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Balancing the Competing Demands of Strategic Philanthropy: The Case of the Delaware River Watershed Initiative

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Keywords: *Strategic philanthropy, strategic grantmaking, philanthropic strategy, emergent strategy, evaluation and learning, collaborative learning, foundation learning, developmental evaluation, foundation/grantee relationships, top-down management, bottom-up management, goal setting, environmental grantmaking, watershed conservation, watershed protection, watershed restoration, conservation strategy, geographic targeting, spatial targeting, Delaware River Watershed, Delaware River Basin, William Penn Foundation*

Reflective Practice

Introduction

As foundations increasingly embrace the principles of strategic philanthropy — explicit goals, evidence-based strategies, evaluation of progress — warnings about the approach have gained currency. Strategic grantmakers, some contend, assert the right to set social change agendas while undervaluing the judgments of practitioners who are working for change on a daily basis. They risk treating their grantees as mere contractors rather than full partners (Patrizi & Heid Thompson, 2010). And they are likely to oversimplify highly complex problems, thus locking their grantees into rigid theories of change and indicator frameworks that are insufficiently responsive to dynamic situations (Patrizi, Heid Thompson, Coffman, & Beer, 2013; Harvey, 2016; Kania, Kramer, & Russell, 2014). Nevertheless, in a field where feedback is uneven and vast sums of money can easily be squandered, the reasons for conducting goal-driven, evidence-based grantmaking remain compelling (Brest & Harvey, 2018).

The challenge for strategic grantmakers is to reconcile a dilemma at the heart of their enterprise. They have an obligation — not just to their founders, but to the public that has entrusted them with generous tax benefits — to put their funds to the best possible use and take full advantage of the unusual freedom they have to choose where their money goes. This means pursuing ambitious aims through carefully formulated courses of action. Yet their success depends on grantee organizations that are accountable to their own boards and

Key Points

- Strategic philanthropy requires striking a balance between two extremes. On one side is unilateral agenda-setting by the foundation and excessive reliance on its own intellectual frameworks and methods. On the other side is too much deference to competing voices from the field, with the risk that funding will be haphazard and incoherent. This article describes how the Delaware River Watershed Initiative, supported by the William Penn Foundation, has struggled to position itself between these two extremes.
- Based on an evaluation conducted during the first four years of the initiative, the article examines four interrelated tensions: upfront planning versus emergent strategy, top-down versus bottom-up management, strategic focus versus opportunistic flexibility, and ambitious aspirations versus realistic expectations.
- After discussing how each of these tensions has played out as the initiative has evolved, the article concludes by suggesting that the role of evaluation in strategic philanthropy is not just to provide feedback on the progress of a strategy, but also to facilitate a learning process to help participants clarify their strategy by reconciling such tensions.

FIGURE 1 The Evaluation Team

- **Edward W. Wilson,** an evaluation professional with three decades of experience, specializing in the review of conservation programs.
- **David LaRoche,** an independent consultant with more than 40 years of experience in watershed project development, management, and evaluation.
- **Paul L. Freedman** and **Kathy Hall** of LimnoTech, a leading environmental engineering and science firm specializing in water-related issues.
- **Matt James** and **Dave Hubbard** of Coastal Restoration Consultants Inc., experts in on-the-ground stream and wetland restoration projects.
- **Carol Bromer,** a research specialist with nearly 20 years of experience assessing environmental programs.

Evaluation activities included:

- In-depth interviews
- Participant observation
- Field and site visits
- Expert reviews of the use of water-quality monitoring and modeling tools
- An online survey of grantees
- Three written reports
- Four presentations to grantees

stakeholders and have their own goals that may not be consistent with those of their funders. Although the inherent power imbalance in philanthropy can easily lead foundations to treat grantees as subordinates, foundations must work cooperatively and respectfully with grantees for practical as well as ethical reasons. If they fail to do so, they may tie the hands of the implementers of their strategies and ignore the knowledge of those who are laboring in the trenches (Dowie, 1995, 2001; Delfin & Tang, 2006; Harvey, 2016; Reich, 2018).

Strategic grantmakers find themselves teetering on a narrow edge between hubris and humility. On one side is unilateral agenda-setting and excessive reliance on their own intellectual frameworks and methods. On the other side is too much deference to competing voices from the field, with the risk that funding will be haphazard and incoherent. The art of strategic philanthropy is to strike the right balance between these two extremes.

This article examines how the William Penn Foundation, of Philadelphia, Pennsylvania, has endeavored to achieve this balance in its support for watershed protection and restoration. The Delaware River Watershed Initiative (DRWI) is a continuing effort, launched by the foundation in 2014, that has sought to align the efforts of more than 50 conservation organizations, land trusts, and research groups toward improving the condition of watersheds in a major East Coast river basin. Although the foundation had been making grants in support of watershed restoration and land preservation since the mid-1990s (Sherman & Wilson, 2003), the DRWI represented a dramatic shift away from responsive grantmaking, guided by broad programmatic criteria, toward a much more strategic approach. Emphasizing the importance of sound science, the foundation used data and models to inform the location and design of on-the-ground land protection and restoration projects, and invested in an extensive water-quality monitoring program in the hope of demonstrating the initiative's effectiveness (Freedman, Arscott, Haag, & Hall, 2018). A formative evaluation was commissioned to assess the initiative's first three-year phase. (See Table 1.) That evaluation, which is the basis of this article, contributed to a strategic learning

In the DRWI, as in many other foundation initiatives, the challenge was not so much to assess the progress of the strategy as to clarify what the strategy was. The evaluators' chief contribution was to facilitate a collaborative learning process by calling attention to the various tensions inherent in the initiative and encouraging the William Penn Foundation and its partners to find ways to address them.

process the foundation and its partners have gone through as they have worked to reconcile four interrelated tensions:

- upfront planning versus emergent strategy,
- top-down versus bottom-up management,
- strategic focus versus opportunistic flexibility, and
- ambitious aspirations versus realistic expectations.

We will describe how each of these tensions has played out during the first several years of the DRWI, and we will conclude by challenging conventional wisdom among foundations about the role of evaluation in strategic philanthropy. Foundations typically have seen evaluation as a feedback mechanism that tracks progress in implementing a strategy and alerts them when corrective action should be taken. In the DRWI, as in many other foundation initiatives, the challenge was not so much to assess the progress of the strategy as to clarify what the strategy was. The evaluators' chief contribution was to facilitate a collaborative learning process by calling attention to the various tensions inherent in the initiative and encouraging the William Penn Foundation and its partners to find ways to address them.

Upfront Planning Versus Emergent Strategy

Since "strategy" is commonly defined as "a plan of action" (American Heritage Dictionary Online, 2019), the existence of a plan or an explicit theory of change would seem to be an essential feature of strategic philanthropy. But strategy-driven grantmaking can go badly awry, as even some leading exponents of strategic philanthropy have warned. One question is who does the planning. Harvey (2016) has noted that strategic philanthropy "can create delusions of omniscience in many program officers" (p. 1), who may well have less experience and hands-on knowledge of the field than their grantees. Another question is when and how the planning is conducted. As Patrizi and colleagues (2013) have suggested,

> Much of the knowledge needed to support strategy can arise only during implementation. … Although some dynamics of change in a system might be "knowable" before strategy launch, much of what needs to be learned about these dynamics depends upon actual experience. (p. 55)

The point is not to abandon strategic planning, but to avoid treating it as solely an upfront exercise conducted unilaterally by the foundation and ending when implementation begins (Patrizi & Heid Thompson, 2010).

The DRWI's experience illustrates some of the limitations of donor-driven, upfront planning. An initial planning process by the foundation and a few experts left key questions unanswered, leading to confusion among grantees and poor alignment among various activities. The planning did not end there, however. The strategy was refined and elaborated as implementation

TABLE 1 The Eight DRWI Clusters and Brief Descriptions

Cluster Name	The Land and Water
Brandywine and Christina	Covering portions of Pennsylvania and Delaware, this suburban and agricultural region provides drinking water to a half-million people but for the past 30 years has experienced intense development that adversely affects forests and water quality.
Kirkwood-Cohansey Aquifer	This area, which encompasses portions of New Jersey's Bayshore and Pine Barrens, is underlain by the Kirkwood-Cohansey aquifer, an important source of water for drinking, irrigation, and industrial uses. Development threatens the aquifer and related surface water resources.
Middle Schuylkill	This cluster comprises areas both east and west of Reading, Pennsylvania, and is largely rural but includes small urban areas. Although some of its streams are of high quality, much of the area's water resources are impaired by agricultural pollution.
New Jersey Highlands	Providing drinking water for half of New Jersey's population, this area is bordered by the Poconos on the north and Kittatinny Ridge on the south, and spans the nationally significant Appalachian Highlands landscape. It contains large tracts of forest and many high-quality headwaters.
Pocono-Kittatinny	A largely forested region encompassing the eastern Pocono Mountains. This cluster encompasses portions of Pennsylvania, New York, and New Jersey. Though water resources in the region are generally of high quality, they are threatened by rapid development in some places.
Schuylkill Highlands	Encompassing heavily forested watersheds as well as pastoral and suburban landscapes, this cluster is located in densely populated Chester County, Pennsylvania, and includes many high-quality streams, though water quality is threatened by development.
Upper Lehigh	Located in the western side of Pennsylvania's Pocono Mountains, this area consists primarily of largely intact forested headwaters of the Lehigh River, the Delaware River's second-largest tributary. Overall water quality is good but threatened by development.
Upstream Suburban Philadelphia	In this predominantly urbanized landscape west of Philadelphia, water resources are impaired by heavy groundwater withdrawals, impervious surfaces that prevent groundwater recharge, and polluted stormwater runoff.

proceeded, and after four years the ends and means were more clearly understood and more widely embraced.

The DRWI's Upfront Planning Process

The initiative began when foundation staff partnered with Drexel University's Academy of Natural Sciences (ANS) and the Open Space Institute (OSI) to develop a comprehensive approach to improving water quality in the Delaware Basin. Key features of the new strategy included:

- the identification of eight subareas, or "cluster areas," within which investments would yield the greatest impacts, based on watershed characteristics, threats to water resources, local organizational capacity, and other considerations. (See Table 1 and Figure 2.)

FIGURE 2 The Delaware River Watershed and the Eight Cluster Areas

- "cluster teams" consisting of land trusts, watershed associations, and other conservation groups working together to develop implementation plans and on-the-ground projects within each of the eight clusters.

- two re-grant programs to support capital projects within the cluster areas. One of these was for protecting land important to producing clean and abundant water, administered by the OSI. The other was for restoration projects, including stream restoration, agricultural best management practices, and "green" infrastructure for stormwater management, administered by the National Fish and Wildlife Foundation (NFWF).

"Building the Airplane While Flying It"

Although the new approach represented a major change for both the foundation and the community of grantees it supported, it launched the initiative quickly in an effort to avoid a disruptive hiatus in the flow of grant dollars, giving the grantees just a few months in the summer of 2013 to prepare implementation plans for each of the eight cluster areas. Subsequently, three-year grants were awarded to the organizations comprising the cluster teams with the understanding that, given evidence of progress, the initiative could be supported for as long as 10 years. The first three-year phase was a period of development and learning as core partners and cluster organizations forged new working relationships, began implementing quickly conceived projects, and negotiated with one another to clarify roles and expectations. Foundation staff frequently remarked that they were "building the airplane while flying it."

Interviews by the evaluation team midway through Phase 1 revealed widespread support within the grantee community for the DRWI's central aim — to align the efforts of NGOs to achieve measurable improvements in water quality through a science-informed strategy. Yet there was considerable uncertainty about what exactly the DRWI was trying to achieve. Grantees were told that the ability to produce measurable water-quality impacts would be an important criterion for project selection, but the foundation did not specify how large such impacts were expected to be. When evaluators asked at what geographical scale projects were expected to produce measurable impacts and in what time frame, grantees could not provide definitive answers. Nearly all were certain, however, that it would be unreasonable to expect measurable impacts at a large scale — certainly not at the basinwide scale, and perhaps not even at the scale of cluster areas. As for the time frame, virtually none of the interviewees believed that measurable impacts would be evident within the three-year term of the initial set of grants, and many expressed skepticism about seeing results by the end of the longer 10-year time horizon. The evaluators' observations of selected projects corroborated this view. The DRWI participants were left with insufficient guidance on how to plan future projects, measure progress, and design monitoring plans, and some grantees wondered whether shortfalls in meeting possibly unrealistic expectations might negatively affect prospects for future grant awards or the entire initiative.

Water-Quality Monitoring Challenges

Another problem was poor alignment between water-quality monitoring efforts and on-the-ground land protection and restoration projects. The DRWI funding included substantial support to the ANS for developing a state-of-the-art monitoring program. The foundation wanted to strengthen water-quality monitoring in the region for several reasons: to support basic research by the ANS, to engage the public in volunteer monitoring activities, and to enhance the ability of local conservation organizations to gather and use scientific data. The most obvious reason, however, was to measure the impacts of the initiative's watershed improvement efforts.

The program developed by the ANS, which involved repeated sampling using sophisticated methods at selected sites throughout the basin (Kroll & Abell, 2015), was well-designed to characterize the watersheds, establish baseline conditions, and ultimately assess long-term trends. However, it was not capable of detecting changes resulting from projects funded by the

The work of the Institute for Conservation Leadership (ICL), which included facilitation of interactions within cluster teams and organizing annual meetings that brought all partners together, played an important role in building these relationships.

DRWI because there had not been enough time for the ANS to coordinate with cluster teams to establish sampling sites in areas where projects would occur. Some members of cluster teams developed their own monitoring plans with support from the foundation, but they were inconsistent in design and not well integrated with the basinwide ANS monitoring program.

Reflecting and Rethinking

These concerns were raised in an early evaluation report, and the foundation and its key grantees took them seriously. To clarify goals and expectations, the decision was made to construct an explicit theory of change. The process involved the initiative's core partners, though other participants had an opportunity to provide input at an initiativewide meeting. The theory of change provided a useful overview of the DRWI's strategic approach, served to clarify the range of projects and approaches the cluster organizations could undertake, and led to development of a series of performance measures. But it left unanswered questions about the size of the targeted watersheds, the time frame of the intended changes, and the specific water-quality improvements that were sought.

Realizing that many important issues had yet to be resolved, the foundation decided to designate 2017 as a planning year during which partners would develop clearer policies and guidelines for Phase 2 of the DRWI. The planning year was in large part compensation for the initiative's hasty launch, which had given grantees little time to coordinate their work and left them confused about essential details. Some problems might have been avoided had the initiative been more carefully planned at the outset.

On the other hand, a more thorough upfront planning process might have been premature. Many of the organizations collaborating at the cluster level had not worked together previously, and many of the grantees lacked experience with the foundation and its core partners. The relationships needed for a broad, participatory planning process had not yet been forged. Through the course of Phase 1, the cluster teams coalesced, cross-cluster contacts were established, and cluster organizations gained greater familiarity with core partners. The work of the Institute for Conservation Leadership (ICL), which included facilitation of interactions within cluster teams and organizing annual meetings that brought all partners together, played an important role in building these relationships. In addition, enough experience had accumulated to clarify the issues that needed attention. The learning acquired during the first three years had set the stage for a much more robust and inclusive planning process during the fourth year of the initiative.

Learning the Strategy

The difficult, time-consuming, and sometimes frustrating process through which the DRWI elaborated and clarified its approach turned out to be a good example of emergent strategy. The upfront planning process sketched the broad outline of a science-informed approach, but it left grantees with many questions about how to implement the strategy in their regions and how to coordinate their various activities. Through the course of the first several years, however, the uncertainties and misalignments became apparent, and the evaluation process helped bring them to the attention of the foundation and its core partners.

The foundation and its partners had learned much about what worked and did not work in

practice and incorporated that knowledge in a newly realized strategy, while accepting that the strategy would continue to evolve. As Henry Mintzberg, the chief exponent of emergent strategy in corporate planning, has remarked, "You don't plan a strategy, you learn a strategy" (quoted in Patrizi & Heid Thompson, 2010, p. 54). By the fourth year of the initiative, the foundation and its grantee partners had learned enough about the strategy to articulate its goals more clearly, improve coordination among activities, and resolve challenges that had become apparent through the implementation process.

Top-Down Versus Bottom-Up Management

To its credit, the foundation began the DRWI with a clear understanding of the power dynamics inherent in grantmaking; and its staff, accustomed to a more responsive mode of grantmaking, was keen to avoid the appearance of heavy-handedness. Recognizing that many of their grantees had relevant scientific expertise as well as years of experience working with local landowners and communities, foundation staff described the DRWI as a bottom-up initiative in which most of the decision-making authority would reside with the grantee community.

The approach it chose, however, demanded a large degree of top-down management. The foundation's desire for an overarching strategy informed by sound science required analysis and planning by experts and the alignment of efforts by a large and varied group of grantee organizations, most of whom were accustomed to very different ways of working. As much as it may have wanted to organize the initiative from the bottom up, the foundation and its core partners could not avoid issuing top-down directives. In fact, what emerged was a hybrid style of management that began as largely centralized and top-down but progressed toward greater decentralization as the initiative developed.

Creating a Coordinating Committee

Some of the most important top-down decisions were made early on with the definition of cluster areas and the selection of organizations

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that would make up the cluster teams. Driven by scientific data on watershed characteristics as well as judgments about local organizational capacity, these decisions required hard choices about which of the foundation's previous grantees would be eligible for continued funding. Once the cluster teams were formed, however, the foundation avoided dictating terms to them — so much so that some of the teams told the evaluators they preferred clearer directives from the foundation.

Recognizing the need for improved coordination and communication across all aspects of the initiative, the foundation added the ICL as a core partner to help organize and facilitate meetings, enhance communication within and between cluster teams, and encourage and facilitate network-building and participatory decision-making. In addition, the foundation created a coordinating committee composed of foundation representatives and the four core partners:

- the ANS, which helped ensure that the best science and data were employed in the initiative's design and implementation and in water-quality monitoring;
- the OSI, which administered a capital fund for land protection and provided

Although the initiative remained largely foundation-driven at the end of its first phase, there was by that time more robust buy-in from the cluster organizations, as indicated by a survey conducted by the evaluators, and those organizations were developing greater capacities in water-quality monitoring, the use of watershed models, and other techniques associated with a more science-based approach.

science-based analysis and advice, as well as technical assistance, to cluster partners;

- the NFWF, which administered a capital fund for restoring targeted lands and provided technical assistance to cluster partners; and
- the ICL, which helped facilitate effective collaboration among the DRWI partners.

By early 2016 the foundation had empowered the committee to assume responsibility for managing the theory of change process and, the following year, to lead in the development of Phase 2 guidelines. Meanwhile, foundation staff members had reduced their decision-making role, eventually casting themselves as advisors to the coordinating committee rather than full members.

Although the foundation had ceded much authority to the coordinating committee, further devolution of management control required more participation from the cluster teams, a point that was noted by the evaluation team. By the beginning of Phase 2, an additional body had been created to broaden representation in decision-making. The eight "cluster coordinators," who performed administrative functions for their respective cluster teams, began meeting separately among themselves to provide input to the coordinating committee.

Toward Greater Grantee Empowerment

The foundation set out to change the way its grantees operated by coordinating their work around a science-informed strategy while at the same time hoping to organize the DRWI as a bottom-up initiative. This was a contradiction, at least in the early stages, when grantees were often leery about the new demands being placed on them. It was not unreasonable to expect, however, that greater decision-making authority could be transferred to the grantee community over time. To some extent this has happened — first, with the increased empowerment of coordinating committee and, more recently, with the elevated role of the cluster coordinators.

Although the initiative remained largely foundation-driven at the end of its first phase, there was by that time more robust buy-in from the cluster organizations, as indicated by a survey conducted by the evaluators, and those organizations were developing greater capacities in water-quality monitoring, the use of watershed models, and other techniques associated with a more science-based approach. This suggests that cluster organizations were becoming more willing and able to assume leadership roles. But additional progress was needed to develop a management structure that could truly be described as bottom-up. Urging the DRWI partners to begin planning for the initiative's long-term future, the evaluators noted that grantee ownership of the initiative would be essential if the DRWI was to have any hope of persisting beyond the foundation's 10-year time horizon. A committee known as the "initiative stewards," composed mostly of representatives from the coordinating committee and the cluster coordinators, was formed to begin thinking about how the initiative could survive in the long term with less dependence on the foundation.

Strategic Focus Versus Opportunistic Flexibility

Among the most important strategic decisions for a grantmaker is the extent to which grant dollars should be concentrated on one or a few issue areas. A highly focused grantmaking strategy improves the odds that resources will be concentrated enough to make a meaningful difference and produce observable impacts. Conversely, a high level of focus restricts options and may foreclose chances to take advantage of unanticipated opportunities as they arise.

Strategic focus in the field of conservation often takes the form of geographical targeting, where the question is whether to limit interventions to areas that are especially important, such as biodiversity hotspots or aquifer recharge areas, or to pursue a more opportunistic approach (Martin, 2012). A degree of opportunistic flexibility is essential when strategies require the cooperation of private landowners. Land trusts are necessarily opportunistic because they can close land deals only where owners are willing to sell (Delfin & Tang, 2006). Similarly, watershed restoration projects and agricultural best management practices often depend on the willingness of landowners to collaborate with conservation organizations.

Geographical targeting was built into the DRWI from the outset when the foundation decided to concentrate activities within eight cluster areas. But even those areas were large, diverse landscapes. In the expectation that concentrating capital projects geographically would increase the likelihood of measurable impacts, the cluster teams were asked to locate land protection and restoration projects within much smaller focus areas. In Phase 1, however, most of those focus areas were far too large to encourage meaningful spatial aggregation of projects, and there was little consistency in the way they had been defined from one cluster to the next.

Although this was the view of the coordinating committee, it was not shared by many local implementing organizations. In a survey of cluster team members conducted by the evaluators in January 2017, less than half of the respondents (44%) agreed that "capital projects should be concentrated within relatively small areas," and only 5% thought that "the focus areas defined for my cluster in the Phase 1 implementation plan were too large."

The evaluators called attention to the stark contrast in thinking about focus areas and urged the DRWI partners to develop a new approach that would help concentrate projects while preserving the flexibility grantees needed to get projects done.

The evaluators called attention to the stark contrast in thinking about focus areas and urged the DRWI partners to develop a new approach that would help concentrate projects while preserving the flexibility grantees needed to get projects done. The nature and size of focus areas was a major topic of discussion during the planning year as Phase 2 guidelines were being developed. Although the tension had not been fully resolved by the end of the planning period, the initiative had moved toward reasonable compromises. The coordinating committee held fast to its insistence on restricting the size of focus areas and basing their locations on scientific criteria using models of small watersheds developed for that purpose. But they understood that the focus areas had to be numerous enough to ensure sufficient project opportunities, with the expectation that measurable results would be achieved in only a subset of the targeted places. The OSI and the NFWF, the two organizations managing the capital funds, created incentives to encourage the aggregation of capital projects. The NFWF decided to score potential restoration projects higher if they were located near other projects, and the OSI reduced the match requirement for land-protection

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projects near other protected land. If these incentives work as expected, concentrations of projects will emerge through time in areas where restoration and land protection can make a difference in water quality and where there happen to be willing landowners.

The differing views on focus areas served as a vivid illustration of the underlying tension between strategic focus and opportunistic flexibility. Strategic considerations advocated by the coordinating committee demanded that focus areas be carefully chosen based on scientific criteria and small enough that projects would be spatially concentrated and cumulative impacts could be achieved. Implementing organizations, on the other hand, could conduct projects only where there were willing landowners, so they wanted to maximize project opportunities and access to capital funding by creating large focus areas. The new approach to focus areas worked out in Phase 2 planning was a reasonable compromise, but its success in balancing the interests of scientific planners and project implementers remains to be demonstrated.

Ambitious Aspirations Versus Realistic Expectations

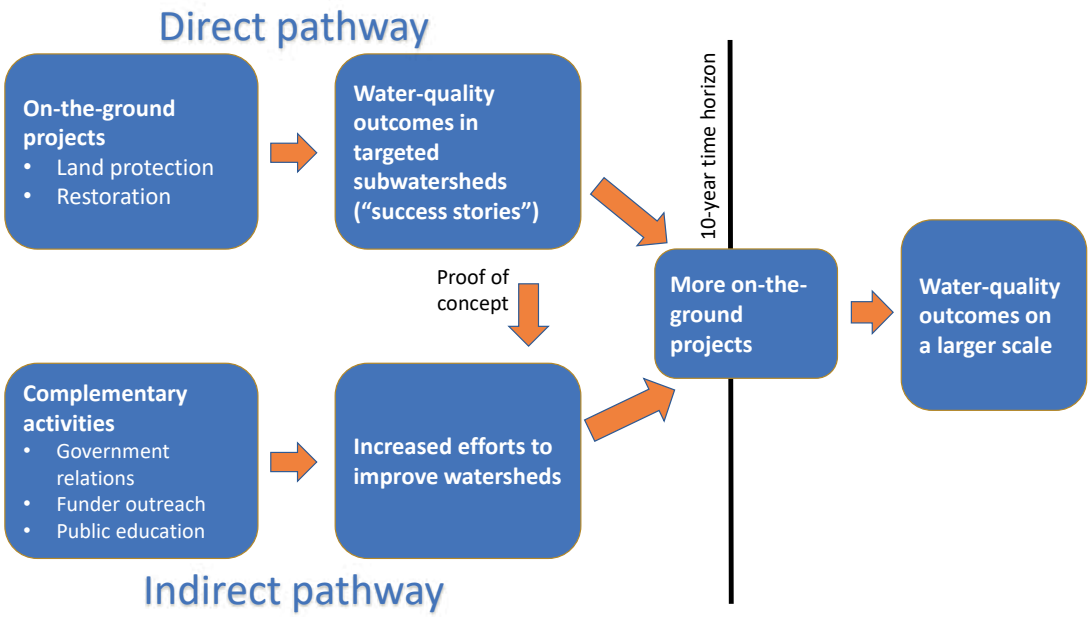
The learning process the DRWI went through in developing its strategy was not just a matter of finding effective ways to achieve the goals; at least equally challenging was clarifying what the goals should be. Early in the initiative the evaluators called attention to the confusion around goal definition, but it took several years for the foundation and its partners to come to a shared understanding of what the initiative could reasonably expect to achieve on its own, and what it could aspire to accomplish in the long run with the help of a wider range of stakeholders.

The resistance to articulating clearer overall goals stemmed in part from the foundation's desire to let the cluster teams formulate specific goals for their local areas. In addition, many partners may have been reluctant to acknowledge the limitations of a privately led watershed initiative. Comparisons to the neighboring Chesapeake Bay watershed, where the federal government was much more active, were hard to avoid. There, watershed improvement activities were driven by the federally mandated Chesapeake Bay Total Maximum Daily Load (TMDL),[1] which set specific targets for the reduction of nitrogen, phosphorus, and sediment entering the bay. Efforts to achieve the TMDL targets for the Chesapeake were backed by much more generous state and federal resources and the regulatory force of law. The initiative partners rightly avoided setting comparable targets for their own work, recognizing the limited size of their projects and the fact that large-scale impacts directly attributable to the initiative would be unrealistic (Freedman, Ehrhart, & Hall, 2018).

Thanks to deliberations during the planning year, it became clear that the outcomes the DRWI was pursuing through its on-the-ground projects were much more modest than those being sought by the Chesapeake TMDL process. Having agreed that cluster teams should try to concentrate projects within relatively small focus areas, and understanding that opportunities for good projects would not be available in all focus areas, initiative leaders now expected that cluster teams should seek demonstrable impacts in a few small subwatersheds where conditions and opportunities were favorable. That is, the

[1] TMDL is a regulatory term in the U.S. Clean Water Act.

FIGURE 3 Direct and Indirect Pathways Toward Water Quality Outcomes



emphasis would be placed on developing a few good success stories within each cluster area.

Gone now was any fear that implementing organizations would be expected to produce outcomes that were far beyond their capacities. But the new question was whether a few success stories in scattered locations throughout the basin would be enough to justify tens of millions of dollars in foundation investments. That might seem like a meager payoff for an initiative of this scale. What helped allay this concern was a redoubled commitment to building upon and complementing the on-the-ground project work being supported through the DRWI.

The Direct and Indirect Strategies

Although land protection and restoration projects were the DRWI's main emphasis, the foundation also provided funding to local organizations for "complementary activities" – outreach, education, and advocacy aimed at leveraging additional resources and enlisting the cooperation of other actors whose decisions affect the health of the watershed, particularly local governments. During the first phase of the initiative, however, the complementary activities were unfocused and poorly coordinated with on-the-ground projects.

The evaluation team raised questions about the role of complementary activities in the DRWI, suggesting that they should be receiving more attention. To encourage discussion on this issue, the evaluators proposed a simplified logic model that identified two pathways toward desired water-quality outcomes. (See Figure 3.) The "direct pathway" consisted of on-the-ground projects, which were expected to produce quantifiable outcomes in targeted subwatersheds (i.e., "success stories"). In the "indirect pathway," complementary activities were expected to stimulate increased efforts to improve water quality.

It was presumed that success stories would contribute to these increased efforts through "proof-of-concept effects" that would help catalyze additional activity. Together, the direct and indirect pathways were expected to produce water-quality outcomes on a scale larger than

An important — often the most important — contribution an evaluation can make is to help a foundation learn its strategy.

those that could be achieved by the initiative's on-the-ground strategies alone. Visualizing the strategy in this way helped make the point that by pursuing success stories of modest scale through on-the-ground projects, the DRWI was not abandoning more ambitious aspirations. Rather, local success stories could be seen as intermediate outcomes that would serve as steps on the way toward longer-term outcomes on a larger scale.

In preparation for Phase 2, the coordinating committee developed guidelines designed to encourage a more strategic approach to the indirect pathway. Ideally, complementary activities would be concentrated within focus areas that had been targeted for land protection and restoration projects. Since local governments in the region vary widely in respect to their willingness and capacity to address water-quality challenges, however, there was no guarantee that high-priority municipalities would be receptive to working with the DRWI partners. Again confronting the need to allow implementing organizations the flexibility needed to respond to local opportunities, the coordinating committee decided to encourage rather than require greater alignment between focus areas and local government engagement. A complementary-strategy steering committee was created to help cluster teams develop more strategic approaches to working with local governments and other key stakeholders.

Relieving the Burden on Project Implementers

The initiative's challenges in defining clear goals and expectations were rooted in an apparent mismatch between the foundation's ambitious aspirations and the limits of an initiative that emphasized privately funded, voluntary, on-the-ground projects. But the foundation never intended that the DRWI should rely solely on the land protection and restoration projects. Work with local governments and other complementary activities were included from the start. During the first several years, however, partners were intent on developing and implementing the direct pathway while tending to overlook the indirect pathway.

The distinction between the two pathways toward the long-term outcomes reminded partners that complementary activities were important and deserved more attention. It also made explicit the role on-the-ground projects were expected to play in the initiative's overall strategy; their purpose was not so much to yield large-scale impacts as to demonstrate what could be accomplished if more resources were invested in restoration and protection projects guided by sound science. This, in effect, helped relieve the burden on project-implementing organizations, making it clear that they were expected to produce some impressive success stories, not to achieve unrealistically large water-quality impacts.

Conclusions

The role of evaluation in strategic philanthropy is typically seen as something like the feedback system of a self-driving car: a destination is set, the feedback system monitors progress toward the end-point, and when obstacles are detected the system directs corrective actions to be taken. This model assumes the goal and the path toward it are known in advance and are independent of the evaluation. In our experience, evaluations of complex initiatives, especially those that begin during the early stages, cannot simply take the aims as given. The challenge is not so much to measure progress toward goals as to clarify what the program is trying to achieve and how it intends to achieve it. An important — often the most important — contribution an evaluation can make is to help a foundation learn its strategy.

The DRWI evaluation was originally conceived as a way to gauge progress toward the initiative's goals, but the evaluators quickly discovered that such an assessment could not occur until the

foundation and its partners addressed and clarified key questions stemming from the central dilemma of strategic philanthropy: the desire for a rational, evidence-based strategy capable of producing measurable outcomes, and the competing need to respect grantees' local knowledge and give them the leeway they need to get the work done. The foundation struggled to balance these two demands from the outset, but in the early stages of the initiative neither it nor its grantees were clear on how to do that. The balancing act had to be learned. Partners had to come up with workable solutions to a range of perplexing problems: What sort of planning process could best combine a comprehensive, basinwide approach informed by scientific experts with local-level planning by implementing organizations? What kind of organizational structure could provide overall coordination and expert guidance while allowing an appropriate level of input from local grantees? Could geographical focus areas be selected in such a way as to direct project resources to locations where they would be most likely to make a difference, while at the same time giving project implementers enough flexibility to respond to opportunities? Could partners agree on goals that were ambitious enough to justify a large foundation investment without creating unrealistic expectations for grantees?

The evaluators' role was not to provide answers to such questions, but to continually raise them — to act as Socratic interrogators drawing attention to ambiguities and contradictions and encouraging participants to address them. While the tensions have not been entirely eliminated, the initiative has made substantial progress in managing them. In the areas of planning, management, geographical targeting, and goal setting, the experts and implementers have negotiated with each other to reach compromises and mutually agreed solutions. As the initiative began its second phase, partners were much more confident in the strategic approach and organizational arrangements than they were at the outset.

Although this article has described tensions unique to the DRWI, all strategic grantmakers must confront the underlying conflict between rational strategizing and respect for grantees' autonomy. They must set goals that are appropriately ambitious without creating unrealistic expectations for their grantees. They must develop planning processes and management structures that weigh foundation-driven strategizing against the need to learn from grantees and their experiences in the field. They must develop approaches that are focused enough to produce concrete results while allowing grantees the flexibility needed to respond to unanticipated opportunities. Each initiative will need to go through its own learning process to find ways to deal with the resulting challenges, and evaluators can be important partners in this process.

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