

# Measuring the Global Impact of Nonprofits: 6 Trends



- **Get the Basics Right**
- **Make Evaluations Useful for the Organization**
- **Consider Lean and Quick Evaluations**
- **Pick the Right Time**
- **Prepare for Good and Bad Findings**
- **Craft Evaluation as a Core Cost**

**I**n the field of international development, there are more worthy projects than money to go around. Governments and donors are increasingly directing aid and charitable donations to groups that can show the best results. Charities operating programs with proven effectiveness are best positioned to receive that aid.

But experts say the appropriate type of evaluation and monitoring depends on the maturity of the organization. A new

charity, for example, shouldn't just dive into an in-depth evaluation of impact without first establishing a process for monitoring important data. For international charities looking to build a better base of evidence for their programs, here are six trends identified by leading charities and evaluation consultants.

## **Get the basics right.**

The randomized controlled trial — an approach borrowed from clinical drug



“ The way you can tell your story with data, the way you can share that with a volunteer or a donor or a client, transforms your impact. ”



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trials — is the gold standard of evidence in the nonprofit sector, but the cost may exceed the annual budget for many small international nonprofits. For new or unproven organizations, such a study may be a big waste of time, says Loïc Watine, who oversees the Right-Fit Evidence Unit at Innovations for Poverty Action, a nonprofit that helps to evaluate and promote effective solutions to global poverty.

Take an organization focused on training teachers to deliver education in a new way. An impact evaluation — or a rigorous analysis of its effectiveness, which could include a randomized trial — might find the teacher training didn't drive significant student learning. Yet, for all the time and money spent on the evaluation, the failure might have more to do with the study's timing than the program itself. Perhaps the organization hadn't mastered the basics yet — such as getting the teachers to show up for the training.

Instead of spending months and thousands of dollars on a large-scale evaluation, the charity should have instituted basic data monitoring, starting with tracking the percentage of teachers that actually attend each training.

“The important variables for a project can be tracked very simply and can have a very quick feedback loop,” Watine says. “We argue that for many organizations, that's what they should be focusing on before they do an impact evaluation.”

Neil Buddy Shah, CEO of IDinsight, a nonprofit that conducts evaluation projects worldwide, agrees with Watine that many charities should start with a “process evaluation” rather than an impact evaluation.

“When you set up a monitoring system, focus on the very few indicators that you will actually use, and collect the data with enough frequency that you're getting regular feedback but not so much that it overwhelms you,” Shah says.

### **Make evaluations useful for the organization — not just for a donor or researcher.**

Historically, many charity evaluations have focused on the outcomes of programs that have already ended. That might serve the interests of the donor — and answering the question

of whether the grant was worthwhile — or an academic researcher, who can publish summary research of interest to a broader audience. But such research provides little help to a nonprofit looking to improve on-going operations.

Innovations for Poverty Action encourages the “co-creation of evidence,” where donors, implementers, researchers, and policy makers all agree on an intervention and a process for evaluating it.

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The organization helped the Ministry of Education in Peru develop a series of videos to discourage students from dropping out of high school. After the program proved successful at lowering dropout rates, a new crop of educational leaders in Peru — not the ones who collaborated on the video interventions — agreed to scale up the program to 100 percent of Peruvian public schools. “The institutional trail of co-ownership outlasted the staff turnover and greatly eased the path to scale,” two IPA staff members wrote in a blog post.

IDinsight has encouraged the use of what it calls “decision-focused evaluation,” studies that can help charities make course corrections in real time. In Cambodia, iDE, a global development organization, wanted to know how much rural residents would be willing to pay for simple latrines, which reduce diarrheal diseases. With global headquarters in Denver, iDE has created market-based solutions to poverty since its founding in 1982 and currently works in 14 countries in Africa, Asia, and Central America.

IDinsight ran a series of tests that determined that Cambodian residents would pay market prices — but only if they were given a microfinance loan that allowed them to pay off the latrine over the course of a year. That insight has contributed to strong sales — since 2011, more than a million rural Cambodians have purchased a latrine. Now

iDE estimates that its latrine deliveries account for half of the Cambodian government's nationwide sanitation targets.

### **Consider “lean” and quick evaluations instead of one overarching study.**

One of the downsides of investing significant resources in a study of a single program in a given locale is that it might not tell you much about how the program will fare elsewhere. “What works in Kenya might not work in Uganda,” Shaw says. “And what works in urban Nairobi might not work in the Rift Valley.”

Instead of asking a study to provide answers to “global questions,” look for tailored and specific feedback: Does this program, as developed by this particular group, work in this particular geography?

A/B testing — comparing two versions of something to see which works better — is popular among marketing companies — and the same principles can be deployed by nonprofits. An international charity might test two different approaches to the same problem to see which one yields better results.

If the goal is to get more people to visit village health clinics, send a community health worker to 10 percent of the households in one village to tell them about the clinic. In a similar village, conduct a broad advertising campaign on the radio to tell residents about the new clinic. See which approach — the broad campaign or going door-to-door — brings in the most patients.

“That approach can be used to get a good gut check of what works best,” Shah says.

### **Pick the right time.**

Once an organization has mapped out a sound strategy, studied the successes and failures of similar groups, and put in place a system for monitoring basic data, the time will come when a more in-depth evaluation is appropriate. “Once you're confident and might want to scale something up, that's the time for an impact evaluation,” says Heidi McAnnally-Linz, the director of policy and communications at Innovations for Poverty Action.

Some government funders use incentives to encourage charities to take this step-by-

step approach — such as starting with basic monitoring before they move on to a more in-depth study.

The Global Innovation Fund and USAID's Development Innovation Ventures (DIV) arm both require minimal evidence for small grants, but seek greater evidence of impact before they ratchet up the aid they're willing to provide. At DIV, for example, a Stage 1

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grant, worth up to \$200,000 over three years, requires only basic levels of monitoring and testing to determine factors like user interest and willingness to pay for a product or service. But Stage 2 grants, worth from \$200,000 to \$1.5 million over three years, are awarded only to organizations that use rigorous evidence to demonstrate impact, such as with a randomized controlled trial.

“It's one good example of a way to integrate impact measurement into funding decisions,” Shaw says.

### **Prepare for good and bad findings.**

A randomized controlled trial that measures the effectiveness of an intervention can raise existential questions if the study finds the program's impact is weak.

“Be open to the possibility that you're going to have low or zero impact,” Shaw says.

Rather than ditch the project — or shutter the charity — the best approach is to work with funders in advance on various scenarios. The charity might develop a tentative plan to spread the program to new locations if the study determines the program is highly effective. It should also determine what tweaks it will make to boost results if the evaluation finds that results are poor.

“We advise every one of our partners to have a post-evaluation action plan,” Shaw says. “They should have buy-in from their most important funders as well.”

A 2016-17 evaluation by Innovations for Poverty Action of a teacher training program in Ghana found mixed results. Sabre Education, the nonprofit that started the program, aims to improve the lives of poor and marginalized children in Ghana, primarily by creating better kindergarten outcomes.

The evaluation found that student teachers’ knowledge of Ghana’s national kindergarten curriculum increased after participating in Sabre’s Fast Track Transformational Teaching, a yearlong program that includes workshops, mentoring, and coaching. But that awareness didn’t immediately translate into improved student learning, in part because school leaders and other teachers at the school were reluctant to embrace the play-based learning approaches that the training program encouraged.

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Sabre responded to the disappointing evaluation by making adjustments to address the challenges teachers were facing. The nonprofit now provides week-by-week lesson plans for new teachers, as well as sensitivity training for head teachers and administrators to help them learn about and implement the new play-based approach.

“The reality is, a lot of things don’t have impact,” McAnnally-Linz says. “You have to show your donors that you’re open and transparent about this: ‘We are a learning organization, and we’re going to take the data and adapt and apply it to the work.’ That is something that donors should support whether or not the study shows impact.”

### **Craft Evaluation as a Core Cost.**

A multiyear randomized controlled trial that evaluates a large program could cost \$1 million or more, and even less rigorous impact evaluations are likely to be too expensive for many grassroots charities to pay for on their own. That’s why most international charities that conduct evaluations seek grants for the work. Many times, the donor who put up money to start a program isn’t the most likely source to provide more funds to evaluate it. “The most frequent situation is that one donor starts something, and other donors support the evaluation,” Watine says.

But that is starting to change. Shaw says some charities are approaching IDinsight to jointly craft a program and evaluation plan that the charity and the evaluator then present to a foundation for support. “Those can be structured in a way that is fundamentally useful, both for the organization and for the foundation, which gets to see if the spending was a good use of its resources,” Shaw says.

The growing interest in impact investing and results-based financing is also leading to evaluation being included as a core cost when programs are created. “Those structures can have a lot of complexity, but they point in the right direction,” Shaw says. “If we want to take evaluation seriously, let’s agree on thresholds, and if those thresholds are met, let’s pay out for results.”