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# Understanding impact in philanthropy: Leading practice



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# Evaluation trends in philanthropy

In 2022, Foundation North commissioned the Centre for Social Impact (CSI) to strengthen the Foundation's practice around understanding the impact it supports. CSI associates interviewed funders and evaluators, reviewed relevant literature and explored Te Tiriti o Waitangi considerations around understanding impact.

This report presents some leading practice relating to understanding impact in philanthropy. It outlines funder mindset shifts emerging relating to monitoring, evaluation and learning (MEL), feedback from funded groups on what they want to report and four leading practice trends for funders to consider.

Two companion reports<sup>1</sup> address:

1. Te Tiriti o Waitangi considerations in understanding impact.
2. Basic good practice in understanding impact.

Latest thinking and practice in evaluation in philanthropy is coming mainly from funders who are wanting to support upstream or system level change (shifting the conditions holding problems in place). Getting to root causes and upstream change requires funders to grapple with how change occurs, how their own practices help or hinder and how to think and work differently, to support those they fund to be transformative.

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<sup>1</sup> Available at <https://www.centreforsocialimpact.org.nz/knowledge-base>.

# Funder mindset shifts emerging

*“Your evaluation framework has to reflect not just the change that you’re hoping to see in partnership but also how you show up as a partner, how you show up as a funder, how you show up as humans in this because you can’t make complex social change by treating community like test subjects” (Niall Fay, Fay Fuller Foundation<sup>2</sup>).*

**Leading practice in evaluation and learning in philanthropy supports reciprocity** – there is value for all involved and relationships and opportunities are built and strengthened in the process. The way a funder approaches monitoring, evaluation and learning (MEL) reflects their worldview, values, how they see their role in the world and the communities they serve. Here are some funder mindset shifts underway that relate to MEL.

## Funder mindset shifts linked to MEL

From this	To this
Funder is separate from community effort (us and them, transactional)	Ally and learning partner (in it together, relational)
Impact and learning focus is on grantees (external)	Dual focus on how funder practice enables impact and learning (internal and external)
Looking back (evaluation after the fact)	Timely information flows and looking forward (real time evaluation that throws up potential)
Accountability focus (how money was spent, did you do what you said you would, compliance)	Learning focus - what is being learned about what works and how change works
Funder sets the strategy, what success looks like, what is evaluated and how	Community identifies strategic priorities, what success looks like, can choose MEL methods
Reporting responsibility placed on community, often unfunded	Funder provides funding and capacity/capability support to capture outcomes and learning well

The more complex, experimental, innovative and/or large scale the initiative being supported is, the more a learning focus is the priority:

*“Drivers of success are much more linked to learning than to attributable impacts. Whether we get impact for our dollars is 95% out of our hands. The expectation of ‘we want to know what we got for our money’ is misplaced. We should just make sure we are playing a constructive role in this system change effort, which involves a zillion others and many other resources. Our focus on learning and stewardship recognises this shift” (Rob Ricigliano, Omidyar Network<sup>3</sup>).*

<sup>2</sup> See <https://www.systeminnovation.org/learning-festival-2022-ressources/wednesday-session1>.

<sup>3</sup> See <https://www.systeminnovation.org/learning-festival-2022-ressources/wednesday-session3>.

# Feedback from funded groups

| *“The [funding] system advantages those who can write and know the jargon”.*

**Interviews that CSI has undertaken with groups funded by J R McKenzie Trust in 2022 and 2023, and collective sessions held with groups funded by Foundation North in 2023, found that:**

- Most groups want to report back in some way, as it gives them a chance to reflect and share their story. It also supports reciprocity, transparency and learning.
- The kinds of things that groups want to share back with funders are their journey, outcomes and successes, stories and examples of impact, challenges, failures and learning.
- Groups only want to be asked for information that will be used.
- Groups generally like having flexibility and choices as to how reporting will occur (for example, written, verbally or visually, or providing their Annual Report or other existing reporting that provides the information sought by the funder).
- Some groups like to report direct to a funder through funder visits, conversations or roundtable face-to-face presentations with other groups.
- Some groups want to be able to report along the way not just after the fact, through quick check-ins on progress or as changes or needs arise.
- Some groups want support to report back, for example to give a verbal report that is captured by the funder or to be able to access external evaluation support.

## Four leading funder practices

Here are four leading practices emerging in relation to better understanding impact.



### 1. Looking to ourselves – how do we contribute to impact?

Latest practice for MEL in philanthropy includes paying equal attention to funder policy, practice and processes and how they enable impact (or not) and getting community and partner perspectives on this.

**Key practices here include:**

- Getting frank feedback from grantees and applicants as to how they find your processes and how these might change to be more helpful, from applying to reporting. Given the funding power dynamic, using a third party or anonymous ways to do this so people can respond without fear of being identified and compromised is important.
- Resourcing willing grantees, and especially your priority communities or those you most want to support, to work with you to co-design policies and processes relating to the funding journey, including reporting. Having a hard look at

who you are supporting and not supporting, and how that aligns to your strategy, can be illuminating here.

- Evaluating and learning about the non-funding roles that you currently play as a funder (convening, research, advocacy, supporting collaboration, supporting connection and networking, providing capacity support).
- Being prepared to challenge your own practices and try new things, including honestly assessing whether and how you use the reporting information you receive now.
- Considering the level of capacity and skill you have in-house to support good MEL practice (monitoring, evaluation and learning). Also, what level of independent external support do you have or might you need?

System change funder Todd Foundation only funds proactively and interviews some of the groups it funds every year, with a view to understanding the role it plays in supporting impact (or not) and how it could strengthen this, as well as uncovering

outcomes and stories of change. Themes are mapped over time to support learning about system change and enabling conditions. The Todd Foundation sees itself as a partner with its communities, with consultancy Point acting as a learning partner and critical friend to the process.

J R McKenzie Trust is taking a similar approach. In 2023 it has made its reporting questions lean and consistent across funding types and interviews some of the groups it funds each year, with the Centre for Social Impact acting as a learning partner. Staff and Board learning is also gathered.

## 2. Prioritising and supporting indigenous approaches to MEL

Indigenous worldviews offer different starting points and ways of being, seeing and doing. For example, Foundation North's GIFT fund placed the vision of improving the mauri (life force or essence) of Tikapa Moana/Te Moananui-ā-Toi (Hauraki Gulf) at the centre. That opened a door into te ao Māori for Foundation North and those funded, built a community of change-makers focused on the vision, led to more holistic thinking and approaches, plus more flexible, relational, longer term, trust-based funding.

GIFT took a developmental evaluation approach that walked alongside the initiatives supported with a learning focus. Failure was expected and embraced for the rich learning it offered. GIFT led to more enabling of mana whenua and tangata whenua-led initiatives, strengthened Foundation North's relationships with mana whenua and helped to grow a commitment to bicultural practice in Foundation North. Most significantly, it led to outcomes that were pushing into system level change, such as influencing marine protection legislation. The learning approach enabled these outcomes to be more clearly understood. See [here](#) to access GIFT impact and learning.

**Key practices here include** (see also Te Tiriti considerations report):

- MEL approaches that focus on listening, learning, relationships, conversation and storytelling tend to work better for indigenous peoples (and arguably all communities). If resources allow, dialogue can be the basis for evaluation, through regular conversation in whatever way works for the group concerned (face to face, online,

phone). The onus for capturing impact and learning sits with the funder (via an evaluator). In the Australian Indigenous context, the Australian Centre for Social Innovation's Aunty Vicky Charles calls this 'yarning for a purpose' - having a yarn as the basis for evaluating and learning, to gain all the information needed for MEL purposes (and probably some extra<sup>4</sup>).

- Fund culturally appropriate MEL support for Māori and Pasifika groups and invest in kaupapa Māori and Pasifika MEL approaches.
- Grow understanding internally as to indigenous versus Western approaches to MEL.

## 3. Principles-focused evaluation

Principles-focused evaluation is an approach to evaluation which uses a set of "practice principles" as the conceptual framework for monitoring, evaluation and learning (Fay Fuller Foundation<sup>5</sup>, 2021). Taking a principles-focused evaluation approach involves:

- Examining the meaningfulness of each principle to those expected to follow it.
- Determining whether the principles are being adhered to in practice.
- And, if they are being adhered to, whether they lead to desired results.

For example, the MEL approach for the Fay Fuller Foundation in Australia has five practice principles, which relate to their organisational values. For each principle there is a clear description of what the Foundation's practice looks like as well as the changes this will lead to (in effect a theory of change).

The Foundation works with learning partner Clear Horizons to test the role of their principles in supporting impact. The principles are:

1. Authentic partnering.
2. Reducing barriers to change-making.
3. We promote a positive culture of learning with ourselves and with our partners to shift the system.
4. We listen, learn and strive to be allies for a healing future.
5. We invest ethically in a manner that maximises social impact.

4 See <https://www.systeminnovation.org/learning-festival-2022-ressources/wednesday-session1>.

5 See <https://www.fayfullerfoundation.com.au/>.

In the development of their MEL framework the Fay Fuller Foundation has identified three tiers of change: the Foundation's practices, changes for grantees and systems change.



### **TIER 3: System**

The influence we collectively have on the system (policy, practice narrative, mindsets, flow and interactions)

### **TIER 2: Grantees**

The changes that our grants, and partnering approaches enable for our grantees

### **TIER 1: Ourselves**

How we show up (our stance)  
How we invest our Corpus  
How we work to be a good ally



## **4. Equity and equitable evaluation**

Reflecting the increased attention being paid to the role of inequity in perpetuating social problems and the ongoing legacies of colonisation and intergenerational trauma, the field of evaluation is highlighting how evaluative activity can also perpetuate or combat inequity.

For example, the Equitable Evaluation Initiative<sup>6</sup> (US) aims to shift evaluation paradigms, mindsets and practices through applying three principles:

- Evaluative work is in service of and advances equity.
- Evaluative work should be designed and implemented with the values underlying equity work, which include being oriented to participant ownership and being multiculturally valid.
- Evaluation can and should answer critical questions, including understanding drivers of inequity and what moves us toward greater equity.

A focus on equity pays attention to issues of power, control, who benefits, whose interests are being served and who is included or not. This is a key test for MEL approaches and practices to ensure that they are not part of the problem.

<sup>6</sup> This grew from a collaboration since 2016 between the Center for Evaluation Innovation, Johnson Center of Philanthropy and the Luminare Group. It resulted in a five-year initiative from 2019 to 2024 <https://www.equitableeval.org/about>.





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