Introduction

Markets for Good is an effort to improve the system for generating, sharing, and acting upon data and information in the social sector. Our vision is of a social sector powered by information, where capital flows efficiently to the organizations that are having the greatest impact, programs and interventions are more effective and responsive, beneficiaries have a voice, and there is a dynamic culture of continuous learning, development, and innovation.

We recognize that this vision is ambitious, and realizing it will require many technical, behavioral, and cultural changes. It will necessitate incentives and support so that organizations are better able to supply information, and efforts to enable and encourage people to make productive use of information. While all of these elements are necessary, the focus of this paper is on the information infrastructure for the social sector. By that we mean the architecture that can help to connect, organize and structure information so that it can be supplied and used more easily. We realize that upgrading the information infrastructure will not change the sector’s use of information overnight, and that other elements are needed to support the free flow of quality data in the sector. But we believe that in order to move towards a more effective sector, powered by information, we need to begin by strengthening the core building blocks of data exchange.

Our hope is that this paper, together with the new website www.marketsforgood.com, can help to expand and amplify a conversation to explore issues, discuss challenges, and discover the best approaches for getting and using better, more reliable, and more consistent data in the social sector. While this paper is an outgrowth of numerous discussions among more than 20 social sector intermediaries that have been part of the Markets for Good collaboration, we realize that we are still very much at the beginning of this journey. As such, we intend this paper to be a “living document” that will evolve as others join the conversation, as new lessons are learned, and as progress is made.

While the challenge is great, we are not starting from scratch. There are many important initiatives already addressing many of the issues we see today, and through Markets for Good we hope to build on what exists, and connect, align, and accelerate these works and ideas already in progress.

We look forward to your thoughts, and hope you join us as we imagine, and help build, a better tomorrow.
Executive Summary

1. **The social sector helps address our most critical social issues.** The social sector consists of nonprofit and for-profit entities around the world that are trying to achieve a positive social impact. The sector is large, growing, and has been the source of many of society’s great achievements.

2. **However, the social sector has the potential for even greater impact.** In the sector, (i) capital flows are often inefficient and costly, (ii) programs are not as effective as they could be, and (iii) knowledge of impact is often limited. Many of these issues are driven by the lack of accessible and useful information.

3. **A vision for a better tomorrow: a social sector powered by information.** A more efficient social sector will allow people to access the information they need, when they need it, to make better decisions. This will require the free flow of quality information on issues, interventions, organizations, and resources.

4. **Building a better tomorrow requires structuring the sector’s fragmented today.** While achieving this vision will require many changes, at the heart of the matter is the need to strengthen the sector’s *information infrastructure* so that information can be shared and used dynamically. Specifically, the sector needs to build on current initiatives regarding data classifications (to create consistent definitions), technical standards (to facilitate data exchange), reporting protocols (to specify what data is reported when), knowledge platforms (to allow data to be captured), and governance (to ensure intellectual property rights and privacy concerns are managed, to build consensus, and to drive compliance).

5. **A strengthened infrastructure will help information flow freely.** Structuring and organizing data will make information more accessible and useable, helping to increase the supply and use of information.

6. **Better information flows could transform the sector.** A social sector powered by information will ultimately allow capital to flow more effectively and easily, it will help make programs and services more effective and innovative, and it will enable the sector to learn and operate more dynamically. All of this will benefit stakeholders throughout the sector, and lead to greater impact.

7. **The right place to start, the right time to act.** This is the time to build on, connect, and strengthen efforts to upgrade the information infrastructure. There is interest and momentum in effective philanthropy and impact investing, there are independent efforts underway that would benefit from greater scale and coordination, and there is a growing trend toward open and ‘big’ data, which the social sector can embrace.

8. **The way forward.** While this initiative is still in its early stages, the next steps are to communicate this vision and engage others; create a landscape of existing efforts; define an investment strategy and approach; and support and fund initiatives that will strengthen the information infrastructure. The goal is to start small, learn and scale, and, where possible, to build on and connect initiatives already in progress.

9. **The promise is great, but realizing it is not without challenges.** Realizing the vision will be difficult, with key risks in the areas of quality, adoption, governance and decision making.

10. **Collaborating towards a better future.** Markets for Good seeks input from others, and is looking for partners committed to supporting this space. Join the conversation at [www.marketsforgood.com](http://www.marketsforgood.com).
1. The social sector helps address our most critical social issues.

All of us rely on the social sector to address our most critical and challenging social problems. The social sector is society’s way of caring for the people, places, and things that are not addressed by the market or the government. It is a sector full of creativity and generosity, and it has led the way on many of the key innovations of our time, such as protecting our great open spaces, catalyzing medical advancements, advancing our basic standards of justice, and spurring innovations that we rely on every day.

What is the Social Sector?

The scope of this initiative is the full social sector: global in reach, consisting of both nonprofit organizations and socially-focused businesses; and inclusive of all stakeholders tied to the sector, including funders, beneficiaries, the government, and others.

The social sector consists of all private organizations around the world devoted to creating social good. While the social sector used to be synonymous with nonprofits, the rise of for-profit companies that actively seek to create positive environmental or social impact has broadened the definition of the sector. Although there are certainly important differences between nonprofits and social businesses, both share a common goal of creating social benefits and have a common need to measure their impact.

The social sector also includes a broad set of stakeholders. In addition to nonprofits and social businesses there are those who benefit from these organizations’ programs and services, funders – including individual donors, impact investors, and foundations – multilaterals, evaluation firms, academics, researchers, consultants, the media and other intermediaries. But perhaps the most important other actor is the government. Through grants and payments for goods and services, the U.S. government alone provides more than 30% of U.S. public charities’ revenue each year, establishes policies that have a fundamental impact on the sector, and through the IRS collects data on nonprofit organizations via 990 tax filings. Internationally, Official Development Assistance from DAC countries alone reached more than $130 billion in 2011, more than double what it was ten years prior.

A Large and Growing Sector

The social sector is a critical part of society and continues to grow steadily. The impact investing market has moved from a niche a few years ago to a market anticipated to soon reach $500 billion. And the nonprofit sector also continues to expand – the U.S. experienced a net growth of almost 50,000 nonprofit organizations each year in the decade between 2000 and 2010.

While the scope of this work is the global social sector, much of this document does tend to focus on the U.S. nonprofit sector. That is in part for the simplicity of the narrative, but also due to the importance and priority of the U.S. nonprofit sector. The United States has traditionally relied on the nonprofit sector to help address its most critical challenges, and as a result the U.S. has the largest nonprofit sector in the world. In the U.S. there are 1 million public charities, which collectively generate $1.5 trillion in revenue and hold $2.7 trillion in assets. Nonprofits employ 13 million people and provide 9% of U.S. wages and salaries. Two-thirds of adults give to charity – on average 2% of their incomes – and 25% volunteer. And all citizens benefit in some way from a nonprofit, be it the hospital that cares for a loved one, the school our children attend, or the parks we frequent.
2. However, the social sector has the potential for even greater impact.

Despite its Significant Progress and Impact, the Social Sector Could Achieve Even More

A simple model for the social sector is depicted above: funders provide time, money and other resources to nonprofits and social businesses, which conduct interventions to aid their intended beneficiaries. However, whereas efficient markets allow capital to flow easily to the most effective enterprises, in the social sector: (i) capital flows (giving, investments, fundraising) are often inefficient and costly; (ii) interventions (programs and services) are not as effective as they could be; and (iii) knowledge of impact is limited.

Indeed, the needs of the stakeholders are not being met. Consider these three in New Orleans:

**Carlos**  
*Donor Interested In Local Causes*  
Carlos has donated to a local New Orleans health clinic every year since moving to the area in 2005. But this year, frustrated by his inability to find credible information on how effective the clinic is at serving the local population, he stops giving. Without a new charity in mind, he holds onto the money.

**Paula**  
*Director of a Health Nonprofit*  
Paula is the new executive director of a health clinic in New Orleans. In her first six months she has spent over 200 frustrating hours providing similar information to her board, staff, funders, and intermediaries. However, despite these efforts, she still can’t benchmark her clinic to others and lacks the data to know how to improve services.

**Michael**  
*Beneficiary of a Health Clinic*  
Michael, a patient at a New Orleans health clinic, finds fault with some of the clinic’s services but has no way to provide feedback to those who could take action. Frustrated, he stops attending the clinic. Untreated, his Type 2 diabetes leads to kidney failure. Unable to work, Michael’s two sons leave school to support the family.

Limited, Unstructured, and Unused Information

These issues are driven in large part by limited flows of information in the social sector. There isn’t enough information available, information that exists is hard to access and use, and there is limited demand and capacity to make use of information.

- **Supply.** Despite the presence of many effective intermediaries and new initiatives, the sector does not have comprehensive, accurate, comparable, and timely information on the nature of needs, the effectiveness of the solutions to address those needs, the organizations that are enabling those solutions, and the funding to support those solutions.

- **Infrastructure.** A lack of widely adopted taxonomies, technical standards, reporting protocols, and knowledge platforms makes it hard to collect, access, and share data easily. In addition, there is little governance and oversight of these systems, leading to few widely used protocols, most of which rely on voluntary adoption.

- **Demand.** While data is certainly used throughout the social sector, the unfortunate reality is that it does not factor in to as many decisions as it should. For instance, in part due to the absence of quality information, only a third of donations by individual donors are researched, and rarely do donors look to information to find the ‘best’ organization.¹ Further, many organizations lack the capacity to collect and use information as a regular part of their operations

¹ Hope Consulting, “Money for Good.” For more information, see www.hopeconsulting.us/money-for-good.
3. A vision for a better tomorrow: a social sector powered by information.

More Information, More Insight, Better Decisions

Imagine a sector where the whole is greater than the sum of its parts. Where experiences, learning, and views are shared freely and easily, enabling better decisions, better actions, and better results.

The image above depicts a vision for a more efficient social sector. It is a system in which beneficiaries have a voice; nonprofits and social businesses have information and feedback on their programs and activities so they can learn, adapt and scale; and in turn, funders have — and use — the information they need to make informed investments, grants, and donations. In addition, other stakeholders, such as policy makers, researchers, multilaterals, consultants, and board members, can access information to inform their own decisions. In this system stakeholders have easy access to the information they need to make important decisions, and feedback loops foster a system of continual learning and improvement.

Centered on a System of Shared Knowledge

The key difference between today’s system and the vision of the future above is the presence of connected information and knowledge that operates at the heart of the sector. Whereas today the sector experiences limited supply and demand for information, in the future the sector will benefit from the free flow of quality, accessible information, assisting and engaging all stakeholders. Information on social issues, interventions, organizations, and resources, generated by different types of organizations, from nonprofits to the government to multilaterals to beneficiaries themselves, will be connected and accessible. Individually this information is useful. Cross-referenced and connected, it is potentially transformative in its ability to allow stakeholders to make better decisions about budgets, strategies, services, policies, and more.

**Social Issues**
Baseline social indicator data and information on the breadth, depth, addressability, and drivers of issues, including beneficiary needs

- e.g., 50% of children from at-risk backgrounds are below the basic level for reading and math skills

**Interventions**
The goals, strategies, and programs for addressing social issues, and data, research and feedback on their outcomes and “what works”

- e.g., regular nurse visitation for new mothers and their babies leads to a 0.2 point increase in math & reading GPA in grades 1-6

**Organizations**
The goals, strategies, activities, operations, and finances of organizations, their effectiveness, and their impact

- e.g., Nurse-Family Partnership is currently serving 22,795 babies and their mothers in 40 states across the U.S.

**Resources**
Details of the grants, donations, investments, volunteer time, and other human capital that support interventions and organizations

- e.g., The Robert Wood Johnson Foundation made a 5-year, $10 million grant to Nurse-Family Partnership in 2007
4. Building a better tomorrow requires structuring the sector’s fragmented today.

Social Sector Knowledge Needs Information Infrastructure

So, how does the sector get from today to the vision for tomorrow? There is a long way to go to realize a world in which high-quality information is generated, shared, and used throughout the social sector. Achieving that vision will require improvements in the supply of information, including incentives and support for organizations to develop and share quality data. It will require efforts to stimulate demand for information, and the human resources, technology, and funding to be able to make productive use of information when it is available. And it will necessitate behavioral and attitude changes in a sector that tends to evolve gradually.

While all these items need to be addressed and require funding and support, the focus of this paper is on another key barrier: much of the sector’s information is neither organized nor interoperable. While other markets thrive because they can use a common language, the lack of standards in the social sector inhibits the use of accurate, quality information at scale.

Therefore, an important step in resolving these issues is to accelerate and further build out the components of the social sector’s information infrastructure, which can help turn data into knowledge and insight. To strengthen the sector’s information infrastructure, innovations and advancements will be needed in five key areas.

Elements of Information Infrastructure for the Social Sector

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<tr>
<th>ELEMENT</th>
<th>WHAT IT IS</th>
<th>WHY IT IS NEEDED</th>
<th>EXAMPLES</th>
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| Classifications             | Taxonomies for data that provide consistent definitions and descriptions. These are applicable to many types of data in the social sector including data on issues, activities, organizations, geographies, and populations | Creates a ‘common language’ so that similar data will be understood and interpreted consistently across different organizations. This will ensure data is accurate, consistent, and clear, and allows data to be aggregated and communicated clearly | • NTEE codes for nonprofits  
• IRIS metrics for social businesses  
• GeoTree for geographic coding |
| Technical Standards         | Specifications for electronic data interchange that facilitate data sharing in the social sector | Allows information to be accessed easily and accurately by multiple parties | • HyGrant for machine readable foundation grant reporting |
| Reporting Protocols         | Standards for what social sector data is to be reported and when | Ensures data is reported accurately, consistently, and promptly. There are few mandates for data reporting today (outside of the IRS), and what is required is limited and dated. | • IRS 990 requirements  
• The Foundation Center’s Reporting Commitment for foundation grants |
| Knowledge Platforms         | Platforms to bring together key types of social sector data, including socioeconomic data, nonprofit financials, beneficiary needs and opinions, and more. | Many platforms collecting data and information today have excellent intents, but are sub-scale. There is a need to scale and improve those – not to create a single centralized database | • GuideStar for nonprofit data  
• GreatNonprofits for stakeholder reviews  
• ImpactBase for impact inv’s |
| Governance: Oversight, Rights & Protections | Oversight to maintain the system, including ensuring that intellectual property rights and privacy concerns are managed, and that there is a means to build consensus and drive compliance. | Current governance is often unclear, underfunded, and insufficient, which hinders compliance and coordination. Given the difficulty of sharing and using data, as well as the need for scale and collaboration, there must be mechanisms and leadership to oversee these efforts | • US Government for policies, legal standing, tax issues  
• GIIN for impact investing  
• IATI to maintain standards and increase transparency for international aid |
5. A strengthened infrastructure will help information flow freely.

Information Infrastructure Will Help Enable the Free Flow of Quality Information

Information infrastructure will help convert the many disparate pieces of data into usable information and knowledge, assisting in the free flow of quality, accessible data and information, and leading to a more effective social sector.

Standards for structuring and organizing data will make it easier and more convenient for organizations to provide information, helping to increase supply. It will also make data more available, accessible, consistent, clear, timely, and usable. Further, as more quality data is shared, it will become easier to add value to the data – through aggregation, visualization, and other forms of synthesis. All this will make it easier to use information productively, helping to increase demand.

As supply and demand increase and more information flows freely, it will become easier for information to be integrated into the processes and operations of organizations throughout the sector, and become more common in decision-making. This will impact not only nonprofits and social businesses, but foundations looking for new opportunities, impact investors searching for investments, beneficiaries seeking to provide feedback, government officers trying to craft effective policy, and countless others.

Other Markets Demonstrate the Value a Functioning Information Infrastructure

Examples of how structured and organized data facilitate the flow of information are evident in other markets. In the financial markets data aggregators like Bloomberg and Thomson Reuters, rating agencies like Morningstar and S&P, and standard bodies like FASB all help facilitate the flow of quality information, and create important feedback loops between businesses and investors. In the world of consumer products and services, organizations like Yelp provide a means for users to provide reviews, leading to better feedback for businesses, and better information for consumers. In healthcare, Electronic Medical Records (EMRs) allow for more accurate, transferable, real time information on patients. This helps providers do their jobs better, improves patient safety and satisfaction, and reduces costs in hospitals, laboratories, and other medical facilities. The use of Vehicle Identification Numbers (VINs) in the automotive industry allows companies like CARFAX to track data to a specific vehicle, even as it changes owners, allowing dealers, repair shops, consumers, auction houses, and watch-dog groups to make more informed decisions. And Amazon.com and other retailers use ISBN numbers to organize book inventories. This allows Amazon to link many types of information together, including detailed product information, external multimedia, expert reviews, customer reviews, links to similar products, the capacity for simple and accurate transactions, and more.

While the economics of creating these standards are going to be different in the social sector (e.g., the relatively limited demand for data would not allow an organization to generate $630 million in annual revenues like Morningstar), it is still illustrative to understand how better standards for collecting, reporting, and transmitting data allows markets to operate effectively, and how similar structures and feedback loops could help the social sector.
6. Better information flows could transform the sector.

A social sector powered by information will lead to a more efficient sector where capital flows more easily and programs and services are more effective. This will lead, in turn, to greater impact and greater evidence of that impact.

Capital Flows More Effectively and Easily

More money to the best organizations. While much of charitable giving is “emotional” and will not be influenced by more data, research by Hope Consulting shows that foundations and donors in the U.S. alone are willing to give $15 billion (5% of total giving) annually to higher-performing nonprofits if they have trustworthy information on impact.²

Less expensive to move money. A study by McKinsey & Company shows that nonprofits spend ~3x the amount of money on fundraising and marketing than do private companies on a per-dollar basis. Better information and the growth of effective intermediaries could reduce that burden. Halving these costs could unlock more than $20 billion each year in the U.S. alone.³

Programs and Services Are More Effective and Innovative

Better programs and services. Connected, accessible information will allow organizations to hear the voice of their constituents and participants, evaluate and benchmark their performance, learn about other approaches, and make better decisions about strategy and operations. This will lead to more impact by organizations, and more collective impact in the sector.

New and expanded programs and services. Better information can shed light on unmet needs and gaps in services.

Brand new innovations. Better information can enable creative thinking and the development of innovative solutions.

The Sector Learns, Adapts, and Operates Even More Dynamically

Continuous learning. A sector with good information can continually learn, adapt, and progress.

Less redundancy, more accuracy. Today, many organizations conduct the same processes of scrubbing and mapping data. Information in consistent formats will greatly reduce these needs and lead to fewer redundant exercises and more accurate data.

More connected. Consistent and useable information makes it possible for a range of organizations – from nonprofit intermediaries to financial service organizations to search engines to social media sites – to access, link to, and provide value-added services like visualizations, trend analysis, or impact evaluations.

Benefits to Stakeholders Throughout the System

The benefits of a sector powered by information can be seen in the lives of stakeholders who interact with the sector every day (including our friends from New Orleans):

Carlos
Donor Interested In Local Causes

While investigating different charities, Carlos sees that the local health clinic he supports saw a significant increase in the number of patients it served and those patients’ satisfaction with the clinic. He decides to double his contribution in 2012.

Paula
Director of a Health Nonprofit

Paula just started as the director of a healthcare nonprofit in New Orleans. Based on feedback from patients, and what she learns about similar clinics in Los Angeles and Atlanta, she restructures services, leading to a 25% increase in patients per day.

Michael
Beneficiary of a Health Clinic

Michael, a patient at a health clinic in New Orleans, is able to voice his opinions about wait times and the inability to obtain reasonable services. Weeks later, things start to improve, and he and his family continue to receive regular, high-quality care.

Elton
Economics Graduate Student

Elton, an economics PhD student, is able to collect data that enables him to write a thesis on the most promising interventions to prevent HIV in China. Thomas, a foundation program officer focused on global health, reads the paper and funds two of the interventions analyzed.

Yani
Starting a New Foundation

Yani is starting a new foundation. She decides to focus on issues in early childhood education because she sees that other issues in her state already have major funders, and makes investments in a new innovative social business.

Danny
CEO of a Social Business

Don, the CEO of an agricultural firm in South Africa, can identify other firms and NGOs that are addressing the social and health issues facing the workers in his region, leading to innovative partnerships and solutions.

Christian
Student / Beneficiary

Christian, who is being bullied at school in Pittsburgh because of his sexual orientation, finds a local charity with excellent reviews that provides support groups for LGBT teens.

Lorena
Works for State Attorney Gen.

Lorena, who works in the Texas Attorney General’s office, sees data that causes her to question the legitimacy of several nonprofits. Her investigations unearth fraudulent activities, which ultimately saves donors from wasting millions.

² Hope Consulting, “Money for Good II.” For more information, see www.guidestar.org/moneyforgood.
7. The right place to start, the right time to act.

Developing taxonomies and reporting protocols will not instantly transform how the sector uses information. “Build it and they will come” is not a likely reality. But if the sector is going to improve the flow of information, it needs to address its under-funded, uncoordinated information infrastructure, and develop the core building blocks for information sharing. With this base, the journey can accelerate. Without it, the conversation will remain stalled.

A series of trends are also coming together to make this the right time to focus on infrastructure.

Many Initiatives Exist, but Need Coordination and Scale

There are many efforts trying to address elements of the information infrastructure – indeed, there over 170 platforms to facilitate charitable giving or research – but they aren’t adding up to have the impact possible.4 Efforts today suffer from four interrelated issues:

- **Coordination.** While key knowledge organizations and initiatives exist, they often work independently and thus don’t build on one another. This is driven in part by a lack of clear governance to align efforts, protect intellectual property, and settle disputes.

- **Fragmentation.** While the level of activity is positive, it can be problematic when early adopters and operating capital are spread too thin, inhibiting the economies of scale, network effects, and the continued building of momentum.

- **Duplication.** Due in part to fragmentation and a lack of coordination, it is difficult to know the range of activities in this space. This puts organizations at risk of creating similar – or redundant – initiatives, and puts funders at risk of supporting duplicative efforts.

- **Scale.** Many initiatives are achieving worthy outcomes but do not have the penetration needed to impact a majority of the sector.

As such, while independent efforts have been important to early progress, there is a limit to how effective separate, modestly funded initiatives can be. Now is the time to promote greater scale and coordination and to create a strong, flexible, and lasting information infrastructure. A central aim of this initiative is to build on, invest further in, and strengthen existing efforts.

Signs of Momentum

The number of online platforms that facilitate charitable giving or research on giving has more than doubled in the last five years, and 63% of the platforms say that demand for the services is steadily increasing.5 More of charitable giving is happening online – while total giving has declined since 2006, donations made online have grown 36% per annum during that period.6 And specific platforms are growing their scale and influence. As two examples, Charity Navigator will soon review 10,000 nonprofits; and GiveWell, which provides in-depth nonprofit reviews, has tripled the money it influences each year since 2008.

There are also collaborative initiatives seeking to build elements of the information infrastructure itself.

- **Unique IDs.** GlobalGiving, TechSoup Global, Foundation Center, and GuideStar are working together to create a system through which NGOs around the world can register for Unique IDs, which is necessary for accurate data exchange on organizations.

- **Reporting Commitment.** The Foundation Center, along with fifteen large foundations, just launched the “Reporting Commitment”, which will increase the quantity, quality, frequency and accessibility of foundation grant reporting.

- **Form 990.** The Aspen Institute is working to improve timely, efficient, public access to quality data from the IRS Form 990, providing suggestions for how the forms are processed and shared by the IRS.

There is similar momentum in the impact investing space and the platforms and initiatives to support it. Of note, the Impact Reporting and Investment Standards (IRIS), a project of the Global Impact Investing Network (GIIN), and the Global Impact Investing Rating System (GIIRS) are bringing transparency and credibility to how organizations define, track, and report on social impact.

This Is Part of a Much Bigger Picture

Finally, a few macro trends suggest that there is a demand for better information sharing in the social sector.

- **Big Data.** “Big data” is a trend across many industries, and is coming to the social sector. Mechanisms to collect detailed information are ushering in an era where the sheer quantity of data is rising at an exponential rate – and with it the opportunity to use such data to spur innovation, improve decision making, and enhance efficiencies.

- **Open Data.** Technologies that facilitate access to and use of data continue to improve. Public and private institutions are taking advantage of the increasing ease and decreasing cost to share their data, information, and knowledge online.

- **Social Media.** The rise of social media has created the ability for peer-to-peer sharing at a scale and pace not previously possible.

- **Performance.** There is increased interest in understanding and communicating evidence of nonprofit performance. This interest is driven by public and private funders’ interest in identifying and scaling what works and the economic downturn, which has resulted in a desire to fund the best organizations with scarce resources. Further, new (and old) tools like Social Impact Bonds and pay-for-performance contracts create increased demand for data and evidence.

There is opportunity and a need for action. But to take advantage of this momentum, action is needed today.

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4 Based on research conducted by The William and Flora Hewlett Foundation.
5 The William and Flora Hewlett Foundation. Based on a survey of 43 online giving platforms.
6 Source: Giving USA, Blackbaud. See www.npengage.com/fundraising-research-trends/how-much-money-raised-through-online-giving/
8. The way forward

Strengthening the social sector's information infrastructure will require the input of many informed and passionate stakeholders, collaboration within – and outside of – the social sector, focus on an ambitious goal, and flexibility in how it is achieved.

While this initiative is still in its early stages, the proposed way forward is to:

Engage and Learn. In order to be successful, this initiative needs to bring together the best ideas about how to create, use, and share information in the social sector. There are many individuals and organizations with experience and expertise – both inside and outside the social sector – whose voices and perspectives will be critical to the success of this initiative. There are also many organizations working – consciously or not – on improving the quality and flow of information. Their opinions, the lessons they have learned, and their collaboration will be vital for the success of this effort.

The primary medium for facilitating engagement is through the Markets for Good website, www.marketsforgood.com. The site is hosting an open discussion about how the social sector can create, use and share information. It will bring together diverse perspectives on a range of related topics, and feature content relevant to this work.

Establish and Communicate a (Preliminary) Vision. This paper is the first draft of the Markets for Good vision. It is intended to provide a more concrete sense of the initiative’s ambitions in order to foster dialogue, but is a “living document” that will evolve and change as others contribute new and better thoughts, as ideas are tried, and as progress is made.

Map the Landscape. There are hundreds of initiatives and organizations already working to upgrade the social sectors' information infrastructure. www.marketsforgood.com is building and maintaining a map of these initiatives in order to create a common understanding of what is being done today, and where there are opportunities for further collaboration or innovation. The goal is not to develop a series of brand new initiatives to replace the work that already exists. Rather, the aim is to connect, align and accelerate works and ideas already in progress, where possible.

Define an Investment Strategy and Approach. While no initiative as complex as this can or should establish a rigid list of ex-ante priorities, it is important to establish a framework, a fact-base, and a list of initial priorities in order to evaluate ideas objectively, and to direct funding to the projects and initiatives with the greatest potential. This work will rely in part on the input received from others, and will evaluate the importance, priority, feasibility, and cost for upgrading different elements of the social sector’s information infrastructure. In addition, it is also necessary to establish clear project governance. This will include establishing clear decision rights, defining and communicating a funding approach that is open, transparent, and efficient; and creating a plan to monitor key metrics so that progress can be measured and priorities can adapt.

Support Key Initiatives. This is ultimately about supporting the work that will strengthen the information infrastructure in the social sector. The goal is to collect and deploy capital to fund a strengthened information infrastructure, with a focus on supporting sustainable business models, strengthening existing efforts, and fostering new opportunities for collaboration. The funding will include supporting both:

• **Shovel-ready projects** that meet identified needs through projects that have already been seeded.
  For example, these projects could include:
  - Furthering current initiatives that still require support to get to scale, such as the Reporting Commitment, Unique ID’s, Form 990 and others (see descriptions in section 7, “The right place to start, the right the time to act”)
  - Supporting beneficiary feedback by helping organizations working on this today to improve and scale
  - Supporting a common nonprofit profile, in which nonprofits could provide a common set of information once and have it be updated across multiple sites automatically
  - Supporting common technical standards, such as common Application Programming Interfaces (APIs), to allow information to be accessed more easily

• **Future pilots and projects that address additional needs.** This will include funding to stimulate and accelerate new ideas and pilot projects, as well as substantial grants or investments to enable organizations to develop and scale the most important elements of the information infrastructure

Markets for Good: Upgrading the Information Infrastructure for Social Change | www.marketsforgood.com
9. The promise is great, but realizing it is not without challenges.

For the information infrastructure to reach its potential, it is important that the initiative be aware of key risks, and act dynamically to address them. The primary risks are in the areas of quality, adoption, governance and decision making.

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<tr>
<th>QUALITY and ADOPTION Potential Risks</th>
<th>Expected Approach to Mitigate Risk:</th>
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| **The information infrastructure is built but does not drive the free flow of information.** The information infrastructure may not be used, once developed, and the benefits of standardization could remain intangible. There are two primary challenges here:  
  - **Supply.** Nonprofits and social businesses face real constraints — time, people, and money — in developing and sharing better data. Further, organizations may not want to share data unless “required”  
  - **Demand.** Stakeholders — government agencies, foundations, the giving public, nonprofits and others — will need to use and desire more and better information | Information infrastructure alone is not sufficient to change the way the sector supplies and uses information; incentives, capacity, and behavior changes are also needed. This initiative does not aim to address every element required, but instead focuses initially on key elements of the infrastructure. However, through marketsforgood.com and this campaign more generally, it is hoped that a broad set of perspectives on the full set of needs can be voiced, and ultimately receive funding and support. |
| **The scope is too broad for meaningful progress.** There are many elements required to improve the information infrastructure. Focus will be difficult. | The first phase of work includes establishing an investment strategy and initial priorities for funding. The idea is to fund specific initiatives that can make meaningful progress, test and scale. |
| **Data inputs are poor quality.** Data suppliers may input data incorrectly, at the wrong time, and/or inconsistently. This is an issue even where data standards are clear (Vehicle ID Numbers, International Classification of Disease codes). “Garbage in” will lead to “garbage out.” | The initiative seeks to support projects that promote quality data, and better infrastructure can help improve data quality and reliability. Further, support for data aggregation and standardization can include an emphasis on quality assurance. |
| **Individual entities prioritize their own sustainability over the good of the sector.** There will be times when the best approach is a new approach, which could threaten the viability of organizations currently entrenched and playing a valuable role in the sector. This can create conflicts of interest and lead to an organization acting on its own behalf even if it is not in the best long-term interest of the sector. | The connections between initiatives, IP issues and protections, and organizational business models will all need to be examined as the overall strategy is developed. Having objective third parties advise on the process could help sort through conflicts of interest. |

<table>
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<tr>
<th>GOVERNANCE, DECISION MAKING Potential Risks</th>
<th>Expected Approaches to Mitigate Risks</th>
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<tr>
<td><strong>The number of partners to this initiative could impede decision making and progress.</strong> While this project requires input and knowledge from a broad set of stakeholders, at a certain point the speed and quality of decision making and implementation will naturally slow as the number of funders and thought partners increases.</td>
<td>The initiative will create a governance structure with clear, simple decision standards.</td>
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<td><strong>Funding could be insufficient for the needs of the project.</strong> Funding partners could contribute too little capital to make meaningful progress, or partner funding strategies could change, resulting in a funding shortfall. Many of the elements of the infrastructure will require years to develop. Should partner strategies change, these projects could be left incomplete.</td>
<td>The initiative will estimate the costs of the likely needs for the infrastructure and request multi-year commitments from funding partners.</td>
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<td><strong>The lack of objective technical advice impedes quality.</strong> Well-intended initiatives can be harmed by the lack of technical expertise or by technologists who have a vested interest or a bias.</td>
<td>This initiative will engage independent technical advisors who are not tied to any of the funding partners. Having the right people advising and contributing will be critical.</td>
</tr>
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</table>
10. Collaborating towards a better future.

The social sector needs to improve the flow of high-quality, accessible information.

That starts with structuring information so it can be easier for organizations to supply meaningful data, to add value to that data, and to use that data to make better decisions. This will help enable more informed and efficient capital flows, higher-performing organizations, more effective interventions, and greater social impact.

The Markets For Good initiative hopes to spur this discussion, and to identify and fund the initiatives with the greatest potential to move the sector forward. This is a complex space. No one has all the answers, and many perspectives are needed to make this initiative a success. The best way to participate is to engage in this dialogue, and contribute ideas and perspectives.

Join the conversation on twitter by following @MarketsforGood or #mkts4good, and visit www.marketsforgood.com to:

- Read & Learn from the contributors who are adding to our collective understanding of these complex issues
- Join Others who share a passion for moving the social sector forward
- Add to the Landscape of initiatives already improving the flow of information in the sector
- Provide Thoughts on Key Topics such as:
  - How can the social sector improve the flow of high-quality, accessible data?
  - What are the highest-priority needs for the sector’s information infrastructure?
  - What will allow this initiative to succeed? What could cause it to fail?

Building the information infrastructure will be a process of learning and evolution.

Markets for Good seeks partners who will work to shape this future and are committed to supporting this space in the years to come.
LET’S BUILD A BETTER TOMORROW. TOGETHER.

UPGRADING THE INFORMATION INFRASTRUCTURE FOR SOCIAL CHANGE