

Philanthropie

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EDITORIAL

Dear Readers,



Even though philanthropy arises from affluence, the economic principle of scarce resources is nevertheless valid. To be able to effectively use all of these valuable resources, evaluation methods are often applied. These methods help to create an understanding for processes and developments which yields valuable learning potentials for the future.

However, when evaluating, one needs to proceed with due diligence and good oversight. Otherwise the philanthropist risks acting like the monkey in the jungle in the following story: On a walk by the creek the monkey suddenly spots a fish moving around helplessly in the water. After observing the fish for some time, the monkey is convinced that it is disoriented and in need of his assistance. He quickly grabs the fish and takes it out of the water. Holding it firmly, he looks at the fish staring back at him with big eyes. While the monkey is still trying to figure out what to do, the fish stops breathing. «Oh no», the monkey yells in dismay, «I came too late!»

Presented in this issue are current evaluation methods, which also feature in our revised course CAS «Kommunikation & Wirkungsmessung» (held in German).

We hope you enjoy reading!

Georg von Schnurbein

CONTENT

Developmental Evaluation	01
The Kelvin Dictum	02
Interview Olivia Rauscher	03
Course updated	04
Calender	04

Evaluation of Innovative Projects

Evaluation is especially valuable in the area of trailblazing projects. The often inflexible evaluation concepts rarely meet the needs of such dynamic and innovative projects. The Developmental Evaluation approach offers an alternative solution. An article by Rafael Wyser.

Due to their financial and political independence, foundations like to support trailblazer projects that have the potential to provide new solutions for societal challenges. If a foundation wishes to show that a particular project is more efficient and effective than conventional solution strategies, then it has to show the project's impact.

When evaluating supported projects, there are many traps along the way. A frequent mistake is that the evaluation is planned towards the end of a project. At that point, it is often impossible to reconstruct the state of the project at the beginning. Hence, it is crucial to plan and consider the evaluation during the project planning phase. Approaches like Social Return on Investment or Impact Chains are dependent on comparisons of before and after.

Another equally frequent source of erroneous evaluations is the rigidity of many measuring approaches. Trailblazer projects can rarely be implemented in the way originally planned. If an evaluation concept does not evolve along with the project, then it can hardly yield valid results at the end. An inflexible evaluation concept will not do the dynamic of a trailblazer project justice.

It is common practice to include targets in the grant contract, so the results

can be measured against them at the end. This approach results from a logic of justification, demanding that the desired goal be reached by means of the predefined resources. This may not be easily applied to socially relevant projects where it is impossible to predict and plan the various external factors; or as Mike Tyson put it: «everybody's got plans... until he gets hit.»

Developmental Evaluation

The Developmental Evaluation approach aims at dissolving the contradiction between the dynamic of innovative projects and the continuity of good evaluation. This approach, developed by Michael Q. Patton, is based on the view that innovative projects move in a complex system of elements, mutually influencing each other. Instead of long planning phases, this approach builds on fast inquiries and feedback. Learning by doing is the motto. Developmental Evaluation includes methods such as Rapid Assessment or Emergent Evaluation that allow prompt inquiries with an explorative character. Rapid Assessments are structured inquiries, aiming to continuously feel the pulse of beneficiary recipients to be able to detect the implementation status of the project at any given time. Emergent Evaluation is a highly participative method, by which the evaluation concept is designed in a rolling wave

planning, in cooperation with the relevant stakeholders. Such evaluation methods allow for adaptations in the course of a project, without having to put the entire evaluation process into question.

What about accountability?

Due to constant adaptation in this evaluation setting, from the point of view of the grant-making foundation, there is a danger that not enough control and accountability takes place.

If an innovative project is to consider the complex reality, not only the project and evaluation concept needs to change, but also the relationship between the grant-making foundation and the benefited NPO. Instead of the one-sided accountability of the NPO regarding the usage of funds, a two-way responsibility is applied. Both parties engage proactively in open dialog under acknowledgment of each other's interests. This way, a relationship of trust and exchange can be built with both parties addressing mistakes and problems openly and on an equal level. Due to the information gathered by Developmental Evaluation, activities can be adapted and goals collectively redefined to achieve the best possible project impact.

Even though at first sight the presented evaluation method seems to be suboptimal for accountability purposes, the grant-making foundation receives a detailed insight in the work of the benefited NPO. Furthermore, the evaluation interests of partner organizations are taken into consideration to a greater extent through Developmental Evaluation: continuous project evaluation through the strengthening of organizational learning. This added value leads to an increased self-motivation, which helps to shoulder the increased time and effort of the evaluation.

Rafael Wyser is research assistant at the Center for Philanthropy Studies. His Phd topic is «Grant-making Foundation Evaluation in a Trilateral Evaluation Situation».

Literature:
Patton, M. Q. (2011). Developmental Evaluation. New York: The Guilford Press.

FACTBOX

Theory of Change



Theory of Change is a model that uses impact chains to show how targeted societal change should be accomplished. The easiest form consists of four steps. 'Input' describes the resources directly assigned to the project. 'Output' names the concrete projects and activities put into effect by the resources. 'Outcome' describes the changes in behavior and effects triggered by the projects. Finally, 'impact' is the contribution made to the greater development purpose. For example: A foundation has the vision of a pluralistic and open society. To achieve this goal, the foundation supports language courses for migrants (**output**) through funding and coaching (**input**). The migrants can then, thanks to their improved language skills, take part in public life and mix in with the locals. Due to this exchange and interaction, prejudices are reduced and new social relationships are created (**outcome**). Diversity is conceived as enrichment for society (**impact**).

The Theory of Change is a good tool to plan a project. The desired impact is defined and subsequently compared to the available resources. On this basis, output and outcome are developed.

The Kelvin Dictum

Models can help capture and quantify complex relationships. However, it is important to be aware at what cost. A commentary from Tizian Fritz.

The British physicist William Thomson (Lord Kelvin) stated that knowledge that cannot be expressed in numbers can only be of poor and unsatisfactory quality. The Kelvin Dictum surely applies to the exact sciences such as physics, but also to social sciences (to which the science of economics belongs), where the measurement of results and determinants has become inevitable. Equally important is the knowledge of what cannot be put into numbers or what has to be left out when trying to do so.

Measure social impact?

When measuring qualitative factors such as social impact or effects, it is inevitable to fall back on theories or abstract models. These models show how factors that are not directly measurable, can be made measurable. For this purpose, the development of a comprehensible quantitative approximation (proxy) to the measurab-

le parameter is needed. For example, sustainability or ESG-Ratings can be considered when aligning the investment portfolio of a foundation with its foundation purpose. Note that the figures can only be interpreted when the complex underlying models are taken into account.

Considering approximations

Models help to understand complex relationships in a simplified way. Measurement methods based on models therefore always show an abstraction. It is crucial to bear in mind the vagueness resulting from simplification. Only when the vagueness is reflected, can the measured results have actual validity – be it when looking at temperature or at social impact.

Tizian Fritz is research assistant at the Center for Philanthropy Studies. His Phd topic is «Mission Related Investment.»

The Social Return on Investment (SROI)

The Social Return on Investment (SROI) is a method for impact measurement that is increasingly gaining popularity. The Competence Center for Nonprofit Organizations and Social Entrepreneurship (NPO & SE) at the Vienna University of Economics and Business has conducted various SROI calculations. The CEPS speaks to Senior Researcher Olivia Rauscher.

CEPS: What does an SROI express?

O.R.: In general, the SROI analysis tries to measure and evaluate the societal surplus created by social organizations or projects. The method aims to capture the financial, explicitly also the social, cultural, political, and ecological impacts of diverse activities or interventions. These impacts are then translated into monetary units and are compared to the invested capital. This comparison requires a certain change of thinking: grants, subsidies, or donations are understood as investments, leading to societal incomes in terms of social returns. The result of the analysis is a highly aggregated index number, which describes the monetarily rated social return of one invested euro. For example, a ratio of 1:3 would imply that every invested euro in the project generates a societal impact with a monetary equivalent of 3 euros.

Olivia Rauscher



Olivia Rauscher is Senior Researcher and project director at the Competence Center for NPO & SE of the WU Wien.

She is also co-funder of the Austrian working group for impact measurement and member of the jury for the annual innovation price «ideas against poverty».

CEPS: How can the SROI be calculated and which steps are necessary?

O.R.: Different SROI methods and guidelines on how to organize the analyses exist. In collaboration with our colleagues at the CSI of Heidelberg University, a new manual for SROI analyses is currently being written at the competence center. Our manual addresses practitioners and is planned to be released by the end of September. Generally spoken, the SROI analysis is a complex method, strongly oriented towards stakeholders. In a first step, the stakeholders must therefore be identified to be included in the analysis. In a second step, the hypothetical impact chain – the comparison between input, output, outcome and impact – has to be

assembled for each of the stakeholders. In a next step, the impacts themselves and the adaptation of the impact chains are measured empirically. In parallel, we also measure the so-called dead-weight – the impacts which would have occurred anyway, without the project or program. The impacts not only have to be identified, but also quantified to be able to be monetized in a fourth step. At the end, the monetarily rated impacts are aggregated and compared to the investments.

CEPS: Which benefits do NPO derive from the calculation of an SROI?

O.R.: The trend to measure impact results to a large extent from the growing legitimization pressure on nonprofits. In their procurement regulations, donors and political actors increasingly demand nonprofits to prove their impact. One important benefit of the analysis is that impacts are widely taken into account. At the same time, the complexity of communicating the results is reduced. 1:3 is quickly said and understood, even if the analysis offers more than the mere final value. Through this analysis, organizations can legitimize their activities and accomplishments towards their stakeholders in an easily understandable way. In the acquisition of funds lies another core benefit of the analysis for the organizations. The SROI can also help investors, foundations for example, decide between different projects or programs. From a practical point of view, the analysis can also help to understand one's own business model and its impact per stakeholder. The analysis is therefore also beneficial for strategic considerations. Additionally, the potential for change can be shown, which again can be helpful for an impact-oriented guidance of the organization.

CEPS: What are the difficulties of the SROI method?

O.R.: SROI analyses are sometimes controversially discussed. Critics see the economization of the social sphere and a renunciation from the value-orientation of social work as risks arising from the method. One of the core chal-

lenges of the method is surely the monetization of the identified impacts. This is easier in some cases: for example when a workplace is maintained, the associated income can be measured. But how can an improved health state, higher self-esteem, or a saved life be measured in money? A whole string of tools is available for assessment, but in the end it is also an ethical question of how valid the results really are. For the measurement and assessment of impacts, suitable indicators and data must be found. Even though first databases are already being arranged, standardizations of indicators and data are still missing. This fact leads to a further challenge, namely the limited comparability of SROI values. The end value in the form of an index number literally calls out for benchmarking. But many factors, such as the used measurement and assessment tools or the project's context in a welfare state, significantly influence the SROI value. A comparison of SROI values is therefore only possible with due diligence and the consideration of the individual procedure. A seriously conducted analysis offers more than just an index number. The identification of impacts and the elaboration of causal relationships per stakeholder enable increased organizational learning.

CEPS: Thank you very much!

NEWS

GENEVA New Impact Hub in Geneva

In Geneva, December 8, 2013, yet another member of the global network was established. Impact hubs are shared office spaces where social entrepreneurs support each other in their activities, aiming to generate positive social impact.

www.facebook.com/impacthubgeneva

ESSEN New Director

Bernhard Lorentz, CEO of Mercator Stiftung in Germany will leave office and move to Stanford University to become a visiting scholar. The foundation will be led by Michael Schwarz, Dr. Wolfgang Rohe, Gabriele Geertz, and Winfried Kneip.

www.stiftung-mercator.de

Course updated

The certificate course «Communication & Impact Measurement», shows NPO managers how to design their organization with orientation towards the maximization of societal impact.

With the diploma course in Nonprofit Management & Law, the CEPS offers an academic and practical further education program. It is the goal of the CEPS to constantly refine the offers and continuously integrate the needs of nonprofits and new research findings. After four years of successful realization, the content of the CAS 'Performance & Kommunikation' was revised and its focus strengthened. Following the content changes, the course was renamed to CAS in «Kommunikation & Wirkungsmessung» (Communication & Impact Measurement). This course is still held in German only.

The course consists of three modules with different topics. In module 1, the participants learn the basics of nonprofit marketing. In addition, different communication strategies are analyzed and media law is introduced.

Under the umbrella term «monitoring», module 2 shows how NPOs can observe societal, financial, and fiscal developments, and then align their actions with these developments. Module 3 is

dedicated to impact measurement methods. The participants learn how to evaluate their social impact and how to draw the right conclusions regarding their own strategy. The acquired knowledge is then directly applied in a case study.

The course enables NPO managers to design their organization in accordance with its purpose and to communicate their societal contribution in a transparent and effective way.

www.ceps.unibas.ch/weiterbildung/

Did you know?

114

In a meta-study, the Center for Social Investment (CSI) at Heidelberg University examined 114 SROI analyses. In the publication «Social Return on Investment (SROI): State-of-the-Art and Perspectives», an academic reflection of the method as well as recommendations for practitioners are presented.

www.csi.uni-heidelberg.de/downloads/CSI_SROI_Meta_Analysis_2013.pdf

CEPS INSIGHT

Officially Elected

The university board of the University of Basel gave its approval for a new professorship for Foundation Management at the Faculty of Business and Economics. Georg von Schnurbein was elected as the new Professor for Foundation Management.

Publications

The March edition of the journal Voluntary Sector Review features the article «Governance Systems in Grant-making Foundations» by Steffen Bethmann, Georg von Schnurbein, and Sibylle Studer. The presentation on the history of philanthropy, with the title «Vom Geist des Gebens – Philanthropie im 21. Jahrhundert», was held in the context of the lecture series «Seele, Spiritualität, Emotionen» of the Aeneas Silvius Foundation. This presentation was published in the series anthology.

Working Paper Series startet

The CEPS has started its working papers series. The first released contribution is an article on foundations as social innovators, «Stiftungen als soziale Innovatoren», by Steffen Bethmann. The publication in German is available as a free download on the CEPS website.

www.ceps.unibas.ch/publikationen

CALENDER

CEPS ADVANCED STUDIES

[Enroll now! \(Courses in German\)](#)

Philanthropy in the Morning

How to integrate volunteers
27 March 2014, WWZ, Uni Basel

CAS Communication & Impact Measurement

Modul 1: Communication
1 - 4 September 2014, Oberhofen

Modul 2: Monitoring
22 - 24 September 2014, WWZ, Uni Basel

Modul 3: Impact Measurement
27 - 30 October 2014, WWZ, Uni Basel

Intensiv-course

Financial Management in NPO
3 - 7 November 2014, Kloster Kappel

COMING UP

Worldwide Initiatives for Grant-makers Support (WINGS)

The Power of Networks: Building Connected Global Philanthropy
27 - 29 March 2014, Istanbul

European Foundation Council Philanthropy Day

14 April 2014, Brussels

SwissFoundations Symposium Foundation 3.0: The Foundation of the Future - The Future of the Foundation

20 May 2014, Villars-sur-Glâne

International Society of Third Sector Research (ISTR) Conference Civil Society and the Citizen

22 - 25 July 2014, Münster

LEGAL NOTICE

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