

As our own impact report reveals on page 48, it can be difficult for foundations to develop processes for effectively evaluating and learning from the grants they make. Here, David Carrington, a consultant to the philanthropic sector, shares his perspective on the development of approaches to learning and evaluation among charitable trusts and foundations as a whole, revealing a pattern of regular adjustment as foundations' practices have shifted and impacted on grantees.

# Learning for foundations

It is usually unwise to attempt any generalisations about charitable trusts and foundations. They are quick to assert not only their independence but their individuality – the differences in the aims and aspirations of their founders, the differences in size, organisation and policies. Nonetheless, a number of developments over the last couple of decades have informed the practice, generally, of UK trusts and foundations. As part of a team of researchers, I have been working on the 'Shedding Light on our Own Practice' study, in which we interviewed 26 foundations from across Europe (including Paul Hamlyn Foundation) about their approaches to learning and evaluation. Our findings were launched at the European Foundation Centre annual conference in Belfast in June 2012, and a full report is due later in the year.

During the 1990s, trusts and foundations put a lot of effort into three main areas: clarity of communications, fairness in funding, and a sharper focus on supporting clearly defined projects with specific outputs. All these developments were intended to ensure that foundation funding was used in more deliberate and thoughtful ways than may have been the case previously. However, each also had some 'downsides', especially from the perspective of the organisations seeking funds.

For example, they could lead to inflexible, tortuous and time-consuming application and decision-making processes, making it more expensive, particularly for smaller organisations, to engage in transactions with foundations. Worse, applications themselves could lead to the organisation's work being distorted as it tried to shape and redefine what it thought needed to be done in order to meet the foundation's requirements and priorities.

Short-term, project-focused funding could easily lead to applicants asserting that they could achieve complex and ambitious targets within a limited timescale that in their hearts they knew was insufficient (and often with a level of funding that they knew would be inadequate). Output-focused work could lead to a disproportionate focus on narrow compliance and reporting – further increasing transaction costs for grantee organisations without necessarily adding any real value.

During the last decade, many foundations have sought to enhance further the ways they work so that these downsides are avoided. A greater focus has emerged on relationships with grantees that seek to strengthen the resilience of the funded organisations, look beyond quantifiable outputs to more subtle indicators of lasting outcomes, and generate mutually useful learning.

Foundations have also explored other ways they can add value to the work they support by introducing various forms of what has been described as 'funding plus', for example by creating opportunities for the organisations they support to share knowledge and experience (either in person or virtually), and by using the experience that has been achieved with the support of their funding to engage in advocacy and other attempts to influence the direction of public policy.

Some foundations have also extended the menu of the types of funding they provide to go 'beyond grants' and include (either directly or via intermediaries) loans, underwriting or other forms of investment and 'patient capital' – adopting various forms of what is called 'programme related investment'. This is intended, primarily, to help an

organisation achieve the social returns to which the foundation aspires, but could also lead to some or all of the funding being returned to the foundation once the work has been successful. A number of endowed foundations have also begun to explore how some of their endowment wealth could be channeled more deliberately into supporting the public benefit that their charitable purposes are focused on.

One common feature of these more recent developments is the emphasis on learning – on being clearer from the start of a funding programme or grant about what outcomes it is intended to achieve or to explore. Such action requires a foundation to make an investment – also from the start – in organisational capacity (within the foundation itself and within the organisations it is funding) to evaluate and learn from the work that is to be undertaken. Under this model, foundations:

- Apply the lessons learnt to the work as it evolves and develops
- Share the learning with peers and other organisations working within the same sector
- Use the learning that is generated actively to inform the policies and behaviour of others and to enhance the likelihood of the replication of successful pilot or experimental work

This greater focus on evaluation and learning has now begun to extend beyond the assessment of the work that a foundation is supporting to include a focus on the practice of the foundation itself – the ways its own behaviour and ways of working may influence (for better or worse) the realisation of the outcomes that it is hoped a programme or project will achieve. For many foundations, for many years, their practice has just been ‘the way we do it here’. Now this is changing, through reflection and review, consultation with others and studies of the perceptions of a foundation’s grantees and applicants.

As a consequence, foundations are making changes to their own practice and behaviour which they hope will, in turn, impact positively on the likelihood of their aspirations (and the plans of the organisations they support) being realised. For some, making such changes may seem a straightforward exercise but this is far from the case generally as many represent profound challenges to ‘the way we do it here’ and involve a foundation adopting not only different practice but a different ‘culture’ in the ways they work and communicate, internally and externally.

The experience of the foundations that have participated in the ‘Shedding Light on Our Own Practice’ study indicates a deepening curiosity and reflection about the ways a foundation works. This focus on foundations’ own practice can lead to substantial changes in attitudes to, expectations of and relationships with the organisations they choose to support – and to changes in the skills and focus of a foundation’s staffing capacity.

Examples of these changes include:

- Foundations increasingly seeking out and planning initiatives with organisations that they believe may be (or could become) best placed to deliver the outcomes to which the foundation aspires – relying less on ‘open’ applications and, even when maintaining open programmes, engaging initially with applicants in a much more flexible and discursive way.
- Foundations – not least at board level – spending much more of their time discussing the lessons being learnt from what the organisations they are supporting are doing, the strategic consequences for their own future direction and the ways they can add value or influence to the impact of the work that their resources have supported.
- Foundations and grantee organisations investing time and effort together in analysing and considering the learning consequences (for themselves and, potentially, for others) of the progress of a specific initiative – even (perhaps particularly) if it is not achieving its intended results.
- Foundations establishing much longer-term relationships with some of the organisations they support than would have been their practice previously – sometimes continuing to support and work with them (for example on policy advocacy or dissemination) well beyond the period of funding. In many cases, this continued engagement occurs in partnership with other organisations within communities of practice, interest or influence that the foundation and grantee have participated in (or built) during the period of funding.

It has also become clear that vital to securing such changes are the determination, enthusiasm and commitment of a foundation’s leadership, at both executive and board level. As one contributor to the ‘Shedding Light’ study commented, “in order for evaluation and learning to work, it has to be like breakfast, part of everyone’s DNA”.

The greater openness and transparency of practice adopted by these foundations has also encouraged grantees to be more ready than might have been the case previously to share with the funder the lessons being learnt from the work they are undertaking, as it happens – lessons about what is not going to plan as well as what is working. This can generate a more healthy, mutually valued and effective relationship.



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