



Virtual Speaker Session

Funding for Impact

Tuesday, 28th February 2023

Featuring guest speaker Kevin Starr, CEO, Mulago Foundation

Summary:

This virtual session featured guest speaker, Kevin Starr, CEO of **Mulago Foundation** who gave an engaging talk and presentation on the topic of 'Funding for Impact'. The session concluded with an interactive Q&A session in which Kevin also shared with the audience a personal success story of the Foundation.

Mulago Foundation finds, funds, advises, and promotes organisations with scalable solutions to poverty. Mulago's two fellows' programs teach early-stage social entrepreneurs how to 1) design for maximum impact and 2) build strategies for maximum scale. Most fellows become part of the Mulago solutions portfolio, which provides unrestricted funding as long as there is impressive progress toward impact at scale.

Key Takeaways:

- The most imperative principle of philanthropy is that funder's take accountability for impact.
- Experts say the most effective or most impactful charities perform around 100x better than the average. Therefore, the below average charities (in terms of impact) are very ineffective and may even be harmful.
- One important principle for not funding 'below average' organisations is to avoid funding organisations that don't measure their own impact.
- Each organisation along with their funders must establish a clear definition of impact: it must be observable, material, measurable change for the better that would not have happened otherwise – this is the mission of philanthropy.
 - Impact is described and measured through tangible outcomes, such as better nutrition, improved literacy, safer communities, and/or increased youth income.
 - Impact is also well described by what it is not, such as, people 'reached', 'lives touched', workshops, trainings, 'awareness'. These are not impact unless they accomplish something measurable.
- As funders we must ask organisations to know what they are trying to accomplish, measure the right thing, show that change has happened, and define how much of the change can be attributed to their efforts
 - An effective organisation can define their mission in eight words or less with no fancy jargon, just: verb, target audience, and outcome. A simple success or failure. Ex: Blue Ventures - helps rehabilitate artisanal coastal fisheries by doing strategic reef closures.
 - Being accountable means articulating your approach. Show how you turn money into impact and then showing that you do it.
 - Asking organisations: "If you could only measure one thing to know you've succeeded, what would it be?" That one thing should be able to measure whether impact has been made or not.
 - It is important to measure impact from a baseline, a before and after, to show impact over time.
- Scalable solutions are those that can produce exponential impact over time.
- What makes a solution scalable?
 - When the idea is good enough and can make a case that the change will last.

- Also, when the idea is big enough which means the size of the overlap between where the need is and where the given model would work – which geographies, political systems would it work in, what expertise does it need, all tell us the potential scope of an idea.
- Thirdly, when the idea is simple enough for the doer to do.
- Lastly, when the idea is affordable enough – what is the price that the funder is willing to pay
- Accountability on the funders part also means acknowledging that we need the impact as much as the grantees need the funding. This creates equality and interdependence and eliminates the asymmetry of power.
- It's not just about how much money is going into philanthropic efforts but also where it is going.
- Funders must hold themselves accountable for impact. The best time to start being accountable was 20 years ago, the second-best time is now.

Q&A

- Sometimes the way organisations measure their impact is not rigorous, systematic, or reliable. Are there any standards, criteria that you ask your grantees to adhere to in terms of the way their measure and report impact?
 - Even if the mission is straightforward, figuring out the right metric to measure the mission can be complicated, especially the technical part of picking the right metric.
 - Being able to show a change isn't just about a before and after, but about getting the right sample size, right survey method etc. which requires certain technical expertise.
 - As funders, we must agree to only fund organisations that measure their impact and do it well. We must make it as normal for non-profits to measure their impact as it is for for-profits to measure their profit.
- Are there any governance standards that donors should expect from non-profits?
 - Getting to know organisations early and having a long-term relationship with them.
 - Simply getting to know the organisations you fund or getting someone you know and trust to do so can prove to be a completely safe structure.
 - Visiting all non-profits you fund.
- Sometimes grantees have all the goodwill to make a change, but they don't know how to measure their impact. Funders may have to provide support and walk them through how to measure. Is this safe?
 - What is important is the culture of curiosity. Organisations must recognise that without measuring impact, they are flying blind and must be willing to learn – this evokes trust in the funder.
- Why is unrestricted funding so relevant nowadays?
 - Unrestricted funding should be the only way to go because if as a funder, you don't believe an organisation is capable of deciding how to allocate and use the money best, then you shouldn't be giving them any.
 - Unrestricted funding allows grantee organisations the flexibility that the real world requires and allows them to invest in people and systems that can accelerate impact. The funders concern should just be the cost of impact over time.
 - You pay \$1000 for an iPhone, knowing it does not cost Apple that much to make it but that is the value you place in it when you purchase it. Similarly, if it costs an organisation a certain amount to produce a certain outcome and you are happy with supplying that amount for that outcome, then don't question the make-up of it/break down of it.