CEP's Definition of Philanthropic Effectiveness

Philanthropy can take on pressing challenges that other actors in society cannot, or will not. Given the unique opportunity to deploy tax-advantaged dollars for good, individual and institutional givers alike have an imperative to maximize their effectiveness, and therefore, their impact.

Effectiveness must be grounded in the social, cultural, and historical context of the issues being addressed. Effectiveness also requires an understanding that while a sense of urgency is crucial, results do not always come easily or quickly. Finally, little is accomplished alone; individual and institutional givers should strive to be effective themselves and also in the way they work collaboratively with others.

CEP believes that effectiveness requires the following four mutually reinforcing elements:

1. **Goals** — *what* you seek to achieve
2. **Strategies** — the *ways* in which you work to achieve your goals
3. **Implementation** — what you *do* (e.g., "the work")
4. **Performance indicators** — how you know you're doing the work effectively

We believe that these elements of philanthropic effectiveness are essential across all funders, goals and strategies, and the issues and communities that they seek to support. Yet of course it's hope, a sense of caring, and a genuine commitment to meaningful change that motivate this work. Values motivate funder goals and approaches, and it's crucial that funders ensure that their core values are reflected across all of their work.

1. GOALS

Clearly defined, communicated, and well understood by givers, staff and board (when relevant), and organizations receiving or seeking support

Informed by input from those closest to the issues

Chosen with awareness of what other givers, both individual and institutional, are already doing and have tried to do before

Shared with other funders and organizations, whenever possible

Ambitious yet tempered by modesty and humility — characterized by the courage to take on significant challenges and a recognition of the scale of issues being addressed relative to resources required to address them

2. STRATEGIES

Rooted in a well-conceived theory of how the strategy leads to goal achievement and, whenever possible, evidence that the strategy works

Informed by an understanding of the problem or issue, including the social/historical context in which the issue exists

Grounded in knowledge of what others are doing to address the problem and how the strategy relates to those other efforts, understanding that if a strategy is a giver's alone, it will fail

As with goal selection, informed by input from organizations and individuals closest to the issue, including those directly affected

Clearly communicated and well understood by those affected as well as those implementing the strategy (e.g., staff, grantees)

Supported with tools beyond giving or grantmaking, such as policy influence and advocacy, communications, collaborations, and impact investing, when relevant

Regularly revised based on ongoing learning, monitoring/assessment, and changes in context

3. IMPLEMENTATION

Supported by people with capabilities, skills, and experience matched to the chosen strategies and issues being addressed, which requires careful and continuous attention to diversity of backgrounds, especially in terms of race and culture

Sustained by strong operations, systems, and processes, including professional development for staff, as relevant

Grounded in demonstrated commitment to high-quality relationships (often, but not exclusively, with grantees), built on understanding and transparency

Undertaken with attentiveness to the potential for unintended or harmful effects on the very people funders seek to help

Informed by the work of other actors, including the pursuit of collaboration and coordination where appropriate

Executed with well-considered grantmaking characteristics, including the provision of multiyear general operating support grants, when appropriate

4. PERFORMANCE INDICATORS

Balances a focus on rigor and evidence with a recognition that many measures will be imperfect indicators — there is no philanthropic analog to ROI and ultimate impact cannot be reduced to one single metric

Includes short- and long-term indicators that are shared externally, when relevant, to inform learning and improvement and to contribute to a greater shared understanding of what works and what doesn't

Includes ongoing assessment of performance, benchmarked against peers whenever possible (e.g., for institutional funders, measures of staff climate, grantee relationships, and board functioning)

Supported by regular feedback loops from grantees and beneficiaries to inform learning and improvement

Shows a demonstrated commitment to supporting grantees' efforts to assess their own work