

GLOBAL HEALTH

Innovation Insight Series

The Mulago Foundation is committed to the prospect of creating a better life for the world's poor



Photo courtesy of the Mulago Foundation

MULAGO FOUNDATION I: Rigorous Yet Realistic Measurement

SAN FRANCISCO, CA

ESTABLISHED 1993

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THE PROBLEM/SOLUTION SPACE

In 2012, global health financing totaled \$28.1 billion (just shy of the \$28.2 billion peak achieved two years earlier).¹ Governments provide the majority of this funding, but each year private philanthropists play an increasingly prominent role. Private contributions through foundations, nongovernmental organizations (NGOs), and corporate giving accounted for nearly 15 percent of global health funding in 2010.² Private sector participants can manage their own global health programs or use their donations to fund other organizations performing work in the sector.³

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ABOUT THE MULAGO FOUNDATION

The Mulago Foundation is a private foundation focused on the prospect of creating a better life for the world's poor. Concentrated in rural settings in developing countries, the Foundation's work is in four areas that contribute to this overarching goal—livelihood, health, education, and conservation.⁴ The Mulago team invests in promising products and services that address these high-priority problems. When it comes to health, the organization is particularly committed to solutions that positively affect the lives of mothers and children.

In identifying new investments, Mulago seeks solutions that can benefit at least one million people. Through its years of experience evaluating opportunities, the team has defined five criteria that indicate whether a solution can achieve this kind of scale.⁵

The first is measuring impact. The Foundation is clear that it will only consider investing in organizations that understand the importance of this activity and have figured out how to make it happen. As stated on its website, “We don't invest in organizations that don't measure impact—they're flying blind and we would be too.”⁶

The second criterion deals with the cost effectiveness of those impacts. The Foundation believes that if products and services are too expensive for the people in the places where they are to be implemented, then they fundamentally cannot achieve scale. Using estimates of total program costs and an organization's impact data, Mulago calculates the cost of results realized (e.g., cost per life saved or per child fed) and uses this as a guide for making investment decisions.



Photo courtesy of the Mulago Foundation

Mulago was drawn to Living Goods' mission to “defeat diseases of the poor”

The Foundation also plays close attention to the issue of behavior change when assessing a solution's ability to achieve scale. For any given solution, Mulago looks systematically at the behaviors of the target audience to determine whether the right conditions and motivations exist to create lasting behavior change and generate real impact.⁷ This applies not only to the investments individually, but also to the way that the Foundation manages its portfolio and how it advocates for this approach to philanthropic giving, impact investing, or social investments. “We think about Mulago as a behavior change organization,” said Laura Hattendorf, Mulago's Portfolio Director. “That's what we look for. That's what we fund.”⁸ This is especially important in health, she continued, where interventions are often available, but people are lacking information and an incentive to change their actions.

Additionally, Mulago seeks offerings that are easy to replicate. That means that the model behind the product or service must be systematic enough to be distilled into a straight-forward methodology, simple enough that it can be copied, broadly adaptable to a wide range of cultures and settings, and positioned to tap a scalable source of growth funding.⁹

Finally, Mulago screens its investments for a clear path to scale. The Foundation has identified five paths an organization can take to reach one million or more people with a specific intervention: the market, governments, direct implementation via a large institution, indirect implementation via other NGOs, or by seeding the viral spread of behavior change.¹⁰ Before committing any financial support, Mulago must be convinced that an organization is thinking clearly about which of these paths to scale is the best match for its intervention.

With this philosophy, the Mulago Foundation operates much like “a philanthropic venture fund with proven impact as an analog for profit, and cost-per-impact for return on investment.”¹¹ It primarily targets early-stage organizations and provides unrestricted funding so that its portfolio companies can deploy the money in the way that they believe will provide the greatest leverage.

THE CHALLENGE: RIGOROUS YET REALISTIC MEASUREMENT

One of the few things more important than scalability in the Mulago approach is measurable impact, because if an intervention “can’t demonstrate real impact, it shouldn’t be scaled up.”¹² Leaders of the Foundation admit that they are “unabashedly obsessed with impact.”¹³ However, many of the organizations applying to Mulago for investment struggle with how to effectively measure their results. Too often, innovators and entrepreneurs either under- or overinvest in data collection. Those who underinvest in understanding their impact can find themselves spending far too much money to achieve too few results. Those who overinvest in gathering information can waste valuable time and resources tracking metrics that produce a flood of data but do little more than “clog the works.”

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The challenge, as Hattendorf and Kevin Starr, Mulago’s Managing Director, explained in a blog post, is that, “Measuring impact is kind of

like raising kids: It’s often hard [and] it costs more than you think it’s going to.” But, they continued, “You absolutely have to do the best job you can.... It’s the only way to know whether the money we spend is doing any good.”¹⁴ To help organizations meet this challenge, Mulago needed to develop an approach to the measurement of impact that was simple enough for an early-stage, resource-constrained organization to carry out, but rigorous and focused enough to mean something.¹⁵

Impact is a change in the state of the work brought about by an intervention. It’s the final result of behaviors (outcomes) that are generated by activities (outputs) that are driven by resources (inputs).

THE SOLUTION: DESIGN FOR REAL IMPACT

Based on its experience in the field, the Mulago Foundation developed a simple, but credible framework for measuring impact. The framework begins with a straightforward definition of impact: “Impact is a change in the state of the work brought about by an intervention. It’s the final result of behaviors (outcomes) that are generated by activities (outputs) that are driven by resources (inputs).”¹⁶ There are five steps for how an organization can build evaluation into its operations:¹⁷

1. Figure out what you're trying to accomplish: the real mission

No organization can begin to understand its impact until it clearly defines what it has set out to achieve. The Mulago Foundation believes that most mission statements aren't useful in this regard because they are often focused on the "how" and not the "what." The Mulago team asks the groups they work with to reformulate their missions in a phrase of eight words or less that includes a target population (or setting), a verb, and an ultimate outcome that implies something to measure. For example, "Get African one-acre farmers out of poverty" or "Prevent HIV infection in Brazil."

2. Pick the right indicator

Next the Mulago team asks for the single best indicator that demonstrates mission accomplished. For instance, the mission to "Get African one-acre farmers out of poverty" could be measured by a change in farm income. "Prevent HIV infection in Brazil" could use a decrease in HIV infection rates as its key metric. Usually it's possible to identify a single indicator, but the Foundation admits that occasionally a combination of indicators

is needed, although these should be kept to an absolute minimum. It is also possible to use a proxy indicator if there is good scientific literature that links that proxy to impact. Importantly, the Foundation readily acknowledges that this approach is not intended to capture all of the impacts and accomplishments of organizations and their interventions. It is simply intended to answer the question: are they fulfilling their mission?

3. Get real numbers

Once the right indicator is chosen, the organization must show a change and have confidence that the change is real.

This means establishing a baseline and then measuring it again at the right intervals to ensure that the impact is sustained. It also requires the organization to choose an appropriate sample in a meaningful way. At this stage, innovators may benefit from having a statistician validate the approach.

4. Make the case for attribution

With impact data in hand, innovators need to make a case that it was their efforts that caused the change. This is often the hardest part of measuring impact because it requires an organization to articulate what would have happened without its involvement. The Mulago team advises groups to think about what else could have possibly explained the



Photo courtesy of the Mulago Foundation

Hattendorf and Starr (back row, to the right of center) with the staff of a health center in Hatiya, Nepal

impact. In addition, the Foundation outlines three levels—in ascending order of cost and complexity—for demonstrating attribution:

- **Narrative attribution** Crafting an airtight story that the difference in the before-and-after data is unlikely to have been caused by something other than the organization’s intervention. This approach is overused, but can be valid when the change is big, tightly coupled with the intervention, involves few variables (other factors that might have influenced the change), and the organization has a deep knowledge of the setting.
- **Matched controls** At the outset of a program, identifying settings or populations similar enough to ones the organization is working with to serve as valid comparisons. This works when there aren’t too many other variables, the organization can find good matches, and it can watch the process closely enough to know that significant unforeseen factors didn’t arise during the intervention period. According to Mulago, this approach is rarely perfect, but often good enough.
- **Randomized controlled trials (RCTs)** Still the gold standard when it comes to measurement. RCTs are needed when the stakes are high and there are too many variables to be able to confidently say that an organization’s comparison groups are similar enough to show attribution.

5. Calculate bang-for-the-buck

After real impact is determined, the final step is to figure out how much it actually cost. Organizations can often generate impact by spending a ton of money, but it won’t give good value for philanthropic dollars spent and it won’t be scalable. The Mulago team

asks innovators to stick with the key impact they’ve already chosen rather than trying to monetize multiple social impacts. The easiest way to calculate bang-for-the-buck is to divide the total donor money spent by the total impact achieved. When dealing with early-stage companies, Mulago is less concerned about their current cost effectiveness figures (start-ups are expensive!). Instead, they look at whether the projections for steady-state operations make sense.

Admittedly, implementing this very simple framework takes time and resources. However, the Foundation had seen it work effectively under a variety of circumstances.

As Hattendorf pointed out, the approach is flexible enough to be applied differently as organizations progress in their stage of development. “Everyone needs to be measuring impact,” she said, “but as the investment of resources increases and, presumably, the scale of the implementation expands, the rigor of the methodology also has to increase. We would never ask an early stage organization to do an RCT but, if something is scaling at the government level, it might be necessary.”

Independent of exactly how the framework is applied, “Everyone benefits from a brighter look at impact: the doers, the funders, the social sector itself, and most importantly, those who are hoping for a brighter day ahead.”¹⁸ ♦

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NOTES

- 1 “Financing Global Health 2012: The End of the Golden Age?” Institute for Health Metrics and Evaluation, 2012, <http://www.healthmetricsandevaluation.org/publications/policy-report/financing-global-health-2012-end-golden-age> (May 21, 2012).
- 2 Ibid.
- 3 David McCoy, Sundeep Chand, and Devi Sridhar, “Global Health Funding: How Much, Where It Comes From, and Where It Goes, *Health Policy and Planning*, April 20, 2009, <http://heapol.oxfordjournals.org/content/24/6/407.full> (May 21, 2013).
- 4 “Scalable Solutions Portfolio,” The Mulago Foundation, <http://www.mulagofoundation.org/who-we-fund> (May 21, 2013).
- 5 “How We Fund,” The Mulago Foundation, <http://www.mulagofoundation.org/?q=how-we-fund> (May 21, 2013).
- 6 Ibid.
- 7 Ibid.
- 8 All quotations are from interviews conducted by the authors, unless otherwise cited.
- 9 Kevin Starr and Martin Fisher, “A Brief Guide to High-Impact Philanthropy,” The Mulago Foundation, <http://mulagofoundation.org/?q=ideas/pwp/brief-guide-high-impact-philanthropy> (May 21, 2013).
- 10 “How We Fund,” op. cit.
- 11 Ibid.
- 12 Ibid.
- 13 Home page, The Mulago Foundation, <http://www.mulagofoundation.org/> (May 21, 2013).
- 14 Kevin Starr and Laura Hattendorf, “Real World Impact Measurement,” *Stanford Social Innovation Review Blog*, September 24, 2013, http://www.ssireview.org/blog/entry/real_world_impact_measurement (May 21, 2013).
- 15 Ibid.
- 16 “How We Think About Impact,” The Mulago Foundation, <http://mulagofoundation.org/?q=ideas/r/how-we-think-about-impact> (May 21, 2013).
- 17 Ibid.
- 18 Ibid.