Helping grantees focus on impact

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How funders provide monitoring and evaluation support

A National Performance Programme report for funders, charities and support providers

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Executive summary

Most grant-making trusts and foundations recognise the importance of monitoring and evaluation, and are keen for the charities they fund to assess the outcomes they achieve.

But how many funders actively help their grantees do this? It is still quite rare for funders to offer charities support on measuring impact—research conducted by New Philanthropy Capital (NPC) has shown that few funders consistently provide monitoring and evaluation support, and one in three never do.

This lack of support is a missed opportunity for funders. NPC's research for this project, and its experience of working with charities and grant-makers, suggests that helping charities focus on the impact of their work is valuable both for funders and their grantees:

- It can help funders to assess the impact they have.
- It can improve the standard of reporting by charities on the impact of grants.
- Understanding the success of a project can help charities improve activities or design new ones. It can also help them put forward a more compelling case for support from other funders.
- It is an opportunity for funders to add value to their grants by building the capacity of grantees to monitor and evaluate their work.

Funders that are already providing evaluation support are using a range of different models to help their grantees. Some grant-makers work closely with their grantees to help them evaluate their work, while others prefer to stand back and let charities design their own support. Some think that training is the best way to support their grantees, while others think funding evaluations is a more effective approach.

There is no one right answer, and no one size fits all solution. But we believe that all funders will benefit from answering these five questions to help ensure the support they provide is effective:

- **What are your aims in providing support?** Clarity about what you hope to achieve by providing support will shape and inform the type of support provided.
- **What are the principles of your approach?** For example, should support be mandatory or optional? How hands on do you want to be? The answers to these questions need to be informed by an understanding of the needs of grantees, either through formal diagnosis or dialogue between funder and grantees.
- **What barriers will you encounter?** Thinking about the stumbling blocks to providing effective support as early as possible will help to develop strategies for minimising their impact.
- **How will you measure what your support achieves?** Knowing whether your support is achieving your aims and delivering value to you and your grantees means you can justify the resources you dedicate and learn about and improve the support you offer.
- **What package of support will you provide?** The decision about what types of support to provide can be informed by the answers to the previous four questions, helping to ensure you create the greatest possible impact.

As well as thinking about what type of support a single grant-maker can offer, funders can also consider ways in which they can work together to help grantees focus on impact. This might take the form of agreeing to use the same terminology to talk about results and reporting. Or, at a more deeply collaborative level, similar funders may wish to develop a joint programme of support for grantees working in the same field. In these times of austerity, overstretched charities need support that is not overly burdensome, and funders need to ensure their resources go as far as they can. A coordinated approach to helping grantees focus on impact could achieve both aims, and would be an efficient way to provide charities with the extra support they need, at a cost that funders can justify.

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Introduction

Trusts and foundations are a major source of grant funding for charities, providing the sector with around £2.7bn each year.[1] In return, charities report back to their funders, explaining how these grants have been spent and what they have achieved. This is no small task: research by New Philanthropy Capital (NPC) suggests that the cost to charities of reporting to funders, over and above what they would report on for their own purposes, is around 6% of the value of the funding they receive.[2]

Reporting is an important element of the funder-grantee relationship. Our previous research on this topic found that this relationship is a good one on the whole, although it identified areas for improvement. For example, funders want to see greater compliance with their reporting requirements, and better reporting of outcomes and impact.[3]

Good reporting is not just about taking the time to feed back progress to funders. It also requires systems and processes to be in place that allow the right data to be captured and analysed. This can be difficult and expensive. But these challenges are important to overcome—a charity that is well-equipped to report to its funders is also well-prepared to manage and improve its own outcomes because it has the right data and analysis available.

We believe funders can have a role in supporting charities to put systems in place for monitoring, evaluation and impact measurement. However, this support is rare. NPC's previous research revealed that few funders consistently fund grantees' monitoring and evaluation, and one in three never do. A key NPC recommendation was that more support should be provided.[3]

But what form should that support take? Should funders provide training in outcome measurement to their grantees, fund external consulting, or get involved in defining grantees' evaluations themselves? The answers to these questions are not straightforward.

The purpose of this report

This report is aimed primarily at funders thinking about or already providing monitoring and evaluation support to their grantees. In addition, it may be of interest to charities and support providers thinking about how funders provide this support. Our assumption is that funders reading this already understand the benefits that monitoring and evaluation can bring, and so the focus of this report is not about making the case for supporting evaluation itself.

Instead, the report shares some of the different approaches taken by funders to provide support specifically to help grantees increase their focus on impact. And it aims to provide some practical advice and first steps for funders considering how they can help their grantees to better evaluate their work.

Our research suggests that there is no one right approach to providing this kind of evaluation support. What works depends on funders' aims for the support, the skills and unmet needs of their grantees, as well as practical constraints such as the resources they have available.

The right monitoring and evaluation support will therefore be different for each funder, and potentially for each of its grantees. But we believe there are five key questions that funders can ask themselves if they want to get the most out of the support they provide. These are:

- What are your aims in providing support?
- What are the principles behind your approach?
- What barriers will you encounter?
- How will you measure what your support achieves?
- Based on your responses to these questions, what package of support will you ultimately provide?

[1] Pharoah, C. (2010) *Charity Market Monitor.*

[2] Heady, L. & Keen, S. (2008) *Turning the tables in England: Putting English charities in control of reporting.*

[3] Lofgren, G. (2009) *How are you getting on?*

The structure of this report

This report is divided into two sections. The first focuses on four different models of monitoring and evaluation support, explored through case studies. These have been anonymised to make it easier to look at the relationship between funder and grantee, their aims, experiences and challenges. These case studies are:

1. A grant-maker that provides mandatory training courses for new grantees.
2. A foundation that has helped one of its grantees fund, commission and deliver an external evaluation.
3. A funder that supported one of its grantees to conduct an internal evaluation of a project.
4. A funder that subsidises the cost of training courses for its grantees.

These case studies outline the specific experiences of each grantee and funder and look at why support is provided, what the support package consists of, and the results.

The second section of this report goes beyond the case studies and proposes a framework that funders can use to explore the best approach for them and their grantees.

This framework builds on the case studies presented in the first half of this report, but also draws heavily on NPC's experience of working with, and researching, charities' and funders' approaches to impact measurement and reporting.[4] This experience includes the two research projects carried out previously for the National Performance Programme, which explore attitudes to, and barriers preventing, effective reporting. Finally, the report builds on existing published research and best practice in this area.[5]

[4] For example, Lumley, T. et al (2010) *Talking about results*; Lofgren, G. (2009) *How are you getting on*; Heady, L. & Keen, S. (2008) *Turning the tables in England*: *Putting English charities in control of reporting*.

[5] For example, Voluntary Action Fund (2007) *Investing in outcomes*; Abdy, M. & Mayall, H. (2006) *Funding better performance*.

Case studies: Models of support

Case study one: Providing mandatory training

This case study looks at how one grant-maker is helping to build grantees' monitoring and evaluation skills and improve reporting through a one-day mandatory training course. We spoke to one charity which said that the course had helped it improve its monitoring and data collection systems; made it think more strategically about its mission; and improved how it communicated with other funders.

Who's who

The funder: is a national grant-maker that funds charities working with disadvantaged children and young people in the UK.

The support provider: is a national organisation providing training and support to third sector organisations, particularly around monitoring and evaluation work.

The grantee: is a small charity working with at-risk young people in the West Midlands. The funder provided it with a three-year grant to fund the salary costs associated with a new project.

Why support is provided

The funder wanted to understand the impact that its grants had on the young people it helps. It struggled to do this because the standards of reporting among its grantees were too low to give the funder a clear idea of what its grants were achieving.

A key problem was that some charities were not able to monitor and evaluate their work effectively and had few skills in this area. The grant-maker told us that some grantees had little idea of the difference between an output and an outcome.

So the funder developed a training course for its grantees with two aims in mind. First, to improve the quality of reporting on its grants. And second, to improve charities' knowledge of, and skills for, monitoring and evaluation. Building the capacity of charities to evaluate their work is an area where the funder felt it could add value to its grant-making, and had a responsibility to do so.

How support is provided

The grant-maker provides a one-day evaluation training course to all new grantees receiving two- or three-year funding. The course is mandatory and is a condition of receiving the grant. It is delivered by an external support provider.

Each grantee sends two people to attend the training course. Charities are encouraged to send senior staff, such as a member of the management team or a trustee. The funder believes this will increase buy-in from the grantee, making it more likely that monitoring and evaluation processes will be embedded across the organisation.

Grants officers sometimes attend part of the training course too and the funder told us it is encouraging this practice after grantee feedback suggested charities find this useful. It is also an opportunity for grants officers to build relationships with grantees.

The training day starts with an introduction to terminology and the concept of impact measurement. For example, what is an objective? What counts as evidence? Participants then work on setting up an evaluation framework for their own organisations. This involves them defining their objectives, the indicators to measure them, and ways of collecting the required data. During the day, frameworks are refined and participants also have an opportunity to work on the funder's monitoring forms and think about how they will report back on their progress.

The same training course is delivered to all grantees. Participants are not streamed according to their existing evaluation knowledge or experience. Instead, charities are grouped by geography: courses are run regionally to make it easier for organisations to attend. Where possible the funder and support provider group organisations that carry out similar work in similar areas in the same sessions and trainers use examples that are relevant to attendees.

The support provider surveys a sample of course participants for feedback and to find out how the training has been used. These findings are written up into a report sent to the funder every six months. Feedback collected in 2010 showed that 98% of respondents have put what they learned at the training course into practice.

The content and structure of the training course has developed over time in response to feedback from grantees. For example, the funder told us that the course now includes more practical techniques for gathering outcomes data, an area that grantees say they find difficult.

As well as the training day, the support provider offers follow-up support over the phone and online. The funder also provides informal support when a charity encounters a specific problem. However, this post-training support is not particularly popular and take up is low. The grant-maker is looking at ways to restructure this support to make it more accessible and to boost take up.

Hundreds of organisations attend the training courses every year. The entire cost of this support is around £50,000 per year, a cost met entirely by the funder.

The results of providing support

We spoke to one grantee that benefited from the training course. The charity already collected monitoring data and the grants officer said it spoke confidently when talking about its outcomes.

One of the charity's trustees attended the training. He was enthusiastic about the idea of improving his organisation's monitoring and evaluation systems, but his past experience of training courses made him question initially the usefulness of this training. He thought these training courses could sometimes be just: *'a necessary hoop we had to jump through in order to meet the funder's monitoring and evaluation requirements'*.

The other member of staff who attended was the project worker whose position is funded by the grant-maker. He was also open to the idea of evaluation but did not have any previous evaluation experience or knowledge.

The training course exceeded both their expectations because it focused on *'the skills you need to continuously monitor and evaluate; improve and adjust your project'*. The project worker found the training helped him understand the basic concepts of outcomes measurement and gave him the skills needed to report back internally and externally on what the project is achieving.

The trustee particularly liked that there was a mix of organisations on the course, all with different levels of evaluation experience. He found the training day provided an opportunity for mutual support. As the trustee put it: *'The mixed ability training worked very effectively, there was a complete range of ideas, experience and skills—a pot of ideas to steal from.'*

The grantee has implemented much of what it learned at the training day. For example, it has improved its data collection and has become better at using monitoring information to plan and deliver projects.

The charity has also used the training at a strategic level. The trustee felt that having a board member present at the training day was helpful. It prompted him to think more strategically about the charity's mission and aims, and how well it is achieving them. These things have since been discussed by the entire board.

In terms of improving reporting, we spoke to one of the funder's grants officer. She is satisfied with how the charity is reporting back on the grant, particularly because it is focusing on reporting outcomes. The grantee said that the training has improved its reporting to other funders too, and helped it to apply for funding from other sources.

Case study two: Supporting external evaluation

Here a grant-maker has chosen to take a hands-on approach to helping its grantees focus on impact. As well as contributing to the costs of evaluation, it also gets involved in working up and delivering evaluation plans where needed. We spoke to a recent grantee that received help from the funder to set the scope and method for an external evaluation. It also helped persuade the charity to take a quantitative approach in the evaluation, which the grantee has since found useful operationally and for applying for funding.

Who's who

The funder: makes grants to educational charities and schools. Since 2000, its grants have helped more than 44,000 young people.

The support provider: is an independent education consultancy with expertise in evaluation. It conducted the evaluation and was also involved in developing the materials used by the grantee at the clubs.

The grantee: is a charity promoting science in the UK. The funder provided it with three-year funding to set up and support the delivery of 15 after-school science clubs in Manchester.

Why support is provided

The grant-maker is committed to understanding the difference its grants are making to the lives and educational achievement of children and young people. It believes that measuring this difference is important for several reasons. First, because it helps the funder and its grantees understand the impact their work is having on young people.

Second, the funder believes that closely monitoring projects can improve how they are delivered. For example, if monitoring data from the first year of a project showed that attendance was low, more could be done in the second year to help boost numbers. Ultimately monitoring can help projects be more successful.

Finally, the funder told us it hopes monitoring and evaluation will help grantees make a case for support to other funders because they will be able to evidence the needs they are meeting.

How support is provided

The funder asks all grantees to provide detailed monitoring data on the progress of beneficiaries, for example, improvements in reading age. The funder uses this data to build a picture of its overall impact. A Monitoring and Evaluation Programme Manager is employed to help charities collect this data and to support delivery of projects and evaluation plans.

The funder is also keen to support grantees' own monitoring and evaluation plans. The funder helps develop these plans to a good standard. It then agrees to meet at least a minimum amount of the cost of delivering them. The funder's hands-on approach means it may also become involved in delivering the plan. However, the level and nature of the support provided varies according to the needs and circumstances of the grantee.

The results of providing support

We spoke to one grantee that wanted to conduct an external evaluation of 15 after-school science clubs being funded by the grant-maker. The evaluation aimed to provide an external assessment of the clubs' impact on attendees' knowledge of, and enthusiasm for, science, as well as the strengths and weaknesses of the project more generally.

The grantee developed an initial brief that focused on using qualitative evidence gathered via interviews with participants. However, the funder felt strongly that the evaluation would be more valuable if it contained quantitative data that could demonstrate the value of the after-school clubs. The evaluator too expected to take a more quantitative approach.

Developing the method and scope of the evaluation was therefore a collaborative process between the grant-maker, grantee and the evaluator. An evaluation framework was agreed that compared monitoring data and other indicators of educational achievement against a baseline data set. It also captured some background information on attendees, for example, pupils receiving free school meals or those with special educational needs.

The grant-maker also provided informal help with carrying out the evaluation via the Monitoring and Evaluation Programme Manager. The grantee and the evaluator both told us that they found working so closely with the funder extremely helpful and effective. It ensured the final evaluation report met the funder's expectations.

The grant-maker was generally satisfied with the final evaluation report. It felt that the more quantitative approach provided strong evidence of the after-school clubs' impact on pupils.

The funder was slightly disappointed that the evaluation was not able to draw stronger links between attending the clubs and participants' attainment at school. However, as the funder acknowledges, initial delays to commissioning the evaluation meant the evaluators did not have long enough to thoroughly investigate this. The evaluator also found that there were no reliable short-term measures of attainment, while the grantee was not convinced that long-term changes in attainment could be reliably attributed to the short intervention by clubs.

From the grantee's perspective, the evaluation has brought considerable benefits. The charity has used the findings to improve the delivery of its after-school clubs. For example, the evaluation showed that some club organisers felt they did not receive enough training. The grantee has responded to this by increasing the number of training opportunities.

The grantee has also changed how it evaluates other projects. It was pleased with the strong conclusions from the evaluation report and was keen to gather similarly robust quantitative data on its other projects. It is now using the same methods to measure the impact of its other after-school clubs.

An additional benefit of the evaluation has been as a fundraising tool. The charity plans to use the evaluation report as part of applications to other trusts and foundations. It feels that the quantitative evidence will create a compelling case for support.

Although the grantee was generally very positive about the support provided, one area where it felt more guidance would have been helpful was data collection, both for the evaluation and for the funder's monitoring requirements.

This is something it found more challenging than expected. The charity did not have access to the right data directly but had to obtain it from the schools it was working with. However, it found teachers did not have this to hand and were often too busy to gather it. The charity suggested more advice on strategies for getting hold of this data efficiently—perhaps based on the experience of other grantees—would be useful.

The total cost of the external evaluation was £6,000. Of this, the funder contributed £3,000 and the remainder was paid by the charity. This was more than originally anticipated in the monitoring and evaluation plan—partly due to the increased costs of the quantitative approach.

Without the funder's support, it is doubtful that the charity would have commissioned an external evaluation as it would have struggled to justify the cost. The grantee told us that this funder is unusual as few have been willing to pay for the costs of evaluating its work in the past.

Case study three: Supporting internal evaluation

In this case, a funder has a hands-off approach to supporting evaluation. It will fund grantees' evaluation costs and provides guidance via its website. However, it is flexible about the kind of evaluation used and places the onus on grantees to choose methods that suit them. We spoke to a charity that decided to conduct an internal evaluation. It said that the funder's hands-off approach allowed it to build on its existing review processes, making the evaluation less burdensome. The grantee has used the evaluation to improve other projects and as a marketing tool.

Who's who?

The funder: is a UK-wide grant-maker that invests around £200m a year in heritage projects.

The grantee: works with homeless people and refugees using arts and theatre. The funder provided it with a grant for a six-month project.

Why support is provided

The funder wants to support projects that make a difference. Evaluating the projects it funds is an important way of demonstrating this. The funder also believes that the evaluation process leads to better projects being delivered. This is because evaluation encourages charities to reflect more carefully on what they are doing and why.

Evaluation reports also help the funder understand and maximise its impact. The funder uses the reports, plus a one year follow-up questionnaire, to build a picture of its own impact and to review its performance.[6] Finally, evaluation reports are used to inform future decisions on individual grant applications.

For these reasons, the funder has supported grantees' project evaluation costs since 2002. In 2008, the grant-maker developed its latest strategic plan, which identified monitoring and evaluation as activities to be prioritised. In particular, it introduced evaluation reports for all grantees, as well as continuing to monitor project progress and expenditure.

Evaluation reports are now a mandatory part of every grant. The funder recognises that producing them involves time and resources for grantees. The 2008 strategy therefore allowed evaluation costs to be included as part of project budgets to be funded by the grant-maker.

Since 2008, around 100 projects have been completed. The funder is currently reviewing how well this new approach is working.

How support is provided

The grant-maker can fund the costs associated with completing the evaluation report—generally between 1% to 3% of the total grant amount. Organisations are expected to set these costs out in their initial project budget as part of their application.

Further support is also provided via guidance documents on the funder's website. These set out why evaluation is important and, in the more detailed version aimed at organisations receiving larger grants, suggest tools to capture the information needed to tell the project's 'story', that is, the change the organisation or participants hope to see.

Beyond that, the funder is very flexible as to the format the evaluation report takes and emphasises that it should be appropriate to each grantee. There are two main reasons for this:

1. Organisations applying to the funder are very diverse. A 'one size fits all' approach to evaluation is therefore unlikely to be appropriate for all organisations.
2. The funder is keen for grantees to take ownership of the evaluation process. The evaluation report is not just about satisfying reporting requirements but is also about improving grantees' projects and their capacity to evaluate their work. Imposing a single evaluation approach would run against this.

The format and content of the evaluation report is often based on the plans set out in organisations' application forms. All applicants are asked to explain how they will evaluate the success of their projects. They need to be clear about what the project aims to achieve and how this will be measured. The funder believes that encouraging grantees to think about this at an early stage helps them focus more clearly on the purpose of their projects.

[6] The evaluation questionnaire was developed because the funder recognised that it could not use evaluation reports alone to assess its impact. It asks organisations to provide standardised data, eg the numbers of visitors received, or the involvement of volunteers. This is aggregated to give the funder a picture of its impact overall.

The results of providing support

We spoke to one grantee that included £1,000 in its project budget for evaluation costs. These were met in full by the funder and were used to conduct an internal evaluation.

The grantee already had processes in place to review its projects, and so the design of the evaluation was based on these. The extra funding meant it could conduct a more comprehensive evaluation than it could have otherwise afforded. It was able to monitor the project more closely, and collect more feedback and data from participants and volunteers.

The grantee told us that it appreciated having the freedom to evaluate the project in a way that fitted its organisation and allowed it to build on its existing arrangements. It also found that thinking about evaluation at the application stage made reporting back to the funder more straightforward since the evaluation focused on measuring those outcomes that had already been agreed in the grant proposal.

The grant-maker's monitoring and evaluation requirements therefore felt less demanding compared to other funders. The grantee said that some trusts and foundations require quarterly meetings to discuss the grant or insist on compulsory training courses. The grantee found that, while such offers are welcome opportunities to build capacity, they are often duplicated by multiple funders and can become time-consuming.

The charity found that the evaluation had helped it understand the impact of the project on participants, as well as helping it meet the funder's reporting requirements. The evaluation also highlighted lessons for the grantee to bear in mind for the future. These findings have been fed into the development of other projects.

The charity told us that it had also used the evaluation as a way to explain and promote its work. For example, interviews with beneficiaries for the evaluation were turned into a short marketing DVD. This would not have been possible without the extra funding from the grant-maker. The findings of the evaluation were also included in its latest annual review and it plans to use them in future funding bids to other trusts and foundations.

Although the grantee was pleased with the final evaluation report, it felt that ideally it would have been conducted by an external evaluator. This, it believes, would have provided an independent perspective on the project, which would be useful for internal learning, and for increasing the credibility of its findings among funders.

This did not concern the funder however, which was satisfied with the final evaluation report. It said, *'If a grantee is able to do a good evaluation internally, that may well be preferable to having an external evaluation…A key benefit of self evaluation is the learning and capacity building that takes place within the grantee organisation.'*

In addition, the grantee pointed out that an external evaluation is not cost-effective for a small project because of the extra time and resources involved. As the grantee put it, *'it often takes as long to brief an external evaluator as it would be to do it yourself'.*

Case study four: Providing a discount on training

In this instance a funder has built on its existing relationship with a support provider to help its grantees with monitoring and evaluation. All charities funded by the trust are offered a 15% discount on training courses provided by the support provider. We spoke to a charity that used the discount to access training when it was developing its own outcomes framework. This has helped it to develop its own internal results measurement systems.

Who's who?

The funder: is a London-based foundation that makes around 250-300 grants every year.

The support provider: is a national organisation providing training and support to third sector organisations, particularly around monitoring and evaluation work.

The grantee: is a charity based in London providing services for people with learning disabilities.

Why support was provided

The funder has long been interested in supporting monitoring and evaluation. One of its funding streams involves grants to organisations working to strengthen the charity sector, including charities' capacity to evaluate their work.

The funder also knows that monitoring and evaluation is an area its grantees struggle with. It has found that charities are very good at measuring outputs, but they find it harder to measure outcomes, particularly more intangible ones such as well-being.

In light of this, the grant-maker began considering ways it could add more value to its grants. In particular, it wanted to spread the message about the benefits of evaluating impact and help charities become better at doing this.

Rather than starting from scratch, the funder's approach grew out of its existing relationship with the support provider. The funder's long-standing interest in supporting evaluation meant it already knew the support provider well: it has provided it with core funding for the past ten years.

The funder felt that the training run by the support provider could benefit its own grantees by building their capacity to evaluate their work and helping them communicate the findings.

How support is provided

All grantees are offered a 15% discount on training courses run by the support provider. These range from one-day sessions to three-day courses. They cover a range of topics, from building monitoring and evaluation skills to broader quality assurance systems.

The training is entirely voluntary and the funder does not oblige any of its grantees to use it. However, it does encourage take up by promoting the support provider's training courses both electronically and in hard copy to 150 organisations that have received grants in the last 12 to 18 months. A further 50 copies are targeted at particular grantees the funder believes may benefit from the training.

The support provider monitors the number of grantees on its courses, including the number of London-based charities that attend, reports back on this to the funder. Both the support provider and the funder estimate that take up among grantees is relatively low at present, although numbers do fluctuate.

The support provider also gathers feedback from the courses and interviews some participants to determine whether the training brings about any changes back at the organisation. The results of this are fed back to the foundation, although this feedback is for all attendees, not just the funder's grantees. However, the support provider told us that feedback from grantees does not differ from other participants.

The support provider offers the 15% discount as part of the grant arrangement with the funder. For the past ten years, the foundation has provided the support provider with an average of £33,000 per year. However, it is important not to see this arrangement as a *quid pro quo* transaction. As noted before, the funder is keen to assist efforts to strengthen evaluation in the sector more generally, so part of this grant represents its backing for the support provider's work.

The results of providing support

We spoke to one grantee that used the discount to attend an introductory two-day training course on understanding and using outcomes. The charity told us that timing was the main reason it used the training. The charity was looking at ways to improve its impact measurement and so, when it received the information about the training courses from the funder, the timing made sense.

Two members of staff—a fundraiser and a director—attended the two-day course, which focused on helping charities develop their own outcome processes and systems.

The charity said the course provided them with a good introduction and overview of outcomes measurement. It explained the basic terminology, for example, the difference between outcomes and outputs, and talked through how to develop outcome indicators and how to collect data to measure them.

In particular, it commented on how useful and interactive the course was: *'It was different to most training—it was geared to getting a practical outcome.'* For example, much of the second day of the course was spent looking at how various measurement tools could be applied to attendees' organisations. The grantee noted that this was made easier because the other organisations worked in a similar field. This meant they were often grappling with the same challenges and could swap ideas and experience.

The charity also said that having a senior member of staff—the director—at the training course was useful. This had been encouraged by the support provider. The director reports directly to the trustees, and as a result of the training, she could persuade an initially reluctant board that investment in outcomes measurement was worthwhile.

The grantee also used the follow-up support offered by the trainer. It was given extra reference materials and further advice on implementing what it had learnt at the training course. The charity put many of these learnings into practice. It has now established outcomes frameworks for all of its projects based on material covered at the course. It has found these straightforward to administer and maintain: *'Once the monitoring systems are in place it is just common sense really.'*

Although the training was very useful for its internal systems and for reporting back to the funder, the charity made the broader point that few other funders think about outcomes in the same way. As the charity put it: *'Everyone has a different idea of what an outcome is.'* As a consequence, it often has to adapt its own systems to fit in with funders and their different reporting requirements.

A framework for support

The case studies in the first half of this report show four different models of support, and some of the challenges and benefits associated with them. But in order to create a more general framework to help funders think through the right package of support for them, a wider range of experiences needs to be drawn on. This section builds on the cases studies, existing literature, best practice, and NPC's experience, to explore how funders can help grantees focus on impact and achieve the best results.

Any funder developing a package of evaluation support for grantees will agree that one size does not fit all situations. But although there is no 'right' approach, we believe that all funders can benefit from using a common framework to think through the support they provide. We believe that a package of support will be most effective if these five key questions are asked as part of the design process:

- What are your aims in providing support?
- What are the principles behind your approach?
- What barriers will you encounter?
- How will you measure what your support achieves?
- Based on your responses to these questions, what support package will you provide?

The remainder of this section explores these questions in more depth.

What are your aims in providing support?

Our assumption is that grant-makers reading this report will already have a commitment to monitoring and evaluation. For many, this commitment means using reporting data to build a picture of impact. But for some, it also includes providing additional support to grantees. An important first step in designing this additional support is being clear about what you want it to achieve. These aims will influence the approach you take.

There are many reasons why funders might want to provide extra support to grantees to help them evaluate their work. Many of these are linked to reasons why monitoring and evaluation are considered important in the first place. This report does not focus on why evaluation is important to funders—other resources cover this subject well[7]—but it is worth recapping some of the key reasons for funders to monitor and evaluate their grants:

- **Accountability:** being accountable for the money given out is an important principle for grant-makers. It also helps meet legal and regulatory requirements.
- **Value for money:** funders want to be confident that they are spending their money wisely and effectively.
- **Learning:** evaluation can help funders and grantees understand particular successes and failures in projects and funding practices.
- **Measuring and demonstrating impact:** funders recognise the need to understand the difference their grants have made, and to communicate this to the public.

Some funders will be motivated to provide evaluation support in order to understand their own impact as a grant-maker. Others may want to go further and feel they have a responsibility to help grantees gain the benefits that come with results measurement.

In the course of our research and in NPC's wider experience, we identified several reasons why funders might want to provide evaluation support for grantees:

1. **To enable funders to understand their impact:** grant-makers can find it hard to measure their impact because their outcomes are delivered via the organisations they fund. Monitoring and evaluation support can help grantees feed back the information funders need to assess their own impact.
2. **To help grantees meet reporting requirements:** many funders ask grantees to report back on the outcomes achieved, rather than just outputs. However, three of the four grant-makers we spoke to said that their grantees struggle with this. This suggests some charities still need help to report effectively.

[7] For example, Charities Evaluation Services (2010) *Does your money make a difference?*

3. **To allow grantees to understand the success of projects:** evidence of success can be used to build a case for support from other funders—increasingly important in the current financial climate. Findings and recommendations can be used to improve the delivery of current projects or the design of new ones.
4. **To improve charities' monitoring and evaluation skills:** support can help grantees understand the importance of evaluation for their organisations and provide them with the tools and skills to do this.

Many of these motivations happily coexist, and complement each other. For example, several grant-makers we spoke to for our research were prompted to provide support because they had experienced poor quality reporting from grantees. However, improving the quality of reporting is rarely the sole driver for support—often funders want to do more to add value to the organisations and projects they fund.

Can these aims be achieved?

Our interviews with funders, grantees and support providers suggest that monitoring and evaluation support benefit charities and funders.

Benefits reported by charities

Charities said the training had helped them get to grips with the terminology and tools of impact measurement, which they have then been able to use within their own organisations. Training has helped them measure the impact of the funded project, and often also of their work more widely.

Charities that carried out evaluations with support from funders have used them in a variety of ways—from improving their programmes, to making a case for support to other funders, and even in informing the induction of new staff.

Support appears to be adding value in two ways in particular. First, it allows grantees to conduct evaluations or attend training that they would not otherwise have had the resources to undertake. Nearly all the charities we spoke to said that had the grant-maker not paid for support, they would not have been able to afford to do it themselves.

Funder support for monitoring and evaluation also seems to have broader benefits. These vary across the case studies but one recurrent theme is the fresh perspective that funders can bring. For example, the funder in case study two encouraged its grantee to take a more quantitative approach. This produced a more useful evaluation because it increased its understanding of the project's impact.

Benefits reported by funders

The funders we spoke to were generally satisfied that their support packages are achieving the aims set for them. Funders see the support they provide as an important way of adding value to the organisations they fund, alongside their grants.

There was also a sense that this support is increasing the quality of reporting back from grantees. Two grant-makers mentioned this as especially important in terms of helping them capture and measure their own impact.

Finally, in some cases, grant-makers said that monitoring and evaluation support may be helping to increase the quality and impact of the projects they fund.

What are the principles of your approach?

Once a funder is clear about its aims, it can reflect on the general principles that will guide the type of support that is delivered. For example, should the support be mandatory or should grantees decide for themselves whether they need help? Will there be one package for all grantees, or a different one for each? Balancing the money and time available for a package of support with the needs of each grantee will lead to a number of decisions about how support should be provided.

This research found a range of approaches to providing evaluation support, from a standard package mandatory for all grantees, to a much more bespoke tailored approach. There is no right answer, but funders can usefully reflect on how the route they take will affect what their support can achieve.

For example, a standard training programme for a funder's grantees may guarantee a certain level of awareness and knowledge about outcomes, but it is less adaptable to the different levels of evaluation skills that grantees may possess.

In contrast, a bespoke package of support for each grantee may directly address individual grantees' needs and help build each grantee's capacity, but will be much more costly than a standardised approach and/or may require the funder to become more involved than it is able to.

Just as important as fitting an approach to its aims, it is vital that grant-makers understand the needs of their grantees. We believe a funder cannot meaningfully decide on an approach unless it carries out some form of diagnosis of its grantees first. This point will be looked at later in this section.

Below, some key differences in approaches to providing support are discussed, based on the case studies and NPC's wider experience.

Should support be mandatory?

In the case studies, some funders let their grantees decide whether they wanted any support at all, rather than making support mandatory. Choice for grantees has several apparent advantages.

First, it ensures that grantees take up support when they feel they need it, rather than being forced into support that is irrelevant or not timely for them. The grantee in case study four, for instance, said it was helpful to be able to access support when it most needed it, which was when it was developing its own outcomes framework.

Second, therefore, an optional support approach helps to limit both the burden placed on charities in terms of time and effort, and the cost to the funder.

Third, an optional approach seems to work well where a funder is confident that its grantees are already skilled in impact measurement. In these cases, letting them decide whether to access support may be most appropriate.

However, case study one—in which training is mandatory—offers a different perspective. The funder explained that some grantees are reluctant to attend the training course but afterwards they realise they have learnt a lot. This suggests there is a case for funders to make evaluation support mandatory.

This is an interesting aspect of monitoring and evaluation that several experts in the field echo—charities often need encouragement to embed good measurement into their practice. In other words, they may recognise the importance of measuring their work, but still need a certain amount of 'nagging' to make it a routine part of what they do. So even though charities may value having a choice about whether to take up monitoring and evaluation support, a mandatory approach may help to embed good practice in some cases.

Should support be flexible?

Whether you decide to make support mandatory or optional, you will then need to look at how far you want to standardise it or be more flexible.

Both these approaches are reflected in the case studies. Some funders allow charities to decide what kind of support they need—as in case study four, where charities can choose any training course offered by the support provider. Others are less flexible: all grantees in case study one attend the same training course.

Cost is a clear factor in making this decision. Providing the same support makes sense where a funder wants to reach a large number of grantees and it might not be cost-effective to provide tailored support to each individual organisation. It may also make sense where grantees have similar levels of monitoring and evaluation capacity and skills.

However, where monitoring and evaluation skills vary significantly between charities, developing a standard programme that meets the individual needs of each is more challenging. Charities with established monitoring systems may feel that the support is too basic for them, while charities with no experience at all may be overwhelmed by the process. In these cases a more flexible model may be appropriate.

A flexible approach may imply higher costs for the funder if it results in a different package for each grantee, but flexibility can reduce the cost and burden of evaluation for grantees. For example, in case study three, the charity was given the freedom to design an evaluation that built on its existing project review processes—minimising the overall cost.

How involved should you be?

The case studies and practice across the sector suggest that funders' involvement in shaping support varies widely. Some funders remain at arm's length while others get very hands on in shaping support. For example, the funder in case study two became involved in the design and content of external evaluation.

This hands-on approach can be very helpful for grantees, especially those with little experience of evaluation, who need extra guidance. A hands-on approach can mean a deep and meaningful dialogue between funder and grantee, leading not only to better evaluation and reporting, but to a stronger relationship in general.

However, it can be very time intensive for funders. Even the funder in case study two would not expect to be so deeply involved with all its grantees' evaluations. Grant-makers with a large grant portfolio might find such an approach very difficult to sustain.

Being hands on also needs to be balanced against other considerations. A funder may choose a hands-off approach in order to keep costs and the burden on grantees to a minimum. This is the case in the third case study, for example, where the funder feels a hands-off approach gives grantees the greatest freedom to evaluate their work as is most appropriate to them. In this case, that freedom is balanced by a requirement to be specific in initial funding applications about planned outcomes and evaluation plans.

Finally, there is a danger that a hands-on approach may be perceived as interfering or overstepping appropriate boundaries. This is a concern raised both during this research project, and in NPC's wider experience. Funders' reporting requirements are sometimes felt to be burdensome and not particularly useful to a grantee. So when a funder is providing support to help grantees focus on impact, there is a risk that a hands-on approach will be seen as the funder unreasonably imposing its will on the grantee organisation.

Funders should consider this risk against the fact that they may sometimes be better placed than their grantees to help define and shape impact support, especially if they are more experienced in impact measurement than the organisations they fund.

Starting from grantees' needs?

Together, these three questions capture the principles of an approach to support. But how can funders decide one way or the other on any of these? One starting point is undoubtedly cost: a tailored, hands-on approach is not feasible if keeping costs down is the primary consideration.

But a more important starting point for funders is that they understand their grantees' needs. We recommend that any funder providing monitoring and evaluation support starts with a diagnosis of grantees' capacity. This may happen in aggregate across a grant programme, or by assessing each grantee, but it should result in a judgement of where skills can most usefully be strengthened and where external support will be most valuable.

A useful resource when considering diagnosis is the *Evaluation Declaration Health Check Tool* developed by Evaluation Support Scotland for the Scotland Funders' Forum. This is a self-assessment form for funders to complete, to help clarify their approach to monitoring and evaluation, including providing additional support and carrying out a diagnosis of grantees.[8]

Funders that find their grantees have few evaluation skills may find a more prescriptive approach is appropriate. Charities that do not routinely measure outcomes may need to be convinced of the benefits of capturing their impact or may struggle to meet flexible reporting requirements. They might not be best placed to decide where they have gaps in their knowledge and need extra help.

On the other hand, where diagnosis shows that grantees are more experienced, it makes sense to give them more freedom to decide what support is right for them. The charities that benefited from this approach in the case studies were either comfortable with evaluating their work or already convinced of its benefits.

What barriers will you encounter?

NPC's research and experience suggest that it is not enough for funders to design a package of support and set it in motion. Funders may face challenges in making such support effective. These challenges need to be taken into account at an early stage—ideally in design—so that wherever possible they can be overcome.

From our interviews and from our broader experience, we have identified four challenges to providing the support that funders may need to take into consideration:

- resistance to evaluation;
- challenges of measurement;
- embedding into practice; and
- multiple reporting (and support) regimes.

We have drawn out some of the implications for each of these challenges for funders and suggest ways in which they can be overcome or at least minimised.

Resistance to evaluation

While many charities are eager to embed impact measurement in their work, some are not yet convinced of the benefits. As the first case study highlighted, charities can be resistant to evaluation support because they do not see the benefits or the relevance to their organisations.

Charities can also be over-stretched in terms of time and resources, and feel unable to commit additional effort to focusing on impact. Even if they want to attend a training course or conduct an evaluation, they may feel they cannot take the time or spare the staff to do this.

Implications for funders

- Before providing support, funders should assess whether grantees are ready to measure the impact of their work.
- If a grantee is resistant to evaluation, the funder may need to encourage it by making a compelling case for its benefits or even by making support mandatory.
- Funders can reflect on how to make their support as accessible as possible. Running training courses regionally—as is the case in case study one—is one way of doing this.

[8] See: http://www.evaluationsupportscotland.org.uk/documents/EvaluationDeclarationHealthCheck2010.pdf.

Challenges of measurement

Measuring impact and outcomes is rarely easy. Charities' projects and activities are often multi-faceted, addressing complex social issues and involve working with people over protracted periods of time.

Charities are rarely able to take an 'off the shelf' measurement tool that already exists and use it to measure their outcomes. Instead, they often need to develop their own measurement frameworks, tools and processes. Even with support in the form of training, evaluation consultancy, or internal development, charities have to work hard to build the right measurement approach for them.

Even then, knowing what to measure and how to go about it is a real challenge, especially for organisations with little experience of evaluation. Capturing 'soft' outcomes such as improvements in confidence or well-being, is particularly hard.

It is also worth bearing in mind that these challenges vary between sectors. A grantee working in a field which is quite sophisticated and coordinated in terms of impact measurement, for instance homelessness, may advance much more rapidly than one in a less developed area such as advocacy.

Implications for funders

- Funders should take these challenges into account when setting their expectations for reporting and for support. These should be communicated to grantees.
- Funders may want to consider targeting support in under-developed areas, for example helping charities measure soft outcomes.
- In sectors where evaluation is less developed, funders may want to work with groups of grantees to develop common measurement tools.

Embedding into practice

Providing training or external consultancy is often just the start of a grantee's journey towards focusing on impact. Embedding what is learned into a charity's routine way of working can take much longer, and may require concerted efforts to change behaviour.

It is far from straightforward for a charity to shift from collecting data primarily on its inputs and outputs, to collecting appropriate data on outcomes. Organisational culture may need to change, to prioritise gathering data as a part of delivering services. Systems may need to be developed, and routinely used by staff, to ensure data is actually collected.

Even when an organisation is routinely gathering data on its outcomes, it may struggle to analyse that data and act on the analysis.

Implications for funders

- Funders should set their expectations based on the time and effort required to turn the support provided into changes in practice.
- Funders may want to consider offering support over a period of time to make sure impact measurement becomes embedded.

Multiple reporting (and support) regimes

Charities almost always have multiple funders, each with their own reporting requirements. This variation can create large volumes of work for charities as they try to fit in with each reporting regime.

The same can be true for evaluation support. Funders may take different approaches or use different terminology to explain results. Being trained to meet one funder's reporting requirements is of limited value if it does not help charities report back to funders in general. Similarly, charities may have to manage multiple evaluations commissioned by different funders.

Implications for funders

- Funders should consider providing evaluation support that helps grantees create their own standard organisational report, as piloted in NPC's *Turning the tables* projects.[9] This can then be tweaked by the charity for use with different funders.
- Funders could also consider developing common reporting regimes. Any additional support provided will then be relevant to a range of funders.
- Where funders have common reporting requirements, they should consider pooling resources and providing a single support package. This will prevent duplication of time and effort for charities, and may be more cost-effective for funders as well.

How will you measure your support?

Funders that provide evaluation support are undoubtedly benefiting their grantees. But to get the most out of this support, funders need to measure its impact. Given the challenges associated with impact measurement generally, it is not surprising that this can be difficult. But we believe it is important if funders are truly going to understand, and maximise, the value this additional support creates.

[9] Heady, L. & Keen, S. (2008) *Turning the tables in England: Putting English charities in control of reporting.*

All the funders we interviewed for this research were able to offer some evidence to demonstrate how their support was producing benefits and meeting their aims. For example, some funders collected feedback on their training courses via the support provider. And one funder rates the quality of reporting from its grantees, and monitors changes over time.

In NPC's experience, however, even funders committed to impact measurement do not always systematically measure the impact of the additional support they provide. Evidence of impact can be anecdotal, for example collecting feedback informally through grants officers. Even where feedback is aggregated, there may still be opportunities for it to be analysed and learned from more actively.

Measuring impact is important

We believe having evidence that demonstrates the difference evaluation support is making is essential for four reasons.

First, because funders that provide support spend a considerable amount of time and money doing so. These resources are part of grant-makers' charitable funding, so understanding their impact is just as important as the impact of funders' main grant programmes.

Second, funders need to know that this support represents value for money. Investing in monitoring and evaluation is important, but when times are tight, funders need to be sure that the support provided is cost-effective and have evidence to show it is meeting its aims.

Third, funders providing support will be keen for this support to actually benefit their grantees. However, in order to be sure of this, funders need to track whether the support they are providing is meeting the needs of their grantees; and whether any changes to this support would meet these more effectively.

And finally, funders need to measure the impact of their support to show that they are committed to living by the standards they want their grantees to meet. A funder that believes in the value of impact measurement, and helps its grantees to measure their impact, can reinforce their own commitment by clearly and explicitly measuring their own impact. If they do not, there is a danger that grantees will see the support they provide as something to comply with, rather than fully embrace.

Measuring impact is not easy

NPC acknowledges that it is not easy to measure the impact of this additional support. But we believe there are ways to overcome some of the main challenges to systematic measurement.

The funder-grantee relationship

The nature of the relationship between funders and grantees can make it harder to collect candid feedback. Some grantees see all evaluation support as a bonus, and so would not think to question its usefulness. Alternatively grantees may be reluctant to admit to areas of impact measurement where they are struggling, because they are worried this will affect their ongoing funding.

However, tools such as the Grantee Perception Report in the US show that this problem can be overcome.[10] Such tools provide feedback in a structured, neutral format, which makes it clear to grantees that their views are sought in order to improve future practice, rather than zero in on anyone providing negative feedback.

Measuring the value of the support provided requires long-term follow-up

Collecting feedback immediately after support is delivered is an important step towards assessing its impact. But in order to capture the full impact—how it has been used within the organisation and how well it works in practice—longer-term follow-up is needed.

In most cases, this follow-up can be achieved relatively painlessly, by asking specific questions about grantees' impact measurement at later stages of interaction between funder and grantee. In some cases, however, establishing the longer-term impact will require engagement beyond the period of a funder's grant.

Measuring the right thing is difficult

This is especially the case when the funder has ambitious goals to increase grantees' monitoring and evaluation skills. In these cases, looking just at the quality of reporting may not be sufficient. If funders want to know how far their aims have been met, they will need to take the time to find out how the support they provide is being put into practice. One support provider that we spoke to, for example, uses surveys and interviews of participants on its training courses to find out how the training has been used.

Some funders are moving towards more sophisticated ways of measuring increases in grantee capacity, recognising that this is a key aspect of their impact as an engaged funder. For example, Venturesome, the UK social investment fund, now measures and tracks investee capacity over time as it recognises that its impact in this area is a core aspect of its model.

[10] Developed and offered by the US Center for Effective Philanthropy, partnering in the UK with the Association of Charitable Foundations.

Measuring impact is possible

Being mindful of the challenges of measuring the impact of evaluation support, what can a committed funder do practically to measure the impact of its support? We have pulled together just a few suggested approaches to measurement—there are certainly many other possibilities:

- **Use diagnosis of grantees' needs as a baseline and impact measure**—if a funder is conducting a diagnosis of its grantees' needs around impact measurement, it can use this analysis as a baseline measure of capacity, and then use it as a comparison once support has been provided.
- **Use grantee perception reporting to measure grantees' experiences** of support—by doing this as standard, useful and comprehensive data can be built up, even across a large grant portfolio.
- **Use quality of reporting as a proxy for impact measurement capacity**—as one funder in our research suggested, an assessment of the quality of grantees' reporting can be taken as a proxy for their capacity to measure and communicate results. This can be achieved at a relatively low cost and with minimal change to existing processes.
- **Use support providers' impact measurement processes** to gather data—as with the provision of training in the case studies, in most cases support providers will be gathering some data about the impact of their support. If it is a requirement of funding support that this information is fed back to funders, it can help them build up a picture of impact without much additional effort or cost.
- **Ask grantees to feed back** later consequences resulting from support—although this will not produce a comprehensive picture of impact, simply asking grantees to get in touch when their increased skills, capacity or evidence base has an impact on their programmes or fundraising can yield valuable anecdotal evidence.

As with impact measurement in any field, often it is more important to take the first steps towards gathering data than it is to design a perfect approach. We suggest that by drawing on these suggested techniques it is at least possible for funders to start capturing some data about the impact of their support.

What support package will you provide?

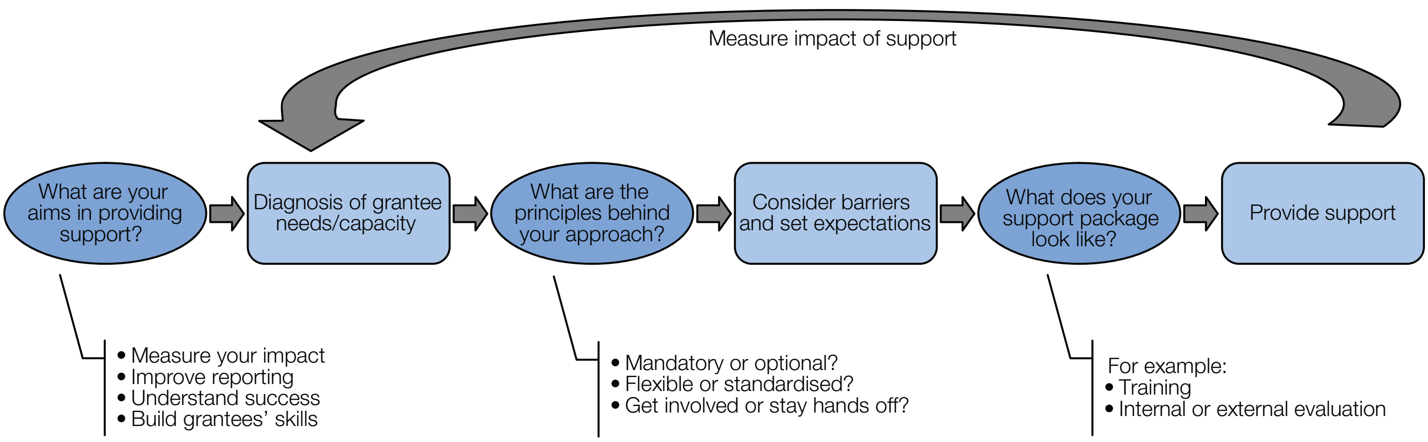
The questions posed so far in this section should provide a framework to help funders design their own package of support. Drawing together these different aspects, funders can consider what types of support best meet the diagnosed needs.

The package of support designed for grantees by funders can build on the questions that have been explored so far in this section. As shown in Figure 1, it should take into account the funder's aims, principles or values, as well as practical considerations such as cost, and the needs of the grantees. It should also be tempered by reflecting on the challenges faced. Finally a clear plan should be in place for how the support will be monitored.

From our research it appears that some types of support might be more appropriate under certain circumstances. Here we reflect on what some of those circumstances might look like. This is not an exhaustive list, but rather reflections on two key contrasts emerging from the case studies and NPC's wider experience.

It is important to note that we are not making a judgement on these as methods of evaluation, that is not the focus of this report, but rather it is interested at where a certain activity or tool might best deliver on a funder's aims within their portfolio of grantees.

Figure 1: A framework for support



Training vs. evaluation

One of the main options presented in the case studies is whether to offer training or to help grantees directly with evaluation. These options are not mutually exclusive—you might choose to do both—but depending on a funder's aims, one might be preferable over another.

Training might make the most sense when the funder wants to increase the evaluation skills of grantee staff. The two case study funders that provide training, for example, both identified this as a key aim of their support.

On the other hand, evaluation might be preferable where the primary aim is to gather evidence of a project's impact. This was one goal for the funder in case study two: it hoped that funding external evaluations would, among other things, help both the funder and grantee to understand the success of the project.

This distinction is definitely not straightforward, however, and should be treated with care. An internal evaluation may help a charity build its monitoring and evaluation skills by putting theory into practice. This is discussed further in the following section on internal vs. external evaluation, but it is worth bearing in mind that an internal evaluation is only likely to work where grantees have, or are helped to acquire, a working knowledge of the tools and techniques involved. This reinforces a point made earlier: that diagnosing the needs of grantees is a crucial first step to providing effective support.

Internal (or self-) vs. external evaluation

Our experience suggests that funders often prefer evaluations conducted by an independent external party. It is often felt that external evaluators add more credibility to findings, and can make the evaluation more instructive as a tool for internal learning and improvement.

External evaluations may also be beneficial where charities feel over-stretched and unable to find the resources to attend training or conduct an internal evaluation. External evaluations fit more easily with a charity's ongoing work: they require some input from staff but are essentially carried out by external contractors and so (at least in theory) interfere less with a charity's existing workload.

However, this needs to be balanced against other considerations, first of which is cost. External evaluations can be expensive and may not always represent value for money, especially where a charity has the tools and knowledge to conduct the evaluation itself.

Another advantage of internal evaluation is that it provides charities with a chance to build on the monitoring and evaluation skills they have begun to build up. This may have the double benefit of helping gather information needed to assess the impact of a project, as well as boosting grantees' evaluation expertise.

Which approach is right?

There are many different ways to build a package of support from these components. As we suggest, funders can create the greatest impact through their support if it takes into account both their own requirements, and the needs of their grantees.

For one funder, the right choice might be a mandatory, and standard, training course, followed by a bespoke package of evaluation support that is tailored to each grantee's needs with a steer from the funder.

For another funder, the right choice may be an optional training course, and signposting to approved evaluation consultants as well as funding for that support.

Another funder might get heavily involved, from diagnosing a charity's support needs, to providing specialist training themselves, to co-designing an evaluation that helps both funder and grantee measure their impact.

No one model of support is 'right'. Each aspect of a package has different associated costs, as well as benefits. But by thinking through the options, NPC believes that funders committed to impact can achieve more.

Conclusions

Monitoring and evaluation support programmes are still relatively rare, despite their great potential to add value to the funding that trusts and foundations currently provide. Our research for this report and its wider experience suggests that it benefits grantees and funders.

The benefits of support are in line with funders' motivations for providing it. It helps funders understand their own impact; it helps grantees meet their reporting requirements; it allows grantees to understand the success and impact of their activities; and it improves charities' monitoring and evaluation skills.

We believe that funders who help their grantees focus on impact will improve their own work, and that of the charities they fund. Consequently their funding will have an even greater impact on the lives of beneficiaries. And funders can create the greatest possible impact if they plan and structure that support.

Recommendations

Funders committed to monitoring and evaluation in their grant-making should consider providing additional support to grantees to help them focus on impact. We believe that funders who make this decision will see the benefits within their own work, as well as through the increased impact and capacity of their grantees.

In order to maximise the benefits that support can generate, we believe that **funders should plan their approach to providing support in a structured way.** Funders not currently providing this kind of support may be struck by the variety of approaches they might take. Funders that are providing evaluation support may have developed their approach somewhat organically, and be learning through their ongoing practice.

We believe that both categories of funders can benefit by reflecting on their approach, and by taking into account a few key factors.

Funders providing support should incorporate a diagnosis of their grantees' situations and requirements. We believe that a diagnosis stage helps to ensure that resources are targeted to create the greatest impact, and are also deployed most cost-effectively.

More broadly, evaluation support should be based on a dialogue between funder and grantee. Although this is always beneficial to the funder-grantee relationship, it is still not routine or ubiquitous. A constructive dialogue between funder and grantee can ensure that the aims of both parties are aligned when a package of support is designed. If the needs of both grantee and funder can be incorporated into reporting practice it can also lead to better reporting.

Funders should actively evaluate the support they provide in order to understand how their support helps grantees focus on impact, and to ensure that they lead by example. This can start with relatively simple measures, such as tracking the quality of grantees' reporting, but may develop into a structured assessment of changes in grantee capacity over time.

Finally, it is worth adding a reality check to these recommendations. Many funders will find that the structured, well-resourced approach suggested is beyond their resources. For funders in this position, a more cost-effective option may be to work with other grant-makers to achieve the same ends.

The final recommendation is therefore that **groups of funders in the same field or sector should consider collaborating to provide support** around impact. Such support might be funded by a group of grant-makers, and might also be aimed at groups of charities working towards similar or common outcomes. This may also be a more cost-effective approach for charities as it reduces the burden created by multiple reporting and support regimes. Such a cohort approach to building capacity is one that NPC hopes will become increasingly common in the future.

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Other NPC publications

Published research

Research reports are focused on specific areas of charitable activity in the UK unless otherwise stated.

Community

- **Trial and error:** *Children and young people in trouble with the law (2010)*
- **Breaking the cycle:** *Charities working with people in prison and on release (2009)*
- **Short changed:** *Financial exclusion (2008)*
- **Lost property:** *Tackling homelessness in the UK (2008)*
- **Hard knock life:** *Violence against women (2008)*
- **When I'm 65:** *Ageing in 21st century Britain (2008)*
- **Not seen and not heard:** *Child abuse (2007)*
- **A long way to go:** *Young refugees and asylum seekers in the UK (2007)*
- **Home truths:** *Adult refugees and asylum seekers (2006)*
- **Inside and out:** *People in prison and life after release (2005)*
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New
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New Philanthropy Capital (NPC) is a charity consultancy and think tank dedicated to helping funders and charities to achieve a greater impact.

We provide independent research, tools and advice for funders and charities, and shape the debate about what makes charities effective.

We have an ambitious vision: to create a world in which charities and their funders are as effective as possible in improving people's lives and creating lasting change for the better.

- For charities, this means focusing on activities that achieve a real difference, using evidence of results to improve performance, making good use of resources, and being ambitious to solve problems. This requires high-quality leadership and staff, and good financial management.
- For funders, this means understanding what makes charities effective and supporting their endeavours to become effective. It includes using evidence of charities' results to make funding decisions and to measure their own impact.

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