



STATE OF EVALUATION IN CANADA

The Role of Funders

David Lasby

Introduction

Funders, be they governmental, foundation or corporate, are a key driver of evaluation norms and practices in the charitable sector. For many charities, particularly smaller ones, funder reporting requirements are one of the most important factors driving their measurement and evaluation work, if not the single most important factor. Almost always, funded organizations are required to evaluate their work in some way. Not infrequently, this means using specific prescribed measures and frameworks. Even among organizations that are not externally funded, such requirements play a significant role because they help set accepted practice norms.

This report draws on data from Imagine Canada's recent survey on the state of evaluation in Canada to explore the relationships between external funders and current evaluation practices in greater depth.¹ The principal focus is on exploring how externally funded charities—and particularly charities that receive funding specifically dedicated to evaluation—differ with regards to their evaluation practices and capacity, opinions about evaluation and views on funder-fundee relationships. To the extent possible, these explorations detail the extent to which specific funding sources (governmental, foundation or corporate) appear to drive overall patterns. We hope that this description of the current state of affairs will help funders and funded charities better understand current evaluation norms and help them think critically about evaluation, how it helps them further their missions, and its central role in their relationship.

¹ The report, entitled *The State of Evaluation: Measurement and evaluation practices in Canada's charitable sector* can be downloaded at <http://imaginecanada.ca/resources-and-tools/research-and-facts/state-evaluation-canada>.

Executive Summary

Comparatively few charities receive dedicated evaluation funding.

- While the vast majority of survey respondents receive some form of external funding from government, foundations or corporations, less than a fifth receive funding specifically for evaluation.
- Government funding is most likely to include dedicated support for evaluation, followed by foundation and corporate funding.

Externally funded charities are more likely to evaluate their work and to use more involved techniques.

- Charities receiving external funding are more likely to evaluate the outputs, outcomes and quality of their work. Only when they receive dedicated evaluation support are charities more likely to evaluate their impact and return on investment.
- External funding appears to be a key driver for the use of a number of more basic quantitative approaches, including administrative data and surveys. With a number of more involved evaluation approaches, including case studies and experimental approaches, the presence of dedicated evaluation funding appears to be the key driver.

There are few direct linkages between external funding and how charities use evaluation results.

- Only funder reporting, program development and program revision appear to be directly causally linked to the presence of either external funding or dedicated evaluation funding. Other uses are indirectly linked through the aspects of their work charities evaluate and the specific measures / techniques they use.
- Looking at these indirect linkages, use of evaluation results to support learning appears to be weakly correlated with external funding while an eclectic group

of uses generally associated with larger, better resourced organizations are more strongly correlated.

Dedicated evaluation funding is broadly linked to indicators of higher evaluation capacity.

- Charities with dedicated evaluation funding tend to have greater financial and human resources available for evaluation and to view the levels of these resources in their organization as enablers.
- These charities are also more likely to view external evaluation consultants as enablers, to draw on their services and to belong to formal or informal evaluation-related networks, groups or associations.

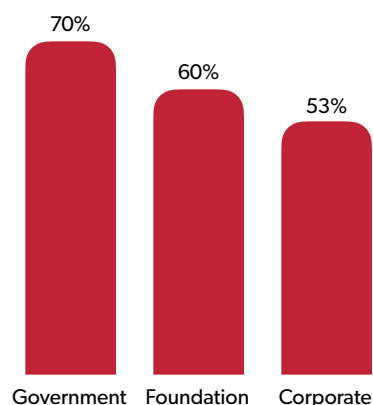
However, funded charities are facing greater challenges with some aspects of evaluation.

- Externally funded charities and charities with dedicated evaluation funding are more likely to report evaluation-related challenges such as feeling excessive external pressures to measure and evaluate their results, relationship challenges with those they serve and difficulties making full use of the data they collect.

While charities receiving dedicated evaluation funding have more collaborative relationships with funders and find communications more productive, there are still gaps.

- Charities receiving dedicated evaluation funding are substantially more likely to discuss their results with funders and find these discussions more useful.
- These charities are also more likely to work together with funders to determine how and what to evaluate and how to use evaluation results.
- In spite of these positive factors, externally funded charities are more likely to see measurement and evaluation as being driven primarily by funder needs and to believe that funders sometimes do not take their findings into account when making decisions.

FIGURE 1: Percentage of charities reporting external funding by source.



Incidence of external funding

External funding is very common among charities responding to the survey – 90% report receiving funding from at least one external source. Governmental funding—federal, provincial, or municipal—is most common, followed by funding from foundations and corporations (see Figure 1). Most charities receive external funding from more than one source – 32% receive funding from two sources and 31% from all three. Only about a quarter (27%) receive funding from just one external source.

Some types of charities are more likely to receive external funding than others. For example, large charities² are more likely and small charities less likely to receive all forms of external funding (see Table 1). In terms of specific funding sources, arts, culture & recreation charities as well as charities located in Quebec are more likely to report receiving government funds, while grantmaking, fundraising & voluntarism charities are less likely to do so. Quebec and arts charities are also more likely to report corporate funding, while health and social services charities are less likely to do so. The percentage of charities receiving foundation funding is fairly consistent – beyond variations by organization size, only arts and education charities vary significantly from the norm.³

TABLE 1: Percentage of charities reporting external funding by source and organizational characteristic.

	Government	Foundation	Corporate
Organization size			
Small	58%	47%	40%
Medium	77%	64%	60%
Large	77%	81%	62%
Region			
BC	69%	59%	48%
AB	69%	56%	51%
PR	67%	64%	42%
ON	64%	60%	54%
QC	81%	64%	61%
AT	69%	46%	53%
Sub-sector			
Arts, culture & recreation	89%	53%	62%
Education	80%	69%	56%
Health	78%	57%	45%
Social services	78%	61%	49%
Grantmaking, fundraising & voluntarism	29%	60%	56%
Other	71%	55%	55%

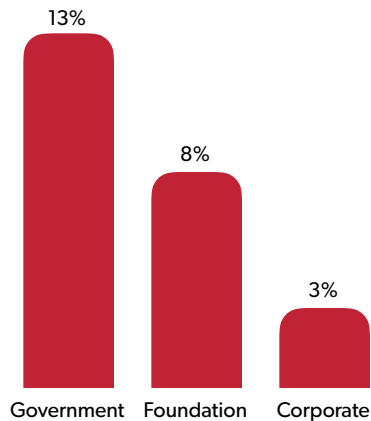
² In this report, small charities are defined as those with annual revenues less than \$150,000, medium charities as those with annual revenues between \$150,000 and less than \$5 million, and large charities as those with revenues of \$5 million or more.

³ Unless otherwise noted, specific contrasts are highlighted in the text only when they are statistically significant at the .05 level. If the discussion omits other large contrasts, it is because they are not statistically significant at this level. The large contrast between Atlantic and other charities in the likelihood of receiving foundation funding (46% vs. 60%) is an example of this.

DEDICATED EVALUATION FUNDING

Overall, 18% of charities receive some form of external funding that includes monies specifically to support evaluation. Government funding appears most likely to include support for evaluation, followed by funding from foundations and corporate sources (see Figure 2).

FIGURE 2: Percentage of charities reporting dedicated evaluation funding by source.



Some types of charities are more likely than others to receive funding that includes dedicated evaluation support. For example, larger charities are more likely to report funding that includes dedicated evaluation support, particularly from governments and foundations (see Table 2). Regionally, Ontario charities are most likely to report dedicated evaluation funding, while charities from Quebec and the Prairies are least likely to do so. Looking by sub-sector, arts, culture & recreation charities and fundraising, grantmaking & voluntarism promotion charities both tend to be less likely to report dedicated evaluation funding. Conversely, education charities and the diverse group of charities that make up the “other” category⁴ tend to be more likely to report receiving evaluation funding. Focusing specifically on corporate funding, charities from Alberta and the Prairies are less likely to report dedicated evaluation support.

TABLE 2: Percentage of externally funded charities reporting dedicated evaluation funding by source and organizational characteristic.

	Government	Foundation	Corporate
Organization size			
Small	8%	3%	2%
Medium	14%	9%	3%
Large	24%	16%	5%
Region			
BC	10%	7%	2%
AB	11%	9%	1%
PR	9%	4%	1%
ON	18%	11%	5%
QC	9%	6%	2%
AT	19%	4%	4%
Sub-sector			
Arts, culture & recreation	9%	5%	2%
Education	18%	11%	3%
Health	15%	6%	1%
Social services	15%	9%	3%
Grantmaking, fundraising & voluntarism	4%	4%	4%
Other	18%	10%	3%

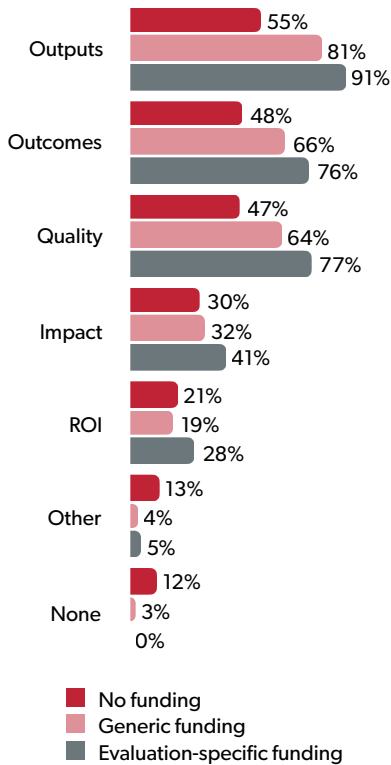
⁴ The *other* category includes charities working in the areas of environment; development & housing; law, advocacy & politics; international development & relief; and charities not able to be assigned to one of the named sub-sectors.

How does external funding affect evaluation?

Charities receiving external funding are noticeably more likely to evaluate the outputs, outcomes and quality of their work and when that funding includes dedicated evaluation support, they are even more likely to do so (see Figure 3). However, only charities that receive dedicated evaluation funding appear to be significantly more likely to evaluate their impact and return on investment. Charities that do not receive external funding, on the other hand, are more likely to not evaluate their work at all or to evaluate some aspect their work not specifically covered by the survey.

Some specific funding sources appear to drive these patterns more than others. For example, the links between evaluating the outputs, outcomes and quality of a charity's work and external funding appear to be driven primarily by government and foundation funding – corporate funding seems to play a much more modest role (see Table 3). Corporate funding does, however, seem to be much more closely linked with evaluating more involved aspects of a charity's work, particularly its return on investment.

FIGURE 3: Aspects of work evaluated by external funding status.



HOW CHARITIES EVALUATE THEIR WORK

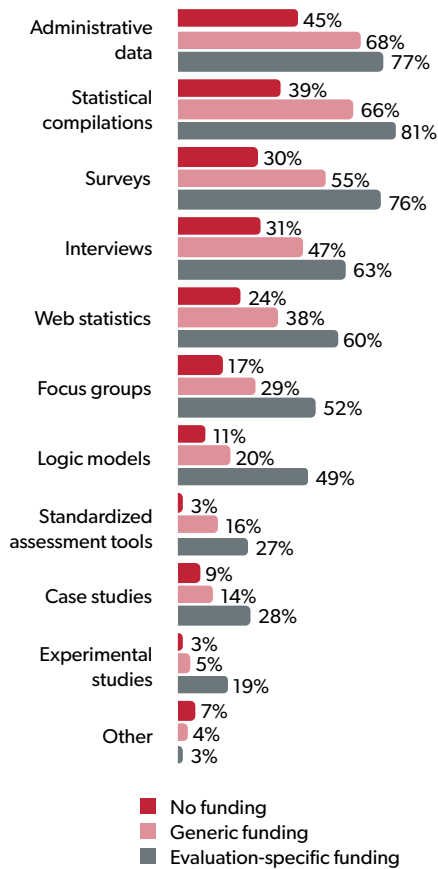
Charities draw on a wide range of techniques and resources to measure their work. On average, externally funded charities tend to use more of these measures than non-externally funded charities (4.0 vs. 2.9) and charities receiving dedicated evaluation funding tend to use even more (5.3).

Regardless of the specific measure examined, charities with dedicated evaluation funding are most likely, and charities without external funding least likely, to

Table 3: Aspects of work evaluated by specific funder and external funding status.

	Government			Foundation			Corporate		
	None	Generic	Evaluation-specific	None	Generic	Evaluation-specific	None	Generic	Evaluation-specific
Outputs	64%	85%	92%	75%	82%	96%	77%	82%	82%
Outcomes	60%	67%	75%	55%	72%	80%	62%	69%	71%
Quality	58%	66%	79%	59%	68%	78%	63%	67%	62%
Impact	35%	31%	39%	30%	34%	46%	33%	34%	44%
ROI	23%	18%	25%	18%	21%	29%	15%	25%	32%
Other	6%	4%	6%	5%	5%	5%	5%	5%	3%
None	8%	1%	0%	4%	3%	0%	4%	3%	0%

FIGURE 4: Measures used to evaluate work by external funding status.



use it in evaluating their work (see Figure 4). Externally funded charities without dedicated evaluation monies consistently rank somewhere between the other two groups in their likelihood of using any given measure. With some quantitative approaches, including administrative data, statistical compilations, standardized assessment tools and surveys, the key discriminator appears to be external funding (i.e., the differences between charities that have external funding and those that do not are larger than the differences between those that have external funding and dedicated evaluation support). With logic models / theories of change, experimental studies, case studies, and web statistics, dedicated evaluation funding appears to be the key discriminator (i.e., the biggest differences are between externally funded charities with and without dedicated evaluation funding). With interviews and focus groups, the presence of external funding and dedicated evaluation funding appear to have roughly equal effects.

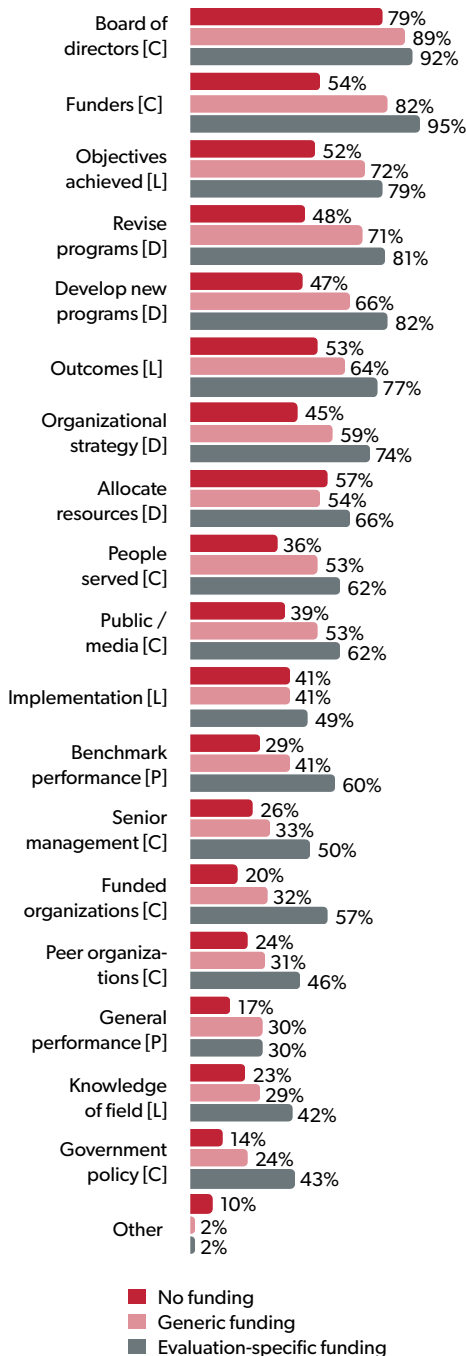
Looking at how these associations vary according to specific funding source (see Table 4), two major patterns can be teased out. Firstly, the major driver for the group of approaches where presence of external funding is the key discriminator (administrative data, statistical compilations, surveys and standardized assessment tools) appears to be government funding. Generally speaking, the contrasts between charities receiving and not receiving government funding are larger than they are with foundation and corporate sources. Secondly, for almost all of the the remaining measures, the contrasts appear to be driven primarily either by foundation funding alone or by some a combination of foundation and government funding. Web statistics, which appear to be significantly correlated with corporate funding, mark the only exception to this pattern.

Table 4: Measures used to evaluate work by specific funder and external funding status.

	Government			Foundation			Corporate		
	None	Generic	Evaluation-specific	None	Generic	Evaluation-specific	None	Generic	Evaluation-specific
Statistical compilations	46%	74%	81%	63%	67%	78%	62%	71%	62%
Administrative data	56%	71%	77%	63%	70%	74%	66%	68%	71%
Surveys	41%	59%	78%	44%	63%	77%	49%	62%	66%
Interviews	40%	49%	62%	45%	48%	65%	41%	54%	56%
Web statistics	33%	40%	59%	33%	43%	67%	30%	49%	67%
Focus groups	23%	32%	51%	25%	33%	54%	29%	33%	51%
Logic models	16%	23%	47%	15%	26%	62%	21%	26%	51%
Standardized assessment tools	11%	17%	26%	14%	17%	28%	16%	17%	27%
Case studies	13%	15%	27%	10%	18%	32%	15%	15%	30%
Experimental studies	5%	6%	20%	5%	8%	18%	5%	9%	25%
Other	4%	4%	3%	4%	4%	4%	4%	4%	7%

HOW CHARITIES USE EVALUATION RESULTS

FIGURE 5: Applications for evaluation results by external funding status.⁵



Overall, the presence of external funding appears to have very little direct effect on how charities use evaluation results. While charities with external funding and dedicated evaluation funding are more likely to use results in virtually all ways covered by the survey (see Figure 5), more involved statistical analysis indicates that external funding is **not** a direct driver for most uses. Instead, the key drivers appear generally to be what aspects of their work charities are evaluating and how they are measuring it. The only uses where external funding appears to be a *direct* driver are funder reporting and program development and revision. With both government and foundation funding, externally funded charities and charities with dedicated evaluation funding are significantly more likely to use evaluation results to support reporting to funders. Similarly, government funding is linked with increased use of evaluation results to develop new programs while foundation funding is linked with the revision of existing programs.

Having said that external funding does not appear to be directly causally linked to how charities are using evaluation results, it is clear that *indirect* linkages via the aspects of the work evaluated and the evaluation methods used are important. Most aspects of learning (learning from how initiatives were implemented, about the outcomes of the work and whether objectives were achieved) appear to be less correlated with the presence of external funding / dedicated evaluation funding than other ways of using evaluation results. The only exception is using evaluation results to contribute to the knowledge of the field, which appears to be fairly significantly correlated with the presence of dedicated evaluation funding. The uses most correlated with the presence of external funding (particularly dedicated evaluation funding) are informing or influencing government policy, communications with funded organizations, benchmarking organizational performance against specific goals and reporting to senior management and peer organizations. At first glance, this is a fairly eclectic group of uses, but it is worth noting that many of them tend to be associated with larger, better resourced organizations.

Looking at associations with specific sources of funding, there are few clear patterns. The best that can be said is that government funding appears to be most consistently correlated with how organizations use results for organizational decision-making (uses marked with [D] in Figure 5), but that the strength of these associations is modest.

⁵ In Figure 5, evaluation uses marked [C] refer to audiences charities may communicate with about their evaluation results, those marked [L] are aspects of their work charities may use evaluation results to learn about, [D] are aspects of organizational / program planning and decision-making that may be informed by evaluation results, and [P] are organizational performance measures that results may contribute to.

FIGURE 6: Key enablers of evaluation capacity by external funding status.

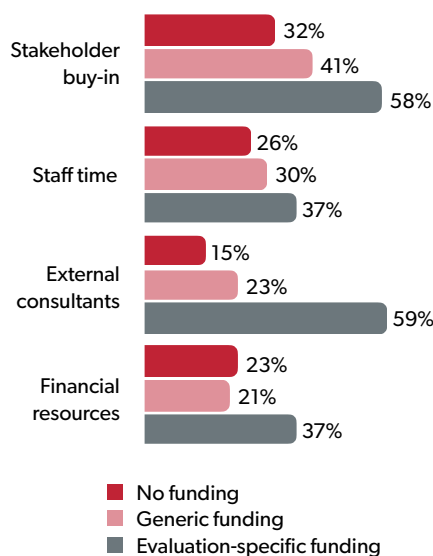


Table 5: Staff capacities by external funding status.

	Dedicated evaluation staff	Average staff roles involved
No funding	14%	1.8
Generic funding	19%	2.3
Evaluation-specific funding	33%	2.9

Table 6: External expertise capacities by external funding status.

	External consultants	Networks
No funding	11%	22%
Generic funding	16%	22%
Evaluation-specific funding	49%	38%

External funding and evaluation capacity

Charity leaders were asked to assess their organization's overall evaluation capacity using an 11 point scale ranging from 0 (not at all satisfied) to 10 (completely satisfied). According to this scale, the average level of satisfaction is 6.4. Interestingly, satisfaction with evaluation capacity does not appear to be significantly affected by the presence of either external funding or dedicated evaluation funding, nor does it appear to be affected by the presence or absence of specific funding sources (i.e., government, foundation, or corporate).

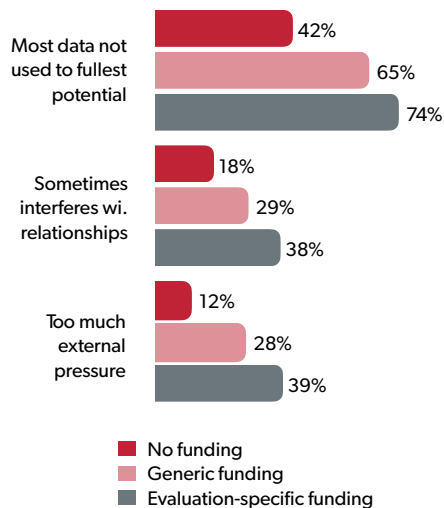
While external funding does not appear to significantly affect self-assessed evaluation capacity, presence of dedicated evaluation funding does appear to be closely linked to a number of other indicators of organizational evaluation capacity. Many of these are **also** linked to the presence of external funding more generally, but the strengths of these associations are somewhat weaker.

- Charities with dedicated evaluation funding are more likely to see availability of staff time as an enabler of their evaluation capacity (see Figure 6).⁶ They are also more likely to have at least one paid staff member primarily responsible for evaluation (see Table 5). In addition to having specialist evaluation staff, they also tend to involve a wider range of staff roles in their evaluation work. Corporate and government funding appear to be the primary drivers of these patterns.
- Charities receiving dedicated evaluation funding are more likely to view their level of financial resources as an enabler (see Figure 6). Interestingly, while these charities tend to devote a greater portion of their budget to evaluation than unfunded charities (a median of 5% vs. 1% for unfunded charities), they do not allocate significantly more than externally funded charities without dedicated evaluation funding (also a median of 5%). These patterns are mainly driven by government funding.
- Charities with dedicated funding are also more likely to view external evaluators or evaluation consultants as an enabler (see Figure 6) and to engage them in their evaluation work (see Table 6). These charities also more likely to belong to some sort of formal or informal group, network or association related to evaluation. Network members commonly draw on them for a range of evaluation resources, including tools, training and participation in larger evaluation projects. Foundation and government funders appear to be the primary drivers of these patterns.
- Finally, charities with dedicated evaluation funding are more likely to view stakeholder buy-in as an enabler (see Figure 6), though they do not appear to be any less likely than other charities to cite stakeholder related challenges.

⁶ Respondents were asked whether any of nine factors represented enablers or barriers for their organization (i.e., whether the presence, absence or quality etc. of the factor helped or hindered their evaluation work).

Views about evaluation and the funder-fundee relationship

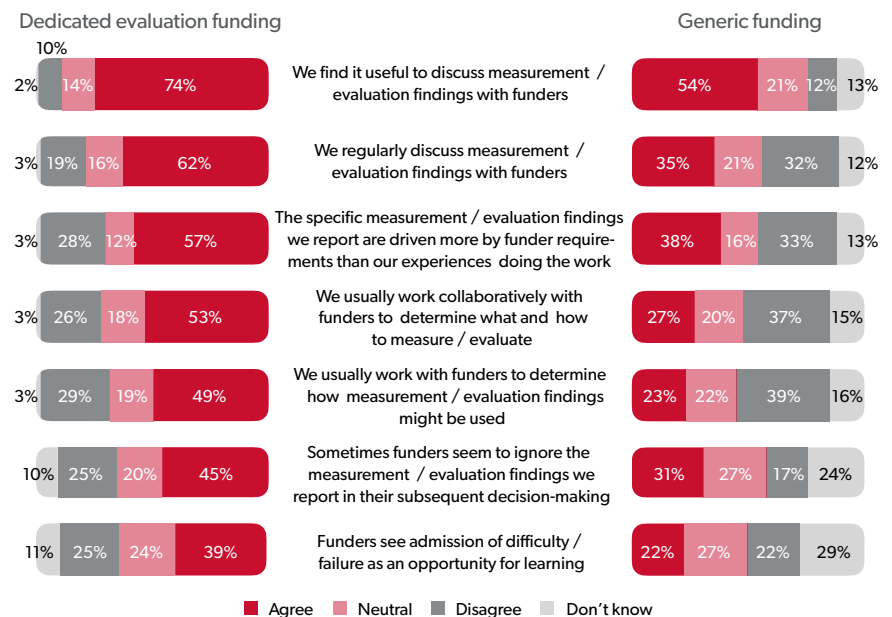
FIGURE 7: Opinions about evaluation by external funding status.



Generally speaking, the presence of external funding does not seem to greatly affect charities' opinions about the need for evaluation or its utility. Regardless of funding status, there is broad agreement among charities that they need to evaluate their work in order to know that their approach is working (90% of charities agree) and that evaluation represents a good return on the time and resources invested in it (70% agree). External funding does, however, seem to be linked to other opinions. Charities with external funding and dedicated evaluation funding are somewhat more likely to believe that there is too much external pressure placed on their organization to measure and evaluate their results (see Figure 7). These charities are also more likely to caution that collecting measurement and evaluation data can pose challenges for their relationships with the people they serve. Finally, they are more likely to believe that most of the evaluation data their organization collects is not used to its fullest potential.

Whether charities receive dedicated evaluation funding has significant effects on some aspects of the funder-fundee relationship.⁷ Perhaps most immediately, charities with dedicated evaluation funding are nearly twice as likely to communicate regularly with funders about their evaluation results and somewhat more likely to find these discussions useful (see Figure 8). These charities are also about twice as likely to work with funders to determine which aspects of their work to evaluate and how to make use of evaluation results. However, while these processes are generally viewed as collaborative, charities with dedicated

FIGURE 8: Opinions about funder relationships by presence of dedicated evaluation funding.



⁷ Only charities with external funding were asked about relations with funders.

evaluation funding are still somewhat more likely to view evaluation reporting as being more driven by funder needs than their own. Similarly, these charities are somewhat more likely to believe that funders sometimes don't take full account of their evaluation findings in their subsequent decision-making. Finally, while charities with dedicated evaluation funding are somewhat more likely to believe that funders view admission of difficulty or failure as an opportunity for learning, more in-depth statistical analysis indicates that this belief is driven more by the regularity of communications with funders than by external funding status.

Summary and discussion

External funding and dedicated evaluation funding have many significant effects on the charities that receive them. Most fundamentally, these charities use more resources and techniques to evaluate more aspects of their work, but they also report greater evaluation capacity in a number of different areas, including their human resources, access to evaluation expertise through engaging external consultants and by membership in evaluation-related networks, and level of support from stakeholders. That said, these charities are also more likely to report evaluation-related challenges, including excessive external pressure to evaluate, interference in their relationships with the populations they serve, and a sense that the evaluation data they gather is not used to its fullest possible extent. Notably, external funding and dedicated evaluation support do not appear to have many significant direct effects on how charities apply evaluation results to their own work.

Whether externally funded charities receive dedicated evaluation funding appears to be a particularly important factor. Charities receiving dedicated evaluation supports are more likely to evaluate the impact and return on investment of their work and to use more involved evaluation approaches including logic models / theories of change, experimental studies, and case studies. In addition, they are particularly likely to report all of the indicators of greater evaluation capacity described above (e.g., human resources, ability to draw on external expertise, etc.). While these charities are somewhat more likely to report some key evaluation related challenges, they are significantly more likely to communicate with funders about evaluation results, to find these communications useful, and to trust that funders want to use evaluation results to increase the level of understanding about the work. That said, it is clear that there are also challenges in that supported charities are more likely to believe that funders sometimes play a larger role in driving their evaluation activities than they themselves do and are not always fully receptive to the findings of those evaluations.

Overall, the picture presented by survey results seems to indicate that external funding and dedicated evaluation funding are linked most strongly to what might be termed accountability evaluation – focusing on whether funded charities did what they promised funders. Linkages between external funding / dedicated evaluation support and the evaluation techniques used and aspects of the

work evaluated appear to be more direct than the linkages with how evaluation results are used beyond funder reporting and applying for funds. This appears particularly the case in relation to learning about the work, its impact, and how it is carried out. Intuitively, it seems likely that this is driving at least some of the challenges reported by funded charities. In order to address these very real challenges, we would suggest that honest, open, and above all *intentional* dialogue between funders and funded charities is key. To be effective, this dialogue should focus quite specifically on mitigating the reported challenges and increasing the usefulness of evaluation results to both funders and funded organizations. To be clear, funders and funded organizations should emphatically not reflexively believe that existing communications and communications channels are addressing these issues – one of the findings of our previous national highlights report (available via the link on the final page of this report) was that funded organizations regularly communicating with funders about evaluation results were equally likely to feel that funders were driving the evaluation process and not making consistent use of findings.

In sum, it is clear from survey findings that the funder-fundee relationship is central to evaluation practice and norms and that specifically dedicating funds to evaluation has numerous positive implications for evaluation practice. However, it is also clear that there is considerable potential to advance that practice further.

Methodology

SUMMARY. The survey was conducted between May 10 and July 8, 2018. Potential respondents received an invitation e-mail directing them to an interactive survey website where they could complete the survey. Periodic reminders spaced roughly two weeks apart were sent during the survey period to help increase the response rates. Survey invitations were sent to 7,529 charities from across Canada. In total, we received 1,884 useable responses. Once e-mails known not to have reached the intended recipient are taken into account, the net response rate was 24.6%.

RESPONDENTS. Executive Directors / CEOs (64%) and board chairs / members (12%) accounted for the majority of respondents. Administration and finance staff accounted for 7%, program and evaluation staff 3% and fundraising, marketing and communications staff 3%. Other staff and volunteer roles accounted for the remaining 11%.

SAMPLE. Registered charities with annual revenues of \$30,000 or more that were not religious congregations were considered in-scope for this survey. For more details on how the sample was constructed, please refer to the Methodology section of the national highlights report entitled *The State of Evaluation in Canada*.

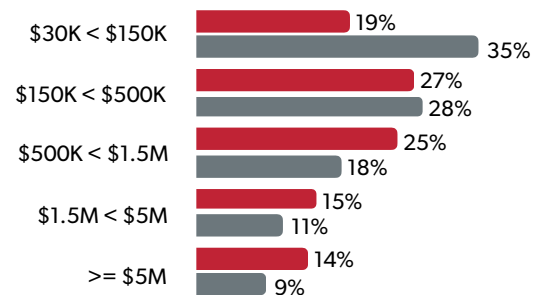
RESPONSE RATES. Response rates varied according to organizational characteristics. They were lower among charities with annual revenues less than \$150,000, located in British Columbia or working in the education or grantmaking, fundraising & voluntarism sub-sectors. Response rates were higher among charities with annual revenues between \$500,000 and \$1,499,999, located in the Prairies or working in the arts, culture & recreation sub-sector.

WEIGHTING STRATEGY. Responses were weighted according to revenue size, sub-sector and region in order to account for differences between the survey sample and the population of in-scope charities and for variations in the response

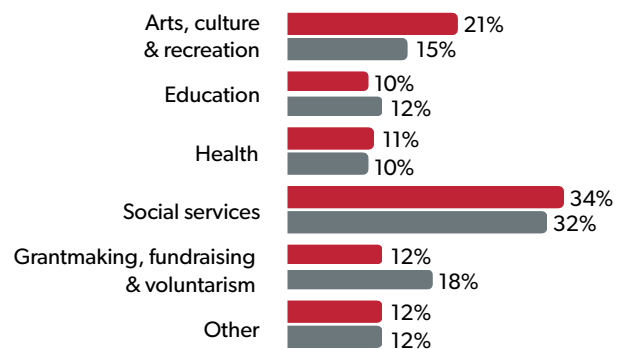
rate. Population counts were based on the 2016 distribution of registered charities. For more details of how weights tended to vary by organizational characteristics, please refer to the Methodology section of the national highlights report.

Weighted and unweighted distributions of survey respondents by key variables

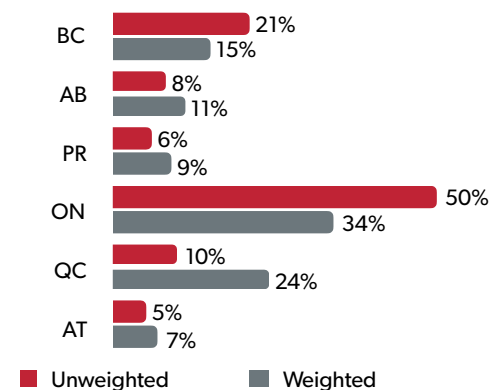
Annual revenue size



Sub-sector



Region



State of Evaluation in Canada: The Role of Funders

David Lasby

Published by

Imagine Canada

65 St. Clair Avenue East, Suite 700

Toronto, Ontario, Canada M4T 2Y3

T 416 597 2293 | F 416 597 2294 | W www.imaginecanada.ca

Copyright ©2019 Imagine Canada

ISBN 978-1-55401-417-0

For more information about evaluation practices among Canadian charities, please see our national highlights report *The State of Evaluation: Measurement and evaluation practices in Canada's charitable sector* available at <http://imaginecanada.ca/resources-and-tools/research-and-facts/state-evaluation-canada>.

Supported by



Foundation

Imagine Canada is a national charitable organization whose cause is Canada's charities. Our three broad aims are to amplify the collective voice of charities, create opportunities to connect and learn from each other and build our capacity to succeed.

Evaluation plays an integral part in our vision for a stronger Canada. Through our research, our goal is to support a sector-wide culture where organizations and individuals use data, information and knowledge to make better decisions.

This report is licensed under a Creative Commons Attribution-NonCommercial-NoDerivatives 4.0 International License. For uses not covered by this license, contact us at the points above. All other rights reserved.