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November 11, 2008

Making an Impact

Formalizing Outcome-Driven Grantmaking

Prepared for the William and Flora Hewlett Foundation

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Summary: Making an Impact

Outcome-driven grantmaking is the ultimate goal in high-impact philanthropy. The Hewlett Foundation is working to formalize outcome-driven grantmaking, and has recently completed a project to implement the first four steps of the process that is described below. This paper offers lessons and recommendations based on that experience for future efforts.

Almost a year ago, Hewlett's Global Development Program piloted an approach to grantmaking called expected return, with the aim of ensuring the greatest possible philanthropic impact by clarifying and quantifying grantmaking decisions. This trial run revealed many potential advantages, but also recognized that expected return was one step in a larger process of outcome-driven grantmaking (ODG) and that there was much more learning to do.

This paper offers lessons and recommendations based on experience formalizing outcome-driven grantmaking

The Population Program picked up the baton, and over the last year has collaborated with the Redstone Strategy Group to become the first group within the Foundation to formally document its grantmaking using ODG. This process has illuminated the practical benefits of ODG and identified the real challenges to be overcome where theory meets the reality of philanthropic practice.

So far, the Population Program has worked through the first four steps of the ODG process. Preliminary results from this experience show that even in the early stages of implementation, ODG is a vehicle through which a program can make significant improvements in the clarity, consistency, and rigor of its grant-making. ODG has improved communication about impact both within the Program and with grantees, suggested new ways to think about grantmaking tradeoffs, and laid the groundwork for future monitoring and evaluation.

Philanthropic programs have long worked to measure and document their grantmaking, but the ODG approach is still a new one. Along with important successes, the Population Program identified some serious challenges to be overcome in future implementations. The level of complexity involved in grantmaking decisions and the lack of information available present hurdles to expected return and strategic planning efforts. ODG is not a substitute for professional judgment or the first-hand knowledge that comes with seeing the conditions in exam rooms and meeting face-to-face with the women and men who provide critical services to those in need. The next group to work on ODG can learn from the Program's recommendations and collaborate with grantees to overcome these challenges.

This paper's three chapters describe the successes of the Population Program's ODG effort and offer lessons and recommendations for future applications of the ODG process:

1. Worth the effort:

ODG brings clarity and consistency to the grant-making process, helping foundations to achieve the greatest possible impact. The Population Program's preliminary work on implementing ODG has resulted in tangible benefits and identified challenges to overcome in future efforts.

2. Learning by doing:

The first four steps in the ODG process improve the clarity, consistency, and rigor of grant-making, and lay the groundwork for full ODG implementation. This chapter describes the Population Program's experience in implementing these four steps: set a measurable outcome and scope; research the field; establish a logic model, metrics, and targets; and compare the expected social return of potential investments.

3. New horizons:

To achieve the full potential of ODG, future efforts can learn from the Population Program's experiences to improve on the first four steps and expand into new parts of the process. The Population Program itself is also committed to furthering the Foundation's learning through ongoing ODG work.

Full implementation of ODG will be a learning process for the whole Foundation, with each successive effort improving and expanding on its predecessors. In this paper, the Population Program and the Redstone Strategy Group offer lessons and recommendations gleaned from the ongoing pilot effort. The first chapter explains the motivation behind ODG and describes the benefits and challenges identified by the Program's experience. The second chapter walks through each of the steps and presents specific recommendations for programs to follow in the future. The final chapter suggests next steps for Population and other programs to improve and expand the implementation of ODG.

1

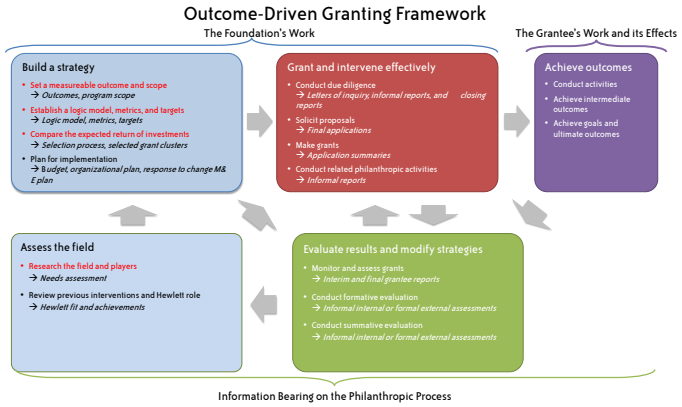
1. Worth the effort

Benefits and challenges of ODG

ODG brings clarity and consistency to the grantmaking process, helping foundations achieve the greatest possible impact. The Population Program's preliminary work on implementing ODG has resulted in tangible benefits and identified challenges to overcome in future efforts.

Outcome-driven grantmaking is about making the best choices in allocating scarce resources, helping philanthropic dollars achieve the largest possible impact. Achieving this goal is both critical and extremely difficult. In theory, ODG follows a relatively straightforward process (Figure 1, and also full-size in the appendix). In reality, every step of this process is beset by practical challenges, with the result that it takes time to implement ODG, whether within a specific program or across a whole foundation.

Figure 1. The ODG process



Nonetheless, the value of institutionalizing a process for ensuring maximum philanthropic impact is well worth the time and effort. The Population Program at the Hewlett Foundation has only just begun implementing ODG, but even preliminary steps have resulted in tangible improvements.

The value of institutionalizing a process for ensuring maximum philanthropic impact is well worth the time and effort

This chapter discusses the motivation behind ODG and the benefits that derive from it. It also recognizes the challenges that have arisen, and the steps that will need to be taken in the future to realize its full potential.

Why bother?

The ultimate goal of ODG is to ensure maximum philanthropic impact for a given investment. But how does that actually happen? ODG is a way of thinking about philanthropy that encourages clarity about goals and assumptions, and a rigorous approach to assessing impact. Because those are ambitious goals for any philanthropic program, it is important to develop a set of tools and procedures that can facilitate ODG and integrate learning and improvements in grantmaking over the long term.

A number of major benefits characterize a successful ODG process. First, it helps philanthropic programs keep an eye on the big picture by setting overall goals and linking smaller activities back to these goals through the logic model. ODG also encourages continuity and consistency in grantmaking by tying decisions to rigorous evaluations of impact that identify the grants with the highest potential.

But ODG shouldn't stifle learning or innovation. In fact, successful ODG creates explicit procedures for learning from past grants and incorporating new information into the next cycle. By creating a common language of outcomes, metrics, and targets, ODG can improve communication within the Foundation and with grantees about new ideas.

Put together, these characteristics of ODG contribute to philanthropic programs that consistently get the biggest bang for their buck and communicate clearly and effectively about the impact they are striving to achieve.

Preliminary benefits

One of the foremost lessons to emerge from the Population Program's work is that simply starting to think about grantmaking decisions through the lens of ODG provides opportunities for learning and increasing philanthropic impact. Many of the benefits of ODG can be realized when a program finds new ways of thinking and communicating about impact, even if the implementation of the full process is incomplete. The Program found the first steps of ODG implementation to be useful and innovative in a number of respects:

- **Internal discussions about impact are more specific:** During the ODG process, the Program developed a common language to discuss impact. This led to challenging and important discussions about the terms in which to evaluate the Program's goals and grantee achievements. Should grants aim to minimize teen births or teen pregnancies? How can improvements in reproductive rights actually be quantified without losing important nuance? How should the answers to such questions affect the strategies the Program pursues?
- **Tradeoffs within the grantmaking portfolio are being considered in new ways:** Developing a clear and explicit set of outcomes and activities not only makes it easier to talk about impact, it also illuminates real tradeoffs within the portfolio that may have been implicit or overlooked. For instance, the Program wants to focus its international efforts on Sub-Saharan Africa, but doesn't want to ignore the benefits that accrue to other regions as a result of grants. How should it consider the tradeoff between grants with different distributions of benefit across regions?

Similarly, the Program wants to affect both the quantity of contraception use and the quality (e.g., the consistency and length of time) of that use. The former it easier to measure, but the latter is extremely important. Most significantly, tradeoffs between the two are not uncommon. How should the Program balance expanding service delivery systems to reach new contraceptive users while improving service quality and follow-up with existing clients?

- **Communication with grantees about impact has improved:** Throughout the ODG process, the Program consulted with grantees. For example, at the 2008 meeting of the Population Association of America, the Program met with its major research grantees to discuss a challenging issue: how to effectively measure the impact of research on concrete outcomes like population dynamics. Grantees feel that this is an issue of some significance in the field, and believe that other funders will follow the Hewlett Foundation in prioritizing it.

  The results of this conversation between the Program and its research grantees have been exciting. Several grantees have already proposed improved impact measures, and the Population Reference Bureau is proposing a project to develop metrics that will have broad applications throughout the field. The Program is also following up with a number of grantees – for example, the Population Council and the INDEPTH Network – to improve both internal M&E systems and those of grantees.

  In other parts of the grant portfolio, communications with grantees have also yielded a number of positive results. First, grantees now understand the Program's goals better, and can ensure that funding is being directed toward these goals. Second, clear communication helps grantees understand what information is useful to the Program, improving their proposals and reports and potentially reducing time and effort. Discussing ODG can also encourage grantees to improve their own thinking about goals and logic models, and to provide critical feedback and input into the Foundation's goals and logic models as well.

- **Baseline information has emerged for monitoring and evaluation (M&E) comparisons:** Good M&E procedures require measureable metrics and targets, and a known baseline for each metric from which to measure progress.

  The Program has been working closely with grantees and researchers to refine its measures of success. The effect on the field has been tangible. Several key grantees working in Sub-Saharan Africa are expanding their use of a measure of contraceptive adoption that recognizes important differences between the effects of different methods; and the reproductive health and rights community is considering refinements to an index developed by Nancy Yinger, a Hewlett grantee.

  Thus, by developing metrics and researching potential targets, the Population Program is steadily building the necessary foundation for improved future M&E of its grants.

Challenges to overcome

As the first group to implement a new process, the Population Program hit a number of bumps in the road that will need to be addressed to smooth the way for future iterations. Most of these challenges centered on the difficulty of applying the theory of ODG to the complex reality of grantmaking. The difficulty of capturing the full complexity of goals and a lack of information presented significant barriers to achieving the full potential of ODG.

The difficulty of capturing the full complexity of goals presented significant barriers to achieving the full potential of ODG

- **The process can miss nuance in complex decision-making:** Explicitly mapping outcomes and activities through the logic model and quantifying them through metrics can sometime result in oversimplification. As ODG processes mature, more nuance can be captured, but many facets of decision-making resist easy quantification. For instance, the Foundation "places a high value on sustaining and improving institutions that make positive contributions to society" but capturing this 'existence value' of an institution in the long term is difficult.
- **Some information is not available or is not captured with current processes:** Even with the most straightforward grants, challenges arise from a lack of concrete information. For example, grantees track their achievements in different ways, and few organizations are able to measure the long term impact of their work on ultimate outcomes. Furthermore, the amount of credit that can be attributed to one organization's efforts is often difficult to isolate. Some of these issues can be addressed through future work with grantees to gather more information, but subjective judgments also need to play a role in filling knowledge gaps.
- **Margins of error on expected social return (ER) calculations can make comparison difficult between groups of grants:** The ease and accuracy of ER calculations will vary between programs. In general, philanthropic topics that are closely tied to the sciences and quantitative analysis (e.g. the environment) seem to find ER to be relatively straightforward, while those that fall more in the arena of social sciences and human behavior (e.g. population, global development) seem to find it more difficult. The combination of missing nuance and information, and limited confidence in the quantitative modeling of potential strategies, led to an inability for the Population Program to fully compare ER across grants and clusters. Although strong patterns did emerge in the ER of various clusters, the Program felt that the margin of error was large enough to undermine judgment about the highest return activities. Better information can help improve the accuracy of these calculations in the future, although concerns about modeling will also need to be addressed.

Conclusion

The full ODG process involves many steps in a cycle that flows from initial goal setting to grant selection to incorporating lessons and back to the beginning. Thus far, the Population Program has expanded the Global Development Program's expected return work into the first four steps of ODG. In breaking trail for the rest of the Foundation, the experiences of these two programs have both illuminated the benefits of the process,

and identified lessons that will smooth the way for future implementers.

The following chapters describe the process that yielded preliminary benefits, and discuss recommendations for how to extend and improve the process to overcome challenges.

2

2. Learning by doing

The lessons learned in each cycle of grantmaking feed back into planning and selection the next time around

Lessons from the first four steps of the ODG process

The first four steps in the ODG process improve the clarity, consistency, and rigor of grantmaking, and lay the groundwork for full ODG implementation. This chapter describes the Population Program's experience in implementing these initial steps.

ODG is an iterative process, with the lessons learned in each cycle of grantmaking feeding back into improved planning and grant selection the next time around. The four steps that were implemented by the Population Program represent both a starting point for a new philanthropic program, and a logical entrance point into the ODG cycle for a more established one, such as Population. The four steps are:

1. Set a measurable outcome and scope
2. Research the field and players
3. Establish a logic model, metrics, and targets
4. Compare the expected social return of potential investments

Although these steps represent only one phase of the cycle, they are a critical basis on which a full ODG process can be built. Many of the benefits of ODG described in the previous chapter can be realized through these steps, which ensure that a program's goals and activities are tied together and expressed clearly and measurably.

Recognizing its role as a trailblazer for the Foundation, the Population Program kept its eyes open for opportunities to improve the ODG process, as well as taking note of successful aspects of implementation. This chapter describes the way the Program approached each of the four steps, and presents recommendations for how they might be expanded and improved in the future.

1. Set a measurable outcome and scope

This step is the crucial prerequisite to everything else in the ODG process. It sets the terms for the whole undertaking, by defining the 'outcome' in 'outcome-driven grantmaking'. Outcome and scope determine what one is trying to accomplish, and where and for whom.

Set a measureable outcome:

Setting an outcome is, in some ways, obvious: all philanthropic programs have some sort

of goal or mission statement, whether or not they document it through ODG. But the details of content and phrasing have major implications down the road, especially for a program working to clarify and measure its impact.

Previously, the Population Program's goal was "to promote voluntary family planning and good reproductive health outcomes for everyone because of the benefits this brings to individuals, societies, and our entire global community" – a useful way of communicating its philanthropic mission. When it began to document its thought process using ODG, however, the Program decided to refine its ultimate outcome in a way that not only communicates its mission to the world, but sets the yardstick for tradeoffs as it considers grants (Figure 2).

Figure 2. Population Program outcomes

The Population Program began by looking at examples of goals set by other organizations and experts, including UNFPA, the World Bank, the Packard and Gates Foundations, and its own staff. Gathering ideas from these sources helped the Program to consider the content of its outcome statement and different options for phrasing.

To fulfill a measurement role as well as a communications role, the Program's revised outcome needed to have several characteristics. First and foremost, it needed to be concrete and specific enough to measure. A program officer should be able to look prospectively or retrospectively at any grant and answer the question 'How much will this contribute to our outcome?'

Second, the Program wanted its outcome to be a statement of what it actually intended to accomplish, rather than more abstract desires in an ideal world. As such, the outcome needed to be ambitious and full of aspiration, but also limited to what is feasible for a philanthropic program. In other words, a good outcome explicitly excludes many important and desirable things. For example, the members of the Population Program team care deeply about issues such as the spread of HIV/AIDS, maternal and child health, and the availability of safe drinking water. By nonetheless excluding these things from its ultimate outcome, the Program created a realistic standard to which it will hold itself accountable. Program staff ought to be able to use an outcome statement as a clear dividing line between things that are the responsibility of the Program and those that are not, however desirable they may be.

Of course, the outcome conveys meaning through what is included, as well as what is excluded. For instance, in the population field, the achievement of demographic goals and reproductive rights are highly correlated. But rather than subsume these parallel objectives into one outcome statement, the Program chose to separate them. Explicitly presenting reproductive rights as a stand-alone outcome, rather than something implicit or included in demographic goals, recognizes the Program's values and ensures that important tradeoffs are recognized as the Program allocates time, attention, and funding.

Set a scope:

The Population Program's choice of scope was in large part driven by its outcome – once it had decided on demographic and reproductive rights outcomes, it needed to choose a scope for activities that would be the most conducive to achieving those goals. In this case, scope was largely a geographic issue, although in other programs, it might also include targets for particular demographic groups (e.g. teen girls), income levels (e.g. people living below the poverty line), etc.

Deciding on geographic targets involved some preliminary regional analysis of expected social returns on population activities. Based on a number of factors, including the need for assistance, expected population growth, and political and social circumstances, the Program decided that Sub-Saharan Africa represented the best target region for achieving its outcome.

Scope can represent a choice based on values as well as expected return. In addition to working in Sub-Saharan Africa, the Program chose to work in the United States, and specifically the Bay Area of California, reflecting the Foundation's values and commitment to its home region (Figure 3).

Figure 3. Population Program three areas of scope

Although the Program chose to target its activities at these three regions, many of its grants have spillover benefits in other parts of the world. Because the Program also values these spillovers to the extent that they also contribute to global realization of its goals, it includes them in its grantmaking decisions and expected return calculations, but discounts them relative to benefits that accrue within its main regions of scope.

2. Research the field and players

Once an outcome has been established, the next task is to figure out how to accomplish

The research step reflects a significant tension in the grantmaking process

it. In partnership with Redstone, the Population Program used research and its existing expertise to understand the full range of potential investments for the logic model and to determine the most appropriate metrics and targets for each outcome. Published research and personal interviews with experts – both of which were already common elements in program officer activities at the Foundation – contributed to this effort.

The research step reflects a significant tension in the grantmaking process. The ODG approach to philanthropy simultaneously values scientific accuracy in grantmaking and the ability to make decisions with the information available without being paralyzed by the unknown or potential for error. How much research is necessary and appropriate, and when?

The ODG process attempts to address this problem by recognizing the importance of research as an early step, while also realizing that this effort will need to be supplemented and improved down the road. In reality, research is far more than a single step: it's a continuous input into program officers' decisions, and drives every step in the ODG process. Recognizing this allows program officers to move forward with decisions, knowing that they will be constantly updating and improving decision-making information.

Few programs are likely to begin researching from scratch; most can draw heavily on the knowledge and experience of their staff. The breadth and depth of the undertaking will vary widely from program to program. A new philanthropic program might go through a large and lengthy research process. An established program that is new to ODG might do research focused on its outcomes and logic model to expand its knowledge in ways that are conducive to quantitative measurement and rigorous evaluation. Finally, a program that is experienced with ODG might only use the research phase to keep up with innovations in the field and incorporate lessons from the last round of grantmaking.

Because the Population Program has deep knowledge and experience in the field, the research step involved finding the most up-to-date studies to understand recent developments and using robust impact evaluations of past interventions to quantify the relationship between activities and outcomes.

The Program's greatest research challenges involved the availability of data that accurately represented its grants and goals, and that was comparable across the relevant regions and time periods. For instance, measuring the status of reproductive rights in different countries is a priority for the Program, but quantifying rights in a way that captures all important factors proved extremely difficult. The Program has approached its research on this issue in innovative ways, drawing not only on published works and interviews with experts, but also drawing experts and advisors into a conversation with program officers and commissioning new studies. The result was not a definitive answer, but rather a step forward on an issue that the Program will have to continue to address.

3. Establish a logic model, metrics, and targets

Establish a logic model:

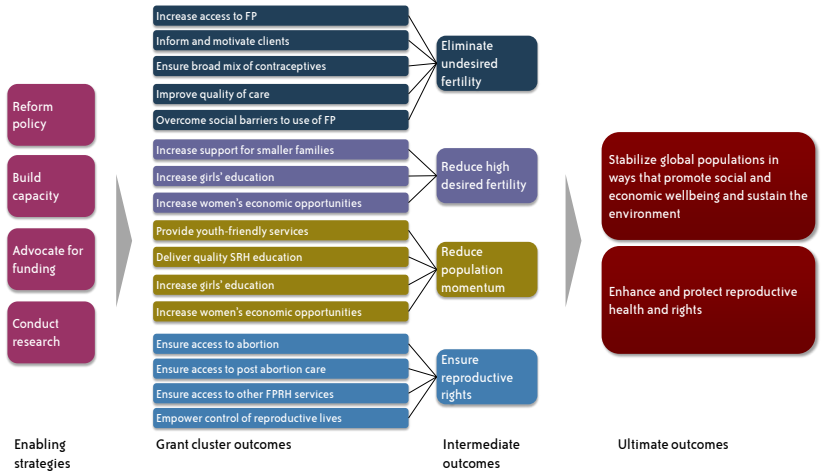
The Population Program used a logic model to formally and explicitly describe its

outcomes and all of the clusters of activities that contribute to achieving it (Figure 4, and also full-size in the appendix). The logic model takes the form of a tree, with the ultimate outcome at the far right, and several levels of intermediate outcomes, activities, and enabling strategies to the left.

The main section of the logic model describes activities that directly contribute to intermediate or ultimate outcomes. For the Population Program, this includes activities such as building family planning clinics and training service providers in youth-friendly techniques.

These activities are supported by a number of enabling strategies. For instance, building clinics will only make a difference if the new clinics are sufficiently staffed and supplied. To ensure that the clinics succeed, the Program might support improvement in nationwide clinician training capacity, or encourage the government to budget more funding for contraceptive supplies.

Figure 4. Population Program logic model



Although the details of enabling strategies will differ from program to program, the basic form of the logic model will likely be similar. Most areas of philanthropic activity are supported by four types of enabling strategies (those that focus on creating legal, social, political, and financial conditions that are conducive to success):

- Reform policy
- Build capacity
- Advocate for funding
- Conduct research

The Program has begun work on detailed logic models for each of these types of enabling strategies, which may provide a standard starting point for future efforts (Figure 5, and also full-size in the appendix).

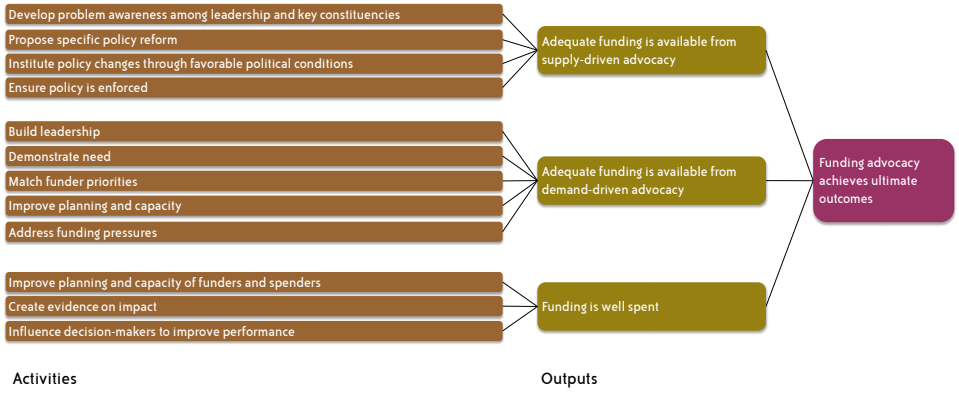
There are nearly infinite ways to divide up the branches in a logic model, most of which

are valid and justifiable. Choosing the best way to break down the problem can be difficult, but has strong implications for grantmaking activities, so the Program spent significant time discussing and trying out different options.

In the end, the Program chose to start with a modified version of a framework developed by demographer John Bongaarts. The top level of the logic model starts with the three components of population growth identified by Bongaarts:

- Undesired fertility
- High desired fertility
- Population momentum

Figure 5. Example of a funding advocacy standard enabling strategy logic model



Consistent with its overall outcome, the Program also added reproductive rights as a fourth target area for its work. While championing reproductive rights is implicit in the other aspects of the logic model, program staff felt that recognizing the importance of these rights warranted a separate target area.

The 'Bongaarts framework' was chosen as a starting point for the logic model for several reasons: it has a direct and quantifiable relationship with the Program's ultimate outcome, its three parts are mutually exclusive and collectively exhaustive (MECE) in describing population growth, and there are important and distinct activities that fall under each branch.

Below the top level of the logic model, the Program used judgment and trial and error to determine the breakdown of the branches. Again, there are many valid ways to divide the logic model, but the Program developed some rules of thumb that tend to lead to good logic models:

- Begin with a clearly-defined and measurable objective
- Ensure big grantmaking differences between branches
- Roughly equalize weight within most levels (e.g. logical, financial) and make each level MECE

- Recognize items not addressed by the Program, so that the model is a complete description of all of the work that is needed to achieve the outcome
- Create at least three levels, and be certain to penetrate to the level of detail at which the Program grants
- Add enabling strategies after extending the logic model far enough so that they have an obvious causal link to the direct strategies

Choose metrics and set targets:

Once a logic model for both direct activities and enabling strategies was established, the Program began to work on attaching metrics and targets to each component of the logic model. Metrics quantify the relationship between parts of the logic model and set the terms by which impact is measured by the Program and its grantees. Targets are goals set by the Program for each metric, against which progress can be measured.

For example, contraceptive prevalence rate (CPR; the percentage of the female population of a certain age that uses contraception) is a metric that might be used to measure the impact of providing family planning counseling to women. CPR expresses the quantitative relationship between the activity and an outcome, such as lower birth rates. Counseling leads to more women choosing to use contraception, which leads to a lower birth rate. The relevant target would be a specific desired change in the metric, such as a 20% increase in CPR in the areas where counseling programs are implemented.

Metrics should be directly and quantifiably linked to the Program's outcomes, and should capture benefits that are within the Program's scope

Metrics should be directly and quantifiably linked to the Program's outcomes, and should capture benefits that are within the Program's scope. They must also measure both the number of people who are affected, and the degree to which they benefit. Returning to the CPR example, the metric needs to show not only how many women use contraception, but how effective that contraceptive use is at preventing unplanned births. Using CPR weighted by the effectiveness of the contraceptive method allows the Program to differentiate between 1,000 women using spermicide, which is about 74% effective, and 1,000 women using oral contraceptive pills, which are 95% effective.

Ensuring that metrics accurately capture the Program's goals and are readily measurable is difficult. Many of the most commonly used metrics in the field are either impossible to link quantitatively to ultimate outcomes or almost impossible to measure consistently across time and place. Given that the metrics chosen can significantly influence Program and grantee activities, the selection of metrics is a major undertaking, and should not be underestimated; it will likely require extensive research and consultation with grantees.

The targets for each metric should be ambitious but achievable, and should be attached to a realistic timeline. The ultimate target might be to enable all women to access modern methods of contraception. But setting a target of 100% access to contraception 'someday' or even 'by 2050' is vague and offers little value as a way for the Program to track its annual progress. A much more useful goal might be 30% modern CPR, in a particular country, by 2015. Once that target is achieved, it's easy to set a new one closer to the ultimate goal. Determining realistic targets and timelines will also be likely to require close collaboration with knowledgeable grantees, and can be adjusted over time to reflect new information and learning.

4. Compare expected social return of investments

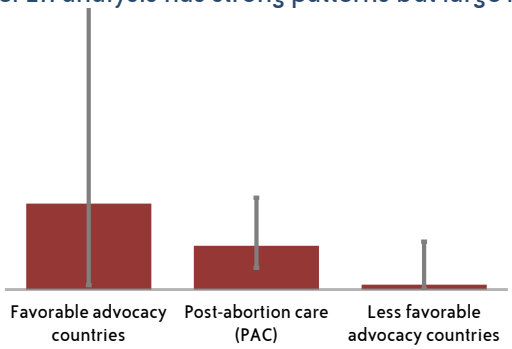
After the logic model was established, the Population Program began to compare the expected return (ER) of potential investments. ER is a way of quantitatively estimating the value of different strategies toward accomplishing the Program's ultimate outcome – a philanthropic version of return on investment. It is calculated based on the potential benefit, likelihood of success, and cost of a particular activity.

ER analysis can enable a program to measure potential grants against the same yardstick, rather than trying to compare apples and oranges. On the surface, it would be difficult to see the relative value of a grant for a youth center versus one that supported clinicians' salaries. ER should translate these different grants into one unit of measurement, such as the number of unplanned teen pregnancies averted per dollar spent by the Foundation.

ER analysis can be conducted at a number of levels of detail, but the Program chose to analyze clusters of grants at a middle level of the logic model. For the Program, this level of detail captured much of the information important for grantmaking decisions, while saving the time that would have been required to examine all possible grants to individual organizations for specific projects.

Even at a cluster level, analyzing the ER of potential strategies was a time consuming proposition. To ensure coverage of the full spectrum of potential strategies, the team picked a representative sample of grantmaking clusters, and invested analytical time and resources based on the relative importance of each cluster in past grantmaking portfolios. Strategies from each of four major sections of the portfolio – U.S. and Sub-Saharan Africa, population and reproductive rights – were analyzed, as well both direct and enabling strategies. Analyzing clusters resulted in an estimate of expected social return for each strategy, expressed in terms such as "expected unwanted births averted through 2050." Although some intriguing preliminary patterns emerged from this analysis, suggesting areas for further investigation, the margin of error on most estimates was too large to allow for confident comparison of returns by the Program at this time (Figure 6).

Figure 6. Cluster level ER analysis has strong patterns but large margins of error



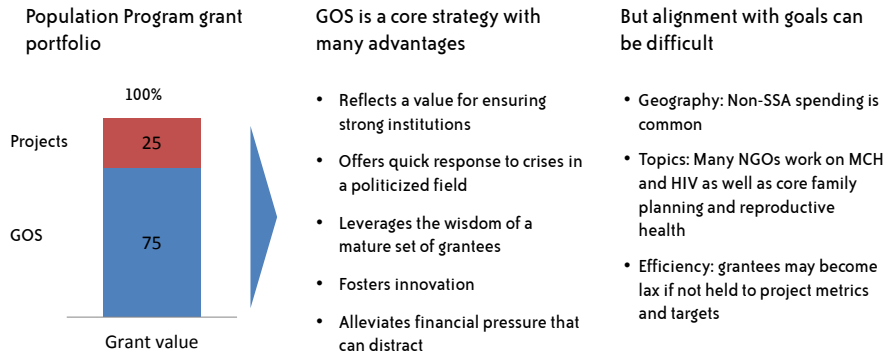
Even where margins of error were large, an important set of lessons emerged from ER (and from ODG in general) about the role of general operating support (GOS) in the

Program's grantmaking portfolio. First, GOS drove the decision to analyze ER at the cluster level. A significant portion of the Program's funding went to GOS for organizations working on a range of activities in the logic model, making grantmaking clusters rather than specific grants or projects the most appropriate level for analysis of those GOS grants. For programs that emphasize project grants, a different level of detail might be appropriate.

ER analysis also emphasized the substantive advantages and drawbacks of GOS (Figure 7). For example, many of the strengths of GOS that make it a core strategy for the Program can result in high return on investment. These include:

- Building strong institutions in the field
- Allowing for flexible, efficient responses to crises
- Fostering innovation
- Capitalizing on the experience of mature organizations in a mature field

Figure 1. Pros and cons of general operating support (GOS)



In other cases, issues with alignment of scope and goals reduced ER for GOS grants. For example, when various GOS grants were compared to the Program's geographic scope there were sometimes mismatches between spending patterns and the Program's geographies of interest. Similarly, the topical focus of some GOS grantees proved to extend well beyond the Program's primary topical focus areas.

Of course, the potential disadvantages of these sorts of discrepancies are often overruled by the advantages and administrative efficiency of GOS. Thus, although the Program has elected to reduce its GOS granting to some degree, the overall effect of this examination was to reaffirm the Program's commitment to well-directed GOS for its key grantees whose mission and spending is highly coincident with that of the Program.

Conclusion

Each of the four steps in the ODG process that were implemented by the Population Program has helped it toward achieving maximum philanthropic impact.

The Program clarified its goals by defining a measurable outcome and put boundaries on

the outcome through choosing a scope.

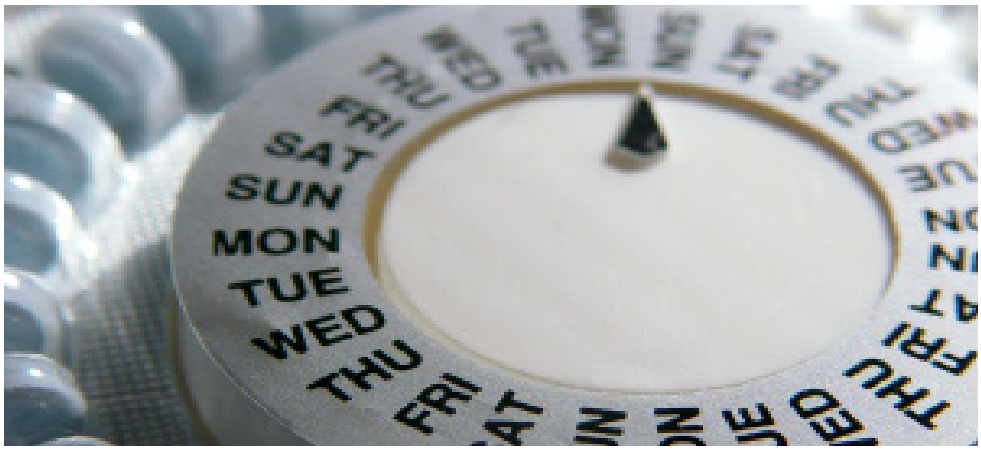
Research helped identify the range of potential strategies for achieving the ultimate outcome and pinpointed the most robust ways to measure the impact of grants.

The logic model formally laid out outcomes and activities, and made explicit assumptions about the causal relationships between them. Attaching specific metrics and targets to each component of the logic model provided a way to measure the impact of activities and laid the groundwork for monitoring and evaluation.

And although calculating the expected return of potential investments resulted in estimates with margins of error that were often too large for useful comparisons, program officers reported that the resulting discussion of their underlying assumptions has helped improve granting decisions.

3

3. New horizons



Improving and expanding implementation of ODG

To achieve the full potential of ODG, future efforts can learn from the Population Program's experiences to improve on the first four steps and expand into new parts of the process. The Population Program itself is also committed to furthering the Foundation's learning through ongoing ODG work.

The power of ODG is evident in the benefits experienced by the Population Program as a result of its trial run. There is some way to go, however, both in smoothing the trail blazed by the Global Development and Population Programs and in forging ahead into new territory.

The first section of this chapter describes ongoing efforts by the Program. The second section proposes ways to improve the first four steps, and the third outlines ways to move onto new steps, such as documenting a strategic plan and expanding M&E.

The power of ODG is evident in the benefits experienced by the Population Program

Sustain ongoing efforts

Implementation of the first four steps of ODG is an ongoing effort, and the Program has focused particular energy on collaboration and communication with grantees.

Grantee input and expertise can be especially helpful in making progress on challenging aspects of ODG. The Program will continue to hold conversations with grantees like the one on research impact that took place at the PAA meeting. Grantees in all areas of the Population field have significant experience in measuring and communicating their successes, which can be harnessed to push forward the Program's work on establishing a logic model, metrics, and targets.

The Program is also funding independent grantee efforts toward ODG. One grantee is compiling a decision-making tool that allows it to identify countries with favorable conditions for advocacy work. This tool represents a major contribution to research in the field, and can enhance the accuracy of ER calculations made by both the grantee and the Program. Several grantees are receiving funding to improve their internal M&E procedures, which will in turn provide better information for the Program's decisions.

As metrics and M&E processes are finalized, the Program is also considering revising and streamlining its proposal format to capture this improved information.

Improve current processes

Improvements to the ODG steps currently being implemented by the Population Program fall into three related categories: finalizing metrics and targets, improving the accuracy of ER calculations, and working with grantees to gather input and achieve buy-in.

Finalize metrics and targets:

Perfecting the selection of metrics and targets to be used by the Program will necessarily be a gradual process involving trial and error, and input from grantees and experts in the field.

Although the Program has worked to create a preliminary set of metrics, finalizing them will require learning and revision over time as the Program gathers more information about what is feasible and useful. This effort will continue naturally as new grants are linked to the logic model, and assumptions and causal links are made explicit. This will test the value of the logic model for practical grantmaking decisions, and will help the program set and adjust its metrics and targets.

Increase the accuracy of ER calculations:

To the extent that ER proves to be valuable, the accuracy of calculations is likely to increase over time as the Program invests in gathering new information and working with grantees. Some data may be too costly or time consuming to collect, so the Program will continue to consider the tradeoff between these factors and ER accuracy and usefulness.

To facilitate information gathering and communication with grantees, the Program plans to develop a set of standardized questions to guide discussions about grants in each cluster. The questions will be linked to the logic model and metrics. Questions may be both quantitative and qualitative, and will help insure that up-to-date, accurate information is available throughout the ODG process.

The questions may be challenging for grantees at first, so draft questions will be piloted with selected grantees, who can provide feedback. Over time, as a final set of questions is developed and grantees become more familiar with the logic model and metrics, this tool can be broadly used to collect information and communicate with grantees.

Work with grantees:

Communication and collaboration with grantees will facilitate the two goals above, as well as smooth the overall process of transition to an ODG system. ODG is likely to place some new responsibilities on grantees, while relieving them of others. Successful implementation will require that they align their activities with the Foundation's commitment to using ODG to ensure maximum impact, as well as having a thorough understanding of the Program's goals, logic model, and monitoring processes.

As noted above, grantees also have a crucial role to play in developing and perfecting the ODG process itself. Grantees are often some of the foremost experts in the field and have the best practical knowledge about the feasibility of activities and data collection. Working with grantees through discussions and formal feedback will contribute enormously to developing high quality ODG processes.

Implement new steps

The Population Program's experience represents only the first four steps of the ODG process; important steps such as strategic planning, choosing grantees, and M&E have yet to be formally documented using the ODG process. However, the Program's work provides a strong base for these next steps, and suggests the direction they will take.

Document a strategic plan:

An updated strategic plan can follow directly from the Program's work with the logic model and cluster-level ER analysis. Building on these components – and considering potential M&E needs and exit strategies – a strategic plan will allocate funding and staff resources across the parts of the logic model in which the Program is investing. The plan will cover the allocations to each cluster over time, covering periods of perhaps three, five, and ten years.

Choose grantees:

The first round of grantmaking decisions after the implementation of ODG will provide valuable feedback and learning for the whole process. As program officers make their decisions, it will become more obvious what contributes meaningfully to practical grantmaking decisions, and what aspects of the process need to be revised to increase their feasibility or usefulness.

Improve monitoring and evaluation:

Implementing M&E procedures will rely heavily on the metrics and targets that have already been established. Asking grantees to report on their accomplishments in terms of these standardized measurement tools will allow the Program to assess overall progress toward the ultimate outcome, and to compare across grantees and grantmaking periods.

M&E should be arranged in such a way that new information and lessons feed smoothly back into improvements in the logic model, strategic plan, and future grantmaking decisions. To make regular collection of this information easily manageable, the Program may also consider developing a new data collection system designed to track a set of metrics tailored to each grantee.

Conclusion

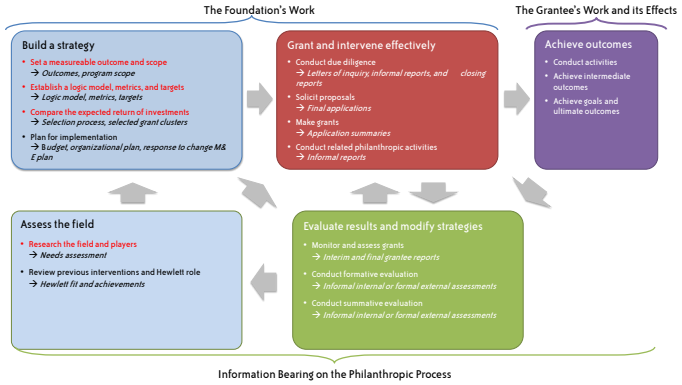
The Population Program is continuing its own ODG implementation, and also passing on a number of lessons and recommendations that will guide and enhance the work of the next program within the Foundation to implement ODG. The next effort will build on the Program's work with the first four steps, and will also expand into new areas of the ODG process.

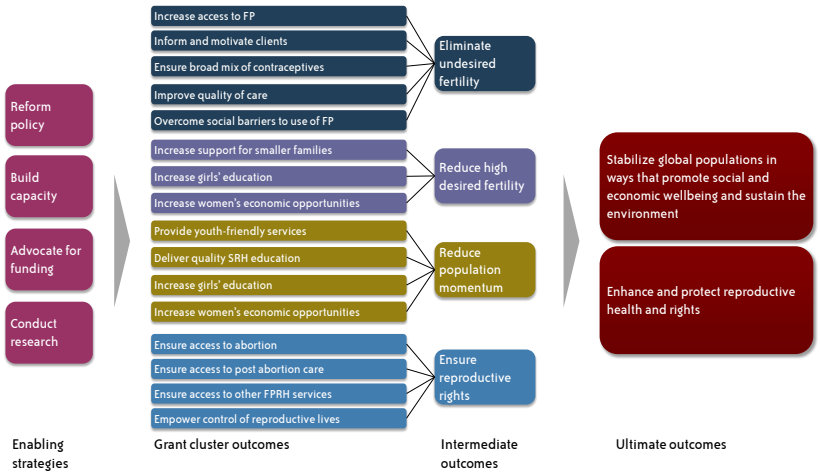
The Program itself will carry on along the path toward full ODG implementation by continuing to document and improve its grantmaking decisions, and working with grantees to perfect the process. Next steps include completing a set of metrics and targets for every section of the logic model, and supporting projects to improve M&E for grantees and within the Program itself.

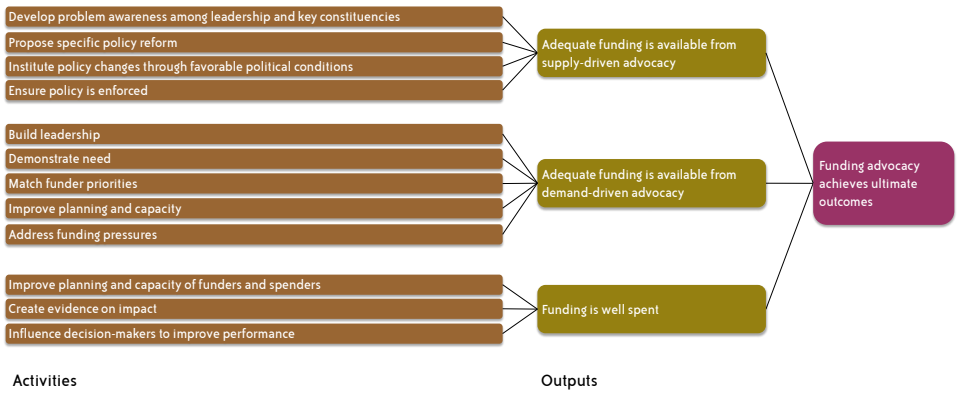
The Program's experience has shown that documenting grantmaking decisions using ODG can increase the clarity, consistency, and rigor of grantmaking. It has also identified significant implementation challenges that need to be addressed in the future. Jumpstarting the process of turning discussions about maximizing impact into a day-to-day reality has been a vital accomplishment – a huge step forward in the Foundation's journey toward outcome-driven grantmaking.

A

Appendix


The Foundation's Work
The Grantee's Work and its Effects
Build a strategy
• Set a measureable outcome and scope → Outcomes, program scope
• Establish a logic model, metrics, and targets → Logic model, metrics, targets
• Compare the expected return of investments → Selection process, selected grant clusters
• Plan for implementation → Budget, organizational plan, response to change M&E plan
Grant and intervene effectively
• Conduct due diligence → Letters of inquiry, informal reports, and closing reports
• Solicit proposals → Final applications
• Make grants → Application summaries
• Conduct related philanthropic activities → Informal reports
Achieve outcomes
• Conduct activities
• Achieve intermediate outcomes
• Achieve goals and ultimate outcomes
Assess the field
• Research the field and players → Needs assessment
• Review previous interventions and Hewlett role → Hewlett fit and achievements
Evaluate results and modify strategies
• Monitor and assess grants → Interim and final grantee reports
• Conduct formative evaluation → Informal internal or formal external assessments
• Conduct summative evaluation → Informal internal or formal external assessments
Information Bearing on the Philanthropic Process


Reform policy
Build capacity
Advocate for funding
Conduct research
Increase access to FP
Inform and motivate clients
Ensure broad mix of contraceptives
Improve quality of care
Overcome social barriers to use of FP
Increase support for smaller families
Increase girls' education
Increase women's economic opportunities
Provide youth-friendly services
Deliver quality SRH education
Increase girls' education
Increase women's economic opportunities
Ensure access to abortion
Ensure access to post abortion care
Ensure access to other FPRH services
Empower control of reproductive lives
Eliminate undesired fertility
Reduce high desired fertility
Reduce population momentum
Ensure reproductive rights
Stabilize global populations in ways that promote social and economic wellbeing and sustain the environment
Enhance and protect reproductive health and rights
Enabling strategies
Grant cluster outcomes
Intermediate outcomes
Ultimate outcomes


Develop problem awareness among leadership and key constituencies
Propose specific policy reform
Institute policy changes through favorable political conditions
Ensure policy is enforced
Build leadership
Demonstrate need
Match funder priorities
Improve planning and capacity
Address funding pressures
Improve planning and capacity of funders and spenders
Create evidence on impact
Influence decision-makers to improve performance
Adequate funding is available from supply-driven advocacy
Adequate funding is available from demand-driven advocacy
Funding is well spent
Funding advocacy achieves ultimate outcomes
Activities
Outputs