



# Online Philanthropy Markets

from 'Feel-Good' Giving to Effective Social Investing?





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January 2008



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## Preface

This study uncovers how the Internet is changing the way citizens give of their time and resources to support people in need.

Online philanthropy markets promise to transform both the quantity and quality of resources for human development. In the 24 online markets and six informational sites that we analyzed, we found diversity, creativity and innovation. Yet we conclude that these 'markets for good' do not yet fulfill their transformational promise.

This study offers a way of thinking about and developing online philanthropy markets that will help chart their progress. Almost a decade after online giving first emerged we can now begin to see the key drivers of present success and a promising pathway for greater effectiveness. We conclude that the markets could indeed make a significant contribution to just, sustainable development, but they will do so only if they address the fatal flaw at the heart of our profession – the generally inadequate informational basis for understanding the difference we make.

Keystone is grateful for the financial and intellectual support of the Aspen Institute's Nonprofit Sector Research Fund, and particularly Rachel Mosher-Williams, Assistant Director of the Nonprofit Sector and Philanthropy Program. Thanks too to our Advisory Panel: Phil Buchanan, Anabel Cruz, Jacob Harold, Fadel Ndiame, Thomas Reis and Rory Tolentino.

To the staff of the markets and informational sites who responded to surveys and interviews, shared information, tolerated our opinions, and gently reformulated our assertions we are heavily indebted, especially Daniel Dickens for his authentic and personal introduction.

Finally, while taking personal responsibility for any inaccuracies and insufficiencies, I applaud the dedication and excellence of my co-authors, Natalia Kirytopoulou and Lindsay Iversen.

David Bonbright  
London  
February 2008

## Foreword

Close your eyes and think about online platforms that have changed paradigms in their industries, from eBay to Facebook. Once people experience an eBay auction they rarely go back to yard sales. We are online philanthropy marketplaces and we also empower and connect people. We provide quantifiable and inspiring evidence that all citizens have the power to change the world. Our long tail of social investors will reach critical mass and philanthropy will never be the same.

HelpArgentina empowers people like Carlos Miner, director of the Biblioteca Popular San Antonio. Carlos was stuck in an abandoned schoolhouse, fleeing a devastating flood along with 200 residents of Pirané, when he came up with the founding principles of a citizen-run organisation that would transform his town. Today, it is the town library, job-training center, adult literacy workshop and it provides jobs as a working vegetable and livestock farm.

We connect Carlos to people like Isabel Lynch.

Isabel was born about 125 kilometres northeast of Pirané. She moved to Buenos Aires for law school and then to London, where she lives today. She discovered the Biblioteca Popular San Antonio while looking through HelpArgentina's online marketplace. She read about their work in her home province and decided to donate, right then and there. And by the way, it's contagious: afterwards she got her friends in England to do the same. We empower people like Isabel too.

The marketplaces in this study could tell you thousands of stories like that one. We know that where we are today is only the beginning; this is about shifting paradigms. We lower the barriers to entry for social investors. We provide a credible and detailed picture of their work. We make it easy for them to socially invest. And we put a small town library in Pirané that does great work on the map!

But we have work to do and this study shows it. Tinkering is good and we aren't afraid. For instance, wouldn't it be great to have regular, independently done 360° assessments? I mean every stakeholder, starting with the person who takes a reading class or works on the farm, to the volunteer teacher, the executive director, the board members and certainly their social investors. I know that if I do this test for the Biblioteca Popular San Antonio, I'll get a resoundingly positive response. But imagine if we found an efficient way to answer this question for every citizen-run organisation in the world, even if it was confidential at the outset? That would change things too.

Thank you for reading our stories!

Sincerely,

Daniel Dickens  
Ex-Director, Community Without Borders Programme  
Advisory board member, HelpArgentina

## Executive summary

‘Online philanthropy market’ is a term in progress. It describes an Internet phenomenon through which individual citizens and institutions can engage with citizen-led organisations and micro-entrepreneurs all over the world to invest their money, time or expertise to improve human and environmental wellbeing. Beyond this core purpose, the variety of goals, organisational permutations and ways of working is almost limitless. Online markets are evolving fast. In a few short years they have demonstrated an innovative resourcefulness that has enabled them to mobilise significant resources from a diverse and rapidly growing pool of donors for a diverse and changing set of charitable and developmental purposes.

### The problem and purpose

But more giving and more resources for development does not necessarily translate into more effective solutions to our social and environmental problems. Will online markets repeat the flaws of traditional systems of private charity and public aid, or do they have the potential to change the way citizen-led initiatives change the world and make it much more effective? How can markets act to mobilise both more and better resources and relationships for development?

This study represents a first attempt to examine this phenomenon systematically, and set out to examine four main questions:

- Do markets simply offer a means of mobilising short term relief or could they become effective vehicles for sustainable development?
- How do online markets currently try to measure the impact of their investments in bringing about change in the world?
- How do they present their ‘investment offerings’ to donors in ways that might cultivate larger numbers of donors and foster long term relationships of relatively unrestricted support?
- How might they positively influence the practice of development by fostering greater dialogue and learning among the constituents (investors, implementers and those most affected) of interventions?

We examined 24 online philanthropy markets that facilitate public donations to organisations or businesses with a public benefit purpose, and 6 web-based informational sites that do not have as their main feature to offer a donation facility, but offer detailed information or specific criterion-based ratings of charitable organisations.

## Findings

Our findings suggest that, while there is much evidence of success in facilitating relationships between donors and beneficiaries worldwide and in attracting more and, to some extent, new resources, there is much that still needs to be done if markets are to really begin to achieve their true transformative potential.

Chapter One outlines five exciting opportunities through which specific online markets are beginning to demonstrate real transformative potential in mobilising new and better resources for developmental effort that could benefit all markets.

- Enabling donors to become real investors in sustainable social change rather than simply providers of occasional short term relief.
- Enabling recipients to use the power of multimedia and the Internet to communicate the growing contribution of their work to sustainable social change by ongoing reporting in credible, accessible and engaging ways.
- Enabling organisations to reach and interact with donors and supporters far beyond their normal reach through a range of Web 2.0 technologies.
- Building communities: One of the most natural uses of Web 2.0 is to foster ongoing interactive communities of like-minded people around ideas or causes they believe in which has the potential to transform one-off donations into long term relationships of support and mutual benefit.
- Linking donors to ultimate beneficiaries through Web 2.0 tools that foster direct relationships and mutual long term benefit.

Chapter Two outlines what we found to be current practice in most markets. We found that markets fall into two broad categories, neutral and engaged, and that they behave very differently.

Neutral markets simply offer a web presence at which any organisation that meets basic legal criteria for non-profit status can profile themselves and solicit donations. They do not exercise any quality control beyond verifying their legal status – although some do link offerings to informational sites such as GuideStar. The way offerings are described is limited – little beyond mission, areas of practice, legal status and contact details. There are no reporting guidelines or assessment of organisations' performance or capability.

Engaged platforms, on the other hand, endorse and actively support the organisations and projects that they list. Most select their offerings through a due diligence process that assesses financial and legal compliance; alignment with the platform's theme and categories, programme history, a demonstration of performance, and in some cases, evidence of social impact. The way offerings are described varies a lot, ranging from

fairly brief self-descriptions to detailed programme and project information like financial statements (41%). Half of all markets are beginning to use Web 2.0 features to facilitate more interactive relationships.

Interestingly, 78% of market respondents thought that reliable performance reporting was important, and 68% require some form of formal report at defined intervals. However, without a workable shared definition of what performance is and how it should be measured and communicated, there is a wide variety in the depth and quality of reporting, and in their credibility. Only 14% of markets involve some kind of validation from other stakeholders and constituents. Independent impact assessment and evaluation is similarly weak. Only 27% of markets provide any formal evaluation of projects. Most reports simply document outputs rather than try to understand and communicate contribution to sustainable outcomes.

In Chapter Three we attempt to analyse some of the main challenges and obstacles facing markets. Many respondents felt frustrated that there is currently little common understanding of what 'performance' means, and how to measure and communicate it credibly and effectively. Most rejected the idea of a single universal system of measuring and reporting in favour of a plurality of approaches based on common values and principles. Performance for whom was cited as a common problem with many calling for ways to reflect the voices of all constituents more effectively.

Secondly, we found that the commonly held view that donors are not interested in performance data is unfounded. Certainly most respondents agreed that most donors would not want to plough through long performance reports, but also felt that many would respond positively to quick attractive organisational profiles and reports that reflected performance capability and that they know were based on reliable and credible performance data that they could access if they felt like it. 81% percent of donors polled said that seeing the difference that their donation was helping to bring about in people's lives was very or extremely important. 85% responded that evidence that an organisation was achieving its goals was the most important factor motivating them to give.

Finally, we found that there was a deep insecurity in the market that the demand for more and better performance data would alienate both donors and offerings – listed organisations and projects that solicit funding – from their market, or channel resources to the biggest and the easiest at the expense of small organisations that are working in the most difficult contexts. There appeared to be reluctance among some to work together towards common solutions that seemed to be based on fear of losing donors to other markets.

## Recommendations

Chapter Four considers three ways markets can work together to ensure that online philanthropy markets become the enablers of meaningful development that they could be: (i) enabling their donors to begin thinking like investors; (ii) creating independent supplemental data sets that allow comparisons of the performance of listed offerings both within and across markets; and (iii) working to build a common reporting framework. While all of these elements will not be easy to build and will elicit controversy, they can all contribute to a more effective, responsive, and transformational social investment market sector.

Online philanthropy markets have a key role to play in teaching donors to see their donations as investments for sustainable improvement in wellbeing rather than just short term relief. Finding ways of providing easy to access comparative data on an organisation's developmental performance capabilities that are based on credible, validated internal performance reporting and learning could greatly help donors make investment choices and at the same time incentivise best practice among the social change organisations that get resources from markets.

To accelerate progress on these issues, the markets could establish a 'performance data commons' to enable a pooling of data on performance, donor behaviour, and other key data points. Fostered by an independent broker, such a commons could allow markets to compare the success of their own offerings to those of other giving platforms. The performance data commons could make a significant contribution to a global conversation about performance, its ends and underlying norms and standards. In addition, once a critical mass of data was formed, the commons could allow long-term analysis to see what capabilities turn out to correlate to actual performance, helping to identify present capabilities that best predict future impact.

More research is needed into how some of the exciting trends in impact measurement and accountability can be applied in the online market context. A capabilities-focused reporting framework (including elements such as governance, financial management, strategic clarity, organisational learning, responsiveness, and accountability to constituents) will enable donors to compare the relative merits of organisations.

Three main recommendations emerge from this study:

- 1 Online philanthropy markets should explore effective and appealing ways of measuring and communicating the ongoing social value generated by online 'investments'.
- 2 Online philanthropy markets should collaborate more and create a space amongst themselves for information and data exchange, such as a 'performance data commons'.
- 3 Online philanthropy markets could develop a common framework for constituency validated impact reporting

Solutions to these problems could turn online giving into the transformative driver of meaningful social change that could transform the entire field of philanthropy in future.

## Introduction

‘Online philanthropy market’ is a term in progress. It describes an Internet phenomenon with a variety of goals and permutations, now fast evolving to adopt new best practices, innovative tools, and changing constellations of partners. As you will see throughout the course of this report, this willingness – and ability – to differ is the sector’s greatest strength, enabling it to reinvent itself in the face of new challenges and opportunities.

What all of these markets share, however, is a framework through which individual donors and micro-lenders can connect with charitable, citizen-led organisations and micro-entrepreneurs all over the world to invest their time, expertise, or money.<sup>1</sup> For givers, this opportunity is a significant expansion of their range of choice. Today, using any of the 24 sites in this study, it is as easy for givers to partner with a small local grassroots effort as it is to write a cheque to a world-famous international charity.<sup>2</sup>

The great strength of the online markets is the ease with which they can facilitate connections between givers and causes. This is where most of the effort and achievements have taken place to date – and the creative and diverse solutions revealed in this study show the huge potential of online philanthropy markets to mobilise new resources and facilitate new relationships for change and development.

But mobilising more resources and relationships does not in itself lead to better giving or more effective philanthropy. Indeed, it could just reinforce many of the old habits and problems. The full transformative potential of online philanthropy markets will only be realised if markets are able to utilise the power of the web to help organisations and their investors to work better to bring about real and sustainable improvements in human and environmental wellbeing.

This is more easily said than done, which is perhaps why relatively few of the markets studied have made much progress in finding new solutions. For this to happen, markets will need to come to develop clear and convincing definitions of what they mean by effective

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<sup>1</sup> For the sake of simplicity, we use language that describes donations or grants. Unless we specifically indicate otherwise, however, we mean to include micro-lending as well

<sup>2</sup> For a complete list of the websites examined in this study, please see page 57

performance, and then use the definition to create the online informational base on which donations are made and learning relationships built. This study has found that markets are seriously beginning to grapple with these questions and potential solutions are emerging.

Most online philanthropy markets accept that their role is to provide credible information about whether an organisation is honest and whether it is effective – and then leave it to the donors to decide how to act on the information. The challenge is to find practical and cost-effective ways to do this that do not oversimplify the complexity of social change work, or reduce it to meaningless proxies. Many find the complexity and diversity too daunting. Some question whether donors want or will be influenced by more meaningful performance data.

This study aims to analyse how markets currently measure and report on the developmental effectiveness of the projects and organisations they profile, and to explore some of the new ways in which markets are trying to enable donors to choose an organisation based on its performance rather than on its image. In this way markets can serve as not just a convenient way of donating money but also a means of encouraging effectiveness by directing money to the highest-achieving organisations.

Online philanthropy markets take a variety of forms. Some sites, such as Brazil's Social Stock Exchange, explicitly draw on the terminology of financial investing, encouraging donors to think of themselves as 'social investors' for a future 'social return'. Organisations listed on these sites compete for funding and volunteers, which encourages them to provide potential investors with information about their goals, needs, and fitness for success. These sites embrace market terminology, viewing themselves as active players in a growing, socially conscious, marketplace of donors and recipients.

Other sites, such as Bring Light, embrace the flexibility of the market structure but take a more traditional view of their role. Much more comfortable with terminology such as 'portal' or 'platform,' these markets are more likely to describe themselves as facilitators of charitable giving rather than enablers of social investing.

**Online philanthropy markets:** Also referred to in this study as 'online social investment markets', 'markets', 'online giving platforms', or 'platforms', these websites offer a framework through which small, individual donors can connect with charitable citizen-led organisations all over the world to share their time, expertise, or money. Givers can donate money or time to one or several 'offerings' through the same market and, on some occasions, return to the site to receive reports on the offering's progress. Feedback from websites' representatives indicated that 'platform' was currently a term favoured over 'market'.



**Listed offerings:** Organisations, projects, or individuals that seek donations or investments through an online philanthropy market.



Markets also exhibit regional and sectoral differences in the ‘offerings’ they list. Some sites, such as HelpArgentina and CanadaHelps, focus solely on organisations based in one country – Argentina and Canada, respectively. Others choose to target their attention on a particular group of beneficiaries. For example, DonorsChoose lists project offerings from public school teachers, and Modest Needs helps provide highly specialised relief to the American working poor. And while some organisations, such as Modest Needs, enable donors to provide help to a single individual, others enable donations to organisations or even, in the case of Kiva, to small businesses.

With such a broad spectrum of options for donations, the basis for giving choices becomes more fraught. Is the definition of ‘performance’ the same on every site? If not, how do we know which market is ‘better’? And what do we mean by ‘performance,’ anyway? This paper will attempt to tease out some of these questions by better understanding the aims and accomplishments of markets today; the dangers they believe they face; the types of performance data that might be applicable across multiple sectors and spaces; and the new technologies that might enable its capture. By doing so, we hope to enable faster, better innovation by both markets and listed organisations, speeding the dispersal of best practices and helping improve the lives of those they serve.

This report is organised into four parts.

Chapter One will discuss in further detail the opportunities of the online philanthropy market paradigm.

Chapter Two will describe the ways in which markets currently operate, outlining the ways in which they select their offerings; the kind of information they supply to donors; and the means with which they measure and report an offering’s effectiveness.

Chapter Three will explain the obstacles hindering the use of performance data by some markets.

Chapter Four will present the ways for online philanthropy markets to realize their potential, concluding with a future research agenda and suggested priority action areas for the markets.

## Chapter 1 Promise

Online philanthropy markets have ridden the rising tide of global Internet usage to achieve notable levels of social investment in an increasingly democratised context. Though online giving (whether indirectly via giving platforms or directly to a charity through its own website) still represents just 2-3% of all charitable giving, early movers have been able to achieve rapid results by embracing the Internet as a fundraising tool, bringing in up to 15% of their total income online. Online giving platforms in the United States such as GlobalGiving and Network for Good have expanded in this climate, with steady increases in the number of individual donors and in the aggregate amount of money passing through the site. Network for Good, the largest of North America's online giving platforms, raised over \$35 million from 160,000 individual donors for 16,000 nonprofits in 2006, and 70% of that money went to small and medium-sized organisations that would otherwise struggle to reach the donating public. Since its inception, it has raised \$153 million.<sup>3</sup>

Philanthropy and fundraising are relative latecomers to the Internet revolution. Consumers can now connect directly to online businesses to provide instantaneous feedback on the quality of their service, information, or goods, while social networking sites bring together millions of people all over the world, connecting long-lost friends, like-minded people, and even political movements. It is these person-to-person connections that could be the most important innovations for philanthropy, as they offer tantalising new opportunities for the ultimate beneficiaries and other constituents of philanthropic activities to engage in virtually all stages of a project, from conception through to evaluation, in a way that distant donors can witness in real time. This kind of real-time transparency is a powerful democratising force that enables users from almost anywhere in the world to connect with one another, with no regard for age, race, or gender. Communications professor Mitra Ananda links this expansion of 'voice' to a palpable expansion of power. For those marginalised groups previously kept out of discussions about social investment (or, indeed, anything else) the opportunity to participate represents an 'upending' of traditional power structures.<sup>4</sup>

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<sup>3</sup> See: Network for Good, *The Young and the Generous: A study of \$100 million in Online Giving to 20,000 Charities* ([http://www.groundspring.org/learningcenter/nfg-100\\_million\\_study.pdf](http://www.groundspring.org/learningcenter/nfg-100_million_study.pdf), accessed on 10 July 2007). 2006 updated figures were provided directly by Network for Good

<sup>4</sup> Mitra Ananda, 'Voices of the Marginalised on the Internet: examples from a website for women of South Asia,' *Journal of Communication* 54, no. 3 (2004): 389-583

Markets, situated at the apex of the twin trends of online donation and online communication, occupy a unique place in the philanthropic paradigm, with direct connections to constituents on both sides of a charitable transaction. This position is not a simple one to maintain. To survive, markets must be responsive to donors' concerns. A few donors are interested in meaningful feedback on what their donation is helping to achieve. But most appear to be more interested in the speed and ease of use of the market's website, or in 'feel-good' stories that may communicate very little real information about how an organisation is benefiting its constituents.

A complicating point about donors in online philanthropy markets is that, while they are 'buyers', they are not consumers of the main benefit. The real consumers, the beneficiaries, are those who cannot or do not pay for the service. Donors get one kind of benefit – emotional satisfaction – that is based on the largely untested assumption that their gift is producing a benefit to someone else. Only insofar as the description of the benefit – the social return – becomes a provable, transparent part of the donor's decision-making process can we say that there is a genuine 'market exchange of value'. And any notion of value must reflect the perspective and voice of the beneficiaries – the consumers who cannot afford to pay for the service.

Given the genuine complexity of measuring social returns<sup>5</sup>, the philanthropic markets are continually addressing two distinct challenges. On the one hand, they respond to the existing demand from donors, which generally does not demand social data or social returns. On the other hand, their central value proposition, and probably their sustainability, requires that they enable donors to learn about the social value that their investment generates.<sup>6</sup>

Some, such as Brazil's Social Stock Exchange, are working hard to encourage their donors to become tuned-in 'social investors' interested in the true impact of their donations. Others, such as GlobalGiving, provide a means through which an offering's reports can be disseminated to donors interested in feedback from the field. Still others, such as Changing the Present, Wildlife Direct, and MyC4, are more focused on the interactive potential of the Internet, and the opportunities it presents to both inspire donors and connect them to better information about the true impact of their donations. None of these innovations, introduced in more detail below, is likely to be a 'silver bullet' for markets trying to create the conditions in which social returns are visible and in which demonstration of performance informs the decisions of donors and other social investors. Together, however, they represent a basket of purposeful experimentation to improve connections between donors, markets, and beneficiaries, and thus each holds promise for the future.

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5 For more on the complexity of social impact measurement and how to use it for informing social investment see: David Bonbright, 'What do we need to know? The information we need to make social investment decisions', *Alliance Magazine* (December 2007)

6 A similar trend can be noticed in Socially Responsible Investment markets where, for investors interested in the social impact of their investments, the expectation of a social return acts as a counterweight to limited financial returns. See Henry Blodget, 'The Conscientious Investor', *The Atlantic* (October 2007) (<http://www.theatlantic.com/doc/prem/200710/socially-responsible-investing>, accessed 19 November 2007)

## Opportunity One: cultivating social investors

Brazil's Social Stock Exchange (SSE) was the first online philanthropy platform to explicitly invoke the financial concepts of market investment and return on its site. Tapping into the language of its sponsor, the Brazilian Stock Exchange, the SSE challenges its users to make 'social investments', and to track the activities and progress of their 'portfolios' online. These linguistic changes are not intended as mere window dressing. From the moment users begin reading the website – well before they make an investment – the language encourages them to be aware of not just where their money is going but what it is accomplishing. Investments are expected to provide a 'social return' – a palpable social improvement described by the website as 'a fairer society and a more protected environment'. Similarly, donors are not merely pocketbooks: they are encouraged to be engaged investors who will remain active in the life of the recipient organisation through reports and updates posted on the website.

Celso Grecco, founder of SSE, says the rationale is simple: At the moment, 'individual donors, like my mother and yours, don't care about full reports and studies...They don't know what social impact means...We need to change mentalities.' Encouraging people to think like investors, the SSE believes, is a first and crucial step towards more effective giving. The more that people see giving as not simple charity but as a socially responsible act which requires care and attention, the greater will be their demand for performance data. This data, Grecco believes, 'will encourage people to keep on giving and to improve their giving. It will enable them to make more informed decisions.'

## Opportunity Two: reporting

GlobalGiving, founded in 2002 and one of the oldest markets in our study, pioneered the use of reporting in online markets. Each of the offerings on GlobalGiving can upload documents directly onto the site; write qualitative descriptions of their progress; or post pictures of their activities. Without a structured reporting template, schedule or even a simple requirement to provide a report, however, their quality and availability is irregular. Some offerings put a great deal of time into their reports, supplying detailed accounts of their activities, quotes from beneficiaries about their successes, and pictures of their staff at work. Others might write a paragraph or nothing at all, leaving their donors to wonder what is really being done with their money.

While GlobalGiving is hesitant to require its offerings to dedicate time and effort to non-project work, it has tried in a number of ways to make it both easier and more attractive for organisations to supply information to donors. For a time, offerings that posted reports on their profiles were immediately brought to the top of the offering list, ensuring that donors would see those projects first. A recent site re-design enables investors to choose to automatically receive new updates via email, or even subscribe to an RSS feed that delivers updates instantaneously through a desktop reader. Offerings can also now post video and audio files as direct evidence – rather than description – of their activities. And those that have posted updates to their profiles still stand out, with red stars next to their thumbnail on the GlobalGiving site. As technology develops further and as GlobalGiving learns more about how best to bring information to its users, its means of reporting will undoubtedly continue to evolve.

### Opportunity Three: engaging with donors

Like GlobalGiving, Changing the Present employs many of the tools of Web 2.0 to spread the word about its offerings. Web 2.0 is a relatively new term that refers to a whole range of newer web. Whereas Web 1.0 enabled easy one way communication of information through websites and some simple means of personal interaction, such as message boards or instant messaging programs, Web 2.0 takes interactivity and user-generated data to a new level.

Web 2.0 tools are generally typified by a 'many-to-many' connection: information is generated, shared, and analysed not just by existing institutions but by individual users, democratising not just the consumption of information but its production as well. An example of Web 1.0 technology would be the New York Times which has few writers but many readers. Web 2.0 is illustrated by the collection of online journals known as the blogosphere - both written and consumed by members of the public. The same trend is evident in music and video sharing sites such as YouTube, where users can share self-generated videos online, and in social networking sites such as MySpace, Facebook, and ORKUT.

Markets like Changing the Present utilise these tools in a number of innovative ways. For example, each offering on its site comes with a range of 'widgets' - individualised pieces of HTML code that can be embedded in a user's blog or website, serving as a link back to the project's page on Changing the Present. Each offering is also categorised by 'cause' ('Agriculture and Development,' for example, or 'Animal Welfare'), and news items, comments, and other feedback on the offerings in each cause can be delivered directly to a subscriber by RSS feed. One of the most interesting innovations from Changing the Present is its program on the social networking site Facebook. In a modification of an original Facebook feature, in which users could spend one real dollar to give a virtual gift to their friends, Changing the Present's application allows users to donate \$1 to a cause of their choosing. Money that might once have been spent purchasing a cartoon birthday cake for a friend's profile can now be contributed towards community-based elephant conservation or educational kits for schools in disaster areas.

There are dozens of other innovations like these across several of the markets, taking advantage of a wide variety of Web 2.0 technologies. Network for Good's Six Degrees, for instance, allows anyone to be a celebrity for a cause and fundraise by adding a personalised 'badge' anywhere online; on their blog or their profile in a social networking website. Since its launch in January 2007, over a million dollars have been raised through Six Degree badges.<sup>7</sup> What all of these tools share is an everyday connection: potential donors are reached not just through the market's site but also through the websites and blogs frequented by potential donors, bringing the offering's message far outside the comparatively narrow reach of the market and making it a part of potential donors' everyday Internet habits.

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<sup>7</sup> See: [www.sixdegrees.org](http://www.sixdegrees.org)

## Opportunity Four: building communities

One of the most natural uses of Web 2.0 is community-building – gathering like-minded people around ideas or causes they believe in. As Celso Grecco remarked, 'People are concerned about what is happening in the world, they feel that they should be doing something. The online markets can fill this gap in their lives by giving them the chance to belong to a community of people that are doing something to fix the problems of our society.'

Wildlife Direct has been enormously successful in building a motivated, engaged user base with the simplest of the Web 2.0 tools, the blog. Each of the blogs is written by a different group of animal protection workers across Africa and is used to inform readers about the organisations' work and the impact of donors' money. Updated almost daily and populated with plenty of pictures of the rangers' efforts, these blogs keep readers and donors well-informed of the day-to-day effects of their donations. The care and attention paid to these blogs by the organisations, meanwhile, encourages readers to care too. Rangers' posts invite comments from readers, and it is clear from the substance of these comments that many of the site's readers are regular visitors. The Gorilla Protection blog, which tracks the work of rangers in Virunga National Park in the Democratic Republic of Congo, often receives news updates or copies of UN reports regarding the ongoing violence in that region from devoted readers.

The information is not merely academic; it helps ease rangers' movements in a volatile region by adding to their own on the ground intelligence. Several publicity-minded readers joined forces to promote one of Gorilla Protection's rangers as a Defender of Nature in a worldwide CNN poll; their efforts propelled the ranger from obscurity to one of the leaders for the title. Many more readers offer regular thoughts of support, and their ongoing connection with not just the cause but also the people of the site means that many of them are also likely to be regular donors.

Online communities are also used for tapping into the 'wisdom of the crowds'. GlobalGiving, in collaboration with Pact's Capacity Building Services Group and the Impact Alliance, has already started to experiment with this idea by launching the GlobalGiving Decision Markets, an online marketplace that uses crowd-sourcing to determine which projects are more likely to be successful on the GlobalGiving platform. Participants, which are a diverse group of people, play a game that simulates a stock exchange; stocks of different projects are traded on the online prediction market and the highest valued ones 'graduate' and are posted on the philanthropic market's website.<sup>8</sup> The huge potential of online crowd-sourcing for philanthropy is also being demonstrated by the experience of Ashoka's Changemakers awards competition. In these Ashoka competitions anyone can take part in identifying and selecting the social entrepreneurs for receiving funding and support from Ashoka and its social investment partners.<sup>9</sup>

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<sup>8</sup> See: <http://globalgiving.inklingmarkets.com>. The first phase of the prediction market experiment closed in August 2007 and the results are currently being analysed (accessed 15 November 2007)

<sup>9</sup> See: [www.changemakers.net](http://www.changemakers.net)

## Opportunity Five: linking donors and beneficiaries

Other markets are also using Web 2.0 tools to encourage better links between donors and downstream individual beneficiaries. MyC4, one of the three microfinance sites in our study, considers building these connections to be one of its primary roles. The fledgling businesses listed on MyC4 receive not just investment but also the experience and expertise of the site's owners and users as well. The site hosts message boards where business owners and their investors can seek advice on a host of issues – what to name a restaurant, how to design a logo, and better ways to manage resources of all kinds, from finance to cow herds. The users in the current beta phase are all business owners themselves, and are thus well placed to provide insight into all areas of business management.

This kind of genuine, two-way exchange is unique in the charitable world. Messages on the boards are not simple messages of thanks or encouragement – they are practical conversations about business concerns. Plus, as each investment opportunity on the site is fully funded, a personalised blog is automatically generated for that business. There, business owners or their providers (local representatives of MyC4 who serve as advisors to the businesses) can provide real-time updates about their businesses, ask questions of their investors, and answer questions site users might have. The blog links investors in a particular project closely with the business owner, further facilitating the exchange of dialogue and sharpening its focus into something even more useful by small business owners. As MyC4 expands, its operators hope that these exchanges of advice and expertise will become just as valuable as donors' financial investments.

## A time of high innovation

Online philanthropy markets operate in a wide variety of contexts and channel money to sometimes quite specialised organisations and projects. Each of the examples highlighted above represents one of the many ways in which markets have seized – or created – opportunities to improve their connections to their donors and honour their responsibilities to the organisations and projects that they list. These efforts are ongoing and genuinely creative. In one week in October 2007, the UK-based Justgiving launched its own partnership with Facebook, enabling their users to list offerings in their profiles that serve as links back to the offering's page on Justgiving. During the same week, US informational site GuideStar joined forces with JustGive and Microsoft in the 'Live Search Club' initiative, which awards one penny 'tickets' to the charity of a user's choice for each search – up to ten per day – they make in Microsoft Live Search.

Clearly there is no single, universal idea or mechanism that will work for all donors. The online environment encourages limitless diversity of giving and relationship mechanisms that are able to mobilise significant resources from very diverse sources – many who have never given before.

## Chapter 2 State of play

Though the online philanthropy markets often operate in different contexts and have, as noted above, improvised and tested their own individualised means of linking donors and organisations, there are still strong common elements among them. This chapter will analyse two distinct categories of market. The first category represents markets that attempt to operate as a 'neutral' source of online fundraising access. The second describes markets that are more 'engaged' arbiters of the offerings on their site, choosing organisations or projects based on specified criteria and 'due diligence' in project selection, reporting, and evaluation. Informational and rating sites, another important actor in the field, will also be discussed in this chapter.

### Online philanthropy markets

Two broad types of online philanthropy markets can be discerned:

- a** The neutral platforms, which allow any nonprofit organisation to be listed. They see themselves as fundraising tools available to all charitable organisations. No selection criteria apply other than having charitable status and/or being included in an external database. The information that they make available on the offerings is usually limited, and so are their reporting practices.
- b** The engaged platforms, which endorse and actively support the organisations and projects that they list. They apply a wide range of criteria for the selection of the offerings underwritten by specific due diligence processes. The selection of the offerings is carried out directly by them or by partners under a formal agreement. The information that they offer on the listed offerings is usually more detailed and direct than in the 'neutral' platforms. Reporting practices, using a wide range of media are becoming common. Many among them are concerned with the performance of the offerings and few are already taking steps to strengthen their monitoring and evaluation. In some occasions their 'engaged' character is dictated by external circumstances, e.g., operating in countries with low levels of trust in institutions.

The present section attempts a snap shot of the current practices of the markets in the selection of their offerings, the way these are presented and the way in which they report on their performance.

## Selection of offerings

All online philanthropy markets offer information on how the organisations or projects listed on them are selected and 74% describe their due diligence processes and selection criteria, which usually consist in documentary checks of legal and financial compliance and alignment with the platform's ethos and marketing objectives.<sup>10</sup> Interestingly, a survey of market representatives showed that financial transparency (50%) and availability of legal documentation (38%) are considered as 'extremely important' criteria for the selection of offerings, while quality performance is considered as 'not important at all' by 23%.<sup>11</sup>

### How neutral online philanthropy markets select offerings

Some markets only have a single requirement for allowing organisations to list on the website: to be an officially registered charitable organisation. Making available a neutral platform for organisations to develop their fundraising activities, these markets are only concerned with offering tax deductible donations. The platform either allows any organisation to register with the website or populates its database by listing every organisation that is granted charitable status by a competent public authority.

An example is MissionFish, which allows any charitable organisation in the USA and the UK to sign up with the website and fundraise through sales executed on eBay. The organisation only has to provide documentation proving its legal incorporation as a charitable entity and its ability to receive tax deductible donations. The benefit of this practice is clear in the number of nonprofit organisations registered with MissionFish: 11,651 nonprofits in the USA and 2,116 in the UK.

Similarly, CanadaHelps lists every Canadian charity; it uses the publicly available information on the Canada Revenue Agency (CRA) Charities listing to update its database twice a week. If charities wish to, they can directly register with the portal and access additional services as well as provide more information about their work. There are about 82,000 charities listed on CanadaHelps, of which some 6,000 have registered directly with the website. In either case, CanadaHelps relies on the financial and legal scrutiny exercised by the Canada Revenue Agency to verify the legitimacy of its listed organisations; it does not undertake any due diligence functions internally. Owen Charters, the Executive Director of CanadaHelps says that the minimal listing criteria go in hand with the democratic nature of the site: 'We view ourselves only as a broker in an open marketplace, and to do that effectively you have to be neutral.'

Another practice, this time from the US, is to list all the organisations included in the GuideStar database. Currently only two markets do this, JustGive and Network for Good. Potential donors can search the GuideStar database for charities and access the reports available, either directly in the GuideStar format, or in a summarised version in the case of

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<sup>10</sup> Data extracted from direct observation of markets' websites

<sup>11</sup> Survey for online social investment markets - Use of performance data

Network for Good. Here again, there is no due diligence process, the only criteria are that the organisation has 501(c)(3) status with the IRS and is present in the GuideStar database. The platform does not endorse the offerings.

### **How engaged online markets select their offerings**

The more 'engaged' markets actively endorse and promote the organisations and projects that are listed on their websites. Thus, they choose to run a more detailed screening and due diligence process in order to select their offerings. The degree of rigour and scrutiny in the selection process varies a lot. Organisations are assessed against a number of criteria: financial and legal compliance, alignment with the platform's theme and categories, programme history, demonstration of performance and social impact.

Screening involves documentary checks that most often include: legal incorporation documents, demonstration of charitable status, eligibility for receiving tax-deductible donations, annual financial reports and prospects, funding sources, governance structure and salary levels for key officers. Markets that offer the possibility to make loans to entrepreneurs in the developing world choose not to apply this requirement in their selection criteria in order not to exclude businesses that operate in the informal economy. In some cases site visits, sometimes involving conversations with beneficiaries and stakeholders, supplement documentary checks.

However, with relatively little data available, it is difficult to really know which offerings are performing well. Some markets intend to do this by gathering information on financial health, good governance track record, number of beneficiaries reached, etc. In certain cases, like the Social Stock Exchange in Brazil or Give2Asia, site visits are conducted systematically as part of the due diligence process. These offer the opportunity to assess an organisation's reputation with the communities in which they operate, but are costly in time and effort.

Most of the markets, especially those operating on a national level, follow a 'direct access' model for the selection of their offerings. They directly seek out and partner with grassroots organisations and run their own due diligence and selection process.

GiveIndia selects the organisations to be listed on its market based on results from a comprehensive screening process. It puts them through a process of certification on the basis of the norms and standards of the Credibility Alliance – a national standards-setting consortium of voluntary organisations and networks in India. The norms require details about the history and structure of the organisation, monitoring and review mechanisms, consultative decision-making, staff salaries and wages, the demographics of beneficiaries. Information is gleaned from financial and written reports, and is supplemented and validated through evaluation and assessment visits.

Other markets, especially those listing offerings from various parts of the world, follow the 'gatekeeper model'. They partner with local intermediary organisations that are able to screen and recommend the offerings. The online microfinance market Kiva partners with various field-based microfinance institutions (MFIs) in the developing world. Kiva concludes formal agreements with its field partners based on criteria such as: lending for social benefit at socially responsible interest rates, legal incorporation, healthy financial management, and

ability to handle currency risk. The MFIs must register with MIX Market, which offers greater transparency on their functioning, and provides a monitoring of their activities.<sup>12</sup> Kiva also monitors MFIs through Microrate, Planet Rating and Microfinanza and through internal audits.<sup>13</sup> Kiva operates as a wholesaler of capital for these MFIs who select the individual borrowers to be listed on the Kiva website according to their own procedures. They are also responsible for distributing the funds received through Kiva.

Some markets however, opt for a combination of the direct and intermediary models. GlobalGiving for instance, apart from running its own selection process, engages in a formal relationship with ‘project partners’ which help ‘source and vet well run, high-impact projects around the world’. The project partners are well-established organisations with international reputation such as Ashoka, the Skoll Foundation, the Synergos Institute, Technoserve or even other online philanthropy markets that work in specific countries such as HelpArgentina, Greater Good South Africa and GiveIndia.<sup>14</sup> These partner organisations conduct their own due diligence prior to recommendation, which is then verified by GlobalGiving, before the project is listed on the website. The relationship is based on a formal contract that provides for 1% of the funds raised to go to the project partner in recognition of the contribution to providing data for the selection of the offerings.

The benefits of establishing such a relationship with intermediaries are obvious. Field partners offer wider geographical reach and proximity with the intended beneficiaries of the market and facilitate the monitoring of operations. They bring to the market first hand knowledge of the listed organisations and projects as well as extra levels of expertise. Furthermore, the possibility of receiving a revenue share, gives project partners an additional incentive for referring projects that will be successful on the online market.

A different dual approach is adopted by Conexion Colombia, an online giving market that enables Colombians of the diaspora to donate money and goods to charitable organisations in their home country, where organisations seeking funding can apply for listing directly to the platform but they are diverted and recommended to take part in a competition for receiving institutional support organised by Compartamos Colombia, a nonprofit consulting agency.<sup>15</sup> The eligibility criteria that Compartamos applies are high social impact (assessed by the number of direct and indirect beneficiaries and the area of work), a consolidated administrative team and direction, and willingness to apply recommendations and act accordingly. Candidate organisations go through a due diligence and training process and if successful are recommended to Conexion Colombia for listing.

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<sup>12</sup> See [www.mixmarket.org](http://www.mixmarket.org)

<sup>13</sup> See: [www.microrate.com](http://www.microrate.com), [www.planetrating.com](http://www.planetrating.com), and [www.microfinanza.com](http://www.microfinanza.com)

<sup>14</sup> See the complete list of GlobalGiving’s project partners in: <http://www.globalgiving.com/aboutus/partners.html>

<sup>15</sup> [www.compartamos.org](http://www.compartamos.org)

### Kiva: lending to the developing world

Kiva is one of only three microfinance organisations in our study, but in its brief history it has rewritten peoples' understanding of what it is possible to achieve through online giving. When Kiva launched in March of 2005, it listed seven Ugandan businesses on its pages with a combined financing request of \$3,500. Today, its offerings number in the thousands and are spread across four continents, and donors around the world have invested several million dollars in the entrepreneurs listed on its pages. Kiva has achieved this remarkable feat with a combination of ingenuity, pragmatism, and emotive project materials.



Kiva's entire business model was, from the start, faced with seemingly insurmountable logistical issues. From verifying the legitimacy of entrepreneurs' claims straight through to delivering repayments to investors. In addition the challenges of distance, cost, and time were considerable. By partnering with carefully-selected microfinance institutions (MFI) already working in a particular area, however, Kiva has been able to overcome all of these hurdles. MFIs are responsible for vetting the businesses they put forward. These organisations are also responsible for protecting their entrepreneurs. In order to be a Kiva 'field partner', they must demonstrate that they are in sound financial and legal order, with either a high repayment rate or a 'loan loss fund' to ensure the institution can continue to administer loans even if some of its businesses fail. And each MFI's reputation as an accountable, socially responsible organisation must be unimpeachable with Kiva or another highly regarded organisation such as the US Peace Corps.

Partnering with MFIs also overcomes the communication issues encountered working with small businesspeople in developing countries. Whereas very few small business owners in developing countries have Internet access or English language skills, all of the MFIs must have these in order to work with Kiva. This compromise enables individual stories from entrepreneurs, relayed by MFIs, to reach investors both before a loan is disbursed and after its effects are felt. Though loan repayments have been generally taken as a 'proxy for success' in the MFI industry, it is these personal stories, says Kiva's Ben Elberger, which are most important to most of its donors: 'The lenders are more interested in the qualitative results than the quantitative...They are more interested in learning what happened to the entrepreneur than they are in getting their money back.' Thus, the information provided by Kiva's partners in each of their business's journals is very rarely financially detailed; rather, it tells the story of how the loan will (or has) impacted on the day to day life of the business owner.

What does the future hold for Kiva? One of its primary goals has become strengthening their partner MFIs, helping them reach a more sustainable financial position so that fluctuations in funds received from Kiva will not impact their overall ability to lend. It is also developing an internal reporting system, but identifying common indicators for MFI and businesses has been extremely difficult, and it is unsure that such a framework is even possible. The biggest variable for the future, it says, is to what degree the public's moral attention to sustainability and development will last.

## How offerings are described and presented

The amount of information available on the offerings and the way it is presented varies significantly, ranging from short text descriptions to detailed presentations and the use of multiple media.

### Description of offerings on 'neutral' platforms

The information available on listed organisations on the 'neutral' markets is usually quite limited. Most commonly it consists of a brief description of the organisation's mission and goals, areas of practice, legal status and contact details. In line with the neutral character of the markets, no appreciation whatsoever of the quality of the work carried out by the organisation or of its performance is present.

Some markets require listed offerings to make available more detailed information to investors. CanadaHelps, for instance, has introduced a tab where investors can access financial information. More detailed organisational and financial information, but not impact data, is available in the markets powered by GuideStar.

### Description of offerings on 'engaged' platforms

The more 'engaged' online philanthropy platforms tend to make greater use of the informational and marketing potential of Internet. There is still a wide variety:

- Kiva offerings' descriptions are one-paragraph items giving a short biography of the borrower along with a basic description of how the loan will be used and a photograph. The descriptions generally emphasize personal characteristics of the entrepreneurs – that they are hard-working people, for instance – rather than the financial strength of their business or the degree of business opportunity.
- MyC4, on the other hand, provides a detailed narrative on the history of the business and the objectives of the loan, along with various pictures of the project. Under a section 'People, Profit and Planet' it informs on how this business contributes to the development of the local community and to environmental sustainability.
- DonorsChoose – the platform where donations are used to provide resources for students in North American public schools – the descriptions of the offerings are requests written in first person by classroom teachers explaining how the funds will be used and why the proposed use is important for the children's education.
- GlobalGiving provides a significant amount of information on the listed projects on its website. Not only there is a summary description of the project and the activities as well as photographs, but also attached documents with detailed project descriptions, and links to external resources like country profiles on the UNDP Human Development Report and Wikipedia.

Practices of financial transparency and accountability are not yet in place for most of the online giving platforms. Only 41% of the online philanthropy markets make accounts and financial documentation available on the organisations and projects that they list. The situation is similar regarding disclosure of legal documentation; only 32% of the markets

require organisations to make their basic legal documents available.<sup>16</sup> This is confirmed by survey results that showed that only 35% of the markets considered that the availability of financial and legal documentation on the offerings would encourage donations.<sup>17</sup>

The political and economic context in which markets operate plays an important role in shaping their practices in this area. In Argentina for instance – a country heavily hit by corruption and where banks defaulted en masse in 2001 leaving a significant proportion of citizens without their life savings – low levels of trust in formal organisations generally compel philanthropic institutions and citizen organisations to add extra layers of transparency and accountability to their work. HelpArgentina, accordingly, has defined itself around its commitment to promoting best practices within the Argentine NGO sector and makes available audited financial reports and balance sheets for most listed organisations.<sup>18</sup>

GiveIndia presents tables that break down income, expenditure, and expenses for the last 3 financial years for each organisation listed. All board members are listed as well as the registration details for each organisation.

A feature that is becoming increasingly popular among the online philanthropy markets is the use of Web 2.0 tools for making the experience of the givers more interactive. Along with the description of the offerings, half of the markets make use of an interactive form of communication – blogs, journals, or a forum to allow users to post replies and comments of their own. Here again there is a wide range: from a simple 'post a comment' feature in the offering description pages on Bring Light to a forum for exchanging knowledge and business expertise on the recently launched MyC4. It is evident that voice and interaction are sought by users in their transactions on the Internet. Kiva Friends is an independent website where Kiva users, staff and supporters can comment, flag questionable offerings, and promote Kiva's work.<sup>19</sup>

The big potential is to enable stakeholders and beneficiaries to comment and offer perspectives and feedback on the organisation's culture and performance. Yet few are really using the technology to enable constituency feedback for reporting on the performance of listed organisations and projects.

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<sup>16</sup> Data extracted from direct observation of markets' websites

<sup>17</sup> Survey for online social investment markets - Use of performance data

<sup>18</sup> Accordingly, 80% of the organisations listed on the HelpArgentina website consider that their participation in an online philanthropy market is an important incentive for them to be more transparent and 89.5% that making available their financial and legal documentation online is an important factor for attracting donations. Encuesta de organizaciones partícipes de las plataformas de inversión social en línea – HelpArgentina

<sup>19</sup> [www.kivafriends.org](http://www.kivafriends.org)

## Informing on the performance of the offerings

How can markets improve the informational base upon which online giving decisions are made? There are two separate challenges here: First is to ensure that the planning, learning and reporting systems and practices are able to generate quality performance data and learning about the organisation's contribution to sustainable impact – preferably that reflects the views and experiences of beneficiaries. But clearly not all donors want to spend the time and effort digging into detailed performance reports, so the second challenge is to find credible ways of representing the quality performance data in brief, easy to access dashboards, ratings, organisational profiles etc.

The assumption behind this is that the more informed markets and donors are, the more effective will be their investments. But markets are divided on this point and performance measurement and reporting practices differ widely.

Celso Grecco, the founder of the Brazilian Social Stock Exchange, believes strongly that performance data 'will encourage people to keep on giving and to improve their giving. It will enable them to make more informed decisions.' Kiva is also seriously interested in performance data, and believes it would be 'interesting to educate lenders into making decisions based on the demonstration of impact.' These sentiments are echoed in the survey responses we have received from the markets. A clear majority (83%) of respondents believed performance data to be an important motivating factor in encouraging donations, and 69% said they at least considered it when deciding which organisations to list on their site.<sup>20</sup>





78% of the online philanthropy markets that responded to our survey believe that it is part of their remit to publish a measurement of the performance of their offerings.<sup>21</sup> However, without a clear and measurable definition of performance there is little progress for the markets in creating a public database on nonprofit performance. Instead, we see an undisciplined variation in how the markets assess and report on the progress and the results obtained by their offerings (see Figure 1). The most common practice is to offer a narrative about how donations or loans were used providing information on the activities undertaken and the number of people 'impacted'. In rare cases, an evaluation of some kind is carried out on the listed offerings.

In the 68% of the markets where reporting on the progress of the offerings is required at regular intervals, it is mostly self-reported by the listed organisations themselves resulting in a further variation in quality, content, and frequency (see Figure 2).<sup>22</sup>

Most neutral markets do not have a feature for reporting on performance, excepting the cases supported by GuideStar where organisations can voluntarily update their GuideStar profiles and reports with performance data. But this is neither required nor verified.

Even on the 'engaged' markets reporting is not done consistently. A few of the markets specify content and structure of reports. GiveIndia insists that every donor receives a feedback report from the organisation they have donated to. Reports offer a detailed breakdown of how the funds were spent. The specific beneficiaries reached, where applicable, are named and in most of the cases are supported by photographs.

<sup>21</sup> Ibid

<sup>22</sup> Data extracted from direct observation of markets' websites

More frequently, reporting is done in an unstructured way. On the Kiva website quantitative feedback is provided on loan repayment. Qualitative feedback is undertaken through journal entries by loan officers from the partner microfinance institutions, who report in an informal manner on the progress of the funded businesses.

Reports on how funds received have been used are either sent directly to the givers – by email (e.g., Conexion Colombia) or post (e.g., DonorsChoose) – or are posted on the market’s website where they can be accessed by givers in password protected areas (e.g., Social Stock Exchange). In some cases they are made publicly available for anyone to see (e.g., GlobalGiving). On Wildlife Direct, frequent blogging functions as a report back process, increasing transparency and communication between donors and recipient organisations. Field workers blog directly onto the website, offering updates on the projects and the day-to-day activities.

Only 14% of the reporting present on online philanthropy markets includes some form of beneficiary validation of the claims made by reporting organisations.<sup>23</sup> This despite 93% of the markets saying that it is important to their donors.<sup>24</sup> And while these 14% are to be commended for taking the first significant strides towards consistently including the views of beneficiaries in their reports, none of them are doing so in a way that could be described as systematic. As far as can be discerned from all the market’s public materials, none has implemented a constituency involvement mechanism underpinned by a distinct methodology or even a clear set of principles as to what that involvement should look like.<sup>25</sup>

Figure 3 shows that few markets offer formal evaluation. It is not clear how the current practices of the online philanthropy markets speak about the actual performance of the organisations and projects that they list. Markets tend to focus more on accounting on the use of the donations and on describing the outputs of a particular project rather than reflecting on the outcomes and the developmental impact that they are achieving. For example, the ‘GiveIndia Assurance,’ proudly advertised on the market’s homepage, says, ‘We ensure that you get a report on how your money was utilised’, but they still mean what activities took place rather than what is changing or has changed.

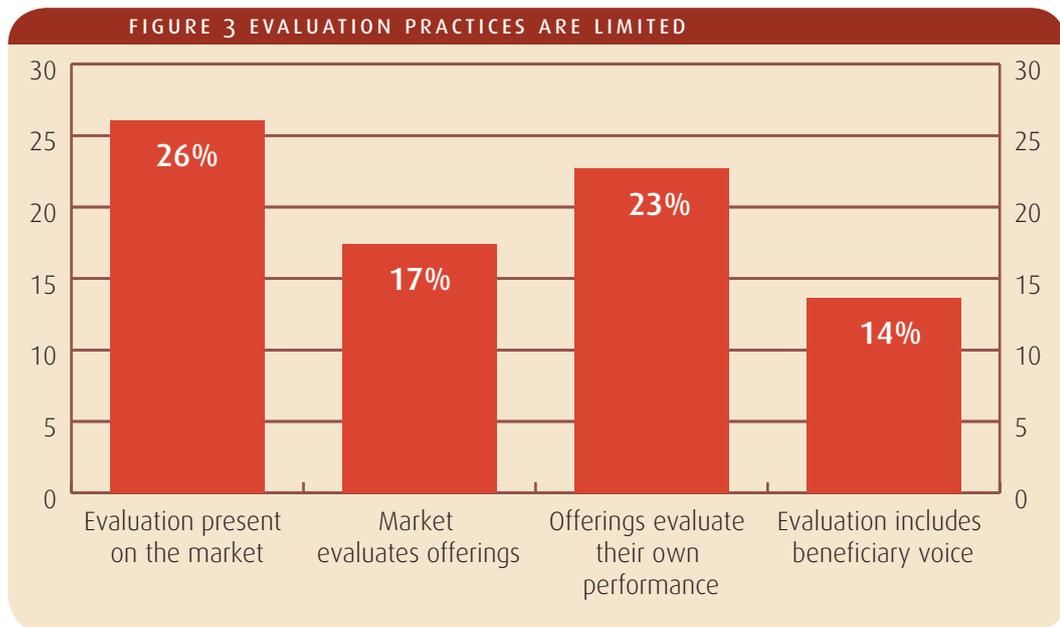
The difference between the efficient and effective use of resources is a critical point to emphasise: spending honestly and according to budget is not the same thing as realising impact, such as improving the lives of constituents. Yet even within this limited focus on fund utilisation, barely 27% of the markets provide any kind of formal evaluation, and that is primarily self-evaluation by the listed organisations themselves.<sup>26</sup>

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23 Data extracted from direct observation of markets’ websites

24 Survey for online social investment markets - Use of performance data

25 Keystone has developed a number of tools that can help organisations systematically engage constituents throughout the entire life of a project, with a particular emphasis on embedding constituency voices in public reporting



Among the few markets that undertake formal evaluations is the South African Social Investment Exchange, which, through its parent organisation Greater Good South Africa, undertakes evaluations of each of the projects listed on its site. Each project must complete an application procedure that develops and documents the activities, outcomes, and timelines to which each organisation will work. As funding commences, projects are visited by Greater Good South Africa representatives and evaluated against the criteria agreed in the project development phase.<sup>27</sup>

Other markets, including Give2Asia and GlobalGiving, have taken the first steps towards project evaluation by scheduling site visits from local partner organisations and undertaking occasional audits (respectively). Yet, despite the promising opportunities represented by online philanthropy markets for building and engaging communities and creating links between constituents of developmental processes, no market has tapped in this potential in order to implement a participatory evaluation scheme.

Leaders of the online philanthropy markets consistently cited cost as the primary reason for limited evaluation efforts. A typical response from one market official was, 'We would be very keen on providing this kind of information to our donors but we feel that there is no cost-effective way for us to do it.' Put another way, none of the markets has found cost-effective practical forms of validation, with external evaluation, or with ways of building the costs of this into their funding model. As the markets see it, without the demand and willingness to pay for it, they have little cause and less means to provide effective evaluation data or independently validated data on the effectiveness of their offerings.

In summary, the current measurement and impact assessment practices of the online philanthropy markets show that though they are aspiring towards excellent ends, they are not currently providing adequate data for donors to make informed investment decisions based on notions of sustainable social value.

<sup>26</sup> Data extracted from direct observation of markets' websites

<sup>27</sup> See the box on SASIX on page 45

FIGURE 4 SUMMARY OF KEY CHARACTERISTICS

Markets	Market is Neutral	Market is Engaged	Offering is an individual	Offering is a Project	Offering is an Organisation	Offering is a Business	Offering description provides legal information	Offering description provides financial information	Reporting is present	Formal evaluation is present	Beneficiary voice is present	Multimedia are used	Web 2.0 tools are used
Beautiful Foundation		●											
Bring Light		●		●									●
MyC4		●				●			●			●	●
CanadaHelps	●				●								
Changing the Present	●			●								●	
Charity Aid Foundation	●				●		●	●					
Conexion Colombia		●		●			●		●			●	●
DonorEdge		●			●		●	●	●	●			
DonorsChoose		●		●			●		●				
Give2Asia		●		●					●	●			
GiveIndia		●		●		●		●	●				
GlobalGiving		●		●			●	●	●	●	●	●	●
Greater Good South Africa		●			●			●	●	●		●	
HelpArgentina		●			●		●	●					
Just Give	●				●		●	●					
Justgiving	●				●		●						●
Kiva		●				●			●			●	●
MissionFish	●				●								
Modest Needs		●	●						●				
Network for Good	●				●		●	●	●	●			
Social Stock Exchange		●			●			●	●	●			
South African Social Investment Exchange		●			●			●	●	●		●	
Wildlife Direct		●			●				●			●	●

Our research shows that the commitment to this is at this stage largely rhetorical. There needs to be real focused experimentation and collaboration around reporting and communication of reliable and easily accessible performance data if the markets are to achieve their full transformative potential.

## Informational sites

A second category of websites – termed ‘informational sites’ – provides a wide variety of information about organisations but do not offer donation opportunities. Some informational sites also offer reviews and/or ratings of the organisations they list.

Motivated by a desire to increase accountability and transparency in the nonprofit world, these sites share many of the markets’ underlying principles: a desire to identify and reward excellence; a faith in the judgment of the donor; and a belief that detailed information about organisations can help donors make the most effective use of their money. GuideStar’s mission statement sums up this attitude well: ‘GuideStar’s mission is to revolutionise philanthropy and nonprofit practice by providing information that advances transparency, enables users to make better decisions, and encourages charitable giving.’

Generally they assume that users have already identified organisations, and are seeking further information. They are not specifically designed to help donors identify social investment opportunities. Rather, they perceive themselves to be an objective source of information for donors researching known opportunities. So certain is the Better Business Bureau’s Wise Giving Alliance that its users will be familiar with the organisations they research, it does not even provide a search function. Organisations are simply listed in alphabetical order.

Yet, even in these websites, with a seemingly much simpler remit, there is still a great deal of experimentation and diversity. Because they are not raising money for the organisations they investigate or list, some informational sites, such as Charity Navigator, provide not just information but also ratings of the organisations they catalogue. Others, such as the BBB’s Wise Giving Alliance, eschew explicit judgments, but still analyse information provided by charitable organisations against the informational site’s own standards of transparency and accountability. Still others, such as GuideStar, claim not to provide any judgments at all. The latter focus on providing simple, easy to use, comprehensive information about a large number of organisations.

**Informational sites:** Websites that compile and report a variety of data on registered charities and make the information and sometimes analysis available to the public. While some online giving platforms use databases compiled by these websites, informational sites do not themselves collect money on behalf of their listed charities..



The problem with most current rating initiatives is the criteria they use to rate organisational effectiveness. Charity Navigator is among the best known charity rating sites on the Internet, providing an easily accessible database of financial information about its listed organisations. These organisations must be registered charities in the United States that rely in large part on individual donations from members of the public to survive. Controversially, it uses simplistic and empirically unsubstantiated financial measures of 'organisational efficiency,' such as the amount of money spent to raise each dollar in a fundraising campaign, and 'organisational capacity,' such as how long the organisation could continue its operations if fundraising declined, to create an overall rating for each of the organisations on its site. Organisations are grouped together in broad 'categories' based on their general area of operation (such as 'Health') and more specific 'causes' based on their specific mission (such as 'Medical Research'). Site users can then compare the ratings of several organisations in a particular category or cause in order to make an 'apples-to-apples' judgment about which organisation is 'best'.

The Better Business Bureau's (BBB) Wise Giving Alliance only analyses nationally-recognised charities that ask to be graded. These organisations are tested for adequate financial health and responsibility, as well as governance structure, the accuracy of public claims, and willingness to disclose information to the general public. The results of the analysis – positive and negative – are then publicised on the Wise Giving Alliance website. While the Wise Giving Alliance does not issue positive or negative judgments about the sites it lists, the absence of positive information speaks volumes about the organisations that did not meet up to standards. The publicity of their poor report combined with the high stature of the BBB Wise Giving Alliance itself provides a powerful incentive to clean up shop. For those who meet or exceed expectations, of course, the benefit of a clean report is a powerful inducement to keep up the good work. The organisations that meet the standard can also purchase the right to display the BBB 'Charity Seal' on their website and public materials.

GuideStar International, the largest, best-known, and most widely cited informational site, does not conduct any analysis or provide any ratings for the organisations it lists. Rather, it aims to provide some information about every registered charity in the countries in which it operates drawn from its publicly available documents – tax returns and letters of charitable registration. In the US alone, it makes accessible this basic information on 1.7 million non-profits. It has expanded to the UK and is launching in Germany, Hungary, India, Ireland, The Netherlands, South Africa, and South Korea. GuideStar International represents the world's first comprehensive international, searchable database of information on registered charities.

GuideStar's theory of change is that by improving transparency it can improve effectiveness. Information is the key to this goal, says Buzz Schmidt, the president of GuideStar International. GuideStar hopes organisations will supplement their basic information, and begin to report a variety of other data, including performance data. 'Our issue,' he says, 'is with the fact that those who [take reporting seriously] do it to a point – don't coordinate,

don't collaborate...and as a result, the organisations don't take any request for [information] seriously or internalise it in their processes. So I think that getting organisations to use a common reporting methodology and framework that can satisfy multiple needs for information can heighten the ability quality and utility of reporting.'

GuideStar International's answer to this problem is to promote a Global Reporting Framework, an extensive profile of self-reported information regarding an organisation's goals, budgets, activities, and successes. 'Our reporting framework is focused on elements that we and our colleagues believe will help each organisation do its job more effectively, from its own point of view. And hopefully as its beneficiaries see it as well,' says Schmidt. Thus, its Framework calls for information on an organisation's governing structure, financial health, program objectives and accomplishments, support requirements, and partnerships with other organisations. By providing a common platform for comparison it believes it can drive up reporting standards globally, overcoming the numbing effect of myriad, disparate demands for project information and updates. Of the 1.7 million charities catalogued on GuideStar America, over 120,000 have supplied some supplemental information, although not yet to the Global Reporting Framework.

Informational sites, for all they attempt to be neutral and objective, are not without controversy, however. Charity Navigator's simplistic financial ratings have come under criticism. Paul Brest, President of The William and Flora Hewlett Foundation, was scathing in his critique: 'This is the equivalent of looking at only one side of a corporation's financial statements. No less than in the private sector, a nonprofit organisation should seek not to minimise but to optimise its costs so as to contribute net value to its mission. An organisation may have low administrative costs and produce little of value. Indeed, some organisations with low costs may be under-investing in back-office functions that not only serve their goals but provide public accountability.'<sup>28</sup>

GuideStar's approach has attracted some questions as well. David Bonbright, in his address to the GuideStar International Assembly in September 2007, commented that the Global Reporting Framework 'needs to evolve beyond a system of voluntary self-reporting by organisations into a system that builds trust and tells us something about what organisations are actually achieving and learning.' A reporting framework that does not work to build from mutually accountable relationships among and between beneficiaries and organisations will not, Bonbright argues, prove to be a sustainable driver of nonprofit organisations' effectiveness.<sup>29</sup>

A reporting framework that aims to foster strong relationships with and involvement of constituents in the work of social purpose organisations using an online platform is being pioneered by the North American informational site GreatNonprofits, which allows donors and volunteers to review non-profit organisations on the basis of their personal experience with them. Reviews by relevant stakeholders have an important aspect of community

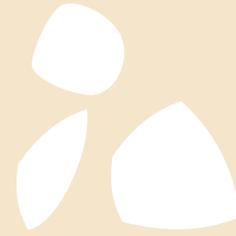
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<sup>28</sup> Paul Brest, 'Creating an Online Information Marketplace for Giving,' *The William and Flora Hewlett Foundation 2006 Annual Report*. (<http://annualreport.hewlett.org/statement/index.asp>, accessed 17 October 2007)

<sup>29</sup> David Bonbright, *Address to GuideStar International Assembly*, 20 September 2007

### Great Nonprofits: 'the Zagat guide to nonprofits'

Great Nonprofits is the only informational site in our study to use direct constituency feedback to create the ratings of its listed organisations. Unlike other informational sites, all of the reviews on Great Nonprofits are created by individuals with direct experience of the organisation in question. Volunteers, donors, and beneficiaries are able to update an organisation's profile with details of their own experiences and add their voice to the one-to five-star rating each organisation earns based on the votes of Great Nonprofits users. Though the ratings and profiles of the listed organisations are therefore more anecdotal than those of other ratings sites, they speak to a much broader range of experiences, values, and ideals.



This kind of review model is emerging all over the commercial world and in the area of government accountability to citizens. The Zagat's Restaurant Guide, a near-comprehensive book of restaurant reviews for dozens of major cities, relies on the recommendations – and critiques – of members of the dining public for its contents. The public's combined opinions on the food, ambience, and service are now so well respected that Zagat's has become a must-have guide for millions of tourists worldwide. Great Nonprofits, while nowhere near as large, nevertheless styles itself on this very successful model.

Unlike Zagat's, however, Great Nonprofits does not have specific guidelines its users must follow in their reviews or particular categories to report against. The differences between organisations working in disparate fields or locations, or organisations of divergent sizes, are simply too numerous to overcome with any single, simple reporting standard yet devised, the site believes. Says Perla Ni, the founder of Great Nonprofits, 'Because so many [of the organisations] do very specialised things, it's very different even to compare two homeless shelters. One could be serving a Puerto Rican community in Los Angeles and the other could be supporting Mexicans in central California. They're completely different cultures, even if you could say that they're both supporting homeless Latinos in California. So we ask things like 'If you were the Executive Director, the one thing you would do to improve this organisation would be...' Another question is, 'If this organisation had \$10 million it could...' These questions get you to start to think about how it [an organisation] has improved and how it could continue to improve.' This kind of open-ended question enables reviewers to honestly gauge an organisation's impact without Great Nonprofits anticipating or pre-judging the criteria most important to the situation at hand.

These questions also result in the kind of information that donors really want, says Ni. While hard information like financial reports or legal documentation satisfies a donor's rational impulse to ensure he is not being taken advantage of, this kind of data will very rarely motivate a donor to choose one organisation over another. Rather, it is the emotional connection people feel with an organisation or cause that encourages them to share their time or money. It is this kind of connection that is fostered by qualitative questions: by encouraging people to tell stories they enable reviewers to reach out to readers, to invite them into their experience, and facilitate the emotional connections that underpin donations. Simply put, says Ni, performance data is 'necessary but not sufficient'.

building and engagement which is widely considered as valuable and adds extra layers of accountability to nonprofit organisations while at the same time – and most importantly – provides feedback that can be used to inform strategic decisions and enhance performance.

Current practices of online philanthropy markets and informational sites show a fragmented picture in how they deal with the issue of informing on the performance of listed organisations and projects. Some don't report on performance at all, while those who do focus on isolated proxies – like financial health and overhead ratios – that don't assess the impact of their work in a meaningful way.

There is growing consensus in the broader philanthropic sector, that no one measurement or type of measurement can be relied upon for demonstrating the performance of developmental processes universally. Many now accept pluralistic models that integrate different approaches to performance and impact assessment.

This stand was adopted by Paul Brest in his introductory essay to the 2006 Annual Report of the William and Flora Hewlett Foundation where he set the grounds for the creation of what he called an 'online information marketplace for giving'. According to Brest's vision, this online information system would display the following elements for each listed organisation:

- Basic organisational and financial information
- A description of the organisation's goals and strategies for achieving them
- Indicators to track the organisation's progress toward its goals and a description of what progress has been achieved
- Evidence of actual impact, where available, and lessons learned
- Reviews of the organisation by its beneficiaries and other stakeholders and interested parties<sup>30</sup>

Our research indicates that elements of Brest's 'informational base for decisionmaking' exist in partial, incomplete and fragmentary ways in a few markets. But most markets are still a long way from providing investors with reliable and accessible information on organisational performance or effectiveness that could create the kind of decision-choice reward system that would drive better outcomes in 'market-like' ways.

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<sup>30</sup> Paul Brest, 'Creating an Online Information Marketplace for Giving,' *The William and Flora Hewlett Foundation 2006 Annual Report*. (<http://annualreport.hewlett.org/statement/index.asp>, accessed 17 October 2007)

## Chapter 3 Obstacles

Our surveys and interviews illustrated most markets' strong desire to be part of a sustainable movement to improve the lives of the ultimate beneficiaries they intend to serve. The markets feel hindered, however, by three critical factors. First, there is little – if any – common understanding of what 'performance' means, and how to measure it. Secondly, there is a common perception that donors don't want performance data. Few people have requested it and donations come without it, so there is little external incentive to invest in the considerable infrastructure required to define and record it. Finally, the biggest fear is that providing data will actually alienate donors, either by flooding them with too much information or by drawing attention to underperforming offerings.

None of these problems is insurmountable, but they need to be addressed to increase the markets' confidence in the wisdom and usefulness of measuring performance.

### What is performance?

Survey responses show that 88% of listed offerings believe that it is part of their role to assess the performance<sup>31</sup> of offerings listed on their sites, and 78% of online philanthropy markets believe that they should publish this information on the offerings that they list.<sup>32</sup>

To be able to report on performance, however, one needs to have a clear and measurable definition of what performance is. Both publicly on their websites, and privately in interviews, markets communicated clearly that there is not yet a satisfactory definition of performance. The result is a wide range of variable, often incompatible and imprecise, conceptions of performance, and how to report it.

Some, particularly informational sites, use financial data from an organisation's tax return as a proxy for effective performance. If an NGO spends at least a certain percentage of its income on project work, then it is said to be 'effective'. Others simply compare an organisation's fealty to its stated targets (largely quantitative outputs), such as number of children immunised or number of people fed. Still others have no clear definition at all.

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<sup>31</sup> Survey for listed organisations - Use of performance data by online markets

<sup>32</sup> Survey for online social investment markets - Use of performance data

Survey responses demonstrate the confusion and lack of definition existing around the notion of performance. These are some definitions of performance given by representatives of online philanthropy markets and listed offerings.



- 'The percentage of funds going to cause rather than overhead'
- 'The effective and transparent use of your resources to attain in the best way possible your organisation's mission'
- 'Having a positive impact. Changing and/or improving something that would have been wasted'
- 'Doing what you say you will, when you say you will. Being accountable. Providing excellent 'customer service' and strong stewardship'
- 'Doing the best you can with what you have'
- 'Good treatment of donors and volunteers, effective programs, judicious resource utilization'
- 'Efficient use of resources for social impact, according with the mission of the organisation'
- 'Achieving measurable mission goals, and doing it cost-effectively. If your goal is to help low income women get jobs, don't tell me how many you trained, tell me how many got jobs that increased their incomes. If you can't then your job is only half-done'

Clearly, this is not a satisfactory state of affairs: without a shared definition of performance there is little – if any – possibility of making meaningful comparisons between different organisations and markets. Brad Burnham, writing in *OnPhilanthropy*, illustrates this difficulty by drawing parallels with financial markets: 'In financial markets, the success of every transaction can be measured, and because every transaction can be tied to a currency, it can be compared to other transactions in other markets. This makes it possible for investment to move between markets easily. In philanthropy markets, it is not easy to provide meaningful information about the impact of a loan or a gift and there is no way to compare completely different transactions – there is no currency.'<sup>33</sup>

There are two main factors that make it difficult to create a single universal definition of what effective performance is:

- Social problems are often complex, and the contexts vary widely
- Meaningful success is often achieved only over time periods far in excess of the 'giving cycle'

<sup>33</sup> Brad Burnham, 'Hacking Philanthropy: the Emergence of Markets Can Change the Sector,' *OnPhilanthropy* (24 October 2007) (<http://www.onphilanthropy.com/site/News2?page=NewsArticle&id=7283>, accessed 25 October 2007)

The most significant benefits of educating girls, for example, may not be felt until decades later, when they are raising their own families or running their own businesses. In conflict areas or under repressive patriarchal societies the benefits may not be felt at all. Teasing out indicators of success in such a conflicting context is not simple, and considering them within an appropriate time frame (perhaps decades) is even harder.

The cost, too, is not insignificant. Gathering, collating, and reporting such diverse sets of data – even once the data categories have been defined – is not a straightforward or inexpensive task. People must be hired to gather or fact-check information; servers and other computer infrastructure must be purchased to support burgeoning databases; and someone must maintain the website and drive its overall strategy. In order to add value and be sustainable, the online philanthropy markets rely on receiving a share of the contributions their donors invest through their sites. Thus, the costs to report performance data must be met by donors. Yet, as we will see, there is some doubt among the markets that donors are willing to do so, leading many of the markets to feel that performance reporting is not an appropriate investment for them.

As noted in Chapter One, markets currently serve two masters: donors and listed offerings, and ‘performance’ may not mean the same thing to both constituencies. While donors might be most concerned with the percentage of their contribution being spent on overheads, the organisation’s fealty to its mission, or the friendliness of the donor service team, those measures may have virtually no measurable impact on the experience of intended beneficiaries.

For beneficiaries, the flexibility and sensitivity of the support, the organisation’s responsiveness in the face of crisis, or its tenacity in solving problems may be far more important than the amount the organisation spent on Post-its. ‘Performance for whom?’ becomes an important question. Donors are essential to any developmental intervention, but they are not the only constituent. It is likely that a solution, when it emerges, will seek to balance the voices of the three core constituents – donors, beneficiaries and partners – and take a pluralistic and context-sensitive approach to measuring performance.<sup>34</sup>

## Are donors interested in performance?

Even if markets can agree on a common understanding of performance, there remain differences of opinion as to the degree of donor demand for it. Many recent studies on donor behaviour conclude that donors give money because it feels good to give. According to *The Economist*, scientists at the National Institute of Neurological Disorders and Stroke in the United States found in a 2006 study that, ‘the part of the brain that was active when a person donated happened to be the brain’s reward centre—the mesolimbic pathway,

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**34** Such a framework could even capture the more elusive measures of an organisation’s impact on individual lives. Keystone is convinced that the most effective means of defining and measuring performance is by engaging relevant stakeholders throughout the life of a project, from defining at the outset what ‘success’ means, to monitoring progress, and to assessing it. Keystone’s Accountability for Social Impact method speaks to the central importance of constituency involvement and describes ways in which organisations can cultivate and channel the views of constituents into an effective measure of performance

to give it its proper name—the same part responsible for doling out the dopamine-mediated euphoria associated with sex, money, food and drugs. Thus the warm glow that accompanies charitable giving has a physiological basis.<sup>35</sup>

One market surveyed cited this 'helper's high' as the single most important influence on donor motivation<sup>36</sup>, ahead of the types of offerings available, the reliability or trustworthiness of the offerings, or the advice of family or friends. Yet, because donors are giving for what they consider 'altruistic' reasons, there are significant consequences for giving platforms and other charitable bodies. A recent Third Sector article noted that donors continued to give money to causes that they knew to be ineffective, perhaps satisfied by the physiological effect of giving.<sup>37</sup>

Other well-known drivers of charitable donations – social norms, peer pressure, spirituality, status-seeking, or guilt – are also important. Former US President Bill Clinton, in his recent book *Giving*, cites these factors as central motivations for charitable giving: '[It] seems to me we all give for a combination of reasons...We give because...we feel morally obligated to do so out of religious or ethical convictions; because someone we know and respect asked us; or because we find it more rewarding and more enjoyable than spending more money on material possessions or more time on recreation or work.'<sup>38</sup> But because all of them are fundamentally emotional – rather than rational – bases for action they work in the same way as the 'altruist's high'.

Surveys of donors, however, suggest a nuance to this emotional tableau. Psychological reward and connection to a cause are motivators for people that use online platforms, but our surveys indicated that people were also influenced by more rational factors. Seeing a difference in someone's life was ranked high in the motivations for giving by donors surveyed (81% said it was very or extremely important). Furthermore, evidence that the organisation is achieving its goals was chosen by 85% of surveyed donors as the most important factor for deciding in which offering to give to.<sup>39</sup> We can conclude from this that for many donors, performance data matters and can supplement the emotional response.

Perla Ni from the informational site GreatNonprofits believes that emotional gratification is the primary motivator for most donors, even when they are interested in performance: 'The way I see marketplaces is somewhere things are exchanged. In this case [online philanthropy markets], donors are giving money and they get emotional gratification in return. I don't think that current online performance measurement gives donors that gratification. We published a study in the *Stanford Social Innovation Review*, which showed that donors who did receive some performance measurement, didn't take the time to read it. They said that it was boring and were not really interested in reading it.'<sup>40</sup> She does not

35 'The Joy of Giving: Donating to Charity Rewards the Brain,' *The Economist* (12 October 2006)

36 Survey for online social investment markets – Use of performance data

37 Helen Warrell, 'Third of Donors Fear That Aid is Ineffective,' *Third Sector* (2 May 2007) (<http://www.thirdsector.co.uk/Channels/Finance/login/653875/>, accessed 29 October 2007)

38 Bill Clinton, *Giving: How Each of Us Can Change the World* (Alfred A. Knopf: New York, 2007)

39 Donors' survey - Use of performance data by online social investment markets

40 Katie Cunningham and Marc Ricks, 'Why Measure: Nonprofits Use Metrics to Show that They Are Efficient. But What if Donors Don't Care?' *Stanford Social Innovation Review* (Summer 2004): 44-51

conclude, however, that people give purely for emotional reasons: 'They want some rational basis for their giving. Performance data is necessary but not sufficient. You need some emotional story to supplement the abstract statistic.'

The President of DonorsChoose, Charles Best, affirms this point of view: 'Donors appreciate data as it gives a sense of visibility into the project, for example, the number of students being helped. But what our donors appreciate most is the personal feedback, the hand written letters from the children, the drawings and the glitter falling from the envelope as they open them.'

What this suggests is that markets should seek to respond to both heads and hearts. Markets need not rely solely – or even primarily – on emotive stories or heart-rending images to motivate donors. Indeed, doing so risks casting doubt on the validity of one's claims. Even when donors don't read full reports or drill down into the details of an organisation's tax return, its very presence reassures donors that the groups they've chosen to support are open, honest, and thorough. And, adds Bill Clinton, the presence of meaningful data may draw in new donors previously sceptical of the charitable world.<sup>41</sup> Many people who don't give because they don't believe that their contribution would help make a difference could be persuaded by credible impact data and clear feedback showing that they can contribute to meaningful change in the world.

Finally, there is a significant constituency that demands the kind of quick and effortless transaction that they have come to expect from online retailers. As pointed out by Milagros Olivera of HelpArgentina: 'The Internet got us used to a high visual impact and little reading.' Anecdotal evidence from the Social Stock Exchange suggests this is true: when donors had to go through six pages to make a donation, many never completed the process. They reached the fourth page and gave up. A shorter version of the site, which only requires three steps to make a donation, has been developed in an effort to increase the volume of donations. MissionFish's Clam Lorenz reports a similar situation; less than 1% of their donors has asked about information on the performance of organisations that they list, probably due to the fact that MissionFish, a 'neutral' market, is not perceived as an information provider.

Survey data reinforces this conclusion. While donors expressed a strong interest in seeing some performance data, very few wished to receive detailed reports or in-depth documentation. Most wanted to see a short, simple report with pictures or video from the project itself (see text box in Chapter Four). This demand for quickly accessible summary data does not mean people want no data. On the contrary, there appears to be a real need to generate quickly accessible, but reliable and credible ways of communicating performance that are derived from high quality, validated performance data. Some initial thoughts on potential solutions are discussed in Chapter Four.

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41 Bill Clinton, *Giving: How Each of Us Can Change the World* (Alfred A. Knopf: New York, 2007)

## Zero sum game?

The third issue of concern to markets around reporting on the performance of the offerings is the fear of alienating potential donors. There is a tendency among many charitable institutions to see fundraising as a zero sum game. Given a limited number of donors willing to give a limited amount of money, any loss to their organisation must be a gain to another.<sup>42</sup> Thus, the loss is twofold – it affects not just their absolute bottom line but also their relative position to one another. Within this context, publishing performance data is risky. As one market put it, 'we are a channel, not the end of the line. When they are judging the NGO presented on our site, they are also judging us.'

Performance data could demonstrate that a market's offerings are all high performing organisations and attract investors. But equally, relatively poor performance that is not explained by context, could scare donors away.

Losing donors is not the markets' only concern, however. Listed organisations are also a precious commodity, as one of the principal attractions of online philanthropy markets is the wealth of donating options available. If organisations feel that the reporting standards for an individual market are too time consuming they may choose not to list. As a result, some markets are hesitant to place many demands on organisations.

This is the reason expressed by almost all of the markets that were reluctant to help us distribute surveys to their listed organisations. However, when we decided to manually collect email addresses of listed organisations and projects and survey them directly, the approximately 550 organisations contacted proved willing to take part. 13% responded to our survey – a better than average response for unsolicited survey of this kind. Their feedback, furthermore, was highly enthusiastic; they were all interested in developing an understanding of performance and how to report it, and most believed that the markets could be doing more to further advance the field.

Some market representatives feel a little insecure and expect a contraction in the sector. Owen Charters, executive director of CanadaHelps, thinks that only those having the strongest ideas will survive. Melissa Dyrdaahl from Bring Light thinks similarly: 'There are too many for them to be successful. There will be some kind of consolidation. It is very early in the process so it's too soon to tell what's working.'

While such concerns are typical for 'first movers' in any given market, we believe that online philanthropy markets will benefit from more rigour regarding performance. Large philanthropic institutions are already moving in this direction. In a recent New York Times article, James Canales, president of the James Irvine Foundation, remarked, 'Given the emphasis in foundations these days on communication, transparency and accountability,

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<sup>42</sup> Sally Hibbert and Tom Farsides, 'Charitable Giving and Donor Motivation,' *ESRC Seminar Series, Public Policy Seminar on Charitable Giving and Donor Motivation*. ([http://www.esrcsocietytoday.ac.uk/ESRCInfoCentre/Images/ESRC%20Charitable%20Giving%20Brochure\\_tcm6-11338.pdf](http://www.esrcsocietytoday.ac.uk/ESRCInfoCentre/Images/ESRC%20Charitable%20Giving%20Brochure_tcm6-11338.pdf), accessed 17 October 2007). See also: Alex Haxton, 'Guilt by Association,' *Charity Times* (Jan-Feb 2007) ([http://www.charitytimes.com/pages/ct\\_features/jan-feb07/text\\_features/ct\\_jan-feb07\\_supfeature3\\_guilt\\_by\\_association.htm](http://www.charitytimes.com/pages/ct_features/jan-feb07/text_features/ct_jan-feb07_supfeature3_guilt_by_association.htm), accessed 17 October 2007)

it just seems to me that you aren't going to be credible if all you talk about is your successes.'<sup>43</sup>

This study suggests that these kind of scarcity-based fears are misplaced. As we have seen in Chapter One, markets offer unprecedented opportunities for interaction and collaboration across concerns, classes, and continents. By dynamically connecting donors, organisations, and beneficiaries, online markets can facilitate greater collaborative learning and sharing of resources. Online giving has only touched a small part of the market. As the share of giving and social investment that is happening online grows, it could be argued that there is room for all serious markets to flourish.

Yet markets clearly see themselves as competitors in a race for donations and recognition, with little incentive to share their insights or best practices with other stakeholders in the charitable sector. In this context, mistakes and admissions of guilt are not lessons to be shared with others but weaknesses that could be used by competitors to divert precious resources away from one's own work. With narrow operating margins and a strong sense that their work is important to the future health of society, markets are understandably hesitant to step outside their comfort zones into the seemingly riskier areas of information exchange and cooperative efforts. As one market representative said: 'we have invested significant resources to develop what we consider to be a top notch due diligence process and we would not want to share broadly the actual forms we use with others'.<sup>44</sup>

Here there is an important difference between philanthropic development markets and capital markets. Philanthropy markets and their donors can create incentives and rewards that encourage collaborative solutions. They can define 'winners' as those who motivate, empower and collaborate with others rather than the conventional market notion of winner that competes against and dominates others. Donors and markets must seek to reward the learners that use measurement and feedback to improve their practices and therefore are winners of a different kind. That is the only way that the sector can be pushed to further develop its own internal values and standards of excellence, which could then impact on the experience of beneficiaries worldwide. To achieve positive outcomes in a competitive field, we must ensure that online philanthropy markets promote learning and provide incentives for their listed organisations by setting the criteria for comparison among offerings on their capacity to be candid about what does not work and their ability to reflect, learn and improve.

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43 Stephanie Strom, 'Foundations Find Benefit in Facing up to Failures,' *New York Times* (26 July 2007)

44 Ironically, it is the judgement of this study that few, if any, markets have achieved a 'top notch due diligence process' if defined as one that yields a rigorous informational basis evidencing performance potential

## Chapter 4 Ways forward

As we have seen, online philanthropy markets occupy a unique niche in the charitable world. Serving as a conduit to the hearts and minds of donors and the lives of individual beneficiaries, they have the potential to upend the vertical relationship between donors and ultimate beneficiaries to build a horizontal network of collaborators in pursuit of developmental goals.

Online markets need to shift from sellers of 'feel good' highs to drivers of excellence in effective developmental programmes and projects. The point, after all, is to change the world.

Considerable effort, too, must be invested by markets, donors, and listed organisations in defining, collecting, and consuming performance data. It is not enough for one organisation or market to provide high quality information; a critical mass of organisations across a wide range of sectors in multiple markets must all provide such data in order for donors' comparisons to be meaningful. And all stakeholders must stretch their understandings of the type and amount of information required to make a realistic determination of an offering's potential for success if genuine progress is to be made.

Markets are already highly successful in reaching out to their donors through emotional appeals. Offering presentations filled with poignant descriptions of a project's goals and worthy beneficiaries appeal to the better angels of one's nature, moving donors to give. If the full potential of online philanthropy markets is to be achieved, however, rational appeals based on performance and impact must play a much more significant role.

The balance of this chapter considers three promising ways markets can move incrementally to encourage the production and consumption of performance data: (i) enabling their donors to begin thinking like investors; (ii) enabling comparisons of the performance of listed offerings both within and across markets; and (iii) working to build a common reporting framework. While all of these elements will not be easy to build and will elicit controversy, they can all contribute to a more effective, responsive, and transformational social investment market sector.

## Enabling donors to become social investors

Enabling donors to see their donations as investments for a better society rather than mere charitable contributions for which no return is expected is a role that can be played by online philanthropy markets. The idea behind the online markets is one of 'everyone philanthropy'; with \$10 anyone can have access to information and data about the use of her donation and the effect it is having. As put forward by Angela Escallon, the Executive Director of Conexion Colombia, when asked if she saw a role for the markets in educating donors in the concept of social investment: 'It is one of the strategic shifts that we are trying to introduce. What differentiates us is that we technically endorse the organisations present on our platform. We guarantee that funds will be well invested. And this is a way to educate donors to be more exigent.'

A study conducted by Bridgespan, a US nonprofit sector consultancy, illustrates that donor education can work. Commissioned by the Greater Kansas City Community Foundation, it found that donors were very interested in judging offerings based on high standards of transparency and accountability.<sup>45</sup> Donors in the study were clients of GKCCF, which at the time specialised in creating donor-managed funds, offering the flexibility to donate to multiple organisations through an investment-like vehicle. Thus, they were already familiar with the concept of social investment, allowing them to accept the withdrawal of funds from poor performers with greater ease. Markets must help donors to see themselves as essential constituents of developmental processes rather than simply as pocketbooks lacking in agency or responsibility. The assumption is that this process of education will be organic rather than prescriptive: as donors see high quality data available in some places but not in others, they will gravitate towards those with better information.

More markets are using the terminology of 'social investment' in their communications with their clients. Pioneered by the Social Stock Exchange in Brazil, which was the first one in the online giving context to replace the word 'donation' by 'social investment', the message is put forward by many of the markets today, such as the South African Social Investment Exchange or the recently launched MyC4. Changes to terminology, as evident in the SASIX case study below, are not merely cosmetic. They are representative of a larger effort to reframe donors' activities as choices with consequences. Operating on the assumption that not all offerings are created equal, social investors choose carefully between the options in front of them, treating their donation as a commodity that must be entrusted to an organisation that will use it effectively and with care.

Though only a few markets have explicitly adopted social investment terminology, many more have applied a business-world ethos to the behind the scenes operations of their markets. This parallel is not as farfetched as one might initially assume. Businesses are fundamentally responsible to shareholders and consumers and must be responsive to the needs of both if they wish to survive. Just as corporations must poll customers or commission a focus group in preparation for its board meeting, so too, argue these markets, must charitable organisations pay attention to the concerns of their own stakeholders.

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<sup>45</sup> The Bridgespan Group, *Greater Kansas City Community Foundation: A Case Study in Helping Donors Make a Difference* (<http://www.bridgespangroup.org/PDF/GKCCFCaseStudy.pdf>, accessed 17 October 2007)

## SASIX: promoting social investment

Greater Good South Africa, one of the online philanthropy markets included in our study, founded the South African Social Investment Exchange (SASIX) in 2006 as a way to channel funds towards carefully-researched projects with potential for significant social returns. As with Brazil's Social Stock Exchange, the similarities between the financial and social stock markets are neither superficial nor accidental. By evoking the rigorous due diligence assessment standards held by stock exchanges and private firms, SASIX is trying to 'promote a new approach to public and corporate participation in social development' with the expectation of quality and a measurable return. By doing so it hopes to 'build a culture of accountability for social performance among beneficiary organisations' – as they are held to higher standards, so they will rise to meet them.

SASIX's entire operation, from project selection to promotion and evaluation, is modelled on a financial stock market. In order to be listed on the exchange, projects must undergo a minimum 12-week application and interview procedure that includes a detailed project proposal; peer reviews of the project proposal; and site visits by SASIX representatives. Projects must also submit a clear outline of what their key 'deliverables' will be, together with a timeline. This process is not designed to eliminate sub-standard projects, although it is certainly successful in doing so. It is also intended to inject a sense of rigour into the project design process by making organisations think carefully about what they are trying to accomplish. It is not a compliance-type engagement – it is a mechanism for improving project performance.

Accredited projects are listed on the SASIX website, with detailed project information including the project's target audience, intended activities and expected social return. A quarterly prospectus of all unfunded projects is published and supplied to past and potential investors to encourage them to support the initiatives. As on the website, the information supplied is meticulous and extensive. Just as organisations are expected to rise to the rigorous standards of the application process, potential investors are expected to exhibit the maturity and responsibility required to choose a project that will have the best social return. So donors are educated about meaningful social investment just as organisations are educated about accountability.

As project funds are disbursed and the organisation's work gets under way, SASIX begins to monitor progress against stated goals. Interim reports are available for public view on the SASIX website and supplied to all project investors. As projects are finished, final reports are prepared by the project sponsor in conjunction with SASIX representatives after site visits. These visits strive to get an on the ground perception of the project's impact and beneficiaries. The project's investors are notified personally when their projects are completed and are given direct web links to the final report. At each stage, the link to the model of financial markets remains: just as financial investors would expect an annual report with clear indicators of their investment's achievements, so too SASIX's social investors are taught to expect a social return from their donations. A single project can thus teach perhaps hundreds of people – organisational representatives, project beneficiaries and donors – that charitable donations should also be subject to rigorous accountability and the expectation of palpable social returns. SASIX charges an 8.5% project evaluation, monitoring and administration fee which covers the cost of the in-depth methodology required to accredit worthwhile projects. Although this may seem high to some, the potential benefits in terms of the true application – and benefit – of funds invested are not to be underestimated.

Harsh Trivedi, a lawyer volunteering in India for the Charitable Measurement Initiative<sup>46</sup>, a project that compares nonprofit organisations on the basis of how their beneficiaries perceive them, argues that: ‘The similarities are meaningful (...) The difference is that there is not an enforcement mechanism. The way we are trying to combat this is by providing the information to the donors, so that donors will see how responsive NGOs are to their beneficiaries and how the beneficiaries view them.’ He continues, ‘our hope is that the beneficiaries’ perception of an organisation’s work might one day prove as useful an enforcement mechanism for the charitable world as profit is in the corporate world.’

## Comparative data: listed offerings and online philanthropy markets

There is no doubt in our findings: 84% of the markets believe that they should enable donors to reward performance<sup>47</sup> and 93% of surveyed organisations listed on the markets believe that donors should reward quality performance<sup>48</sup>. The difficulty, of course, is what to measure, and how. As noted in Chapter One, several of the informational sites included in this study focus on financial measurements such as fundraising efficiency or administrative overheads. Microfinance institutions rely mainly on repayment rates. Many markets do not know what to measure: one told us, ‘We don’t know how to measure impact. Whatever they say we accept. Our appreciation is based on if it ‘feels right.’”

While we do not claim to have all the answers, Paul Brest’s framework does provide a good starting point: organisational and financial information, goals and strategies for achieving them, progress indicators and descriptions of progress already achieved, evidence of impact and lessons learned, and reviews from constituents. Quality information on these things can help build an accurate reading of an organisation’s present and likely future performance. These categories speak to specific capabilities – good governance, healthy financial management, strategic clarity, organisational learning, responsiveness and accountability to constituents – which if an organisation possesses them it is more likely to achieve lasting and significant social change.

Organisational capabilities can be measured from the perspectives of all constituents, and compared. In addition, these data can be put to the public domain and undergo ‘social audit’ in the form of validation by constituents in real time. As one survey respondent from a listed organisation said, ‘The best way to get at this [assessing an organisation’s performance] is to ask people in the community what they think of the organisation and what it does for their community.’ Involving beneficiaries and other constituents not only helps to effectively identify and measure the success of organisations but serves the higher purpose of measuring, which is to advance the organisations’ agreed objectives by learning

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<sup>46</sup> The Charitable Measurement Initiative seeks to help non-profit organisations make lasting developmental change through credible public reporting that cultivates a collective understanding of social problems. It is directed by GiveIndia in partnership with Keystone, New Philanthropy Capital and GlobalGiving. A blog on the progress of the pilot phase is run by Harsh Trivedi and Alexander Lemke: <http://charitablemeasurement.blogspot.com>

<sup>47</sup> Survey for online social investment markets - Use of performance data

<sup>48</sup> Survey for listed organisations - Use of performance data by online markets. 37.5% of listed organisations’ representatives considered that donors should reward quality performance with some reservations, mainly that the criteria for assessing the performance not being arbitrarily set

what works and what doesn't. If stakeholders are involved in identifying social goals; creating a solution; and analysing results, the organisation is 'learning' its way to its goals more consistently than organisations that operate in a more insulated way.

There is already a body of research to support this assumption. In 2007, John Telford and John Cosgrave published an analysis of aid effectiveness after the 2004 earthquake and tsunami that devastated large swathes of Asia. Though donations skyrocketed in the wake of such large-scale destruction the effectiveness of aid programs across the charitable sector did not increase, indicating that there was not a connection between funding levels and positive impact. The reason for this failure, Telford and Cosgrave argued, was that beneficiaries had not been adequately consulted at all stages of project management. If meaningful ties are established with the local community, they conclude, the chances of success are much higher.<sup>49</sup> The same principle applies for donors as well, we believe: the more they experience a sense of connection, of involvement, the greater their personal investment in the quality of the outcome.

Despite the promising opportunities resulting from greater donor and constituency involvement, few markets facilitate constituency voice. As we saw in Chapter One, tools are available that can be adapted to provide first person feedback from constituents and offer a simple and effective way for learning about an organisation's effects. These tools could be used by online philanthropy platforms for demonstrating the performance and impact that the offerings are achieving. However, as we saw in Chapter Three, many markets are uncomfortable with providing this kind of information because they are worried it will reflect badly on them. This concern was repeated by many of the market leaders when interviewed about the possibility of enabling constituency-driven reviews.

Unencumbered by concerns about donors, informational sites are already making moves in this direction. Moving on from the open online directories (e.g. GuideStar) that profess not to review, but yet implicitly create a de facto reporting standard based on self-reporting, others explicitly review and/or rate non-profit organisations. At one extreme, Charity Navigator uses simplistic notions of financial prudence to predict the effectiveness of organisations in the USA. More recently, on the other end, we have begun to see a new approach to reviewing non-profits that seeks to align performance data with good practice on the ground and to create learning-based relationships of mutual accountability between an organisation and its constituents. The key example here is Great Nonprofits, the 'Zagat Guide for nonprofits', which enables people that have volunteered or have had any other kind of involvement with an organisation to review it and assign it a number of stars.

Further development of reviewing and rating systems needs to take into account the worries and doubts expressed by the representatives of online philanthropy markets in our conversations with them. There are both practical and ideological constraints about how to compare across organisations when these are working in different issues and contexts.

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<sup>49</sup> John Cosgrave and John Telford, 'The International Humanitarian System and the 2004 Indian Ocean Earthquake and Tsunamis', *Disasters* vol. 31, no. 1 (2007)

First is the question of who would do the reviewing. Online reviews penned directly by the beneficiaries of organisations are unrealistic as the overwhelming majority have no access to the Internet.

Faced with the proposition of listed organisations being reviewed by the donors based on their experience – similarly to the GreatNonprofits framework – online philanthropy markets representatives point out the risk that the data resulting from the review speak only to a certain aspect of the work of an organisation – donor treatment – and not to its overall performance. Ideologically the idea is not universally attractive either; as Milagros Olivera from HelpArgentina said: ‘I am guided by Ortega y Gasset<sup>50</sup> who talks about ‘myself and my circumstance’. Every organisation operates in a different context (...) Dealing with social organisations means dealing both with tangible and intangible elements. I don’t think it is worth putting intangible elements in boxes for constructing indexes and rankings’.

Whether used for creating public ratings or not, comparative data can have a powerful effect if they allow us to compare relevant capabilities – such as responsiveness to beneficiaries, societal learning and other categories identified above – that are deeply relevant no matter the context. Producing this kind of data within and across online philanthropy platforms can help identify problems and advance solutions.

To accelerate progress on these issues, the markets could establish a ‘performance data commons’ to enable a pooling of data on performance, donor behaviour, and other key data points. Fostered by an independent broker, such a commons could allow markets to compare the success of their own offerings to those of other giving platforms with a reduced cost of research, enabling more rapid improvements in market portfolios. The performance data commons can inform a global conversation about performance, its ends and underlying norms and standards. In addition, once a critical mass of data is created, the data commons could allow long-term analysis to see what capabilities turn out to correlate to actual performance, helping to identify the capabilities that best predict impact. The opportunity here is to create a collaborative space within a competitive ‘market’ – to create a ‘marketplace of ideas’ and to learn and share in a win-win situation.

Already we see a spirit of collaboration and learning exchange growing between platforms. Bilateral exchanges can be widely observed: the South African Social Investment Exchange was directly influenced by the experience of the Brazilian Social Stock Exchange. Bring Light lists a GlobalGiving project on its website while GlobalGiving counts HelpArgentina, Greater Good South Africa and GiveIndia among its project sponsors. Online philanthropy markets held their first international meeting, hosted by Keystone and the Omidyar Network, in Oxford in July 2006, where discussion about the possibility of collaborations and exchanges was introduced and market participants agreed to form an association. While some see it more like a market for markets to trade between themselves rather than a collaborative space, the association of online philanthropy markets seems to be gathering steam. A second meeting, again with support from the Omidyar Network, was hosted by GlobalGiving in Washington DC on 31 October – 1 November 2007.

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<sup>50</sup> Jose Ortega Y Gasset, twentieth century Spanish philosopher

## Towards a common reporting framework

A 'performance data commons' that would enable online philanthropy markets to compare organisations with others and learn from their successes and failures could also help them advance their reporting practices and move towards a common reporting framework that could symmetrically raise standards across the industry, driving positive change throughout the charitable world.

As noted before, a pluralistic set of information on various organisational capabilities, such as good governance, healthy financial management, strategic clarity, organisational learning, responsiveness and accountability to constituents, should be applicable to a wide variety of social purpose organisations and could form a strong foundation for a common reporting framework. The qualitative nature of many of these categories need not be a hindrance. While the term 'performance data' may evoke charts and graphs, those sorts of quantitative measures can be far removed from the actual experience of constituents, and may end up obscuring more than they illuminate. DonorsChoose, for example, tells donors the number of children a project will impact and what percentage of those children are under the poverty line. Yet, for donors, direct, qualitative feedback from the children who benefit from a project is much more valuable than statistics. It captures information that appeals both emotionally and rationally to donors. Qualitative categories are also more flexible, enabling organisations to fulfil their obligations to their constituents in ways that are relevant to their own environment.

Qualitative feedback can take the form of stories about the quality of an organisation's relationships with its constituents or about how well the organisation is using its experiences and the feedback provided by its constituents to learn and improve. As noted earlier, the purpose here is not to look for any kind of 'winners' but for those who are learners.<sup>51</sup> A common reporting framework would not serve to prove results but to improve performance by enabling online philanthropy markets and organisations listed on them to learn from their – and others' – failures and successes.

Indeed, the very flexibility that characterises qualitative feedback will in most cases be a strength. A capabilities-focused assessment framework will enable donors to compare the relative merits of organisations based on their responses in given categories, rather than by their performance against an arbitrary absolute standard such as the percentage of their income spent on overhead costs. Says a representative of an organisation listed on GlobalGiving, 'In the last 10-15 years in the United States, overhead costs have been used as a [nominal] rate of measurement...Projects with higher overhead rates and greater success should be seen as more effective, yet they often get passed by for those with lower overhead rates.'

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<sup>51</sup> David Bonbright, 'What do we need to know? The information we need to make social investment decisions', *Alliance Magazine* (December 2007)

A reporting framework that captured not just financial data but also the quality of an organisation's relationship with its local community and its responsiveness to its beneficiaries would overcome these difficulties. Even more importantly, a multi-category common reporting framework would quickly illustrate what an organisation was not reporting. If donors were able to see that one homeless shelter reported only its financial status while another reported its financial status, the results of beneficiary surveys, and photos of a recent community event, they might quickly determine that the high overhead of the latter organisation was being put to good use. Similarly, a donor might notice that all animal welfare organisations lacked beneficiary feedback (unsurprisingly, given that there are very few literate cats), but that only a minority of drug rehabilitation programs had not sought input from their constituents. In this way, the challenges faced by various types of organisations can be illustrated at the same time as the relative merits of individual organisations are compared. Donors are thus simultaneously educated about the choices presented to them and empowered to donate to the charities making best use of the resources provided to them.

GuideStar International has taken the first steps towards such a matrix with its Global Reporting Framework. However this framework only fulfils the governmental and financial transparency elements of the capabilities-driven reporting framework sketched above without providing any insight into an organisation's relationship with its constituents or its beneficiaries. And since the profile is completed and maintained by the organisation itself, there is no opportunity for beneficiaries to report directly on how that charity is doing or challenge perceived misrepresentations.

Online philanthropy markets offer the opportunity to overcome traditional reporting models that generally rely on self-reported and non-validated information. Their ability to build online communities and to directly involve constituents puts the markets in a privileged position for creating the first constituency validated reporting framework widely applicable in the developmental sector. By using constituency voice to validate the reports presented by their listed organisations, the markets could achieve a series of valuable objectives: assuring accountability to beneficiaries by offering them the possibility to express their views on how the work of a certain organisation affects them; assuring accountability to donors by adding layers of legitimacy and transparency and a 'social audit' aspect to reports on how funds were utilised; and allowing organisations to improve their work and the impact they are producing by learning through first hand feedback on what works and what does not.

Beneficiary feedback is not a substitute for organisational leadership, however. The test of an organisation is what it does with feedback. The Hewlett Foundation demonstrated this clearly in a biting analysis of its Neighbourhood Improvement Initiative. The program was designed to work with constituents to reduce poverty in three areas in and around San Francisco, California. Yet, after \$20 million dollars and several years of activity, little had been accomplished and participants were jaded about the potential for change. 'Researchers hired to analyze the program,' reports the New York Times, 'found that Hewlett had many of the same problems that other foundations have had when they have given community residents responsibility for determining their needs and how to address them. The effort lacked focus and moved much more slowly than anticipated. Hewlett ended up having to create new nonprofit groups to accomplish its goals, which diverted energy, money and attention from the goals of the program. Relations with three

## The Charitable Measurement Initiative: introducing validated impact reports

Harsh Trivedi and Alexander Lemke, project leaders of the Charitable Measurement Initiative (CMI), share a background in the corporate world with leaders of many of the Indian citizen sector organisations with whom they work. While they recognise that there is often a danger in overstating the applicability of private sector principles to citizen sector activities, they are nevertheless convinced that the principles of accountability and transparency that underpin corporate governance can be transformative practices in the philanthropic world. Motivated by the strong belief that citizen sector organisations can both increase funding and improve performance by implementing a 'measurement reporting framework that credibly communicates their real impact to donors,'<sup>52</sup> CMI are now working closely with GiveIndia (a market participating in this study) and a group of child-focused, local organisations to achieve both aims.



Harsh and Alex have put the Keystone Method at the heart of CMI's efforts. Participating organisations are currently articulating a 'theory of change' that will map out their individual goals and the steps required to achieve them. As goals are identified and agreed with constituents, each of the prerequisite steps is carefully measured as interim progress toward the larger goals. As the organisation's work progresses, the twin benefits of this fundamental approach will become clear: not only do the prerequisite steps allow for easy tracking of progress towards goals, the articulation of a longer-term definition of success also helps contextualise short-term failures. So, where expected interim milestones have not been reached, seeing those steps in a larger context of strategic progress and aspiration will help constituents interpret shortcomings and to make necessary midcourse corrections.

Accountability to the funders of charitable initiatives – especially those who cannot easily experience the work directly – is best realised through 'validated impact reports' that express not only the progress against interim and long-term goals, but also the assessment of that progress by beneficiaries, community members, and other relevant stakeholders. As CMI noted in a post to its blog, 'Unlike a domestic donor, which can visit the NGO regularly to ask questions and observe whether its funds are being optimally used, a foreign donor is limited in its ability to actively monitor.'<sup>53</sup> Foreign donors must by definition rely on the opinions of others, and the people closest to the activities of the various organisations are quite clearly best placed to judge its goals, activities, and progress.

Over time, CMI hopes that validated impact reports will help foster a spirit of learning and collaboration among constituents and social change organisations. The point of evaluation, CMI argues, should not be to penalise failure; rather, as noted above, the success or failure of the interim goals identified at the project's outset should be judged within the context of all the organisation's activities. The hope is that this system will minimise the tendency toward simplistic notions of success and failure, paving the way for a more transparent, collaborative, and ultimately productive system of evaluation.

<sup>52</sup> <http://charitablemeasurement.blogspot.com> (accessed 22 November 2007)

<sup>53</sup> <http://charitablemeasurement.blogspot.com/2007/10/community-organization-as-auditor.html> (accessed 22 November 2007)

community foundations it had hired as managers were strained by differences in goals and cultures as well as the power dynamics typical of donor-charity relations.<sup>54</sup> In short, a shortage of engaged, expert direction was in its own way just as ineffective as a shortage of engaged, passionate beneficiary participation. The two must meaningfully intersect in order for the strengths of each to be realised.

Various actors in the social change field, such as the International Development Research Center (IDRC) with its Outcome Mapping community, or Keystone, are developing new approaches and tools designed to help organisations engage with their constituents in a collaborative process to map short-, medium-, and long-term aims; consider their project's place within the larger 'ecosystem' of actors working in the same area or towards the same goals; monitor the project's progress against mutually-agreed definitions of success; and report back to constituents, and through them, to report out to the broader public. Web 2.0 tools – blogs, online video, social networking sites and so on – can be combined with such methodologies to help bring perhaps disparate stakeholders into a centralised framework. For those with Internet access, a project blog or message board provides a simple means of communicating on the ground progress to donors and other interested parties. Wildlife Direct and MyC4 are both heavily invested in such technologies, and indeed count on them to weave together their communities of stakeholders on the ground and around the world. For organisations working with more marginalised communities, uploading videos or photographs of their projects at work could provide a voice to offline beneficiaries. Several markets, including GlobalGiving, allow their offerings to post multimedia files. Cell phones are revolutionising connectivity and communication in the developing world and may enable beneficiaries to participate directly in philanthropy markets in future.<sup>55</sup>

All of these tools are simple and inexpensive means of including the voices of beneficiaries and other stakeholders in the reporting process while preserving a structured, methodologically sound informational database.

However there is the danger that large volumes of performance data may be off-putting to many donors. We can see in the text box that receiving detailed information is one of the least appreciated options by donors.

Reporting on the performance of offerings needs to be done in a way that is meaningful and appealing to donors. Markets do not have to hold and present primary data, nor invest in complex relational databases of their own. Organisations can make use of GuideStar or some other informational site to host organisational reports, stakeholder feedback and other primary data. The market could then concentrate on offering more selective information and easily accessible assessments – including comparative assessments – of the organisations. Any donor who wanted to dig into the original source data could still do so, which would increase the credibility of the system.

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<sup>54</sup> Stephanie Strom, 'Foundations Find Benefit in Facing Up to Failures,' *The New York Times* (26 July 2007)

<sup>55</sup> See the article by Brad Burnham, 'Hacking Philanthropy: the Emergence of Markets Can Change the Sector,' *OnPhilanthropy* (24 October 2007) (<http://www.onphilanthropy.com/site/News2?page=NewsArticle&id=7283>, accessed 25 October 2007)

**Survey results show donors information preferences:** What kind of information do you find useful for understanding the effects of your donation?



- 1st choice – A short report written by the organisation accompanied by photos and/or videos
- 2nd choice – Testimonies from project participants/beneficiaries
- 3rd choice – Statistics and other data on the results an organisation/project is achieving
- 4th choice – A detailed report written by the organisation/project officer including extensive financial information
- 5th choice – I don't want to access any information on what effect my donation has had

In this way, both markets and informational sites can play to their strengths: markets can facilitate emotional connections between donors and beneficiaries, while informational sites can enable in-depth interrogation of an organisation's activities.

## What's next?

This study illustrates how far the markets have come in a very short time, and discusses some of the options for future work that will help online philanthropy markets achieve their full potential. Most urgent is to improve the informational base on which investor decisions are made. More research is needed into how some of the exciting trends in impact measurement and accountability can be applied in the online market context.

The following are just some of the questions that could inform further research:

- How different are donors really – in what they are looking for and why they give?
- Will quality performance data attract new donors, especially those that were previously reluctant to give because they were sceptical about the impact that their donation could produce?
- Is the credibility of offerings enhanced vis-à-vis beneficiaries and other constituents?
- Can participation in markets that require good performance data lead to an overall improvement in their performance?
- Would a requirement to present voices of constituents lead to more learning and improved performance?
- In sum, is there a measurable correlation between the organisational capabilities prioritized in this study – especially the quality of relationships with beneficiaries and other constituents – and impact?

What we know now is that the online philanthropy markets have the potential to change the behaviour of donors and organisations participating in the markets in order to create a philanthropic system that will be inclusive of and responsive to perceptions and needs of

constituents. We suggest that they have the potential to shift mental models so that results – in addition to the ‘feel good’ factor – become the ‘currency’ that is being exchanged for charitable donations and loans.

### **Three main recommendations emerge from this study:**

- 1** Online philanthropy markets should explore effective and appealing ways of measuring and communicating the ongoing social value generated by online ‘investments’.
- 2** Online philanthropy markets should collaborate more and create a space amongst themselves for information and data exchange, such as a ‘performance data commons’.
- 3** Online philanthropy markets could develop a common framework for constituency validated impact reporting

Solutions to these problems could turn online giving into the driver of meaningful social change that could transform the entire field of philanthropy in future.

## Appendix: Project methodology

### Desk research

In-depth examination of 24 online philanthropy markets and 6 informational and rating websites. Using each platform's website as the primary resource, a comprehensive matrix on the markets' characteristics and functions was compiled.

Literature review of scholarly journals, news outlets, and internal studies undertaken by the online philanthropy markets themselves.

### Online surveys

4 online surveys were conducted during July-September 2007, one each for online philanthropy markets, informational and rating sites, listed organisations and donors. The listed organisations and donors surveys have both been translated into Spanish for access by users of Latin American platforms.

Number of responses received per survey:

- Survey for online social investment markets - Use of performance data: 17
- Survey for informational and rating sites - Use of performance data: 3
- Donors' survey - Use of performance data by online social investment markets: 77
- Survey for listed organisations - Use of performance data by online markets: 179

The findings from the surveys can be consulted in the survey findings Appendix below.

### Interviews

11 in-depth, formally structured interviews were conducted with online philanthropy markets representatives, 2 with informational and rating sites and 4 with organisations participating in the markets. Conversations and informal interviews with development practitioners, Internet entrepreneurs and experts in the philanthropic field have also informed the research.

## Advisory panel

Research was reviewed and guided by an international Advisory Panel formed by 6 prominent experts in the philanthropic sector. The Advisory Panel's role has been to advise the Keystone team on research methodology and review and comment on the preliminary findings and the final research paper.

Members of the Advisory Panel:

- Phil Buchanan, Executive Director, Center for Effective Philanthropy – USA
- Anabel Cruz , Director, Communication and Development Institute – Uruguay
- Jacob Harold, Program Officer for Philanthropy and Regional Grants, The William and Flora Hewlett Foundation – USA
- Fadel Ndiame, Program Director, W.K. Kellogg Foundation – South Africa
- Thomas Reis, Program Director, W.K. Kellogg Foundation – USA
- Rory Tolentino, Executive Director, Asia Pacific Philanthropy Consortium – Philippines

## Appendix: List of websites examined

### Online philanthropy markets

1. Beautiful Foundation: [www.beautifulfund.org](http://www.beautifulfund.org)\*
2. Bring Light [www.bringlight.com](http://www.bringlight.com)
3. CanadaHelps: [www.canadahelps.org](http://www.canadahelps.org)
4. Changing the Present : [www.changingthepresent.org](http://www.changingthepresent.org)
5. Charity Aid Foundation: [www.cafonline.org](http://www.cafonline.org)
6. Conexion Colombia: [www.conexioncolombia.com](http://www.conexioncolombia.com)
7. DonorEdge [www.donoredge.org](http://www.donoredge.org)
8. DonorsChoose: [www.donorschoose.org](http://www.donorschoose.org)
9. eBay Giving Works: <http://givingworks.ebay.com>  
MissionFish: [www.missionfish.org](http://www.missionfish.org)\*\*
10. Give2Asia: [www.give2asia.org](http://www.give2asia.org)
11. GiveIndia: [www.giveindia.org](http://www.giveindia.org)
12. GlobalGiving: [www.globalgiving.com](http://www.globalgiving.com)
13. Greater Good South Africa: [www.myggsa.co.za](http://www.myggsa.co.za)
14. HelpArgentina: [www.helpargentina.org](http://www.helpargentina.org)
15. Just Give: [www.justgive.org](http://www.justgive.org)
16. Justgiving: [www.justgiving.com](http://www.justgiving.com)
17. Kiva: [www.kiva.org](http://www.kiva.org)
18. Microplace: [www.microplace.com](http://www.microplace.com)\*\*\*
19. Modest Needs: [www.modestneeds.com](http://www.modestneeds.com)
20. MyC4: [www.myc4.com](http://www.myc4.com)
21. Network for Good: [www.networkforgood.org](http://www.networkforgood.org)
22. Social Stock Exchange: [www.bovespasocial.com.br](http://www.bovespasocial.com.br)
23. South African Social Investment Exchange: [www.sasix.co.za](http://www.sasix.co.za)
24. Wildlife Direct: [www.wildlifedirect.org](http://www.wildlifedirect.org)

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\* Due to language barriers, the present study was unable to examine the main website of the Beautiful Foundation. However, the research team has thoroughly examined the English version of the website and has held conversations with representatives of the Beautiful Foundation

\*\* eBay Giving Works and MissionFish function conjointly and were considered as a unique online philanthropy market for this study

\*\*\* The online microfinance market MicroPlace was launched at a late stage of this study and therefore we were unable to thoroughly examine it. However, some observation and conversations with representatives of MicroPlace have informed this paper.

### Informational and rating sites

1. Charity Navigator: [www.charitynavigator.org](http://www.charitynavigator.org)
2. Charity Watch: [www.charitywatch.org](http://www.charitywatch.org)
3. Great Nonprofits: <http://greatnonprofits.org>
4. GuideStar International: [www.guidestarinternational.org](http://www.guidestarinternational.org)
5. Intelligent Giving: [www.intelligentgiving.com](http://www.intelligentgiving.com)
6. Wise Giving Alliance: [www.give.org](http://www.give.org)

## Appendix: About Keystone

Keystone is a citizen organisation that seeks to maximise the developmental impact of citizen organisations, business and government, through designing and promoting innovative, practical methods of planning, doing and communicating that foster learning and responsiveness among all constituents. Keystone believes that organisations function best when they listen and respond to those most affected by their activities. Keystone's methodology helps civil society organisations to be inclusive and responsive in their engagement with constituents, systematic in their learning, and transparent in their public reporting.

Keystone has developed a suite of free-to-use prototype tools and offers advisory services that citizen organisations (as well as businesses that seek to maximize their social value) can use to plan and learn with their constituents, in an ecology of actors, for significant and lasting social change. Keystone also seeks to influence policy and practice for social impact through strategic research and publications.

[www.KeystoneAccountability.org](http://www.KeystoneAccountability.org)

## Appendix: About the authors

**David Bonbright** is Keystone's founder and Chief Executive. A lawyer by training, he has extensive experience in international development as a grantmaker for institutions like the Ford Foundation and the Aga Khan Foundation and as an innovator in civil society strengthening. In the 1990s, founded and led two South African citizen sector resource centres relating to organisational and sectorial development and to information and technology. He is a regular contributor to Alliance Magazine, and has authored and co-authored a number of reports and books including, *Creating an Enabling Legal Framework for Nonprofit Organizations in Pakistan* (Pakistan Centre for Philanthropy, 2003), *Enhancing Indigenous Philanthropy for Social Investment* (Aga Khan Development Network, 2000), *Philanthropy in Pakistan* (Aga Khan Development Network, 2000), and *Leading Public Entrepreneurs* (Ashoka: Innovators for the Public, 1997).

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Research assistance was provided by **Lucy Brealey**.

## Appendix: Online philanthropy markets study survey findings

The present Appendix presents the responses that the Keystone research team has conducted in the context of the study entitled 'Online Philanthropy Markets: from 'Feel-Good' Giving to Effective Social Investing?'

The results for the 4 online surveys – one each for online philanthropy markets, informational sites, listed organisations and donors – are presented. To respect the anonymity of respondents, all names have been taken out of the results

### I Survey for online social investment markets - use of performance data

Total Participants: 17

#### 1 Please state the name of your organisation:

Responses: 17

#### 2 How would you rate the importance of the following issues in terms of what you really want to know about donors?

	1 Not Important	2	3	4 Neutral	5	6	7 Very Important	Rating Average	Response Count
The number of clicks they go through before making a donation	0.0% (0)	0.0% (0)	0.0% (0)	11.8% (2)	17.6% (3)	41.2% (7)	29.4% (5)	5.88	17
Their concerns regarding the storing of their credit card number	5.9% (1)	0.0% (0)	0.0% (0)	35.3% (6)	23.5% (4)	11.8% (2)	23.5% (4)	5.00	17
How to offer recurring donations	0.0% (0)	0.0% (0)	11.8% (2)	29.4% (5)	23.5% (4)	23.5% (4)	11.8% (2)	4.94	17
How the use of performance data affects their choices	0.0% (0)	0.0% (0)	0.0% (0)	29.4% (5)	17.6% (3)	41.2% (7)	11.8% (2)	5.35	17
How aesthetics of the website affect their choices	0.0% (0)	5.9% (1)	0.0% (0)	17.6% (3)	23.5% (4)	29.4% (5)	23.5% (4)	5.41	17
How the availability of financial data affects their choices	5.9% (1)	0.0% (0)	0.0% (0)	23.5% (4)	23.5% (4)	41.2% (7)	5.9% (1)	5.06	17

### 3 What kind of data do you collect on the users of your website? Please tick all that apply:

	Response Percent	Response Count
Percentage of users that make a donation/social investment	86.7%	13
Percentage of repeating donors	86.7%	13
Number of pages visited/time spent before making donation	66.7%	10
Pages most visited before donating (e.g. FAQ, description of offerings, reports)	66.7%	10
Average donation size	93.3%	14
User demographics	53.3%	8
We do not collect data on our donors	6.7%	1
Qualitative feedback	33.3%	5
Please specify		3

Comment Text:

- 1 We have done surveys previously of our donors, and collected some qualitative data
- 2 We collect name, address, etc of our donors via the web
- 3 Usability testing, focus group results, satisfaction surveys

### 4 Are there any other data that you collect on users of your website? Please specify:

Responses: 4

Comment Text:

- 1 Nationality of the donor, country of residence, type of donation (individual or from a group of people, credit card used)
- 2 We do look at number of visitors to our web site, which pages get most hits, if the visitors come from our e-newsletter or other materials we have sent out, and what gets downloaded how often
- 3 Almost all of our data is collected from our website and databases
- 4 Total days to fund projects

### 5 How do you collect data on your donors? Please tick all that apply:

	Response Percent	Response Count
Web analytics	93.3%	14
Surveys	73.3%	11
Third party research	13.3%	2
We do not collect data on our donors	6.7%	1
Other	6.7%	1
Please specify		2

Comment Text:

- 1 On the format that the donors have to fill up when they make the donation
- 2 This refers to ALL our donors, not just those from the web

## 6 In your opinion, what is the most important factor that motivates people to donate?

Responses: 15

Comment Text:

- 1 The person to person connection
- 2 Personal connection with the cause
- 3 Connection to the cause itself - an understanding that their funds will actually help someone
- 4 To have a reliable channel to channeling their donation. In [country name] people are very concerned about issues like 'will my donation reach the beneficiaries? How much of it will get lost in the way to them? Is the NGO reliable? People behind it are serious? Do they do a good job?' Once [the market's name] is saying 'it's here, I've checked, you can trust' people do trust and they feel comfortable with sending their money, because [the market's name] will transfer 100%, once all operational costs are supported by them, and once they have transparency and good governance. I know it makes our life and job much easier to be behind this powerful environment, but I understand that this is our biggest challenge being the bridge between donors and NGOs: to assure donors that we're reliable and so are the NGOs we're pointing in our websites. It doesn't matter if one the Online Social Marketplaces has to charge a small percentage to cover operational costs. It's worth to everybody because they know that this certain percentage is going on that direction and that the rest is going to the NGO and that they can ask for questions and transparency and everything will be there
- 5 Ability to choose where their money goes and see the impact of their generosity
- 6 What their passion is...what is important to them...then the 'mind/logic' comes into play. With the online system, the site is layed out to match the types of donors: 1) bottom liners interested in the financial 2) outcomes oriented...what is being achieved for human gain interested in the program performance section 3) leadership of staff/board
- 7 Overall [country's] social inequity -Tax-deductible donation -To keep in touch with [country's name] (because the donors are a [national] or have a special relationship with the country)
- 8 Investment with social return
- 9 The reliability of the institution, the desire to help, the guarantee that the money will be invested correctly
- 10 Knowing that their donation will have an impact
- 11 The 'helper's high' - the ability of a person to feel good about what s/he is doing in reaching out to someone through a non-profit org
- 12 People are moved by a story, the knowledge that most of their funds will go directly to an organisation in Asia, rather than to a US based organisation, and in general they have come to our site looking for a specific fund, or to donate to a specific cause or country already
- 13 Mission of the organisation, easy method of giving and the social causes we are dealing with
- 14 It varies by offering. For our program, some donors are motivated by the cause-marketing benefits of what we offer, while others are motivated by the 'philanthropic' aspects of giving to a specific cause they care about
- 15 Recommendation from friend/family member

**7 From your experience, how important are the following for encouraging donations?**

	1 Not Important	2	3	4 Neutral	5	6	7 Very Important	Response Count
Pictures, video, audio regarding the organisations/projects seeking funding	0.0% (0)	0.0% (0)	15.4% (2)	0.0% (0)	15.4% (2)	30.8% (4)	38.5% (5)	13
Abundant, detailed information on the organisations/projects seeking funding	7.1% (1)	7.1% (1)	14.3% (2)	14.3% (2)	28.6% (4)	14.3% (2)	14.3% (2)	14
Short, concise information on the organisations/projects seeking funding	0.0% (0)	0.0% (0)	0.0% (0)	6.7% (1)	20.0% (3)	33.3% (5)	40.0% (6)	15
Availability of financial reports and legal documentation on the organisations/projects seeking funding	14.3% (2)	7.1% (1)	35.7% (5)	7.1% (1)	21.4% (3)	0.0% (0)	14.3% (2)	14
Availability of performance data on the organisations/projects seeking funding	6.7% (1)	0.0% (0)	13.3% (2)	0.0% (0)	46.7% (7)	20.0% (3)	13.3% (2)	15
Direct testimony of beneficiaries about the organisations/projects seeking funding	0.0% (0)	0.0% (0)	0.0% (0)	6.7% (1)	33.3% (5)	40.0% (6)	20.0% (3)	15

**8 How important are the following in the selection of the organisations/projects that you list on your website?**

	1 Not Important	2	3	4 Neutral	5	6	7 Very Important	Response Count
Financial transparency	14.3% (2)	0.0% (0)	0.0% (0)	0.0% (0)	21.4% (3)	14.3% (2)	50.0% (7)	14
Availability or legal documentation	7.7% (1)	0.0% (0)	15.4% (2)	0.0% (0)	7.7% (1)	30.8% (4)	38.5% (5)	13
Ability to provide regular reports	23.1% (3)	7.7% (1)	0.0% (0)	7.7% (1)	23.1% (3)	7.7% (1)	30.8% (4)	13
Quality performance	23.1% (3)	0.0% (0)	0.0% (0)	7.7% (1)	15.4% (2)	23.1% (3)	30.8% (4)	13
Reflection of constituency voice in the decision making process	7.7% (1)	0.0% (0)	7.7% (1)	30.8% (4)	7.7% (1)	30.8% (4)	15.4% (2)	7.7% (1)
Partnership with other actors	15.4% (2)	7.7% (1)	0.0% (0)	15.4% (2)	30.8% (4)	23.1% (3)	7.7% (1)	15.4% (2)

## 9 Do you consider it part of your role to publish a measurement of the performance of the offerings you list?

	Response Percent	Response Count
Yes, because:	78.6%	11
No, because:	35.7%	5

Comment Text: Yes, because:

- 1 It is part of our mission and it allows lenders to better understand their SROI
- 2 We want to provide information that donors require in order to make a donation
- 3 Helps to show transparency and effectiveness
- 4 There is a certain amount of data that teachers can provide about the impact of their projects, info which we can pass along to the donor
- 5 Ultimately what is being achieved by the programs in accomplishing the mission is the critical!
- 6 We are publishing and promoting organisations and is fundamental to show their performance. We promote accountability and best practices in the social sector, and publish a measurement of the performance is an important part of it
- 7 Provides greater transparency for investors
- 8 You have the obligation to report to your donors the effectiveness of the social investment they are making, and they have the right to ask for it
- 9 We do include in our descriptions some sense of the impact of their work, but I am not sure it would qualify as performance measurement
- 10 Donors want to know the effect of their donation
- 11 If by 'performance' you mean 'how cost-effective we are'... then we certainly disclose data about what we spend (or charge in fees) generates in funds for our offerings

Comment Text: No, because:

- 1 We are more of a utility enabling donors to choose than it is a rating system
- 2 Not at the moment - we've decided to remain as neutral as possible about the charities we list
- 3 This is irrelevant to our mission. We work with individual persons and families rather than organisations or specific projects
- 4 If by 'performance' you mean 'how cost-effective the offerings in our database are'... there is lots of data publicly available about the choices in our database. We don't need to reinvent the wheel
- 5 We expect the nonprofits to publish results

**10 Do you believe it is part of your role to enable donors to reward quality performance?**

	Response Percent	Response Count
Yes, because:	84.6%	11
No, because:	23.1%	3

Comment Text: Yes, because:

- 1 That is part of building a more efficient social marketplace
- 2 We want to drive more donations to nonprofits
- 3 But we believe that this happens naturally as part of the marketplace - we don't provide the information
- 4 We want to enable donors to connect to those teachers who have provided the most compelling evidence of educational impact
- 5 Ultimately the financial investment is made to achieve a human gain leading to an improved quality of life
- 6 For the same reason than question 9
- 7 Makes market more efficient
- 8 It can help to improve quality programs
- 9 Donors want to see our quality performance
- 10 For our offerings, we want donors to reward programs based on whatever criteria are important to them: quality performance, personal connection, or any other criteria that they value
- 11 Their 'vote' counts and nonprofits who perform should be rewarded

Comment Text: No, because:

- 1 They won't be able to say anything about the NGO, only about their experience in going online to donate
- 2 Our work is personalized services to donors, who decide themselves what to fund, so we don't make this a central focus, though we do discuss as relevant
- 3 For ourselves, donors will use or not use our service based on the quality of our performance. We certainly want to be rewarded for having a good service, but we don't feel the need to do anything additional around that: it's built into our program

**11 How do you define quality performance?**

Responses: 13

Comment Text:

- 1 Serving the poor and repaying loans
- 2 Good treatment of donors and volunteers, effective programs, judicious resource utilization
- 3 That's very difficult, since it depends on the size of organisation, type of work they do, etc. Transparency and accountability are the first principles - if they are willing to be scrutinized, then that's a good first step. Then, the measurements of success must be both quantitative (people served, funds used), but also qualitative - how exactly are they having an impact, and are they doing so in the way they set out?
- 4 The capacity the NGOs shows to move forward with the money they receive for that specific project. As we don't list the NGO, but the project they presented, it's easy for us to track how they're performing. It's always a new project to implement or an existing one to scale up, so it's easy for us to recognize the performance by seeing the scaling up or the implementation of that specific project. There is also something not easy to describe or to show, which is the

quality of the relationship the NGO's staff have with us. It's a close relationship. Sometimes we feel that they see us as 'good partners' in bridging the money, and that's ok. Sometimes we feel that they see us as people who, like themselves, believe that together we can make difference and that donations are only the consequence. Those are the ones who care more about how we are performing, people who send emails and make phone calls suggesting this or that, offering this or that, helping us to think how we can establish this or that strategy... those kind of people usually are also those whose projects and NGOs show the best quality performance, because they're really involved. I know this is not rational, but people who put their souls and their skills are better than those who only put their skills

- 5 # of students impacted # of instructional hours enriched Y/N whether resources will be re-used qualitative feedback of photos, student thank-you letters, and teacher impact letter
- 6 An organisation that monitors and knows their programs are working
- 7 Efficient use of resources for social impact, according with the mission of the organisation
- 8 Clear, objective social outcomes
- 9 The measurement of the outputs of a specific project, established at the beginning of the it. We call for specific support with specific inputs to follow up
- 10 Our due diligence process looks at good management, financial management and proper registration. Our reports attempt to get at impacts, did the work funded have the intended impact, and/or unintended impact? Beyond this, we are just beginning to define this and as an organisation don't have agreed upon criteria yet
- 11 High impact on community, transparent decision making and lower administration cost
- 12 We measure: the ratio of \$1 we spend vs. the funds our program raises; the ratio of \$1 we keep in fees vs. the funds we raise; a user happiness score; volume of activity (funds, listings, etc.) through our program
- 13 Providing measurable results/ROI on impact of donations

## 12 How do you know if a listed organisation/project performs well?

Responses: 13

Comment Text:

- 1 Audits, fellows, and self-reported repayment rates
- 2 We don't know
- 3 We don't - again, our role is neutral, and we create the tool for charities and donors to connect - it's up the charity to sell itself and its projects. Obviously, one major indicator is the amount of funds a specific charity raises - if they raise more through us, they would appear to be doing better, but that's not necessarily an indicator of performance
- 4 We keep in touch all the time with the NGOs, everytime there is some money available we talk to them, it's a very close relationship
- 5 Feedback provided by classroom
- 6 Their information is provided in the donor profile
- 7 Because they are part of our network. We work with a network of more than 50 social organisations selected according to social impact, accountability and best practice. New member organisations are solicited by the Board of Directors, and the quality performance is a very important criteria
- 8 Based on social outcome data
- 9 By the indicators we agreed at the beginning
- 10 This is irrelevant to our work
- 11 We have local staff that check in periodically with grantees, we get interim and final reports. That said, there are too many projects for us to provide tight monitoring. Projects which we

specifically identify on our web site - ie for the Tsunami Fund, are monitored much more closely by local staff and consultants. We try to get final reports that detail accomplishments and impact and financial expenditures, but that also include stories, photos and other material that make the impact human

- 12 They 'perform' well within our program if they receive more listings and donations. We don't track performance data outside of our site
- 13 How long it takes to get fully funded

**13 How do you track performance of organisations? Please tick all that apply:**

	Response Percent	Response Count
Financial records	53.8%	7
Information reported by the organisations themselves	69.2%	9
Beneficiary surveys	7.7%	1
Internal research	0.0%	0
Site visits	38.5%	5
I do not track performance	30.8%	4
Information reported by third parties. Please specify:	38.5%	5

Information reported by third parties - Comment Text:

- 1 Guidestar
- 2 Media, Strategic alliances
- 3 Fathers, communities, etc
- 4 From local staff and consultants and others they interact with
- 5 Guidestar

**14 Do you use any other means of tracking the performance of organisations?**

Responses: 4

Comment Text:

- 1 No
- 2 Not applicable
- 3 We defined especific indicators at the begining to follow up them at the end of the project
- 4 No

**15 If you were able to add or improve aspects of accountability in the functioning of your market, how important would the following be to you?**

	1 Not Important	2	3	4 Neutral	5	6	7 Very Important	Response Count
Gather and verify currently required data more often	14.3% (2)	0.0% (0)	0.0% (0)	21.4% (3)	21.4% (3)	28.6% (4)	14.3% (2)	14
Add requirement for listed projects/organisations to have third party evaluations	14.3% (2)	0.0% (0)	7.1% (1)	42.9% (6)	21.4% (3)	0.0% (0)	14.3% (2)	14
Add requirement for projects/organisations to adopt participatory planning procedures that would include their constituents	21.4% (3)	14.3% (2)	14.3% (2)	21.4% (3)	14.3% (2)	14.3% (2)	0.0% (0)	14
Add requirement for projects/organisations to include opinions of their constituents in their reporting	14.3% (2)	14.3% (2)	0.0% (0)	14.3% (2)	14.3% (2)	35.7% (5)	7.1% (1)	14
Improve your own accountability to your constituents	7.1% (1)	7.1% (1)	14.3% (2)	14.3% (2)	7.1% (1)	21.4% (3)	28.6% (4)	14

**16 Do you have any comments you would like to add?**

Responses: 6

Comment Text:

- 1 Any performance rating system that is leveraged by us will have to be mass customized or leverage the wisdom of crowds. In other words, we enable donors to donate to any of the more than 1 million 501c3s in the US. A performance measurement system would either have to be highly scalable and part of legally required documents or completed voluntarily by constituents of the nonprofit
- 2 This is an area of interest to us, despite the fact that we don't provide performance data. We do know that our donors would like this information, but there is a large juggernaut in terms of figuring out exactly what sort of information is appropriate
- 3 Our mission is to strengthen [the country's] civil society through the mobilization of donors and volunteers and the promotion of best practices. We constantly work with the members in accountability and best practices. We clearly would like to improve the contact with the members that, because the distance, we can not visit frequently
- 4 Since we have not launched yet, survey responses were based on our expectations of what will happen. Thanks!
- 5 I think they are two parts of the research: what makes people to help organisations that they don't even know but that they have an internet approach to be in touch. And second part is about accountability of the project it self and the potential influence that these factor have
- 6 Much of this survey seems to have been created under the assumption that the social markets responding would be funding 'projects.' Thus, most of the performance-based evaluative sections of the survey did not relate to my organisation.

## II Survey for informational and rating sites – use of performance data

Total Participants: 3

### 1 Please state the name of your organisation:

Responses: 3

### 2 In your opinion, what is the most important factor that motivates people to donate?

- 1 Personal connection with somebody who has had an experience with the specific nonprofit
- 2 Affiliation

### 3 From your experience, how important are the following for encouraging donations?

	1 Not important at all	2	3	4 Neutral	5	6	7 Extremely important	Rating Average	Response Count
Pictures, video, audio regarding the organisations/ projects that solicit funding	0.0% (0)	0.0% (0)	0.0% (0)	50.0% (1)	0.0% (0)	0.0% (0)	50.0% (1)	5.50	2
Abundant, detailed information on the organisations/ projects that solicit funding	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	100.0% (2)	0.0% (0)	0.0% (0)	5.00	2
Availability of financial reports and legal documentation on the organisations/ projects that solicit funding	0.0% (0)	0.0% (0)	0.0% (0)	50.0% (1)	50.0% (1)	0.0% (0)	0.0% (0)	4.50	2
Availability of performance data on the organisations/ projects that solicit funding	0.0% (0)	0.0% (0)	0.0% (0)	50.0% (1)	50.0% (1)	0.0% (0)	0.0% (0)	4.50	2
Direct testimony of beneficiaries about organisations/ projects that solicit funding	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	50.0% (1)	0.0% (0)	50.0% (1)	6.00	2

#### 4 What do you see as your primary role?

- 1 To inform and encourage nonprofits to provide necessary information - in our case, personal testimonials of clients or volunteers, photos, videos - that will motivate people to donate or volunteer
- 2 Information provider

#### 5 Do you consider it part of your role to publish a performance measurement of the organisations that you list?

	Response Percent	Response Count
Yes, because:	50.0%	1
No, because:	50.0%	1

Yes, because - Comment Text:

- 1 Performance is the purpose of the work

No, because - Comment Text:

- 1 It depends on what you think are performance measurements. Yes, if it includes photos, videos and personal testimonials. No, if by 'performance measurement' you mean quantitative or 'objective' data
- 6 Do you believe that it is part of your role to enable donors to reward quality performance?

	Response Percent	Response Count
Yes, because:	100.0%	2
No, because:	50.0%	0

Yes, because - Comment Text:

- 1 Well run nonprofits should attract more volunteers and donations
- 2 Good performance needs support and organisations need signals

#### 7 How do you define quality performance?

Responses: 2

Comment Text:

- 1 We don't. We think it is very subjective and depending on what kind of service/product is being provided, how it is defined. We allow our users to narratively explain with open text fields, pictures or videos their experience with the nonprofit
- 2 Ability to achieve stated objectives

**8 How do you track performance of organisations? Please tick all that apply:**

	Response Percent	Response Count
Financial Records	50.0%	1
Information reported by the organisations themselves	100.0%	2
Beneficiary surveys	0.0%	0
Internal research	0.0%	0
Site visits	0.0%	0
I do not track performance	0.0%	0
Information reported by third parties. Please specify:	50.0%	1

Information reported by third parties - Comment Text:

- 1 User generated 'reviews', pictures and videos of nonprofits

**9 Do you use any other means of tracking performance of organisations?**

Responses 2

Comment Text:

- 1 No
- 2 No

**10 Do you believe that listed organisations should be rated on the basis of their performance?**

	Response Percent	Response Count
Yes	0.0%	0
No, because:	100.0%	2

No, because - Comment Text:

- 1 We don't do any internal evaluation. Our users - people who have direct experience with specific nonprofits - are the ones that share their experience and 'rate' the nonprofit
- 2 Not on our lists. Fine for 3rd parties though

**11 From your experience, how important are the following for the accountability of an organisation/project that solicits funding?**

	1 Not important	2	3	4 Neutral	5	6	7 Very important	Rating Average	Response Count
Provide frequent updates on financial and legal information	0.0% (0)	0.0% (0)	0.0% (0)	50.0% (1)	50.0% (1)	0.0% (0)	0.0% (0)	4.50	2
Undertake third party evaluations	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	50.0% (1)	50.0% (1)	0.0% (0)	5.50	2
Adopt participatory planning procedures that would include their constituents	0.0% (0)	0.0% (0)	0.0% (0)	50.0% (1)	50.0% (1)	0.0% (0)	0.0% (0)	4.50	2
Include assessment of the offering by their constituents in public reporting	0.0% (0)	0.0% (0)	0.0% (0)	50.0% (1)	50.0% (1)	0.0% (0)	0.0% (0)	4.50	2

**12 Do you have anything you would like to add?**

Responses: 0

### III Donors' surveys – use of performance data by online social investment markets

Total Participants: 77

#### 1 How important are the following motives for you to donate?

	1 Not important	2	3	4 Neutral	5	6	7 Very Important	Rating Average	Response Count
My religious beliefs	36.47% (26)	12.87% (8)	5.9% (1)	12.13% (10)	12.87% (8)	12% (7)	17.45% (11)	3.34	71
Makes me feel better about myself	7.7% (3)	4.25% (2)	8.1% (5)	24.95% (13)	32.53% (23)	25.17% (16)	14.83% (9)	5.09	71
Moral obligation to give something back	7.03% (4)	4.25% (2)	5.9% (1)	6.8% (4)	10.65% (7)	31.17% (23)	45.43% (30)	5.79	71
Tax deduction/ tax relief	22.53% (12)	6.8% (4)	5.5% (3)	12.7% (7)	35.8% (26)	13.06% (12)	11.55% (5)	4.72	69
See a difference in somebody's life	5.1% (2)	5.9% (1)	5.1% (2)	7.2% (3)	13.2% (9)	23.1% (18)	57.9% (36)	6.18	71

#### 2 Why do you choose to give online? Please tick all that apply:

	Response Percent	Response Count
It is easier and I can do it from home/from the office	91.9%	67
I have access to extensive information about the organisations/projects that seek donations	39.47%	24
I have access to financial reports and legal information on the organisations/projects that seek donations	23.45%	9
I know that the organisations/projects have been previously checked by the website	41.43%	26
I can track how my donation is used	14.83%	9
I can post comments and read other people's opinions	5.07%	3
Other (please specify)	24.5%	19

Other (please specify) - Comment Text:

- 1 We do not have to call for the receipts
- 2 Online receipts
- 3 Combining my small donations once a year I can say no to telemarketers
- 4 I know the charity to which I give

- 5 I know that the charity gets the funds quicker, and it is better for the environment (i.e.; less paper)
- 6 Saves paper, postage, can use my credit card
- 7 Reduces amount of snail mail solicitations
- 8 While reading about crisis - can donate
- 9 Large database of charitable organisations
- 10 Instant receipts
- 11 Keeps costs of the charities down by not having to do mailouts
- 12 I can keep all my receipts in one place, and I consider it more efficient for the charities
- 13 Cause marketing
- 14 Just happens to be part of [company's name]
- 15 I am able to support my charity and help people looking for things through [company's name] and clear out my house at the same time. That is helping 2 individuals and a Great Charity with one action!
- 16 [Market's name] converts material items into cash donations
- 17 Why not involve giving in all I do
- 18 Ahorra tiempo
- 19 Me facilita la llegada de información tipo financiero o acerca de la org...o sea no es que de repente tengo acceso sino que de repente el camino a acceso es más corto
- 3 How important are the following to you as you choose to donate to a certain organisation/project online?

	1 Not important	2	3	4 Neutral	5	6	7 Very important	Rating Average	Response Count
The organisation has a good reputation	0.0% (0)	0.0% (0)	2.6% (1)	7.87% (5)	9.23% (5)	19.83% (19)	62.23% (41)	6.34	71
The website offers detailed information about the organisation/project	2.6% (1)	13.2% (5)	5.3% (2)	12.7% (8)	16.73% (12)	37.2% (19)	36.33% (23)	5.67	70
The description of the organisation/project is accompanied with photos and/or videos	17.75% (11)	7.9% (3)	13.8% (8)	27.55% (16)	23.33% (14)	20% (10)	14.6% (8)	4.57	70
There is evidence that the organisation/project is achieving its goals	0.0% (0)	0.0% (0)	6.8% (4)	12.37% (9)	16.3% (11)	24.5% (20)	44.5% (27)	5.92	71
The website provides an evaluation of the organisation/project	10.5% (4)	5.62% (5)	5.6% (3)	22.6% (15)	16.43% (12)	27.7% (19)	20.47% (12)	5.08	70

#### 4 What kind of information do you find useful for understanding the effects of your donation?

	1st choice	2nd choice	3rd choice	4th choice	5th choice	Rating Average	Response Count
A detailed report written by the organisation/project officer including extensive financial information	13.03% (7)	16.53% (9)	19.3% (12)	38.6% (24)	18.8% (10)	3.213	62
A short report written by the organisation accompanied by photos and/or videos	32.77% (20)	27.07% (19)	21.93% (17)	16.27% (10)	6.3% (1)	2.28	67
Testimonies from project participants/beneficiaries	26.47% (19)	27.77% (18)	24.47% (13)	17.2% (8)	6.15% (3)	2.45	61
Statistics and other data on the results an organisation/project is achieving	33.05% (15)	29.1% (17)	23.03% (15)	17.13% (11)	8.7% (4)	2.61	62
I don't want to access any information on what effect my donation has had.	11.45% (5)	7.1% (1)	8.27% (5)	17.1% (6)	76% (43)	4.4	60

## IV Survey for listed organisation - use of performance data by online markets

Total Participants: 179

### 1 In which online giving platform(s) do you participate?

	Response Percent	Response Count
GlobalGiving	31%	55
Network for Good	9%	16
DonorsChoose	0%	0
ModestNeeds	0%	0
Greater Good South Africa	0%	0
South African Social Investment Exchange	0%	0
Give India	10%	17
Charity Aid Foundation	5%	9
Changing the Present	4%	8
Just Give	7%	12
The Beautiful Foundation	0%	0
MissionFish	13%	24
Give2Asia	1%	2
Wildlife Direct	0%	0
CanadaHelps	17%	30
Donor Edge	1%	2
Bring Light	1%	1
Wise Giving Hong Kong	0%	0
Help Argentina	20%	36
Conexión Colombia	8%	14

### 2 What is the name of your organisations? (optional)

Responses: 132

**3 How would you rate the importance of the following issues regarding your participation in an online giving platform?**

	1 Not Important	2	3	4 Neutral	5	6	7 Very Important	Rating Average	Response Count
Access to funds	2 (1%)	4 (3%)	2 (1%)	12 (7.9%)	25 (16.5%)	25 (16.5%)	81 (53.6%)	5.99	150
Exposure to the greater public	1 (.6%)	2 (1%)	4 (3%)	9 (5.9%)	15 (9.9%)	30 (19.8%)	101 (66.8%)	6.22	147
Opportunity to communicate and learn with donors	2 (1%)	4 (3%)	6 (3.9%)	14 (9.3%)	33 (21.8%)	40 (26.4%)	50 (33.1%)	5.72	147
Incentive for greater transparency	4 (3%)	5 (3%)	3 (2%)	34 (22.5%)	20 (13.2%)	34 (22.5%)	45 (29.8%)	5.50	144
Incentive for demonstrating performance	3 (2%)	3 (2%)	6 (3.9%)	41 (27.1%)	27 (17.8%)	29 (19.2%)	41 (27.1%)	5.36	148

**4 In your opinion, what is the most important factor that motivates people to donate?**

Responses: 138

**Comment Text:**

- 1 They are moved by your cause. It is being able to make a case for giving
- 2 The worthiness of the cause and the social and economic impact to beneficiaries
- 3 To connect with a cause they care about
- 4 Desire to participate in shaping society
- 5 Philanthropy must be useful to general public. Transparency in final deals. Realizing the difficulties of the weaker section
- 6 That their donation has catalysed in way of reducing or mitigating somebody's problem or need. That their action has given the smiles on the faces of beneficiaries. The quality of the work and demonstration of transparency of processes and information available about the organisation and on individual note the issue or need the donor feels close to his/her heart
- 7 Desire to be part of service world
- 8 Importance of giving to not haves and the poor goes to god's grace and make equity with humanitarian aid to achieve balanced development
- 9 In local area the people motivate to donate in terms of religious support like for temple, educational purpose but no motivation found in terms of development work
- 10 Empathy
- 11 The website should be able to capture the ethos of the orgn. As well as it must give them the flavour of their work; must have complete transparency, etc
- 12 Personal contact
- 13 Connectivity to the organization- whether through personal experience/passion, direct communication, or personal involvement in activities. A feeling of making a tangible difference

- 14 Poverty must be eliminated from the humanity
- 15 What motivates people to donate is: -appealing teams of language. -sustainability and accountability. -Innovative projects. -Donor appealing projects that needs support. And one just wants to donate to be known he/she was part of the course
- 16 Wish to make a difference
- 17 A self introspection to accept that money is given by God Almighty and it should be useful to the ones who are deprived and need of funds. Without this self acceptance, even if one donates once or twice out of some influence or compassion, he may not do so next time
- 18 Transparency in dealing, prompt response and genuine cause
- 19 The desire to help unfortunate people make a change in the world, and feel good about oneself
- 20 As the donors do not have the time to serve the community, but have strong willingness to do something for the poor people. So they are looking for the genuine organisations who could take up their dreams fulfilled in an honest manner. Service to the real needy people in right time through effective strategy motivates the Donors
- 21 Attitude of willingness to help those in need
- 22 An emotional connection with the project, or people represented
- 23 Connection with the organisation/cause. Money to give, good demonstration of accountability and transparency by the organisation/project
- 24 To do some good, to share their good fortune with the needy
- 25 Wishing to give something back and feeling good about having done something to help those less fortunate than themselves
- 26 The transparent function of the activities of our organisation which induces the donors to motivate to contribute or donate
- 27 Name and Fame
- 28 The NGO should be transparency, give feed back in time and make donor to feel satisfied that his small contribution has brought some change in the lives of poor, needy and deserved. This motivates the people to donate further
- 29 Passion for or interest in a mission
- 30 Alleviating poverty. Solving a human problem
- 31 The appalling situation of the community encourages them to donate either displayed on the website or reading the proposal so that the beneficiaries can have a better standard of living
- 32 Transparency
- 33 A clear understanding of the course they donate to
- 34 For many it's an opportunity for donors to assist people in third world country who lack access to basic human needs. However, big corporate house she is as a marketing opportunity to market themselves as environmentally or socially conscious institutions
- 35 Ability to account for amounts donated and to keep donors updated on activities
- 36 Eye witness is the most important which can motivate the donors easily. That is why site visit is best in my opinion
- 37 The cause and transparency. The visible impact of his or her donation
- 38 Sensitization to issues/suffering around the world hits the do-gooder element of human nature. Reporting of socio-economic disparities makes people empathize with the poor/ underprivileged /downtrodden and thus give to charity. Sufferers of earthquake, floods, etc get more aid since they need instant relief than in areas where poverty is a systemic problem
- 39 Genuine needs of people and credibility of recipient organizations

- 40 The need that the project is fulfilling and how best it is expressed out
- 41 When total transparency and accountability is seen and the money donated goes directly to the programs of the projects
- 42 Needs
- 43 Concern for other people, human nature
- 44 People need peace, blessing for the God. Their mind was love, hospitality and good wonderful hearts. Now a days so many people forward to donate
- 45 The cause resonates with them personally
- 46 Feeling like they have done a good thing. "Warm fuzzies", if you will
- 47 To our project or in general? (you should clarify that question if you mean one of the two in particular) I'm not sure. I think part of it must be cultural. This organization is based in Ecuador and they have tried fund-raising in the country but to no avail, even though they are well-known. I don't know if it is because the country as a whole is poor, or there is not the culture of giving there, or if it is because the people with money are on the other end of the political spectrum from this organization. Not sure. The people who have donated the most money to this project in particular are people I know (I was a volunteer with the organization several years ago - I'm American, everyone else there is Ecuadorian). They give because they believe me that all the money goes straight to the kids and have heard from me what great things it does for the children. Credibility and personal contact, I guess, along with a propensity to donate to charity
- 48 Relevant, effective and transparent projects that help the most underserved groups
- 49 Being asked
- 50 Personally felt connection with the people being helped and the way they are being helped
- 51 Tangible change
- 52 A genuine desire to know that they personally have helped to make a difference in someone's life
- 53 Their willingness to help. But they look for organization that show transparency and efficient development of their projects
- 54 Unfortunately, people look at graphics and not at causes. Good graphic design can promote a project more than the good they do. I think that online sites ought to prioritize effective projects not just sexy projects, and maybe make a "bang for your buck" indicator that shows number of people served per dollar or some other measure
- 55 The cause. If they believe in the cause they will donate. If they believe in several causes, they will donate based on how well their money is spent
- 56 Personalization of the story-- being able to connect to the cause
- 57 Resonating with the mission of a particular organization, and a sense of social responsibility
- 58 The urgency of the need
- 59 They want to assist to sustainable projects that improve the quality of life of people/ nature e.g
- 60 The cause should be real, genuine and needy should motivate people to donate
- 61 Feeling that they know the money will be put to good use-- that it will really make a difference
- 62 Emotional attachment to the issue
- 63 A clear understanding of what their donations will accomplish and what is in it for them
- 64 A desire to 'do some good'
- 65 Personal stories
- 66 In all cases where women and children are concerned

- 67 Responding to a sense of urgency
- 68 Solidarity and conscience about different problems
- 69 Seeing result
- 70 An appreciation for the work done
- 71 Personal/moral values of donors and knowing/being connected in one way or another to the organization to which one is giving
- 72 A personal link with the organization or its mandates
- 73 Confidence and gratitude
- 74 Connection with the organization
- 75 A connection to the cause
- 76 Convenience
- 77 An affiliation to the cause
- 78 It's easy
- 79 They believe in the cause
- 80 To us: faith and ethnic background in general:...
- 81 Guilt
- 82 The urge to help others
- 83 personal relationships with the organization
- 84 If they have experienced or know someone who has experienced domestic abuse
- 85 Awareness of a certain "specific" cause that is relevant/important to the donor
- 86 Personal experience
- 87 Identification with the cause they wish to support
- 88 Organizations that meet people's values
- 89 A connection to the charity or not-for-profit
- 90 Personal connection
- 91 Personal experiences
- 92 Tax deductibility
- 93 Knowing others need help and the good feelings it gives people when they help
- 94 It's an easy way to do good
- 95 A need to be part of the greater community in a positive way- to feel that we can make a difference and help others in a world where we can feel invisible or helpless in the larger sense
- 96 Want to support a cause, and in many cases giving money is easiest, vs. giving their time or donating specific items
- 97 To feel a relationship with those who need charitable giving
- 98 Estar conectado con la causa y confianza en la organizacion
- 99 El resultado de los proyectos gestionados por la organización que recibe la donación en términos del cumplimiento del objeto de la organización así como la satisfacción de las necesidades de los beneficiarios
- 100 El compromiso, por razones personales, con la causa que la organización representa, y los resultados / impacto que la organización puede mostrar que ha logrado(que a su vez es una medida de su grado de profesionalismo). También la transparencia es un factor fundamental a la hora de definir con qué organización comprometer la donación
- 101 Sentirse parte de la comunidad global. Sentirse responsable
- 102 La transparencia de la ONG y que la misma posea una mision y vision acorde a lo que muestra es decir que sea entendible, clara y comprensible a todos
- 103 En Caso de mi fundacion la gente realiza donacion por que la prioridad de hoy en dia son exclusivamnte los ninos que son el presente, pore so la importancia de contribuir con un buen desarrollo integral del nino/a

- 104 Facil acceso a la information de los services que presta las institucion, seguridad para efectuar los giros, traslados o transacciones a traves de tarjetas del donante. Disponibilidad de los informes financieros y documentacion legal sobre las organizaciones
- 105 Confianza en la transparencia de la organización y certeza de que las donaciones se ejecuten como promete la organización. Además sentir una afinidad con los objetivos de la organización
- 106 Un buen reportaje periodistico un testimonial o un voz a voz convincente!
- 107 1. Por convicción, cuando se sienten identificados y comprometidos con determinada causa. 2. Por beneficios tributarios (certificado de donación)
- 108 Un deseo genuino de ayudar en algo, de contribuir a solucionar grandes problemas sociales de una forma ordenada
- 109 El factor mas importante es la responsabilidad social que maneje cada persona, y el deseo de contribuir con los demas
- 110 Demostrar Responsabilidad Social
- 111 El interés por vincularse a una causa. La causa en sí misma y la manera en la que dicha causa está presentada
- 112 Resultados de ejecución
- 113 Consustanciación con la causa
- 114 Compromiso con la causa social que asume la organizacion y la visibilidad que esta tiene en relacion a esa causa
- 115 Vínculo personal, ya sea con alguien que trabaje ahí, con el país destinatario o con el grupo beneficiario
- 116 El conocimiento que tengan a nivel personal (en el caso de individuos) y/o institucional de los proyectos o la organización a la que apoyan
- 117 Colaborar con el desarrollo de proyectos sociales, con impacto en el campo de interés del donante
- 118 Identificarse con la causa de la Organización, la transparencia en sus Proyectos y la Motivación que se transmita a la Sociedad para impulsar los cambios que se proponen
- 119 Sentir que está ayudando a otros con menos suerte
- 120 El motivo mas importante es la solidaridad, el compromiso con los proyectos que las organizaciones de base estamos llevando a cabo durante varios años, la transparencia del manejo de los fondos y la participacion de los voluntarios
- 121 Colaborar con distintas causas con las cuales se sienten comprometidos
- 122 Es la solidaridad y la conciencia humana que hace que realmente vea que hay sectores de la poblacion que estan en condiciones de vida pauperrimas y el futuro que son los niños esta embargado por convivir a diario en esta situacion. Por esta razon cada donante quiere hacer la diferencia ayudando de la forma que mejor puede, ya sea con trabajo, comprension, dinero y materials. Y en cada uno de estos actos estar consruyendo un mundo mejor para todos
- 123 Compromiso con la causa, intención de cambiar la realidad
- 124 Una buena causa (fundamental). Una organización seria y transparente. Pero esto debe estar apoyado con exposición pública. La gente aporta a lo que ve y conoce. La posibilidad de apoyar una causa tiene que estar "a mano" (muchas veces la gente piensa en donar o apoyar un proyecto y luego lo deja pasar, porque no tuvo tiempo u oportunidad de llamar a la organización). Es importante que las OS, "oferten" y "muestren" sus programas y el impacto que los mismos tienen en la sociedad

- 125 Considero que las motivaciones son diferentes, haría una clara diferenciación entre empresas y personas. Estas últimas en un alto porcentaje se sienten motivadas por una determinada causa, a la que apoyan. En este punto, las Organizaciones con temáticas diferentes (vivienda), muchas veces nos vemos en desventaja, frente a causas como la niñez, educación etc. las cuales son vistas muchas veces como prioritarias frente a otras....
- 126 La solidaridad
- 127 El conocimiento de la Organización y la tarea a la cual lleva a cabo
- 128 Creo que hay diferentes factores: en algunos es el real deseo de ayudar y comprometerse con determinadas causas, en otros esto es importante pero también influye el medio, el país y la conciencia social que en esos lugares se tenga. En los que la donación está incorporada en sus vidas un factor importante es la claridad de los proyectos y la transparencia de las organizaciones
- 129 En el siguiente orden de prioridades: 1) -Transparencia 2) -Impacto (Ej. en programas sociales o ambientales) 3) -Reconocimiento
- 130 Identifico dos: 1) el de inversión: donar porque mi ayuda tiene un gran retorno social. Estas personas analizan la transparencia de la ONG, eficiencia y eficacia. 2) el de la culpa: donar porque nunca hice nada por mi prójimo. Creo que generalmente terminan donando por reacción a una problemática determinada, como una inundación. Terminan donando a ONGs famosas
- 131 A que nuestro prójimo pueda mejorar su calidad de vida y la de su comunidad
- 132 Identificarse con la misión de la organización
133. Lo que la organización realizará (el proyecto) y su impacto social. Que los fondos sean destinados efectivamente y de acuerdo a lo expuesto al momento de solicitar la donación. Que haya una verdadera necesidad y que sea concreta la vía de ayuda
- 134 Interés personal en los individuos y fiscal en las empresas en general. De todas maneras en nuestro país las donaciones empresarias están directamente relacionadas a un interés según los lineamientos institucionales de cada empresa
- 135 Tener la voluntad de colaborar con los proyectos y hacerlo de manera económica al no contar con el tiempo para desarrollar un programa. Compromiso con la misión de la organización donataria
- 136 Querer ayudar a gente con menos posibilidades
- 137 Apoyar a gente que organizadamente está logrando mejorar las cosas, ya que personalmente no lo hacen
- 138 Tener una sensibilidad especial por la causa que apoya

**5 In your opinion, how important are the following for attracting donations online?**

	1 Not Important	2	3	4 Neutral	5	6	7 Very Important	Rating Average	Response Count
Pictures, video, audio regarding the organisations/projects seeking funding	1 (.7%)	2 (1.4%)	5 (3.5%)	10 (7%)	20 (14.1%)	40 (28.3%)	63 (44.6%)	6.09	141
Abundant, detailed information on the organisations/projects seeking funding	3 (2.1%)	5 (3.5%)	7 (4.9%)	14 (9.9%)	36 (25.5%)	32 (22.6%)	45 (37.1%)	5.55	142
Availability of financial reports and legal documentation on the organisations/projects seeking funding	1 (.7%)	6 (4.2%)	10 (7%)	21 (14.8%)	36 (25.5%)	37 (26.2%)	32 (22.6%)	5.37	143
Availability of performance data on the organisations/projects seeking funding	0 (0%)	2 (1.4%)	6 (4.2%)	13 (9.2%)	35 (24.8%)	45 (31.9%)	41 (29%)	5.8	142
Direct testimony of beneficiaries about the organisations/projects seeking funding	3 (2.1%)	1 (.7%)	2 (1.4%)	12 (8.5%)	22 (15.6%)	43 (30.4%)	59 (41.8%)	5.97	142

**6 Do you believe that measuring performance is part of your organisations role?**

	Response Percent	Response Count
Yes, because:	87.87.0%	116
No, because:	12.12%	16

Yes, because - Comment Text:

- 1 Yes, because we have a fiduciary responsibility to donors
- 2 It builds confidence of the seeker to donors
- 3 Donors expect it and it helps us be better stewards of their donations
- 4 It allows for evaluation of effectiveness of programs and efficient leveraging of resources
- 5 In order to convince the donor as to how his money is being spent the measuring the performance is import
- 6 It is the yardstick for attracting funds for other works
- 7 It is value added and prove transparency and openness in the social sector. Besides it is our duty to keep all measures in a qualitative manner
- 8 The progress of the organization can be shown by measuring
- 9 Assessment helps us grow
- 10 It helps us in consolidating and improving our programmes
- 11 Accountability and strategic planning

- 12 We should demonstrate that our project is working (not just that we have a good idea that sounds good on paper)
- 13 That helps us to know how far the aim is being achieved
- 14 It outlines the impacts of the best practices and the lessons that are learnt to be shared
- 15 We need to know how effective we are in making the change we want
- 16 Yes, that gives an idea of activities undertaken by the inst
- 17 It confirms that our organization is actually achieving its aims and objectives
- 18 Yes, this helps us to redefine our roles, policies, strategies to achieve the desired results
- 19 Because we are accountable to those who help
- 20 It is part of our programs. It measures the effectiveness of the money sent, that the money reaches the right people, what worked, what didn't and provides lessons for future funding
- 21 It makes us self-critical and confident about what works well and what we need to improve
- 22 Yes, it helps us to improve our services, our organization, our performance
- 23 It demonstrates to donors what has been done with the money they've given, showing that it has been used for what the donor intended
- 24 That will help the rapid growth of the organization
- 25 Yes, because we want to be sure the trust's money goes for the cause with very good results
- 26 Checking performance keeps us in right track for further growth in extending support to the target group
- 27 All donors - whether institutional or individual - demand and deserve accountability
- 28 Yes because it enables us to know if we are meeting our goals. It is satisfying to know the performance
- 29 Checking performance keeps us in right track for further growth in extending support to the target group
- 30 De ello depende el éxito de nuestro trabajo y la respuesta a nuestros beneficiarios y donantes
- 31 All donors - whether institutional or individual - demand and deserve accountability
- 32 Yes because it enables us to know if we are meeting our goals. It is satisfying to know the performance
- 33 Yes because it shows whether the donation has made an impact on the communities' lives
- 34 This is how to attract donors
- 35 Enables it helps to keep track of where we are and to make adjustments to stay on course when necessary
- 36 Since we operate as a link between the school and the donors. We work in close relation with the School Management Committee. The management committee is responsible for implementation of the project while we monitor the project and finance and reporting to the donors
- 37 In the long run, all stakeholders, including project beneficiaries and donors have the right to know how their various contributions are being utilized
- 38 We like to know Where and How are we moving? Will be future lesson
- 39 Than only we can grow and reach the goal
- 40 It helps evaluate how positive our interventions have been and at the same time helps the organization achieve some form of social transparency
- 41 Yes. Because we need to improve constantly and learn further
- 42 That is how we assess how well we are performing

- 43 To see the impact that the project is creating towards its mission and vision
- 44 With out this organization wouldn't know if it is achieving its goals and objectives
- 45 Yes because we know the local reality
- 46 So many donors come forward to help us. We are very happy to the orphanage
- 47 We have to know that we are effective, otherwise why are we doing what we do the way we do it?
- 48 It is important! People should not be expected to donate money to an organization whose performance is dubious. There was no room to comment on the last question but I marked neutral for all questions because as I mentioned before the majority of the donations have come from my solicitation of them, not just from people looking up this website and looking at what I posted about the organization. Maybe that is because I have not posted whatever is most effective for attracting donations. If you figure this out and could let me know I'd be most appreciative
- 49 We need to know the level of satisfaction of both donors and participants (beneficiaries) to measure impact
- 50 If by performance you mean how the donations are used, the yes because we need to develop a level of trust with our donors by ensuring that their donations are used in the way they intend them to be
- 51 Most don't. They give you meaningless proxy measurement--lives touched, grants repaid. We were founded to create an effective and proven solution to poverty. Measurement was built into our model from the start
- 52 Evaluation is learning (but I think there is too much emphasis on quantitative data)
- 53 Of course, it is not only a way of proving your work but most important is that it provides you with the information to evaluate if your actions are generating the results aimed
- 54 Measuring performance allows you to make your programs better. I don't believe in the pseudo-studies that only focus on making a project look good to donors, rather than to improving the project itself. Unfortunately, this latter category is what most of the "research" on projects is
- 55 It's impossible to measure effectiveness without measuring performance. Additionally, donors want to know about performance expectations the organization sets for themselves and the outcomes
- 56 We would like to support causes that are having a positive impact--some organizations are not able to track this, and we hope to help them do just that
- 57 We need to show that we are an efficient organization and that we are getting results
- 58 Yes and 100%. It proves transparency and accountability to donors
- 59 To ensure the most efficient use of donations for our goal
- 60 Es una herramienta para proyectar las actividades futuras
- 61 Without measurement metrics we cannot show progress
- 62 It is provides feedback to staff and beneficiaries on whether we are producing desired results
- 63 We want to constantly get better at what we do - and justify why people should support us
- 64 This will convince the donors
- 65 We need numbers to back up our solicitations for support
- 66 We would have no other means of understanding success or failure
- 67 We aim for change, for results!
- 68 All aspects of fundraising are of importance to any project
- 69 Speeds process
- 70 Of credibility

- 71 Programs require proper measurement in order to track success or failure
- 72 We are using other people's money to achieve our goals
- 73 Without measuring performance, there is no true evidence
- 74 We are accountable to our stakeholders
- 75 The public needs to know their donations are being put to good use
- 76 We need to be accountable to our stakeholders in everything we do
- 77 Ethical contract with donors
- 78 Donors want to know how their money is being used
- 79 We are accountable for the funds we raise and the grants we receive
- 80 It shows results
- 81 We need to know what is working and what is not
- 82 Its a way of monitoring how effective your services are
- 83 It means the life of an animal
- 84 We need to know that we are being effective in our projects and that we are reaching our goals
- 85 Without performance measurement the incentive to donate is compromised
- 86 Porque somos responsables de invertir adecuadamente y sobrevivir economicamente
- 87 Mide mi capacidad de gestion o necesidad de reestructuracion de la estrategia.
- 88 Es la manera en que podemos definir que estamso cumpliendo con los objetivos propuestos, encaminados a la realización de nuestra visión
- 89 Porque queremos tener impacto y solo se logra eso mejorando dia al aprender de los errores
- 90 Para saber si sirve lo que hacemos
- 91 Evaluar el impacto es fundamental a la hora de medir la eficacia
- 92 Por mejoramiento integral de cada funacion
- 93 Uno de los medios para medir la calidad en nuestros servicios es la medicion de nuestro rendimiento que es la calificado por el usuario
- 94 Así se sabe que tan exitosa ha sido y se han cumplido sus objetivos
- 95 Porque nos permite proyectarnos a largo plazo
- 96 Genera confianza para los donantes actuales y potenciales
- 97 No hay otra forma de hacerlo, si no se mide el logro del objetivo misional simplemente no se alcanza
- 98 Si para mejorar en todos los procesos
- 99 Nos permite medir que tan buena es la labor social que se presta
- 100 Es muy importante para medir los logros
- 101 Nospermite mejorar cada día e implementar nuevas estrategias
- 102 Debemos hacer el uso mas eficiente de los recursos que nos donan
- 103 Para ser mas efectivo
- 104 Es información que ayuda a focalizarse mejor para el futuro
- 105 Para poder dar cuenta de la calidad de servicio que prestamos
- 106 Definitivamente. Es la única manera de mejorar nuestro servicio
- 107 Considero que cada organizacion debe hacerlo de acuerdo a como vaya evaluando su progreso social y comunitario
- 108 Es importante poder mostrar resultados
- 109 Porque de esta forma se puede informar con datos la aplicacion del proyector.
- 110 Para evaluar y mantener o cambiar estrategia
- 111 Si, es parte fundamental para poder realizar una evaluación de resultados y avanzar como Organización
- 112 Para evaluar lo que estamos haciendo y proyectar

- 113 Para saber si alcanzamos los objetivos propuestos
- 114 Es una manera eficiente de chequear el programa Estratégico dentro del “Enfoque Interno” y para transparentar eficacia e impacto dentro del “Enfoque Externo”
- 115 Si, porque permite saber si se esta en el buen camino y sino tener la posibilidad de modificarlo
- 116 Es la condición para poder poner un objetivo. Es la única manera de aumentar la eficiencia en el aporte del donante, para que la mayor parte de su aporte llegue al destino elegido

No, because - Comment Text:

- 1 N/A
- 2 We are not a donor organization
- 3 At times assessing impact and performance can be tricky and the aftereffects of an intervention can be pretty delayed and not instantaneous that can be caught by an impact assessment report every 2 years
- 4 We haven't the bandwidth to 'measure' performance. We watch their actions, support as much as we can, are grateful for any positive results
- 5 Gathering statistics on the impact of our work is nearly impossible, and we don't have the funds to take on such an endeavor
- 6 We are an advocacy organization
- 7 We are a women's fund, and we need to do it
- 8 We're a church. We do not "perform" and have nothing for sale
- 9 We do not have the infrastructure to do this
- 10 With wild life it's too hard to predict need. We do the same thing year in/year out
- 11 I'm not sure what you mean by measuring performance - what are you measuring?
- 12 Each organization is different
- 13 A donor can be sure that our church does this already to the Presbytery and to God
- 14 ACIJ trabaja, sobre todo, en cuestiones estructurales, motivo por el cual, es un poco difícil medir el cambio en el corto plazo. Sin embargo, consideramos buen medida de "rendimiento" los fallos judiciales favorables y las acciones concretas por parte del gobierno a remediar violaciones que nosotros hemos denunciado y publicitado
- 15 No, pero estamos analizando el tema que cobra cada vez más interés en la opinión pública y seguramente lo vamos a incorporar a futuro
- 16 Por falta de organización

**7 Do you believe that donors should reward quality performance?**

	Response Percent	Response Count
Yes,:	56.25%	72
Yes, but	37.50%	48
No, because:	6.25%	8

Yes - Comment Text:

- 1 They should
- 2 Donors expecting the impacts on their donated projects and if it is achieved, then they extend their rewards to the best performing NGOs
- 3 Yes

- 4 Yes
- 5 People give because they want to make a difference - if there is no performance or explanation of why performance was not achieved they shouldn't continue to give - what is tricky is meaningful accountability to people with whom you have no personal relationship
- 6 Yes, it encourages the performers to more for the society
- 7 Yes!
- 8 Of course! Why else are they donating?
- 9 Yes, but not in the form of cash. Instead of cash reward, they can tell about our organisation with others as referees
- 10 As an incentive to always strive for the best results
- 11 x
- 12 Yes
- 13 That is very very important
- 14 Yes
- 15 I am not clear about question
- 16 Because quality performance demonstrates good stewardship of donor funds
- 17 Yes. It is encouraging and motivating. A part at the back is re-energizing!!!
- 18 Yes because it encourages service providers to maintain best practices
- 19 With continued support if needed
- 20 Of course, it provides strength and inspiration, recognition to continue their work into their community
- 21 They can also understand that what is the value or impact for his/her money
- 22 Yes
- 23 Because of clear demonstration of transparency and accountability
- 24 Yes
- 25 Definitely, by continuing to invest in successful projects
- 26 Yes
- 27 Yes
- 28 Of course. But it takes professionals to do this--a Consumer Reports on the service offerings of the fundraisers
- 29 Probably by donating more money. If not I don't see how they can reward it
- 30 Of course. It's only just that good performers get rewarded. But good is not equal to big. That is a key difference
- 31 They should feel that their donation is going to quality work
- 32 Because they become partners for the organisation and it's important that they participate that way
- 33 Donors always are wise!
- 34 They can see that their donations have achieved the goals set by the donee
- 35 Because they are giving for a purpose and want to see that their gift is having an impact
- 36 This is important
- 37 X
- 38 Yes
- 39 We are accountable and need to show that what we do with gifts is having a real impact on lives
- 40 Makes them want to give again
- 41 Yes!
- 42 Of course
- 43 X

- 44 Donors should be confident that the money they give goes to the cause they intended to support
- 45 We are just starting our web site which will report what we accomplish
- 46 I believe they should appreciate the efforts non profits put forth
- 47 X
- 48 Because they need to know that their donations are well spent
- 49 Considero que muchas veces en el sector social la cantidad le gana a la calidad y esto es un problema que le quita profesionalismo al sector y calidad al beneficiario muchas veces incluyendo seguridad del beneficiario
- 50 Porque estimula ala organizacion a la expansion y realizacion de nuevos proyectos y la compromete cada vez mas
- 51 Sí
- 52 Es fundamental para seguir con alta credibilidad como ONG
- 53 Si el trabajo se hace bien merece un reconocimiento
- 54 Con la utilizacion de los servicios.
- 55 Considero que muchas veces en el sector social la cantidad le gana a la calidad y esto es un problema que le quita profesionalismo al sector y calidad al beneficiario muchas veces incluyendo seguridad del beneficiario
- 56 Como estímulo
- 57 Para darle mayor transparencia y eficacia a los recursos
- 58 Ellos premian el rendimiento, cuando un donante esta satisfecho continua aportando, sino simplemente no dona más, en una fundación esto debe ser una prioridad y no una opción
- 59 Sin duda alguna, se debe trabajar en ellos el tema de la inversión social, y su retorno
- 60 Si
- 61 Si
- 62 Los donantes deberían estar más comprometidos con aquellas fundaciones que demuestran mejores resultados en su gestión
- 63 Si
- 64 Porque es un esfuerzo diario, continuo, no es facil en las organizaciones de base, tener nada sin sacrificio, voluntad, coraje, amor por el projimo y por sobre todas las cosas conciencia para quienes y de que forma trabajamos.Este es un "Trabajo solidario" de compromiso y de permitirnos y permitir recobrar muchos valores perdidos
- 65 Porque una vez que hemos demostrado que se puede applica exitosamente un programa el premio que se podria pedir a los donantes es que continuen apoyando a la ong en los subsiguientes proyectos en forma mensual.
- 66 Si
- 67 Si, absolutamente. Los donantes deberían saber que no todas las organizaciones trabajan igual y premiar a las que lo hacen bien (obligando de esa manera a que todas mejoren)
- 68 Claro
- 69 Es un buen incentivo
- 70 Creo que a la larga lo hacen, eligiendo la misma organización o incrementando el apoyo o motivando a otros
- 71 Porque las organizaciones canalizan la ayuda de quienes quieren que sus donaciones tengan un propósito concreto
- 72 Porque no es lo mismo hacer bien las cosas que mal

Yes, but - Comment Text:

- 1 I do believe that they should, but online giving websites that I am familiar with use an arbitrary one size fits all method and it is really a rating of how responsive you are to what they perceive as quality performance and it rewards larger projects with more resources to sit around and write reports. When we deal with really small grassroots projects that barely know how to fundraise for themselves. But are making a real impact in their neighborhoods. They are people solving their own problems and generally they are not trained SW's or business people
- 2 It depends on particular donors.
- 3 I don't think that is always the reason they choose to donate
- 4 It is difficult for someone outside of the social work/activist profession to truly understand the many nuances, challenges, and smaller "successes" that can be very critical to the work
- 5 Some things are very hard to measure
- 6 I think that projects that don't have the resources to constantly be posting "updates" or "performance updates" on giving sites should not be penalized (i.e. being put at the bottom of the list even if they update once a month)
- 7 It should not be demanded... if someone is pleased with your donation and rewards you, it is fine
- 8 "Quality" performance must be defined as its understanding will differ with every individual
- 9 Ideally we would like them to. We feel our projects are very successful and hopefully inspire more donations to us. But each donor is at liberty to direct their funds where they see fit
- 10 Yes as long as they engage effectively, and with respect, in measuring quality
- 11 Donors should also make effort to highlight projects which have not able to raise the target donation
- 12 They should not impose conditions or standard benchmarks on organizations receiving funding as this might compromise their neutrality
- 13 At the same time they should also look at the organizations ability to deliver service based on the cost structure that is relevant for the scale and operating environment of that specific organization
- 14 They can do that only if we give them the right info to assess our performance
- 15 This should happen in close collaboration and full engagement of the partners with an extreme transparent process intended to encourage and build the capacity of the partners
- 16 They have to understand the our activities and local reality
- 17 Performance can be evaluated in many different ways. It's tricky
- 18 Performance is really hard to measure, and really local groups that have no one who has been trained to "measure performance" in a way that will appeal to Westerners (where I'm assuming most of the donations come from) may not be able to express that performance in a way that potential donors understand. Also it can be easy to deceive sometimes - you may have someone who can eloquently communicate a great performance when it's not true
- 19 They don't. They will almost always go for the "feel good" warm and fuzzy, over the things that are "real good" but less cuddly
- 20 In theory that's a good idea. In practice, I don't believe that's how the donor functions
- 21 Donors should give humbly and be cautious about their critiques or methods of evaluation. They should realize there is much they do not understand, culturally, politically

- 22 Performance is often hard to quantify depending on the nature of the work
- 23 What "quality performance" is can be very subjective. Donor priorities do not necessarily align with the organization's priorities
- 24 I don't think most individual donors have the time, energy, or inclination to think in these terms
- 25 Smaller projects can also be beneficial even though they do not have as a great return
- 26 This should not interfere with the true goal of fundraising which is to connect the donor to the organization's mission
- 27 I don't know if they "should", but they "do"
- 28 With recognition of the challenges non-profits face
- 29 I am not sure how this could be done - any donation is a reward at the donor's choice - there is no more reward than that
- 30 Measuring real performance (not just money) is complicated
- 31 This is very subjective
- 32 Be aware that the performance "numbers" can be easily skewed. You must do research
- 33 Gifts are completely at the whim of the donor, and giving does not always follow cold logic - it can be prompted by something very emotional, in which case "performance" may have nothing to do with it
- 34 Shouldn't forget that some charities are so undermanned they can't monitor performance accurately
- 35 Absolutely. Donors want to know that their money is not being squandered, but new non-profits need to be helped and given a chance
- 36 Habria que ver que significa calidad para cada uno
- 37 Teniendo en cuenta el nivel de madurez de la organización
- 38 Teniendo en cuenta las limitaciones que resultan del tamaño y la edad de la organización
- 39 Teniendo en cuenta las posibilidades y limitaciones reales de la organización en cuestión (para lo cual necesita conocer a la organización e involucrarse)
- 40 En términos de un cambio social, osea de un proceso, no solo para medir resultados o productividad
- 41 No es algo que se vea con claridad en la opinión pública argentina. El tema del rendimiento es un concepto que por ahora sólo manejan las organizaciones
- 42 Considero que todas las Organizaciones deberían trabajar con transparencia, pero no siempre los donantes observan algunos "detalles importantes"...
- 43 Habría que definir lo que es rendimiento desde la subjetividad
- 44 No debe ser una premisa esperable de la organización; sino que al transparentar el rendimiento de calidad, la organización está realizando una acción ética que se puede transformar en un premio por disposición o replicación en su ámbito social del donante
- 45 Si pero tendríamos que acordar, que se mide y como
- 46 Lo veo de difícil implementación. Pero si es simple me parece interesante el concepto
- 47 No necesariamente con más donaciones
- 48 Teniendo en cuenta las capacidades de cada organización

No, because - Comment Text:

- 1 We are doing social service and do not expect any reward from the donor
- 2 Not necessarily, as good performance for any inst is naturally expected
- 3 It's discretionary. It would be nice if they did
- 4 Quality performance is expected anyway
- 5 It is a basic expectation

- 6 New organizations do not have anything to rate
- 7 El rendimiento planteado en términos de eficiencia no siempre se aplica a las organizaciones sociales. Muchas veces no se alcanzan los objetivos pero se alcanzan logros que de todas formas son sustanciales para la organización. Por otra parte, rendimiento es un término empresarial que no necesariamente debería aplicarse a las organizaciones sociales, que muchas veces reciben recursos escasísimos y se pretende el cumplimiento de objetivos que no guardan una relación de concordancia con la inversión realizada
- 8 Creo que los donantes deben comprometerse con una misión y no entregar premios

## 8 How do you define quality performance?

Responses: 121

Comment Text:

- 1 This is a very broad question. Are you talking about our programs or our program support, are we talking about a small project run by people of very little means or a project that has very well educated people and a good amount of resources. For me quality performance is a program that learns as it goes along and grows and that keeps kids in schools, families intact, and teaches children the alternatives that they have, their own value, self worth and their rights and these are all qualities that stick with the child when they have left the project. The project grows and becomes a reference for the community and is emulated when possible
- 2 The level project execution, the transparency of performance, the quality of problem solved or service rendered and testimony of participants.
- 3 Delivering the results that your organization has promised in its mission efficiently
- 4 Ability to create objectives in partnership with participants to ensure meeting of real needs, create programs that work towards those objectives, evaluate outcomes and impacts of activities to ensure they tie back in to objectives (vs. unexpected or unintended results), and finally the ability to leverage, replicate, and build on successful strategies and interventions
- 5 The amount received must be spent strictly for the purpose for which it was given. The request for the amount also should be the minimum requirement
- 6 How the donation has been used and how it has brought change in the life of the deserving person and the process used for effecting that change and the tools used by the organisation in this process
- 7 The donated purpose should be achieved 100% and the follow-up whatever mentioned in the project can be followed to prove the sustainability of the project
- 8 The performance which fulfill the objectives in systematic manner
- 9 Case by case
- 10 How much the beneficiary has been able to be helped into becoming a self reliant, responsible individual
- 11 Spending the funds as per expected achieving the results promised or reporting on the failure and subsequent learning... the problem I have is the cost of accounting! If we end up spending 10% on fundraising, 10% on admin and 10% on accountability, only 70% is left for mission.... I personally don't like to give to any of those costs
- 12 Efficient use of funds (75% plus makes to the ground); effective communication with donors; accountability; ability to demonstrate that the project is making a difference on the ground (photos, video, testimony, etc.)
- 13 It should motivate the poor to stand on their own legs

- 14 Venturing in a project that no one has ever projected. Impact seen as in outcomes. Numbers and the lives, communities, beneficiaries changed through the projects
- 15 (A) activity (B) that effectively engage (C) large variety of people
- 16 That depends upon how often one donates and for what cause and with what intention. If it is just for getting publicity or supremacy it is not worth. Although amount matters a lot that alone should not be the main criterion
- 17 Based on the objects of any inst certain norms are prefixed for performance which are required to be followed
- 18 Achieving the stated mission, goals, and objectives of the organization
- 19 Quality performance should be assessed based on the results achieved and the results should be provable both quantitatively and qualitatively
- 20 Effective in attaining objectives and efficient in the use of resources
- 21 The funds are used for the purpose for which they were donated. The project used local leaders and knowledge, and long-term change is possible
- 22 Using resources effectively, being self critical and honest with supporters/donors, reaching objectives
- 23 Through your commitment to serve, transparency and accountability
- 24 Using donations in the way in which they were intended and getting the most value for donors
- 25 Quality performance will be defined by the organisation's benefits reaches in full to the beneficiaries.
- 26 That has to meet the needs for which it has been asked for and meets the indicators that have been set in and the change brought
- 27 A worthy social cause is adding value to the society, which at a later year adds to society's self-system and dignity. A quality performance is defined as one which ensures "Simple Better" performance as compared to the top performance standards so far recorded
- 28 Meeting pre-identified, measurable objectives
- 29 It is delivering services to the desired recipient with utmost output
- 30 Outputs are in existence and are functioning. Reports both narrative and financial. Monitoring and evaluation systems in place. Follow up on post project
- 31 A high rate of achievement of the organizations goals
- 32 Performance in our opinion is the execution of our project activities to achieve the project objectives, which should be clearly defined by expected outcomes. Quality performance is a high success rate of achieving expected outcomes
- 33 Ability by the receiving organization to provide services to its beneficiaries as stated in their objectives; to account, to the last cent, how the donations were utilized and for the project beneficiaries to vouch for quality services provided by the organization
- 34 The quality performance with all accurate details. Dose not matter to be a large scale or small but should have the record oriented. Should able to tell about results. That gives idea for all others to learn from it
- 35 In this context -- Optimum use of donation to create maximum impact on the targeted goal
- 36 The ability to deliver a service at a viable, sustainable (depending on the operating environment) and low cost as well as to make an impact in terms of the delivery so output should be feasible and tangible
- 37 Meeting the objectives set for an activity
- 38 Performance able to achieve the target set in defined framework and time line

- 39 When transparency, accountability and the measurement of the projects concurs with the mission statement of the project
- 40 Taking Initiative Gender sensitivity pro poor Cultural and contextual sensitive Empowering Result oriented Commitment Motivation Honesty transparency trust and relationships building
- 41 Improvement in the life of target people, planned activities, regular monitoring, people's participation, innovative approach, tangible results
- 42 We pray to God. He only does every thing
- 43 # of surgeries performed, quality surgical results, # of medical practitioners educated, \$ spent per surgery
- 44 If the organization is meeting its objectives, assuming the objectives are good for the target community. I would say the best way to get at this is to ask people in the community what they think of the organization and what it does for their community, but that can be tricky for many reasons obviously. You could also have a set of measurable variables, this is the ideal, right, and use them to assess the "quality performance" of an organization
- 45 Efficient, relevant projects with a well-organized execution of activities and expenses
- 46 Achieving measurable mission goals, and doing it cost-effectively. If your goal is to help low income women get jobs, don't tell me how many you trained, tell me how many got jobs that increased their incomes. If you can't then your job is only half-done
- 47 Accomplishing mission, in our case implementing sustainable projects and building local capacity
- 48 Achieving close to optimum results
- 49 In the nonprofit sector, I think that quality performance on the ground is a combination of cost effectiveness, social appropriateness, and sustainability. The latter two are hard to define and are tossed around haphazardly, but coming up with a common measure of these things is important
- 50 Setting and meeting reasonable goals for the organization each year. Evaluating and re-assessing those goals periodically. Reasonable overhead also indicates quality performance by the organization as a whole. Keeping donors informed and thanked appropriately. Excellent donor care is what donors respond to, so that is a key piece of quality performance as it relates to donors
- 51 Inspirational and motivational leadership, community participation, # of lives changed, transparency, democratically governed,
- 52 Developing resources and materials that serve people globally, and that provide information that is appropriate for their needs
- 53 Achieving campaign objectives, success in raising awareness about the issues
- 54 A project that doesn't need much funds but gets much results
- 55 It completely depends upon our performance and results.
- 56 Making a difference in our beneficiaries' lives in a cost-effective manner
- 57 Setting and meeting measurable goals and results
- 58 Working in partnership with the beneficiaries, developing clearly defined, measurable, outcome oriented goals and objectives and achieving them
- 59 High positive social impact (e.g. beneficiaries reached) for a given sum
- 60 The ability to surpass annual goals, while delivering high quality service
- 61 Is the effective and transparent use of your resources to attain in the best way possible your organization's mission
- 62 Which quantitatively improves performance
- 63 Being the example that all one's peers use as their benchmark of success

- 64 Reaching or exceeding stated, positive goals of organisation
- 65 Quality performance is when a project reaches or exceeds its initial goals
- 66 Nurturing respectful and effective relationships
- 67 Depends on the measureable but most often dollars raised compared to dollars spent
- 68 Meeting and / or exceeding the objectives of the organization
- 69 Doing what you say you'll do
- 70 Raising funds to maintain level of service to our clients. Raising fund ethically while maintaining a good cost per dollar raised
- 71 Accomplishing goals & completing projects successfully
- 72 Adherence to mission, vision and values above the minimum legal standard that is done in an effective, efficient, friendly and ethical manner
- 73 Regulars at our services are happy. Visitors are happy People on our fringe feel connected to us. Outsiders can find us
- 74 % of \$ going to cause rather than overhead
- 75 Having a positive impact. Changing and/or improving something that would have been wasted
- 76 For a non - profit organization- Money should go to supporting the main ministry or the stated purpose of existence of the organization. Costs of administration and maintaining structure should be kept to a minimum - there should not be luxury, but enough support to get the job done in an efficient manner
- 77 Doing what you say you will, when you say you will. Being accountable. Providing excellent "customer service" and strong stewardship
- 78 Make sure that all projects are of benefit to the aims of the charities users
- 79 Low expense ratios
- 80 For a church it is different than other nonprofits in that just being a member makes someone part of a family of support that shares love and teaches caring. Then we also work to help others outside our church family. Other charities might be judged more as a business would be
- 81 Doing the best you can with what you have
- 82 Being good stewards of the funds that have been entrusted to them. Using most of the money toward the mission
- 83 1.How many people are served, 2.what is the positive impact on the group served, 3. Respect for the individuals served, 4.have we gotten the most "bang for our buck" with the funds utilized
- 84 Llevar adelante acciones alineadas con la misión de la organización de manera eficaz, eficiente y sostenida
- 85 El rendimiento de calidad implica la combinacion de factores de eficiencia, calidad del servicio o producto, responsabilidad social y ambiental, cumplir al beneficiario, al empleado, al cliente y al donante con lo que se ofrece
- 86 Por el cumplimiento de los objetivos, cronogramas y presupuestos de cada proyecto.
- 87 Cuando la organización logra o incluso supera los objetivos previstos, siempre alineado con su misión y sumando valor a la comunidad, generando redes con otros actores sociales en el proceso y generando el compromiso y la concientización de éstos y la comunidad. Contar con información clara y fácilmente accesible del rendimiento para el público, y preveer herramientas de medición de rendimiento desde la puerta en marcha del proyecto

- 88 Logro de nuestros objetivos en terminos cuantitativos y cualitativos segun nuestra mision: cantidad de jovenes apasionados por el arte, viviendo de su pasion. Calidad del aprendizaje artistico y de habilidades para la vida. Visibilidad. Transformacion de la mentalidad y las formas de actuar en torno a los temas que nos interesan por parte de los participantes y de la comunidad involucrada con nosotros. Transparencia financiera
- 89 En la mejora continua de los proyectos, con nuevos aportes tecnicos y humanos
- 90 Un servicio optimo, influyente, eficaz y agil de la fundacion con los donantes.
- 91 El rendimiento de calidad se define como la satisfaccion del usuario e implementacion de los procesos de seguimiento, medicion, analisis y la mejora establecidos en la politica de calidad de nuestra institucion
- 92 La Alianza Educativa tiene como medición al Balanced Score Card, lo cual ha permitido medir el éxito de sus objetivos
- 93 Que el proyecto que se presente al donante efectivamente si genere el impacto deseado y que los recursos hayan sido bien administrados, es decir, bajo unas normas de competitividad y transparencia establecidas desde el inicio y claras para el donante
- 94 Transparencia en la inversión del dinero recaudado, eficacia y efectividad en la forma como se invierte, entrega oportuna y veraz de información al donante para que siempre esté enterado de lo que ocurre con el proyecto que patrocinó, aprender constantemente de los errores y aprovechar al máximo las sugerencias o quejas que se puedan presentar en determinado momento para volverlas un oportunidad de mejora. Y lo más importante, velar por el bienestar de la población que se atiende, esto debe primar sobre cualquier interés económico
- 95 Una clara decisión organizacional de mejorar el impacto propuesto y sus sistema de gestión
- 96 Como la forma de realizar una obra social que se distinga por satisfacer de una forma excelente las necesidades que presenta las personas que necesitan ayuda.
- 97 Definiría el rendimiento de calidad como el mejoramiento continuo en la gestión y en todos aquellos factores que componen la prestación de los servicios de atención que definen la razón de ser de la Fundación. Es preciso que todos los trabajadores de la Fundación conozcan los servicios ofrecidos, la manera como estos se prestan, las buenas prácticas de gestión y los aspectos relevantes a estas prácticas. Además es necesario que estos trabajadores estén dispuestos a asumir nuevos retos, a generar cambios de actitud y a hacer ajustes en sus labores con el fin de obtener cada día mejores resultados. Por ello, la evaluación de la calidad de los servicios que ofrecemos es un elemento esencial para lograr que la Fundación responda a los retos que se propone y a las demandas de sus usuarios, situándolos en el centro de sus decisiones
- 98 El aprovechamiento de los recursos en su maxima expresion
- 99 Mayor impacto en el cumplimiento de la misión por unidad de dinero utilizada
- 100 Obtener los resultados deseados, capacidad de extensión de la practica realizada, sistematización de la experiencia para su difusión, aprendizajes adquiridos en la atencion del problema, sustentabilidad del resultado
- 101 ¿Es el producto/ el servicio lo que la organización dijo que iba a ser? ¿Sirve las necesidades de la comunidad beneficiaria? ¿Cumple con las expectativas del donante? ¿Brinda el mismo resultado positivo social previsto y explicado por la organización? ¿Provoca algún impacto negativo imprevisto? y en el caso que sí, ¿existen mecanismos para ajustar las actividades para mitigar dicho impacto? ¿Es eficiente? en cuanto a la utilización de recursos humanos y financieros. ¿Es transparente? ¿Empodera a sus beneficiarios a asumir mayor grado de responsabilidad y protagonismo para la tranformación de su realidad social?

- 102 Es un término que debería definir una empresa que se dedica a eso y aplicarlo a medir programas que esperan “rendir con calidad”. Las organizaciones sociales en general tienen otros objetivos: contribuir, facilitar, promover, etc. y pocas veces o nunca alcanzan rendimiento de calidad, que en esta encuesta no se entiende a que se refiere exactamente. Las organizaciones sociales no son empresas, son otra forma de organización que muchas veces, debido a sus circunstancias de trabajo y falta de recursos, no le son aplicables parámetros o “recetas” de tipo “empresarial”, corporativo, etc
- 103 Utilizar los fondos donados para una organización/proyecto de la manera más eficiente posible, atendiendo a los objetivos para cumplir el proyecto en cuestión
- 104 Los procesos de aprendizaje de un cambio social de calidad se manifiestan de diferentes maneras y en tiempos distintos, dependiendo en que contexto trabajemos. Por lo tanto, el rendimiento de la Calidad dentro del área social, la definiría como el compromiso permanente de hacer cumplir los derechos para el que más lo necesita, de manera transparente y solidaria
- 105 Eficiencia x eficacia
- 106 El rendimiento de la calidad es a nuestro entender la aplicación exitosa de un proyecto y la calidad es la energía que se puede canalizar desde los donantes (ya que algunos muchas veces están muy lejos) hacia nosotros que somos los que finalmente somos los que hacemos instrumentarse cada etapa del proyecto.
- 107 Como el mejor
- 108 Alcanzar los mejores resultados con los menores costos en un plazo determinado
- 109 Eficiente uso de recursos con su correspondiente rendición de cuentas
- 110 Midiendo el impacto del proyecto en la sociedad, siendo eficiente y cumpliendo con las disposiciones legales, en un marco ético
- 111 La calidad está dada por el cumplimiento de la misión, el capital humano, los proyectos, la transparencia financiera, la posterior evaluación general de los mismos y la Organización en general y el estudio y medición de resultados
- 112 A través de la sostenibilidad de los cambios o transformación
- 113 Las acciones realizadas, los programas llevados a cabo, los proyectos puestos en marcha, los premios alcanzados,
- 114 Concordancia entre el Plan Estratégico y el desarrollo de los programas ejecutados o en ejecución. Los factores decisivos son Objetivos claros, Calidad de Gestión y Transparencia
- 115 El rendimiento de calidad está relacionado con el cumplimiento de los objetivos propuestos y con la posibilidad de crear otros a largo plazo
- 116 Una vez claramente planteado el objetivo (propuesta de proyecto por parte de la ONG), definidos los resultados... cuán cerca de ellos se acercaron manteniendo los estándares. Dentro del marco de la misión de la ONG
- 117 Mostrando y demostrando lo realizado y lo a realizar, señalando los errores, capitalizando los mismos PARA no volver a cometerlos y, donde sea posible, transmitirlo para que otros no los cometan. Mostrar con humildad lo bueno y transmitirlo para que otros también puedan tener resultados positivos
- 118 Lo asocio directamente al impacto social, a medir resultados y realizar los ajustes correspondientes. A escuchar a los beneficiarios. A no tener miedo de cerrar un determinado programa que antiguamente tenía un impacto social alto pero que al cambiar la necesidad o el contexto hoy ya no lo tiene. A hacer las cosas lo mejor posible y con un espíritu de mejora continua. De crecimiento organizacional siempre que la necesidad lo marque

- 119 El factor de éxito de la organización. Feedback de los beneficiarios. Mediciones endo y exógenas en cuanto al trabajo desarrollado
- 120 Poder demostrar que lo planificado y presupuestado se cumplió. O, si no, poder demostrar por qué no
- 121 Es difícil establecerlo. Es una forma de lograr cambios profundos, que son importantes luego para los cambios con impacto en cantidad