

Streams of social impact work:

building bridges in a
new evaluation era with
market-oriented players at the table

THE
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EVALUATION OFFICE

Private investment in capital markets focused on social impact is on the rise.

How do market-oriented actors measure their social impact?

What landmark elements have shaped the measurement and evaluation approaches of the mainstream social impact and market-based sectors?

Can we find common ground between evaluation models of social impact used by traditional social sector actors and those used by market-oriented actors?

How can more dialogue best be fostered and promoted between these sets of actors who share a common goal of creating positive impact?

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This paper is part of a series supported by the Rockefeller Foundation's Evaluation Office to explore the implications for evaluation of new development challenges in a rapidly changing world, new financing mechanisms beyond aid, new technologies and a host of new actors. The authors invite rich and thoughtful feedback that will contribute to the ongoing field-building of the evaluation of market-oriented approaches such as impact investing. It is our hope that the contributions of professional evaluators and impact measurement analysts together with the actors in other data-rich fields and other partners will result in the development of robust and transformative methods that build bridges and advance the effectiveness and scalability of social impact work.

Streams of social impact work

Private investment in capital markets focused on social change is on the rise. It is influencing investor and consumer behavior, and inducing a closer examination of the role that for-profit organizations play in society and the ways in which their contribution to the social good should be evaluated.

Given the growing influence of these new players – the blurring of boundaries among the public, private, and civic sectors, and the need for credible coherence in the social impact domain – the main purpose of this paper is to begin unpacking what is happening between the traditional social impact playing field and the new set of market-oriented players.

A corollary purpose is to begin moving in the direction of finding common ground between the methods that have traditionally been used to evaluate government-, non-profit/NGO-, and philanthropic-sector interventions, and the emergent approaches used by the new and varied set of market-oriented actors.

Two streams – two cultures

Market-oriented assessments

In the market-oriented social impact domain, a proliferation of metrics has emerged to track social or environmental performance, and provide more transparency for investors. The market-oriented players all share the same values and bring new energy and skills to the promotion of positive social change. They hold the view that only what gets measured gets done. They specify results indicators at the very outset of all interventions. This can be an effective management model endowed with the enormous advantage of linking payment to results.

Unfortunately, the indicators are grounded in theories of change that are not always made explicit or properly validated before being replicated and mainstreamed. Furthermore, the *ex ante* assessment process is usually done by program managers helped by management consultants, with auditors hired to verify the integrity of the process. Evaluators are rarely involved and, if they are, their roles tend to be circumscribed to data gathering and interpretation. While there is often ongoing internal monitoring of market-oriented interventions, it often focuses on output rather than outcome, and can produce superficial rather than in-depth analysis.

This means that the well-known problems associated with goal-achievement evaluation models plague existing social impact measurement approaches in one or more of three ways: i) the indicators may not reflect the public interest, ii) no iteration may take place after the program is launched and the relevance of the original goals and of the program design may go unquestioned, or iii) examination of the secondary or unintended side effects of the intervention may be neglected.

Mainstream evaluations

Mainstream evaluations almost invariably take place *ex post* – often too late to make a difference. They are generally not embedded in management systems. They do not serve decision makers' or investors' needs in a responsive and timely fashion. They are prone to generate bulky reports, often written in abstruse academic language. They also frequently employ static program evaluation methods that are unfit for the adaptable interventions required to achieve results in an age of instability and uncertainty.

While there are notable exceptions to this characterization of evaluation, and a growing body of innovative approaches, this traditional approach is how the field is typically characterized and perceived. It is understandable, then, that market-oriented actors have opted to develop their own social impact assessment approaches and instruments.

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As a result, two distinct streams are currently at work within the social impact domain,¹ leaving little doubt that a rapprochement between the two streams would benefit both. In fact, there are already methodological areas where the two fields converge to some extent, notably developmental evaluation (Patton, 2010), collective impact (Kania and Kramer, 2011; Hanleybrown *et al.*, 2012), and theory of change (Fulbright-Anderson *et al.*, 1998; Funnell and Rogers, 2011; Jackson, 2013). Indeed, evaluation units within a few foundations have begun to play pivotal roles in advancing these and other lines of inquiry and practice.

So, how can the strengths of the evaluation profession and market-oriented actors be combined most effectively? Can mainstream evaluation practitioners and the market-oriented actors bridge their differences by harmonizing evaluation approaches, re-considering their methods, and cooperating in improving the timeliness, validity, and rigor of goal setting, real-time monitoring and data collection, and in turn, retrospective analysis in pursuit of responsible and accountable social action, and the use of data to guide strategic decisions and actions? It is the purpose of this paper to look at these questions in the context of the changes underway in the evaluation field and the potential to identify shared goals that will enable both streams to mutually support each other.

¹ The debate evokes C.P. Snow's famous remarks about the mutual incomprehension between science and the humanities: "They have a curious distorted image of each other. Their attitudes are so different that, even on the level of emotion, they can't find much common ground." The remarks were made as part of his 1959 Rede Lecture at Cambridge University.

Purpose 1: Exploring the historic shift of evaluation fields

The growth of market-oriented engagement in social impact work has occurred in a landscape in which governments, nonprofit/NGO, and philanthropic sectors have been major players. An historic shift is underway. In fact, according to the Social Impact Investment Task Force (2014):

“The world is on the brink of a revolution in how we solve society’s toughest problems. The force driving this revolution is “impact investing”, which harnesses entrepreneurship, innovation and capital to power social progress... Harnessing the power of entrepreneurship, innovation and capital for public good, examines what is needed to catalyse the growth of a global market for impact investment ... to deliver better social outcomes and improve millions of lives across the world.”

Market-oriented activities assume many different forms, including public-private partnerships, impact investment portfolio funds, supply chains, corporate social responsibility mandates, social impact bonds, prizes and challenges, and program and mission-related social investments. The impact measures sought across these various instruments vary widely, in terms of the relative emphasis they place on the assessment of economic, financial, social, and environmental effects.

Rather than grouping all market-oriented actors in the social impact space within one homogenous structure, it would be more accurate to characterize this new and energized group of players as a diverse cast – one that does not have an agreed-upon protocol to guide the full set of its activities. However, there are many cross-currents within this constellation of actors that, for the sake of convenience, this paper refers to as “market-oriented social impact actors”. At the same time, the mainstream evaluation field has equally diverse evaluation models and approaches vying for influence. In both cases, this diversity is a strength that allows users to select bespoke approaches appropriate to the context.

We approach the first purpose of this paper – looking at what is happening in social impact evaluation that relates to both mainstream evaluators and the new market-oriented actors – with a table that traces the history and offers a side-by-side comparison of major developments in each area – or stream.

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The table, presented on Pages 9 to 13, is broken down by decades. It outlines major developments in both streams and important landmark elements of both, and also identifies selected major sponsors and audiences. It should be noted that this table is a work-in-progress. At this point, it presents mainly trends and perspectives from the global North. Further work will be needed to populate it with perspectives, experiences, thought leaders, and tools from developing and emerging economies.

In addition, we are seeing the emergence of new tools and approaches developed in the fields of technology, communication, marketing, politics, and elsewhere. These are being used in both mainstream and market-oriented evaluative efforts – particularly big data, network mapping and social media metrics. We have not included these new developments in this comparative analysis, as they are boundary spanning and are incorporated into both streams – and both streams would benefit from ongoing interaction, dialogue, and knowledge sharing across them.

Purpose 2: Pursuit of shared goals

The second purpose of this paper – the pursuit of shared goals – is approached through a synthesis of common characteristics that span the array of actors in the social impact landscape. It is the authors’ hope that this examination of the mindsets that have been shaping evaluation in the traditional and market-oriented streams can provide a launching pad for advancing a common agenda

and, in turn, bring together a toolkit drawn from both fields to the work of understanding progress in tackling the difficult social and environmental challenges facing the world today. This understanding will enable sharing of valuable lessons that can contribute both to improving social and environmental impact work and to maintaining standards of accountability that ensure investments are wise, strategic, and impactful.

Understanding the differences

To carry out such an analysis, it is important to recognize the notable differences that influence the work of market-oriented actors in the social impact landscape and traditional social sector actors, and to understand how these differences may influence measurement and evaluation approaches.

i) **Markets don't always advance positive social change.** Just as governments don't always behave in the interests of their people, it is clear that markets can block or undermine initiatives for social change and environmental sustainability. Indeed, businesses, governments, and civil society, in different combinations, can and should be expected to take opposing positions on certain issues and, at the same time, they also can and should cooperate in other areas. Thus, while market-based approaches to social change are vibrant and ascendant in many areas, it must be recognized that they emerge out of a complex, contested, and fluid context (Thorpe and Wach, 2015).

“...markets can block or undermine initiatives for social change and environmental sustainability.”

ii) **Actors make decisions differently.** The key players in impact investing can include asset owners (foundations, high net worth families, corporations), asset managers (equity funds, banks, insurance companies, pension funds, investment professionals, non-profits), investee businesses and projects (social enterprises, small and medium-sized business-

es, cooperatives, solar and wind farms), and service providers (consultants, universities, professional networks). Often, these groups may be unfamiliar to public-sector, non-profit and foundation evaluators (Harji and Jackson, 2012). Although they may have different ideas for achieving social impact, asset owners, asset managers and business owners make their core decisions based on assessments of business risk and financial returns, as well as the terms under which they will exit from the business relationship. And, as with mainstream venture investors, investors in social enterprises place a premium on leadership and organizational capacity. According to Kramer (2005), they are seeking a rare and potent combination, and they “want to fund a driven and entrepreneurial leader with a system-changing idea and a solid organization that is capable of rapid growth and financial stability.”

iii) **Privacy and competitive issues matter.** Business viability is central to market-based actors who consider information a matter of both privacy and competitive advantage. Apart from publicly traded companies and standard regulatory reporting, most investors and businesses operate with little incentive to share information. This shapes the conditions under which evaluators can assess the social and environmental, as well as financial, performance of market-based initiatives, and disseminate the findings of such work. This is not to say that businesses and financial institutions don't also engage in the public sphere. Rather, it is to recognize that their fundamental starting points for framing information is private, not public.

iv) **Performance assessment costs are funded differently.** In the public and civic sectors, the governments or philanthropies generally subsidize monitoring and evaluation (M&E) activities. In contrast, in the private sector, M&E work is paid for by the business model, and the M&E budget is viewed as an overhead cost. This often means that market-oriented monitoring and evaluation can be too lean, being obliged to rely mainly on output data and stories rather than more systematic, deeper inquiry.

- v) **The market-oriented space for social change is emergent.** The evaluation profession evolved from the mature fields of public administration, social science-based evaluation research, and non-profit organizations. In contrast, fields such as social entrepreneurship and impact investing are emergent, fragmented, and partial; they are under construction. This means that evaluators and social impact assessment specialists alike must be prepared to help build the ecosystems of these new fields while also assessing the performance of initiatives within these emerging areas. This requires broadening the understanding of field-building obstacles and strategies “above” the level of individual programs or projects, and recognizing likely partners among those who have stakes in these field-building efforts.
- vi) **Asymmetries must be confronted.** The field-building process must identify and confront asymmetries. In particular, to date at least, access to funding resources and knowledge platforms for social impact assessment has been concentrated in the global North, limiting the reach and scale of Southern-driven market-oriented initiatives. This is usually true in social impact assessment as well. Though activity in the South is vibrant, innovative, and diverse, its thought leadership is less visible, and methods and tools originating in the South remain underdeveloped. Such North-South imbalances also characterize the mainstream evaluation profession in development and philanthropy, which is a cause for concern (Rodin and MacPherson, 2012).

Looking for common ground

Despite the stark differences in how these streams have emerged and grown quite independently from each other, many similarities are noteworthy.

- i) **Both focus on examining social impact.** This may seem obvious on the face of it. They are both in the same marketplace and share the same core business. They tackle real social and environmental change questions through a practical and applied lens. However, while they measure the same areas, their cus-

tomers are different – evaluation practitioners work primarily in the public, philanthropic and nonprofit sectors, and practitioners of impact measurement work with market-based organizations.

- ii) **Both value data and evidence to provide accountability and confidence that good decisions have been made, and that learning and adaptive management practices have taken place.** These fields both generate data to validate past decisions and to guide continued decision making. Beyond data, they both work to synthesize this evidence to provide clarity on “go/no go” decision points, weighing the value of different choices, and assessing whether “big bets” are paying off. Data and evidence track with the full cycle of social investments, from concept development, strategy, selection of implementers, gauging progress on implementation, determining necessary adjustments and questions of scale and sustainability. Each field has its donors that also expect accountability, including investors and businesses for the social impact measurement side, and governments, and nonprofit and foundation leaders vis-à-vis evaluation. Ultimately, both are also accountable to their ultimate beneficiaries – the community and larger society.

“Each field has its donors that also expect accountability...”

- iii) **Both are challenged by the availability of outcome data in the social sector, particularly in unregulated areas of civic life and, when available, the validity and reliability of the data.** The two streams both experience the same limitations related to measuring difficult-to-measure subjects in areas where the availability of resources for measurement are typically constrained. For example, the UN created a goal of spending 1 percent of program budgets on evaluation costs and is far from meeting that goal. Similarly, impact investors express a common concern as to the price tag for data collection and analysis in the social impact arena. While “big

data” are synthesizing consumer patterns across various sectors, the topics of social impact mostly remain in the private lives of individuals or families, or the domains of community life that are often not regulated or reported (e.g. early learning, violence against women, child well-being, self-sufficiency). When measurements do exist, there is often controversy of acceptable proxies, such as when the ultimate goals are long term and the interventions are of far greater duration (e.g. school dropout prevention, policy adoption for peace and security).

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iv) **Both are responding to an imperative – driven by a philosophical, moral, or mental mindset – to be socially responsible.** In its catalogue of approaches to impact measurement, Social Venture Technology Group (2008), an impact accounting firm, identified an “emerging zeitgeist” in the investment community, and determined that “society’s goal should be to create an environmentally sustainable economy that is healthy and dignified for all people,” further noting that this view represented a fundamental shift in the definition of investment:

“At its heart is a dawning awareness – grounded in evidence – of both the cost of not considering environmental sustainability and social impact, and the benefit of doing so. Since capital is arguably the fuel of the economy, those who identify with this zeitgeist believe investors have a fundamental role to plan in bringing the more perfect economy into being.”

This sentiment is also engrained in the social sector as part of the essential duties of government and the mission base of nonprofits and philanthropies.

- v) **Both are experiencing rapid proliferation of methodologies and lack of a consistent “gold standard” that meets all needs and expectations.** As the comparative table of both streams clearly demonstrates, each field is experiencing rapid growth in the methodologies and underlying thought structures that support such methods. The issue of standards is particularly troubling as many on both sides struggle over whether randomized controlled trials are actually the gold standard for measurement in the social sector. The impact measurement field is further faced with the tension of multiple business-oriented and multilateral organizations striving to create standards that earn the respect of a wider field and can be reasonably applied.
- vi) **Both face the challenge of defining meaningful proxy measures toward ultimate impacts: mainstream evaluation language uses “interim outcome measures” while impact measurement uses “leading indicators” or “outputs”.** The evaluation community has become quite comfortable with logic model and theory of change-type thinking that identifies interim outcomes as occurring along the way to ultimate change. Donors and investors interested in social impact, in contrast, tend to substitute outputs for proxies of change or “play it safe” with investments that are surer bets, as has been the case with social impact bonds.

Looking ahead

Productive exploration

This working paper is intended to begin the process of creating an inclusive tent for a productive exploration of the kinds of methodologies, evaluative tools, and strategic learning processes that can best be utilized for advancing evaluation in a new era. Bringing together different points of view calls for comparing techniques for assessing decisions about how to make strategic investments that can result in measurable change, considering types of evidence at different stages of investing in impact, and recognizing the variety of values and voices that define assumptions about community and societal needs. Taking these steps means our collective work can

only improve and make a stronger contribution to social impact writ large.

Authentic change

There are many critical questions that need to be lifted up in order to create authentic change. For instance:

- What is the relationship between investments and improved quality of life, sustainable economic development, and empowerment?
- How can evaluative thinking best guide strategic direction?
- What evidence is needed to determine when a strategic shift in direction is called for – and how is that affected by factors such as the stage of development of a social solution and the level of risk that is appropriate for public, philanthropic, and for-profit investors?
- To what extent has there been authentic participation of people who are engaged in and affected by social change efforts?
- How can M&E practice ensure that the benefits of market-oriented interventions reach their ultimate beneficiaries, including business owners, employees, consumers, households, and communities?

This paper has shown the importance of ongoing conversation that can bridge the streams of mainstream evaluation and market-oriented social impact actors. Already, conversations have begun in the evaluation community. At a well-attended plenary session organized at the 2014 American Evaluation Association Conference on Social Impact Assessment,² participant discussions clearly revealed that evaluating the use to which capital markets are put is an area of inquiry that had not previously been explored by most members of AEA. It was equally clear that with more dialogue across the sectors, many of the tools in our evaluator toolkits can be adapted for this sector.

Another convening focused on new ways of viewing evaluation within the context of growth among market-oriented impact investors was held in mid-2015 in

Wilton Park, near London. Deliberations centered particularly on international development evaluation relevant to efforts that create impact in developing countries and brought together evaluators, consultants, and impact investors for a mutual exploration of key challenges related to addressing these new frontiers and bridging these worlds (Wilton Park, 2015).³

Looking ahead, this paper is intended to be used as an opening point for discussion at meetings such as these. Already, other meetings are being scheduled, where it is our hope that the conversation will continue to: i) increase understanding of how these two streams have developed over time and how to deal with differences that might stand in the way of finding common ground for evaluating impact, and ii) build bridges in the methods and approaches for assessing social impact across these two streams.

There is much work to be done to optimize the exchange between market-based actors in social impact assessment and the profession of evaluation in both developed and developing countries. Non-transactional exchanges of experience, knowledge, and tools between these two constituencies hold much promise. They also could lead to more opportunities for collaboration in transactional work on projects and initiatives of shared interest, and joint development of new, hybrid tools.

We invite others to join in a robust conversation about how these measurement and evaluation fields might converge with the objective of strengthening both fields, in order to more effectively achieve social and environmental impact. To be sure, we recognize the debates, critiques, limits, and contradictions within and across these distinct streams of practice. At the same time, though, we also are convinced that intentional cross-fertilization, innovation, the use of data for “sense-making” of highly synthesized and, most importantly, collective action, are valuable and can serve a common goal. At the core of that shared agenda is the strengthening of programs, policies and institutions – and, ultimately, the transformation of systems – in order to better address the complex, volatile, and tenacious threats and inequities that characterize our modern world.

² Organized by Jane Reisman of ORS Impact, the session was entitled “The Significance of Social Impact Measurement for Visionary Evaluation.” Panelists included Tris Lumley, New Philanthropy Capital; Nancy MacPherson, The Rockefeller Foundation; Georgette Wong, Correlation Consulting; Tom Kelly, Hawaii Community Foundation; and George Julnes, University of Baltimore (AEA, 2014).

³ This event was co-sponsored by Wilton Park, the Centre for Development Impact, the UK’s Department for International Development, and The Rockefeller Foundation. Robert Picciotto, Nancy MacPherson and others played key roles in the planning and implementation of the meeting.

Side-by-side comparison Evolution of the streams of evaluation and social impact measurement

The following table, as introduced on Page 4, provides a side-by-side look at the history and the major developments of the two evaluation streams.

It charts the course from the early days of the evaluation field in the 1950s and 1960s, looking at landmark elements of both, and identifies the major sponsors and audiences of both streams. The content of the table was developed by the paper’s authors who will continue to seek more information to include in future iterations. For now, the table is meant to be an entry point for discussion on future relationships between the two evaluation streams.

1950s – 1960s

Evaluation	Social impact measurement
<p>Wave: <i>The scientific wave</i></p> <p>The scientific wave was the golden age for establishing the evaluation field. Social scientists proudly introduced scientific models such as empirical research, rationalist thinking, and experimental design, offering them as credible approaches to evaluating large social investments in pursuit of a better society.</p> <p>LANDMARK ELEMENTS</p> <ul style="list-style-type: none"> • Saw a triumph for rationalist thinking which emphasizes causal relationships in which means lead to ends. • Increased public and political faith in applying scientific methods to societal problems to create a better society. This relied heavily on social science empiricism, particularly experimental design. • Driven by government interest in evaluating large social investments, both in formative stages and summative evaluations at the conclusions of initiatives. • Saw activities led by academic research community. 	<p>Wave <i>Environmental impact assessment wave</i></p> <p>Pressure mounted during the late 1960s to assess social and environmental impacts of development projects that affected social and physical environments. A call to action by environmentalist Rachel Carson and others rocked the world. A nascent field born out of this activism hailed the arrival of impact assessment. Initially happening in the US, other nations were soon to develop their own legislative mandates for impact assessment.</p> <p>LANDMARK ELEMENTS</p> <ul style="list-style-type: none"> • Initiated calls for action, as activists publicly called out the need to assess the impact of development on the environment and people. • Initiated an environmental impact process, with US agencies requiring environmental and social impact assessments of development projects. • Enacted National Environmental Policy Act (NEPA) which, as the 1960s came to a close, set the precedent for many of the environmental protection acts of the following decades. Similar legislation was under consideration in other countries.
<p>MAJOR SPONSORS/AUDIENCES</p> <ul style="list-style-type: none"> • US federal government agencies in social, educational, and environmental sectors • European governments that were building out social welfare infrastructure 	<p>MAJOR SPONSORS/AUDIENCES</p> <p>US federal agencies such as the Department of Interior and the Council on Environmental Quality.</p>

* The term “wave” was introduced by European evaluator Evert Vedung to describe shifts in the historical development of evaluation. Vedung’s categories are used in this table and are complimented by additional research on waves in both streams.

1970s – 1980s

Evaluation	Social impact measurement
<p>Waves</p> <p><i>Dialogical wave and new public management or neo-liberal wave</i></p> <p>The dialogical wave ushered in a strong focus on giving voice to participants and beneficiaries, and recognized the multiple perspectives and lenses that influence judgement about progress. Qualitative data found a legitimate place alongside quantitative data. The usefulness of evaluation results became essential to consider in the design of evaluations.</p> <p>The new public management wave, also known as the neo-liberal wave, built upon the rationalist and scientific tools of the prior era and introduced more tools and models, such as the evaluability assessment, and the context, input, process and product (CIPP) model.</p>	<p>Wave</p> <p><i>Balanced development planning wave</i></p> <p>The balanced development planning wave led to exponential growth of social and environmental assessment, formalization of methodologies and terminology, and, with this, a field was established. The International Association for Impact Assessment (IAIA), formed in 1980, now has more than 1,600 members in 120 countries representing a host of disciplines.</p>
<p>LANDMARK ELEMENTS</p> <p>This time period saw the emergence of the first professional societies and degree-conferring evaluation programs, initially in the US. The two waves of this period had unique landmark elements.</p> <p>Dialogical wave</p> <ul style="list-style-type: none"> • Emphasized principles of achieving rationality through enlightened deliberation. • Called for a diverse stakeholder base and multiplicity of views in evaluating progress. • Underscored the role of “sense making” as essential to evaluation and introduced constructivist methodological approaches. • Increased use of evaluation as a driving force in designing evaluations. • Legitimized qualitative methods in evaluation design. <p>NEW PUBLIC MANAGEMENT WAVE</p> <ul style="list-style-type: none"> • Built out the discipline of public management and called for the inclusion of performance measurement as an essential element. • Defined attributes of performance, emphasizing the need for value for money, and for clearly stated and measurable management objectives that support accountability. 	<p>LANDMARK ELEMENTS</p> <ul style="list-style-type: none"> • Marked spread of environmental protection legislation. Influenced of NEPA spread around the world, especially to Australia, Asia, and Europe. • Applied social sciences to predict the effects of development projects on environments, people, and their institutions. • Introduced new terms “environmental impact assessment” and “social impact assessment”. • Established a linear rational model of decision making.
<p>MAJOR SPONSORS/AUDIENCES</p> <p>The two waves had their individual supporters.</p> <p>Dialogical wave</p> <ul style="list-style-type: none"> • Foundations and nonprofits/NGOs <p>New public management</p> <ul style="list-style-type: none"> • US federal government • Global financial institutions 	<p>MAJOR SPONSORS/AUDIENCES</p> <ul style="list-style-type: none"> • US federal agencies, including the Department of Interior and Council on Environmental Quality • Canadian Environmental Assessment Agency • Ford Foundation • World Bank • European Economic Community

1990s – 2000s

Evaluation	Social impact measurement
<p>Waves</p> <p><i>Evidence-based wave and participatory wave</i></p> <p>As the evaluation field matured, it continued to experience the growth of multiple paradigms – and some inherent tensions among them. The contested terrain primarily centered on the attributes of “evidence”.</p> <p>The evidence-based wave continued to advance rationalist principles which held up experimental design as the “gold standard”.</p> <p>The participatory wave, in contrast, countered with intensive growth of models that emphasized multiple perspectives solidly grounded in the perceptions and experiences of participants and beneficiaries, and the legitimization of voices of marginalized populations, through, e.g. empowerment evaluation, participatory monitoring and evaluation, and feminist evaluation. Further, theory-driven evaluation – utilizing a theory of change approach – rose in popularity as a viable alternative to experimental design.</p>	<p>Waves</p> <p><i>Accountability and standardization wave and microfinance wave</i></p> <p>A notable shift occurred during this period that was roughly characterized by the entrance of market-oriented actors who embraced social and environmental impact and the broader perspectives of social responsibility and sustainability. A wide range of activities began to develop during this shift that were not necessarily interconnected or coordinated. They had different aims and were spurred by different motives, incentives, and thought leaders.</p> <p>The accountability and standardization wave’s focus on standardization became central to impact assessment activities, which were correspondingly diverse – particularly around rating social and environmental impact. Multilateral task forces and committees created standards and guidelines for conducting social impact assessment, such as country-specific policy assessments and sustainability assessment forms related to public-private partnerships or regulations for corporate investments. Techniques, such as social return on investments and constituent voice, proliferated as did scorecards for social and environmental responsibility which promoted “triple bottom line” values of profit, social impact, and sustainability.</p> <p>The microfinance wave was perhaps the most tightly synchronized. The microfinance community stood as an industry in the ecology of the market-based landscape and provided a steady evolution of standards, models, and resources for impact assessment.</p>
<p>LANDMARK ELEMENTS</p> <p>Some landmark elements in this period were shared by the parallel waves, while others were specific to the individual waves. They both:</p> <ul style="list-style-type: none"> • saw emergence of professional societies in Africa, Asia and Latin America • launched labs and collaboratives in academic institutions to advance the science of applying experimental design in development work. <p>Evidence-based wave</p> <ul style="list-style-type: none"> • Re-energized experimental design as a “gold-standard”. • Emphasized quantitative methods and non-participatory designs, including methods to monetize results. • Utilized systematic review and meta-analytic techniques for comparisons and conclusion from multiple studies. • Emphasized cause-and-effect relationships with counterfactual analysis. 	<p>LANDMARK ELEMENTS</p> <p>Accountability and standardization</p> <ul style="list-style-type: none"> • Coined the term “impact investing” at a workshop hosted by The Rockefeller Foundation. • Saw corporate social responsibility (CSR) scorecards proliferate, with contents communicated publicly. • Introduced the concept of social return on investment (SROI) which spread rapidly. • Developed US Principles and Guidelines for Social Impact Assessment – a systematic, interdisciplinary statement from the social science community about the content of social impact assessments.

1990s – 2000s (cont.)

Evaluation	Social impact measurement
<p>Participatory Wave</p> <ul style="list-style-type: none"> • Emphasized stakeholder involvement throughout the evaluative process. • Brought together stakeholders and evaluators to co-construct theories of change for interventions. • Legitimized self-evaluation and capacity building among program staff. • Emphasized strategic learning and the interconnection between strategy and evaluation. • Increased focus on program-theory-driven evaluation. • Supported growing movement to reverse asymmetries of evaluation capacity and funding resources from North to South. • Legitimated voices of marginalized populations. 	<p>Microfinance wave</p> <ul style="list-style-type: none"> • Established the Consultative Group to Assist the Poor (CGAP) Microfinance Gateway in 2000 as a resource for individuals and organizations working to advance financial inclusion for the world's poor. • Established the Microfinance Information Exchange (MIX) Market in 2002 as a forum for microfinance institutions and supporting organizations to share institutional data and market insight. • Launched the Community Development Financial Institution (CDFI) Assessment and Ratings System (CARS) in 2004.
<p>MAJOR SPONSORS/ AUDIENCES</p> <p>Evidence-based wave</p> <ul style="list-style-type: none"> • US Government Performance Results Act (GPRA), which mandates all programs in US to have goals and measurable results <p>Participatory wave</p> <ul style="list-style-type: none"> • Foundations and nonprofits • Governments 	<p>MAJOR SPONSORS/ AUDIENCES</p> <p>Accountability and standardization wave</p> <ul style="list-style-type: none"> • Foundations, organizations and associations • Community development finance institutions <p>Microfinance wave</p> <ul style="list-style-type: none"> • Microfinance institutions

2010s

Evaluation	Social impact measurement
<p>Waves</p> <p><i>Data-driven decision making wave and developmental evaluation wave.</i></p> <p>This current era has intensified previous trends with one notable exception. As foundations have focused on “effective” and “catalytic” philanthropy, which incorporates business-oriented models that look at impact, consumer voices and strategies, it has disrupted traditional notions about rigorous evaluation.</p> <p>The data-driven decision making wave incorporates the relevance and timeliness of evaluation data as part of the strategy cycle. With this, the value placed on strategic learning has been on the front line of evaluative thinking and methods.</p> <p>The development evaluation wave challenges the traditional notion of evaluators as objective third party assessors, as evaluators are also coming to the table as “strategic thought partners” (a hallmark of developmental evaluation).</p> <p>With this, we see the lines between monitoring and evaluation becoming blurred. Monitoring is valued as much for its ability to provide strategic information for guiding decisions and actions as it is valued as a performance accountability exercise.</p> <p>Other notable trends include introduction of methodologies that address systems dynamics and complexity theory, and the rapid adoption of collective impact that features data-driven decision making as critical for achieving impact.</p>	<p>Wave</p> <p>Standardization and integration wave. Impact assessment continues to mature as a field along with methods, standards, and thought leadership that put forward standards, challenges to the field, and promote the integration of impact assessment into the decision-making process of organizations and enterprises. .</p> <p>Impact assessment relies heavily on management consulting and accounting approaches as standards for measurement.</p> <p>Information and communication technology (ICT) mature to a level where big data, data science, and data analytics emerge as a major source of impact measurement.”</p>
<p>LANDMARK ELEMENTS</p> <p>Data-driven decision making</p> <ul style="list-style-type: none"> • Advances the tradition of experimental design and the use of data to determine merit and worth in social impact work. <p>Developmental evaluation</p> <ul style="list-style-type: none"> • Builds on traditions of participatory evaluation and connection to strategy. • Focuses on cross-sector engagements to tackle social problems. • Integrates evaluation with organizational development and leadership. • Incorporates systems and complexity thinking into evaluation. • Empowers stakeholders to create actionable knowledge and impact. 	<p>LANDMARK ELEMENTS</p> <ul style="list-style-type: none"> • Introduced a catalogue of impact reporting and investment standards (IRIS) – with metrics designed by the Global Impact Investing Network (GIIN) to measure the social, environmental, and financial performance of an investment. • Introduced B Labs Impact Assessment platform, building upon IRIS to provide comprehensive ratings of a company or fund’s social and environmental impact, i.e. Global Impact Investing Rating System (GIIRS) ratings. • Witnessed growth of funds and intermediaries supporting the development of the impact investment industry, including GIIN, Acumen Fund, and Grameen Foundation. • Issued EU standards to provide guidance on impact assessment. • Issued Social Impact Investment Taskforce standards and impact measurement working group report. • Issued final report of the Strategic Assessment of The Rockefeller Foundation’s Impact Investing Initiative.
<p>BRIDGING THE STREAMS</p> <ul style="list-style-type: none"> • Published The Fifth Wave (Picciotto, 2015), which posits a convergence in traditional social-sector and market-oriented approaches to impact assessment. 	
<p>Major sponsors/audiences</p> <ul style="list-style-type: none"> • Private foundations • Government agencies 	<p>Major sponsors/audiences</p> <ul style="list-style-type: none"> • Asset owners and asset managers • Demand-side actors • Service providers

About the authors

This paper seeks to build bridges between two streams of evaluative thought. To construct a brief history and lay the basis for cross-disciplinary dialogue, this work benefitted from a team whose collective experience spans several continents, methods, and perspectives.

Jane Reisman is President of ORS Impact, a strategy and evaluation firm, which she founded in 1989. A major contributor to building the field of practical approaches to evaluation, she helped develop United Way of America's pioneering training in program and system outcome measurement, advanced results-based budgeting and management for the United Nations, developed leading-edge evaluation approaches to policy change and advocacy, designed MLE plans emphasizing the intersection of strategy, learning and evaluation and has led hundreds of evaluation projects. Dr. Reisman developed several resources with her ORS Impact colleagues to guide practice in the field including *Getting More from Measurement: Five Insights for Social Innovators*; *Getting Started: A Self-Directed Guide to Outcome Map Development*; *A Guide to Measuring Advocacy and Policy* and the I2L2 Outcomes Framework.

Edward Jackson is President of E.T Jackson and Associates Ltd., an international management consulting firm, and Senior Research Fellow at Carleton University in Ottawa, Canada. He led the evaluation of the Rockefeller Foundation's Impact Investing Initiative and a study of innovative finance for Danida's Evaluation Department. With partners in South Africa and Ghana, he is advising on the design of an executive course on evaluating impact investing. Co-founder of the Carleton University-World Bank International Program for Development Evaluation Training, Dr. Jackson served on Canada's national advisory board to the G8 Social Impact Investment Task Force and is a member of the editorial advisory board of the *Journal of Sustainable Finance and Investment*.

Carlyn Orians is Director of Evaluation at ORS Impact. An evaluation professional certified by Claremont Graduate School, she spent 25 years leading and conducting evaluations for public and private clients at Battelle Memorial Institute prior to joining ORS Impact. Her evaluation experience includes social impact assessments and evaluations of community-based planning initiatives, professional training programs, advocacy and policy initiatives, and place-based public health initiatives. Ms. Orians has authored more than 25 peer-reviewed publications and is a frequent presenter at the American Evaluation Association annual meetings.

Karim Harji is Director of Research for E. T. Jackson and Associates. He has written, taught and spoken widely on social impact measurement, and served on the Impact Measurement Working Group of the G8 Social Impact Investment Task

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Robert Picciotto is Visiting Professor, International Development Institute, King's College (London). A former member of the United Kingdom Independent Advisory Committee on Development Impact (2006-2010), he currently serves on the boards of the UK Evaluation Society and the European Evaluation Society. Advisory committee memberships include Wilton Park, a quasi-autonomous agency of the UK Foreign and Commonwealth Office, and the Emerging Markets Symposium of Oxford University. He joined the World Bank Group in 1962, serving as Director-General of the Independent Evaluation Group (1992-2002). Since 2002, Dr. Picciotto has provided independent evaluation advice to development agencies, think tanks and foundations.

Nancy MacPherson is Managing Director for Evaluation at the Rockefeller Foundation in New York. She has extensive experience in development evaluation in Asia and Africa with international development organizations, the United Nations, multilateral and bilateral agencies. Ms. MacPherson set up and managed IUCN's Program and Project Evaluation System and Performance Assessment System, IUCN's Results Based Management System, served as Special Advisor to the IUCN Director General on Performance Assessment, and has played a key role in the establishment and nurturing of global and regional development evaluation professional associations and networks, notably the International Development Evaluation Association (IDEAS) and the African Evaluation Association (AfrEA).

Veronica Olazabal is Senior Associate Director at the Rockefeller Foundation. Her professional portfolio spans four continents and includes working with the MasterCard and Rockefeller Foundation's international programs, Nuru International, UMCOR (The United Methodists Committee on Relief), and the Food Bank for New York City. Ms. Olazabal has co-chaired InterAction's (the largest U.S. network of international NGOs) Working Group for Evaluation and Program Effectiveness. She is also the recipient of the 2014 American Evaluation Association's (AEA) Alva and Gunnar Myrdal Evaluation Practice Award.

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