Desktop Manual

for Impact Policymakers

Contents

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In 2009, in Washington DC, a group of young policy advisors came together around a common, but undefined, ambition. They worked in different departments and in different staff positions, but they discovered each other based on a shared notion: that policy designed to "impact" societal issues at scale was poised to be something significant. Over the next several years, they (and many, many others in government, non-profits, and the private sector) helped to assemble some of the building blocks of what became the Impact Economy.

Now older, and more geographically dispersed, we recently looked back at those formative days of our impact journeys. We asked ourselves: What resources would have made our jobs easier a decade ago? What tools would have helped us (and others) develop more impactful policy, faster, better, and more effectively?

We all agreed on one answer: this Manual. This Manual is the desktop guide to impact for policy makers at all levels. It will help you improve the lives of even more people than you're reaching now, and it will help you deliver impact more effectively, efficiently, and with a clearer sense of the outcomes your policy efforts should generate. Because, at the end of the day, the impact of any given policy is measured by the outcomes it enables.

We're giving you the nuts and bolts of what you need to know and what you ought to consider in creating more impactful policy. Unlike your typical white paper, though, this Manual is built around the pace and process of the positions you hold and the multitude of challenges you face each day. In short, it's meant to be short.

We've been there. We know that an easy day for you means only having to tackle a half-dozen things at once. We know that a light schedule means being double-booked a handful of times. And we know that your challenge isn't accessing more information; it's condensing down the information you already have into actionable steps. Steps that lead toward the reason you signed up for this job in the first place: making lives better, and communities stronger, across the board.

This Manual is designed to help you do your job faster, better, and more effectively. It's the one we didn't have (but wish we did) when we were in your shoes a decade ago. And above all, it's designed to help you generate measurable impact for those whom you serve.

Ready to get started? So are we.

Mark, Rob, Howard, and Kate

Chapter 1

The Building Blocks of Impact
By Mark M. Newberg

What is Impact?

This is a common question. You might already have an answer you like (if so, great). You might be trying to define impact for the first time (if so, don't worry). Either way, we can guarantee you've already encountered it before. In fact, you've probably generated impact, just using different words.

But that's not really an answer. So, what is "impact"?

At the broadest level is something called the Impact Economy. This is an umbrella term and refers to a broad collection of for-profit, non-profit, and government entities using:

1. Rigorous management practices
2. To address endemic social issues

Plainly Stated:
If an organization is intentionally using its resources to solve an issue for the common good, it is part of the Impact Economy.

To learn more about what this looks like in the context of governmental engagement, see this report from the District of Columbia's Economic Strategy.

Impact is the beneficial outcome or outcomes sought by an activity. For example, "increased access to preventative health care," "decreased carbon emissions," and "improvements in educational achievement" are all specific, beneficial outcomes. They are "impacts."

The process of achieving impact should include both:

1. Measurable outcomes (goals)
2. Management practices designed to deliver those outcomes

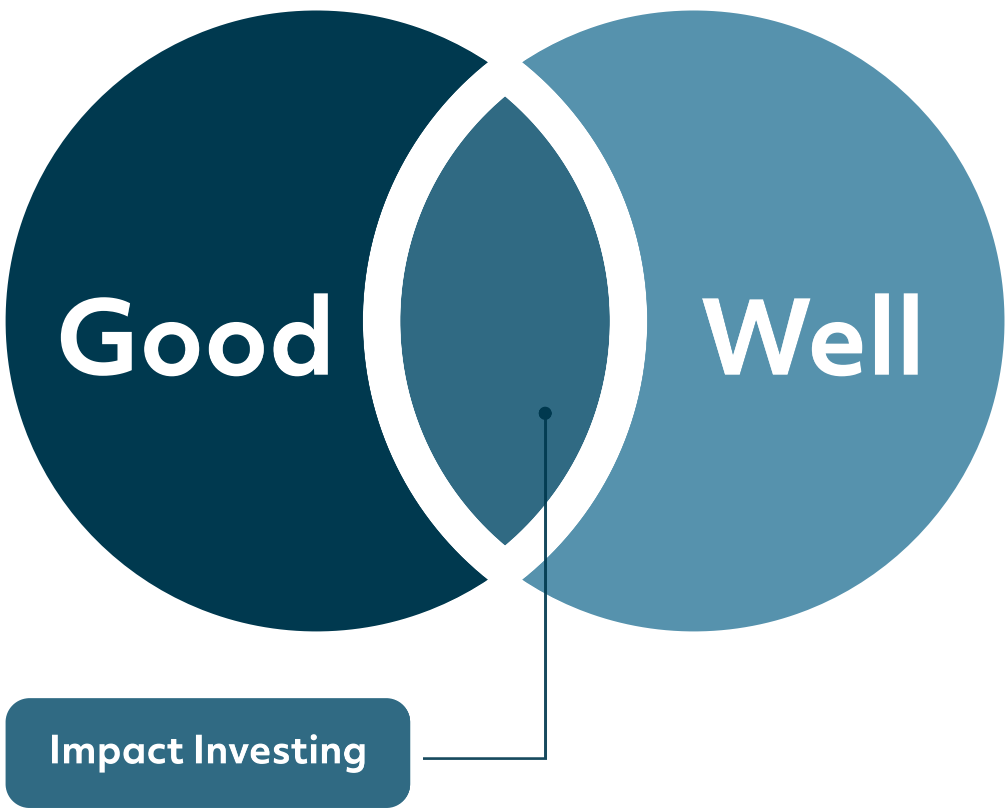
This means it's not enough to say, "we want to have impact." We have to focus on the processes that enable us to generate (and measure) those outcomes—just like effective policymaking.

Impact frequently combines traditional private sector approaches (like business or investing) with public and/or philanthropic sector goals (like good job creation, reduced air pollution, or improved student achievement). Blending approaches from these sectors creates greater impact that can be sustained over time. Once you're familiar with the most common organizational approaches and methods in the Impact Economy you'll have a solid foundation from which to make more effective policy.

Here are the practices and terms you're most likely to encounter:

For-Profit Sector

The for-profit sector is comprised of both businesses and investors. In the Impact Economy, both businesses and investors are focused on "doing good" and "doing well." This intersection, where making money meets measurable benefit to society, is the defining feature of the impact-focused for-profit sector.



Impact Investing: Impact Investing involves investment funds, firms, institutions (whether for-profit, philanthropic, or governmental), or individual investors that invest capital with the intention of generating both 1) a measurable societal benefit and 2) a positive rate of return.

Impact investors deploy capital with the expectation that they will receive a return on investment (ROI). The expected rate of return will vary by investment and asset class. Impact investors also expect that their investments will generate a measurable benefit to society. The expected benefit, and metrics for that benefit, will also vary by investment and asset class. But an impact investment should always have an intended impact that is clearly stated and clearly measurable.

Environmental, Social, And Governance (ESG): ESG focuses on a set of measurable criteria for incorporating societal benefit into investment and corporate decision-making. The measurable criteria are organized into E, S, and G, with additional layers of detail for each. Frameworks include the GRI Standards, the SASB Standards, the EU Taxonomy of Sustainable Investing, BlackRock, Morgan Stanley, UBS, and Goldman Sachs.

ESG is an investment approach (generally focused on publicly traded companies), a management practice, and a reporting methodology. ESG was traditionally used as a tool by institutional investors to assess risks hidden inside a company's supply chain, operations, and business model. Increasingly, effective implementation and management of ESG-related practices has been linked to improvements in corporate performance and reductions in future risk.

Impact Businesses: There isn't a single type of impact business. And businesses that are "impactful" don't always self-identify as "impact businesses." But they're all around. They range in size from self-employed individuals to large corporations, and everything in between.

For those that self-identify as "impact" businesses, you may hear them refer to themselves as "social enterprises" or "social entrepreneurs." This means (generally) that the business has a specific societal issue it seeks to solve, through its business. You may also hear businesses referred to as "B-Corps" or "Benefit Corporations." This means that the business has chosen to pursue (and achieved) a specific impact certification (B-Corps). Or, the business has chosen as its corporate form a structure that requires it to state a specific social mission (Benefit Corporation).

For more information, see here and here.

You may also encounter a set of businesses and think to yourself, "Isn't what they're doing impact?" Perhaps it is a provider of renewable energy. Or a developer of quality affordable housing. Or a manufacturer of recycled (and recyclable) packaging. In these instances, ask yourself:

1. *Is the product or service they provide intentionally designed to address an identifiable social issue?*
2. *Are they addressing that issue directly through the product or service they provide?*
3. *Can the impact of the product or service be measured?*

If the answer to each of those questions is "yes," then it's likely an impact business.

Non-Profit And Philanthropic Sectors

Non-profits operate by receiving donations, and then use those donations to meet specific social purposes embedded within their organizational missions. They may also operate revenue-generating businesses, such as the Dog Tag Bakery, Homeboy Industries, and Cafe Reconcile. This type of non-profit may be financeable, in order to further their charitable missions.

Tax-exempt non-profits are designated as 501(c) organizations by the Internal Revenue Service. Most non-profits are 501c(3) organizations, but additional nonprofit classifications also exist within the Internal Revenue Code.

Note: We discuss private foundations here, but foundations can also be public. For more information, see the Council on Foundations. Also, the Council provides a comprehensive Glossary of Philanthropic Terms here.

Foundations

Private foundations are tax-exempt organizations, established in order to further a specifically defined charitable purpose or purposes. These foundations are most frequently operated through an endowment model, where the endowment funds both the charitable activities of the foundation, and the foundation's continued operations.

Foundations have many ways to fund, or generate, impact. These are three that you will encounter most frequently.

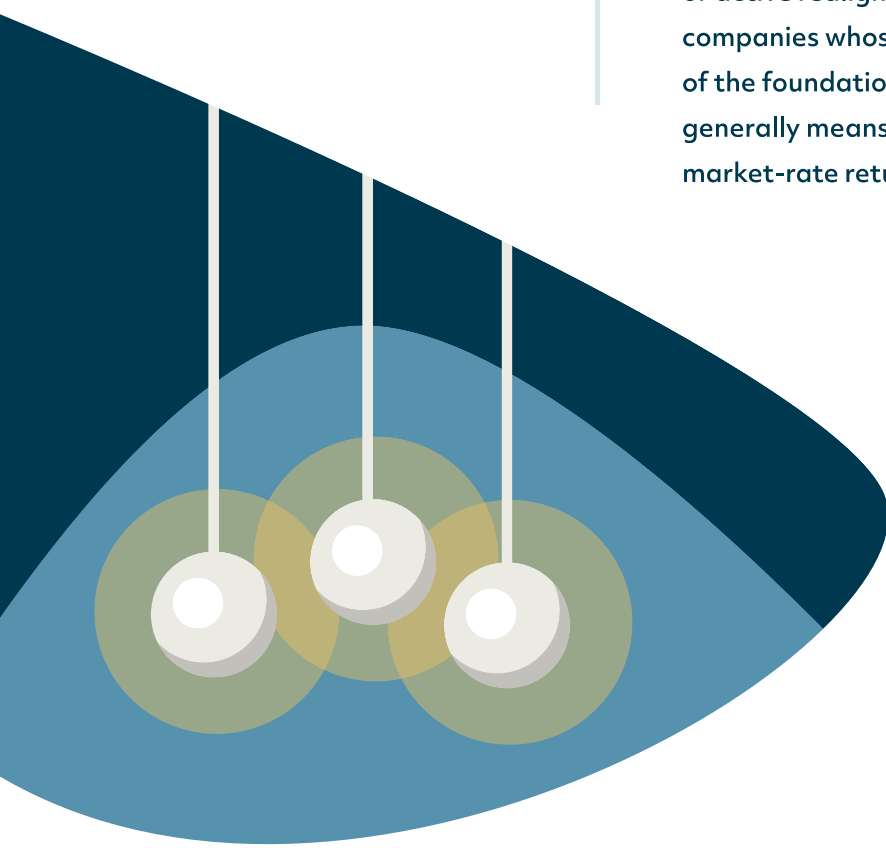
- **Grants:** Grants are the primary vehicle used by charitable foundations to deliver impact. A grant involves the transfer of money from the foundation, to a qualifying organization, in exchange for that organization pursuing a designated set of activities. These activities must be in pursuit of the socially beneficial goals around which the foundation is organized (its charitable purpose).

  As a general rule, a foundation is required to deploy at least 5% of its endowment toward this charitable purpose each year. Grants are generally made with no expectation (or requirement) of money being returned to the foundation.

- **Program-Related Investments (PRI):** A program-related investment is a specific tool available to foundations. A PRI allows a foundation to make an investment in an entity or activity, using money from its annual 5% allocation requirement, as long as the primary purpose is the pursuit of its charitable mission. PRIs can take many forms, including loans, equity investments, or guaranties, but they are made with the expectation of returns well below market-rate. PRIs can be made in either non-profits or for-profits, provided the **primary purpose test** is satisfied.

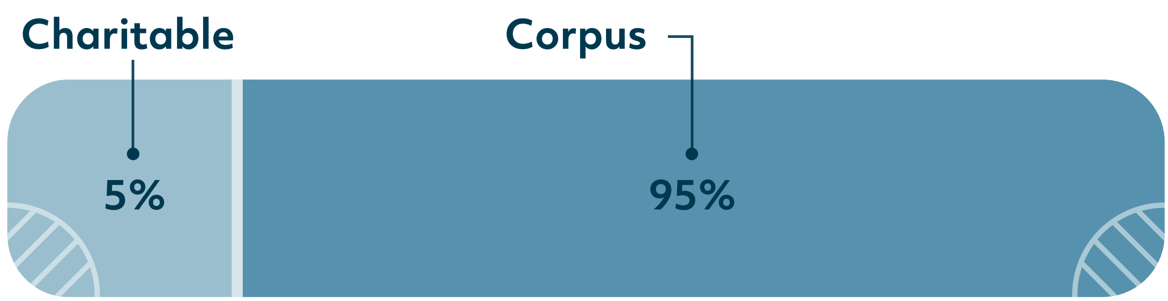
- **Mission-Related Investments (MRI):** A Mission-Related Investment (or Mission-Related Investment strategy) is applied to the endowment side of a foundation. You may hear this called the "corpus side." It refers to the bulk of the foundation's assets (also called the "95%"). These assets need to generate the "return on investment" that supports the foundation's ongoing operations.

  A Mission-Related Investment is made when the foundation seeks to align its endowment (or a portion of its endowment) with its charitable purpose, in a way that generates "risk-adjusted returns." MRI approaches can include both active investments (a foundation invests in a specific fund or company whose purpose aligns with that of the foundation), or active realignment (a foundation exits investments in companies whose businesses are at odds with the purpose of the foundation). MRIs must be "non-jeopardizing," which generally means that they are made with an expectation of market-rate returns.



Here’s a handy chart to keep track of the distinctions:

100% of Foundation Assets



PRI

A permission within the charitable (or “program”) side of the foundation.

Can’t jeopardize charitable pupose

Can make money

No statutory limit on amount

MRI

A permission within the corpus (or “endowment”) side of the foundation.

Can’t jeopardize fiduciary duty

Can consider non-financial factors (mission alignment)

No statutory limit on amount

Public Sector

The government's primary impact tools are policymaking and regulatory implementation.

This can take the form of:

- Passing new laws;
- Implementing new (or updated) regulations;
- Providing low-cost financing to spur beneficial outcomes in communities; or
- Forging partnerships between multiple sectors to advance clear, beneficial goals.

If you are reading this Manual, the chances are that you have more than a passing familiarity with each of these governmental functions. You may work at the local, state, or federal level. You may work in the legislative branch, or on the executive side.

But the tools of government are the tools of your trade.

However, there is one tool that is often overlooked. Especially at the intersection of "impact" and "policymaking." We call that tool "Existing Authorities."

Invariably, if you're a policymaker, you've been asked to do (or create) something new. Often, this isn't the fastest, most logical, or most effective way to achieve a goal. This is especially true with impact.

So, before determining that it's necessary to draft new legislation, or form a new department, or promulgate a new regulation, ask yourself:

- Do the authorities to achieve our impact goal(s) already exist?
- What are they?
- How can we best use them to deliver impact?

Those three questions might save you months of effort and deliver decades of impact.

The Importance Of Management

Impact Management is essential for a policymaker to understand. As impact has grown from a compelling theory, to a daily imperative, managing how that impact is implemented has become increasingly important. The late, revered, Harvard Business School Professor Clayton Christensen once wrote that,

"Management is the most noble of professions if it's practiced well. No other occupation offers as many ways to help others learn and grow, take responsibility and be recognized for achievement, and contribute to the success of a team.

- Clayton Christensen

With well-designed management and implementation of impact, the key to merging "doing good" and "doing well" is unlocked. Without it, your policies, no matter how well-intentioned, will just be words on a page.

No longer is it enough for novel theories to be offered. Instead, to bring these theories to scale, to grow from improving the lives of hundreds to benefiting millions across the country, you need simple tools that can be used at all levels.

The remainder of this Manual will introduce you to tools for good Impact Management. They are adaptable, with specialized tools for specialized sectors of impactful policymaking, so you can use the ones that make sense for what you—not everyone else—are trying to do. They are all crucial in creating better lives at scale. They are simple, flexible, and replicable. Most importantly, they can all be highly impactful in the hands of policymakers who care.

In your hands, these tools can and will improve the communities, sectors, and institutions you serve. And they will shape the legacy you leave for generations to come.

Thumbnail

The Impact Economy is an umbrella term for a broad collection of for-profit, non-profit, and governmental entities using:

1. Rigorous management practices
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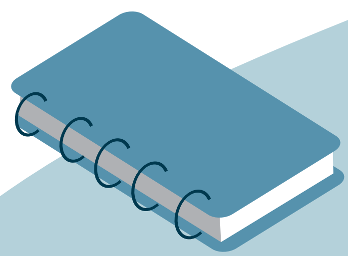

Critical Terms:

Impact Investing
Impact Investing involves investment funds, firms, institutions (whether for-profit, philanthropic, or governmental), or individual investors that invest capital with the intention of generating both:

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2) a positive rate of return.

Environmental, Social, and Governance (ESG): ESG is an investment approach that focuses on a set of measurable criteria for incorporating societal benefit into investment and corporate decision-making. It is also a management practice and a reporting methodology. Increasingly, effective implementation and management of ESG-related practices have been linked to improvements in corporate performance and reductions in future risk. Frameworks include the GRI Standards, the SASB Standards, the EU Taxonomy of Sustainable Investing, BlackRock, Morgan Stanley, UBS, and Goldman Sachs.

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Most non-profits are 501c(3) organizations, but additional nonprofit classifications also exist within the Internal Revenue Code.

Critical Terms:

Note: We discuss private foundations here, but foundations can also be public. See full section above for links to further resources.

Private foundations are tax-exempt organizations, established in order to further a specifically defined charitable purpose or purposes. These foundations are most frequently operated through an endowment model, where the endowment funds both the charitable activities of the foundation, and the foundation's continued operations. Private foundations have three primary tools for funding (or generating) impact:

1. **Grants:** This is the first tool that private foundations use to fund impact. It involves the "granting" of dollars, towards a defined charitable purpose, with no expectation of a financial return. It is, perhaps, the most well-known philanthropic function.

2. **Program-Related Investments (PRIs):** This is the second tool that private foundations use to fund impact. These are investments made from the "program" budget of the foundation. They must be made in pursuit of a specific charitable purpose, and are generally made with the expectation of lower rates of return.

3. **Mission-Related Investments (MRIs):** This is the third tool that private foundations use to fund impact. These are investments made from the "endowment" side of the foundation. They must be in "non-jeopardizing" assets, and are designed to align with, and/or not counteract, the outcomes the foundation seeks to achieve through its charitable work.

Public Sector:

The government's primary impact tools are policymaking and regulatory implementation. This can take the form of:

- Passing new laws;
- Implementing new (or updated) regulations;
- Providing low-cost financing to spur beneficial outcomes in communities; or
- Forging partnerships between multiple sectors to advance clear, beneficial goals; and
- Existing Authorities, or the use of powers already in existence (without requiring new legislative or rulemaking processes). When embarking on a new initiative intended to achieve impact, always ask:
    - Do the authorities to achieve our impact goal(s) already exist?
    - What are they?
    - How can we best use them to deliver impact?

A favorite tool to start with:

The North Star

Here is a favorite and simple tool: it's called the **"North Star"** Exercise. We're putting it here because it is, quite literally, where we start when tackling a new challenge. If you currently have an issue you're trying to address, we encourage you to complete the exercise now. If you're just beginning to get familiar with impact, we encourage you to familiarize yourself with the basic concept now, so you're ready to go when the moment is right.

The "North Star" is your navigational beacon for any initiative. As its name implies, it's the fixed point you can always reference, so you can be sure that you're consistently moving in the right direction—that is, towards the impact you're trying to create. At any crossroads or decision point, simply return to your North Star and ask, "Does what I'm doing now connect to the North Star I've defined?" If yes, keep going. If not, you'll know it's time to course correct.

Here's how to map it out:

In NO MORE THAN three sentences (one sentence per question), answer the following for the initiative you're launching or the policy you're pursuing:

1. **What are we trying to do?** This is the thing you're trying accomplish.

2. **How are we trying to do it?** This is the manner or means you're using to accomplish it.

3. **Why are we trying to do it?** This is the problem that you're trying to solve.

You may be able to condense these answers into a single sentence (if so, great). You may stick with a single sentence for each. You may find that the single sentence initially requires some bullet points for explanation (that's fine too). But before you move forward, make sure you get down to three sentences or less. It's this level of clarity up-front that will make what comes next truly effective and impactful.

Chapter 2

Frameworks for Racial Equity

by John Holdsclaw (IV), with Mark M. Newberg and Kate Y. McCrery

Now that we've defined what impact is, let's explore a critical element that has been underscored by the events of 2020: No policy can be truly impactful if it is intentionally (or unintentionally) racially discriminatory. This might previously have gone unspoken. It has certainly been under-recognized. But the times in which we live and work demand we make explicit that which was long implicit.

The scars of inequity are now visible to all. The rifts and fissures inequity forges demand repair. And the junction between racial equity and public policy is an intersection that must be addressed.

So what do we do about it? Where do we start? Let's start with some baseline agreements. These will provide a starting point for the work that follows. Because without a common baseline of agreement, it's hard to know where to start. But, in this case, the common agreements are the starting blocks that launch us toward common solutions.

Agreements:

1. **We are talking about racial equity.** This is both related to and distinct from diversity, equity, and inclusion. (Similar individual definitions are often used to help develop specific institutional policies within organizations.) Racial equity is both an aspiration and an active, ongoing practice. It recognizes that, historically, ability has been equally distributed, but opportunity has not. It seeks to remedy that inequity, achieve just results, and enable all communities to thrive.
2. **Even well-intended policies can create discriminatory outcomes.**
3. **A policy that creates discriminatory outcomes can't be truly impactful.**
4. **We would like to avoid those discriminatory outcomes.** No single chapter of a manual can solve all that racial equity seeks to address. This chapter is only a start; a common point of reference as we navigate together toward a better, just, and more equitable future.

For a deep exploration of racial equity, along with a comprehensive set of tools and resources, the W.K. Kellogg Foundation has made its own guide available to you here. It is free to use, heavily researched, and constantly expanding. We encourage you to bookmark it, use it, share it, and return to it time and time again.

So, now we have a common understanding of what we're talking about, and common agreement around some basic building blocks of achieving policy-process-driven racial equity. That's a start. It's also not enough. We need a framework to help embed racial equity into our policy-making approach, in a way that accelerates the process of achieving the outcomes we want.

But what does that look like in real life? How can a "good" policy be "unintentionally" discriminatory? Aren't those mutually exclusive outcomes? It turns out they're not, and that thinking about this on the front end can help us get to better outcomes, more quickly.

We think the easiest way to illustrate how "good" can be "unintentionally" discriminatory, and how to avoid it (in order to generate impactful outcomes), is with examples. So, we've created the following "hypothetical" case study, drawn from real-world examples.

First, we'll establish the scenario. Then, we'll circle back and apply the framework, just as we would in a live case study. Finally, we'll answer a few key questions that come up most frequently at this stage in the process. Let's get started.

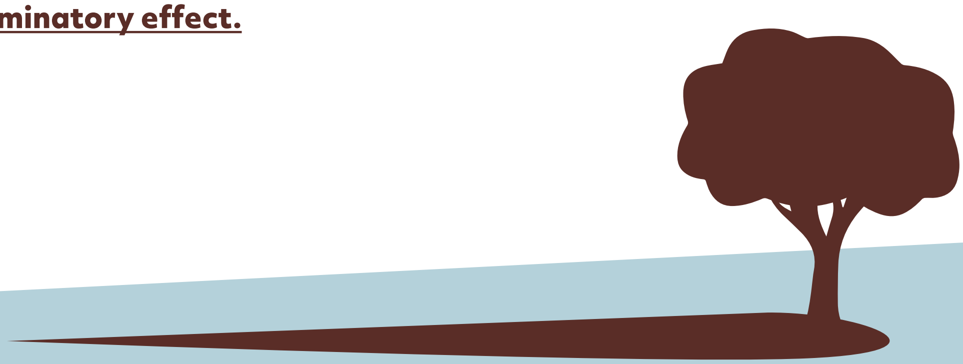
Trees: Throwing Shade

The Mayor of a well-known, mid-sized American city is an avid outdoorsman. He grew up hunting and fishing in the mountains, spent summers breathing the clean air on his grandparent's farm, and winters harvesting maple sap on his aunt's property deep in the northeastern woods. In short, the mayor is both a sportsman and an environmentalist.

The Mayor and the City Council (as well as the Governor and State Legislature) have decided that air quality is an important issue and have decided to implement (and fund) an air-quality-improvement campaign. All acknowledge that the quickest, cheapest, most long-lasting, and most economically efficient place to start is planting trees. Lots of trees. 100,000 trees, in the City, in five years.

Research shows that trees improve air quality, absorb carbon dioxide, provide shade, and improve property values. All positive outcomes. The Mayor and the Council are excited. The Mayor orders the Department of Public works to buy the trees and start planting. The City's Chief Operating Officer draws up a list of impact metrics the City will track. There is fanfare. There is ceremony. There is media attention.

There is unintentional discriminatory effect.



How is that possible?

Let's take an online map of this mid-sized American city. Now let's put a neighborhood overlay on top of this map. Let's also code those neighborhoods by their racial demographics, so that we can distinguish the predominantly white neighborhoods from the majority black and brown neighborhoods. Finally, let's add an overlay showing where the 100,000 trees are scheduled to be planted.

Notice any gaps? If our hypothetical city is anything like the real world, chances are that the gaps will reveal themselves in the black and brown neighborhoods. It's also likely that those neighborhoods have much less green space (fewer and smaller parks, fewer existing trees, smaller or no lawns), and much more concrete.

The planting map probably wasn't drawn in order to keep trees out of those neighborhoods. It might well be faster to reach the goal of 100,000 new trees by planting where the ground is easily accessible, rather than covered by concrete and asphalt. But it's unintentionally discriminatory.

Also, remember how the COO was compiling a list of impact metrics associated with tree planting? That list likely would include decreases in respiratory disease (trees clean the air), decreases in heat-related medical incidences (trees tend to create cooler microclimates in the summer), and decreases in airborne pollution.

By drawing a planting map that was unintentionally discriminatory, the City has prevented these positive impacts from reaching the communities that needed them most. That means that, while the City might meet its overall climate goals it's going to miss out on some of the greatest benefits, and greatest long-term cost-savings (from reduced health-related incidences), all because of some easily avoidable mistakes.

How could it have been avoided?

So we have arrived here. A well-intentioned policy has been implemented in an unintentionally discriminatory manner. To make sure this does not happen again, here's a simple, single-page set of questions to ask (and answer) at the front-end of any policy design and implementation process. These questions won't cover every scenario you could ever encounter. They do, however, form a basic framework that will guide you as you approach each new endeavor.

Who

- Who is this policy designed to benefit?
- Do the demographics of the group(s) to benefit reflect the demographics of my community?
- Does the policy apply across all demographic groups? (Race, Gender, Urban, Rural, Religion, Orientation, Etc.)
- Are there specific groups in my community that will not benefit from the policy as it is envisioned?
- If so, how can we include these groups, with intentionality?

How

- How will this policy be implemented?
- Which individual (or individuals within a department), will be responsible for implementation?
- Does that individual have a commitment to equitable implementation, the necessary resources to equitably implement, the support of their superiors for equitable implementation, and appropriate incentives to implement equitably?
- Have the communities to benefit from the policy been measurably engaged in the implementation process?
- If yes: how will the success of equitable implementation be measured?
- If no: develop such a process, implement it, and make sure to design a system to measure the equitability of implementation.

What

- What is the intent of this policy (specifically, what impact does the policy attempt to achieve?)
- Is that impact likely to be distributed equally across my community, as the policy is currently designed?
- If not, how can I change the policy design/ implement plan to bring the benefits to the full breadth of my community?

Why

- Why is this policy, as designed, the right approach to achieving equitable impact?
- Why is the problem this policy seeks to solve the right problem to address?
- Do the communities effected agree that the policy seeks to solve the right problem, in the right way?

If we apply these questions to our hypothetical, here's a quick overview of what we might expect the Mayor to have discovered in our four categories of questions:

Who?

- The policy is designed to benefit everyone in the community, equally.
- But the map very clearly shows that it won't. ***We can, and should, fix this.***

Why?

- If we fix the planting map, we can predict exactly how much carbon will be absorbed by each tree. We can match that against our Department of Environmental Quality's data on carbon emissions/pollution by neighborhood. ***Trees are extremely efficient at absorbing carbon, they last a long time, they're much less expensive than new infrastructure construction, and they are generally regarded as improving quality of life in the areas where they grow. Sounds like a solid public policy approach.***
- Not only do the communities agree with the initiative, they have helped us see new opportunities we would not have otherwise seen. ***By taking this framework into account, we have multiplied the impact we can have, by more equitably dividing the distribution of trees. That's a win for the entire community.***

What?

- The policy is designed to reduce air pollution and net carbon emissions. It's also designed to improve, as secondary impacts, public health.
- It's not currently designed in a way that spreads the impact equitably. ***We should have looked at a demographic map at the beginning. We would have noticed this omission.***
- We can fix this by redrawing our planting map. We'll plant trees everywhere, with a special focus on places where there are low current concentrations of trees (and higher concentrations of airborne pollutants).

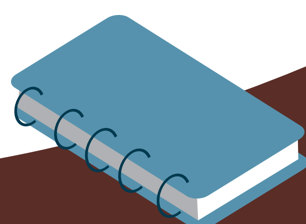
How?

- The Department of Public Works is in charge of tree-planting, and the Director of Public Works is specifically tasked with accomplishing our planting and climate-related goals (at least when it comes to this policy). ***The Mayor should talk with the Director of Public Works about the policy goals and make clear that equitable implementation is supported, incentivized, and required.***
- Community leaders should be engaged in determining the highest priority neighborhoods/ locations for tree planting, with first priority given to neighborhoods with lower ratios of trees-to-residents. ***This won't always be easy, but we might also uncover hidden opportunities or partnerships we would not previously have seen.***

Thumbnail:

Racial equity is a fundamental component of effectively impactful policy. No policy can be truly impactful if it is intentionally (or unintentionally) discriminatory. But simply saying we are opposed to discriminatory effects isn't enough. We need to do something about it. That starts with understanding what we're talking about: This is both related to, and distinct from, diversity, equity, and inclusion. (Similar individual definitions are often used to help develop specific institutional policies within organizations.)

Racial equity is both an aspiration and an active, ongoing practice. It recognizes that, historically, ability has been equally distributed, but opportunity has not. It seeks to remedy that inequity, achieve just results, and enable all communities to thrive.



Thumbnail:

In order to effectively embed the practice of racial equity across the full spectrum of policies a local, state, or national government (or governmental agency) might generate, there are four core questions to ask. Use these as a starting point, whenever a new policy is under consideration, or an existing activity is under review. If you do, they will help you achieve more equitable and impactful policy outcomes:

1. Who

- Who is this policy designed to benefit?
- Do the demographics of the group(s) to benefit reflect the demographics of my community?
- Does the policy apply across all demographic groups? (Race, Gender, Urban, Rural, Religion, Orientation, Etc.)
- Are there specific groups in my community that will not benefit from the policy as it is envisioned?
- If so, how can we include these groups, with intentionality?

2. What

- What is the intent of this policy (specifically, what impact does the policy attempt to achieve?)
- Is that impact likely to be distributed equally across my community, as the policy is currently designed?
- If not, how can I change the policy design/ implement plan to bring the benefits to the full breadth of my community?

3. How

- How will this policy be implemented?
- Which individual (or individuals within a department), will be responsible for implementation?
- Does that individual have a commitment to equitable implementation, the necessary resources to equitably implement, the support of their superiors for equitable implementation, and appropriate incentives to implement equitably?
- Have the communities to benefit from the policy been measurably engaged in the implementation process?
    - If yes: how will the success of equitable implementation be measured?
    - If no: develop such a process, implement it, and make sure to design a system to measure the equitability of implementation.

4. Why

- Why is this policy, as designed, the right approach to achieving equitable impact?
- Why is the problem this policy seeks to solve the right problem to address?
- Do the communities affected agree that the policy seeks to solve the right problem, in the right way?

Chapter 3

Measuring Impactful Policies
By Howard W. Buffett

As a policymaker, one of the toughest challenges you will face is how to design policy that delivers the outcomes you desire. How do you define those outcomes? What are the activities and outputs that will make your policy successful? Answers to these questions rely heavily on how the policy outcomes are monitored, measured, and evaluated. In this section, we will help you understand why impact measurement is important, how to design an effective measurement system to track a policy's impact, and we will also provide you with additional resources that can help you get started.

What is Impactful Policy Measurement?

Impactful Policy Measurement is the process of determining:

1. What the outcomes of a particular policy may be
2. How positive or negative those outcomes may be
3. Whether those outcomes are aligned with the intent of the policy

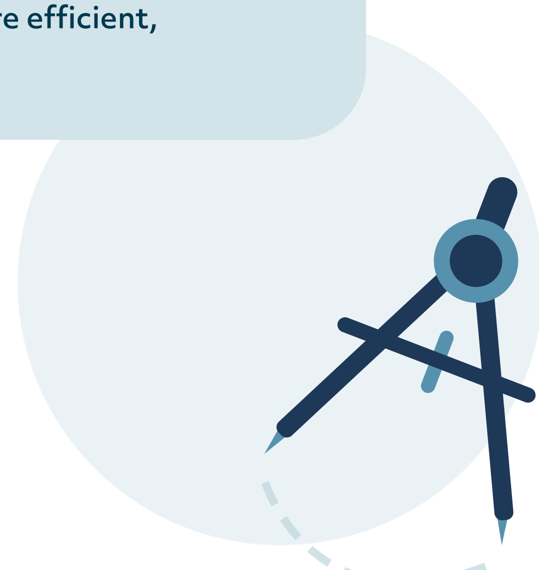
In short, a system for measuring impact must be designed to capture, quantify, and analyze how effective a policy is at accomplishing its objectives. Without such measurement built in from the start, you can only rely on rough estimations or gut feelings, neither of which are good enough to solve the problems that effective policy is designed to address.

Why is Measurement Important?

One of your main goals is to more effectively improve the social, environmental, or economic conditions of a given population or place. To achieve improvement, you must first define the change that you desire, then analyze how conditions evolve over time towards achieving that desired change. This requires a rigorously designed, and operationally implementable, system of measurement. Simply put, if it cannot be implemented, then the theory will fall short.

How Does Measurement Affect Policy Outcomes?

Generally, activities that are tracked and evaluated will receive more attention and resources from program implementers. Therefore, a well-designed system of measurement can allow for more robust policy creation, program development, and resource deployment. Better measurement systems also enable more in-depth program management, potentially bolstering the overall effectiveness of a policy over time. For the sake of your constituents, you have a duty to consider how the design of policy itself may hamper or improve the delivery of policy outcomes. Impact measurement makes that task simpler, and more efficient, objective, and effective from the start.



What is an Effective Measurement System?

Measurement systems must be designed from the beginning in order to enable and enhance the effectiveness of the policies they evaluate. Capturing data around change over the lifecycle of a policy is easier and more accurate if implemented from the start, rather than attempting to rediscover or recreate data retroactively. To help enable the overall effectiveness of a policy, such a measurement system must take into account the following principles and address the corresponding guiding questions:

Intentionality: the approach must reflect the intentions of policymakers and their understanding of what change is desired.

> ***Ask: What are the objectives and why are we pursuing them?***

Specificity: the approach must integrate discrete goal-setting that defines the policymaker's intended change over time.

> ***Ask: What results will deliver our objectives and when?***

Inclusivity: the approach must incorporate the preferences and priorities of the organizations and communities directly affected by the change.

> ***Ask: Who is involved in defining our objectives and how those objectives are delivered?***

Materiality: the approach must capture measures that are significant and necessary for thorough impact assessment and analysis.

> ***Ask: What data is required to understand how well the objectives are delivered?***

How Do You Measure for Impact?

In order to know how effective your policy is and if the policy is helping people in the ways you intended, you should consider at least the following:

1. **Type Of Impact:** this is a measure of how impact is delivered. For example, a homelessness policy may seek to increase affordable housing units, an unemployment policy may seek to increase the number of available jobs, or an education policy may seek to increase student graduation rates.

2. **Magnitude:** this is a measure of how much of a given type of impact is delivered by a policy. For example, this could be the total number of affordable housing units developed, the number of jobs created, or how many students have graduated.

3. **Quality:** this is a measure of how well a policy delivers its impact and may be comprised of a subset of key performance indicators. For example, an affordable housing policy may seek to reduce housing density and cost burden, in addition to increasing access to public transportation and early childhood education.

4. **Time:** this is a measure of how long it will take the policy to deliver its intended outcomes. For example, it may take three years to enact and effectuate a policy resulting in new job growth.

Calculating each of these aspects is generally straightforward and will provide you with insights on how effective a particular policy may be—or was—at delivering a defined set of objectives. In other words, it will let you know if your policy did what you wanted it to do, and at the scale you wanted to do it. These measures can also be used by partners you are working with to implement your policy, which may streamline operations and coordination.

5. **Cost:** this is a measure of the financial resources required to deliver a policy's objectives. For example, a new policy to increase the number of high school graduates may cost a state government $30 million in

Where to look for more?

As you consider options for building an effective approach to impact measurement, there are a number of systems, standards, and models available to guide you. Those that have undergone extensive peer review include:

- **IRIS:** The Impact Reporting and Investment Standards is a catalog of generally accepted metrics for quantifying many types of impact; its successor, IRIS+, categorizes metrics based on impact categories and objectives. More can be found at iris.thegiin.org.
- **iRR®:** Impact Rate of Return®, developed by this author, is a method for calculating the impact value of assets used to bring about positive impact. It analyzes the aforementioned attributes of impact measurement through a customizable algorithm. More can be found at www.impactrateofreturn.com.
- **IMP:** The Impact Management Project was developed by practitioners seeking a common management framework for impact projects, and is organized around specific dimensions of impact performance (What, Who, How Much, Contribution, and Risk). More can be found at impactmanagementproject.com.

For a more detailed discussion of impact measurement approaches, see: The Global Impact Investing Network: "Getting Started with Impact Measurement & Management".

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Thumbnail:

Sound impact measurement systems are a bedrock component of impactful policy design, implementation, and management. By understanding, from the outset, both the outcomes a policy seeks to achieve, and how you will measure progress towards those outcomes, you can maximize the potential of any policy to generate positive impact.

Impactful policy measurement is the process of determining:

1. What the outcomes of a particular policy may be,
2. How positive or negative the outcomes may be, and
3. Whether those outcomes are aligned with the intent of the policy.

Effective impact measurement requires both an established baseline against which to measure, and attention to the following principles, as well as associated guiding questions:

- **Intentionality:** The approach to measurement must reflect the intent of the policy and an understanding of the problem it seeks to solve.
- **Specificity:** Discrete goals must be set, and correspond to the intended change over time.
- **Inclusivity:** The preferences and priorities of the organizations, communities, and stakeholders directly affected by the change must be incorporated.
- **Materiality:** What is measured must be thorough, and must include measures that are significant and necessary to evaluate the positive (or negative) outcomes of the policy.

A number of peer-reviewed systems, standards, and models of impact measurement are available to guide you. These include:

IRIS: The Impact Reporting and Investment Standards, and the recently released IRIS+

iRR ®: Impact Rate of Return ®, developed by this author

IMP: The Impact Management Project

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At minimum, your impact measurement framework should include the policy's type of impact, magnitude of impact, quality of impact, cost of impact, and time of impact.

Chapter 4

Partnerships for Impact
by Robert T. Lalka

Understanding government is only one part of charting a path to impactful policymaking. A policymaker must frequently understand and engage with leaders from business, philanthropy, and civil society. Often government can act alone to address people's problems in meaningful ways, just as business innovation and the markets frequently can, and the same goes for philanthropy, civic dialogue, as community leadership. But increasingly, policy leaders are finding ways to bring all of these sectors together, in order to enhance the impact of their policy initiatives and to better serve and empower people.

Partnerships are a response to a world that began to move faster than the institutions that governed it. In the pre-Internet era, power (and the ability to execute initiatives), tended to reside in centralized structures. This frequently resulted in top-down, and one-size-fits-all, policy design and implementation. It also encouraged the development of institutional silos and single-sector problem-solving.

But we now live in a networked world. Our lives are connected by global supply chains that link anywhere to everywhere. Whether we're solving problems in business, government, or civil society, we will often have to work together, nimbly and effectively moving across the public, private, and civic sectors. The good news is there's already a plan in place for policymakers. They can rely on existing, helpful guidance that also serves as a strategic, useful playbook.

In the early 2010's, the U.S. Department of State developed its first-ever codified partnerships guidebook for diplomats, on which I contributed to and edited. This was certainly not the first time the State Department had taken a partnerships-focused approach. In fact, diplomacy is often built on cross-sector partnerships. The strength of American corporations and entrepreneurs, the generosity of our philanthropies and charities, and the hard work and genius of "ordinary" people working together – these great American qualities give us an edge around the world. The lives and values of the American people are, in that sense, the most fundamental components of the Department's work.

This is why, for any partnership-powered policy initiative, it makes sense to understand (and incorporate) the building blocks outlined by the State Department. Again, these principles were finalized and distributed at the first-ever Global Chiefs of Mission Conference on February 2, 2011, but the foundations of this guidance came from expertise and initiatives by the U.S. Agency for International Development's Global Development Alliance Office, which was launched in 2001, as well as experiences and insights that go back much further, from a long history of cross-sector efforts in American diplomacy and international development.

The following steps and definitions are informed by the original guidance, but they have evolved over the years as many have put the original principles into practice (including myself and my former colleagues in the Office of Global Partnerships, on the State Department Policy Planning Staff, and at American Embassies and Consulates around the globe). They are designed to help you, in whatever policymaking role you hold, to quickly and efficiently design, develop, and implement your partnerships in the most impactful ways possible.

What is a partnership?

A partnership is a collaborative working relationship between entities in different sectors, where the goals, roles, and responsibilities are clearly defined, mutually agreed upon, and designed to deliver mutual benefit.

Why establish a partnership?

As a goal, a partnership should aim to align the mutual interests of the public and private sectors in order to achieve a specific goal. The path toward achieving that goal, via a partnership, should be drawn to incorporate what each partner does best. This approach will maximize the effectiveness of the resources, relationships, and experience each brings to the endeavor.

The State Department established four basic types of partnerships with specific objectives, which we have adapted for a focus on domestic policy areas.

1. **Common Policy Goal:** to address a shared, specific, and defined policy issue within a designated geographic area (regardless of geographic scale).

2. **Enhanced Reputation/Visibility:** to enhance the visibility of the partners on a certain issue, to clarify the purposes and motivations of partners' activities, or to inform the public about factual information in ways that benefits them.

3. **Resource Sharing:** to expand or enhance a governmental entity's ability to deliver its objective by utilizing resources available from private sector partners.

4. **Programmatic:** to enable the achievement of policy goals more effectively and efficiently reached through public-private partnership than alone.

Guiding Principles

Having first established what a partnership is, then having discussed why you might want to develop one (or more), and now having covered the basic types of partnerships, let's address perhaps the most important question: how? Fortunately, there's a roadmap we can work from.

The White House Office of Social Innovation and Civic Participation, which served as the center of coordination for impact-related policy in the Obama Administration, developed five guiding principles for partnership development. I co-authored this document along with one of the other authors of this manual, Howard W. Buffett. We have adjusted these principles to apply across all levels of government, but their fundamental underpinnings remain the same. By incorporating these principles into your partnership design, you'll be well on your way to achieving the impactful policy outcomes you have set as your goal.

1. **Do More With Less:** Partnerships should enhance governmental resources in a targeted manner, which is increasingly important as governments confront large budget deficits and spending constraints.

2. **Build Upon Others' Expertise:** Partnerships should take advantage of the core competencies of external stakeholders based on their unique capabilities and skills.

3. **Leverage Collective Action:** Partnerships should bring together new coalitions of public and private actors in order to solve problems that cannot be addressed by any single organization or sector alone.

4. **Improve Performance:** Partnerships should increase efficiencies and rely on external stakeholders to improve the speed and agility of accomplishing a shared policy objective.

5. **Involve a Broad Spectrum of Actors:** Partnerships should create opportunities for individuals and small and medium-sized organizations across the nation to participate actively in solving national challenges.

And One Specific Best Practice (To Get Started)

Before we go any further, we should pause for a word of warning. There's almost always a tendency to get excited about the possibilities of any new potential partnership. This sometimes causes a "rush forward" phenomenon, where "action" precedes "documentation." In other words: The parties in the partnership start running before clearly defining roles, responsibilities, and other key aspects of the partnership itself. This can cause you to stumble (unintentionally, even unknowingly) as you propel off the starting blocks or soon thereafter.

Create a Memorandum of Understanding (MOU) or Letter of Intent (LOI)

Designed to mutually define, clarify, and reduce to written agreement

- **Common definition of success**
- **Any special administrative requirements of the partnership**
- **Decision-making and conflict-resolution structure**
- **Internal and external communications, as well as use of trademarked or copyrighted materials (such as logos)**
- **Specific metrics to be used in measuring progress towards goals**
- **Agreement extension, sunset, modification, and termination provisions**

This guidance offers you, the policymaker, with the tools and structure in your efforts to address many pressing problems of our time.

These frameworks are predicated on the concept that we are often stronger together than apart, and they are built on the knowledge that common goals can be easier to achieve than uncoordinated initiatives in isolation.

Partnerships between organizations, like any relationships, can become complicated and they often take considerable work. But they are almost always worth it.

We hope this guidance will be helpful, but here is perhaps the most important lesson of all: You are not alone as you endeavor to solve problems in creative and lasting ways, and to serve and empower your constituencies as well as people all across America.

As you pursue the greater good, you'll find willing partners from all walks of life to support your endeavors. They work at corporations, non-profits, universities, civil sector organizations, and all manner of others. They live in big cities and small towns, and they care about their communities in both urban and rural areas, as well as America's greatness, a global leader, and its good name around the world.

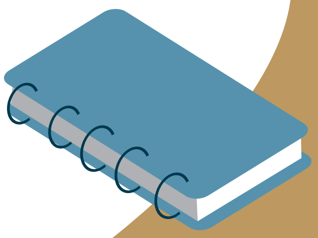
As you seek impact through your public service, there are private citizens and public leaders, all across American and all potential partners, who are just waiting to be asked to support your efforts.

Thumbnail:

Understanding government is only one part of charting a path to impactful policymaking. A policymaker must frequently understand and engage with leaders from business, philanthropy, and civil society.

Partnerships are a response to a world that began to move faster than the institutions that governed it. As old, institutional barriers recede, opportunities to work together in new, impactful ways have emerged. Public-Private-Partnerships (PPP's) are one of the most powerful of these new tools. When used correctly, following a defined framework, PPP's can help policymakers at all levels achieve beneficial outcomes for the communities they serve.

Fortunately, these frameworks are readily accessible. Thanks, in part, to work in the early 2010's by the U.S. Department of State and the White House Office of Social Innovation, policymakers have a set of concise steps to guide them along the path to successful partnerships.



Basic Types of Partnerships

1. Common Policy Goal:

To address a shared, specific, and defined policy issue within a designated geographic area (regardless of geographic scale).

2. Enhanced Reputation/ Visibility:

To enhance the visibility of the partners on a certain issue, to clarify the purposes and motivations of partners' activities, or to inform the public about factual information in ways that benefits them.

3. Resource Sharing:

Expand or enhance a governmental entity's ability to deliver its objective by utilizing resources available from private sector partners.

4. Programmatic:

To enable the achievement of policy goals more effectively and efficiently reached through public-private partnership than alone.

Guiding Principles for Effective Partnerships

1. Do More With Less:

Partnerships should enhance governmental resources in a targeted manner, which is increasingly important as governments confront large budget deficits and spending constraints.

2. Build Upon Others' Expertise:

Partnerships should take advantage of the core competencies of external stakeholders based on their unique capabilities and skills.

3. Leverage Collective Action:

Partnerships should bring together new coalitions of public and private actors in order to solve problems that cannot be addressed by any single organization or sector alone.

4. Improve Performance:

Partnerships should increase efficiencies and rely on external stakeholders to improve the speed and agility of accomplishing a shared policy objective.

5. Involve a Broad Spectrum of Actors:

Partnerships should create opportunities for individuals and small and medium-sized organizations across the nation to participate actively in solving national challenges.

Thank you for reading the Desktop Manual for Impact Policymaking.

We hope that it was both interesting and helpful, and that you'll return to it as you pursue a multitude of impactful initiatives.

The Manual was designed to be a living document. Because the Impact Economy will continue to evolve, so will the Manual. It will be updated over time, with new examples, new sections, and new information.

One of the best ways to make sure that each update is relevant (and helpful) is to hear from you. So please, let us know what additional information you'd like to see, what questions you'd like answered, or which sectors you'd like to hear more about.

info@desktopimpact.com is where you can always reach us. We look forward to your feedback, and to stories of the impactful outcomes you help achieve!

Thank you again,

Mark, Rob, Howard, and Kate

Acknowledgements

We would like to thank the many people, organizations, and institutions who have made this Manual possible. It would be impossible (in fact, it is impossible) to list everyone involved in building the Impact Economy. Just as it's impossible to list everyone, across the country, who is using their professional lives in pursuit of solving common problems.

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And above all, thank you to you, the reader. For the work you do, and for the work you will do. And for your interest in doing the work to make impact a standard practice rather than a theory, and an expectation rather than exception. It is through your work, and your efforts, that the greatest outcomes of this project will be realized.

Mark, Rob, Howard, and Kate