



Frankly Speaking:

Case Study of an Unusually Impact-Focused Foundation

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C&A Foundation

Giving Evidence

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Table of contents

Summary	3
Structure of this document, and process of creating it	4
Key insights for other funders	5
1. How C&A Foundation operates	7
A brief context and history	7
Goals, programmes and geography	7
Relationship to C&A	9
Resources	10
Modus operandi	10
Governance	13
Grant-making process	14
Sourcing organisations to consider	14
Selection process	14
Support for grantees	15
Tracking grantees	15
How the foundation evaluates itself	16
Hearing from affected communities	17
Achievements thus far	18
2. Why C&A Foundation operates that way	19
Why those programme areas?	19
Why that modus operandi?	19
3. Discussion	21
The foundation of a privately-owned business	21
Overall goal: Making fashion a force for good	21
Automation	22
Many battles	23
The tension between having specific goals and making grants	23
The tension between goals and theories of change, vs. pursuing systemic change	24
Tension between measurement and systemic change	25
Governance	26
Relationship with the business	26
Appendices	28
1. Performance: C&AF Dashboard, 2017	28
2. Summary of grantee feedback	28
3. Research methods used in evaluations commissioned by C&AF	30
4. Progress towards results	32
References	33

Summary

This case study is the third in Giving Evidence's 'Frankly Speaking' series, in which we share and discuss interesting examples and data-sets in philanthropy.

The C&A Foundation seems to us unusual - unusual enough to warrant this case study describing how it works, why it works that way, and what others can perhaps learn from it. We hope that other donors, foundations and corporates find in it ideas and cause for reflection on their own practice.

Its unusualness arises - we believe / observe - from its focused-ness on its singular goal. This foundation does not primarily exist to dish out funds, or to 'support the sector', or to 'scale up innovation', or to engage employees, or benefit a company, or any of the other things that we see many foundations apparently organised around (though many would dispute that description). Rather, C&A Foundation is on a mission to achieve a particular social / environmental change, and it is organised around that mission in (almost) every aspect.

Its mission is to 'make fashion a force for good': an audacious goal which is fundamentally about changing the *system* within fashion: the incentives on brands (hence creating a TripAdvisor-like site for factories to feedback to the brands about how changing their orders last-minute pressurises workers), the incentives on manufacturers to move to produce entirely recyclable goods, creating transparency of which factories supply which brands. The foundation has five programmes, each of which (well, really, four of which) is designed to contribute to that singular goal. Each programme has a precise goal, and a theory of change about how to achieve it.

These goals influence whom the foundation hires, its organisational structure, how it spends its money, who it partners with (answer: anybody adequately competent who can help), how it spends its time (answer: funding, starting organisations, and as an activist itself), and so on. It spends more time, effort and money to deeply understand the problem that it's trying to solve than most of the many other foundations we have seen in our nearly 20 years in philanthropy. For example, it has variously hired the University of Rotterdam, Boston Consulting Group and McKinsey to study aspects of the problem.

Its focus on the problem creates a laudable interest in what is working, what isn't working, and why. Its approach and commitment to understanding that effectiveness is more than most (all?) foundations we've ever seen. On seeking to understand the effect of its *grantees*, it spends more money than most funders do, and commissions more proper, rigorous independent evaluations of the work that it funds than most funders do. And it is the only funder we have ever seen which uses two methods to understand its own effectiveness as a funder, as distinct to that of its grantees¹ (most funders do nothing on this): it has both sought feedback from its grantees, and has rated its grants on their effectiveness. It has also sought feedback from its industry peers, and published an account of a programme which only half-workedⁱ. It publishes pretty much everything - including unflattering material about itself - in order that others can learn from it.

Is the strategy working? At the risk of sounding like Chinese Prime Minister Chou En-Lai when (allegedly) asked about the impact of the French revolution nearly two centuries after it happened, it is too early to tell. The foundation began down this path in 2014, partly a reaction to disasters in two garment factories in Bangladesh in 2012 and 2013. Obviously that is only a few years ago, and system

¹ One of us, Caroline Fiennes, had an article in the scientific journal *Nature* last year about how this analysis is essential, and laying out various methods for doing it.

changes of the type that C&AF is pursuing take much longer than that. Many of its individual grants are still too young to have yet have been evaluated individually, let alone collectively.

There are bumps. The Grantee Perception Report found that many grantees find the foundation rather unhelpful and over-bearing. This is presumably because the relationship isn't that the foundation has (as many funders do) 'funded their work', but more that it has hired them to deliver on its own strategy. This tug of war about who is the principal and who is the agent is common amongst (and possibly unavoidable for) goal-orientated funders.

But Giving Evidence, like many in the philanthropy world, see many short-comings in the traditional and conventional ways that foundations operate. That is why we welcome new models, particularly when they are pursued determinedly, for long enough to show their true colours, and evaluated well enough to reveal what those true colours really are.

Structure of this document, and process of creating it

First, we orientate the reader by explaining how C&A Foundation (C&AF) operates. Second, we explain why it operates that way. This is all a necessary prelude to, thirdly, discussing what seems to be working and sensible, what isn't, what could be improved, some tensions in the model, and comparing this foundation with others.

In the interests of brevity, we unavoidably omit many details.

Our process for producing this case study was to review numerous internal and public documents about the foundation, and to interview various members of its senior leadership team and board. We did not talk to any grantees, nor directly to any industry peers, only only to one C&A employee (who is on the foundation's board). Thus there may of course be important views and data which we did not encounter.

This case study represents Giving Evidence's opinion based on that research. As our name implies, we are interested in sound *evidence* about how *giving* works best. We are not a PR agency.

C&A Foundation's focus on changing the system in its industry reminded us of this:

Give a person a fish and you feed them for a day.

Teach a person to fish and you feed them for life.

Re-organise the economics of the fishing industry, and they can get out of subsistence agriculture altogether and into something more sustainable, less physically demanding and more rewarding.

Key insights for other funders

Goal-orientated

C&AF is entirely focused on its goal and organised around it. The extent of this is unusual (in our experience). There is an interesting question around whether (or when) this kind of ‘strategic philanthropy’ enables foundations to achieve more than they would through other models. The main other model is basically to support (mainly financially) non-profits operating in particular areas.

Our read of the philanthropy literature is that nobody yet knows which models are best. And sadly, though many people seem to have an opinion, there is very little useful data to find out.

Because C&AF is generating rigorous evaluations of its work, it may soon be in the rare (unique?) position of having trust-worthy evidence on this question. C&AF is more ‘scientific’ than many foundations in the sense of being open to the notion that it might be wrong, and active in investigating whether this is the case.

Giving Evidence always encourages donors to be open to the notion that their model may not be the best, and to generate and publish decent analysis of their model and its results (and costs). That way, over time, we can collectively learn which *ways of giving* work best in which contexts.

Goal-orientation vs. flexibility

C&AF is trying to achieve a goal which nobody else has achieved. Hence it needs to learn rapidly as it goes along. It does this through formal evaluations, as well as internal mechanisms such as ‘after-action reviews’ (e.g., after issuing a request for proposals).

We encourage other funders to emulate this.

However, there is an interesting tension between, on the one hand, having activities and theories of change which are stable enough over time to be evaluated, and, on the other, being flexible to adapt to learnings which emerge. C&AF is consciously navigating that tension.

Certainly for foundations funding in ‘stable’ areas which are known and understood, it is quite possible to hold their activity constant for long enough to enable sound evaluation of whole programmes and their modes of giving. We encourage more foundations to do this.

Hiring the best people

C&AF’s focus on its goal has led it to spend considerable resources hiring leaders in the fields in which it works. For example, its programme on organic cotton is led by an industry leader in that area. Those individuals are located wherever they are: C&AF’s leadership team is geographically dispersed. C&AF seems more interested in hiring the best people than in hiring people within commutable distance of some physical office.

The quality of its staff, with their deep understanding of the issues and networks within them, seems to be a major driver of the foundation’s progress even in its short life thus far.

Nonprofits, and to some extent foundations, famously under-invest in their staff, fearing that it will be perceived as an ‘overhead’ cost which should be minimised. We encourage foundations to be bold and creative in hiring great people who deeply understand the problem(s) they are addressing.

‘In Good to Great (2001), Jim Collins rigorously analyzed thousands of corporations to uncover the ingredients that permitted a few ‘good’ companies to become ‘great’ companies. He concluded that no single element of success is more important than the quality and fit of the individuals in the organisation. Average performers, it turns out, deliver average results; great results demand more...The people you pay are more important than the people who pay you.’

-Thomas Tierney, Co-founder and Chairman of The Bridgespan Group, the US non-profit consultancy specialising in charities and non-profitsⁱⁱ

Governance

C&AF’s governance structure is complex. It was designed to bring in external voices, and reportedly achieved that and was helpful in the foundation’s younger days. Now it seems to us to be burdensome.

This seems to point to the need for flexible structures, and change over time. Just as rapidly-learning babies need different toys one year to what they need the next, so rapidly-evolving young non-profits and foundations are likely to need different structures (and possibly staff) over time. For example, C&AF envisages moving in future towards more focus on the key levers of change (such as transparency): that may also require further changes in its governance.

It is unusual for foundations (in our experience) to change their governance structures often, but perhaps necessary. We recommend that all foundations routinely assess the cost vs benefit of their governance arrangements, and change them when necessary. Clearly the frequency of that assessment will depend on the rate of change within the foundation and its sectors.

Relationship to the business: a middle way?

The C&A Foundation has an unusual relationship to the company whose name it bears. Typically corporate foundations are either:

- Very tied-in to the business, using their resources, offices, very aligned to (indeed, often part of) the company’s strategy. The Salesforce.com Foundation is perhaps an example.
- Or
- Very separate, funded by the company, and with some board appointments by them, but operationally separate. The Lloyds TSB Foundation and Northern Rock Foundations (now both defunct because of changes in their parent companies) were examples.

C&AF is neither. It is more like a think-tank / do-tank / change-agent / rabble-rouser, challenging and influencing the whole garment industry which happens to have been born one of the industry’s players.

Again, it is not clear which approach is best in which circumstances, not least because so few (corporate) foundations scrutinise their own performance. Because C&AF is assessing itself, it may eventually be in a stronger position than most to understand whether and when (and perhaps why) its model works or doesn’t.

1. How C&A Foundation operates

A brief context and history

C&AF is the corporate foundation of C&A, the international apparel retailer. That business is entirely private, owned by the Dutch Brenninkmeijer family: brothers Clemens and August Brenninkmeijer founded the company in the Netherlands in 1841 and now has around 2000 stores in 21 countries.

The C&AF in its current form was relaunched in 2014, following (and partly spurred by) the fatal disasters in two garment factories in Bangladesh in 2012 and 2013. (Like many apparel retailers, C&A outsources manufacture of its own-brand items to multiple factories which are run by other companies, in various countries.) This 'new' C&AF combines three existing foundations² which C&A had already (and had been using for grantmaking for decades in various areas such as education and disaster relief). They were a global foundation based in Switzerland, and two country-focused foundations in Mexico and Brazil. The family has entirely separate entities for its private giving.

Goals, programmes and geography

The foundation is focused on the apparel industry as a whole, not just on the one company which is its 'parent'. This is already unusual for a corporate foundation.

C&AF feels that the global apparel industry is in a 'race to the bottom' in terms of:

- Working conditions: these perpetuate injustice and poverty, particularly amongst women. The apparel industry collectively is one of the largest employers of female workers, and over two-thirds of factory workers are womenⁱⁱⁱ. Many other women work informally, at home, doing piece work with no labour rights.
- The environment, e.g., use of pesticides to grow cotton, dumping of hazardous chemicals used in the dying process.

Hence C&AF aims to transform the fashion industry, to make it more fair and sustainable. It articulates this as **making fashion a force for good**. We will call this MFF4G. It aims to "bring together brands, initiatives and people to create a fair and sustainable fashion industry: a fashion industry that works for every person who touches it". It also articulates the goal as being to inspire the belief that the fashion industry can change and to support initiatives that will make that happen... to show that change is possible, and to provide the practical support that will accelerate it.

The foundation has five programmes: four are aimed directly at the MFF4G goal, and a fifth programme which is less focused (in our opinion and that of some people we interviewed). This fifth 'Strengthening Communities' programme is something of a catch-all, with some legacy programmes and some more classic employee engagement activities. In each of the four 'main' areas, the goal is to identify the most potent levers for change, and to show new models of operating, by showcasing and/or scaling up interventions. These are mainly about reducing the risk for the private sector to change, and/or increasing the incentive on them to do so.

² In fact, at the time of writing (March 2018), the three legal entities still exist but this is for legacy reasons and they operate as a single organisation in terms of team, strategy, activities and annual plan. For ease and concision, this document treats them as a single entity.

The four ‘main’ programmes are all focused on the supply side; the foundation does not work on the demand side, e.g., educating or engaging consumers³. C&AF goes unusually far up the supply chain, e.g., working with farmers to influence how they grow cotton.

Fig 1: C&A Foundation’s programmes, their high-level objectives and budgets⁴

Making fashion a force for good					
Programmes:	Sustainable Cotton	Working Conditions	Forced and Child Labour	Circular Fashion	Strengthening Communities
Objective/s:	Transforming systems and practices to drive sustainable cotton	Improved working conditions and wages for every man and woman in the apparel industry	Forced and child labour are eradicated from the fashion supply chain	Redesigning the industry to make it work for the people and ecosystems it touches. Where safe materials are used endlessly, water is restored, energy is clean, and people are empowered. To rethink apparel and move towards a new kind of industry, that uses and reuses safe materials. Making products that are “made to be made again”	Build resilient communities in regions where C&A operates. Enable volunteer programmes with C&A that support local charities and drive employee engagement. Partner with humanitarian organisations to support people in emergencies
Spend in FY 2017:	EUR 7.3m	EUR 5.1m	EUR 4.5m	EUR 23.7m	EUR 11.3m ⁵

(Under the objectives stated above, each programme has a strategy, series of goals and key performance indicators (KPIs). Those are detailed on C&AF’s website. An example is in the appendices.)

Geographically, C&AF operates:

1. Where C&A has shops: Brazil, Mexico, China, Europe.
2. Where the production chain is: mainly Asia. (Bangladesh, India, China. To a lesser extent, Cambodia, Indonesia, and Vietnam. It was formerly active in Myanmar. C&AF is involved in some organic cotton production in Tanzania though the business does not currently source from there.)

³ An arguable exception is in the working conditions programme, where the foundation is interested in increasing transparency of which brands source from which factories. The theory here is that this can help consumers to make more informed choices. We take no view on whether that is true, though simply note that C&AF is not itself doing or funding work to engage consumers with that information.

⁴ In 2017, C&AF also spent EUR 3.1m on supporting early childhood education programmes in Brazil, and EUR 4.6m on ‘a range of initiatives in gender justice and coalition building’.

⁵ 2017 was C&AF’s last year (of a 3-year transition) out of education. It told its grantees in 2014 that it would exit, giving them a three-year runway. That education work is included here under “strengthening communities” for ease.

Relationship to C&A

C&AF is a Swiss charity, legally separate from the business. The foundation was initially conceived around C&A's three-pillar sustainability strategy, and the business and foundation see each other's plans. There is considerable joint planning in the Strengthening Communities programme, but less consistent joint planning of strategy or activities in the other programmes (though there is, of late, some joint planning of communication activity).

That said, C&AF's board (the charity's trustees) has five members, four of whom are family members who are / have been involved in the business, and the fifth is C&A's Chief Sustainability Officer.

The partnership with the business obviously gives the foundation proximity to a major player in the industry which it seeks to influence. It uses this to, for example, to run pilot programmes in factories from which C&A sources⁶, and to engage relevant experts in the business. The relationship sometimes gives the foundation significant influence with some producer groups. We heard in our interviews that the foundation has managed to balance, on one hand, being independent of the business – and sometimes challenging it – with, on the other, enough proximity that the business feels involved and willingness to engage with the foundation's stance.

The Strengthening Communities programme is the closest of the foundation's programmes to the business. For example, the foundation matched staff donations to Save the Children, for its response to the Mexico earthquake in 2017; and the foundation gives around EUR3m per year to charities nominated by local C&A stores.

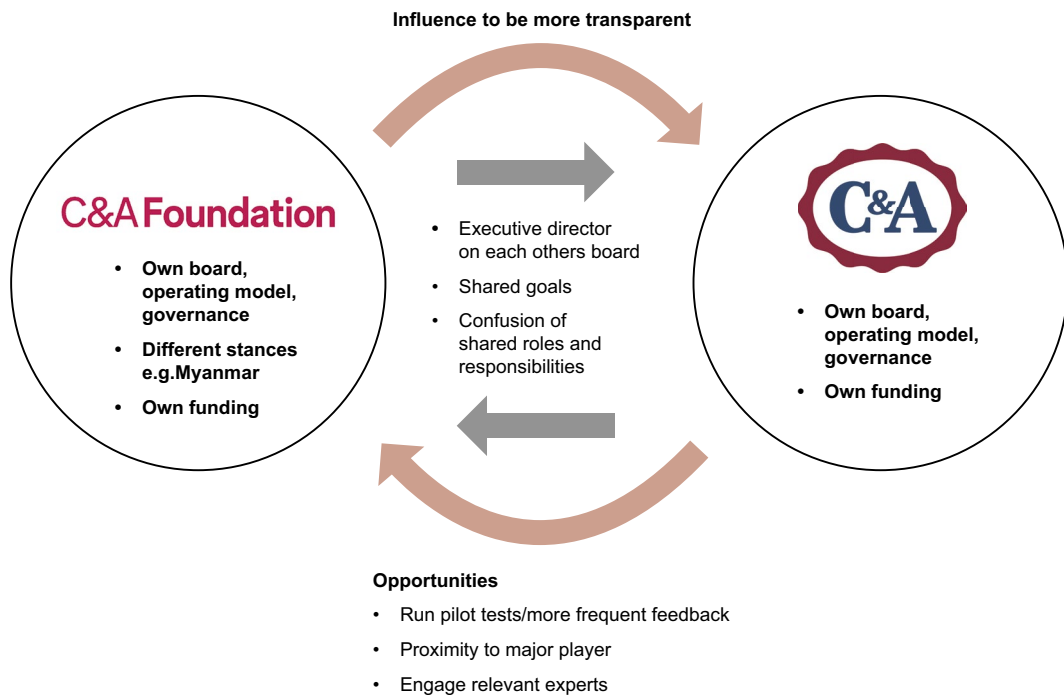
In some instances, the foundation has been able to embolden the business to make positive changes that it perhaps would not have made alone. In June 2017, C&A published details of over 2000 factories across 40 countries from which it sources - a courageous step towards the improved supply chain transparency championed by C&AF^{iv}. There seem to be several instances where the foundation and company are (perhaps unsurprisingly) working on the same agendas but "the foundation is going faster than the business".

In 2016, C&A made circular fashion a reality with the first GOLD level Cradle-to-Cradle (C2C) Certified™ T-shirts. The foundation has supported the industry move to circular fashion through creating Fashion for Good. C&AF supported the work to publish the 'recipe' (method) for producing such a garment development in order that other players could replicate. C&AF did all of this because it wanted to: (1) increase its own knowledge of what it takes to make "good" fashion; (2) make that knowledge public via the [Good Fashion Guide](#); and (3) demonstrate that good fashion is possible today. C&AF was able to fund this because it created the open-source roadmap for C2C Certified products. So, in theory, any brand can use the [Good Fashion Guide](#) to produce their own C2C certified products, and C&A does not have a competitive advantage.

In some instances, the foundation has acted differently to the business. For example, C&AF set up an initiative around converging audits of suppliers, who often are audited by multiple brands - the Social and Labour Convergence. C&A itself did not join initially but has joined recently.

⁶ An example is its Sustainable Supplier Programme, about labour standards in factories.

Fig 2: Relationship between foundation and business



Resources

C&AF's funding in 2017 was 61.7m EUR. It is not required to produce a financial return.

Headquartered in Zug, Switzerland, where the holding company is based, C&AF currently has over 50 people across 9 countries. In several countries but not all, C&AF staff are co-located with C&A staff. The Executive Director has been in place since late 2013. The senior leadership team all have deep expertise in their relevant area, e.g., the Head of Circular Transformation has many years' experience in circular economy as a consultant; the Head of Gender Justice and Human Rights has a law degree from Yale and worked for the Levi Strauss and MacArthur Foundations; and the Head of Impact has substantial experience of commissioning and using evaluations within multilaterals such as the World Bank.

Modus operandi

C&AF is basically an engaged grant-maker. However, it differs from most engaged grant-maker (or 'venture philanthropists'⁷) in some important ways.

First, **C&AF has its own goals**. Many engaged funders exist to find and support high-potential nonprofits: the funders may have their own fields of interest (e.g., [Arbor Brothers](#) looks for high-potential nonprofits working on education, youth development or employment in and around New York) but they are not organised around specific social changes⁸. (This is not a criticism: it's just an observation).

⁷ A term confusingly used to cover quite a wide range of philanthropic practices.

⁸ Equally, the Skoll Foundation, for example, aims to 'drive large-scale change by investing in, connecting, and celebrating social entrepreneurs and innovators who help them solve the world's most pressing problems.' It does not (appear to) have a statement of what the Skoll Foundation believes the world's most pressing problems to be, beyond six broad areas such as 'health delivery' (<http://skoll.org/issue-areas/health/health-delivery/>)

Second, (relatedly) it has a **'Theory of Change' (ToC) for each programme**, i.e., statement of what it believes is necessary to achieve the objective (desired change) of each programme, and how the activities relate to the goal. This contrasts with many funders, even engaged funders, basically fund within a particular area, and are not as specific as having their own ToC/s.

The ToCs are currently 'locked' (i.e., the directors cannot change them) until 2020, when the foundation will evaluate each programme. The reason for the lock is simply to avoid constant tinkering, to provide some consistency and focus.

The work and ToCs are defined around **the most powerful levers** for changing the industry. Typically those are around information, incentives and accountability. The foundation always explores the levers of influencing public policy, and of increasing 'worker voice' in the system. For instance, C&AF has been involved in setting up 'Better Buying', a website in which clothing suppliers (e.g., factories) can rate buyers, rather like TripAdvisor, about how purchasing practices help or hinder working conditions: it is radical by moving power up the supply chain and away from buyers. That is clearly about information and changing incentives: it is far removed from classic service delivery.

Third, in order to define its goals and ToCs, C&AF is **focused on root causes of problems and on understanding the systems that create them**. It takes a systems approach. As mentioned, it spends considerable time and money on studies of the system e.g., it commissioned the University of Rotterdam to do a systems mapping to identify the steps and levers to transition the fashion industry from a linear model to circular model. It tries to identify - and talks about - the most potent levers for creating change within the system. Examples of these levers include transparency along the supply chain, and thinking about the product from the design stage, and demonstrating new business models. It works hard to ensure that the whole of its work in a programme area is more than the sum of the parts (this is far from common in foundations).

Fourth, it is unusually **focused on learning**:

- As mentioned, it has done various reviews of its own progress as well as that of grantees. It often does 'after action reviews', e.g., on a request for proposal process
- It does more rigorous evaluation than most foundations do
- In fact, the founding Executive Director's first hire into the foundation was an evaluation expert

"We are super-introspective" said one interviewee, who has been involved in various other foundations.

Fifth, it **operates through two modes**:

1. Supporting existing organisations,
by providing funding and other support.
This is akin to the classic venture philanthropy model

2. Setting up cross-industry initiatives
Sometimes it incubates these e.g., C&AF's
Executive Director served as the Acting MD of
Fashion For Good when it was first created

1. Supporting existing organisations

C&AF works mainly in this ‘mode’, i.e., as a funder⁹. Here, where the ToC requires doing a particular thing (say, “shine a light on forced labour at a national and international scale”), C&AF’s role is to find and support a grantee who can do that thing.

C&AF is open to funding any type of organisation which can deliver on its Key Performance Indicators (KPIs), e.g., nonprofit and social enterprises. It does not support individuals. C&AF is open to supporting organisations of any age and stage. Unusually for a foundation, it has made for-profit investments, e.g., in Cotton Connect, a social enterprise in which the foundation owns a stake. It has exited some of its grantees, and envisages doing so for more of them eventually.

Where the foundation funds start-ups, pilots or risky work, it is often the sole funder. This is because it is consciously going where others are not yet going. It aims to eventually prove the concept, and then bring in other funders, as has happened with [Fashion For Good](#) (FFG), for example. By contrast, when it is supporting more established work, C&AF rarely funds alone. This derives from its interest in creating change across the sector, which is more likely if others are invested, and concern about the initiative folding when C&AF’s funding ends. Normally the foundation requires grantees to secure other funding: sometimes the foundation itself helps to raise that funding.

C&AF also partners with many entities, and is open to partnership with anybody who can accelerate work towards its goals. This is unusual: foundations are famously protective of their ‘independence’, which often means atomisation and lack of accountability.

For example, C&AF partnered with the Ellen MacArthur Foundation to work on the [Circular Fibres Initiative](#), which aims to bring together key industry stakeholders to create a circular economy for textiles, starting with clothing^v.

{For concision in this document, we use the term ‘grant-making’ to include engaged grant-making, social investing, and venture philanthropy.}

2. Setting up initiatives

That said, the foundation does sometimes ‘act’ itself, e.g., its staff write op-eds. It shares what it is learning, e.g., sharing what it is doing and learning on creating ‘circular goods’ (cradle-to-cradle) through a recent meeting of a dozen foundations in the Netherlands, and meetings at the OECD.

It also sets up and incubates initiatives across the industry with multiple brands. For example, it established [Fashion For Good](#) in Amsterdam, which runs an ‘accelerator’ to support and help scale innovators in sustainable fashion. C&AF’s Executive Director acted as FFG’s Managing Director for the initial period, which is well beyond what most funders (or even ‘venture philanthropists’) do. It was a big bet for the foundation in both money and time, so intensive that it was somewhat problematic for the rest of the foundation’s work.

An explicit aim of these ‘multi-stakeholder initiatives’ is to engage other brands. FFG’s partners now include Kering (which owns Gucci), adidas, Galeries Lafayette Group, Target, Zalando, C&A and others.

⁹ For concision in this document, we use the terms ‘grant-making’ and ‘funding’ interchangeably, and to include engaged grant-making, social investing, and venture philanthropy.

Governance

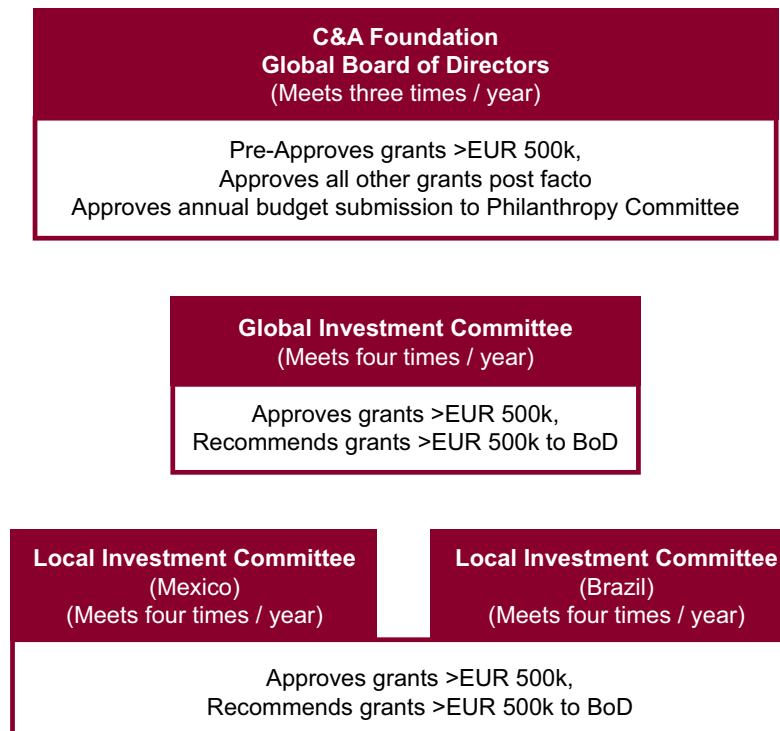
The governance system is rather complex.

C&AF's Executive Director reports to the foundation's board which is ultimately responsible. There are three Investment Committees (ICs) for the foundation: Brazil, Mexico, and global (everywhere else). The global IC supports the Board of Directors, and the Brazilian and Mexican ICs have the same Terms of Reference as the global IC. The ICs are not legal bodies, but the board delegates authority to approve grants of up to EUR 500k.

The foundation does not appear to advertise openly for members of its governing bodies. The global IC has eight members, four of whom are external experts¹⁰, two are family members recently retired from the business, the holding's tax advisor and one senior colleague from C&A (its Head of Global Sustainability). It includes four women. All members are white, except one who is Indian.

The multiplicity of boards seems to be somewhat burdensome. Clearly, it allows for a mix of input from, on the one hand, the family and business, and on the other, external experts. Our interviews suggested that this comes at the price of considerable work serving the various committees.

Fig 3: C&A Foundation governance

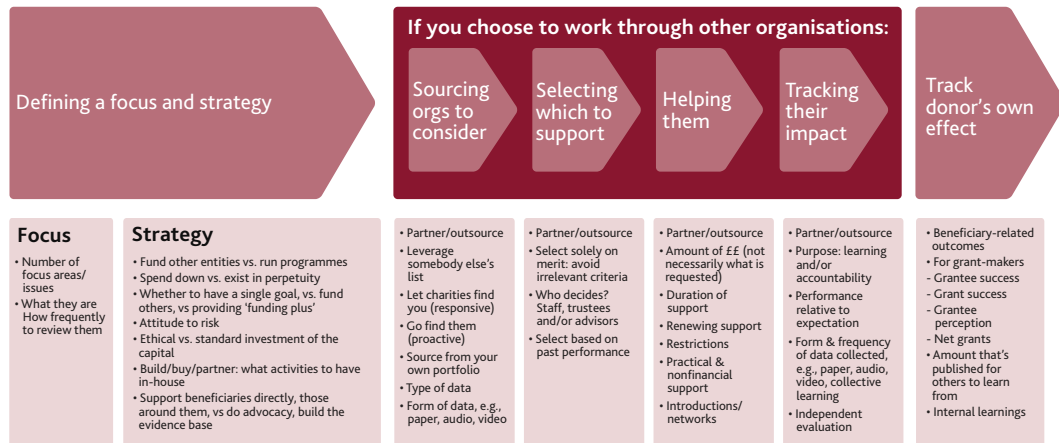


¹⁰ paid a fee of EUR 10,000 annually, plus travel expenses

Grant-making process

We will use as a framework in this paper the set of choices for any foundation (or major donor) laid out in *It Ain't What You Give* by Caroline Fiennes. For each choice, there are various possible options, shown underneath. Any funder selects one/some of those options (perhaps unwittingly):

Fig 4: Grant-making process



Sourcing organisations to consider

Technically, anybody can submit a brief concept note (maximum four pages) using the foundation's [template](#) - if they fit with the programmes and contribute to at least one of the [Key Performance Indicators](#) (at least two for grants of >EUR 500k). In practice, unsolicited applications are very rarely successful because they rarely align with the requirements, despite those being on the foundation's website (one team member said that they "can be completely random", which certainly other funders find too).

Normally, applications come through:

- Proactive contact by C&AF, e.g., identifying organisations relevant to the ToC and reaching out. A huge advantage of focusing on a single sector and being embedded in it is the ability to build a network in it, so C&AF tends to know the interesting work underway.
- Responses to Requests for Proposal which the foundation issues to seek grantees. A new development is that C&AF pays entities which submit advanced-stage proposals which the foundation requests, to recognise their time and to more fairly share the risk between the two organisations.

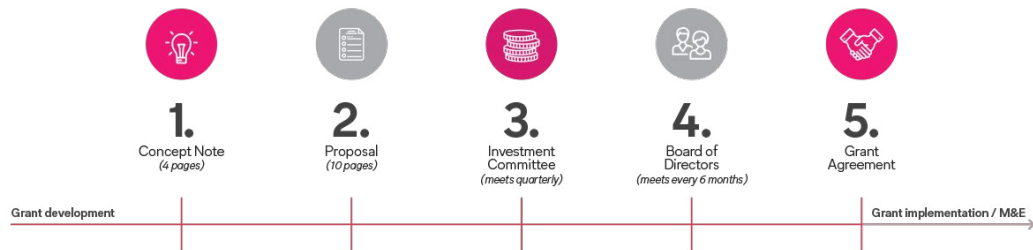
Selection process

C&A Foundation often works closely with organisations to shape their proposals. The selection process is evolving, but at the time of writing it is this:

- For proposals of less than EUR 100k, the decision can be made by staff (the head of the relevant programme)
- Proposals of more than EUR 100k go to the relevant Investment Committee (IC). These all include an activity-based budget, grant chart, and log-frame¹¹.
- Proposals of more than EUR 500k which are recommended by the IC must then be approved by the board.

¹¹ A log-frame is a 'logical framework', which is very similar to a theory of change, like which, it can be used to determine a sensible approach for monitoring and evaluating progress.

Figure 5: C&A Foundation's selection process



All programmes have a theory of change and specific goals, or are developing them at the time of writing.

The evaluation team checks at this stage that (major) grants have a sample size large enough to be reliably evaluated.

Support for grantees

The dimensions of each grant (size, duration, restrictions etc.) are decided for each case by the C&AF team (notably the programme manager), largely based on the proposal.

C&AF professes a preference for fewer but longer partnerships, given the difficulty of the change that the foundation seeks. (In fact it has 311 grants/grantees as of February 2018 (Appendix 5).)

Non-financial support is normally substantial. C&AF's Executive Director is on the board of four grantees¹². C&AF staff often provide practical support, such as developing grantees' ToCs and plans for monitoring and evaluating their work. It sometimes funds consultants e.g., to improve grantees' financial management or fundraising.

C&AF sometimes convenes its grantees: for example, it has convened those in cotton, and (separately) in supply chain transparency, and later in 2018 will convene them all.

At the time of writing, there is no formal policy about non-financial support, though one may come.

Tracking grantees

Because C&AF is so determined about its goals, it is hot on learning - unusually so in our experience.

All initiatives which it funds must be monitored, and they must all measure a baseline at the start of the grant against which to track progress. For each grant, a measurement approach is agreed at the outset of the relationship. For grants under EUR 750k there are self-evaluations, with an agreed schedule completed by the programme managers normally twice per year. All grantees provide a detailed financial report for the full duration of the grant.

Monitoring is conducted by the partner and assesses progress towards agreed outputs and outcomes. Partners are also required to report challenges encountered during implementation and remedial actions to be undertaken. C&AF does not seem to verify monitoring data which grantees submit (in common with most funders).

¹² OCA, Fashion For Good, GoodWeave, Cotton Connect

Evaluation for all grants above EUR 750k is commissioned by an independent external entity. These use a range of methods, including impact evaluations, mixed method, theory based methods and participatory evaluation (more details are in the appendix). Sometimes C&AF commissions evaluations for grants below EUR 750k.

C&AF is willing to spend what it takes to learn from a grant. For example, its grant to Cotton Connect was around EUR 7m, and doing a reliable evaluation cost EUR 1.5m¹³.

Evaluations yield some surprises. For example, C&AF commissioned an [external evaluation of C&A's Employee Volunteering Programme \(EVP\) in Brazil](#) in 2016. The employee volunteering programme operates in almost 300 C&A stores in 120 cities around the country, engaging approximately 2500 employees. It had run for 26 years, at around \$700k/year^{vi}, and involving around 1300 C&A employees. The evaluation found various benefits, including that it had brought new activities to children involved, and raised colleagues' awareness of issues in their communities. C&AF itself said that^{vii}: "The most surprising and important result was just how few tangible outcomes there were for community organisations and children. Expectations of the programme were high and there was a lot of passion for it, but that didn't translate to impact." Following the evaluation C&AF concluded that a new strategy and appropriate operational guidelines were needed so the EVP can improve.

C&A Foundation publishes all third party evaluations. It puts them on its own website: a major problem in the charity / social sector is the lack of a reliable system for tagging studies (including evaluations) with 'meta-data' to make them findable, so many aren't¹⁴.

As of 28 February 2018, C&AF had completed 11 evaluations, of which seven were published on its website along with lessons notes; four further evaluations are ongoing and will be completed in 2018. 14 new evaluations are planned for 2018.

Starting in 2018/19 when the signature programmes are five years old, the foundation will commission external evaluations of them.

How the foundation evaluates itself

Most foundations do not evaluate themselves at all. From our experience, most cannot reliably say what proportion of their grants basically succeed versus basically fail - which we find amazingly incurious and perhaps irresponsible¹⁵. By contrast, C&AF uses various methods:

Internal dashboard: By May 2018, C&AF's website will include its biannual dashboard indicators which it uses internally with its ICs and Board of Directors, including key indicators on grants, performance indicators by programme and communications. An example is in the appendix.

¹³ There is a misguided notion in the philanthropy sector that the spend on 'monitoring and evaluation' (which are in fact completely dissimilar, though often conflated) should be proportionate to the size of a grant. It's nonsense: the costs of evaluating work reliably depends entirely on the nature of the work. Hence medical professor Sir Richard Peto says of research: "Ask an important question, and answer it reliably." If there is budget enough to answer it reliably, then great; if not, then best not to evaluate it at all. Poor quality evaluations demonstrably give misleading, false answers, so are worse than nothing.

¹⁴ Giving Evidence explored ameliorating this. We looked at one sector - UK criminal justice - though the ideas would be feasible in many other sectors. www.giving-evidence.com/info-infrastructure

¹⁵ A view that we have often expressed publicly and in writing.

Grantee perception. C&A Foundation asked the US-based Center for Effective Philanthropy in 2016 to survey its grantees using the [Grantee Perception Report](#). The findings were not flattering, despite which C&AF published the report. The feedback was dominated by grantees' feeling that the foundation isn't terribly helpful, don't feel very fairly treated, felt pressure in to amend their proposals in order to secure funding, and feel that the evaluation process doesn't involve them and is 'done to' them. This may be because C&AF was only two years old at the time so probably was in the chaotic formative stage, and/or because the foundation is so bent on its own goals that it is in effect hiring grantees to deliver against them, and hence rather prescriptive. Few institutions welcome being told what to do.

(Further detail on the findings is in the appendices.)

Perceptions of industry peers. The foundation commissioned a survey during 2017 of a dozen or so other clothing brands and retailers. A major theme was this: "I have initiative fatigue. I have cool new idea fatigue. I actually look at every new project with radical skepticism until I see that it has some likelihood of getting to scale... There are no lack of good initiatives right now, but there is a huge scale challenge". Some of the biggest barriers to scale are internal in those brands: engaging their whole organisations and workforce.

'Self-assessment' of grant success. In 2016, C&AF rated all of its grants which have been running for over a year, according to how well they seemed to be doing. Giving Evidence has only ever seen this type of (surely rather basic) analysis done by two of the scores of foundations we have encountered: the Shell Foundation, and the ADM Capital Foundation (analysis done by Giving Evidence)^{viii}. C&AF's assessment was done by the programme staff against a traffic light system, and based on the KPIs for each programme. It had 36 such grants, of which 28 were 'green' (on track), six were 'amber', and two were 'red' ('significant risk'). The analysis is published and summarised in the appendices."

Hearing from affected communities

C&AF does not have a formal, on-going system for hearing the voices of those it intends to benefit. However, it has taken some steps in this respect, such as:

- A C&AF series was commissioned, entitled *Life After Forced Labour* where a photographer (Ryan Lobo) met has met women building their future under harsh working conditions. Some of them have graciously shared their personal stories of love, struggle and hope for the future with C&AF.
- Inviting apparel workers to a meeting in Sri Lanka in 2016 about transparency, along with NGOs and government representatives.

Achievements thus far

As mentioned, the programme evaluations will happen in 2019/2020, because that is when the programmes will be five years old. Hence it is too early really to say anything meaningful about ‘impact’ as such. However, some achievements do seem to be clear:

- Opening up work on modern slavery in the fashion supply chains. This seems to have been a bold move as the - horrible - topic was little discussed when C&AF began work on it. Just the fact of the foundation having a programme on it may have brought more attention to it - though clearly the foundation aims to achieve rather more than just that. C&A was awarded [the Stop Slavery Award](#) by the Thomson Reuters Foundation in 2017, for being “exemplary... going beyond compliance standards in all categories.”
- Having secured ‘grab-holds’ in each programme area: relationships with key players. Even this young, the foundation has conspicuously many (non-grantee) partners. They include the Freedom Fund on the human side (slavery), and the Sustainable Apparel Coalition on the environmental side. (The SAC represents over 30% of the world’s clothes manufacturing.) Also Humanity United, an impact investing fund; and many other brands have been enticed to join the various Multi-Stakeholder Initiatives it has instigated.
- Reaching considerable scale on some work, e.g., C&AF reports that entities which it funds now support 43,000 farmers who adopt organic practices to produce cotton^{ix}.
- Having demonstrated much more independence from the company than most corporate foundations have. For instance, some NGOs, such as [MamaCash](#), initially would not take its funding because they don’t take corporate money, but now do because they see that it is not a corporate stooge. On the corporate side, other brands reportedly have sought C&AF’s advice about sourcing organic cotton. It is of course remarkable for a company to seek advice from a competitor’s foundation, and perhaps only happens because of the separation between the foundation and the business.
- Having built a culture open to analysis and learning, and a willingness to admit failure. This is not trivial.



2. Why C&A Foundation operates that way

Why those programme areas?

The purpose of philanthropy is to turn money (and sometimes other resources) into sustainable social change. The primary task, then, is to identify sectors or areas where that can most readily happen.

C&AF has chosen its four main programme areas (we leave aside the Sustainable Communities programme, as it is less related to MFF4G) by prioritising problems based on where philanthropic money and its unique resources can make a difference by looking at:

1. The areas where the apparel business needed help and **where philanthropic capital could help**, e.g., by de-risking, such as with the 'circular t-shirt'
2. **Where there is a market failure**, i.e., failure of supply and/or demand. For example, organic cotton has increasing demand but the market signals from buyers are inadequate to stimulate enough production. There is currently only one cotton price worldwide for cotton, which covers both sustainable / organic and also conventional cotton. Over 90% of production is currently conventional. So the issue is persuading farmers to produce organic cotton if price is the same. {C&AF responded by funding a training programme for 30,000 farmers in India, which supplies 75% of organic cotton - to become organic.}
3. **Major issues on which nobody else is working**. For instance, organic cotton was chosen partly because cotton production is highly pesticide-intensive. The business wanted a chemically-better option but felt that work towards one was insufficient.

Historically, the programme areas arise in part because C&AF originally grew from a sustainability strategy for C&A, and that highlighted needs for sustainable products, sustainable lives, sustainable supply. The foundation worked to identify where it could most potently intervene, given that it is a foundation, as opposed to a business, and with its focus on the industry as a whole.

The circular economy programme is the newest, and its core (around shifting away from a linear make-sell-bin model) is the same as the core of the other three main programmes: the concept of 'circular' production encompasses labour rights and environmental performance.

India gets the lion's share (in 2017, EUR 25.5m, i.e., just over 50%) of C&AF's funding, because "it has it all": child labour, slavery, dominant position in cotton production.

Why that modus operandi?

C&AF's **doggedness about its goal and its focus on learning** are probably due to leadership: when foundations do not have to compete for resources, they have no 'natural (existential) incentive' to work really hard, and hence many don't; but some do, normally do so because of essentially optional decisions by the leadership.

The leadership has chosen to have **goals for each programme**, and then used tools for maximising its chances of achieving them, such as strategies for each programme, theories of change, and KPIs.

The use of learning mechanisms - the external evaluations, feedback from grantees and peers, self-evaluation etc. - and sharing that learning by publishing it all comes from the leadership's impatience to improve the sector rapidly.

The **focus on learning** clearly comes from that eagerness to achieve the goal. It give rise to the unusually sophisticated strategy around evaluation, the high spend on it, the analysis of the foundation's own progress, the willingness to publish results however unflattering, and so on. C&AF is more 'scientific' than many foundations in the sense of being open to the notion that it might be wrong.

The rationale for **giving grants** is essentially that (a) C&AF has so many interests that, if it were to run programmes itself - as ARK or Bertlesmann Foundation do, for example - it would have an unmanageable proliferation of activities and staff, and (b) there are often already other organisations working in or around C&AF's areas of interest, so there is no need to build up new operational teams. {As mentioned, where C&AF finds an important gap, it may create organisations.} Where that is not the case, and new operational teams are needed, C&AF has been willing to create and incubate them, e.g., at Fashion for Good.

The interest in **multi-stakeholder work** came from the realisation that most innovation isn't getting to scale, or that system issues such as policy can better be tackled by a coalition. This was confirmed by a 'deep dive' study by an external consultancy. Normally in this industry (and others), innovation is normally seen as competitive edge so not something on which to collaborate.

On **sourcing prospective grantees**, the foundation is circumspect about open applications / issuing requests for proposals because it finds them expensive for both parties. C&AF does use them sometimes, though has on occasion found that requests for proposals only yield a few good applications.

Some aspects of C&AF's work seem highly thought-out: examples are having theories of change and sophisticated research techniques for evaluating grants. Others contrast with this, and may result from previous activity: the homogeneity of the board, and some activities in the Sustainable Communities Programme are examples.



3. Discussion

The foundation of a privately-owned business

Privately-owned businesses seem to us uniquely potent as agents for social change. This is because, on one hand, they have access to more assets and capabilities than a normal family foundation or endowed foundation - which may be 'just' its capital. They can often deploy the business's reputation, buildings, vehicles, relationships, staff, and so on. On the other hand, unlike listed companies, they are not beholden to a wide range of potentially diverse shareholders (who are unlikely to agree on social goals that they prioritise) and who tend to operate on shorter time-scales. Foundations of privately-owned businesses are uniquely able to deploy various assets and capabilities in the interests of social change, take risks which commercial investors would not weather, and stick at it for long periods.

We see all of this playing out with C&A Foundation. Perhaps most strikingly different from many corporate foundations - who more prioritise benefit to the company - is C&AF's interest in disrupting the system through which the business makes money.

Overall goal: Making fashion a force for good

We did not hear a proper definition of what it would mean for fashion to be a force for good. It has four areas / goals which it thinks fit under MFF4G (circular, organic cotton, etc.) and have precise goals for each of those, but no definition for MFF4G itself. That seems an important omission.

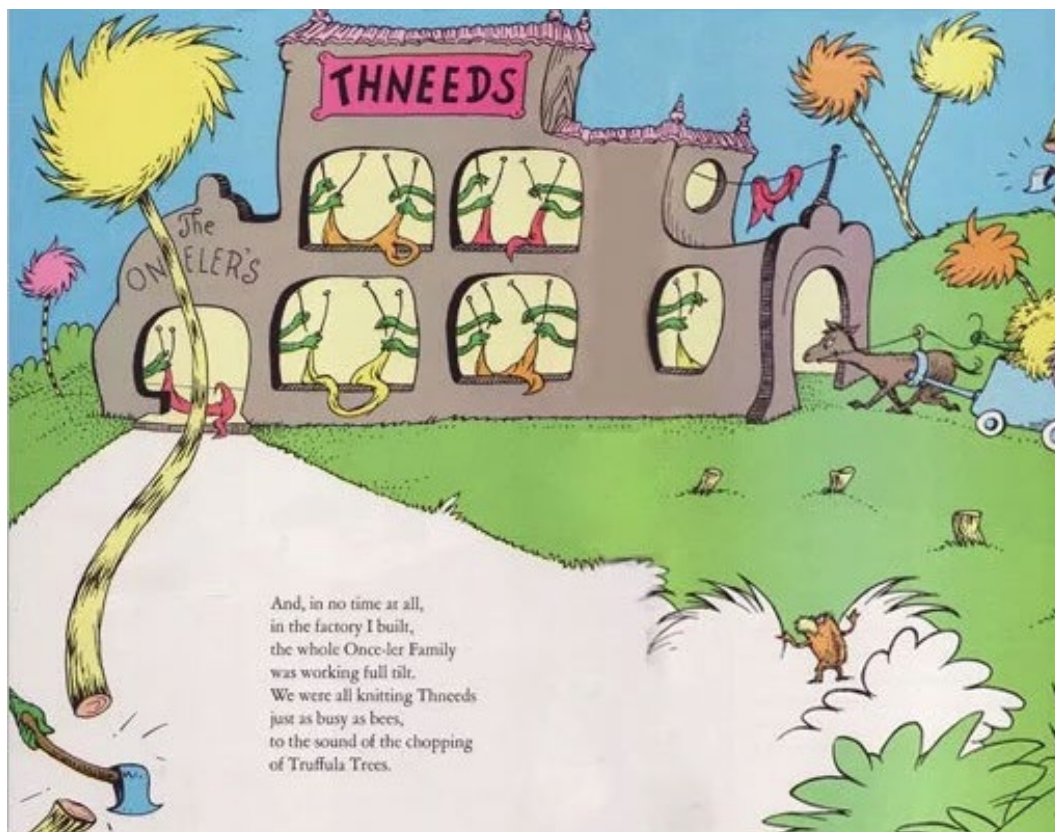
It is unclear to us what it would even mean for fashion to be a force for good. Surely the basic history of the human race as observed by Planet Earth is that we consume natural resources - to sell them or sell things made of them - faster than they are replenished.

Literally all industries create harm, even if just by use of largely-non-renewable electricity. Even industries which are, like renewables, designed to reduce the rate at which humankind depletes natural resources, they still deplete them: the silicon and metals in solar panels, for example, are made from non-renewable natural resources, even though that the purpose of those panels is to reduce the rate of depletion of fossil fuels. That is just how our race lives.

It would thus be a giant (and unprecedented?) feat if the fashion industry were to eliminate all of its negative effects e.g., production of hazardous chemicals, use of fossil fuels, But MFF4G goes even further than that and envisages *positive* changes.

So is there any commercial industry which is not net negative? We can't think of any. In other words, in aiming to MFF4G, C&AF is aiming to not only do more than *any other industry* on reducing harm, but to also become net positive. That's a giant audacious goal.

Quite apart from being undefined at this point, wonder whether it is meaningful, let alone achievable. A good move might be for the foundation to have an overall goal which is achievable and comprehensible.



Page from the Dr Seuss book *The Lorax*, in which people turn up, notice that the lovely Truffula Trees can be turned into 'thneeds' which they can sell. They make and sell thneeds until suddenly... there are no more Truffula Trees. A story for children, it is in fact terrifying in its accuracy.

Automation

Surely the main social good that comes from the fashion industry is jobs: over the last thousand years, nothing has moved more people out of poverty and enabled improvements in health, wealth and happiness than jobs. If the fashion industry creates many, meaningful, decent, and well-paid jobs, that is a positive contribution.

A threat to this is increasing automation - and possible artificial intelligence (AI) which may eradicate many of those jobs. The fashion industry will, surely, massively automate over the next 100 years, become more productive and less labour-intensive. In the 1600s, most people worked in agriculture: now barely anybody does, because of automation, and that's fine¹⁶ because we've all re-trained into roles which didn't exist then: this is how economies develop.

But if the industry's main social good is through jobs, and those are disappearing, it becomes yet harder to see what it means for the industry to be a force for good.

Of course, C&AF has noticed the issue of disappearing jobs: it is, for example, hosted a debate at the Copenhagen Fashion Summit in May 2018 about the coming effect of AI on the fashion industry, which clearly is likely to significantly affect its role as an employer.

¹⁶ The 'block of labour' fallacy says that it doesn't matter if all the factory-workers lose their jobs to automation, because they'll all get jobs elsewhere in the economy. That may be true, but they're likely to need some re-skilling, at a minimum. History suggests that the least-skilled workers fare worst in transitions like this.

Many battles

C&AF's five programmes make a formidable workflow. The leadership team seems to have a giant capacity for work but nonetheless be struggling to manage it all.

C&AF: "We are a team in a hurry"

Giving Evidence: "So does that mean that the foundation has too many priorities?"

C&AF: "Yes, you could say that"

An obvious option is to drop some programme/s, or some of the pieces within the programmes. For example, it is not obvious to us why a foundation aiming to MFF4G - or even just in fashion at all - has a multi-year, multi-million-dollar grant to Save the Children: this is not to decry the importance of that work, but, beyond the fact that C&A employees who (like anybody else) want to 'do something' in reaction to disasters and emergencies, it just seems like an irrelevant distraction.

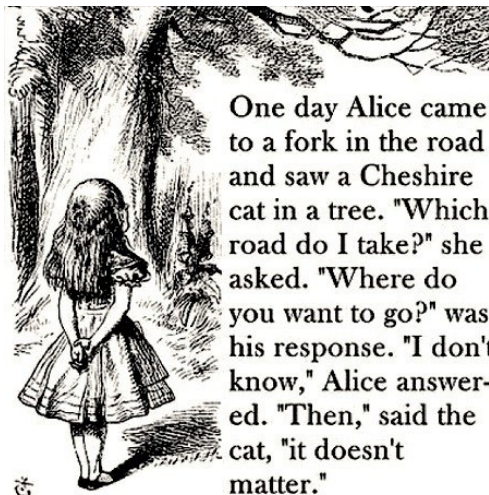
By analogy, the Shell Foundation - which also takes initiatives to scale - found that its success increased markedly as it became more focused on fewer projects, and could pay more attention to each.

Having fewer battles would enable the foundation to make larger grants. Though at EUR 2-3m, some of C&AF's grants are large by foundation standards, it is still pretty tiny compared to the size of the fashion industry and the challenges. For instance, in a quest to make a "real and measurable progress in solving a critical problem of our time" (which is also C&AF's goal), the MacArthur Foundation recently made [a single \\$100m grant](#), awarded though a public competition.

The tension between having specific goals and making grants

There is a tension / contradiction between, on the one hand, having specific goals, and on the other, being only / primarily a funder. Funders have 'no arms and legs' (no operational capability) with which to deliver anything themselves.

That can make them seem to their grantees rather prescriptive - as which showed up in the Grantee Perception Report responses. It is also an interesting variant on the classic principal-agent problem of economics: in its normal form, the issue is that incentives of the principal (say, the shop owner, or investor) do not ally with those of the 'agent' whom they hire to do the work (the shop manager, or the investment manager): for instance, the shop owner may when it is very sensible for a funder to be prescriptive, such as if multiple organisations are doing much the same thing but in unhelpfully different ways, and some standardisation would be helpful.



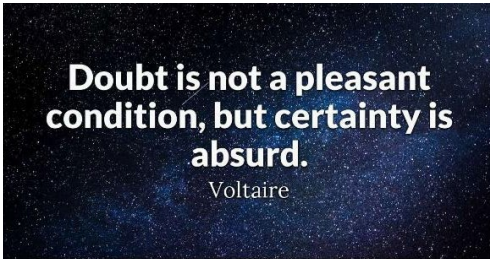
One day Alice came to a fork in the road and saw a Cheshire cat in a tree. "Which road do I take?" she asked. "Where do you want to go?" was his response. "I don't know," Alice answered. "Then," said the cat, "it doesn't matter."

There is (to our knowledge) as yet no reliable evidence as to whether and when progress is fastest on when funders have their own strategies.

There is some debate about it. For instance, Katherine Fulton, formerly of the Monitor Institute, [is of the view](#) that “*At the heart of strategic philanthropy is an assumption that making a strategy is a rational process, controlled inside an organization or by a donor, to craft a unique philanthropic contribution... At its worst, strategic philanthropy can be a toxic mix of arrogance and ignorance, lacking critical understanding of the context, treating grantees not as partners but as mere instruments of a funder trying to meet a goal.*”

This strategy of the funder being goal-focused and having ToCs is fine only if the ToCs are right, and they correctly identify the most potent levers. Perhaps foundations sometimes really do understand problems better than operating nonprofits do. They can afford to spend more resources understanding them because they are not forced to constantly create sparkly new ‘projects’ and fundraise for them. C&AF has spent money with Deloitte, BCG, McKinsey, U.Rotterdam and others taking a systems approach and deep analysis of the problems it is trying to solve. It makes no sense for multiple organisations in a sector to do that - it should be done once and well, and perhaps C&AF has done that for its sector.

Another counterargument is that sometimes it is useful to force alignment between operating entities (such as the grantees), e.g., if several are doing similar work and harmonising the metrics or working practices would be beneficial. C&AF has had this in its cotton work.



Thus, for what it’s worth, Giving Evidence’s intuition (previously publicly stated) is that it is probably best if foundations do have clear goals. Many foundations do not have theories of change either for the foundation as a whole or for each area.

The tension between goals and theories of change, vs. pursuing systemic change



“Dear Mr. Gandhi, We regret we cannot fund your proposal because the link between spinning cloth and the fall of the British Empire was not clear to us.”

Written by M. M. Rogers and illustrated by Arto R. Fitzal, Wahyu S., Ary W.S.
Creative team for Search for Common Ground in Indonesia

Goals and theories of change are helpful for preventing ‘mission creep’, and they work well in well-understood, predictable systems, such as delivering anti-malaria bed-nets. We heard some views that they are “extremely helpful” for making the thinking and framework explicit, so that it does not live just in one person’s head but can be shared with partners and others.

However, (obviously) work like C&AF’s to change systems is not like this: it isn’t linear, predictable, mechanistic. A physicist would say that it’s not Newtonian. System-changing work takes many organisations - and some random good luck - much of which it outside

any one organisation's control. In other words, many organisations contribute to the change, such that it's impossible to figure out what part(s) of the change to attribute to whom. It is also (probably?) unavoidably exploratory, so requires adaptability. Log-frames and strict reporting requirements just doesn't work like that. One interviewee said (and we agree) that "system changing work requires accepting that all models are wrong" (it is perfectly normal for scientists to think that all theories eventually get disproven.)

We were therefore not astonished to hear that C&AF's goals, log-frames and ToCs have sometimes been unhelpful. Their assumed model is sometimes too linear and predictable: they can be too inflexible. We heard that some grant managers want levels of detail in the logframes that are just not meaningful. Because the programme ToCs are 'locked' until 2020, there is sometimes frustration that new learning cannot be integrated: that the programmes feel that they essentially have to continue with what they have learnt to be inaccurate assumptions until that time. (It may not be true that they do have to do this, but they nonetheless reported feeling that they do.) They can prevent C&AF thinking outside the box.

That said, we have sympathy with having ToCs, even as a working hypothesis. One suggestion was to have more opportunities to amend them in the light of learnings: perhaps an annual 'window' in which they can be altered.

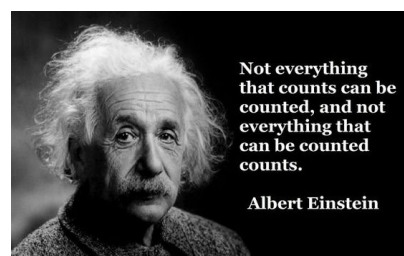
Forum for the Future is reportedly working on identifying the attributes that organisations need to be successful at system-changing work. They currently believe these to include being: adaptive, learning, flexibility. Happily some of this is very evident in C&AF, e.g., the substantial focus on learning. But some isn't, e.g, the governance is quite static and rigid, for example in that big spend decisions can only be made biannually at the board mtgs.

One suggestion that emerged from the interviews was for C&AF to have more general operating grants, where ~80% of grants must align with at least four KPIs and ~20% of the portfolio do not need to align with them, which might allow for more room for manoeuvre. Another suggestion was to have to opportunity to review and potentially adjust the ToCs annually or biannually to reflect the continuous learning (a major strength of C&AF e.g., the grantee perception report, and all the M&E from grantees.). Currently the ToCs can't change even if C&AF learns that it's totally inappropriate or the assumptions underlying it are just wrong. A mechanism is needed to be able to incorporate the masses of research C&AF undertakes into the revision and updating of the ToCs.

Tension between measurement and systemic change

Related to the issues discussed above, there is tension between being transformational, and having relatively short-term KPIs. The trick is to maintain focus on the bigger shifts that they are aiming for, which:

- a) May take ages to materialise
- b) May not be visible
- c) Certainly not attributable



C&AF is alive to this tension. It has not resolved it, but neither has anybody else. It does at least make more sophisticated use of a range of research techniques for understanding its impact than almost any other foundation we have ever seen, which clearly will help.

That said, we had a concern about the fact that C&AF does not appear to assess or verify the quality of the monitoring or self-evaluation data which grantees submit. For grants below EUR 750k, that is often all there is. From experience as a charity CEO, it is simply not difficult to fabricate those data or amend them to be more flattering: since nonprofits often have an incentive to do that, it's hard to believe that it doesn't happen.

Governance

The misalignment between the foundation's goals and the composition of its board may hinder decision-making (which is the sole purpose of governance). It also presents reputational risk.

We heard that the structure with the multiple ICs occupies too much management time, for example, in servicing the various meetings.

The good news here is that the structure and composition of governing bodies is entirely within the foundation's own collective control⁸.

Relationship with the business

Could / should C&AF be separated from C&A? Would it be more or less powerful as a change machine if it were separated: if it were just the, say, (endowed) Sustainable Fashion Foundation?

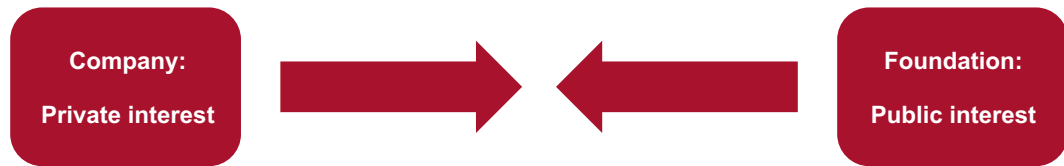
We heard mixed (and strong) views on this. Some thought that detachment would weaken the foundation: removing the test-bed of a major producer (e.g., the circular t-shirt) and its buying power as an incentive for producers (factories, farmers) to change.

Others thought that detachment would make the foundation less beneficial to the company. For example, there was reportedly trepidation initially in the company about the foundation calling it out as a bad actor - but now thinks that if it's a bad actor, somebody eventually will call it out. The proximity of the foundation to the business gives the business a heads-up - actually on a wide range of issues because the foundation "is involved in everything."

Others thought that detachment might strengthen the foundation. One logic is that it would ease partnering with other brands, who are understandably wary of collaborating with an entity attached to a direct competitor. {This is a highly competitive field: last year had a record number of bankruptcies in the fashion industry.²¹}

Another logic relates to accounts we heard of when important work to change the system, power and incentives in the industry has been blocked or deterred by C&AF's board. The business' interests are over-represented in the board, and might be threatened by that work. The problem of course is that foundations operate fundamentally in the *public* interest, whereas businesses operate fundamentally in the *private* interests of their owners. Those interests are sometimes precisely opposed. C&AF doesn't seem to have a satisfactory mechanism for resolving when its goals are incompatible with those of the business /board. {That said, most corporate foundations essentially do what the company wants them to do.}

Figure 6: Public vs Private Interest



The need for systemic change arises because of the exploitative labour practices which are standard, and the uneven power distribution between producer and buyers. It is easy to make those changes where it doesn't hurt anybody (eg., organic cotton is quite palatable) but improving labour standards and transparency creates cost and new pressure for buyers.

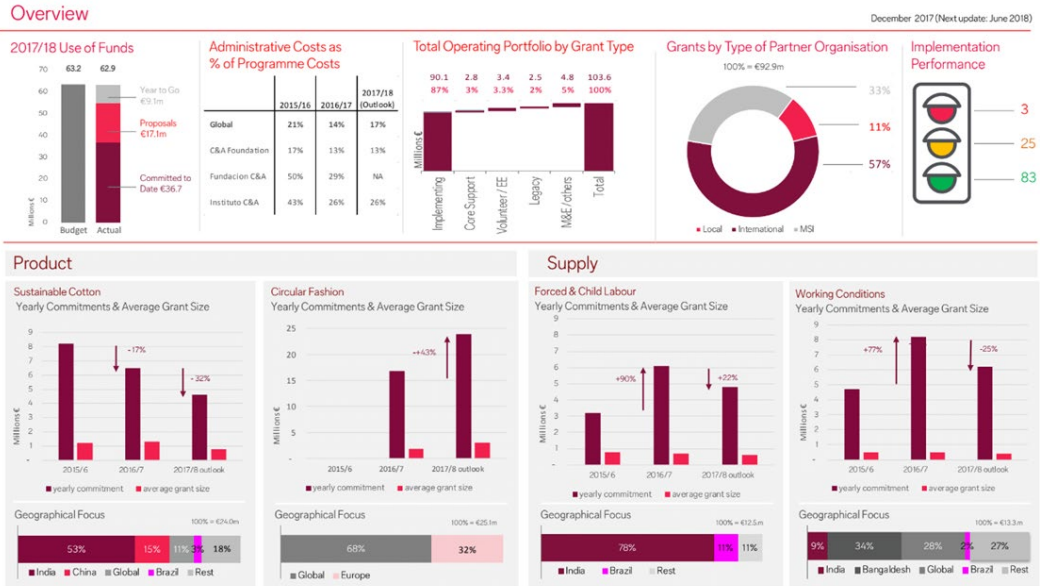
On some occasions, this opposition impedes progress. On others, it seems to be precisely the reason for having a foundation which is (somewhat) separate from the company. For instance, when the 'circular t-shirt' was developed, the foundation made the 'protocol' for that public, whereas a private company might not have done that.

C&AF to us seems to be an innovative and unusual foundation with a notable attention to learning and systems change. The foundation's uniqueness has also been recognised by the wider philanthropic community, where it has drawn attention and sparked questions on how and why it does what it does - leading to this case study. As previously mentioned, the foundation is still relatively young and as more heard results come in when current grants draw to a close, we look forward to seeing evidence about what really works and what doesn't and hope that those lessons get adopted across the philanthropy world.



Appendices

1. Performance: C&AF Dashboard, 2017



2. Summary of grantee feedback

In 2016, C&A Foundation asked the US-based Center for Effective Philanthropy to conduct its Grantee Perception Report, an anonymous survey of grantees. The responses from C&A Foundation grantees are compared to responses from (a) grantees of all other funders for which CEP has done the GPR, of which there are now over 40,000, and (b) grantees of a ‘custom cohort’ of 13 other funders which are somewhat similar to the C&A Foundation for which CEP has done the GPR. The ‘custom cohort’ for C&A Foundation are actually not terribly similar: for example, they are mainly non-corporate foundations, and almost all based in the US. The results below compare C&A Foundation with the full set of funders, other than where stated.

C&A Foundation scored pretty poorly. This may be because it was still only a couple of years old at the time, and/or because it is so bent on its own goals that it is in effect ‘hiring’ grantees to deliver against them. Key relevant findings are that:

- Grantees don’t find C&A Foundation terribly helpful.** The foundation is in only the 8th percentile in terms of grantees’ overall satisfaction with the foundation (i.e., 92% of all funders score better on that). It is in the 10th percentile in terms of strength of the relationship with the foundation (i.e., 90% of all funders are rated better on that), in the 16th percentile for impact on the grantee organisation; 13th percentile for impact on the grantees’ communities; and 21st percentile for impact on the grantees’ field. The selection and reporting/evaluation processes fare better: C&A Foundation is in the 55th percentile for both of those.

- Smaller grantees (revenue <\$1m) rate the foundation more highly than larger ones - perhaps because it is easier to affect a small organisation than a larger one (and they may be more grateful). Grantees with revenue <\$1m are a third of the portfolio.
- On **strategy/focus**, interestingly, on how well the foundation understands the grantees' field of work, C&A Foundation is only in the 49th percentile: i.e., in the bottom half of all foundations. Similarly on how well the foundation has advanced the state of knowledge in the field, C&A Foundation is only in the 48th percentile. It is only in the 13th percentile on how well the foundation understands the grantees' strategy and goals. On understanding beneficiaries' needs, C&A Foundation is only in the 31st percentile
- On **the relationship**, C&A Foundation is only in the 9th percentile on how fairly grantees feel treated, and in the 5th percentile on the consistency of its communications. It is in the 28th percentile on how transparent it is with grantees (though this is above the average for the custom cohort). Communications is the area that grantees most frequently highlighted as needing improvement.
- On **the selection process**, C&A Foundation is highly involved with grantees: it is in the 93rd percentile on that, and 89th percentile in terms of grantees feeling pressure to amend their proposal to get funding. C&A gets one of its highest scores here, for the helpfulness of the selection process: coming in the 55th percentile.
- On **evaluation**, clearly C&A Foundation is very active here, though it only comes in the 27th percentile on how helpful grantees find the process to assessing their progress towards their goals (The issue may be that the foundation's assessments are geared to the *foundation's* goals, rather than to the *grantees'* goals.) Interestingly, most grantees felt that they were involved in the reporting processes (73rd percentile: probably because reporting is done *by* them), whereas few felt involved in the evaluation processes (10th percentile: probably because evaluation is done *of* them, by somebody else)

On the positive side, C&AF grantees reported that:

- On **support**, C&A scored highly on encouraging / facilitating collaboration with others in the field (62nd percentile; though it is not clear how highly grantees value that collaboration).
- C&AF's **grants are larger** than those of most other foundations which CEP has studied: C&AF is in the 91st percentile. It is also rather efficient for grantees: C&AF is in the 81st percentile in terms of the 'grant dollars awarded per process hour required'.
- C&AF is highly engaged, e.g., on helping grantees to develop strategic plans, (separately) performance measures, and communication plans, C&AF is rated dramatically more highly than is CEP's median funder.

3. Research methods in evaluations commissioned by C&AF

Number of evaluations using each method (2015-2018)

Method	No. evaluations
Impact evaluation (quasi-experimental)	1
Theory based evaluations	2
Developmental evaluation	1
Mixed methods	2
Qualitative method	2
Outcome harvesting	1
Participatory evaluation	2
Rubrics	1
Whole person approach	1



Type of evaluation method used in each programme

Title of Initiative/Programme	Method
Clean Cotton – Without Child Labour and Exploitation	Participatory evaluation (predominantly qualitative techniques)
Reduction of Worst Forms of Child Labour in Textile Supply Chains	Mixed methods (predominantly qualitative techniques)
Impact Evaluation of the Organic Cotton Farmer Training Programme – CottonConnect	Quasi-experimental design using difference in difference approach
Store-Giving	Outcome harvesting approach using both qualitative, quantitative and participatory approaches
Better Mills Initiative	Mixed methods (predominantly qualitative techniques)
Employee Volunteering	Theory-based approach with both case study and mixed methods
Networks and Alliances Programme	Collaborative and participatory evaluation (including a reconstructed TOC and use of evaluation ratings, ‘rubrics’) the Theory-Driven evaluation, and Evaluation Rubrics method
Yo Quiero, Yo Puedo (I want to, I can) (YQYP) - IMIFAP	Qualitative Impact Protocol (QuIP)
Better Buying Feasibility	Feedback / qualitative
Multi Country Sustainable Cotton Programme - CottonConnect	Collaborative and participatory methods using contribution analysis
Giving Refugees a Voice - Equiception	Theory based participatory approach
Save the Children Global Humanitarian Partnership	Whole Person approach (participatory approach)
Building Resilience of the Urban Poor (BRUP) Project - CARE (Bangladesh)	Qualitative approach
Humanity United	Developmental evaluation
Missao Paz	Mixed methods (theory based approach, focus groups and semi-structured interviews, data analysis, evaluation rubrics)
CAMI	Mixed methods (theory based approach, focus groups and semi-structured interviews, data analysis, evaluation rubrics)
Brazilian National Campaign for the Right to Education	Qualitative methods (participatory evaluation, focus groups and semistructured interviews)
Early Childhood National Network	Mixed methods (participatory evaluation, focus groups, semistructured interviews, survey, observation)
Water.org	Contribution Analysis / Sense making (qualitative) and survey (quantitative)

4. Progress towards results

Implementation performance of grants/grantees is evaluated internally by C&AF programme managers. The table below shows the success of the grants between June - December 2017.

	Criteria	Action	No. orgs
<p>RED:</p> <p>Little evidence of progress towards outputs / outcomes / long-term impact</p>	<p>Less than <40% of outputs and outcomes have been achieved / or are on track.</p> <p>No significant presence of conditions or action to support progress towards long-term impact. Barriers and threats have yet to be mitigated.</p> <p>Insufficient action is being taken by the partner to correct performance.</p> <p>The timeline, budget and results are at significant risk.</p>	<p>Raise to the initiative partner</p> <p>Put in place a remedial plan with milestones to improve implementation performance.</p> <p>Inform CAF management</p> <p>Increase supervision.</p>	3
<p>AMBER:</p> <p>Some evidence of achievement of outputs/outcomes. Progress towards long-term impact. Barriers not mitigated</p>	<p>More than >40 but less than 60% of outputs and outcomes have been achieved / or are on track.</p> <p>Partial presence of conditions or actions to support progress towards long-term impact, but the majority of barriers and threats have yet to be mitigated.</p> <p>Action is being taken by the partner to improve performance.</p> <p>The timeline, budget and results are at risk.</p>	<p>Enter into dialogue with the partner and monitor any implementation corrections being undertaken.</p> <p>Inform CAF management.</p> <p>Increase supervision.</p>	25
<p>GREEN:</p> <p>Achievement of outputs/ outcomes. Conditions to support long-term impact. Barriers are mitigated</p>	<p>More than >60% of its outputs and outcomes have been achieved / or are on track.</p> <p>Conditions and actions to support long-term impact are in place. The majority of barriers and threats are mitigated.</p> <p>Action taken by the partner maintains performance.</p> <p>The timeline, budget and results are within plan with no immediate risk.</p>	<p>Maintain reporting and supervision arrangements as per grant agreement</p>	83

References

- i “Frankly Speaking: C&A Foundation’s Sustainable Supplier Programme”, co-published with Giving Evidence: www.giving-evidence.com/ssp
- ii Tierney, T. J., 2007, ‘Higher-Impact Philanthropy’, The Bridgespan Group www.bridgespan.org/LearningCenter/ResourceDetail.aspx?id=320, accessed 6 May 2011.
- iii https://www.bsr.org/reports/BSR_Empowering_Female_Workers_in_the_Apparel_Industry.pdf
- iv At the time of writing, 152 companies “are disclosing at least some of the facilities making their clothes”. C&A was one of the earliest. <https://www.fashionrevolution.org/transparency-is-trending/>
- v <https://www.ellenmacarthurfoundation.org/programmes/systemic-initiatives/circular-fibres-initiative>
- vi https://d2bkwed3dzgijf.cloudfront.net/live/media/filer_public/28/e9/28e9a8d3-2bd6-438a-8998-9439eb68de60/evp_external_evaluation_final_report.pdf
- vii C&A Foundation Annual Report 2016
- viii <http://www.shellfoundation.org/Our-News/Reports-Archive/Latest-Shell-Foundation-Reports/Enterprise-Solutions-to-Scale-report.aspx>, and <https://giving-evidence.com/2017/06/05/admcf/>
- ix Data provided by C&AF, and unpublished. Aggregates data from entities it funds: nine partners in five countries.
- x The composition of boards of charitable foundations has been analysed recently, and attracted some controversy, e.g., <https://www.acf.org.uk/news/foundation-trustee-boards-the-good-the-bad-and-the-data>, <https://www.civilsociety.co.uk/news/99-per-cent-of-trustees-at-charity-foundations-are-white.html>
- xi <https://www.retaildive.com/news/retail-bankruptcies-2017/446086/>

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