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PREPARED BY COMMUNITY FOUNDATIONS OF CANADA FOR THE VOLUNTARY SECTOR EVALUATION RESEARCH PROJECT (VSERP)

DISCUSSION PAPER - DEMONSTRATING COMMUNITY BENEFIT

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Purpose

This discussion paper will present the challenges of evaluation from a funders perspective, primarily that of community and private foundations. Community Foundations of Canada (CFC) is currently undertaking an initiative, "The Benefit of Voluntary Sector Grants." The purpose of the project is to research and develop a web manual that will help Canadian community foundations and other voluntary sector funders assess the impact and benefit of their grants. It will help answer the question: "what difference did our grant make?"

The project, funded by Human Resources Development Canada (HRDC), began in March 2002 and will be completed by March 31, 2003. Over the project timeframe, Canadian community foundations and other voluntary sector funders will be involved in developing, testing and commenting on the web manual.

The web manual will complement, not duplicate other tools being developed for the voluntary sector to better evaluate their programs and services. The unique aspect of the CFC initiative is that it is ***through the grantmakers' lens***, with an emphasis on community foundations.

The objectives of the initiative are:

(1) Assist funders to meet accountability requirements to donors, the public, grantseekers, and boards of directors

(2) Help funders look at the benefit of their grants and apply their learning to build organizational capacity

(3) Stimulate informed discussion and mutual learning within and among community foundations and other funders.

In many ways, the challenges and issues of evaluation from the perspective of funders is much more complex than other voluntary sector evaluation as funders are intermediaries in producing social change or community benefit. Therefore, it is critical that funders begin to explore evaluation from their own perspective – not only what they do with the results of evaluations conducted by not-for-profit organizations but also how they evaluate their own effectiveness.

Issue Addressed

In recent years, community and private foundations have been called upon to demonstrate greater accountability and results to stakeholders for the funds they manage and invest. Although definitions of accountability vary, for foundations this has meant paying more heed to the impact of their spending on improving community conditions. This has spurred considerable discussion about ways of assessing the performance of foundations, along with renewed interest in the unique role played by foundations in the fields of planning and program funding.

Most experts agree that foundations are uniquely suited to lead social progress by making effective use of scarce resources, free from political pressures. As observed by Porter and Kramer "the permanence of a foundation's asset base means that it has an appropriately long time horizon in which to tackle social issues and develop expertise in the field. Thus foundation dollars can achieve greater social impact than the same monies spent by either private donors or the government."[1] For Porter and Kramer, the goal of a foundation should be to achieve equivalent social benefit with fewer dollars or greater social benefit at a comparable cost than could be accomplished by anyone else.

Determining whether a foundation is, in fact, achieving community benefits requires comprehensive assessment. Discussion about foundations and evaluation has typically fallen into one of two camps: foundations have been encouraged either to increase the scope and rigour of evaluations of funded programs, or to better evaluate their own granting practices and overall effectiveness in achieving their objectives. In recent years, many experts have turned their attention to the ways in which program and foundation evaluation are intertwined; how they are, in fact, flip sides of the same coin. As observed by the Center for Effective Philanthropy, "[e] ffectiveness of a foundation is based on the success of its program area, and that is really the sum of the effectiveness of its grants."[2] First, to assess its effectiveness, a foundation must be able to measure the ways in which and degree to which the programs it funds are making an impact, individually and collectively. It must also be able to assess the ways in which its own processes in selecting and supporting grant recipients and managing internal operations contribute to or detract from program success. Second, if foundations seek to generate social benefits that go beyond the purchasing power of individual grants, they will use their evaluation findings to leverage capital commitments for good projects from other funders, work with grant recipient to improve their performance, thereby improving the return on all parties' investments, and fund a systematic progression of projects that produce more effective ways to solve social problems.[3]

Key Considerations

A review of current evaluation practices among foundations, however, reveals that few foundations have initiated either program or internal evaluation in any comprehensive or systematic way. It appears that there are two inter-related issues holding up progress toward and undermining the potential effectiveness of evaluation. First, there is

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[1] Porter, M.E.; Kramer, M.R. (1999) "Philanthropy's new agenda: Creating value." *Harvard Business Review* November-December 1999: 121-130, p. 123.

[2] The Center for Effective Philanthropy. (2002) *Toward A Common Language: Listening to Foundation CEO's and Other Experts Talk About Performance Measurement in Philanthropy. Foundation Performance Metrics Pilot Study.* (Boston, MA: The Center for Effective Philanthropy).

[3] Porter & Kramer, "Philanthropy's new agenda," p. 123.

widespread scepticism about the role of intensive evaluation in the field of philanthropy. Many people are dubious about the merits of evaluating funded initiatives. This stems primarily from an overemphasis on quantitative outcome measurement to the exclusion of other worthwhile forms of evaluation and from the challenges inherent in conducting outcome measurement in the human services sector.

In addition, foundations are often apprehensive about evaluating their own effectiveness. This often relates to fear about the potential findings of evaluations, which is in turn related to misunderstandings about the purposes of evaluation and the ways in which findings can and should be applied. Second, even when a foundation enthusiastically embraces the concepts of program and foundation evaluation, few foundations have done the groundwork that must precede a comprehensive evaluation strategy and, at present, there are few tools to use or blueprints to follow.

Foundation evaluation

Foundation-focused evaluations look explicitly at a foundation's own activities and the effect of those activities on the sector being served.[4] It is generally agreed that such evaluations can serve to demonstrate accountability to boards, donors, and other stakeholders; to identify the benefits and merits of different initiatives to guide future investment decisions; and to disseminate effective grantmaking strategies to other foundations. And yet, "[i]t is extremely rare for foundations to explicitly explore the consequences of their general approach to grantmaking or their style of interaction with grantees." As summarized by Perrin, evaluation is and should be perceived of as a tool for improving programs, policies, and activities. The idea is to identify potential problems while they are still correctable, as well as opportunities for continual improvement.[5] Hirji adds that, as discussed in the Independent Sector's report, *A Vision of Evaluation*, we have to start thinking about organizational learning along with external results as the output of evaluation. It should be considered "a continuous development process integrated into the planning and day-to-day activities of the organization."[6] She states: "As a tool, evaluation will be most effective when it assists program staff and management to strengthen standards for grantmaking, resulting in better programs."[7]

However, because evaluation is more commonly associated with judging than learning, many foundations shy away from forms of assessment that may call their own practices and decisions into question.[8] Experts submit that this fear of mistakes is undermining potential effectiveness of evaluation: "Foundations are one of the few institutions in society relatively free to assume risky ventures. Information may, at times, be seen as a threat to this freedom, in part because experience has taught many individuals that mistakes will be punished. This attitude and practice will inevitably continue until replaced by the practice of greater tolerance for well-informed mistakes." There is much value in learning why some bets pay off and others don't.[9] "[F] oundation-focused

[4] Easterling, D.; Csuti, N.B. (1999) *Using Evaluation to Improve Grantmaking: What's Good for the Goose is Good for the Grantor*. (Denver, CO: The Colorado Trust).
[5] Perrin, B. (1994) "Is there a role for evaluation in the reinvention and restructuring of public services?" *Canadian Evaluation Society Newsletter* 14(4): 1-3.
[6] Hirji, Sheherazade. (YYYY) "Evaluation: The elusive frontier." *The Philanthropist* 13(2): 27-31, p. 29.
[7] Hirji, "Evaluation: The elusive frontier," p. 29.
[8] Easterling & Csuti, *Using Evaluation to Improve Grantmaking.*
[9] Patrizi & McMullan, "A new study looks at how 21 foundations 'do' evaluation;" Patrizi & McMullan, *Evaluation in Foundations*.

evaluation requires an organizational culture that values learning and rewards experimentation, even when the experiment 'fails.' Indeed, it is exactly this sort of

organizational culture—both within foundations and within the entire non-profit community—that promotes the larger cause of philanthropy."[10] In addition, because of the unique position enjoyed by foundations among other funders, foundation evaluation is an excellent vehicle for developing empirically based theories of how positive change occurs at the community level.[11]

Even if foundations can move beyond a simple "success or failure" approach to evaluation, they still must be able to assess the impact and merits, sometimes broadly defined, of the programs they support. Yet, any decisions about approaches to and types and degrees of evaluation ultimately depend on the overriding objectives of the foundation. Kramer, like others, points out that the biggest challenge in evaluation is identifying the objectives against which any discrete program or broader foundational initiative is to be assessed: "The problems perceived in evaluation are in fact not about evaluation at all—they are the direct result of problems in strategy development and goal definition. …Until the field turns its attention away from measuring results at the back end and devotes its ample resources to researching and determining more specific and realistic objectives at the front end, the 'evaluation problem' will remain as intractable as ever..."[12]

For most foundations, the first challenge lies in clearly articulating which among many issues it wants to tackle. Many experts submit that, if they are to be effective, foundations must stop trying to be all things to all people. Rather, each foundation should select a limited number of issues that it will address, and align all internal activities—grant selection, size, duration; staff and board roles and composition; degree of "hands on" involvement and other support provided; and evaluation and reporting procedures—to match the strategy.[13]

All of this is far more easily said than done. First, choosing among multiple, competing "worthy causes" is extremely challenging, particularly when the goals should be modest enough to be achievable. Second, identifying real "root causes" of social problems and achieving some consensus within the foundation about a "theory of change," or how they should be addressed can be quite daunting. Meeting unmet needs is not enough. The challenge is to identify the need that fits with the root cause of the social problem to be addressed, and zero in on where the foundation can achieve the biggest impact.[14] these decisions should be informed by research, which must be collected before a foundation depletes all of its energies clarifying values and creating mission or vision statements. Otherwise, the goals selected by the foundation will be too vague to answer the "big" questions about how it should do its work—by targeting small or large programs, providing seed grants or long-term support, supporting projects or general operations, partnering with recipients or operating at arms length—as well as where it should invest its money and evaluate the results.[15]

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[10] Easterling & Csuti, *Using Evaluation to Improve Grantmaking.*
[11] Easterling & Csuti, *Using Evaluation to Improve Grantmaking.*
[12] Kramer, M.R. (2001) "Strategic confusion." *Foundation News & Commentary*. May/June 2001: 41-45, p.45.
[13] Porter & Kramer, "Philanthropy's new agenda," p. 123.
[14] Kramer, "Strategic confusion."
[15] Exemplary Grantmaking Practices, Chapter 5

Answers to the "big questions" are instrumental to identifying what will be evaluated in terms of activities, process measures, and short- and long-term outcomes: "If the questions are not set out explicitly at the outset, the evaluation is unlikely to be relevant to the foundation when the results roll in."[16] Some experts suggest that stakeholders, including grant recipients and non-recipients, be involved in goal definition and/or be solicited for feedback at regular intervals about a foundation's performance.[17] Clear goals and consistent evaluation questions can also assist in subsequent efforts to collapse discrete program outcomes to assess issue-specific progress, discussed elsewhere.

Emerson submits that the process of clarifying foundation goals and developing partnerships between foundations and grant recipients itself contributes to performance of and learnings from funded programs. He observes that grant seekers position their programs and write proposals to accommodate objectives set out in annual reports, casual comments made during site visits, and the ways in which funds are steered by boards of directors. "Those operating what may be fundamentally… sound programs must 'spin' various aspects of the program to fit a variety of funders' stated interests."[18] As a result, nonprofits are constantly changing and modifying program and are "never capitalized to fulfill the potential promise of their fundamental value proposition and strategy."[19] These problems could be addressed if foundations were more "up front" and consistent about their goals, and committed to longer-term partnerships with grant recipients. Grant recipients could then be more honest about both successes and failures, thereby increasing accountability to the foundation and allowing for more comprehensive program development and improvement.

Program evaluation

Most foundations seek to support programs that reap the greatest return on their investment. In recent years, most people have come to agree that good intentions are not enough: If programs are to receive support, they should be yielding some desired results. Over time, this phrase has come to be equated with the measurement of quantifiable program outcomes.

There is no question that outcome measurement serves as an invaluable component of program evaluation for funders and for agencies, but a litany of caveats applies. In the human services, some outcomes defy measurement, and even proxy measures are elusive. Current approaches to outcome measurement do seek to accommodate more abstract benefits such as community development, capacity building, and long-term sustainable change, but it is always possible that, because of the challenges inherent in measuring such benefits, they may be de-valued in the quest for more quantifiable results. Outcome measurement, with its inherent preference for quantitative analysis, may not accurately reflect the actual impact of a program.[20]

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[16] Easterling & Csuti, *Using Evaluation to Improve Grantmaking.*
[17] Easterling & Csuti, *Using Evaluation to Improve Grantmaking; Exemplary Grantmaking Practices,* Chapter 5.
[18] Emerson, J. (2001) "Mutual accountability and the wisdom of Frank Capra." *Foundation News & Commentary*. March/April 2001: 42-46, p. 45.
[19] Emerson, "Mutual accountability and the wisdom of Frank Capra," p. 45.
[20] Cooper, M. (1999) *Outcome Measurement Tool Kit*. (Edmonton: The Muttart Foundation).

Even in the most rigorous outcome measurement systems, performance measures are not entirely objective; rather, they are useful interpretations rather than facts and it is only natural that organizations will design plans and attendant performance measures that demonstrate success.[21] In any case, most human services are not delivered in laboratories and do not meet the conditions of experimental design.[22] As Bare cautions, it is rare to find a gem of a project that meets high standards of evidence; "grand" outcomes should not be expected.[23] Finally, because so many factors combine to create social problems, caution must be exercised in holding programs overly accountable for producing large and significant changes in the problems.[24] In any case, it is usually impossible to establish a true cause and effect relationship between the program and its outcomes, although correlations are usually sufficient to draw meaningful inferences.

If a foundation is genuinely interested in program outcomes, sufficient time must be provided for the program to effect change. As Fredrickson states, "philanthropy is most effective when it is long-term, and… short-term performance measurement is seldom the friend of long-term investing."[25] This may require the foundation to consider multi-year program grants, with small, interim evaluations along the way to provide both organizations and foundations with minimum amounts of timely information that they require to make informed decisions.[26]

In addition, as noted by Perrin, there is an inverse relationship between the ease of quantification and the importance or value of what is being measured.[27] Most organizations do not have the time or skill to undertake rigorous measurement of their program's outcomes. Foundations must be realistic about how complicated and rigorous the evaluation should be.[28] Hirji observes that, while all grant recipients have to be accountable, the level of evaluation required by a foundation should vary in accordance with other factors, such as the degree to which the program furthers the goals of the foundation, and the degree to which the project has model-building capacity or may result in major changes.[29] Others stress that foundation-driven evaluations should seek the minimum level of information required to satisfy the foundation's needs and objectives; anything more comprehensive should be clearly justified.[30] Foundations are encouraged to be selective about the program outcomes or components they seek to evaluate, and to focus only on new and future grant recipients rather than retroactively imposing evaluation requirements on existing projects.[31] In addition, foundations are cautioned that, because individual programs differ and the conditions in which programs are offered (e.g., among cities and communities), it is not often possible to compare among programs.[32] To some extent, this

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[21] Fredrickson, H.G. (2001) "First, there's the theory then, there's practice." *Foundation News & Commentary*. March/April 2001: 37-41, p. 37.
[22] Hirji, "Evaluation: The elusive frontier," p. 29.
[23] Bare, J. (2002) "Try my elixir." *Foundation News & Commentary*. January/February 2002: 22-24.
[24] Fredrickson, "First, there's the theory then, there's practice;" Kincaid, A. (2000) "Seeking the right equation. Inputs, outputs and outcomes: Grantees talk about evaluation." *Foundation News & Commentary*. (March/April 2000) 41(2).
[25] Fredrickson, "First, there's the theory then, there's practice," p. 41.
[26] Perrin, "Is there a role for evaluation in the reinvention and restructuring of public services?"
[27] Perrin, B. (1996) "Use and misuse of performance measurement systems: A consideration of past history, limitations, and strategies for effective use of performance indicators." Notes for a presentation to the Annual Meeting of the Canadian Evaluation Society, Winnipeg, Manitoba, May 30, 1996.
[28] Kincaid, "Seeking the right equation."
[29] Hirji, "Evaluation: The elusive frontier," p. 29.
[30] Council on Foundations. (1993) *Evaluation for Foundations: Concepts, Cases, Guidelines and Resources*. (San Francisco: Jossey-Bass).
[31] Bare, "Try my elixir."
[32] Fredrickson, "First, there's the theory then, there's practice," p. 37.

can be mitigated by ensuring that evaluation questions are clear from the outset; that the outcomes to be measured do, in fact, reflect progress toward a foundation's goals, and that there is some consistency in approach to and definition of outcomes among funded programs.

Most authors recommend that, if a foundation is requiring agencies to measure outcomes, or to conduct any systematic form of evaluation, supplementary funding and/or other support should be provided to either increase an agency's capacity to conduct the work or to engage external evaluators. If an external evaluation is conducted, the grant recipient should be engaged early and directly in the process to ensure that the focus of and specific questions addressed by the evaluation are relevant and appropriate to both the grant recipient and the funder.[33] In most cases, a single evaluation approach will not meet the needs of all stakeholders. Finally, foundations are cautioned to remember that public policy is influenced more by circumstances, changing values and political rhetoric than by data and facts, so program evaluation and outcome measurement should not be relied upon as the sole vehicle for influencing decision-makers.[34]

For all of the foregoing reasons, it is generally agreed that outcome measurement should always be supplemented with other forms of qualitative assessment, such as process evaluation and the inclusion of qualitative indicators. This will help to ensure that a broad spectrum of benefits, including key learnings about program design, implementation, and delivery, are captured.[35]

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[33] Kincaid, "Seeking the right equation;" Dewar, T. (1997) *A Guide to Evaluating Asset-Based Community Development: Lessons, Challenges and Opportunities. A Community Building Workbook*. (Chicago: ACTA).

[34] Fredrickson, H.G. (2001) "First, there's the theory then, there's practice," p. 40.

[35] See, for example, Kincaid, "Seeking the right equation;" Fredrickson, "First, there's the theory then, there's practice;" Perrin, "Use and misuse of performance measurement systems."

How Community Foundations of Canada is Demonstrating Community Benefit

After an extensive review of the literature and feedback from a Reference Group comprised of foundation representatives and a Forum for Funders attended by over twenty funders from across Canada, it was concluded that the initiative should use a framework drawn extensively from work currently underway by the Center for Effective Philanthropy. The Center's Foundation Performance Metrics Pilot Study is designed to develop tools to assess the overall effectiveness of a foundation. Several overarching themes emerged as a result of the Center's study. The researchers found that all of the foundations considered performance on four interrelated activities. These activities are:

Setting the Agenda:

"You have to know what you're working on. You have to make it public. And you have to be willing to be judged on it." [36] Ideally, all foundations engage in some form of strategy development that serves as a road map for the future. In addition, all foundations, regardless of size, need to be strategic in their grantmaking.

(a) ***Strategy Development***: This entails clearly articulating which among many issues to tackle. Four approaches to developing and demonstrating strategy are involved: strategic planning; environmental (SWOT) analysis; community consultation; and formal research and best practices

(b) ***Strategic Grantmaking*** addresses the change(s) or community benefit(s) one hopes to bring about (identified through strategy development). Strategic grantmaking encompasses four components:

- Developing a "theory of change" that outlines the way desired changes or benefits are expected to come about
- Identifying appropriate program areas that focus on these "paths" to change
- Establishing *clear and achievable goals* that enable consistent communication and more easily tracked progress
- Choosing a suitable granting approach or approaches

Achieving Impact

Making progress toward the foundation's goals and delivering results is widely agreed to be the ultimate goal for foundations, and yet this is the area where measurement of results is most difficult and least developed. The study found that foundations deal with the measurement of impact through:

(a) ***Targeted Program Goals*** All of the foundations interviewed conduct formal evaluations of the impact achieved by selected grants. Unfortunately, grant and cluster evaluations are costly and often cannot be aggregated in a timely and helpful manner for planning.

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[36] The Center for Effective Philanthropy. (2002) *Toward A Common Language: Listening to Foundation CEO's and Other Experts Talk About Performance Measurement in Philanthropy. Foundation Performance Metrics Pilot Study.* (Boston, MA: The Center for Effective Philanthropy). P.9

(b) ***Strengthening Grantees***: The theory is that if a foundation can help its grantees improve their own performance, it is likely that the foundation has achieved some degree of impact: when grantees operate more effectively, the issues they address will be impacted more significantly. This includes supports provided to grantees in addition to financial and can range from technical support to the more hands on approach taken by venture philanthropists.

(c) ***Influencing the Field:*** A key impact measure for many foundations interviewed is the foundation's ability to affect thinking in its fields of interest by aggregating and leveraging resources to move the field to a different place. There has been very little measurement in this area

(d) ***Leveraging other Funds:*** A foundation's ability to influence others to fund its grantees or projects is generally known as "leverage." Much like helping improve grantee performance, if the foundation helps its grantees obtains additional funding, it is likely that those grantees will be able to achieve their social objectives more rapidly and effectively.

Managing Operations

"Process is important because it's the means to the end. It's just as important for foundations as for grantees." [37] Monitoring internal processes and managing the foundation's human and financial resources is another indirect way to consider impact. Generally, this entails internal processes, donor services, or financial metrics.

(a) ***Internal Processes:*** There are two major focuses in this area: Grantmaking and Human Resources. *Grantmaking processes* include grantee selection and due diligence; responsiveness to grantees; and funding practices consistent with stated objectives. Human resources assessments focus on staff and volunteer recruitment, review and retention.

(b) ***Donor Services:*** Foundations facilitate giving at all levels and promote philanthropy. They offer a wide range of flexible giving opportunities and help many different donors achieve their particular charitable goals. Donors achieve their giving goals through sensitive and appropriate support, a range of choices with respect to types of gifts, and optional levels of involvement, recognition and communication.

(c) ***Finances***: There are three key areas to assess in reviewing foundation finances, which are largely quantitative. Oversight of the Board and participation of the financial management staff will be critical to effective use of these measures.

- Administrative expense—usually a foundation is most interested in the ratio of administration costs to total assets, endowment growth or grants awarded, and its comparison with like organizations

[37] The Center for Effective Philanthropy. (2002) *Toward A Common Language: Listening to Foundation CEO's and Other Experts Talk About Performance Measurement in Philanthropy. Foundation Performance Metrics Pilot Study.* (Boston, MA: The Center for Effective Philanthropy). P.10

- Investment performance—several ratios showing change in investment returns are of interest to the Board. Foundations build and prudently invest permanent endowments and other types of funds to benefit registered charities. Without a growing endowment base, foundations will be restricted in the ways they can make a difference in their community.
- Financial stability—ratios and measures that illustrate trends in revenues and expenses, the viability of the organization and the ability to plan and budget accordingly.

Optimizing Governance:

Good governance is an underpinning of effectiveness. The board is the ultimate audience for assessing performance and the one body to which foundation management is explicitly and formally accountable. As well, practicing good governance enables foundations to respond appropriately in times of change, to strengthen key community benefits and to avoid organizational crises. Five Measures of Good Governance include:

(a) Accountability

The board has critical governance responsibilities. It is the board's responsibility to hold management accountable for foundation performance. It plays a role in ensuring that a framework for assessing foundation, board, and CEO effectiveness exists and is used to understand how to improve. The degree to which the board establishes and uses clear processes for assessing all three areas is an important measure of the board's effectiveness.

(b) Stewardship

The most basic fiduciary responsibility of the board is to steward the foundation's financial resources. Boards are generally most active in this area. Another equally important dimension of stewardship is the board's responsibility for taking a long view of the foundation's role and asking whether its mission is appropriate.

(c) Engagement

This relates to the degree of appropriate participation of the board, assessing whether directors are executing their responsibilities and actively serving as ambassadors of the foundation and its mission.

(d) Outreach

Today, more than ever, resources are limited, and the challenges facing our communities are increasingly complex. Partnerships and collaborations create new energy and ideas, often resulting in increased resources. Boards have a responsibility to reach out to other organizations in the community and work cooperatively.

(e) Diversity and Renewal

By making a foundation more reflective of the communities we serve, we capture new energy and ideas and a richness of opinion and experience that contributes to better discussion and decision-making. By ongoing recruitment, orientation and training, boards stay fresh and responsive.

CFC Demonstrating Community Benefit Web Manual

Extensive pilot testing of the web manual will occur from December 2002 through to the end of January 2003. A final product will be available for use by funders at the end of March 2003. It is anticipated that this will be the beginning of a conversation that will take many years to finish. The site architecture for the pilot testing is as follows:

How to Use This Resource	**Why Demonstrate Community Benefit?**	**What to Demonstrate**	**How to Demonstrate Community Benefit**	**Resource Library**
Purpose of the Site	What is Evaluation?	Appropriate Strategy	Appropriate Strategy	What's New?
How to Navigate the Site	Advantages of Evaluation	Good Governance	Good Governance	Tools
Where to Begin	Creating a Culture of Inquiry	Operational Effectiveness	Operational Effectiveness	Glossary of Terms
How to Apply the Tools	Assessing Your Stage of Growth	Community Impact	Community Impact	Bibliogra phy
How to Involve Key People				Links to Other Resources and Web Sites

Possible tools that can feed into providing data to inform the above framework:

- Operational/Financial Benchmarking
- Expert or Community Review
- Staff Survey
- Peer Review
- Board/Governance Review
- Program/Grant Evaluation
- Grantee and Applicant Perceptions

Lessons Learned

A Forum for Funders was held in June 2002 to discuss the issue of evaluation for funders and review the proposed framework. The lessons learned from the forum were as follows:

- Tools/approaches for creating a culture of continuous learning and inquiry need to be part of the document
- A range of choices and approaches and tools for foundations and other funders needs to be provided
- Collecting stories and qualitative evaluation is necessary
- Capacity within funding organizations needs to be built
- Opportunities for conversations among funders need to be developed
- A long time-horizon is required to fully develop and implement the web manual
- There are opportunities for cross-funder initiatives

A seminar held in Boston recently brought together foundation leaders to discuss ways to assess foundation performance using measures that are practical and actionable. The seminar utilized the framework and initial findings of the Center for Effective Philanthropy in addition to other research and practice in the field. The lessons learned from the seminar were as follows:

- Foundations are “not there yet” in the field of measuring performance
- Development of the field will be gradual and iterative
- Foundations need to look at what they can do to increase the probability of impact of their grants

Conclusion

In recent years, foundations have been called upon to demonstrate increased accountability for the funds they invest, in terms of the social and other benefits yielded through funded programs, and the impact of foundations’ activities on the sectors they serve. In addition, many foundations have recognized that they are well positioned to influence public policy development and to prevent, redress, or curtail current and emerging community issues through strategic investments and other practices. To effect positive change, investment strategies and funding processes must be informed by research and evaluation, at both the program and the foundation levels. This requires that foundations are able to assess the outcomes of the programs they support, both individually and collectively, and to evaluate the effectiveness of their own activities and practices. Community Foundations of Canada’s initiative, Demonstrating Community Benefit Web Manual, is a step in the right direction for foundations and other voluntary sector funders to explore ways to increase the probability of impact of their grants.

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