreds of washermen work in the open laundry in Mumbai, India.



WWW.GLOBALEUCATION.EDU

Global Greengrants Fund establishes sister organization in Europe

European donors now have an easy way to direct support to frontline communities addressing dire threats to their environment and rights. Since 1993 Global Greengrants Fund has directed more than \$45 million in grants to grassroots groups in 163 countries. It has now established a European arm based in the UK. Global Greengrants Fund / UK received charity status in April 2013.

Tapping into a global network of activist advisers, Global Greengrants makes targeted grants to grassroots groups working to protect and restore their environments and rights. It places a premium on local decision-making and leadership, emphasizing an activist-led model

that does not prescribe or impose an agenda on grantees. Grants support grassroots leaders to make their voices heard – both in local decision-making circles and increasingly on the national and international political stage.

Global Greengrants UK & Europe has already made grants to groups in China, India, Kenya, and Bosnia and Herzegovina. In September, it will open a UK-based office with one full-time staff member.

The European arm's first aim will be to connect donors in the UK and Europe to grassroots movements throughout Africa, Asia, Latin America and the Pacific Islands. But Global Greengrants' US-based leadership says its goals extend well beyond increasing support to locally led projects. By establishing a European office, the group aims to increase European policymakers'

understanding of how issues such as globalization and climate change affect people in marginalized, underserved regions where very limited amounts of foreign aid fail to trickle down to the people on the ground who need the most support.

'These are early days for Global Greengrants UK & Europe,' says Stephen Pittam, chair of the UK & Europe board of trustees and a member of the global board, 'and much is still to be determined. But we are committed to making it easy for European donors of all levels to support the critical work our grantees are doing all around the world.'

Global Greengrants UK & Europe aims to be financially sustainable within its first few years.

For more information

www.globalgreengrants.org.uk

New Ariadne Forecast helps funders to plan ahead

The aim of the first 2015 Ariadne Forecast is to help funders see the big picture and discover new trends so that they can plan ahead. It does this by tapping into the collective knowledge and wisdom of a diverse network of over 450 funders working in the field of social change and human rights grantmaking, over 90 of whom helped to create the Forecast.

Late last year we asked the entire network six simple questions, including: *What are the most pressing challenges facing your grantees in 2015?* and *What developments are expected to have the biggest impact on your practice as a grantmaker in 2015?* We then interviewed 16 funders in more

depth and convened meetings in The Hague, Brussels and London.

The Forecast showed that European social change and human rights funders see two major trends at work in their world, one structural and one political. The structural one is the dissolving of boundaries between philanthropy and civil society under the twin pressures of lower public spending and less money available for grantmaking on the one hand and the growth of alternative finance on the other. Foundations are increasingly deploying additional methods of using their assets and influence, and creating new kinds of grantmaking vehicles; civil society groups are mutating into different entities to access these resources.

The political trend is the profoundly depressing disabling environment for cross-border

funding. The global growth in obstacles and restrictions placed on civil society groups receiving cross-border funds, and increasingly on the funders themselves, is having a baleful impact on the ability of groups and individuals to hold states to account and bring about change.

In 25 pages, in English, Dutch and French, the 2015 Ariadne Forecast tracks and compares trends in the UK and the Netherlands, and at European and global levels. We hope to repeat it next year, and welcome feedback to help us improve the 2016 Forecast. Please let us know if you would like to join next year's forecasters.

For more information

www.ariadne-network.eu/2015-ariadne-forecast
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 @AriadneNetwork

Group of social investors set up new community foundation in Brazil

How can foundations encourage entrepreneurship and strengthen local organizations? How can they support the development of structures that enable the community to choose its own path for the future? A possible answer is provided by organizations like Tabôa Fortalecimento Comunitário (Tabôa Community Empowerment), one of Brazil's first community foundations.

Over several years, Instituto Arapyauú, a family foundation that works in Brazil to promote sustainability, has been working in the area of Serra Grande in southern Bahia, a region with low indices for health, education and entrepreneurship that offers few economic possibilities. It became clear from working with local organizations in areas like

improving public education, environmental conservation and promotion of local culture that traditional fundraising alone could not ensure the development and autonomy of local communities.

So, in 2014 a community foundation, Tabôa Fortalecimento Comunitário¹ was created with initial funding from Arapyauú, the World Bank and the foundation created by the family of documentary filmmaker João Moreira Salles. It provides advice and investment for local associations and small enterprises, including cultural and socio-environmental activities chosen by the community itself. Tabôa is run by an administrative board of representatives of the investors and community leaders and grantmaking is in the hands of a committee of 15 leaders from

Serra Grande and the surrounding area. Small loans have already been approved for local enterprises such as Barraca da Toinha, which sells acarajé, a delicacy of Bahia, and Toca da Tapioca, a popular restaurant in Serra Grande.

Besides Tabôa, there are only a handful of community foundations in Brazil: Instituto Rio, in Rio de Janeiro; Instituto Comunitário da Grande Florianópolis, in Santa Catarina; and Instituto Comunitário Baixada Maranhense, in Maranhão. Since it is a recent movement, it is too early to evaluate its impact on local entrepreneurship. However, for the communities where they operate, organizations like Tabôa provide a potential path to autonomy and a means for new investors to foster their development.

For more information
atendimento@taboa.org.br

¹ Tabôa is a plant native to coastal Brazil, used locally for a variety of purposes.

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New development impact bond for benefit of indigenous people

The Rainforest Foundation UK, the Common Fund for Commodities and the Schmidt Family Foundation have launched a development impact bond to support indigenous livelihoods and protect rainforests. It will be implemented this summer and will finance a range of activities to benefit indigenous Asháninka families in the Peruvian Amazon, strengthening their livelihoods and enabling them to continue living in harmony with their forest environment.

The Rainforest Foundation UK (RFUK) is working with indigenous Asháninka families in the Ene River Valley to produce fine flavour cocoa for sale on the premium international market. This summer, RFUK will deliver a range of additional activities designed to boost cocoa quality thanks to \$110,000 of initial financing provided through this prototype development impact bond. If successful, it will be scaled through additional financing.



MARINE DOUCHY

Asháninka post-harvest training session, Ene River Valley.

Development impact bonds (DIBs) are a new type of development finance. They provide a means for investors to provide upfront funding for development programmes; investors are then remunerated by donors upon delivery of pre-agreed and verifiable results. This DIB is jointly financed by the Schmidt Family Foundation's Mission Investing Portfolio and the Common Fund for Commodities.

'The DIB will finance improvement in cocoa fermentation processes and increase the amount of cocoa supplied to the indigenous growers association,' says Adam Colling of the Rainforest Foundation. 'Increasing the quality and consistency of cocoa

is vital to access the international fine flavour cocoa market, where higher prices can return higher incomes to Asháninka growers.'

The London-based NGO has worked in the Peruvian Amazon since 2008 and has secured government-approved rights to land and resources for indigenous Asháninka people. It is also working with investors and donors to develop new DIBs that deliver social, environmental and financial returns in the Congo Basin and Andean Amazon.

For more information

adamc@rainforestuk.org
www.rainforestfoundationuk.org
www.common-fund.org
www.tsffoundation.org/impact-investing

New findings from the Johns Hopkins Center for Civil Society Studies

Did you know...

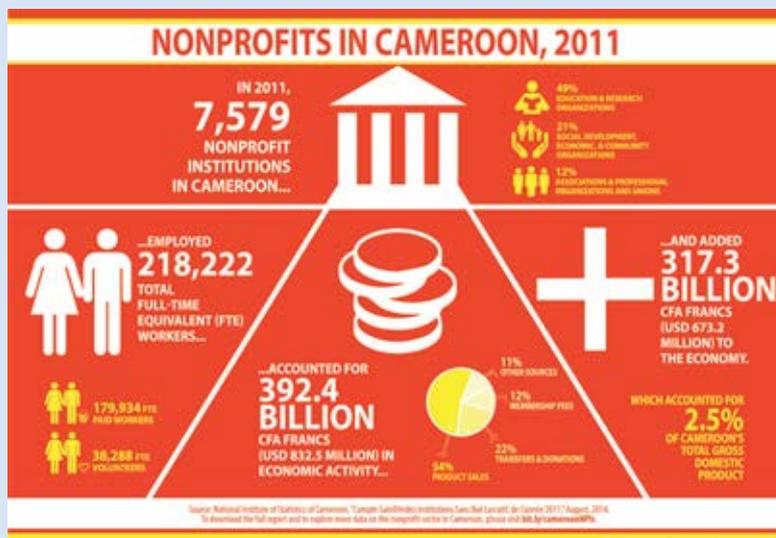
Did you know that Cameroon's non-profit sector added 317.3 billion

CFA Francs (approximately US \$673.2 million) to the country's economy, accounting for 2.5% of total GDP in 2011? That contribution came from 7,579 organizations, which employed more than 218,000 full-time equivalent (FTE) workers, including 38,2088 FTE volunteers.

These data and more are the result of the National Institute of Statistics Cameroon's (NIS) implementation of the United Nations *Handbook on Nonprofit Institutions in the System of National Accounts*. This makes Cameroon the third African country to release such data – along with Mozambique and Morocco.

For more information

The full report is available at www.ccss.jhu.edu and www.statistics-cameroon.org



AFRICAN GRANTMAKERS NETWORK

Measuring change and growth in African philanthropy

One of the African Grantmakers Network's key objectives is to build resilient African philanthropic institutions through a focus on setting standards of governance and accountability, in order to provide credibility to changes and related philanthropy outcomes on the continent. Identifying the value of monitoring and evaluation (M&E) for philanthropy agencies and foundations is a pre-requisite for effective programme implementation.

The AGN, together with the Independent Development Fund (IDF) and the East African Association of Grantmakers, co-convened a two-day peer learning event for member organizations in March in Kampala, Uganda. The sessions



were led by the Kenya Community Development Foundation, Zambia Governance Foundation, the Southern Africa Trust and the Independent Development Fund. Speakers shared practical approaches to M&E, their experiences, successes and challenges, and outlined how organizations can effectively replicate these lessons within their own governance and accountability contexts.

The discussion explored the value of M&E; how it informs appropriate action and responsiveness to challenges faced by philanthropy organizations; opportunities for assessment of programme performance, changes, and frameworks for supporting institutional theories of change; and what practical approaches exist to allow these intersections.

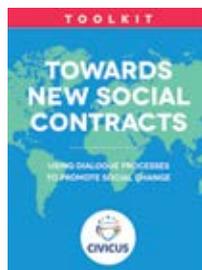
For more information
www.africangrantmakersnetwork.org

CIVICUS

Toolkit to initiate cross-sector collaboration

The social challenges the world faces today have several causes and different effects, which often take place in rapidly changing social and political contexts. Think, for example, of climate change and inequality. Traditional responses have proved inadequate because they have failed to address the complexity of the issues. Addressing contemporary social challenges requires an approach that is systemic, adaptive and involves all sectors of society.

Sounds good in principle, but figuring out how to effectively broker collaboration between governments, business, civil society and citizens is difficult. The key lies in having a



strong intermediary, who can coordinate stakeholders, navigate bureaucratic obstacles and balance

competing interests. To assist with this, CIVICUS has produced a number of capacity-building tools intended to help users facilitate multi-stakeholder dialogues around social, environmental and economic issues. The latest resource in this line of work is the toolkit 'Towards New Social Contracts'. In particular, the toolkit provides practical examples and exercises to help users:

- ▶ Formulate simple arguments encouraging civil society and other sectors to work more closely together to achieve a particular change
- ▶ Provide guidance on when and how to best approach multi-sector engagement
- ▶ Present a basic, flexible methodology to initiate and run multi-stakeholder dialogue processes with insights around some of the key elements for success, as well as common challenges

For more information
 The toolkit is available in English at www.civicus.org/images/TowardsNewSocialContracts.EN.pdf
 French and Spanish versions are also available

EUROPEAN FOUNDATION CENTRE

Boosting the skills of communications professionals

The European Learning Lab (ELL) is a collaborative annual learning event organized by the EFC and Fondazione Cariplo. It offers foundations opportunities to share and exchange knowledge among peers; to learn about new tools, techniques and approaches to enhance current foundation practices; and to identify benchmarking opportunities to improve processes.

The event is split into two modules, one in summer and one in autumn. This structure allows participants to discuss and digest a larger amount of information and to test the skills and tips learned through 'homework' assignments. Between sessions, participants



are encouraged to further analyse the subject matter and to ask questions or refocus the attention on particularly sensitive topics for the next module.

This year's ELL will be dedicated to boosting the skills, knowledge and professional capacities of foundations' communications staff. For the stewards of their organization's reputations, the 'how' of communicating has become as important as the 'what'. The Lab will tackle themes

The European Learning Lab brings foundations together to improve practice.

such as managing reputation, branding, storytelling, the latest communications tools, social media, PR, knowledge-sharing and evaluation. It takes place on 25–26 June in Milan and 21–22 September in Brussels.

For more information

www.efc.be/professionaldevelopment



EFFECT FOCUSES ON YOUNG CHANGEMAKERS

The spring issue of *Effect* features 10 young leaders who are tackling Europe's most challenging social and environmental problems. It also has reportage on Milan, the city that will host the 26th EFC Annual General Assembly and the World EXPO 2015.

@lliance

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EXPONENT PHILANTHROPY

Seven new guides for engaging teens in philanthropy

Many philanthropic entities – from foundations to giving circles to charitable families – realize the value of involving young people in giving. It can bring new perspectives and energy to your philanthropy, develop the next generation of givers, and be very rewarding for all involved.

In fact, in Exponent Philanthropy's annual member survey, board/generational succession was top of mind for its foundation members – and has been for six of the eight years the question was asked.

Together with its partners at the Frieda C Fox Family Foundation and its Youth Philanthropy

Connect initiative, Exponent Philanthropy has introduced seven teen-oriented guides in a 'Teen Philanthropy Café' series designed to educate and engage teens and young adults.

Developed with guidance and feedback from youth engaged in philanthropy, the series introduces young people to strategic, thoughtful philanthropy, and inspires them towards giving with impact. Families and adults who work with young people can use the

guides to facilitate meaningful discussions and activities on:

- ▶ Grantmaking
- ▶ Collaboration in philanthropy
- ▶ The path to impact
- ▶ Leadership for a changing world
- ▶ The non-profit universe
- ▶ Thoughtful site visits
- ▶ Using your voice

To download the guides

www.exponentphilanthropy.org/teen-philanthropy



FOUNDATION CENTER

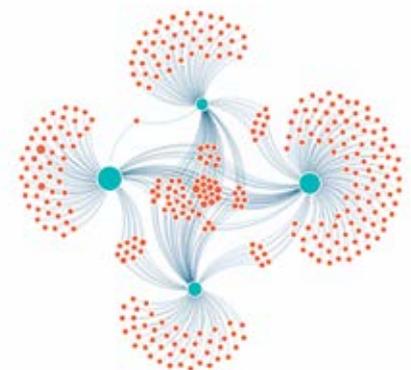
Foundation Maps introduces free trial

Foundation Maps is a data visualization platform that makes it easy to understand who is funding what and where around the world. Drawing from Foundation Center's wealth of data on foundations and grants, simple yet powerful filters deliver an in-depth picture of philanthropy through interactive maps and charts.

Recently launched, *Foundation Maps Professional 2.0* offers two new advanced features: Geographic 'Area Served' maps show the places where grant dollars are actually being used apart from the location of the

grant recipients, providing a deeper level of understanding of where funding is making an impact. The interactive 'Constellations' visualization provides a hub-and-spokes view of funder/grantee networks, allowing users to explore connections between organizations and discover new partners. A free 24-hour trial and monthly webinars are available to anyone wishing to try it out and learn more.

Foundation Maps is part of Foundation Center's growing array of Knowledge Services that blend information, analysis and technology to benefit the social sector.



'Constellations' visualization provides a hub-and-spokes view of funder/grantee networks.

For more information

Try out *Foundation Maps*: maps.foundationcenter.org

Sign up for a free webinar: maps.foundationcenter.org/webinars.php

Explore Knowledge Services: foundationcenter.org/knowledgeservices

WINGS

Philanthropy in China

WINGS' board meeting, hosted in Beijing by the China Foundation Center (CFC) in March 2015, provided the opportunity to gain fascinating insights into how philanthropy is developing in the country.

During the visit, CFC and China Foundation for Poverty Alleviation hosted a workshop where public and private foundations shared how over the last five years there has been a

surge in foundations driven by growing wealth in society and the private sector. Nevertheless, Chinese foundations still suffer from a lack of trust from the government and society at large. To improve the situation, CFC has increased the rate of data disclosure by foundations from less than 30 per cent in 2011 to over 90 per cent in 2014.

Discussions also highlighted the areas where foundations believe they need to strengthen their capacities, including:

- ▶ Setting the right balance between being operational and grantmaking
- ▶ Defining appropriate tools to help philanthropists to be strategic
- ▶ Building the ecosystem for effective cooperation among all stakeholders

The pace of growth and change in China is so fast that Chinese philanthropy, too, will continue to evolve rapidly, developing its own unique characteristics and contributing to the rainbow of global philanthropy that is so rich in its diversity.

For more information

www.wingsweb.org

This article is based on a blog post by chairman of WINGS Atallah Kuttab. See <http://tinyurl.com/WINGSforAlliance>

CFC and China Foundation for Poverty Alleviation hosted a workshop with WINGS' board of directors.



EVPA

Great potential for social change through collaboration

Across Europe, corporations are starting to explore taking an investment-oriented approach to creating strategic social returns, often seeing their business grow alongside.

Exploring these developments, EVPA has launched *Corporate Social Impact Strategies: New paths for collaborative growth*. The report charts the rising interest in social impact among corporations and

corporate foundations, and the collaborations and linkages that are starting to take shape between these players and venture philanthropy and social investment organizations (VPOs) – including foundations.

The report shows how some of the most innovative corporations strategically align their corporate foundations with their core business, or set up their corporate foundation as a VPO, to work in new fields and/or countries or on specific sustainability topics, sometimes handing over these projects if they show commercial viability. This strategy allows them to take a long-term approach towards innovation

without the short-term profit maximization pressure of the core business. The report also provides examples of where foundations practising venture philanthropy bring experience, knowledge and processes, complementing corporate resources, to explore social investment approaches.

EVPA is convinced that foundations and corporates working together have the potential to create great social change, at lower cost and with higher impact.

To download the report

<http://evpa.eu.com/?publication-cat=key-players>

Opinion

Khuloud Al Nuwais



Why social enterprise is the key to sustainability

Having been with Emirates Foundation from the beginning, I have witnessed both operating and grantmaking models. Initially we supported many civil society organizations with grants to build their capabilities. However, many had to discontinue their activity as they struggled to maintain fundraising. Our new focus on supporting social enterprises seems to offer a better path to sustainability.

Khuloud Al Nuwais is chief sustainability officer at Emirates Foundation. Email kalnuwais@emiratesfoundation.ae

Applying business principles to creating social impact has helped us drive down costs, drive up value creation and create economies of scale.

The size and diversity of our earlier grants was another factor significantly diluting our impact and ability to create sustainable outcomes. When mapping out our impact, we realized our grants were too scattered and too small. In some cases the impact was not measurable as grantmakers have no control over the quality and impact of third parties – except that they remain dependent on you for funding! There was no financial independence, no plans to secure it, and no sustainability around their impact.

With our new operating venture philanthropy model, whereby we shifted from short-term grantmaking to long-term, measurable and financially viable social investment, focusing on only one area, youth development, we became better equipped to deliver sustainable, scalable programmes. Applying business principles to creating social impact has helped us drive down costs, drive up value creation and create economies of scale. We are already seeing a difference in terms of measurable outputs: our programmes have had an impact on over 40,000 youth in the UAE.

One of the foundation’s flagship projects, Kafa’at, was developed as a social enterprise. By its third year of operation it had generated revenue from fees paid by companies for a variety of programmes to build the capacity of young people to work in the private sector and was close to breaking even. This showed that becoming self-sustaining through a product or service revenue stream can reduce dependency on grant funding and is much more sustainable, unlike risking discontinuation if grants dry up.

Which brings us to the next question: is it really possible for existing programmes and initiatives, which are grant-funded with no associated commercial product, to become self-sustaining

social enterprises? Second, is this business model right for programmes and initiatives that have not been designed to be financially viable and sustainable social enterprises? With a few exceptions, scholarship programmes for example, my answer is yes.

Can they ever be entirely free of grant funding? And can people running these programmes shift their mindset from a fundraising to a sales-led culture? Can they put in place the necessary systems to deal with a social enterprise? This change in mentality can be difficult for many people, and new business acumen skills will need to be brought in or developed internally to implement this new business approach.

At Emirates Foundation, building on the success achieved with Kafa’at, we continue to challenge ourselves with transforming our programmes into social enterprises, even those that weren’t designed from the start to be social enterprises, focusing on developing products or services. We see this as a five to ten year time horizon that demands capacity building, market development, regulatory reform, social enterprise registration and improved cost efficiencies, including the need to move away from centralized support functions as they spin off. Only once you have developed your own income stream, sale and marketing capability, and a product or service that the market wants, are you ready to exit!

Which brings us to a ‘strategic’ question: when is it time to say goodbye? Ideally, the best way to ensure an effective exit strategy is to design it from the outset, at the time of the investment, or at least long before the end of the ‘funding’ relationship. In other words, have proper plans around the product or service, with clear costings and projections of future revenues. This is why our programmes now all have business plans, clear revenue projections and projected ‘spin-off’ targets.

Meeting these targets will undoubtedly be difficult but the mere fact of having them is already a great improvement over traditional philanthropic models. Hence, for those projects that were not initially designed as social enterprises, the question is when can they start putting in place a clear strategy to ‘graduate’ from grant dependency to a more sustainable, financially viable business model? It’s not easy to be pioneers. Only time will prove the success of the model as more foundations transition just like we did at Emirates Foundation. @

Opinion

Timothy Ogden



Where are the foundation chief information officers?

While there are plenty of celebrated examples of non-profits (usually new ones) using technology innovation exceedingly well (think of charity:water, Ushahidi, Donor's Choose or GiveDirectly), foundations are not known as a hotbed of technological innovation. In fact, they are rightly regarded as behind the curve when it comes to applying technology innovations themselves or supporting charities to increase efficiency and effectiveness. Why?

Timothy Ogden is executive partner of Sona Partners and a contributing editor to *Alliance*. Email timothy.ogden@sonapartners.com

While plenty would argue that foundations as a whole are too conservative, there are numerous examples of foundations around the world innovating and taking creative approaches to difficult problems. Foundations invest a lot of resources, money and people, in figuring out how to work better. So why the lag in applying technology innovation?

One possible reason is scepticism about return on investment – and there are good reasons for this. The return on investment in ‘hot’ technologies is all too often far less than technology advocates led people to expect. While charity:water got many in the sector excited about the potential of social media to drive giving, no organization has been able to replicate that success. The explosion of text-based giving after the Haiti earthquake has never been replicated.

This is a huge, and completely unnecessary, gap in the ability of the social sector to create change.

But this is a reason for more investment not less. And what's lacking is not investment in technology but investment in people with the right skills and experience. Realizing benefits from technology innovations depends on people who understand the organization and the technology well enough to grasp both the technology's potential and its realistic application in the organization. Knowing about technology is utterly different from knowing how and when to apply it.

The most successful commercial organizations around the world have invested in people with the requisite expertise. In these organizations the chief information officer (CIO) has become a key part of the executive leadership team. A CIO is not just responsible for keeping email running and replacing broken-down PCs, but for integrating the organization's technical and non-technical

operations, deciding when technology can make a difference in achieving an organization's goals and the best pace at which to introduce it. Understandably, CIOs with proven ability are highly sought after – except, as it turns out, by foundations.

This is not to say that there are no influential foundation CIOs, but you won't find many of them, yet. And you will struggle even harder to find a leading foundation with a board member who has experience as a CIO – a truly vital part of the picture if social sector organizations are going to get better at deploying technology.

In 2014, to the extent possible based on publicly available information, I reviewed the boards of directors of foundations and direct-service non-profits looking for organizations that had board members with experience as a CIO. Among the 15 largest US foundations there was only one. The 10 largest direct-service non-profits in the US¹ also had only one. In the UK it was worse. None of the 10 largest foundations or charities had a CIO as a board member or trustee. While many of these organizations include board members from the technology industry, there is a substantial difference between the perspective of the CEO or founder of a technology company and the CIO charged with implementing technology to achieve measurable benefits.

This lack of expertise at the board level has a knock-on effect on the whole sector. Foundations that do not have expertise in the deployment of technology as part of their strategic governance are less likely to invest in technological innovation internally or to support (with cash) the deployment of technical innovation among their grantees. If they do invest, they are unlikely to make wise choices. Thus foundations' lack of investment in CIOs as part of their organizational governance, by having CIOs either as part of their core strategic executive teams or on their boards, handicaps the non-profits they support and ultimately the society they serve.

This is a huge, and completely unnecessary, gap in the ability of the social sector to create change. If there is to be any hope that the social sector can improve its record in using technology to increase efficiency and effectiveness, foundations should start with finding the CIOs, allowing them to earn influence in strategy, and recruiting the best of them onto their boards. 

¹ Excluding those whose actual governance mostly relies on local boards, such as the United Way.

Advisers' Perspectives Eric Berseth



How far can the banks go on their own?

Philanthropy advice is a niche but growing service, increasingly offered by a wide variety of different and competing actors – independent advisers, family offices, banks, law firms, notary firms and wealth managers. Under these circumstances, concern with increased competition is understandable from a market share perspective. However, from the standpoint of market growth, and if we wish to unlock the full potential of strategic philanthropy, these different actors should start seeing each other as partners rather than competitors.

Eric Berseth is executive director and managing partner of Philanthropy Advisors. Email eberseth@philanthropyadvisors.org

Donors want to be more closely involved with their implementing partners and their beneficiaries.

Photo on p2: field mission in Mozambique in 2007 after floods – Eric Berseth is standing at the front of the boat.

Banks offering philanthropy services to ultra high net worth clients is a quite recent phenomenon, certainly in continental Europe. Initially, these services were fairly strictly related to the core activities of banks – tax, financial and legal advice. More recently, new services have been introduced as donors increasingly wish to ensure that funds devoted to philanthropy achieve the maximum impact. But is the internalization of a full range of philanthropy advice services within banks an optimal solution?

For banks, bringing philanthropy advice services in house is a strategic choice to provide customers with more holistic support for the management of their wealth. It also enables them to forge stronger relationships with their clients, particularly as it mobilizes emotions and common human values. Banks ensure privacy, minimize reputational risks, and provide highly qualified and technical expertise in terms of administrative options. However, their services are coming up against demands they struggle to meet.

The shift to strategic, high-impact philanthropy means that today's donors are becoming aware of the need to achieve defined objectives, invest themselves personally and co-create strategies and action plans with NGOs, rather than just writing a cheque. In general, donors want to be more closely involved with their implementing partners and their beneficiaries; they want a better understanding of the projects they support, and guarantees that solid processes of monitoring, evaluation and impact measurement are in place with a view to maximizing the impact of their funds.

In addition, the speed of modern information flows and demand for transparency have revealed a number of challenges to the success of philanthropic projects. Problems in the project's management can jeopardize the achievement of the donor's objectives, and they are also a potential reputational risk for both the philanthropist and the bank. To mitigate these risks, a deep understanding of the humanitarian and development environment and knowledge of project cycle management are needed.

Banks therefore find themselves needing to enlarge and diversify the scope of their services as well as the skills and competencies within their teams, and they might be reluctant to face the increased costs and the structural and strategic development that this implies.

Independent advisers have emerged precisely in response to donors' demand for more beneficiary- and impact-oriented services. Some independent consultants are experts in development and humanitarian aid, which is quite distant from more traditional forms of financial investment, and have built their credibility on the success of the projects supported. Thanks to their wide networks and high levels of field expertise, they can provide the technical and qualitative support the new generation of philanthropists expects to receive.

Philanthropy advice services provided by banks and independent consultants both have their place. Both can be effective in meeting donors' growing needs and aspirations. But they can and should be seen as complementary rather than competing. Banks, while providing high-quality legal and financial expertise, should rely on independent consultants to monitor projects and assess their impact; to determine the needs of both the philanthropists and the beneficiaries; and to have a better understanding of the country and regional contexts where the projects operate. From the other side, philanthropy advisers should not be afraid to outsource services requiring expertise on legal, tax-related and financial mechanisms. Only by constructively accepting each other's limitations and complementing each other's services can we hope to maximize the potential of strategic philanthropy. @

Michael Feigelson Interview

Michael Feigelson is the new executive director of the Bernard van Leer Foundation (BvLF), but he's not new to the foundation, having been with BvLF for over seven years in various capacities. What's special about BvLF, Caroline Hartnell asked him, and how does he see its work developing in the coming years?

Michael Feigelson is executive director of the Bernard van Leer Foundation. Email Michael.Feigelson@bvleerf.nl

What do you see as most distinctive about the way BvLF works?

First, we've focused on the same issue – early childhood development – for 50 of the last 65 years. Second, we've always worked in different kinds of countries, geographically, culturally, socioeconomically, which reflects the belief that young children's development is a global challenge that needs people from all parts of the world to work together and learn from one another. Finally, and particularly under Lisa Jordan's leadership, we've done more work on advocacy in recent years, which I think has added a lot of value to a field where there is a lot of knowledge, but where that knowledge does not always translate into social change.

Are there areas of work you'd like to develop further over the next few years?

We're going to focus more on the situation of families with young children. The hypothesis is that you get the biggest development outcomes for children if you make things better at home. We'll also give special emphasis to young children and families living in cities given the demographic shift towards urban environments around the world. Finally, we will try to develop more partnerships with institutions that are capable of reaching hundreds of thousands or millions of children and where the nature of the relationship is more about sharing expertise than giving grants.

If you want to have the biggest impact, particularly in the first thousand days of the child's life, you need

to improve family conditions, and that's not to do with one particular sector. So it will be more holistic than just looking at it through an education frame. Exactly what sectors we work through will change depending on what country we're in and where there is the greatest potential for impact.

Do you see all of BvLF's work as aiming to achieve social change? And does this mean a long-term approach?

If the question is, are we looking to make a large-scale impact on the way society supports its young children, then the answer is definitely yes. Everything we do is intended to be supportive of much larger-scale

changes than we as a foundation could achieve on our own.

This often involves a long timeframe, but not always. It really depends on what the starting point is in the particular place you're working. Sometimes, things have happened very quickly; sometimes it takes ten years to get any real traction. But especially when working on matters of public policy, which we frequently are, if a change is going to stick, it probably needs to endure several political administrations, which does imply a longer-term horizon.

Does all your work involve grantmaking?

Grantmaking is important, but not in isolation. It is one of the tools

for achieving our goals, but used in conjunction with other things like knowledge development, partnership building, convening and advocacy.

During your time as a McKinsey consultant, you developed a strong belief in the value of engaging the private sector as a champion for change. How is the private sector involved in BvLF's work now and how might this develop?

I can give two examples of how the private sector is involved now. One is the Private Sector Foundation of Uganda, an association of Ugandan businesses and business associations, with which we have worked over the last few years to help give public prominence to early childhood development in Uganda. They have helped raise visibility in the government and the media in a way that entities from the non-profit sector might not be able to, at least not in such a



'I would like to have a few examples where we have really seen an impact at scale.'

short period of time. The second example is a group called Ready Nation, based in the US, who we've been working with over the past few years. Ready Nation has become an increasingly strong advocate for early childhood in the context of the UN Sustainable Development Goals.

Both of these collaborations symbolize the foundation's aspiration to have more business people using their voice to advocate for early childhood development as a public policy priority, and I anticipate more of that happening in the future.

Following your time at McKinsey, you became a street outreach worker for a non-profit in southern Mexico, where you worked with children and families displaced by violent conflict. How has this experience shaped your views on working with young children?

I think it's shaped my views in two senses. First, through the personal relationships I had with kids and their families – that's the main motivation for doing the work. As you get into different roles in this field, you can become remote from the people that you're working with and for. The experiences and relationships I developed doing direct service help keep me grounded.

Second, when you're doing that kind of work, you become very aware that families, especially with really young kids, are dealing with many problems at once. And the best way to approach that is to improve the situation of the family overall.

How important do you think it is for foundation programme staff to have had experience of working for an NGO, so they know what it's like on 'the other side'?

I don't think it's necessary to work at an NGO specifically, but it is important for at least some of the people in the organization to have on-the-ground experience of the realities of both the constituents and the people that try to serve them. For me, it's been extremely useful and continuously motivating.

In the same spirit, I mentioned earlier that one of the things we should be doing more of as a foundation is developing relationships with institutions capable of scale where grantmaking is not the central component of the relationship – corporations or

governments or large international institutions. So while it's important to understand how a grantee partner feels, I'd also want people on the team who understand what it's like to be in a policymaking position, have 50 different priorities, and have to manage the politics of a large bureaucracy, and the kinds of choices that come with that.

What's your view on impact investing as an alternative to grantmaking?

We've done a bit of research and experimentation around impact investing. I think that the jury is still out, for us, in terms of whether it's a useful area to focus on.

I will say, however, that I see quite a few situations where governments have considerable resources that they're not able to spend on programmes for children, and helping them figure out how to do that might be a higher priority.

In today's world of austerity isn't it more of a problem that governments don't have the money to spend?

Sometimes yes, but definitely not always. In Peru, just to give one example, the government showed great leadership by making early child development a presidential priority, but found that some of the money set aside wasn't spent because of lack of ability to absorb it on the part of poor rural municipalities. So we helped to develop a method of working with these municipalities to strengthen their management capacity, and their ability to write proposals for federal funding and to monitor and evaluate implementation. We are now working with the national government to use this model in small municipalities around the country.

What would you most like to achieve as director of BvLF?

On the one hand, I would like to have a few examples where we have really seen an impact at scale, and where we can articulate what the right role for a foundation is when working with much larger institutions to help them implement at scale, because so much of the challenge comes at that moment of implementation.

The second thing I would like is to make young professionals feel that coming to work at BvLF, or at a foundation more generally, is a really exciting thing to do earlier in your career, and to have people seeing us a platform where they can do something big for children and families, build their skills and network, and then launch on to even bigger things. @

'We will try to develop more partnerships with institutions that are capable of reaching hundreds of thousands or millions of children and where the nature of the relationship is more about sharing expertise than giving grants.'

The SDGs and climate change

A chance to join the dots

Ana Toni

2015 is a key year for the climate and development community worldwide. The process of defining the Sustainable Development Goals (SDGs) and the United Nations Framework Convention on Climate Change (UNFCCC) will hopefully culminate in a new set of development principles and targets that governments will commit themselves to pursue by the end of this year. While the two processes are separate, it is clear that both have a single objective: to try to influence our future 'development' model in a way that is fairer and more sustainable. Moreover, the failure of one of these forums will totally compromise the other.



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The Millennium Development Goals were drafted mainly with a view to addressing the economic and social aspects of poverty. Today, the SDGs poverty goal (Goal 1: 'End poverty in all forms everywhere') cannot disregard the poor's high levels of climate vulnerability. Climate migrants, growing conflicts over water, and the impact of climate on agriculture are already a reality. If unheeded, they may drag back into poverty the millions who have escaped it in the last decade. In short, although it is a much more complex challenge for policymakers, they can no longer consider climate change in isolation from other development challenges such as poverty or lack of sanitation. That is why at least 10 of the 17 SDGs and targets have an intrinsic climate element.

While the approach to sanitation and water supply infrastructure in the least developed countries (LDCs) used to be focused on financing constraints and how to universalize access to public goods, the incorporation of a climate perspective in Goal 9 ('Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation') means that providing access is no longer enough. Addressing the climate risk of water scarcity and incorporating efficiency in the use of natural resources is a fundamental concern that policymakers will have to address when developing solutions to infrastructure problems.

There are clear opportunities for both climate and SDG international agendas to support and feed off

one another. In fostering more resilient and sustainable cities (Goal 11), the SDG framework endorses the need to develop adaptation initiatives within the UNFCCC process. By demanding that governments ensure access to sustainable and modern energy (Goal 7), the development community underlines the call of climate leaders for more ambitious commitments to reduce carbon emissions from energy sources.

These are just two examples of how the SDGs may help to push the development community and policymakers to recognize the intertwined nature of development targets and climate change concerns. Moving from an understanding of the new environmental challenges and actually incorporating a climate dimension into the policymaking process is probably one of the biggest challenges facing all governments, from the wealthiest to the least developed country, while failure to do so may well undermine the sustainability of development goals.

The role of philanthropy

The philanthropic sector has a crucial role to play in helping to put climate change at the centre of the debate on sustainable development. We have noted the evident synergies between the SDGs and climate negotiation processes, but transmitting the message about their intimate connection is fundamental to driving global action. The philanthropic sector can help transmit this message by supporting initiatives and civil society organizations that can connect the dots and design solutions.

It can also look for innovative ways to incorporate climate change into its sectoral theories of change. How might climate risks undermine efforts to guarantee human rights protection? What impact might a transition to a low carbon economy have on labour markets? Building partnerships among philanthropic institutions from different areas of expertise (health, education, environment, human rights, etc) may help elucidate these and other questions that are key to designing strategies for a sustainable future. In building such partnerships, philanthropy could offer governments a model for how to bring together climate change and development concerns.

If the world wants truly sustainable development goals, it is vital to frame the challenges and solutions in strategies that embrace climate change risks. Development and climate change are not problems for future generations to solve; they are the challenge and the responsibility of the present generation. @

Why we need a standalone SDG for women and girls

Musimbi Kanyoro

It is 20 years since the Beijing Declaration and Platform for Action, where women's rights were finally formally recognized as human rights and progress on gender equality was boldly affirmed. 2015 was also the deadline by which the United Nations and world leaders committed themselves to achieving the Millennium Development Goals (MDGs), which included targets for gender equality as well as for many issues that have a big impact on women such as poverty, and maternal and newborn health. Just as importantly, this year we will see the introduction of the new Sustainable Development Goals (SDGs). How can we ensure they achieve a significant lasting impact on women and gender equality?



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As we prepare to mark these significant milestones, it is time to reflect and ask ourselves how much progress has been made. The answer is that there has been progress, but it has been patchy and uneven. Even as we see the introduction of new laws to protect women – for example this year's first-ever domestic violence law in Lebanon and Malawi's legislation to ban child marriage – there is still a great deal to be done to realize the world we want. After more than a year, over 200 girls who were kidnapped from their school in northern Nigeria have still not been found and the world has largely gone silent. Women are being used as weapons of war in conflicts from Iraq to Ukraine to Syria. One in three women suffers physical and sexual violence; an estimated 222 million women don't have adequate access to reproductive health care; and nearly 50 per cent of the world's working women are in vulnerable employment unprotected by equal labour laws and practices. It's time to ensure that women's and girls' voices are heard, and that gender equality is emphasized in the Sustainable Development Goals.

So how do we do this? First of all, empowering women and girls at the grassroots level is crucial if we want to make gender equality a reality, and this needs to be a central tenet of the SDGs. This means ensuring that grassroots women's groups have the money

they need to drive change in their communities and hold their governments accountable for achieving gender equality.

Second, we need to heed the loud call from the women's movement for a standalone goal on gender equality in the SDGs. It is critical that gender equality is elevated to the same status as goals like ending poverty, building resilient infrastructure, and taking urgent action to combat climate change. Proposed SDG 5 to 'Achieve gender equality and empower all women and girls' answers this call with bold language that emphasizes the importance of gender equality and recognizes that empowering women and girls results in meaningful social change. The goal has the potential to dismantle longstanding discrimination and address critical areas such as child and forced marriage, female genital mutilation (FGM), equal rights to earn and inherit property, and women's engagement in peace and security processes. If it is to live up to its bold language, the proposed goal must have ambitious and comprehensive indicators and targets.

Third, the SDGs must reflect a broad view of gender equality and acknowledge the complex dynamics between different types of empowerment for women. We must recognize, for instance, that economic empowerment for women is critical to women's leadership and to ending violence. Proposed SDG 2 to 'end hunger, achieve food security and improved nutrition and promote sustainable agriculture' could be achieved by ensuring women have knowledge of sustainable agriculture techniques and leadership skills. Global Fund for Women has seen this reality in practice through a farming initiative in Sub-Saharan Africa which has empowered 22 women's groups to grow food like bananas and pumpkins. As a result, households that previously had only one meal a day now have three and women have increased their household income by up to 50 per cent. The benefits have reached beyond getting food on the table: women's income has allowed them to pay for medical treatment for their families, send their children to school, and assume greater leadership roles within their communities.

Gender equality must be achieved in order to realize all of the SDGs. As we continue to work to drive gender equality and to incorporate women's and girls' rights in the post-2015 development agenda, we must remember that we cannot attain any of the SDGs without empowering, trusting, and investing in women and girls. @

Photo on p2: GFW-funded agriculture initiative in Sub-Saharan Africa.

Communities of practice and the multiplier effect

Cynthia Steele and Victoria Dunning

In 2006 – before the United Nations declared 11 October International Day of the Girl Child, before Malala Yousafzai’s courage brought her the Nobel Peace Prize, before anti-rape protests erupted in India – only a few grassroots organizations were reaching adolescent girls on issues as diverse as safety, schools, literacy and legal rights. These organizations were often operating in isolation, unrecognized by larger institutions and in a constant struggle to secure funding.



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That year, six grantmaking organizations – American Jewish World Service, EMpower-The Emerging Markets Foundation, Firelight Foundation, Global Fund for Women, Mama Cash and Global Fund for Children – formed the Grassroots Girls Initiative (GGI), with \$20 million from the Nike Foundation. Over eight years, the initiative evolved from finding and funding grassroots solutions to working as a ‘community of practice’ that forged links between grassroots organizations and built on members’ learning and approaches.

The case for communities of practice

For GGI, connecting grassroots organizations for co-learning and exploitation of synergies was a solution to common grassroots challenges, including duplication of effort, limited reach, isolation leading to burnout, lack of exposure to new ideas, and ineffective practices. From 2011 to 2014, each GGI member created and supported a different community of practice, bringing together its grassroots partners to learn from one another, testing and using different models and approaches.

Shifting the paradigm on funding girl-led groups

Mama Cash convened women’s funds and girl representatives from across the globe. Their collective insight that successful girl-focused programmes must be designed together with girls led to a greater emphasis on supporting girl-led groups. Many of the women’s funds embraced the Central American Women’s Fund’s model, involving girls in grantmaking processes or adding them as advisers to their boards. After two

years, the number of women’s funds funding girl-led groups had doubled from four to eight.

Demonstrating expertise for increased influence

One of the organizations in a learning community set up by Firelight Foundation in Rwanda conducted research in its community on adolescent pregnancy and used the data to design a programme. Their expertise was passed on to other members of the learning community so that district officials now consult them on how to deal with teen pregnancy.

Catalysing research for action

A learning community of 26 organizations set up by American Jewish World Service (AJWS) in Nairobi, Kenya conducted a baseline study with adolescent girls aged 10–19. Of the 255 girls interviewed, over 20 per cent were in multiple sexual relationships; 19 per cent, most under 18 years old, were engaged in commercial sexual activities; and 24 per cent had experienced coerced or forced sex. Armed with this data, community members have demonstrated at health centres, spoken to local leaders to ensure that cases of gender-based violence against girls were taken seriously, and advocated nationally for sexual and reproductive rights for adolescent girls.

Building girls’ leadership across social and cultural differences

EMpower’s learning community in Mumbai brought together adolescent girls and young female staff mentors from grassroots organizations representing four populations: Muslim, tribal, internal migrant, and native Maharashtran communities. The girls chose the issues they most wanted to address in their communities: reducing superstitions and stigma related to menstruation; creating awareness about and reducing sexual harassment; and decreasing restrictions on girls’ mobility and participation in public life.

Over 80 girls took on these issues in their communities, organizing events such as flash mobs to call attention to the right to safe mobility, and creating watch groups to reduce sexual harassment in schools. After a year, the learning community expanded to three new organizations and doubled the number of girl leaders participating. Pre- and post-activity evaluations showed girl participants greatly increased their self-confidence, speaking power and awareness of their rights.

Creating safe spaces to challenge assumptions

The Global Fund for Children set up a learning community to provide a safe space in which to confront

bias. Eighteen grassroots partners from South Asia and East Africa tackled their own biases about adolescent girls. They brought to the surface assumptions about topics such as girls' self-expression and gender roles inside and outside the home, and then they examined how these affected programme design and outcomes.

Building a virtual community

In the last three years, Global Fund for Women (GFW) tested an online learning community as a cost-effective way to help ten organizations scattered across five regions share successful strategies and get advice from committed activists working on similar issues. This approach was particularly important for groups that were the only ones in their area addressing adolescent girls' issues. Initially, GFW posed questions for the organizations to answer on the site. Later, the organizations took turns in leading discussion topics. Differing levels of comfort with the technology, language barriers and time pressures affected groups' engagement, however. Email provided the richest discussion channel for some, suggesting that the site could have been more user-friendly.

Key lessons

While GGI members used different approaches to communities of practice, some universal lessons did emerge.

Ensure the learning community has a shared vision. AJWS's learning communities initially had no specific goal beyond shared learning, so interest waned. AJWS supported a strategic planning session for the Nairobi learning community, which clarified its future direction, produced an outcome-focused orientation and increased engagement.

Focus on one issue. Just as a sharper focus increased the effectiveness of the Nairobi learning community, the Mumbai learning community is now focusing all energies on increasing safety and public mobility for girls.

Use the opportunity to bridge differences. Without the Mumbai learning community, girls from tribal, migrant and diverse religious communities would probably never have come together and might have continued to harbour prejudices against the 'other'. Once together, the girls developed bonds around the common experience of being a girl and the shared success of creating change in their communities.

The biggest legacy of the initiative is that the grassroots landscape for girls is immeasurably stronger than it was when we started in 2006.

Joint capacity building is effective and cost-efficient. Small organizations often lack the staff and hence the range of skills to deal with complex issues and organizational management. A trusted community of practice can enable small organizations to borrow or adapt others' processes and procedures. Through joint learning and capacity building, seven young female staff members from the Mumbai learning community learned new skills they could apply in their own institutions.

Communities of practice need cultivation, coordination and commitment. All the learning communities found that without sustained participation by all members and shared expectations about participation, engagement will diminish or become lopsided. Open conversations about engagement and roles are needed from the outset.

Funder roles need to be revisited continually. The staff of GGI member organizations took more active roles during the start-up phases of the communities of practice than initially envisioned, ranging from facilitating meetings to counselling on inter-institutional frictions to providing direct technical assistance and training. Programme officers needed to continually reassess their role with the learning community.

Small and local organizations especially benefit from the multiplier effect. Community-based organizations can use the power of networks to amplify their messages and multiply their actions. When grassroots organizations connect with each other, it provides them with different strengths, as well as moral support in challenging circumstances.

The GGI legacy

The GGI was also a community of practice for the funder members themselves. Through its semi-annual meetings, they learned new approaches and derived new lessons. While GGI ended as a formal funding initiative in 2014, each member remains committed to the idea that grassroots organizations are a force for transformation in the lives of adolescent girls and armed with new means to continue the work.

The biggest legacy of the initiative is, as Amy Babchek of Nike said, that 'the grassroots landscape for girls is immeasurably stronger than it was when we started in 2006'. Through networking and collaboration, six intermediaries and 300 organizations reached over 400,000 girls, including some of the most vulnerable populations: trafficked adolescent girls, disabled girls, ethnic and religious minorities, street-based girls, single teen mothers, sexual assault survivors, migrants and refugees. @

Plugging the leaking bucket of illicit financial flows in Africa

Briggs Bomba

While millions of philanthropic dollars pour into Africa annually, billions of dollars in illicit financial flows (IFFs) leak out of the continent, mostly back to the global north. It's like trying to fill a leaking bucket. What role can philanthropy play in stopping the leak and countering the real threat to development gains posed by IFFs?



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Generally defined as 'money that is illegally earned, transferred or used', IFFs cost Africa an estimated \$60 billion annually, according to figures from the recently released *Final Report of the High Level Panel on IFFs from Africa*, with another estimate putting the total over the last 30 years as high as \$1.4 trillion. Not only is this a huge amount, it is also increasing at the alarming rate of over 20 per cent per annum according to GFI (Global Financial Integrity) figures.

Commercial activity, especially in the extractive natural resources sector, is the main culprit, particularly through trade mis-invoicing – the practice of misrepresenting the price or quantity of imports or exports in order to hide or accumulate money in other countries. In this way, companies, especially multinationals, evade taxes and customs duties, transfer kickbacks and launder money. The United Nations Economic Commission on Africa (UNECA) estimates that between 2001 and 2010 African countries lost up to \$407 billion from trade mispricing alone. The particular vulnerability of the natural resources sector to IFFs goes a long way to explain the limited translation of Africa's abundant natural resources wealth into development outcomes. It also helps explain the paradox of rising numbers of people living in poverty, from 219 million in 1990 to 441 million in 2010, according to UNECA, while trade and foreign direct investment boom.

Further, by undermining domestic resource mobilization, IFFs create dependence on outside resources and vulnerability to the unfair conditions usually

tied to development assistance, foreign loans and foreign direct investment. This dependence, in turn, often results in additional crippling capital outflows from the continent. For instance, according to Health Poverty Action, \$21 billion leaves Africa annually in debt repayments, mostly for loans contracted under unfavourable conditions.

Untangling the web of connections between philanthropy and IFFs is not easy as the connections are in most cases neither obvious nor direct. However, there is an obvious link in the case of philanthropic money that comes from the profits of a corporation which is engaged in IFFs. The money that comes back as philanthropic dollars in these cases, whether through foundations or CSR, is a pittance compared to what is lost through IFFs. Another evident connection arises where philanthropic institutions invest in stock or equity in companies that are engaged in IFFs. This applies also in cases of impact investing.

The issue of net resource flows, financial and otherwise, from Africa to the global north arises from historical structural distortions and unjust economic relations that have prioritized corporate profit at the expense of local benefits, particularly in an era of financial deregulation, weak states and unchecked corporate power. Another link between philanthropy and IFFs is forged when philanthropy promotes the kind of financial deregulation and marketization that readily permits IFFs.

The sustainable development of Africa depends on stopping this haemorrhage of IFFs from the continent. Philanthropy can play a part by avoiding investment decisions where philanthropy money fuels IFFs. More importantly, it can also directly support efforts towards maximizing local benefits from the exploitation of Africa's natural resources and help stop leaks.

Stopping IFFs ultimately requires policy changes. It is therefore important for funders to invest in movement building to raise the issue outside specialist circles, mobilize key constituencies, and bring people power to bear on national, regional and international leaders and institutions to implement effective policies to stop IFFs. Key opportunities for funder involvement that TrustAfrica is currently investing in include research to help inform advocacy and policymaking; convenings and networking to facilitate strategy coordination and collaboration among CSOs and other relevant actors; and advocacy for specific policy demands to relevant policymakers. [@](#)

Feedback as democracy in social change practice

David Bonbright, Elizabeth Christopherson and Fadel Ndiame

A huge shift is happening in the social sector. Dennis Whittle traces it all the way back to the birth of democracy in Greece circa 594 BCE. *The people are sovereign!* In titling our special theme ‘Beyond accountability: feedback as transformation’ we are signalling that the long march of democracy has arrived at our doors. When we say ‘feedback’, we think of a systematic process of *listening and responding to an organization’s constituents that goes beyond accountability in ways that are transformative for organization and constituents.*

Guest editors for this *Alliance* special feature



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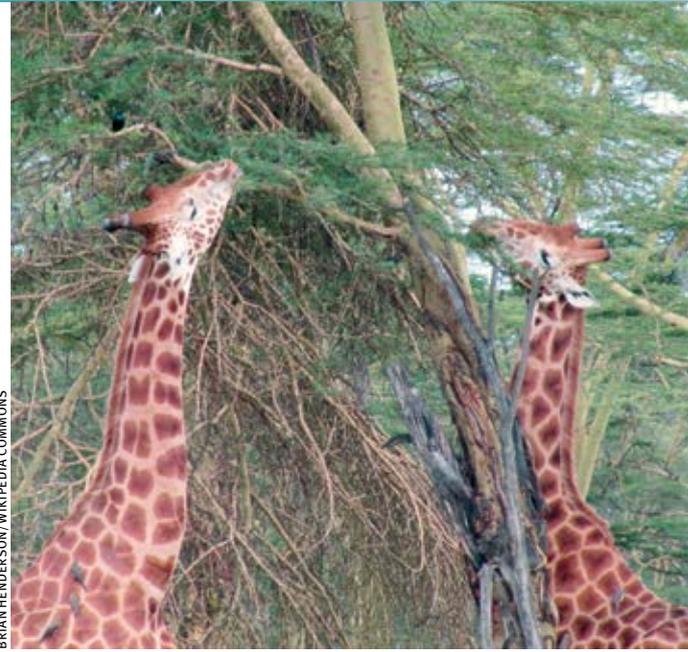
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Take the Ground Truth surveys of frontline health workers and citizens during the height of the Ebola outbreak in Sierra Leone. Weekly citizen surveys highlighted significant gaps in the Ebola response, gaps that biweekly health worker surveys corroborated. The surveys produced two immediate results. The higher authorities took corrective actions that frontline health workers had been advocating all along. And the health workers experienced a deserved boost in status, confidence, voice and agency within the overall Ebola response.

You might well be thinking, ‘Hmm, can feedback claim to be that important in the scheme of things? Just how transformative can formal surveys be?’ You might well have a point. Even a superficial scan of the feedback landscape suggests something more akin to James’



BRIAN HENDERSON/WIKIPEDIA COMMONS

‘blooming, buzzing confusion’ than to a coherent set of actionable practices.

In response, we would say that big changes are always hard and messy at the beginning. So it is immensely helpful to hear from others who are trying to make sense of it all. Experience suggests that it is exactly through these conversations that the way opens to new explorations, new applications and new norms. The articles in this issue are presented in this spirit, as purposeful experimentation. They introduce pathways that could lead to deeper investigation and the co-creation of breakthrough solutions. We hope that you choose to follow some of those pathways and even forge new ones of your own! We also hope that you will let us know what you find when you do.

How does one ensure that feedback data is accurate and representative? How can we afford to collect feedback from the most marginalized? What about survey fatigue? How can technology help us? What is the relative value of feedback from different constituent groups? How does feedback apply across the spectrum of intervention types, from service delivery to *Satyagraha*? How does feedback practice relate to the monitoring of commonly tracked ‘key performance indicators’? How does feedback data combine with other evidence of programme effects? As daunting as this list of questions is, we maintain that we, collectively, are getting better and better answers. Many of our special feature articles help to put us on the right track.

First, a clutch of case studies from feedback practitioners sparkling with creative problem solving. Our research for this issue suggests that a global wave of

Cover photo: thanks to the Biomimicry Institute, we appreciate that our species is anything but unique in its reliance on feedback. Perhaps few feedback loops are as striking as that between acacia trees and giraffes (see p1 for full caption).

innovation in feedback practices is under way. Second, a group of articles looking at how the systemic or structural constraints are being charted and beginning to be addressed. The risk-to-reward calculus is being revised as new incentives, resources and infrastructure are created. Third, we look at the future of the feedback field, and the growing sense of urgency. The days are running out for implementers and funders to say, without shame, that they cannot demonstrate credible evidence of what the people they aim to help actually think about their work!

Feedback in practice

How does one use primary constituent feedback to set priorities before an intervention? As with so many things, we can find powerful answers by looking outside our own backyards. In this case, Katherine Cowan explains how the UK-based James Lind Alliance has transformed the field of medical research through a process that better aligns researchers with the priorities of patients. In so doing, the JLA is scouring the considerable investment in medical research that is avoidably wasted. One shudders to think how much philanthropy and aid is avoidably wasted due to failing to listen to those it is meant to benefit.

Turning to a world where new communications technology ubiquity has not yet empowered the crowd, another of us guest editors, Fadel Ndiame, explores how farmer feedback can help to reform the field of smallholder agriculture – a field dominated by scientists and technicians, where the dominant paradigm for intervention is still very much top down. His article shows when and how the conditions for farmer voice must include old-fashioned organizing. To reform smallholder agriculture, feedback systems are best understood as a tool within a wider empowerment process grounded in strengthening farmer self-organization.

Staying with agriculture development, a case study from Digital Green in India shows how it uses farmer voice, literally, as a tool to communicate innovation and best practice. Through its training videos, Digital

The days are running out for implementers and funders to say, without shame, that they cannot demonstrate credible evidence of what the people they aim to help actually think about their work!

The UK-based James Lind Alliance has transformed the field of medical research through a process that better aligns researchers with the priorities of patients. One shudders to think how much philanthropy and aid is avoidably wasted due to failing to listen to those it is meant to benefit.

Green allows farmers to learn from other farmers. And the organization relies heavily on the farmers to assess and improve those videos. The results from this innovation blow the socks off the traditional training video.

Many of us in philanthropy and social change shy away from the terms ‘client’ and ‘customer’. A few outspoken leaders, like anti-poverty activist and MacArthur ‘genius award’ winner Mauricio Lim Miller, actively embrace it as a lesson in the centrality of choice and voice when tackling poverty. For those in the social investment and social enterprise movement the importance of the voice of the customer is axiomatic. The [Root Capital case study](#) starts from that light bulb moment when the organization realized that despite having invested in 530 agricultural businesses representing 1.1 million smallholder farmers they did not listen to their clients systematically. It goes on to chronicle a four-year journey that uses the Constituent Voice (CV) method to carry out systematic feedback data collection, learn how to take corrective actions, and ultimately change the structure of the organization. One fascinating insight is that as Root Capital gets better at feedback, it also gets better at using other types of data. The same organizational muscles come into play, just as in yoga certain poses create the muscle awareness to master other poses.

One in five children under the age of 18 live in poverty in the US. Another case study shows how LIFT is using feedback to address poverty in America. LIFT’s use of CV shows how feedback data can guide and validate programme effectiveness. Relationships matter in social change. The more they matter, the more important feedback is. LIFT has found that those members who give LIFT high scores for the question ‘I am more connected to the community and community resources thanks to LIFT’ make *five times* as much progress as those who give low scores. ‘These early findings give preliminary support for LIFT’s core belief that strengthening members’ social capital is key to achieving results.’ While it may seem intuitive and even obvious that the lack of social connectedness works to trap people in poverty, this insight is largely ignored in anti-poverty programmes. Armed with careful feedback data analysis, LIFT can and will change the way America tackles poverty. You read it first here!

Overcoming the challenges

As in any field, conceptual clarity is crucial – we need to be clear what we’re talking about. Genevieve Maitland Hudson’s entertaining ‘[epistemology of feedback](#)’ sets out some important distinctions. She shows us how

cognitive science's prototype theory helps us to make sense of the blooming, buzzing confusion out there – and why a kettle is not a chicken!

Caroline Fiennes tackles another key set of distinctions. Over the past 20 years the big public donors have led the charge to do rigorous impact evaluations. This has spawned what have been termed the 'evaluation wars' between those promoting methodologies that aim to prove causality and those advocating evaluation activities geared more towards improving. Her article parses the respective dominions of impact evaluation using RCT experimental studies and CV.

We have a growing feedback literature. Two of the [three books reviewed by Dennis Whittle](#) are addressed to a business audience. This is probably representative of the wider literature but even in the business books, the authors are starting to contemplate the feedback opportunities in the social sector.

The social sector's feedback innovators are purposefully learning from the business sector. The competitive business sector is good at cutting costs. The Net Promoter Score (NPS) methodology is a leading

If I can see that my organization is in the bottom 20th percentile among organizations in my peer group, I am much more likely to take action than if I had no idea how poorly I was performing. This absence of what are commonly referred to as benchmarks has been a significant problem for feedback.

cost-saving innovation in how companies understand customer preferences. The CV methodology mentioned by several of our authors was developed in part by adapting NPS to the different ways in which constituent decision-making plays out in social theories of change.¹

Technology also has a role to play. Elizabeth Christopherson, also one of our guest editors, writes in her article on civic solutions that a global wave of technology-driven innovation in civic engagement – so-called civic tech – is making feedback cheaper, easier, and more comprehensive. We are on a steep, well-caffeinated learning curve here and – thanks to efforts to share and build transparency norms for the movement – the lessons are widely available through the internet.

A growing infrastructure

Capacity is perhaps the biggest challenge. When LIFT started its work on CV it did not have a full-time staff position dedicated to measurement and data analysis. After four years of grappling with feedback data, Root Capital created new positions in Africa and Latin America – regional marketing manager – to lead and drive 'client communication and feedback'.

The good news is that there are a growing number of intermediary organizations dedicated to supporting good feedback practice. In 2013 several of them came together to form [Feedback Labs](#) (see p39). In 2015, Feedback Labs released a free self-diagnosis [Quiz](#) that

WHAT IS THE FEEDBACK COMMONS?

It starts with a survey builder that allows you to choose from a menu of questions that have been proved to be effective. Each question is tagged with its history (what types of organization have used it), ratings (how useful organizations found it) and available benchmarks (how many and what types of organizations have uploaded answers to it). Once an organization has used a Feedback Commons question in a survey, and returns to the commons to upload the resulting answers, the commons generates a benchmark report. The commons also has a space for learning and exchange among members and it incorporates the Feedback Store.

organizations can take in a few minutes to get an instant reading on their feedback capabilities, and pointers to resources to improve. Feedback Labs also partnered with the World Bank to create a searchable online catalogue of feedback-related apps, tools and services, the [Feedback Store](#).

When evidence can be compared reliably across organizations it gains utility. If I can see that my organization is in the bottom 20th percentile among organizations in my peer group, I am much more likely to take action than if I had no idea how poorly I was performing. This absence of what are commonly referred to as benchmarks has been a significant problem for feedback. While lots of organizations survey their stakeholders, they do so using different questions and approaches. So I don't know if my mean score of 7 on user experience is a good or bad score.

To solve this problem, a number of Feedback Labs members have collaborated to launch the [Feedback Commons](#). In essence, this enables organizations to share and compare their feedback data.

Why is feedback so rare?

If collecting, analysing and acting on feedback has never been easier, why aren't more organizations doing it? [Charity Navigator's newest rating criteria](#) – which assess charities on their results reporting – provide the world's first large-scale external review of non-profit feedback practices. After reviewing 1,250 charities, Charity Navigator has found that less than 7 per cent publish beneficiary feedback of any kind, and only a fraction of this 7 per cent provide evidence to suggest how honest or representative that feedback may be. Why is rigorous feedback practice so rare?

Part of the answer is that we are just getting there now. Feedback is 'next in line' for adoption. Given

If we want to see social organizations adopting feedback practices in large numbers, then funders must set an example. Unlike venture capitalists, who hope they are investing in winners, foundations are cultivating learners.

Foragers of leafcutter ant colonies respond to the speed and efficiency of other ants by varying leaf loads in size and weight.

the growing availability of support and tools, we can be optimistic that capacity will not be a continuing constraint. In fact, the remaining knotty constraints may have to do with the structure of the philanthropic marketplace, that is to say the way incentives, rewards and risks are understood and experienced. Keystone Accountability, home base for one of us guest editors, David Bonbright, helps other organizations build and implement feedback systems. The sales cycle at Keystone is anywhere from six to 24 months, with gestation often exceeding the lifespan of the resulting work! What Keystone often hears is the concern that an organization will lose funding if its funders get wind of negative feedback about it.

Which brings us to Tris Lumley's seminal question, 'Why aren't we learning?' In his look at why the past decade's push to measure impact is not, well, measuring up, he points to purpose. When implementers measure to meet funder demands, when funders allow measurement to be used as a grade rather than as a means to improve, the higher purpose of learning gets lost.

This is a salutary lesson. As a late 2014 Center for Effective Philanthropy study showed, non-profits say that organized philanthropy is not doing its part to support feedback.² If we want to see social organizations adopting feedback practices in large numbers, then funders must set an example. Unlike venture capitalists, who hope they are investing in winners, foundations are cultivating learners.

Fortunately, some major actors are leading the field in this direction. Charity Navigator influences the giving decisions of millions of individuals, so its new CV rating criterion is a strong signal to non-profits. It has yet to announce how the CV criterion will be factored into its star ratings, so this needs close watching. The World Bank president has decreed that the Bank will require robust feedback from beneficiaries on all projects for which there is an identifiable beneficiary. Even the US Congress has imposed new reporting requirements for foreign aid. Henceforth, USAID is required to report to Congress what the ultimate beneficiaries think about US humanitarian assistance; intriguingly, USAID must also report what it is doing in response to beneficiary views.³

Perhaps the most promising funder effort comes from a collective of US foundations. The Hewlett, Ford, Packard, Rita Allen, Kellogg and JPB Foundations and LiquidNet for Good came together in early 2014 to create the [Fund for Shared Insight](#) to try to catalyse a



BRIAN HENDERSON

new feedback culture within the philanthropy sector. This issue features an [interview with one of the Shared Insight foundation founders, Kathy Reich](#), and an [article from Shared Insight project manager Melinda Tuan](#). Both highlight the importance of beneficiary feedback for foundation effectiveness. When funders value and use beneficiary feedback to inform their own work, they are on the critical path to reframing the way their grantees see it as well.

[Volker Then and Martin Hölz's article](#) illustrates how the idea of grantee feedback, now increasingly accepted in the US, is beginning to take root in Europe. But, as the collection of articles on foundation accountability shows, lack of accountability remains a challenge for foundations the world over.

The future of feedback

Why now? First, feedback is sprouting up everywhere. This issue could easily have included three times as many great examples. We could have told the story of [User Voice](#), the UK prison reform programme started by ex-offender, Ashoka fellow and recent recipient of the Order of the British Empire, Mark Johnson. Or the story of how child psychologist Scott Miller has dramatically improved the results of youth counselling through what he calls [Feedback-Informed Treatment \(FIT\)](#).⁴

Both [Michele Jolin's article](#) and the [interview with Jay Naidoo](#) throw a fascinating light on the future of feedback. Michele Jolin sees beneficiary feedback in social programmes as a force to create political will to make government more effective. 'It can both elevate the voices of those who are beneficiaries of government programmes and pressure government leaders to seek better outcomes.'

Caroline Hartnell's interview with South Africa's Jay Naidoo reports a familiar post-colonial cycle. 'With the establishment of a democratic constitution in South Africa, the state to some extent usurped civil society's role, believing that "the main instrument for delivering the better life that we promised our people in 1994 was the developmental state. I think we all missed the plot there of rethinking civil society. In a sense, it was the passion and activism and energy of people that paralysed the apartheid state and forced it into negotiations with us. We should have harnessed that dynamism and energy, and made them partners in the way we delivered it"'. For Naidoo, the key message

The tipping point will come when enough of us understand that making the voices of those who are meant to benefit truly matter is – to borrow a phrase from two of our articles – not only the right thing to do, but also the smart thing to do.

is that we can now apply CV across all sectors. 'So you could build this feedback loop, based on constituency voice, into many projects. This should not be a pilot thing, this should be a standard, the starting point for any entity – company, government, bilateral agency, NGO, foundation. We need to make it part of our daily practice.'

The time is now

With feedback bubbling up everywhere, the pressure towards a tipping point is building. This is about something deeper than tools and methods, deeper than capacity gaps, deeper even than structure and systems. It points to what Ashoka calls framework or mindset change – changes in the way we think, in our values and norms, in culture. The tipping point will come when enough of us understand that making the voices of those who are meant to benefit truly matter is – to borrow a phrase from two of our articles – not only the right thing to do, but also the smart thing to do.

How close are we to the tipping point? [Kai Hopkins and Natalia Kiryttopoulou](#) use Diffusion of Innovation theory to answer this question, and conclude that we are beyond the innovators and starting to move beyond the early adopters as we head for an early majority. When you think how long it has taken democracy to arrive at our doors, this may seem a bit optimistic. But it brings to mind a stock answer from days of the anti-apartheid struggle. When asked how long before apartheid was overthrown, it was often said, 'Soon, very soon. The alternative is too ghastly to contemplate'.

We think it will not be long before credible published feedback metrics will be seen as elemental to social organizations as audited financial accounts. What do you think? @

¹ For a recent articulation of CV methodology, see the technical note at <http://tinyurl.com/CVMethodology>

² 'Hearing from Those We Seek to Help: Nonprofit Practices and Perspectives in Beneficiary Feedback' <http://tinyurl.com/BeneficiaryFeedback>

³ Consolidated and Further Continuing Appropriations Act 2015 (see pages 1223–4, Division J) <http://tinyurl.com/CFCAAct>

⁴ Over 20 randomized clinical trials document that FIT keeps therapists connected with the people they serve, doubling effectiveness while simultaneously decreasing the risk of deterioration and drop out.

Postscript: As the guest editors of the last issue of *Alliance* under founder editor Caroline Hartnell, we wish to break protocol to say things that are bound (but not intended) to embarrass her. To write an article for Caroline is the most sublime experience – and hundreds of us can attest to this. She somehow takes our sow's ears and helps us to render them into something much closer to silk purses. Thank you Caroline! You are simply the best there is at what you do. It is impossible to say how much you will be missed.

LIFT

The search for a predictive indicator

Last year, LIFT started working with a man named Mr Assefa who, despite working full time, lives several thousand dollars below the US federal poverty line of just \$28,410 annually for a family of five. Mr Assefa's three daughters are among the 14.7 million children in the US who currently live in poverty. That's 1 in 5 children under the age of 18 – or, worse, 1 in 4 under the age of five. When we started to build LIFT's Constituent Voice (CV) system last year, a crucial question was: how would it help us serve people like Mr Assefa and his daughters better?

These early findings give preliminary support for LIFT's core belief that strengthening members' social capital is key to achieving results.

LIFT's advocates help people ('members') build the personal, social and financial foundations they need to weather tough times and achieve stability. Members are put in the driver's seat to set goals, with their volunteer advocate in the passenger seat as a partner and support.

We had been collecting outcomes data on our members for years – data like whether they found a job or got into safe housing or obtained food assistance for themselves and their kids. But we weren't measuring what was at the core of our work – personal and social foundations like self-efficacy and connectedness to communities. So we started asking ourselves, what could 'soft' data like whether they felt respected at LIFT or more connected to their communities tell us that 14 years of 'hard' outcomes data did not? Could it help us figure out a more effective way to help our members lift themselves out of poverty for good?

Our journey with Constituent Voice

A couple of years ago, we came across Keystone Accountability's Constituent Voice (CV) methodology. The idea behind it is a simple one: that social sector interventions should be responsive to the people they are intended to help. In our case, we should ask our members what they think about our programme and put that feedback at the heart of how we think about, adapt, and implement our strategy.

Here's how we put it into action at LIFT. Our volunteer advocates meet with members for an hour or more about once a week to help them make progress on the goals that they define as being most important in their lives, typically, things like finding a job or getting food

assistance for their families. At the end of each meeting, we administer short surveys to members and ask them to respond, on a scale of 0–10, to statements like 'Today at LIFT, I was treated with courtesy, dignity and respect' or 'I would recommend LIFT to a friend or relative'. We analyse the data, speak directly to members to gain their insights into how we can do better, then make changes to improve the way we operate.

So where does the elusive predictive indicator come in?

As part of our analysis, we take the subjective feedback from our CV surveys and triangulate it against our database of member progress towards their goals to see if members who give us higher scores make more progress on their goals. LIFT's hypothesis is that the two are related and that our relationship metrics will be predictive of member progress.

Through our analysis we've found that overall, members who give us high scores (Promoters) take more steps towards their goals than those who give us low scores (Detractors). As an example, Promoters for the statement 'LIFT helps me with the goals and priorities that I think are most important' achieve more progress towards their goals than Detractors. This gives us early but promising support for the hypothesis that partnering on members' priorities – not our ideas about their priorities – is a more effective way to achieve results.

We also see that Promoters for the statement 'I am more connected to the community and community resources thanks to LIFT' make *five times* as much progress as Detractors. These early findings give preliminary support for LIFT's core belief that strengthening members' social capital is key to achieving results.

For an anti-poverty organization like LIFT, where true economic mobility can take years to achieve, insights like this could be game-changing. If CV really does prove to be as predictive for LIFT's outcomes as customer feedback has been for corporations, it can be a powerful tool to help LIFT anticipate outcomes and get a sense of where there are opportunities to improve our programme while we're in the process of delivering it.

Now, can CV alone *prove* that LIFT's work has caused members to make progress? Maybe not, but we believe it can give us helpful insight into *why* members make progress and help us predict our overall impact. As Keystone founder and CEO David Bonbright often says, 'who needs causality when you have predictability?'. Here's hoping he's right. @

For more information www.liftcommunities.org

DIGITAL GREEN

Video-based learning within rural networks

Digital Green's video-enabled, knowledge-sharing work has smallholder farming communities at its core. Small farmers in low-income countries like India and Ethiopia typically make do with dated and abstract agricultural information in the traditional top-down extension scheme. The bottom-up approach leverages existing rural social networks such as women's self-help groups and farmer groups to create and share localized content on best practices related to farming, livelihood, health and nutrition through short videos using low-cost and durable technology.

Partnering with key government departments and NGOs that have functional extension systems at the community level as well as research organizations, Digital Green's video-enabled approach suitably complements existing extension services, while amplifying the impact of the development efforts.

A community video production team of four to six individuals in each district creates videos, averaging eight to ten minutes in length, which are screened for small community groups twice a week using battery-operated Pico projectors. The practices promoted through the videos are locally relevant and evidence-based, produced in the regional language. The casts of the short videos include local community members, thus ensuring the viewers' instant connection with the messaging. The video content is reviewed by subject matter experts before being finalized for screening. A trained village resource person mediates

A video screening.



a discussion around the video screenings by pausing, rewinding, asking questions, and responding to feedback. Regular verification visits are scheduled for measuring the effects of the screenings on adoption of actual practices.

The entire approach is designed to be responsive to community feedback, channelling data and feedback received from community members into the video production and dissemination processes and overall programme performance. Farmers' attendance at video screenings, interests, queries, comments and any changes in their behaviours as a result of adopting a new practice/technology are recorded by trained extension agents. The farmers share their thoughts on anything they choose, from the videos they would like to watch to the viewing experience to the challenges they face in their daily lives. This feedback is used to inform further iterations of the videos, and also of essential background processes such as storyboarding, the messaging, or even the way a screening is organized.

In a project site in Amethi district of the Indian state of Uttar Pradesh, for instance, extension staff concluded the reason for farmers' reluctance to adopt a new way of treating seeds was because they didn't fully understand what the associated video described. On further examination, they found that it was a challenge for the farmers to remember the measurement for trichoderma, an important seed-treating agent, which was communicated in grams per unit volume of wheat. When the measurement unit was tweaked from grams to approximate teaspoon measurement, the farmers were able to understand and retain the concept.

Digital Green's near-real-time system of data management helps ensure that this data and feedback is collected, presented and analysed on a timely basis. The feedback is aggregated through a web-based management information system called Connect Online | Connect Offline or COCO, which functions even in locations with poor internet connectivity. The aggregated data helps in trend analysis, in performance assessment and in measuring the outcomes of the intervention.

From collecting individual farmer feedback to aggregating and visualizing the data, generating trends and making programmatic course corrections based on field-level observations, the Digital Green approach underscores the value of employing a bottom-up approach to designing community interventions. @

For more information www.digitalgreen.org

ROOT CAPITAL

Learning from constituent feedback

Too often in the non-profit realm, customer feedback is synonymous with funder satisfaction. Don't get me wrong: donors and investors are critical and valued stakeholders in any change-making operation. We should be seeking their feedback. However, non-profits must also begin to place equal, if not greater, emphasis on the feedback of another critical stakeholder: the non-profit's beneficiary – or what we at Root Capital call our client.

We learned that clients desire better communication from us about products, services, processes and expectations.

Root Capital, a non-profit social lender that provides capital and financial training to small and growing agricultural businesses in poor places where the physical environment is fragile in Asia, Africa and Latin America, has always prided itself on being client-centric. The majority of our team live in the countries we serve; many come from rural communities, and some were former clients themselves. Our team essentially co-created Root Capital's first financial products with our clients. Back then, there were so few clients (and staff) that it was easy to keep tabs on what they thought was working and what could be improved.

However, as we grew (we've now disbursed over \$800 million in credit to 530 agricultural businesses, representing 1.1 million smallholder farmers around the world), we weren't institutionalizing client feedback, nor were we approaching it in a systematic way. As our client portfolio grew, it became harder to keep our fingers on the pulse of our clients' feedback.

Soliciting feedback

In 2010 we partnered with Keystone Accountability, a leading proponent of customer feedback in the international development community. Together with a cohort of other social financiers like Acumen and Grassroots Business Fund, we collaborated with Keystone on a Constituent Voice survey – an anonymous survey devised to capture feedback from our clients. The initial survey was designed to be general enough to work across the cohort of social financiers. While it yielded fascinating results, the design choices, anonymity and general questions meant that the findings offered limited actionable insights.

In 2013, we partnered again with Keystone to design a customized survey. This gave Root Capital's clients

the chance to report their satisfaction with specific products and services and provide suggestions for improvement. We decided not to make this survey anonymous, allowing for direct follow-up and swift action with individual clients.

The 100-question survey was administered online to all Root Capital's active clients. Eighty-seven clients, 61 per cent of our active portfolio, completed the full survey. Respondents were representative of Root Capital's global portfolio in terms of geography, industry and enterprise type.

Putting feedback to work

We were encouraged to learn that respondents were largely enthusiastic about Root Capital's financial products and services. Where there was clear room for improvement, we acted on findings, helping our loan officers and regional credit directors to devise client-specific action plans.

For example, we learned that clients desire better communication from us about products, services, processes and expectations. We're seeking to address this by hiring regional marketing managers in Latin America and Africa, responsible for client communication and feedback. The new positions will also play a strong role in the implementation, and ongoing management, of Constituent Voice at Root Capital.

We also discovered that in newer geographies, clients were becoming confused and frustrated by multiple contact points for our lending, risk monitoring, training and impact assessment teams. Recognizing the need for improved internal coordination, we appointed primary relationship managers for each client. Finally, the experience provided valuable insights on how to shape Root Capital's ongoing approach to Constituent Voice. We began with an assumption that integrating Constituent Voice would mean carrying out a comprehensive, portfolio-wide survey once a year, but feedback revealed that this could become burdensome for our clients. We therefore decided to instead conduct regular micro-surveys, asking only a few targeted questions at key points in our lending process (such as when a loan application is first submitted or a final payment is received). As our portfolio grows, more data comes in each day, requiring new resources and systems to maintain, analyse and act on it. It is an exciting challenge to have. Solving it will help us better serve our clients and accelerate our mission to grow rural prosperity. @

For more information www.rootcapital.org

Photo on p1: Rwanda: coffee producer and member of Maraba cooperative, picking ripe coffee cherries by hand.

Who decides the priorities for medical research?

Katherine Cowan

Who decides what gets researched in healthcare and medicine? Traditionally, the agenda is set by researchers and industry. Patients and the public have minimal influence, despite being both the ultimate beneficiaries and the funders, as taxpayers and charity donors. This matters because the questions that patients and the public want answered often aren't the ones that researchers ask. In osteoarthritis of the knee, for example, most funding goes on drug trials, while patients want research on knee replacement and advice, topics that remain woefully under-researched.



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This mismatch is one of the factors that leads to an estimated 85 per cent of investment in medical research being avoidably wasted (see www.research-waste.net), an ‘indefensible state of affairs’, according to Sir Iain Chalmers, co-founder of the [James Lind Alliance \(JLA\)](http://www.jla.org.uk), a groundbreaking initiative designed to address the issue.

But seeking input from patients on what should be researched is culturally challenging.

The JLA exists to gather the views of patients and their doctors on the priorities for research, and to share them with researchers. It was established in 2004 with funding from the National Institute for Health Research (NIHR, part of the UK’s National Health Service) and the Medical Research Council. It developed what it calls Priority Setting Partnerships (PSPs), which are essentially structured consultations with patients and doctors, each focusing on one medical condition. They capture the voices of patients and carers, often those who are disempowered or marginalized, enabling them to work as equal partners with healthcare professionals to influence research for future generations. The JLA has run 30 PSPs on conditions as diverse as autism, dementia, acne and spinal cord injury, and 15 more are in progress.

Why do researchers listen to the JLA’s findings? For some, patient involvement is simply the right thing to do – a moral imperative. Many researchers want to research the things that are important to patients. Research charities such as Parkinson’s UK and Prostate

Cancer UK rely on income from patients, their families, their friends and their legacies. Hence they often wish to ensure that their research addresses issues that donors and beneficiaries want – a consumerist imperative. There is an economic imperative too: many major research funders – including UK state funders – want researchers’ proposals to include patient and public involvement to demonstrate the relevance and acceptability of their research to the end user. Researchers applying for funding to address questions that have been generated by PSPs can clearly show that patients were involved.

The JLA process is now internationally recognized for setting research priorities. Since 2013, the JLA has been coordinated by the NIHR; it has a small team of five independent advisers who guide the PSPs.

What difference does this ‘beneficiary consultation’ make? We see funded research increasingly addressing patients’ concerns. The first PSP, for asthma, prioritized a question about the effectiveness of breathing exercises – an issue that is important to patients but unlikely to make anyone much money. A trial evaluating the effects of breathing exercises is now up and running. The NIHR is funding research into the effectiveness of a handheld UV light therapy for vitiligo – a condition which creates white patches on the skin. This topic was suggested by patients in the Vitiligo PSP.

Other NIHR-funded studies are addressing priorities from the JLA Schizophrenia PSP, such as managing obesity and sexual dysfunction – issues that patients agreed were important factors in their ability to adhere to their medication. Since the Sight Loss and Vision PSP announced a series of priorities across 12 categories of eye health in 2013, charity funder Fight for Sight has spent over £3 million on 46 projects directly addressing them. We are some way off being able to look at the impact of the resultant research itself – how many lives were saved or symptoms alleviated because of evidence generated on issues known to matter to patients – but we are moving in the right direction. The notion of the patient and the healthcare professional working together to improve the evidence base is a powerful one.

‘It’s hard to make evidence-based decisions if much of the evidence is missing, ropery, unclear, or you can’t find it,’ says Caroline Fiennes of Giving Evidence. The JLA believes that the evidence needs to be based on the reality and experiences of the people who ultimately stand to benefit from it. @

FOSCA

The farmers' voice in agricultural development

Fadel Ndiame

The Alliance for a Green Revolution in Africa (AGRA) was founded in 2006 through a partnership between the Rockefeller Foundation and the Bill & Melinda Gates Foundation to fulfil the vision of an Africa that can feed itself, as well as make significant contributions to feeding the world – a vision that is premised on a broad-based alliance of key stakeholders, including national governments, African farmers, private sector entities, NGOs and civil society.

And yet, like many other agriculture development programmes, AGRA promotes a vision of success that is based on achieving ambitious quantitative targets such as reducing food insecurity by 50 per cent in at least 20 African countries; doubling the incomes of 20 million smallholder farmers; and developing policy and institutional frameworks that lead to sustained improvements in agricultural productivity in at least 15 African countries by 2020. Performance measurement tends to be seen in terms of progress towards achieving such quantitative targets, and most of AGRA's work consists of professional, commercial and governmental institutions collaborating to 'deliver services' to farmers that are conceived and designed by researchers and delivered by NGOs and other technical institutions.

While this is clearly an important element in improving smallholder agriculture, it has tended to reinforce top-down relationships of accountability and obscure the equally important horizontal and bottom-up relationships.

The accountability challenge

So, in 2010 AGRA set up the Farmer Organization Support Centre in Africa (FOSCA) to address this challenge. Its aim is to enhance access to high-quality, demand-driven, income-enhancing services by smallholders – especially women and youth – through strong farmer organizations (FOs).

Clearly, local implementing organizations should be accountable to donors on a number of issues, including

whether financial resources provided were used according to contractual obligations. But they should also be accountable to those people in whose name they claim to be working as to whether their interventions are really providing what farmers need in order to achieve their shared objectives. Strong democratic FOs can help ensure that farmers themselves have a say in how success is defined, how it is measured and whether objectives are being achieved. FOs can give farmers a common voice and they can also be effective vehicles through which farmers can access services that are vital to increasing incomes and improving livelihoods.

Strong FOs can organize and provide benefits to members such as collective access to markets, finance, information, technical support services, new research and technologies, and skills building. They can also amplify farmer voices in policy debates.

Of course, weak FOs can have the opposite effect. Indeed, the history of FOs and cooperatives in Africa is a chequered one, with management often captured by self-serving and inefficient elites, accountable only to themselves.

All this means that agriculture development interventions need to address institutional development issues such as leadership and governance, strategic business models, market orientation, representation of women and youth, and management skills development.

They also need to help FO managers build and manage mutually accountable relationships with their members and other value chain partners such as input suppliers, buyers of produce, service providers, investors, financial institutions, research institutions and, of course, funders. Managing these relationships well is the only guarantee of long-term success and sustainability.

Two innovative approaches to performance measurement

FOSCA has initiated two innovative and complementary approaches to performance measurement that strengthen farmer voice and mutual accountability to shared principles and outcomes.

The Capacity Performance Index (CPI)

The CPI is a self-administered tool that helps FO leaders to reflect on and rate the organization's capacity and performance across a number of areas. The CPI ratings give FOs a better understanding of organizational strengths and weaknesses as assessed by leaders and members themselves. They foster an organization-wide engagement in what it takes to become a sustainable



Members of the Banana Growers Association of Kenya (BGAK) discussing the grades and standards required for the export market.

business entity that delivers real value for its members, and how to go about achieving this. They can provide a useful framework for engaging with service providers and funders on organization-strengthening measures.

The CPI enables the FO to clearly assess its initial transformational challenges, which become the baseline for its organizational development partnership with FOSCA. Changes in the CPI become the standard against which the two parties can assess the effectiveness of their work. The CPI also enables AGRA and the FOs to set some acceptable benchmarks to identify the most capable FOs, and a roadmap for a possible graduation of the less advanced groups.

Constituent Voice

FOSCA is partnering with Keystone Accountability to design a system for collecting and using independent feedback about the performance of FOs from members and others in the value chain. The task of this pilot is to find a simple and affordable way to convert farmer perceptions and experience into reliable performance data in a form that can be integrated into existing performance management and M&E systems, and then to find ways of using this data to drive improvement and empower farmers.

The idea is that data will not be collected through expensive independent surveys, but as part of routine everyday activity. Farmers and local independent feedback coordinators will be trained to collect feedback using short targeted micro-surveys at selected 'touch points' such as market days, seedling nurseries, input suppliers' training events, field days, AGMs, etc.

Methods will include simple paper questionnaires and toll-free polling via mobile phones. It will involve asking a few questions frequently and as widely as

possible, then using the 'headline' data to frame inclusive learning dialogues with stakeholders where the details can be explored and addressed.

Questions for farmers cover four main performance dimensions:

- ▶ The quality and value of FO services (eg how strongly would you recommend this service to other farmers?)
- ▶ The quality of relationships (eg how much do you trust the advice and support you receive from the FO?)
- ▶ Agency and commitment of members (eg to what extent do you believe that you can achieve your goals?)
- ▶ Emerging outcomes (eg have you been able to get a *better price* for your bananas because of the FO?)

It would also be possible to monitor feedback from both buyers and farmers on the value of the FO's market service centres; from farmers on their ongoing experience with new technologies; and from FO leaders on the grant management practices of FOSCA.

This feedback can be easily uploaded into an online platform such as Keystone's Feedback Commons, where it can inform a real-time performance dashboard.

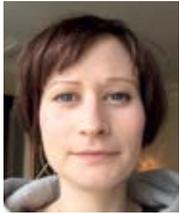
Overall, the experience of FOSCA in developing processes that recognize the agency of its target clients and give them voice is a significant step in instituting a greater degree of accountability to the smallholder farmers that AGRA was set up to serve. The CPI and the Constituent Voice feedback mechanisms hold the promise of promoting greater accountability in rural development interventions. @

Kettles, robins and chickens

The epistemology of feedback

Genevieve Maitland Hudson

If we want to promote feedback as an integrated and essential tool in the shed of social impact, ranged above the workbench with the screws of social investment, the hammer of the RCT and the rose-coloured goggles of good intentions, we need to start thinking clearly, and keep thinking clearly, about what it can and can't do for us.



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Firstly then: kettles.

Customer feedback is good at finding out our opinions of kettles. We freely share these opinions in the forums at our disposal. We do so with care and precision. Here's a nice example:

'I am very disappointed with this kettle.

'For a start, it takes ages to switch off after boiling.

Secondly, it doesn't switch off when you lift it, so it boils dry if you pour the water and then put it back on its base without switching it off manually. Lastly, it's impossible to empty the kettle fully through the spout.'

Those are excellent and detailed criticisms to which the kettle manufacturer can respond by apologizing to its customer David H and then testing and improving its product.

Things are not so simple with the delivery of social services (in the broad sense). Typically when this is talked about in circles social and philanthropic, the difference is ascribed to an unwillingness, or perhaps an inability, on the part of service users to express criticism effectively. Too much is at stake. There may be a fear that even an inadequate service may be withdrawn. While this may be true, it is also a jump from criticism of the item – kettle or social service – to the user's psychological response to it. This is not a jump that we make in kettle usage, even though a psychological response naturally exists.

I want to argue that this is not only because that psychological response is less significant in the case of the kettle. This isn't only a question of degrees of need. It is a question about forms of knowledge. I want us to go back to the thing itself.

Why is a service conceptually unlike a kettle? It is unlike a kettle because it is – in most cases – unfamiliar.

There's a theory in cognitive science called prototype theory and it's useful in disentangling kettles from services. Prototype theory says that we form categories by referring to typical representative members of groups. So the category bird, for instance, revolves around degrees of birdiness that circle a prototypical central bird. When asked whether an entity is a bird, it takes far less processing time for us to identify particularly birdy birds, which turn out to be robins and sparrows, than marginal birds like chickens.

Within each category there is a series of features and these add detail to the prototype. Kettles have nice clear features. We probably expect a prototypical kettle to look a certain way but importantly we also expect it to boil water and pour it out. David H's model decisively fails the test of providing suitable kettleness in both these ways. It is therefore a failed product. It isn't necessary for David H to do any analytical work before providing his useful feedback to the manufacturer. Just as we know a robin is a bird, David H knows that his model isn't much of a kettle.

What are the equivalent salient features of the kinds of services provided as part of social ventures? This is much less clear.

Even when providers deliver services within a fairly clearly defined area – school inclusion, say, or ex-offender support – an underlying prototype is rarely self-evident and interventions may differ radically. Even when a model of care is relatively clear to professionals, as in many medical interventions, this prototype is likely to be totally unfamiliar to the first-time user, think for instance of first-time mothers using midwifery services.

This means that there is a logical difference between the kind of feedback that most of us can give as customers and the kind we can offer as users of services. We need to remember this when we design our feedback systems and make space in our questions and in our analysis for people's growing realization of what they can and should reasonably expect from the service on offer. We need to realize that our kind of feedback demands much greater processing effort. To put this in prototypical bird terms, it is a chicken, not a robin. @

Is Constituent Voice a proxy for randomized controlled trials?

Caroline Fiennes

The short answer is no. At first sight, it seems that randomized controlled trials (RCTs) and Constituent Voice (CV) could be substitutes for each other because they both seek to ascertain a programme's effect. In fact they're not interchangeable at all. An RCT is an experimental design, a way of isolating the variable of interest, whereas CV is a 'ruler' – a way of gathering information that might be used in an experiment or in other ways.



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Let's look at an example of an RCT. Suppose we want to know the effect of Tostan's human rights education programme in West Africa (which works on many things but is most famous for significant reductions in what its founder Molly Melching calls female genital cutting). The most rigorous test would be as follows. First, measure what's going on in a load of villages. Then, choose some villages to have Tostan's involvement and others not: choose them at random. (It's no good to have villages opt in because maybe only the most progressive villages will opt in, meaning that we won't know if changes result from their progressiveness – 'a selection effect' – or from the programme itself.) Finally, after the programme, measure again what's going on in each village, and compare the change in the villages that got the programme with the change in those that didn't.

CV and RCTs can – and I'd argue *should* – sit alongside each other. The classic uses of CV are to understand what people want and what they think of what they're getting. Those are obviously important – and I champion work on both – but answers to these questions may not accurately identify the 'impact', which a well-run RCT would do.

Take, for example, two microfinance 'village bank' programmes that targeted poor people in north-east Thailand. It's quite possible that people in these villages wanted to be less poor, and liked the microcredit programme they received. So the programme would have come out well if measured using CV. It came out well on some other measures too. But it fared badly

when analysed with a well-run RCT (RCTs can be run badly): people who got microloans did do better than those who didn't, but RCTs showed that those differences were entirely due to selection effects and had nothing to do with the microloans themselves.

Distinguishing selection effects from programme effects is hard – routinely foxing even highly trained doctors and researchers – and can't be done by the naked eye alone. It's quite possible that 'beneficiaries' might *think* that a programme is helping because they (like everyone else) conflate selection effects with programme effects. We can't rely on CV to identify impact.

Well then, in a world of rigorous evaluations, why do we need CV?

In a world of rigorous evaluations, why should we ask people what they want? Answer: because there are legion tales of donors plonking (say) a school in a community that really wanted a well. Rigorously evaluating the effect of the school totally misses that it wasn't wanted, and the erosion of self-determination caused by non-consultative 'donor plonking'. We can tell that consultation with 'beneficiaries' is complementary to rigorous research because they're both used in evidence-based medicine (eg to establish what to research: see the article about the James Lind Alliance on p33).

And in a world of rigorous evaluations, why should we ask people what they think of what they're getting? Answer: again because they'll tell us things that we didn't know that could improve delivery. That staff are rude, often late. That the clinic should open half an hour earlier because that's when the bus arrives. That the nurse giving the vaccines could be less scary.

Well-run RCTs are unparalleled in their ability to isolate a single factor and thereby identify the effect of that factor. But there are obviously instances where that approach is inappropriate. They include: when controlling for that factor would be unethical or illegal; when the available sample size is too small to yield statistically significant results; when the cost of conducting the study would outweigh the benefits; when the outcome is unmeasurable (such as measuring the effectiveness of alternative ways of honouring the dead); when a cheaper method is available (perhaps you have decent historical data and just need to analyse it). They are also inappropriate when you want to find out something apart from the effect of a particular factor, eg users' opinions or perceptions of something. So no, CV is not a proxy for RCTs. As so often, the answer is 'both'. 

Civic solutions

A new era for citizen feedback

Elizabeth Christopherson

Within three weeks this year, four blizzards dumped seven feet of snow and sleet on Boston. Commuters found themselves standing in the cold for more than an hour waiting for MBTA trains, with no way of knowing how long their wait would be. With more bad weather on the way, software developers came together at a hackathon organized by Code Across Boston, an organization of skilled volunteers who look for technology-driven solutions to civic problems. The result was MBTA Ninja, a web app that allows commuters to update one another about train delays while they wait. What does this mean for the civic sector?

Civic-minded innovations like MBTA Ninja are arising almost daily, drawing on the direct feedback and participation of citizens. They are coming from a rich mix of sources – including non-profits; national, state and local governments; informal associations; and private companies.

These innovations are fuelled by new technologies. What has suddenly got 100 times cheaper and 10 times faster? According to a new study by the Center for Global Development and the World Bank, citizen feedback in poor countries. Working with VOTO

Mobile, they reduced the costs of surveying citizens by more than 95 per cent. As some 75 per cent of the world's population now has access to a mobile phone, it is easier than ever to gather direct feedback. Social media and the internet also allow people to interact directly with authorities.

New tools like this are bringing us closer to a long-held dream: societies governed more effectively by and for the people. 'Feedback is another word for that crucial element of democracy which requires public ownership over public decision making,' says Kate Krontiris, a fellow at Harvard's Berkman Center for Internet and Society.

A number of themes are emerging from the civic sector's more successful feedback experiments. One is that different contexts call for different tools. Effective feedback loops seek to understand people's needs on a deeper level. Beyond surveys, tools may include individual and group interviews, civic games, and asking participants to keep visual, audio or written journals of relevant experiences. Those developing solutions look for evidence of underlying as well as stated needs – for instance, by noticing gaps between what people say and what they do.

Tools must be selected and tailored according to context. For example, to engage the poorest groups in northern Ghana, VOTO Mobile has found it necessary to schedule calls carefully, since many mobile phones are shared, and to provide elders with training in how to respond to a mobile survey.

RESOURCES AND TOOLS

Code For All An international network convened by Code for America* to support citizens and organizations creating civic-tech solutions to strengthen and improve their communities and governments www.codeforall.org

DataKind* A network of data scientists helping NGOs better understand and leverage data to achieve their goals www.datakind.org

Engagement Lab at Emerson College Partners with communities to study and develop games, new media and

other technologies that expand civic engagement www.engagementgamelab.org

Feedback Toolkit* Developed by Ashoka Changemakers*, Keystone Accountability, the Development Gateway and others under the umbrella of Feedback Labs* to offer curated examples and tools for gathering and using constituent feedback across the social sector www.feedbacklabs.org/toolkit

IDEO's human-centred design toolkit Developed to help international NGOs

to assess the needs of impoverished communities and identify creative, financially feasible approaches to meet those needs www.ideo.com/work/human-centered-design-toolkit

Participedia A global hub of crowd-sourced data for building citizen engagement www.participedia.net

Personal Democracy Media* Provides news, tools, resources and gatherings exploring technology's impact on government and society. www.personaldemocracy.com

SeeClickFix One of several new online tools that allow community members to highlight what needs fixing in their towns and cities www.seeclickfix.com

Stanford University Institute of Design Provides an introduction to the tools and methods of design thinking <http://dschool.stanford.edu/use-our-methods>

*Tool or organization supported by the Rita Allen Foundation



BRENNAN CAVANAUGH

What makes people decide to fill out a survey or try to solve a civic problem? Research suggests that people's belief that their actions can make a difference is the greatest predictor of civic engagement. How to increase this sense of 'civic efficacy' remains an open question.

What is clear is its importance. Studies show that greater citizen involvement is associated with progress in communities' ability to make difficult decisions and improve their quality of life, as indicated by such measures as lower rates of violence and infant mortality.

Feedback also needs to be multi-modal in order to give different groups equal voice. A smart-phone app might draw more feedback from wealthier areas, or from 20-year-olds. Technological solutions call for a heightened attention to what might be left out or misrepresented.

Another trend is for lines between official and unofficial solutions to become blurred. For example, the city of New Haven, Connecticut, created an online system allowing residents to post alerts to flag up problems such as potholes and broken streetlights. Instead the city was inundated with alerts from an independent system designed by a resident, which the city has now integrated into its site. That system, SeeClickFix, now serves hundreds of cities.

As Sean Martin McDonald of Frontline SMS points out, this is only the start of what should be a much larger conversation – a conversation about 'what communities can (and should) learn from each other, and what our activism looks like in an era where many of us are practically connected, even where governments, laws, economies, and access keeps us apart'.

Just beginning to ask a few simple questions brings the possibility of transformative change:

- ▶ What do people need to make their lives better?
- ▶ Are we helping them get those things?
- ▶ If not, how can we change what we're doing? @

FEEDBACK LABS

For Feedback Labs members, listening to constituents isn't just the right thing to do; it's the smart thing to do. Building relationships with constituents positions ordinary people as co-creators and inverts the traditional top-down, external 'expert'-driven, one-size-fits-all approach that has largely failed the sector. Feedback Labs' big bet is that when ordinary people are co-creators, and when their feedback fuels an iterative and responsive process, the desired social impact will be amplified.

Feedback Labs is taking steps to help aid agencies, foundations and governments both to listen and to act.

Feedback Labs members argue that ordinary people should be in the driver's seat, with experts in a supporting role during the programme selection, design, implementation and evaluation processes. For the past year, Feedback Labs has been building a network of practitioners, policymakers, technology platforms and funders to help make this vision a reality.

Feedback Labs is a consortium of like-minded organizations. Each organization, through its own strengths, has endeavoured to put ordinary people front and centre. Together they aim to make inclusion, trust and empowerment common standards across the field. Founding members include: Ashoka Changemakers, Development Gateway, GlobalGiving, Keystone Accountability, FrontlineSMS, Ushahidi, Twaweza, GroundTruth Initiative and the Center for Global Development. For a full list of members – including the hubs of activity in Washington DC, London and New York City – joining since Feedback Labs began, see the Feedback Labs website. Feedback Labs was launched with funding from the Rita Allen Foundation, with additional support from the William and Flora Hewlett Foundation, the Fund for Shared Insight, the Bill & Melinda Gates Foundation, and the World Bank.

For more information <http://feedbacklabs.org>

Of the people, by the people, and for the people

Dennis Whittle

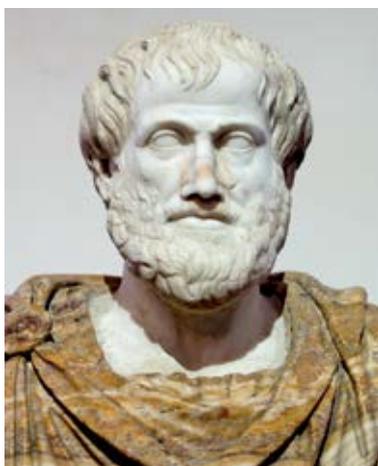
‘... for the popular principle of justice is to have equality according to number, not worth, and if this is the principle of justice prevailing, the multitude must of necessity be sovereign and the decision of the majority must be final and must constitute justice, for they say that each of the citizens ought to have an equal share; so that it results that in democracies the poor are more powerful than the rich, because there are more of them and whatever is decided by the majority is sovereign.’

(Aristotle, *Politics*, 4th century BCE)



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In the 7th century BCE, Athens was in crisis. The Athenian aristocracy had abused its power for so long that ordinary people got fed up and revolted. There was widespread chaos and violence; day-to-day life seemed to be in a downward spiral. Finally, the aristocracy and people turned to a poet named Solon for mediation, and he negotiated a settlement, in 594 BCE, that created a sort of constitution. Solon's constitution limited the power of the aristocracy, established rules for legal redress for all, and created forums where all male adults could at least participate in governance – though most power nonetheless remained with wealth holders.



Aristotle: whatever is decided by the majority is sovereign.

Greeks and Romans' slow progress towards democracy

Though Solon's reforms were not entirely successful, they did presage the emergence of the Roman Republic, which lasted almost five centuries. Beginning around 500 BCE, Rome was governed by consuls selected by the wealthiest and most powerful citizens. The Roman Republic also had 'assemblies' that allowed ordinary citizens to cast ballots on many matters of public interest, but these assemblies did not have much power. Instead (according to the Roman historian Livy) they were 'designed so that no one appeared to be excluded from an election and yet all of the clout resided with the leading men'.

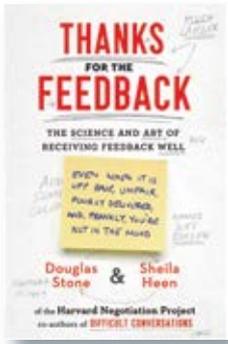
Power gradually became more concentrated until Julius Caesar seized near total control as emperor in 49 BCE, setting in train centuries of dictatorship until the Roman Empire fell in 476 CE. Even after the fall of the Empire, dictatorship in various forms reined for over 700 years. Only when the Magna Carta was signed in 1215 did an elected parliament come back into existence for the first time in over 1,000 years. Since then, history can be read as a gradual but by no means smooth increase in the sovereignty of ordinary people, during which the elite try to give up as little power as possible while 'appearing to exclude no one' from the governance process.

Even in the US, the first country explicitly founded on the idea that, in Aristotle's words, 'whatever is decided by the majority is sovereign', progress has been gradual. Initially only white males could vote, and it was only over the next 200 years that women and black people were fully enfranchised. During that time, the elite tried all sorts of manoeuvres – including landownership and literacy requirements and even more recently voter ID laws – to avoid realizing the Aristotelian ideal of one person, one vote.

Why is this history relevant?

Why is all this (admittedly stylized) history relevant? Because it is playing out in the aid and philanthropy fields right now. Will aid and philanthropy democratize themselves? Will aid agencies and foundations cede power and sovereignty to the people they are trying to serve, or will they do what the Romans and so many others have done, which is put in place 'assemblies' that give ordinary people the illusion of influence without real power? Recent trends appear to make real sovereignty for ordinary people a possibility, maybe for the first time in history. But history also teaches that progress is not guaranteed, and even breakthroughs such as the limited power sharing in Athens can be reversed for centuries.

Fortunately, three relatively new books shine a collective light on how we might make real progress in bringing Aristotelian ideas to the aid and philanthropy fields. These books are unlikely bedfellows, with only one of them addressing the work of aid agencies and foundations directly. But the other two have profound implications, and together they suggest how a series of conceptual, operational and technological developments might enable a fundamental shift that could allow people themselves to become the real makers of decisions about what they need to make their lives better.



Thanks for the Feedback

The first of these, Douglas Stone and Sheila Heen's *Thanks for the Feedback: The science and art of receiving feedback well* (Portfolio Penguin, 2014) is about personal relationships, not modes of governing. It starts out by noting that each year in the US alone 877,000 spouses file for divorce, and

250,000 weddings are called off. Stone and Heen argue that the failure of these marriages is rooted in an inability to get feedback at a personal level – about what we say, how we act, what we wear, the words we use, the attention we pay to our partner's needs. The same dynamic holds true with respect to our working relationships, which the authors argue is responsible for much of the unhappiness of poor productivity in the workplace.

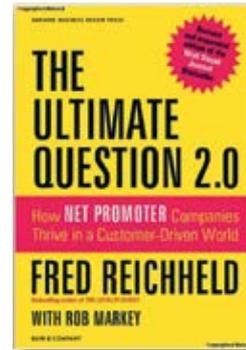
The authors cite research showing that a 'spouse's willingness and ability to accept . . . input from their spouse is a key predictor of a healthy, stable marriage'. Similarly, 'feedback-seeking behavior . . . has been linked to higher job satisfaction, greater creativity on the job, . . . lower turnover, . . . and higher performance ratings.' They build the case that the ability to receive constructive feedback both increases happiness at the personal level and improves concrete outcomes as measured by stable marriages and productivity at work.

If the benefits are so powerful, what's holding us back? The authors cite three 'triggers' that often make us shrink from seeking feedback. The first is the *content* of the feedback, which we often perceive as unfair ('that would have been impossible to get done') or even plain wrong. The second is what the feedback implies about the *relationship* we have with the other person ('that guy considers himself better than me'), and the third is about what the feedback implies about our personal *identity* ('if I failed at that again, maybe I really am a loser').

Thanks for the Feedback unpacks, in considerable but entertaining and accessible detail, where these triggers come from and then provides a whole series of practical exercises and mindset shifts to enable us to recognize the triggers and overcome them – all with the end goal of becoming more effective in our personal and professional relationships. Although there

Although there are many excellent insights, perhaps the most fundamental is the need to see things from the other's perspective.

are many excellent insights, perhaps the most fundamental is the need to see things from the other's perspective. The cultivation of empathy is key to disarming the content, relationship and identity triggers so that we can become happier and more productive in our personal relationships and at work.



The Ultimate Question 2.0

If *Thanks for the Feedback* is about the rich texture of relationships at a personal level, the second book, *The Ultimate Question 2.0: How net promoter companies thrive in a customer-driven world* by Fred Reichheld, with Rob Markey (HBR books, 2011), is about big, impersonal data at an

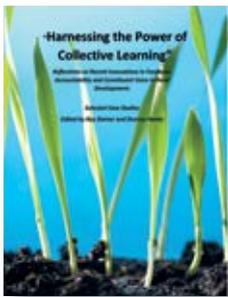
organizational level. This book traces the evolution of a tool that nearly all leading companies in the US and many in Europe use to get feedback from customers – the Net Promoter Score, or NPS. Companies succeed if people buy their goods and services, and sales figures provide the ultimate feedback loop.

To better understand what's driving sales (or the lack thereof), companies have historically deployed a wide array of tools, including focus groups and sophisticated surveys. However, something extraordinary has happened over the past decade. A large number of companies have found that asking a single question to customers is key to developing the internal systems to listen and respond to what customers want: 'On a scale of 0–10, how likely are you to recommend our company (or product or service) to your friends or colleagues?'. Many companies then ask just one follow-up question: 'Why do you say this?'.
 Many companies then ask just one follow-up question: 'Why do you say this?'.

What companies discovered was that the complexity of the information they had been collecting through bespoke tools tailored to their specific products and services obfuscated understanding and impeded responsiveness. They realized that the greater the complexity, the easier it was for people in the company to make excuses about the quality or cost of their products ('these pesky customers just don't understand that it's impossible to have a phone that also surfs the web!'). Second, they discovered that the idiosyncratic nature of their tools made it impossible to compare themselves with other companies, even in the same industry ('sure our customers hate us, but they hate our competitors too!'). ▷

The NPS methodology, by contrast, cuts straight to the chase: how many of our customers like what we sell them so much they would recommend us to friends and family? How do we compare to others in the industry? If the answers to those questions are not positive, then there is a strong incentive to seek out and address why. Suddenly, the importance of the more complex data being collected becomes clear, and the case for not only analysing but acting on the data becomes urgent.

The Ultimate Question 2.0 contains important details about the methodology for calculating the NPS and the social dynamics of how and why companies, both individually and collectively, converged on this approach. It also reviews the considerable evidence that this approach leads to greater productivity, innovation and customer satisfaction at companies that use it systematically. As with *Thanks for the Feedback*, the writing is accessible and entertaining, and for most readers will be filled with ‘aha!’ moments that bring a smile to the lips.



Harnessing the Power of Collective Learning

The third book, edited by Roy Steiner and Duncan Hanks, *Harnessing the Power of Collective Learning* (manuscript under preparation for publication), is an eye-opening and encouraging compilation of examples of how some aid organizations are listening to the people they seek to serve. The 11 case studies (each written by someone from inside the organization) highlight how new attitudes (it’s the right thing to allow people to participate in programme design), tools (SMS on mobile phones) and processes (design thinking that incorporates people’s feedback into programme design) make it possible to learn and adapt aid programmes much more nimbly and iteratively. Any aid organization serious about improving its performance would be remiss not to reflect on how these case studies might help them to see new possibilities for learning.

One of the key challenges identified in this book is ‘closing the loop’ – ie getting the organization to act on the information it gleans through better listening.

Was this project in Ethiopia successful because it provided what the Roman poet Juvenal described as ‘bread and circuses’? Or did it serve to push the system down a path towards a situation where, in Aristotle’s words, ‘whatever is decided by the majority is sovereign’?

The best chapters are candid about the difficulties in adapting, changing, or even cancelling programmes when doing so would be costly or imperil the career advancement of individuals or funding for the organization. The diversity of new approaches highlighted in this book raises the question of whether some consolidation and convergence analogous to the Net Promoter methodology will be needed to create the pressures for organizations not only to listen but also to respond to what people themselves want to make their lives better.

The most provocative part of this book, however, may be the introduction. One of the authors reports how he climbed the steps of the presidential palace in Ethiopia, home to one of the most repressive regimes in Africa, to present the findings of a new agriculture extension study based on a nine-month participatory process to the prime minister. The author reports his ‘trepidation’ because the process itself – of listening to ordinary farmers – might be threatening to the authoritarian regime. He also felt he was taking a big risk within his own organization by relying so heavily on insights from farmers themselves instead of on the technological breakthroughs the foundation’s programmes typically relied on. Compounding his nervousness was the fact that one of the benefactors of the foundation had made a personal deal with the former prime minister to conduct the study.

In the end, all turned out well. The prime minister was happy, because he could see how this approach might better attract financial support (and political legitimacy) from the more than ten aid agencies and foundations that later provided millions of dollars to implement the new strategy. The author’s organization, and its benefactor, were also presumably pleased, since the study enabled them to show leadership among their funding peers in trying to improve agricultural productivity in a desperately poor country.

But this outcome, in this fraught context, points directly back to the evolution of democracy discussed at the beginning of this review, and to the larger issues at stake: Was this project in Ethiopia successful because it provided what the Roman poet Juvenal described, in the first century CE, as ‘bread and circuses’ – keeping the people fed and diverted just enough to take the heat off their demands for real democracy so that the elite could remain in power? Or did it serve to push the system down a path towards a situation where, in Aristotle’s words, ‘whatever is decided by the majority is sovereign’? That is the big question that faces all of us who, through our work in aid and philanthropy, hope to make the world a better place. @

Why aren't we learning? Tris Lumley

There are signs of growing unease with impact measurement in the charity sector. At the most recent Association of Charitable Foundations conference the whole concept faced something of a backlash. At NPC, we've started to explore how to ensure that impact measurement is used to drive strategy, decision-making and learning, precisely because we're concerned that often it isn't. Most of all, I am worried that we're not learning.



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Perhaps this shouldn't surprise us. While the last decade has seen acknowledgement of the potential importance of impact measurement, and a consequent increase in impact measurement activity, NPC's *Making an impact* study in 2012 told us that the primary driver of impact measurement activity was a desire to meet funders' requirements. Wanting to learn and improve services was only the fifth most important driver.

So what would happen if we reframed impact measurement to make learning the central purpose of evaluation and impact measurement? What capacities and approaches would organizations need to adopt to ensure they were able to deliver real learning through these practices? And how could their funders ensure they encouraged and supported learning?

Three stages of learning

Learning is a broad concept but here I want to concentrate on learning that leads to action, to new knowledge or skills being put to use in some way. With this focus on use, it is helpful to think about the timing of learning in the context of a programme or intervention we are delivering, or funding. We can make a distinction between three phases: learning about a programme we will deliver (or fund) in the future, during its delivery, and after it has been delivered.

These three different stages of learning all require different approaches. They can't readily be addressed by the same set of evaluation or impact measurement tools.

Before – a slow feedback loop

Before we design, or fund, a programme we need an approach that enables us to learn from the field, including our own previous work, to inform what we are going to do. What do we know about what works and

what doesn't? What do we know about the needs and wants of those we are working with, and how we might meet them? This is a formative process, incorporating this knowledge into the design of something we are yet to do. This is what we might call a slow feedback loop.



During – a rapid feedback loop

During delivery, we need an approach that listens and responds to constituents as we are working – that works in near to real time. This is an adaptive process, continuously comparing our plans and theories with people's observed reality and making course corrections as swiftly as possible. It is a rapid feedback loop.

After – a slow feedback loop again

After we have delivered a programme, we need to learn from what has happened. We need to synthesize what we have learned throughout the delivery stage and compare what actually happened with our initial expectations, and those of our constituents. We need then to review and analyse these findings in a way that can be fed back into the evidence base and the field's knowledge. As with the pre-delivery stage, this is a slow feedback loop.

As we might also expect, these three stages require different capacities within the organizations (and their funders). Slow feedback loops lend themselves to researchers, evaluators and programme designers, who may operate at some distance from the front line. While they need to be plugged into constituents' views, they also need to have ready access to the research literature and community. Isaac Castillo in his work on the Latin American Youth Centre in the US,¹ suggests that no service would ever be designed without drawing on the existing literature to show how it would be expected to work, and the evidence used to inform its structure. ▶

Why aren't we learning?

Fast feedback loops, however, need to be running as close to the front line as possible. What is needed here is performance management – the real-time process of collecting data, conducting analysis, comparing to expectations, forming insights and then making changes as a result. Performance management is a concept that is far from new, but is only recently emerging in the discourse around impact and evaluation.²

Implications for funders

From a funder's perspective, two sets of related questions emerge from this approach. First, how do funders ensure that they support these elements of learning within the organizations and programmes they back? Second, how do they apply the same approach to learning to their own work?

Funders with a commitment to learning would want to ensure that they provide the resources, encouragement and flexibility to allow their grantees to learn during each of these three stages. This could include seeking evidence of learning in applicants' approaches to programme design and supporting knowledge-sharing once programmes have been delivered. But perhaps most importantly, funders that commit to a learning approach will allow grantees significant flexibility during the period of their support – allowing them to adapt to their real-time learning. Rigid funding frameworks that don't allow for change undermine learning just as much as a lack of financial resources.

How funders embed learning in their own work depends on their approach. The Inspiring Impact paper *Funders' principles and drivers of good impact practice*, developed in 2013 by a group of grantmaking funders, suggests that funders can have three different purposes in impact measurement: understanding the difference they make; learning from grantees and themselves; and making the best use of resources. All three of these purposes can be seen through the lens of learning, and we can expect to see the same three stages of learning as we expect to see among charities delivering programmes: learning before, during and after delivery of a programme.

Increasing the focus on learning

Learning is critical if we are to put into practice the insights we gain through impact measurement. It's

Ultimately, focusing on learning will ensure that what we do under the banner of impact measurement and evaluation is purposeful: it creates knowledge that can be put to use, knowledge that we have already thought about how we will use.

essential for charities that want to do the best job possible, and for funders that want to make the best use of their resources. It's also a very active form of accountability to those we aim to serve: if we learn and improve we move closer to doing the best we can on others' behalf, and being able to share how we've changed to demonstrate that accountability.

This brings me back to my original point: we need to ensure that learning is the explicit primary purpose of impact measurement.

For charities, this might mean being clearer about the capacities and approaches they need in place to ensure that both fast and slow feedback loops work well. Those that have seen evaluation and impact measurement as activities performed at the centre of the organization, facing external audiences, may need to add a new set of capacities much closer to the front line, building data collection, analysis and response into service delivery and management functions.

For funders, a focus on learning could mean seeking out these capacities in applicants and supporting them in grantees, as well as building their own learning systems. If that results in a rebalancing from applicants demonstrating impact to those demonstrating learning, it will be extremely interesting to see how this plays out. If funders ask applicants to tell them about a change they've made in their work in response to what they've learned rather than asking them to show evidence of impact, my hunch is that their selection processes will produce significantly different results. Furthermore, the organizational characteristics that reflect a readiness to learn are likely to differ from those that reflect demonstrable impact.

Ultimately, focusing on learning will ensure that what we do under the banner of impact measurement and evaluation is purposeful: it creates knowledge that can be put to use, knowledge that we have already thought about how we will use. If we want to avoid impact measurement being a subset of charities' marketing activity, I believe a focus on learning is crucial. If we're learning as charities, we know we can be better next year than we were this year. If we're learning as funders, we know we're getting better at putting our increasingly precious resources to the best use in a sector that desperately needs us. @

¹ NPC (2011). A journey to greater impact. <http://tinyurl.com/NPCGreaterImpact>

² See Emma Tomkinson's recent *Delivering the promise of social outcomes: the role of the performance analyst*. <http://tinyurl.com/SocialOutcomes>

Net Promoter Score for non-profits?

Melinda Tuan

*'We believe that listening to beneficiaries is both the right and the smart thing to do.'*¹

This statement perfectly encapsulates the philosophy underpinning the work of the [Fund for Shared Insight](#) ('Shared Insight'). Shared Insight is a new funder collaborative comprising seven founding funders including the [Packard](#), [Ford](#), [JPB](#), [Rita Allen](#), [Hewlett and Kellogg Foundations](#) and [Liquidnet](#). It seeks to improve philanthropy by increasing foundation openness to hearing from the people we seek to help, acting on what we hear, and sharing what we learn. We believe that listening to others, including our grantees, the people who benefit from the work of grantees, and other funders, is the right thing to do. We believe being responsive to what we hear, and sharing how we've changed what we do based on that feedback – also known as 'closing the feedback loop' – is the smart thing to do as it will result in more effective philanthropy.



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One of Shared Insight's inaugural grantees, [Urban Institute](#) with [Feeding America](#), hopes to improve its services to food insecure individuals who use its network of 200 food banks and 48,000 member agencies around the country. For many years, the [Mid-Ohio Food Bank](#) incorrectly assumed that the people they serve did not want fresh fruits and vegetables as they rarely chose fresh produce when offered it. After conducting over 1,000 one-on-one interviews with their clients, they learned that member agency rules which allowed people to pick up food only once a month drove their selection of non-perishable goods. When agencies changed their policy to allow clients to select food once a week, they found a significant increase in requests for fresh produce. At one pantry, requests for fresh produce increased from half a dozen to over 500 requests per month.

This is just one example of how we at Shared Insight hope to support non-profits in their efforts to listen to those we seek to help, improve their programmes based on that feedback, and drive better outcomes. Our 2014 grants include efforts to hear from a wide variety of populations whose voices are not often heard, including foster youth, individuals coming out of the prison system served by the [Center for Employment Opportunities](#) (CEO), students

sharing their perspectives in schools across the country through [YouthTruth](#), and residents working with [Habitat for Humanity International](#) to revitalize their neighbourhoods.

We are also funding research to test various methods of collecting feedback from the individuals served by non-profits, including iPad technology, text messaging, phone surveys, Instagram, Facebook, focus groups and one-on-one conversations to see which methods produce the highest response rates for different populations. We aim to support efforts to collect systematic, ongoing feedback data, and generate comparable data, perhaps by industry and/or population served.

As we at Shared Insight consider how we will build on our year one investments and enhance our learning in year two, one of our emerging ideas is to fund research to develop a simple, low-cost approach to collecting feedback that smaller non-profits might test, perhaps in partnership with their funders. We are intrigued by the concept of developing some version of the Net Promoter Score (NPS) for non-profits. In recent years, NPS has taken off in customer-focused for-profit companies. NPS is focused on a single 'ultimate' question: 'How likely would you be to refer a friend to use our company/service/product?' and captures customer attitudes about a service experience or product. NPS has proved to reliably predict future company growth and performance. We look forward to building on the work our current grantees CEO, [FeedbackLabs](#), [GlobalGiving](#), [Keystone Accountability](#) and [LIFT](#) are already doing to test NPS both here in the US and internationally.

Over the next two years, we hope and expect to find variations of 'ultimate questions' beyond the NPS that serve as useful leading indicators of the longer-term outcomes we seek. We may discover that NPS questions vary depending on the population and issue area and confirm that benchmarking within issue areas is possible in the non-profit sector. Or we may learn there is no single question or set of questions that can serve as predictors for positive future outcomes within specific issue areas and that benchmarking is impractical and inadvisable. Regardless, we hope to foster increased dialogue about the value of hearing from the people we seek to help, and sharing what we learn along the way. @

¹ Fay Twersky, Phil Buchanan and Valerie Threlfall, 'Listening to those who matter

most, the beneficiaries', *Stanford Social Innovation Review*, Spring 2013.

INTERVIEW WITH KATHY REICH

From best practice to common practice

Early in 2014, seven foundations came together to create the Fund for Shared Insight. Nine months later, the fund has awarded its first grants – remarkable progress considering the pace at which philanthropic collaboration usually moves. Kathy Reich of the Packard Foundation, one of the seven participating foundations, tells Caroline Hartnell how and why it happened.



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What are you hoping to see come out of this?

We are hoping for three things. The first is to see established tools and practices for fostering true feedback loops in the non-profit world. Second, we'd like gathering and actually using feedback to become not just best practice, but common practice among foundations and non-profits. The third thing is to foster more learning and sharing among foundations and between foundations and those we seek to help, and a more open culture in philanthropy generally. It's an ambitious set of goals, and we think feedback loops are an excellent means to that end.

Feedback from ultimate beneficiaries hasn't tended to play a big part in foundations' thinking. Why will this be different?

What is different about this effort is that it is a fair amount of money over just three years on a very focused set of issues. The grantmaking money the participating funders initially paid into the fund is \$6 million. We're anticipating similar levels in 2015 and 2016. It's also not just a grantmaking effort: we have commissioned a separate evaluation, we have a communications effort, and all of this is transparent so there will be a lot of information going out. We have a cross-section of foundations at the table and we're hoping to attract other funders once the work takes root. The James Irvine Foundation and the Rockefeller Brothers Fund have already agreed to provide additional funding for specific projects.

You talk about changing both non-profits and foundations. Where is the emphasis?

For me, foundation practice and non-profit practice are not just equally important, they're inextricably connected. You cannot have a successful practice in the one area without having it take root in the other.

Will the initiative mean that the funders involved, including the Packard Foundation, walk the talk in terms of using feedback?

Well, at the Packard Foundation, we're trying. We just made a grant to Keystone Accountability to work with the Community Foundation for San Benito County to develop feedback loops with their grantees, donors, board members and volunteers, and the ultimate beneficiaries of their work. So that is an example of us trying to walk our talk. We'll be sharing what we learn from that grant with our staff.

We've always been committed to listening and learning – from our grantees, from other partners, from the people we serve – but as technology has made gathering and analysing feedback much easier, there's a lot more we could be doing and helping our grantees to do.

Foundation collaborations are notoriously difficult. How hard will it be to work with the other six funders?

The funny thing is, that has been the easiest part. We were initially brought together by the Hewlett Foundation but Hewlett were always clear that it was not their show. So as a group we did a lot of research into funder collaboratives; we set up a clear governance structure and decision-making process, and we all contributed to what that would look like. Every foundation gets an equal vote, regardless of the financial contribution. We really took time to think about process at the beginning and to get it right. It was as much a priority as developing the theory of change.

We were lucky, too, because by chance we had commissioned some research from Bridgespan on funder collaborations at the Packard Foundation – we are currently participating in more than 50! – and we were able to draw on that. Most importantly, we hired an extremely skilled consultant, Melinda Tuan, to coordinate us. When the work flows smoothly and the foundations feel they don't have to worry about the process, and can focus on the substance of it, it makes it much easier.

What is going to be hardest part?

Scale. The difficulty is always how you extend the results of a project, no matter how good, into a general practice. I think that's the true test. In three years, will we see greater use of feedback loops, both in foundations and non-profits? I know that it is difficult to influence foundations to change their practices, but all seven of us are very committed to the fund, and we all have relatively large walkabouts, so we will see what happens. @

Feedback loops Going for the ‘early majority’?

**Kai Hopkins and
Natalia Kirytopoulou**

There is a simple and clear notion that if you listen to your constituents, you will be able to identify which of their needs require attention and become better at attending to them. We say this is ‘simple and clear’ because for many years it has been a widely accepted premise, forming the basis of the customer satisfaction industry. Of course we have all had frustrating experiences answering inconvenient surveys, but now almost every company wants to know what you think and, more importantly, the good ones respond. This process of listening and responding to constituents resonates differently among organizations operating in the social change sector.



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For some time now the topic has been generating lots of excitement. Some of you may be imagining something along the lines of ‘*your call is very important to us, and one of our beneficiary service team will be with you shortly, please hold*’, but systematically listening to constituents is actually a little more sophisticated.

Of course, things are never straightforward, and setting up effective feedback loops is easier said than done. However, there are indications that more and more organizations are accepting the basic premise that feedback loops are fundamental to improving how we operate.

So where exactly are we down the long, and potentially winding, road of integrating feedback systematically into our work? Diffusion of Innovations theory would suggest we need a critical mass before wider adoption can kick in. This is a fancy way to describe something we all see around us. Take mobile phones, for example: *innovators* led the way, getting the early brick-sized phones before anyone else. They were soon followed by *early adopters*, who similarly saw the potential of mobile phones. By the time the *early majority* came on board, mobile phones had spread widely, their benefits generally understood and accepted. Of course there are *laggards*, the last to adopt the technology, instead carrying spare change to use one of the few phone boxes left unvandalized.

Here we will try to identify the innovators, the early adopters and also, we are afraid, the laggards

in listening to constituents. If mobile phones have come such a long way that you can now buy a mobile phone for a dog (yes, it is true!), where are we on feedback loops?

The innovators

There has been a proliferation of new ideas and approaches to feedback loops in the last five years or so. There have been deep-dive approaches that focus on qualitative dialogue like the [CDA Listening Project](#) and light-touch, real-time feedback systems that address the need for actionable metrics, such as [Constituent Voice](#). These wide-ranging tools have been tested in a number of different contexts, and are leading the way for others to build on and develop further. This wave of innovation includes organizations from a number of different sectors: NGOs and multilaterals, humanitarian assistance agencies, national social services agencies, and technical and telecommunication companies irrupting in the so-called ‘civic-tech’ space.

Innovators are willing to take risks and as a result need support from donors – and a few donors, such as those associated with the Fund for Shared Insight, are encouraging experimentation and field-testing ways to systematically collect and use constituent feedback. Innovators, and the donors that support them, must also be willing to fail. There are many examples of failure in the non-profit sector but far fewer examples of intelligent failure – whereby innovators learn quickly what does and doesn’t work. An effective feedback loop is one that provides useful feedback not only on programmes and services but also on the feedback mechanism itself. The members of [Feedback Labs](#) are such innovators, all trying, testing, and yes at times failing, and helping to pave the way for the early adopters.

The early adopters

Clinging to the coat tails of the innovators are a number of major international NGOs and other international and national agencies. Feedback loops are closely linked to the current push for ‘downwards accountability’ in the international development and humanitarian assistance sectors. In the last decade organizations have come under pressure, both internally and externally, to become more accountable, and feedback loops are often portrayed as a tool that can serve this purpose. Lots of organizations talk the talk, and are now beginning, with small baby steps, to walk the walk. Lucy Bernholz included ‘constituent feedback’ as one of her top ten buzzwords in her [2014 Blueprint](#). ▷

We are now seeing some interesting examples of adoption. The UK's Department of International Development is testing constituent feedback in a number of pilots and across the [Sierra Leone Ebola response](#). The US-based anti-poverty organization [LIFT](#) is managing its performance through systematically collecting feedback from those intended to benefit, using it to foster open dialogue with its primary constituents, leading to mutual understanding and agreed action for improvement.

But establishing effective feedback loops is not a straightforward matter. One sobering example that came to our attention, which is sadly not an exception, is of a major NGO setting up complaint and feedback boxes during the Haiti earthquake response. The boxes were never opened. This highlights the main barrier to effective feedback loops among the early adopters – a big focus on collecting the feedback and too little on actually closing the loop, using it for change and improvement.

The laggards

But getting organizations to use the data they collect is easier than trying to convince the laggards that feedback loops should be part of their day-to-day work. Do you know anyone without a mobile phone? Perhaps one or two. But when it comes to constituent feedback, there are still many who simply do not see the value of collecting it, let alone using it. And, though we may not like to acknowledge it, there are still isolated pockets where an unpleasant mix of fear, perceived risks, self-interest and arrogance lead people to write off the idea of systematically listening to those who are meant to benefit from our work.

Of course some might object to this, and point to the likes of a recent [Center for Effective Philanthropy \(CEP\) report](#) which claims 61 per cent of non-profits say they use feedback to a 'great' or 'extreme' extent. But who would admit to being a laggard? That is the issue with reports based on unverified self-reporting. Independent reviews, such as those done by [Charity Navigator](#), the world's largest charity rating agency, have found that the reality is not quite so rosy.¹

Nonetheless, in due course even these laggards will adopt and follow suit. If, that is, we encourage the



Nick van Praag of Keystone's Ground Truth project meets with locals of Pakistan's Sindh Province in 2013 to see if they're satisfied with efforts to help them recover from floods.

Returning to our mobile phone example, we are definitely past the stage of a few business executives and kids of Congressmen lugging round a phone the size of a brick, but we are not at the stage where everyone owns an iPhone 6. The reality is we are somewhere in the middle.

early adopters and support them in overcoming their frustrations. This requires that we develop the infrastructure and tools to make the process easier and provide the right incentives.

Incentives are coming. World Bank chief Jim Kim has committed to [100 per cent beneficiary feedback](#) in World Bank projects where beneficiaries are identifiable. [Charity Navigator](#) has added [Constituent Voice](#) to its rating system. Perhaps most surprisingly, the US Congress has become the first legislature to [require reporting on beneficiary feedback](#) as part of its quid pro quo for humanitarian aid authorization.

Funders need to play their part too. Rarely do funders ask non-profits, 'What do the people you are trying to help with our funds actually think about what you are doing?'. Participants in the CEP study report that funders rarely provide the resources to find the answer. Nor do funders seem to care whether or not grantees do make changes in response to feedback from the ultimate beneficiaries.

As funders start to ask these questions, along with other developments, we can set our sights firmly on the early majority.

Returning to our mobile phone example, we are definitely past the stage of a few business executives and kids of Congressmen lugging round a phone the size of a brick, but we are not at the stage where everyone owns an iPhone 6. The reality is we are somewhere in the middle. As with our mobile phones, one day we will look back and wonder how we ever survived without feedback loops. @

¹ For a recent snapshot of non-profit and foundation beneficiary feedback practices in the US, see <http://tinyurl.com/USFeedbackPractices>

How constituent feedback can help government

Michele Jolin

Social entrepreneurs are leading the way by using ‘constituent feedback’ to understand better what is working, for whom and in what circumstances. Consider, for example, the American non-profit organization LIFT, which has spent 15 years helping people lift themselves out of poverty. Recently, it has built on its success and improved outcomes by listening to its members. By constantly collecting feedback, LIFT learned that those with strong social networks were twice as likely to make progress on their financial goals. So they adapted their work and focused their operations on increasing their members’ social connections.



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Governments at all levels need to learn from examples like LIFT. Using this kind of feedback could improve impact and increase public confidence in the ability of government to deliver results. Moreover, this kind of constituent feedback would arguably begin to foster an even more important culture shift towards broad use of evidence and data to improve impact. It could help foster a critical ‘constituency for results’ – that is, beneficiaries of programmes who have a stronger stake in the impact of the programme, a well-formed view of how to improve its quality, and an expectation that government can and should deliver better results with public resources. Ultimately, this may have the most powerful impact on driving broad change in the way governments seek and use data and evidence.

We know that elected officials and other policymakers rarely make decisions based on programme effectiveness, data, and evidence informed by constituent experiences. Policy and funding decisions are more likely to be based on special interest pressures, gut instincts, political ideology, public opinion, the need for political compromise to advance legislation, and, most commonly, what was funded in the past.

There are a number of notable barriers to policymakers making a shift in the status quo and using data and evidence to make policy decisions.

A supply-side problem

First, there is a supply-side problem. For many important social challenges – worker training or disconnected youth, for instance – there simply is not

enough rigorous evidence to be able to credibly shape policymakers’ decisions. In some cases, there may not have been sufficient resources invested in figuring out what works and/or how programmes can be improved to work better. High-quality, rigorous evaluations can be expensive and few – particularly those with great need – have the resources to conduct them. In other instances, the lack of an evidence base may be due to programme providers who have resisted evaluations arguing that a solution to a particular problem is too hard to measure, or that evaluation is unnecessary because of their intuitive confidence that a solution is having an impact.

Technical or translation problems

Second, there are technical or translation problems for policymakers even when the evidence does exist. For example, there is no common language or common standards to help policymakers understand the rigour or appropriateness of evidence. They also lack a system for sharing this information in a manner that will help them to make better decisions. Critically, governments do not have the infrastructure, funding models or policy approaches to act on useful data and evidence of impact.

Lack of political will

Finally, and most importantly, policymakers face a problem of political will. Elected officials and policy makers face enormous pressures to maintain the status quo. Since budget-making in government starts with what has been funded in the past there is considerable inertia about making new decisions based on evidence of impact – and no real incentive to do so. And there are many influential special interests that are highly invested in the way government currently distributes funds.

In order to overcome these challenges and increase policymakers’ use of and demand for evidence and data, Results for America believes strongly that we must build the political will. To make the tough shift from decisions based on gut instinct to decisions made on evidence and data, elected officials and policymakers must hear from many influential sources, including beneficiaries of programmes. This constituent feedback can help improve the quality of services, but it also will help increase the beneficiaries’ investment in programmes that work. It can both elevate the voices of those who are beneficiaries of government programmes and pressure government leaders to seek better outcomes. [@](#)

INTERVIEW WITH JAY NAIDOO

The politics of measurement

As social justice campaigner, trade unionist, government minister – Jay Naidoo has seen most sides of the development process. What’s the main lesson he’s learned from all this experience? That the whole process is based on an outdated view of the world. The best of intentions notwithstanding, those who run development programmes are increasingly remote from the people they aim to serve. What’s needed, he tells Caroline Hartnell, is a new approach – to measuring the impact of development projects, and to devising them in the first place. Time to start listening to the voices of ordinary people, he urges.



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The time we live in, says Jay Naidoo, has undergone ‘a technological and knowledge revolution that has probably had a bigger impact on the way we organize our society, the very nature of work and communications, than the industrial revolution had in its own time. Yet we are trying to solve the problems of development using institutions and thinking that is, in many cases, fairly obsolete.’

The result, he thinks, is that development has become professionalized and ‘cut up into projects’ to such a degree that ‘the very people that we seek to serve have become bystanders. The voices of ordinary people at the grassroots level, facing many of the world’s challenges, are not being heard’.

And so he started to think about monitoring and evaluation and measurement, which have become so much part of the new lexicon of thinking about development. ‘And the question is, “who is asking the question?” and “who is benefiting from the answers?”’

Ignoring the voices of ordinary people

It sometimes comes about that people’s voices end up being ignored for understandable reasons. He gives the example of South Africa. At bottom, he explains, apartheid was a ‘cheap labour system’ based on racism which, in the process, stole people’s dignity. It produced a civil society driven by notions of human dignity and social justice. With the establishment of a democratic constitution in South Africa, the state to some extent usurped civil society’s role, believing that ‘the main instrument for delivering the better life that we promised our people in 1994 was the

developmental state. I think we all missed the plot there of rethinking civil society. In a sense, it was the passion and activism and energy of people that paralysed the apartheid state and forced it into negotiations with us. We should have harnessed that dynamism and energy, and made them partners in the way we delivered it’.

As the voices of ordinary people are marginalized, he argues ‘we have created a language, a system, particularly a measurement system, that has alienated the very people that should be part of making development work. No matter how good our cause, no matter how much money we pump into it, it still ends up in a situation which falls on its back and people feel incredibly frustrated’.

What do we need to do now?

‘I basically think we have to rethink everything.’ This sense of anger and frustration is particularly pronounced among the young, says Naidoo. Young people don’t trust ‘people of our generation’, believing that they are ‘very much part of the system’, or the institutions that we have created. The core demands of the Arab Spring revolts were ‘about social and economic inclusion, human dignity, social justice, corruption’. If you look at ‘student strikes in Chile or Quebec, or the anti-corruption movement in South Africa, there’s this tremendous upsurge of anger at the growing inequality in the world, and a growing sense of exclusion’. Often, people are not members of civil society organizations because those organizations themselves are seen as discredited. ‘Why is it,’ he asks, ‘that in South Africa in 2009, out of 31 million people that had a right to vote, only 25 million registered to vote and only 18 million voted?’ The vast majority did not vote ‘for the democracy that many people in my generation paid with their lives for’ because they ‘still experience the same marginalization and poverty and exclusion that they did under apartheid’.

What are we measuring?

The development industry, says Naidoo, has taken an increasingly compartmentalized approach to problems, dividing them up into projects and then measuring the impact of each project. What we need to do, he believes, is ‘to measure the system and not the individual indicators. People have incredible resilience – most of them raise families on less than a dollar a day – yet we do not think that they contribute to finding solutions to the problems that they experience’. The result is that measurement has been ‘dominated

by bean counters' who have had very little experience of the problems they are confronting.

For him, the central issues of measurement should be 'who is measuring who?' and 'what are we measuring?' and 'how does the measurement of what we're doing change how people are living their lives?'

'We've got to turn this on its head,' he says, 'and constituent voice is, I think, the most sustainable way of addressing poverty, creating livelihoods, addressing and building social cohesion.' And it's not just a question of getting feedback on what's been done; it's about using the views of constituents to frame development policies in the first place.

Shut your mouth and listen to the people

'One of the most important lessons I learned about development in the late 70s, when I went from being a student activist to being a trade unionist, was to shut my mouth and listen to the people. Together you start to co-create the vision, the strategy, the goals you set, and the tools you need.' If they ever knew it, development theorists have forgotten that lesson, he thinks. For them, people are the victims rather than the source of the solutions we need to solve the problems of development.

For Jay Naidoo, the most important part of the debate about development is about 'constituent voice,

'One of the most important lessons I learned about development in the late 70s, when I went from being a student activist to being a trade unionist, was to shut my mouth and listen to the people.'

enabling communities to determine what their problems are, what the solutions are, what resources they need, how they would use the resources, how they measure. And it's not the part that scientists and theoreticians write books about'.

The technology now exists to build what he calls a 'constituent loop' into many projects. 'When I was Minister of Communications in 1996 in South Africa, we had fewer phones in Sub-Saharan Africa than the island of Manhattan. Today, there are more than a billion phones; we have a generation more connected than ever before. Constituent feedback is not a very expensive thing to do so why isn't it a standard part of development?'

Where do you begin?

A good place to start might be the corporate sector. He gives the example of a mining company in South Africa. As part of their licence agreement, the company will have a social plan, a community plan. What a difference it would make 'if their starting point was: let us sit down with a community and understand, first of all, what the priorities of that community are, what they see as their problems, what they see as their solutions? And if they had a consistent feedback mechanism'.

It's about legitimacy and ownership, he says. 'Legitimacy and ownership are critical to the success of everything. At the end of the day, if people do not feel that they own the process, they will not own the outcome. If we continue focusing on outputs that meet our needs because we've got to answer to a funder or a donor, we miss the point that the real thing we should be measuring is outcomes – what people themselves believe *they* have achieved, not *us* as the catalysts, or the agents of delivery.

'So you could build this feedback loop, based on constituent voice, into many projects. This should not be a pilot thing, this should be a standard, the starting point for any entity – company, government, bilateral agency, NGO, foundation. We need to make it part of our daily practice.'

This would be one step towards turning what he calls the politics of measurement on its head, with 'the people on the top and the experts at the bottom, with the people telling them what to do!' @

Unidentified demonstrators on 22 September 1981, protesting against the national rugby team the Springboks, because of South Africa's policy of apartheid.



TIMES UNION ARCHIVE PHOTO / SKIP DICKSTEIN

Time for a new foundation for philanthropy

Buzz Schmidt

Philanthropic institutions and accountability – two big notions whose paths seldom cross. Whose presence in the same sentence evokes sidewise looks from lawyers and financial advisers, snickers from savvy leaders of operating charities, and anxiety from foundation CEOs who thought they had achieved their dream jobs – ones without an external reporting requirement. I believe the combination will remain a near impossibility so long as philanthropic institutions operate within the current structure of philanthropic law and ‘best practice’, especially the presumption of perpetuity. This article offers interim remedies and suggests some longer-term prescriptions for fundamental change.



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By philanthropic institutions (PIs) I mean the tens of thousands of private foundations, donor advised funds (DAFs), charitable trusts, endowed supporting organizations and large endowments of operating charities.¹ PIs of these types are found and/or their formation contemplated throughout the world. PIs are tax-privileged grantmaking institutions; they are controlled effectively by the original donors or their nominees; their policies presume an indefinite or perpetual life; they require no external source of funding or approval; they pay costly fees to investment, legal and accounting professionals; and they have no obligation to report to anyone about their operating strategies, achievements and failures or to justify their indefinite warehousing of ‘society’s capital’ in the face of acute immediate need. In virtually all cases, their leaders are rewarded in accordance with the growth of the PI’s financial assets, not with effective pursuit of its charitable purpose.

Our failure to recognize the essential identity of these different types of organization hinders attempts to promote consistent policies. Singling out one distracts attention from the obscure and unaccountable practices of others. True PI accountability will exist only if these institutions face sustained fiduciary scrutiny from external parties with real powers to reward or honour exemplars, challenge laggards and penalize transgressors. This just isn’t the case today, in the US or elsewhere. No external fiduciary forces – no constituents, investors, customers or regulators – care about

the performance of PIs, how effectively their capital is deployed, how they interact with grantees, or the ‘wasting’ value of their warehoused capital.

Why greater accountability matters

On the other hand, an army of tax lawyers, accountants, financial advisers, investment managers and PI executives, all benefiting from perpetuation of the status quo, *do* care. They have filled the accountability vacuum with a canon of best practice that flows from one maxim: pursue a programme of professional investment management that assures each endowment’s inflation-adjusted current value perpetually. They have positioned themselves and their firms to ‘earn’ significant fees perpetually. In this and other respects, we are left without accountable or effective PIs and, as a direct consequence, with a far less than optimal social sector. Where there is no adequate external scrutiny for PIs, the social sector’s ‘institutional investor’, charities themselves are left without adequate external scrutiny.

A long-term solution will require wholesale changes in the rules, policies and government oversight of PIs. Securing such changes will not be easy. In the US, the army of professionals has already stymied simple measures to establish greater accountability, such as modestly increased annual foundation payout thresholds (currently 5 per cent of the market value of the foundation’s endowment in the US) or elimination of foundation operating expenses in the calculation of payout. Major structural changes must await a higher level of public, expert, trustee and practitioner appreciation of these issues.

What can we do in the short term?

In the meantime, I propose a list of ambitious but nonetheless doable incremental adjustments that could make a real difference to PI accountability.

Fund government oversight Active, confident regulators are essential in any interim as well as ultimate strategy for accountability. This could be funded from a tax on foundations themselves. In the US, for example, the IRS has been collecting excise taxes from foundations since 1968 for this purpose. It is time the IRS put those funds to use.

Promote an alternative canon of PI best fiscal practice for tax lawyers, accountants and financial advisers The various experts who advise anyone forming a PI invariably resort to standard forms that tend to promote (even stipulate) perpetual life, minimum charitable disbursements, tax efficiency to the extent

allowable, 'client' privacy, and long-term professional relationships to ensure ongoing compliance with the law and best practice. In other words, they give advice that satisfies the tax law in whatever jurisdiction they operate and the long-term financial interests of the advisers and their firms, but which runs counter to the public interest. We need an alternative canon that promotes operating effectiveness, efficient administration, maximization of the societal value of each PI's capital over time, and faithful accountability regardless of the PI's expected life.

Convince the chroniclers of philanthropy to stop conflating gifts to PIs and gifts to charity in their annual lists of the most generous donors Gifts to PIs that continue under the control of donors and their families indefinitely are not the same as gifts to operating charities. Only gifts to operating charitable entities should be considered as gifts to charity.

Require annual reporting for each donor advised fund (DAF) DAFs allow the merely well-off to engage in institutional philanthropy akin to that of the truly wealthy. This is not a bad thing, and while still a largely American phenomenon, DAFs' popular appeal makes it likely they will emerge increasingly in Europe and elsewhere. In order to make them as 'accountable' as private foundations, we should require public reporting by each DAF.

One of the efficiencies of the DAF form is that hundreds, even thousands, of them can be managed simultaneously within a community foundation or specialized 'charity' established for that purpose. Currently, these management entities are required to report on DAFs only in the aggregate. As a consequence, the policies of the individual DAFs are impenetrable, despite variations in the size of DAF corpuses from less than \$10,000 to more than \$1 billion and in their percentage annual payouts from 0 to 100 per cent. Individual reporting will make the practices of this rapidly growing form of PI better known and reveal implications for policy.

It would also be tempting to establish a minimum percentage annual grants payout for each DAF at the same level as that for private foundations. However, I fear doing so would reinforce a perverse potential downside whereby a minimum payout could become the 'target' payout, or an effective maximum, as it has for private foundations, all the while giving reformers

the false sense of satisfaction that their accountability job was done. A long-term strategy that would establish limited lives for new PIs is proposed below. This would eliminate reliance on perversely unproductive annual payout requirements for those PIs.

Educate donors and trustees Given the difficulties of establishing new mandatory rules for reporting and performance, strategies to improve the quality of oversight by donors and trustees will necessarily form a critical piece of the interim puzzle. New off-site services to train trustees away from the eye of foundation professionals and traditional 'best practitioners' could prove invaluable.

Require and evaluate annual trustee reports One relatively simple but potentially significant strategy would be to require each PI to submit an annual trustee report, akin to that required by the Charity Commission of England and Wales. These would report the PI's accomplishments, operating efficiencies, risks, and progress towards meeting long-term objectives and be endorsed formally by each trustee. An independent private body might assess trustee reports for quality and completeness, perhaps honouring the best and 'calling out' those that are deficient.

And in the long term?

Alongside these interim strategies, we must begin the larger conversation about the structures, practices and reporting needed from institutional philanthropy in 21st century society. To begin with, we should remove 'pursuit of perpetuity' as the driving maxim, substituting: *pursue policies, grantmaking and investments that maximize the value of each PI's capital for society.*

So armed, we might expect a wholesale revision of the structure of philanthropy to:

- ▶ Recognize the identity of function of different types of PI with a single set of operating and reporting rules
- ▶ Require a stipulation of PI operating lifespan and statement of grantmaking objectives to accompany any initial application for tax exemption.
- ▶ Establish the tax deductibility of any new gift to a PI (with the exception of public charity endowments) as a function of stipulated operating lifespan. Thus a PI that promised to spend out in ten years would attract a higher level of tax deductibility than a PI set up for a longer period, or in perpetuity. This would avoid the problematic payout question entirely for new PIs – their rate of spending would be determined by their stipulated

To begin with, we should remove 'pursuit of perpetuity' as the driving maxim, substituting: pursue policies, grantmaking and investments that maximize the value of each PI's capital for society.

life – and focus donor and public attention instead on the essential (time-adjusted) societal value of the donation.

- ▶ Establish new maximum size thresholds for public charity endowments, related to operating budget and possibly subject area. New gifts to endowments that exceed such thresholds would therefore not be deductible.
- ▶ Add to annual trustee reports a statement of progress in deploying funds against the PI's stipulated operating lifespan. This would help to ensure that funds are deployed quickly enough to achieve spend-out within the stipulated time.

The public has the right and obligation to require that PIs report regularly about their policies, strategies, grantmaking performance and investments. After all, we grant tax privileges to these institutions. They are the social sector's institutional investors and must perform well for the health of society. Existing structures

and practices have combined to curtail PI accountability. Sadly, the donors and trustees of PIs themselves are unconscious abettors of this casual attitude, deferring to best practice promoted by the experts who create perpetual, unaccountable institutions, and seldom contemplating how and over what period of time they might most effectively deploy their capital.

There is no time to waste in pursuing a programme for change. With increasing numbers of great fortunes finding their way across generations, a large population of new donors is making decisions that could result in thousands more permanent and unaccountable PIs. If we wait, we will miss an immense opportunity to create the sort of institutional philanthropy that suits our needs both now and in future. @

1 Public charity endowments differ from other PIs only in making gifts exclusively to a pre-named charity. Supporting organizations range from entities that operate as

independent charities to grantmaking entities that use the broad charitable purposes of host community foundations to function as de facto private foundations.

Comment

Rob Reich



Rob Reich is professor of political science, faculty co-director, Stanford Center on Philanthropy and Civil Society. Email reich@stanford.edu

Lacking electoral and marketplace accountability, and lacking transparency about their operation, philanthropic institutions (PIs) are free to follow donors' preferences, potentially in perpetuity, largely shielded from public scrutiny. Buzz Schmidt offers a passionate call to create new forms of accountability for the thousands of PIs that possess, collectively, more than \$1 trillion in assets and play a consequential role in the lives of nearly all citizens in the US and Europe.

He is absolutely right that PIs lack any meaningful form of accountability, and I'm especially agreed that perpetual existence for PIs is bad policy. So count me overall as a champion for his proposals. I think his proposed accountability measures would be improved, however, with a more accurate understanding of just how PIs are unaccountable and of what kinds of virtues might flow from relative unaccountability.

I'm in favour of every short-term recommendation Schmidt makes. But these are relatively weak measures. Even if they were adopted wholesale, PIs would still be far less accountable than public agencies or commercial firms.

Schmidt's long-term recommendations are the most interesting and contentious. Schmidt aims to develop accountability measures that will maximize the value of each PI's capital for society. I'm dubious about the language of maximization. I believe there are multiple potential values at stake in the deployment of philanthropic assets, so at best we should talk

about optimization. That aside, I don't agree that shorter rather than longer PI lifespans are better, nor that a cap on size is necessarily a good thing. What makes PIs valuable to society is what I have called elsewhere their potential to serve as a 'discovery mechanism' for social policy innovations.¹ PIs have a structural advantage, as a result of their relative lack of accountability, over market and state institutions in undertaking such work: a longer time horizon. Foundations can 'go long', invest in uncertain experiments, and present the most successful of them to democratic publics for approval and take-up into the state sector. If PIs are to do such work, we need to limit the gargantuan number of small rather than large PIs, and to give these PIs a time horizon for funding that is long, though not perpetual.

Schmidt has initiated an important conversation about PI reform, and I stand behind his call for greater accountability. When we focus not on maximizing the value of PIs to society but on how they can best contribute to *democratic flourishing*, we gain a better understanding, I believe, of what kind of accountability mechanisms are most important. As is true with lifetime tenure for judges and professors, relative unaccountability is not always a bad thing. In advancing new accountability measures for PIs, we must be sensitive to the benefits that can potentially flow from low accountability. What we need most is to improve the performance of PIs in their distinctive contribution to democratic life.

1 Rob Reich (2013) 'What are Foundations For?' *Boston Review*.

Growing pains Foundation accountability in emerging economies

Andrew Milner and Caroline Hartnell

Where economies are ‘emerging’, the foundation sector often is, too. In many emerging economies, foundations are making increasingly substantial contributions to society, especially in areas that are less popular with government and individual donors such as institution building, NGO capacity building, human rights and governance, and work with underserved communities. As their contributions increase, so the question of accountability arises – as indeed it does in countries with more developed foundation sectors. So what does accountability look like in these countries? *Alliance* asked people in Brazil, Colombia, China, India, Russia, South Africa and United Arab Emirates, all very different ‘foundation worlds’, how far they had come in this respect and how far they still had to go.

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Caroline Hartnell is editor of *Alliance*.

Alliance would like to thank the following for contributing to this article:

It seems that even where accountability is a topic for discussion, it’s far from being a prominent one. Foundation accountability is ‘almost non-existent’ in India, says Ingrid Srinath of Hivos India. Carolina Suarez of the Association of Family and Corporate Foundations (AFE) in Colombia says transparency is ‘not yet a priority’ for most foundations in Latin America. In fact, she says, absence of transparency is a common charge made against the region’s foundations, with ‘some entities called “foundations” using their name as a cloak to shield mismanagement of

public funds or to avoid paying taxes’. There isn’t even an adequate translation of the term ‘accountability’ into Portuguese, says Andre Degenszajn of GIFE, Brazil’s association of foundations.

‘Accountability is not the strongest feature of Russian foundations,’ admits Maria Chertok of CAF Russia, and no one appears to be pushing Russian foundations in the direction of greater accountability. Their boards mostly consist of family members or representatives of the donor corporation, rather than of groups of concerned stakeholders, says Chertok, and the degree of accountability demanded by such boards is limited at best. Foundations have little prominence in Russian society so they can get away with ‘a low profile and low level of transparency’.

What is accountability anyway?

The need for a clear notion of what constitutes accountability is raised by several respondents. In China, says Wangsheng Li of ZeShan Foundation, there is demand for accountability. Public demand for disclosure and accountability ‘helped break down the rather opaque nature of state-monopolized philanthropy and paved the way for private philanthropy to carve out a unique role in an emerging civil society’. In fact it was private philanthropy that led the way in terms of greater accountability. However, for most, accountability simply means disclosure. So beyond the collection of data ‘there is very little analysis or substance . . . whether through self-reporting or indirect sources’ – a tendency which is exacerbated by ‘overemphasis on data’.

As he points out, disclosure is only partial transparency since ‘charities report only what the government requires for annual audit; the non-governmental China Foundation Centre mostly relies on self-disclosure supplemented with information gleaned from the public domain, such as media reports and press releases’. ▷



Maria Chertok
CAF Russia



Andre Degenszajn
GIFE, Brazil



Neville Gabriel The
Other Foundation,
South Africa



Wangsheng Li
ZeShan Foundation,
China



Ingrid Srinath
Hivos India



Carolina Suarez
Association of Family
and Corporate
Foundation (AFE),
Colombia



Clare Woodcraft
Emirates Foundation,
UAE

Andre Degenszajn cites another reason for confusion – a more straightforward linguistic one. ‘We often use the term accountability in English and, when translated, its meaning tends to be reduced to being transparent about one’s accounts. Feedback is also a word difficult to translate, demanding additional explanation if we want to capture its deeper meaning. The Portuguese translation would be closer to “comment on” or “respond to”, implying a more unidirectional communication, rather than getting involved in a loop of meaningful and transformative exchanges.’

For Neville Gabriel of The Other Foundation, which works throughout southern Africa, ‘it’s about participation rather than just feedback. Feedback is often used to justify something that’s been done already or to generate learning for some indeterminate future work which may not happen. People want to be engaged throughout the process and especially from the beginning – not just asked for feedback at some later stage.’

The value of feedback, in his view, is that it ‘builds greater public trust and ownership of a shared agenda, promotes good stewardship of resources, and enables funders to take more responsibility for decisions and actions. But the value of meaningful participation goes far beyond that. In the longer term it builds a much higher quality of conceptual clarity and strategic rigour in the work that is done. It keeps development efforts more relevant, efficient and effective, generating much better value for money’.

But Gabriel does also acknowledge that feedback can go beyond the rather limited ‘after the event’ process described above if ‘there is openness to relevant feedback at multiple levels of decision-making by people and organizations that matter particularly in your field of influence, and if feedback inputs are not simply taken at face value but taken to depth in engagement with communities of interest so that there are multiple loops of learning in a process’.

‘It’s about participation rather than just feedback. People want to be engaged throughout the process not just asked for feedback at some later stage.’
Neville Gabriel

‘In Brazil accountability, in many cases, lacks a public dimension and is mostly towards those above – funders, sponsors, boards.’
Andre Degenszajn

‘It has been impossible thus far to organize grantees on any significant scale to evolve coherent voice, input or pushback targeted at donors.’
Ingrid Srinath

Accountability to whom?

In India, Ingrid Srinath is not ‘aware of any formal or structured accountability or feedback mechanisms, beyond statutory reporting to tax authorities, Charity Commissioners and, in the case of organizations receiving funds from foreign sources, to the Home Ministry’. The result is that, for those organizations or movements that are obliged to depend on foundations for their resources, ‘power relationships are pretty skewed in favour of the donor’. She points out that ‘the major grassroots movements in India by and large avoid external funding from NGOs and foundations, seeing such funding as eroding their authenticity, real and perceived.’

Another possible source of accountability – publicity and scrutiny by the media – is also ‘negligible to absent’ in India, and there are ‘very few forums for donors to engage each other or grantees that are not essentially congratulatory awards functions’.

But it is needed even if it’s not being explicitly demanded. The question of accountability, Srinath believes, is becoming more urgent at a time when philanthropy is being called upon to discharge public functions: ‘we have seen funding for major national programmes – HIV/AIDS, polio vaccination, the midday meal programme, etc – being provided by foundations with absolutely no voice even for the public authorities mandated to deliver these programmes let alone the citizens who are their passive recipients’.

In Brazil, says Andre Degenszajn, ‘accountability, in many cases, lacks a public dimension and is mostly towards those above – funders, sponsors, boards’.

The degree of accountability depends on what kind of foundation you are talking about, argues Neville Gabriel. ‘New emerging community foundations are, by identity and geographic design, much more accessible and directly engaged with local groups on an ongoing basis, which makes accountability a lived reality.’

Cultural barriers to greater accountability

Ingrid Srinath sees the major obstacles to change in India as ‘cultural and attitudinal’. Seeing the poor, women, minorities, children, people with disabilities, lower castes and tribal communities as ‘hapless objects of individual or collective largesse with neither the capacity nor the right to participate in making decisions is a paradigm that pervades government, business, philanthropy, media, even most social enterprise’. In addition, in a country ‘where corruption

is endemic', public scrutiny is more likely to be turned on the recipient than the donor.

A further reason is the size and diversity of India, which means that 'the scale of the problems addressable by philanthropy are gargantuan. It has been impossible thus far to organize grantees on any significant scale to evolve coherent voice, input or pushback targeted at donors. There is a consequent lack of what I'd call the basic "architecture" or "infrastructure" of philanthropy and of civil society more generally – research, legal, other forms of consultancy, knowledge building and dissemination services, platforms, associations, convening, publications (like *Alliance*)'.

Absence of a culture of accountability seems particularly pronounced in countries previously dominated by an impenetrable bureaucracy. Wangsheng Li thinks this absence of institutional accountability 'makes Chinese charities very reluctant to act on disclosure and they shun meaningful discussion of accountability'. Like Ingrid Srinath, he notes deficiencies in infrastructure, especially where intelligence on the sector is concerned, a 'lack of intellectual capacity and knowledge base' producing a 'fragmented field of studying and analysing charity data'.

Similarly, the greatest obstacle to foundation accountability in Russia, thinks Maria Chertok, is that there is no demand for it. 'There is no public scrutiny of foundations, and grantees are usually happy to accept the structure of power relations that is offered to them alongside the money.' There is also no push from the donors' side, she explains: 'accountability requires a mindset that would accept sharing of control and power, and Russian donors are simply not ready to do that – they want to be in control, as they believe that will produce better results'.

Andre Degenszajn also sees overconfidence on the part of foundations as one of the possible blocks to greater accountability: 'The power imbalance and, maybe, excessive confidence in their own strategies and approaches are obstacles to shifting these practices.'

'This absence of institutional accountability makes Chinese charities very reluctant to act on disclosure and they shun meaningful discussion of accountability.'
Wangsheng Li

'Accountability requires a mindset that would accept sharing of control and power, and Russian donors are simply not ready to do that.'
Maria Chertok

'Transparency and accountability should be to all, to the government that gives legal and tax benefits, to international cooperation agencies, grantees, beneficiaries.'
Carolina Suarez

Four 'myths' about accountability

Carolina Suarez doesn't believe there are any 'reasonable' obstacles to foundation accountability. However, she cites four 'myths' that deter foundations from practising accountability. One is security: a foundation feels more vulnerable when it is more open about its activities. Another is that publishing how much a company puts into social investments will open it to judgement and criticism that it is not spending enough. A related objection is unwillingness to disclose how much a foundation receives from a third party, a domestic or overseas government for instance. The final 'myth' – though she thinks this is less common – is that accountability 'takes too much time and distracts the foundation from its core goal to serve communities'.

None of these should be significant objections, in her view. There is no evidence to show that open foundations are more vulnerable. Nor should the chief consideration be how much a foundation spends relative to the resources of the parent company, but how effectively it is using what it does spend (as we'll see, this chimes with what Clare Woodcraft says below).

'Transparency and accountability should be to all,' argues Suarez, 'to the government that gives legal and tax benefits, to international cooperation agencies, grantees, beneficiaries, and in general anyone interested in knowing about any foundation.' AFE is one of the prime movers in promoting transparency and accountability among foundations. They are at the pilot stage with an online assessment tool comprising 70 questions under eight general themes related to openness and accountability. The intention is that any Colombian foundation will be able to have access to the platform and she hopes that it will be ready by the middle of this year.

Is feedback always a good thing?

Neville Gabriel believes that, under certain circumstances, feedback can do more harm than good. Too much feedback, 'weighted equally', he argues, can mean that foundations tend towards a kind of mean where they all 'look much the same'. That's unhelpful, in his view: 'Positive change emerges through a structured contestation of ideas and agency that requires diverse interests and perspectives to meet each other – not through dulling (or refining, depending how you look at it) identities into one standard model.' He sees fear of 'loss of focus and unique identity, as well as losing efficiency and autonomy in decision-making' as a major barrier to accountability on the foundation side. ▶

On the grantee side, Gabriel thinks the greatest obstacle is probably time, 'since most grantees are asked to give informed feedback by multiple donors with very different processes'. There is also a sense that while their participation is valued, what they actually have to say is not. 'The form,' he feels, 'is probably more highly valued than the substance.'

He provides an example where beneficiary groups were unwilling to offer feedback: 'A local community trust linked to community ownership of a solar power plant in a small rural town in South Africa's Northern Cape Province recently attracted only about five people to a town hall meeting to get feedback on its work, even though it channels tens of thousands of dollars annually into the small community.'

Accountability to themselves

Clare Woodcraft of the Emirates Foundation takes a different tack to most of our respondents. She believes the primary emphasis of foundation accountability should be on accountability to themselves. Too often, she argues, foundations concentrate on 'measuring input – how much money did we spend? how many grants did we issue? – rather than looking at how much social value we created and whether it is sustainable, measurable and scalable'. The chief reason is convenience: it's hard to create and to measure social value, much easier to 'simply issue grants to third parties and measure total spend'.

She believes that foundations should be taking a closer look at what they achieve and 'at their cost effectiveness and competitiveness'. For instance, she says, 'if governments can do what a foundation does at scale (ie reach more people) and more quickly, then foundations need to challenge their own role.' Foundations, she argues, not just in her region but globally, should be asking themselves 'about the real value they are creating and at what cost', and it is boards that should be pushing them to do this, rather (though she does not say this explicitly) than external oversight bodies.

The Emirates Foundation is beginning to put this into practice, having recently changed from a grantmaking to an operating foundation that 'creates social enterprises and runs them like small businesses'. She thinks that the new approach, 'essentially having deployed the model of venture philanthropy, is really helping us to understand what works and what

doesn't, assess our cost-effectiveness and focus on creating measurable impact at scale'.

Are things changing?

The short answer is 'yes' (though not everywhere), but often at a snail's pace. The Emirates Foundation's work is to some extent emblematic of such change, as is that of AFE in Colombia. Andre Degenszajn notes 'a growing discourse on the importance of transparency and on developing more horizontal relations with partners and beneficiaries'. However, he adds that 'the extent to which the discourse translates into practice is a different matter. It tends to emphasize formal measures rather than engaging in a more meaningful dialogue. Feedback is more valued when it reinforces the foundation's assumptions than when it challenges them.'

Maria Chertok reports with qualified optimism from Russia. She concedes that many Russian foundations do publish regular and comprehensive reports and some of them ask their stakeholders for feedback and sometimes even involve them in strategy reviews. But, she concludes, 'there is still a long way till this good practice is spread wide enough in the sector.'

For Ingrid Srinath, one bright spot in the gloomy landscape of accountability is the new CSR legislation in India which, she thinks, could at least oblige corporate donors to 'be more transparent about their activities'.

Whether it's because they lack the technical means to do so, or they come from a background where institutions have traditionally been inscrutable, or they are worried about the demands that might be made on them or, quite simply, no one has asked them, foundations in emerging economies haven't generally made the progress towards accountability that our commentators would like to see. That probably won't surprise many readers, since the natural tendency of many foundations in more mature economies has often been towards secretiveness rather than openness. It would be nice to think, though, that this article might help to stimulate a debate on foundation accountability in emerging economies. @

'If governments can do what a foundation does at scale (ie reach more people) and more quickly, then foundations need to challenge their own role.'
Clare Woodcraft

TORONTO FOUNDATION

Giving wisely starts with community knowledge

Toronto Foundation, one of Canada's largest community foundations, has developed a model for strategic philanthropy. This involves directing support from donors and cross-sector partners to areas of concern on the basis of an annual report card called Toronto's Vital Signs® Report, first published in 2001.

The report identifies quality of life issues for Toronto's residents. Organized around ten broad issue areas, it is compiled from a range of statistics and studies from sources such as government agencies, non-profits and academic institutions. Many of the studies reflect the lived experiences of Torontonians. The report often includes the results of interviews and polling and other ways of relaying the subjective views of residents on their quality of life, in addition to research based on a wide array of more objective data sources, such as the City of Toronto and Statistics Canada. A cast of hundreds also work with the foundation to produce the report, including researchers and an advisory group. The information is an important story about Toronto, shared with Toronto.

The report and its 300+ indicators guide donors and stakeholders who want to direct their resources to areas of greatest need, and inform the foundation's collaborative work with cross-sector partners. They also inspire civic engagement and provide focus for public debate. But what really sets the

foundation's approach apart is its use of the report for its Community Knowledge Centre (CKC) and Vital Toronto Fund. These are just two examples of how the foundation has turned data into action.

Toronto Foundation developed the CKC, with the support of IBM, as the place for Torontonians to see and participate in transformational change in their city. With one mouse click, users can have access to the profile of more than 260 community organizations that are providing solutions to one or more issues highlighted in Toronto's Vital Signs® Report. Fundholders at the foundation and the general public can access this resource to learn about innovative giving opportunities. Each CKC profile features vignettes from individuals whose lives have been positively affected by the community organization.

The Vital Toronto Fund is where the foundation's mission of connecting philanthropy to community needs and opportunities comes to life. This powerful tool for strategic philanthropy is an endowment built by a community of fundholders, donors and corporate stakeholders. The fund supports three grant streams at the foundation and enables it to invest in the very best ideas, people and programmes.

'In effect, we are leveraging all of our financial capital, knowledge capital and social capital towards building a better city,' says Rahul K Bhardwaj, Toronto Foundation's president and CEO. All of these elements combined are essential to our model of strategic philanthropy. We call it the "Art of Wise Giving".'

The Vital Signs Report has now taken root around the world. It has become a national programme of Community Foundations of Canada. In 2014, it was modelled by 27 other community foundations across Canada, 11 in Great Britain and six in other countries, including Brazil. @

For more information www.torontofoundation.ca



DONALD GISLASON (SISTEMA PHOTO)

High Park Nature Centre and Sistema Toronto have both received grants from the Toronto Foundation and both have profiles on the CKC.

Grantee feedback comes to Germany

Volker Then and Martin Hölz

The many and varied roles foundations are called upon to play in societies today call for a high level of professionalization. Comparing internal assumptions with external perceptions can be a productive way for foundations to learn, and so become increasingly professional. This requires feedback both from grant applicants and from those with whom a foundation has actually entered into a working relationship.



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How do foundations handle and decide on applications? How do partners perceive their relations with a foundation? What characterizes the relationship beyond the obvious elements of a grant or a cooperation agreement? The answers to these questions can shed light on a foundation's work and effectiveness, yet up to now European foundations have lacked external feedback on them. 'Learning from Partners' has been designed by the Centre for Social Investment at Heidelberg University as a systematic approach to remedying this. The Center for Effective Philanthropy had previously initiated their Grantee Perception Report to screen the feedback of US grantees. This approach is not an effort at impact measurement: it is rather a variation of a customer satisfaction report, appropriately tailored to the mixed approach of European philanthropy with its strong tradition of operating foundations.

Four main elements are evaluated in the Learning from Partners questionnaire:

- ▶ Applicants' and partners' satisfaction with all stages of contact with the foundation
- ▶ Administrative processes, including application procedures, notice of granting, final report and settlement instructions
- ▶ Capacity-building effects
- ▶ Perception and positioning of the foundations within their respective field of funding and operation

Despite their general willingness to cooperate, the Learning from Partners pilot study raised some concerns among the participating foundations. What would come out of such a large-scale comprehensive approach to generating feedback, from declined applicants as well as grantees? Would respondents take

substantial differences in approaches and roles of foundations into account?

These anxieties were laid to rest by the results of the study. The key characteristics of each of the six very different participating foundations were well reflected by respondents in their reactions. Foundations with a more operating approach received different responses on capacity-building effects from those focused purely on grantmaking and/or research. In general, partners did not expect foundations to perform tasks that were not within the realm of their respective strategies. The responding partners were well aware of the foundation's structure and operations. They saw and appreciated foundations as prestigious and reliable organizations.

Though criticism was less harsh or prevalent than expected, there was of course some critical feedback. Foundations have been generally responsive to these criticisms, which were documented in individual reports. In many cases, they have used the information for improvement and learning. Stiftung Mercator, for example, has implemented a two-stage application procedure. The Volkswagen Foundation has improved internal processes related to staff changes and the introduction of new programme managers. The Fritz Thyssen Foundation has revised its web presence and started listing contact people for each funding area.

The Learning from Partners project results go beyond the individual foundations. They draw a picture of the German foundation sector in general. Foundations are seen as competent and reliable institutions, with a specific role in complementing the state and, above all, as innovative organizations. On this last point, however, the survey suggests that they are less innovative or flexible than they like to describe themselves.

The follow-up project 'Learning from Partners II', which began in September 2014, has seen increased interest from foundations. The number participating has almost doubled, with five out of six of the original cohort again participating. This suggests a growing interest among German foundations both in serious feedback and perception reporting from their partners, and in longitudinal comparisons. At the same time the project has started to attract interest from abroad. Colleagues at the Copenhagen Business School are preparing a Danish version in cooperation with CSI. In our view, such surveys can only increase the potential of foundations to become more effective in structuring partnerships with grantees and other partners. @

Highlights from . . . Recent conferences

Regina Ponce, One World Champion for Creole Hispanics in Philanthropy
San Francisco, USA, 27 February

‘The unwavering commitment to philanthropy by diaspora leaders, such as those presenting at the HIP, has recently caught the attention of funders. It’s argued that they need to be more empowered and supported in their social initiatives. . . . They are our modern version of ancient heroines, who have met epic challenges, transcended them, gained wisdom and now answer the call to elevate their communities.’

Skoll World Forum:
Monica Yunus of
Sing for Hope.



Amira Shah, Dasra
Dasra Philanthropy Week 2015
Mumbai, India, 19–21 March

‘Governance is a complex interplay of government, private sector and the citizens of a nation. Do not assume the lack of governance to be someone else’s responsibility, because in that you are a contributor to the weakening operational architecture of governance. The efforts required to take governance from good to great will require unwavering commitment, inspired competence and generous resources.’

Kate Frykberg, Philanthropy NZ
Philanthropy Summit 2015
Auckland, NZ, 15–16 April

‘The Summit challenged us with nothing less than rethinking our philanthropic paradigm and embracing other cultural approaches to giving. And, in case that seems a little too ambitious for this week’s to-do list, we were also invited to consider impact investing and to take a hard look at our grantmaking processes.’

Caroline Hartnell, Editor, Alliance
Skoll World Forum
Oxford, UK, 15–17 April

‘This year’s Skoll Forum is focused on belief,’ said opera singers Monica Yunus and Camille Zamora of Sing for Hope. ‘And if

you believe in someone, you give them voice.’ This is just what the Skoll World Forum does for social entrepreneurs: it gives them voice.

‘The theme of this year’s Forum was simply “Belief”. Belief, passion and mindset change were centre stage. For many at the Skoll World Forum, social entrepreneurship is almost a religion. Given the scale of the problems the world is facing, one can only hope that their belief is justified.’

John Harvey, independent global philanthropy professional
Global Philanthropy Forum
Washington DC, USA, 22–24 April

‘Mr Cleary offered no solutions – that was perhaps not his role. The many questions he raised were in part explored in the following plenary, which focused on multi-sector collaboration to support communities in times of crisis. A diverse panel led by Zia Khan of the Rockefeller Foundation looked in particular at the challenge of resilience in an increasing complex and complicated world. . . . Speakers argued that collaboration is more important than ever and that a more effective division of labour – between government, the private sector, philanthropy and other players – is essential to rising to the challenge.’

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www.alliancemagazine.org/conferencecalendar

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For the full reports, visit www.alliancemagazine.org/blog

Staying the Course: Reflections on 40 years of grantmaking at the Rockefeller Brothers Fund

William S Moody with Priscilla Lewis (ed)

Reviewed by Walter Veirs

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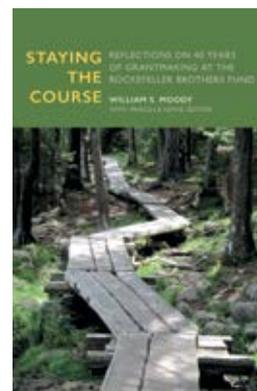
Know the context, develop trust, work collaboratively, take a long-term view of complex change, rely on solid leadership and be flexible. These are the valuable lessons contained in Bill Moody's retrospective on the Rockefeller Brothers Fund's grantmaking. In practice, they are often harder to implement than one might think, which is why *Staying the Course* is such an important contribution to the field. It recognizes that good and effective grantmaking is not only about grants and grantee performance, but also about the role and approach of the *grantmaker*.

The book chronicles two inseparable stories: the emergence of the Rockefeller Brothers Fund as an international grantmaker and Bill's own professional development as a programme officer. It begins, as does Bill's career in philanthropy, with a fateful phone call from the RBF in New York City. Bill's envisioned career path as a lawyer is upended, and the rest is, quite literally, history. Bill joins the RBF and becomes a pioneer in exploring the opportunities for – and limitations of – US philanthropy across so many watershed events and eras: the Cold War, post-colonial Africa, economic boom and natural resource management in Latin America, apartheid in South Africa, the fall of the Berlin

Wall, the Velvet Revolution, and postwar and post-Slobodan Milosevic Balkans. What emerges is a coherent set of transcendent principles and approaches to grantmaking that can be usefully applied as foundations and their programme officers tackle many of today's challenges.

Staying the Course convincingly reinforces the idea that good programme officers must be deeply committed both to the people and organizations they work with and to the values and ethos of the institutions they represent. Much of *Staying the Course* is about the grantee relationships that Bill so carefully nurtured over time to such great effect, but it is also about his access in his early years as a programme officer to the Rockefeller brothers themselves and other members of the family, as well as the RBF's visionary leaders, which was critical to his ability to be an effective proponent of the RBF's core values over many years and across such diverse contexts. Those values underpin his involvement in Africa, Latin America, the Caribbean islands, and Central and Eastern Europe.

Not every programme officer has the privilege of joining a foundation when its founders are alive and the foundation is still in its formative years, but there are lessons here that are worth trying to apply even in different circumstances. Without such a strong sense of history and values,



it is relatively easy for programme officers to slip into thinking of themselves as free agents, even more so when working internationally because they are out there in the field, quite often on their own, with significant responsibility for sizeable budgets. Similarly, it is easy to become too much of a bureaucrat, engrossed in the technical details of making grants and distant from the people and communities the foundation has set out to assist. It can be a tough balance to strike, but foundations and programme officers lose sight of it at their peril.

Bill captures the essence of this delicate balance by developing throughout the book the notion of an 'engaged programme officer'. Engagement, in his view, has a strong element of listening and seeking to understand issues and places that are foreign to you. Only after this, and with great humility, should you attempt an active role in shaping responses and this, too, is a subtle art. Be flexible, patient and responsive, counsels Bill; use your privileged vantage point to make connections and foster new relationships; and respect local leadership and ideas.

Staying the Course is a great story. For grantmakers, it is also professionally rewarding. @

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Doing Good Great: An insider's guide to getting the most out of your philanthropic journey

Doug Balfour Reviewed by Michael Alberg-Seberich

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As a closet Trekkie I always sensed a connection between Gene Roddenberry's science fiction saga *Star Trek* and philanthropy. Exploring the various unknowns in our world is part of philanthropy. It seems I'm not alone. Doug Balfour, owner and CEO of the consultancy Geneva Global, links the two using *Star Trek's* tri-level chess board as a leitmotif in this well written, hands-on and passionate book on 'performance philanthropy'.

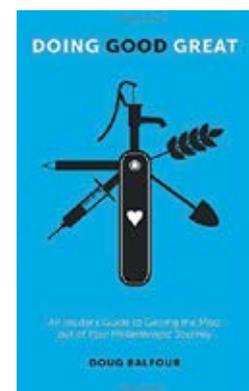
Despite the science fiction reference, the book is no work of fiction. It is a close-up of how philanthropy contributes to solving tough challenges in the field of international development. It is a book of stories, creating a personal connection with the reader to a degree unusual in philanthropy. While appealing to the donor, this book may startle the academic.

The book has three interwoven storylines. The first is autobiographical; this part of the book is personal, even private. The author, for instance, describes the impact of his parents' separation on his own urge for independence, and he underlines his Christian faith as the basis for his life and work. He talks about his work as a geologist in Namibia, an MBA student, a financial analyst, a management consultant and the CEO of a large international faith-based NGO. These create for the reader a picture of a restless

entrepreneur in the field of philanthropy consulting.

The second storyline is about the actual consultancy work. The author presents several cases where Geneva Global helped donors to tackle issues like schooling, rare diseases or human trafficking. These are not MBA-standard business cases. Nevertheless these notes from the field are informative. One case describes how the author's team developed a strategy for tackling challenges within the education system in Ethiopia. The aim was to find a way to allow children to get back to school after a war, a famine or an epidemic so that they could finish school. The author runs the reader through the analysis of data, the lessons from field experience, the identification of partners and the search for already working solutions. The result of this process was a 'nine months accelerated learning course, a Speed School'. It provides a good example of a strategic, context-based approach to a social challenge.

The third storyline is about the concept of 'performance philanthropy'. It is the analytical frame for the cases, which he calls 'a rigorous and results-oriented approach to creating positive social impact'. The eight principles of this concept are: 'investment thinking', 'methodical measuring', 'successful failing', 'local implementing', 'strategic planning', 'deliberate multiplying',



'active collaborating' and 'forward looking'. Does this sound familiar? While they are a perfect fit with the author's life, they are also comparable to the principles outlined in many articles and books by philanthropy consultants and researchers (myself included). The good news is that behind this similarity of label, there is a consistency of approach. Balfour describes his in detail and gives it a context.

This context leads us back to the *Star Trek* tri-level chess game. Balfour uses it to visualize the various complexities of changing systems in this world for the better, a metaphor for three-, four- and five-dimensional thinking on philanthropy to solve societal challenges. His book brings alive this systems thinking by rooting it in human stories, including his own, and in compelling examples of positive change in international development.

By way of a footnote, Balfour's book raises an interesting question about the role of philanthropists in setting up philanthropy consultancies. Geneva Global was initiated by the philanthropists Richard and Christopher Chandler and Sir John Templeton. I sense a pattern around the world of philanthropists identifying the need for such professional support. @

About the book

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The Business of Doing Good: Insights from one social enterprise's journey to deliver on good intentions

Anton Simanowitz and Katherine Knotts

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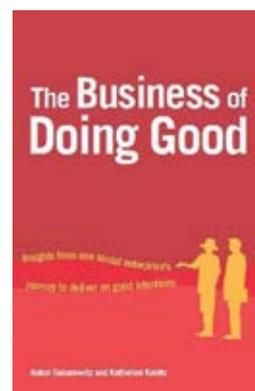
I have to confess to being more than a little sceptical as I picked up this book. The subtitle, *Insights from one social enterprise's journey to deliver on good intentions*, worried me. It seemed unlikely that there would be enough to be learned from one Cambodian microfinance enterprise to fill an entire book. Possibilities ran through my mind as I turned the first few pages. Was it a promotional tract for AMK, the enterprise whose story it promised to tell? Or might it be a hagiography of AMK's leaders, written to elevate them into the pantheon of internationally feted social entrepreneurs?

Having now read the book, I am happy to report that it is neither of those things. Instead, it is a thoughtful reflection on the far-from-straightforward business of running and growing an enterprise for both social impact and financial return. It is packed with narrative detail: the stories take us from AMK's board meetings in Phnom Penh to the myriad local branches in remote hinterlands, from village loan group meetings into the homes of the impoverished families whose lives the company hopes to improve. Refreshingly, AMK's problems and mistakes are candidly recounted – though it helps of course that the organization always appears to come through them successfully.

The constant endeavour to ensure that noble intentions are translated into actual benefit for the people we care about – and, equally, that any unintended harms are mitigated – is the thread that runs through the book.

Most of the lessons it offers are by no means new, but they bear repeating because they are so often forgotten. Abandon all notion of the 'average customer' and instead see the distinct customer segments that comprise the market. Deeply understand both your customers' needs *and* their wants (and avoid conflating the two). Continually tailor and adapt your products to those needs and wants, instead of blindly copying what others offer. Gather data systematically and use it routinely to support decision making.

The book also describes AMK's efforts to continually balance financial return and social impact. In particular, it highlights the role of the board-level Social Performance Committee in helping the business to 'ask good questions' and maintain a strong focus on its mission. The authors make clear that the point of the committee is not to prove AMK's impact to the outside world (as so often ends up being the case with these groups) but 'to help make the organisation as good



as it could be'. This focus on actual learning and improvement with respect to achieving the mission, the inclusion of external experts in the group, and the deep commitment of both management and board members to the process, are all features very much worthy of imitation.

My only, relatively minor issue with this book is that it hasn't quite decided if it is a narrative of AMK's journey, a sort of company biography, or an instructional work offering clear lessons to newer social entrepreneurs. As a result, it somewhat awkwardly straddles the two, and reading it is not as easy as it could be.

That said, I would recommend this book especially to newer social entrepreneurs. In a world that is rightly getting more excited about the possibility of 'doing good and doing well' it reminds us that achieving success on both fronts simultaneously is a hard-won thing, while offering practical ideas and inspiration to help more of us get there. @

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