Social Investment Bridge Builders
Cooperation for Impact

This report was elaborated by:
Dr. Volker Then, Thomas Scheuerle, Ekkehard Thümler
and Annelie Beller
Preface

This volume presents the results of eighteen months of exploratory research on the cooperation of foundations and other non-profit organizations and on their efforts at achieving impact on the social problems on their respective agendas. This work has been funded by ABN AMRO Private Banking and has primarily complemented earlier work at CSI on high impact strategies in philanthropy by including case studies from countries previously not included in the scope of our research – primarily France and the Netherlands.

We are grateful to the executives and partners of the organizations studied for their cooperative and professional response to our requests for interviews, data access and coverage of their organizations. We have always met with the best possible situation and alas have been granted generous access. We are particularly grateful for the funding support from ABN AMRO Private Banking. We would also like to thank the representatives from ABN AMRO Private Banking for thoughtful and stimulating conversations in the context of this funding relationship and for productive feedback on earlier versions of our thinking.

At CSI, I thank my colleagues Ekkehard Thümler and Thomas Scheuerle as well as our former team member Annelie Beller for good cooperation. We are delighted that Michael Rutgers of the House for Health joined the group of authors for the case study on his organization.

As a result, we hope that we can offer our readers a project report which provides for stimulating insights and valuable food for thought. We have deliberately written this report in a format which we hope will be appreciated by our colleagues from philanthropy and non-profit practice. We wish you an enjoyable reading experience and hopefully some useful stimulation for your own work.

Dr. Volker Then
Executive Director
CSI – Centre for Social Investment
Ruprecht-Karls-Heidelberg University

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The Authors

Dr. Volker Then
Volker Then has been the Executive Director and founder of the Centre for Social Investment at Heidelberg University since 2006. Previously, he worked at the Bertelsmann Foundation (Guetersloh, Germany), where he served as Director Philanthropy and Foundations from 1999 to 2006 and built the philanthropy division of the foundation. Prior to this assignment, beginning in 1995, Volker Then was the Director of Cultural Orientation of the Bertelsmann Foundation, after he had joined the foundation as a program manager in 1994. He had earned his Ph.D. in social history from the Free University of Berlin. He holds an M.A. from Bielefeld University in History, Sociology and Economics and has studied at the universities at Tübingen, Bielefeld and Oxford (St. Antony’s College).

Thomas Scheuerle
Thomas Scheuerle is senior research associate and consultant at the CSI. He works on topics such as social entrepreneurship and social innovation, social finance and impact measurement (SROI). Thomas holds a Diploma degree in Economics and a Magister Artium degree in Media and Communication Science, Sports Science and Economics from the Universities of Heidelberg and Mannheim. During his studies he spent several months at the University of Western Cape, Cape Town, in a sports and education project and worked at the Chair for Environmental Economics. In his doctoral thesis at the Institute for Economy and the Environment at the University of St.Gallen, Switzerland, he examines business models that foster multimodal mobility solutions.

Ekkehard Thümler
Ekkehard Thümler is project director at the Centre for Social Investment (CSI) of Heidelberg University since 2008. He holds a Master’s degree in Philosophy and Law from the University of Göttingen and has previously worked as a project director for the Bertelsmann Foundation, the Vodafone Foundation Germany and the Landesstiftung Baden-Württemberg. He has published widely on philanthropic impact and effectiveness and the role of civil society in tackling the causes of the financial and economic crisis. He is completing a thesis on pragmatic strategies for social problem solving.
Annelie Beller is a Consultant at the Berlin based consultancy gfa | public GmbH where she works with clients from the Third and the Public Sector. Prior embarking on a career in management consulting, she has been a Research Associate at the Centre for Social Investment (CSI) of Heidelberg University. During her time at the CSI she was involved in various research projects. Her work focused on issues of volunteering, accountability, philanthropy and social impact. Annelie Beller holds a master degree in Sociology, Political Science as well as Personnel and Organizational Development of Heidelberg University.
The series of case studies in this publication addresses a common theme: How can the organizations which we analysed accomplish their goals as effectively as possible? Looking at the strategic responses of the six organizations and their programs, quite distinct approaches to cooperation can be identified as a core impact factor. Our analysis is not targeted at measuring or analysing this impact itself, but rather focuses on the strategic assumptions behind it. The cases which were studied in the context of this research endeavour look at different types of organizations in different European countries and different parts of civil society, social investment and philanthropy. They span from AMANDLA EduFootball, a social enterprise working in South Africa with strong support from Germany and founded by a German social entrepreneur, to the European Climate Foundation headquartered in The Hague, reaching out to the European public as an advocate to curb carbon emissions with different sector programmes such as energy efficiency and funded by a consortium of international foundations including several from the US. Our cases include Cordaid as a very large Dutch nonprofit organization providing development aid and working to develop a “Flourishing Communities Index” (FCI) to guide its work, as much as the leading French environmental foundation, Tara, which runs substantial research including expeditions around the globe connecting its climate change mission to first rate research. The Dutch House for Health connects five major Dutch charities working on different medical issues, and the French impact investing fund Le Comptoir de l’Innovation, a spin-off from the large non-profit “Groupe SOS”, represent two other substantial strategic moves which attracted our interest.

What do they have in common? Our approach to the impact question in organizations as diverse as the above-mentioned was deliberately exploratory: We did not confine ourselves to only one type of organization, one type of strategy, one country or one field of work. By contrast, we looked at organizations with the greatest possible degree of difference: small and large, entrepreneurial or philanthropic, national or international in scope, in different welfare regime environments1, and with quite distinct models of mobilizing the resources for their own work.

At first sight it quickly became obvious that all the strategies and organizations were centred on quite different levels of and approaches to cooperation. However, each of them did have a clear cooperation concept which identified stakeholders crucial for the success of the organization and developed ties and links with them. These ties could be on a funding level, building consortia of funders or investors, they could be on a programmatic level to jointly implement the theory of change of an organization, or these links served the purpose of strengthening the advocacy and policy impact of an organization or its public legitimacy respectively.

Cooperation did indeed serve as a learning instrument and has been helpful in bridging sector boundaries from the public benefit and non-profit context to the market as well as the public (political) and academic sectors. This dimension of cooperation as a learning instrument needs an evidence base and therefore cooperation is often fostered by shared efforts to gather data on the improvements actually achieved in the communities. Not the least, cooperation helped the organizations to remain or to be deeply rooted in the local communities they are serving and to act as a seismograph of community developments as well as an advocate of community issues. Cooperation to strengthen participation can help to mobilize addi-

1 Esping-Andersen (1999)
tional resources to increase outreach and impact as well as stabilize the legitimacy base of the organization. It becomes obvious that non-profit organizations do not just use cooperation for a single strategic goal but rather to the contrary, cooperation is ingrained in any activity which non-profit organizations can possibly embark on. Their service to the public good opens up a wealth of opportunities how cooperation can strengthen the joint impact of all stakeholders interested in a particular mission or agenda. We will therefore use this summary chapter to compare the different cases with regard to their approaches to cooperation while also attempting to connect insights from the individual cases to the broader picture of high impact strategies in social investment in general and philanthropy more particularly. In brief summary, the analysis of our cases has shown that depending on circumstances, cooperation may profit from the existence of the following preconditions:

- An evidence base on developments concerning the problems addressed and progress made in the communities.
- An interest in mutual learning processes.
- A clear understanding of the complementarity of the roles of the organizations involved in it.
- A clear concept of a theory of change to achieve impact.
- A high degree of consensus on the problems to be solved and/or aims to be achieved.
- A high degree of trust and mutual respect.
- An awareness of the most relevant stakeholders for addressing or solving the targeted problems.

Cooperation will then serve different purposes in the strategies of the organizations:

- Leveraging the potential and resources of different organizations with regard to one issue/problem.
- Strengthening the advocacy position and legitimacy of the approach chosen.
- Deepening the community involvement and participation of citizens.
- Helping to disseminate or scale approaches that have been proven effective.
- Bridging the gaps between sectors in problem-solving.
- Helping to share lessons learned and enable mutual learning processes.
- Bridge different organizational types and logics and, hence, combine the strengths of different sectors.

All the organizations we have been looking at are addressing very substantial issues in society and are trying to contribute to the solution of complex problems of our contemporary world, sometimes called “wicked problems”. “Wicked”, as opposed to “tame”, or “benign”, problems are characterized by contention about the values to be pursued, unknown means-ends relations and a high degree of complexity. Hence, they are neither easy to understand nor easy to solve and often they cannot be solved at all. In particular, they elude comprehensive analysis, as well as strategically-planned, highly-rational and linear modes of action.2

This does not mean that complex problems cannot be addressed altogether, but that they can only be tackled under certain conditions. In particular, they require the use of instruments apt to fit the special demands and characteristics of problem solving under conditions of uncertainty and/or contention. At the same time, it must be emphasized that simple and complex problems are not neatly separated entities. Rather, there is a continuum between both. Hence, at least in principle, philanthropic problem solvers can choose from a menu of options ranging from limited problems that may be addressed by means of more targeted interventions (e.g. truancy in a local school), to problems of a very broad scale (such as the ‘achievement gap’ between poor and well-off students in the United States).3

One possible approach to cope with the complexity of social problems looks as follows: Organizations clearly narrow down the focus of their attention to a very specific understanding of the problem. This way, they carve out a problem-solving niche that may be tackled by their own means and resources and which even allows them to impact the more general problem situation as the niche broadens over time. This short paragraph already includes a number of categories which are not obvious or self-evident when we speak of non-profit strategies. The problem-centred nature of an approach is the first demanding factor, the issue of wicked problems a second, and the concept of niche theories of change also merits further attention.

2 Rittel & Webber (1973)
3 For a strategy to cope with complex problems in the field of public school reform see Thümler, Bögelein, Beller & Anheier (2014).
To focus a strategy around a problem requires the organization to narrowly and specifically define the aspect of a problem which it wants to address. This problem definition should on the one hand focus on a feasible component of a more complex problem and on the other hand be very much in line with the resources available at the disposal of the organization. Addressing huge challenges with inadequate resources is one of the most prominent reasons for strategic ineffectiveness. This carving out of certain aspects of a broader problem also implies that the complexity of addressing the issue is being reduced in order to also reach a situation in which targeted evidence on the situation and its potential improvements can be collected. This relationship between the problem definition, the reduction of complexity and the capacity of the organization is spelled out in more explicit terms in a theory of change, in a model of how the intervention of the organization aspires at arriving at the desired change.

Our interview partners from within and outside the organizations repeatedly expressed an interest in leverage as crucial to their strategies. These expressions all refer to the fact that high impact depends on reaching beyond the boundaries of one’s own organization, beyond the boundaries of its programs, and beyond the boundaries of the stakeholders involved in it originally. Organizations which want to contribute to solving major societal problems have to act as bridge builders in many regards. Basically it always means attracting additional resources and attention to the coalition of players which is already under way to address a problem. It means opening up new outreach and opportunities for support to the common cause.

Starting from the most explicit case of a high-impact target, the European Climate Foundation (ECF) as well as its French counterpart Tara Foundation both pursue a political advocacy strategy albeit rooted in different backgrounds. On the one hand the ECF explicitly funds and connects NGOs, think tanks and behind-the-scenes political strategy specialists to advocate for public policies in favour of reducing greenhouse gas emissions. This is pursued against the backdrop of a systematic theory of change by identifying the complementarities of the grantees, fostering a division of labour, and filling gaps of technical knowledge or adequate players for a certain purpose. On the other hand the Tara Foundation combines its own high-level advocacy work with first rate academic research and uses its own expeditions with a foundation-owned ship, the Tara, to run communication campaigning. ECF is most explicit in funding and building advocacy coalitions by bringing together players with different interests and performance concepts in how to reduce greenhouse gas emissions. It works with a particular awareness of potential coalition partners which could reinforce their respective impact. Even if these partners may be quite diverse, the foundation manages to provide platforms where the organizations can pursue their own interests if they are aligned towards the foundation’s emission reduction goal. Moreover, given the complexity and different interdependent approaches in high level advocacy against climate change, its broad networks allow ECF to share the “big picture” with its partners and relate them across their accustomed thematic boundaries. A particular interest of ECF lies also in building coalitions of advocacy partners which are sustainable beyond the immediate funding of the foundation, e.g. by creating networks and alliances across sector boundaries so that for-profit members can contribute higher membership fees to sustain a network. Accordingly, the role of ECF can best be described as one of a catalytic bridge-builder.

Tara is far less focused in its advocacy approach and works more on a general level of awareness building. Its expedition ship which is operated in cooperation with top level research institutions like the EMBL – the European Molecular Biology Laboratory at Heidelberg – attracts strong media attention and attention of the general public which can be used to educate the public on the issue of greenhouse gas emission reduction. At the same time, it is less explicit for what purpose the foundation combines its two strategic core elements – political advocacy and research. Like other political advocacy organizations, e.g. the Stiftung Mercator, which in turn is a funder of and partner in a joint venture with the ECF, the Tara Foundation combines research and advocacy to sustain a legitimacy base for its public policy communications. The foundation basically voices positions and works towards increasing the attention for those positions based on scientific knowledge. This nature of a hybrid organization invites further elaboration and the development of a more integrated narrative to really leverage its full potential for impact.
On a different level, Cordaid works towards a similar effort of aligning resources in development cooperation towards the areas of intervention which promise to make the biggest improvement in enhancing people's lives in local communities. In order to identify this difference for people’s lives, Cordaid has been working on a Flourishing Communities Index – i.e. an evaluation tool which is characterized by a notable change in perspective. It is not the prime interest of the index to measure impact generated by Cordaid but rather to identify improvements to people’s lives irrespective of attributing it to particular interventions. Instead, its goal is to identify improvements in the quality of life as well as the subjective well-being of citizens in the local communities irrespective of the intervention or organization which may have contributed to achieve them.4 By abandoning the ambition to measure impact attributed to a single organization, and instead focusing on the communities at large, this index tool develops a kind of falsification perspective. If the quality of life improves, something positive must have happened, while stagnation of the index indicates that the interventions under way, at least, did not contribute to any such a general measurable improvement. The advantage of such an index is that it again puts focus on all the interventions (and their coordination) under way at the same time.

In the context of the FCI, another way of achieving focus deserves merit. As stated above, complex social problems often confront problem solvers with the dilemma that possible solutions rely on fundamentally different and, hence, incompatible sets of values. For this reason, what constitutes a solution to one group of observers is a problem in the eyes of another.

Due to the infinite diversity of human needs, preferences and values, a measurement approach aimed at capturing those societal conditions that are supposed to be relevant for human welfare might take into account an almost unlimited multitude of goods. Hence, any index needs to make a choice in order to arrive at a limited number of the goods and values it regards as relevant. If this choice is not supposed to be simply random, indices must provide a rationale that specifies why the variables it takes into account can be regarded as morally good and societally desirable.

The FCI integrates the most important normative theories. To begin with, theories in a utilitarian tradition take as a point of departure the greatest happiness of the greatest number of persons as the ultimate goal of moral action. Resource-oriented theories argue that what matters is an equal endowment with ‘primary’ goods needed to sustain basic functions of life. Finally, the capabilities approach claims that in assessing the well-being of people, we should focus on the opportunities they actually have to lead the lives they value and have reason to value5. The capabilities approach has been particularly influential for many indices that aim at capturing human well-being. However, the distinctions between the three different positions are not as straightforward as they might seem. All three positions operate on a very high level of abstraction in order to be applicable to very diverse contexts. Yet, when it comes to the satisfaction of very basic human needs there is a considerable degree of overlap among theories and across the value systems of different communities and cultures.

The approach of the FCI also reflects one of the more general options which can contribute to development and can be a typical role of non-profit organizations: Improving the information situation and in so doing, creating transparency of a context which in turns opens up opportunities for other actors such as social entrepreneurs.6 Quite different approaches were scanned in the process of developing the FCI. Two notable examples include the Italian QUARS and the Quality of Life Assessment Programme of Aga Khan Development Network (AKDN). Both illustrate the fact that, depending on context, scope and purpose, enhancing the information base can be done in fundamentally different ways.

For instance, the QUARS index emerged in explicit opposition to the Gross Domestic Product measurement system. The QUARS has been developed and issued by Sbilanciamoci! – a network of 51 associations, NGOs and other actors of civil society working on issues such as globalization,

4 The FCI thus fosters an approach which has come to be known as ‘collective impact’, Kania & Kramer (2011)
5 Robeyns (2006)
6 See also the concept of indirect market-based strategies of Scheuerle & Münchner (2013)
peace, environment, and ethical finance. It was set up to propose policy alternatives with a focus on social and environmental priorities and thus to reorient the index policy making. The composition of the index is based on numerous existing attempts to formulate alternatives to the GDP. It thus takes into account dimensions such as environmental sustainability, political and cultural participation, or the availability of social and medical services. The 20 regions of Italy are the units of analysis.

The QLAP, on the other hand, is intended to provide guidance in areas in which the AKDN is particularly active. The QLAP originated in 2007. It is based on research on the quality of life in general and Sen’s capabilities approach in particular. Indicators on Millennium Development Goals were also taken into account. It measures the developments in domains that are of crucial relevance for individual quality of life. The QLAP combines quantitative surveys and qualitative studies, mostly primary data. Emphasis is on tracking change in a certain area and not on comparing data across areas.

The Cordaid approach re-interprets the bridge-builder role as one of an information broker which can trigger and coordinate the cooperation of different intervening partners targeted at identifiable strategic goals. Even though Cordaid is working on an operating budget of several hundred million Euros (!), the effort at a comparable and simple evaluation tool, to assess the improvements in local communities, is driven by a shift in the financial background of Cordaid away from state funding for developments towards a larger private share of resources for its work. As a consequence, Cordaid has to provide for different levels of accountability to new (investor) stakeholder groups and has therefore developed a basic strategic interest in providing meaningful evidence gathered by means of feasible measuring tools. The index can thus help offer relevant information to manage and coordinate Cordaid’s approach to development as an integrated part of what many players in the respective field do.

In the analysis we noticed that a tool such as the FCI may be used particularly effectively if it does not set open goals for permanent and continued improvement of communities but rather targets clear and specific goals as represented by certain index variables. This implies taking a remedial perspective and formulating cut-off points to remedy to most severe problems of communities rather than aiming at the creation of a ‘perfect community’ approach. At the same time working with the index can help involve community actors and representatives in the development work by organizing both the index and its implementation in a participatory way and using it as an explicit tool to foster cooperation.

As a result of such an index approach Cordaid aspires to generate information which will allow improving on both its own contributions to local communities as well as those of other players. As a consequence, an enhanced division of labour of organizations, active in the local communities, might arise and suggestions for target areas of specific options of cooperation might result. Similar to the work of the European Climate Foundation, a systemic theory of change approach may become feasible using the information provided by the index. Interventions of Cordaid will not only be controlled by the strategy of the organization but also by its interplay with what other relevant actors in the field do. This touches on a more general theme of a whole number of our case studies: Strategies which are evidence-based and which are constantly refined by way of using a steady flow of data generated on the project and its stakeholders. In high impact education strategies this has been identified as one of the highly critical success factors. In our case the example of AMANDLA EduFootball which is constantly interested in generating data on education progress of its target group of youth at risk in South African township environments follows the same pattern. Recently, AMANDLA EduFootball took a considerable investment in an elaborated technological solution which is quite advanced for a township ecosystem. It introduced a biometric system that registers participants accessing the playground via fingerprints. This saves a lot of paperwork for the employees and allows for quick intervention if someone appears to fall out of the programme. To develop these evaluation systems, AMANDLA draws on cooperation as well, for instance with the International Committee of the Red Cross, the University of Western Cape, and in

7 Thümler et al. (2014)
Focus, an organization specialized in the evaluation and communication of non-profit impact.

Evaluation and monitoring is also an issue of staying connected with key stakeholder groups beyond the direct beneficiaries, such as schools, orphans and youth facilities, community organizations, or local businesses. AMANDLA partners with these organizations for several reasons. The most important is building trust and a sense of shared ownership in the community, which is a key asset for AMANDLA’s approach. Moreover, these local partners help AMANDLA in providing a holistic solution on the ground by complementing its own resources and services. Local grocery shops, local computer training centres, as well as other businesses and community organizations help to develop the training and job opportunities AMANDLA wants to create and also to deal with issues like child abuse, HIV, or bad nutrition. Such partnerships are of great importance for AMANDLA, given the fact that the state is heavily under-resourced to meet the challenges in deprived township areas.

Moreover, evaluation and monitoring is also important for being able to identify the critical factors for scaling the program in different local environments of other townships while at the same time maintaining educational quality standards. For broadening its impact and replicating its safe-hub model, AMANDLA also draws on partnerships with public authorities, larger foundations, private companies, and supranational organizations like the FIFA or the UN Office on Sport for Development and Peace. Those not only provide funds, but also create access to networks, public attention, credibility and trust outside the organization for AMANDLA. And they are highly interested in the effect AMANDLA makes.

Evidence-based strategies are stakeholder-conscious and use their constant flow of data to inform quality management and scaling or dissemination approaches. This line of argument clearly demonstrates that cooperation across stakeholder groups and in the interest of effectiveness and growth of a problem-solving approach has to have a sound basis in shared evidence and data generation in the course of monitoring and evaluating the project (both on an anecdotal and on a systematic level).

Even though the strategic interest has been quite a different one in the first place when the organizations involved in the House for Health decided to move into shared premises, our analysis\(^8\) has shown that the greatest potential for impact of sharing office space and working close to each other in the same place does not come from strategic alignment of what the organizations do, because their missions and areas of medical concern (illnesses, patient groups, etc.) are all too different. Instead they can benefit most from sharing how they do their work i.e., from organizing learning processes based on sharing knowledge about their mutual experience. The five charities which had embarked on the journey by deciding to move into the same building had deliberately opened up their organizations for such an experiment without clearly knowing where it would lead to. Each of the organizations has to serve quite different stakeholder expectations and diverse constituencies, which implies a level of organizational distance which cannot be bridged in the short run. However, in a mid-term perspective, building on growing levels of trust, the organizations can possibly use an exchange of knowledge on processes and their respective strategies as a starting point for mutual capacity building and in doing so may develop the prerequisites of future more in-depth cooperation. Purposefully creating space and time for learning processes and enhancing capacities for organizational learning in strategic-organic ways may pave the way for future opportunities of development of shared strategic interests which, for the time being, are lacking.

In a certain way, the charities working in the House for Health have decided to embark on a process of mutually serving each other as partners in an effort to strengthen their organizational capacity. They are serving as each other’s advisors and provide for a type of support which would normally have to come from outside advisors or other types of organizations. In a more investment style approach to venture philanthropy or social impact investing this combination of financial and non-financial resources to strengthen the organizations in which financial resources are being invested is a core part of the approach.

\(^8\) Beller, Rutgers & Thümler (in press)
At the same time the analysis shows that learning effects do not occur without effort. Rather, setting the stage for organizational learning needs to be conceived as an investment in its own right. Peter Senge\(^9\) emphasises the creation of “learning infrastructures” as a crucial precondition for the development of learning organizations. In a similar vein, Argyris and Schön\(^{10}\) point to the importance of creating communication channels, such as formal and informal discussion forums. The underlying assumption is that learning does not happen by itself; it needs an enabling environment, the creation of which is a crucial task for the organization’s leaders in Senge’s eyes.

Le Comptoir de l’Innovation is the social impact investment subsidiary of a very large French non-profit organization, the Groupe SOS. The organization has typically taken that role of both being an investor in and a capacity builder to social enterprises in which it invests. As a social impact investor it manages its portfolio of investments by assessing first the social impact potential and secondly the financial performance potential of ventures which are screened for potential investment of the Comptoir. During the investment relationship le Comptoir helps investee organizations to build local networks and to strengthen their local embeddedness. In brief, this social impact investment fund acts as a comprehensive intermediary in terms of investment readiness, capacity and competences, governance and finances of organizations and in doing so contributes to building a social capital market and developing the social economy of France in the first place and Europe more broadly.

The background for Le Comptoir being established was the competencies in social enterprise management that have been growing in Groupe SOS since its foundation in 1984, and that are provided by one core team that serves all 45 social enterprises of the group in issues such as finance, human resources, marketing, accounting, or legal questions. Together with the perceived need for financial support in the French social enterprise landscape, Groupe SOS founded le Comptoir de l’Innovation in 2010 to help in advancing the field.

A huge boost for Le Comptoir’s approach was a market change in the French social investment market. A legal obligation was introduced to the whole of France that companies with more than 50 employees had to offer their employees savings schemes with a ten percent share of all investments going into “solidarity” or social impact investments. While initially this ten percent share was regarded as “trash ratio” which had to be compensated from returns of the other ninety percent, it became increasingly clear that the ten percent had an important countercyclical role to play and promised albeit somewhat reduced but still significant returns in their own right.

However, the role of Le Comptoir as an intermediary cannot be overestimated given the infancy stage of this market segment or perhaps rather asset class. Both for potential investors and for potential investees this new market segment started at very low levels of market transparency because of an abundant lack of information. This was due to a number of crucial factors which characterize this emerging field of investment: Investment managers of institutional investors as well as individual investors have been largely lacking the instruments and approaches to measure social impact in a reliable and comparative way. This field of social impact measurement is itself only in the process of emerging and developing increasingly shared practices like variations of the social return on investment approach. For quite some time the prevailing opinion saw a negative trade-off between financial and social performance while it has only recently come to be appreciated that those return categories rather complement or even condition each other. On the other hand social purpose organizations or social enterprises had to travel a long way to understand the information needs of investors and the need to explain the particular nature of their business or organizational models to a target group which was accustomed to consider for-profit investments and risk profiles.

In all these regards, Le Comptoir plays an important education role on both sides of the market and in doing so opens up an enormous potential of new social enterprises addressing yet unmet social needs or offering more effective solutions to needs which are currently already being served by different organizations. In defining its strategic role as

\(^{9}\) Senge (1990)
\(^{10}\) Argyris & Schön (1996)
that of an intermediary, building this market segment and improving on the information asymmetries in the field, Le Comptoir has determined its niches, and rather than only serving the solution of an individual problem, the organization addresses a financial infrastructure challenge which will ultimately affect the solutions to rather diverse social problems. 11 The different social enterprises of Groupe SOS, working in fields such as work integration, social housing, health services, elderly care, education, youth aid, fair trade and solidarity programs, serve as illustrating examples and proof of concepts here.

Obviously this approach addresses issues of cooperation in quite a different way. It does not only involve different organizations in the same problem arena, but it helps developing a new division of labour across sector, market segment and organizational boundaries. It aligns organizations which previously did not have anything in common with a new agenda of solving social problems: While social impact investing, in a very brief definition, can be understood as an investment approach which simultaneously aims at both financial and social or environmental returns (sometimes also referred to as blended value creation12 or shared value13), it should be noted that this investment vehicle does not necessarily imply the privatization of public services. It rather refocuses the service delivery towards more effective approaches which may well be offered by nonprofit organizations but may still hold a potential for avoiding future costs or allowing for creating additional future value as a consequence of a social problem-solving intervention. At the same time the field of social interventions is still characterized by market failure and an inability of beneficiaries to afford effective demand at prices needed for the production of the service. As a consequence potential returns for this new market segment of social impact investment may come from public budgets directly (social impact bond models) or indirectly (state funded service delivery by social enterprises).

Cooperation in this environment opens the eyes of stakeholders for the true cost of social problems and for the potential to consider new solutions hitherto unimagined because of “sector silo perceptions” or because of even more incomplete information. This brings approaches like social impact investing and organizations like Le Comptoir de l’ Innovation back to the crucial role of improving the evidence base of existing information on given social problem fields. Le Comptoir reduces these information deficits and helps to bring organizations together to share information, organize mutual learning processes, and reduce the blind spots of social problem-solving. It does so by bridging the boundaries of sectors and different fields within sectors, issues and organizations. This is a pivotal task for improving the problem-solving capacity not only of individual organizations but of society at large. Cooperation in turn holds great promise in all its different varieties for this purpose.

In general, in today’s philanthropy and social investment sectors the quest for effectiveness has substantially increased. Organizations are increasingly aware of the expectations as to their problem-solving capacity, which have increased alongside a general growth trend of the sector and a substantially deteriorated public budget situation in most European countries. All over recent years the professional debate in the sector has constantly produced new highlights with a general basso continuo remaining part of the tune: With each new turn of the debate, the issue of effectiveness remains at the focus of attention. This underlying trend may possibly be explained by more deeply rooted changes in public perception which concern both the role of the state and the role of civil society and social investment, i.e. voluntary private contributions to the public good.14

While in previous decades the state was seen as a service provider in many of the areas where public responses to societal problems were seen as politically desirable, today’s concept of the state concentrates rather on an enabling state guaranteeing citizens’ entitlements but not necessarily delivering the services itself. This has also changed the perceived roles of the third sector or civil society organizations because it has both led to a quantitative increase of their economic share in providing those services and to a qualitative change in their

11 Scheuerle & Münscher (2013)
12 For this category, see Jed Emerson, www.blendedvalue.org
13 Porter & Kramer (2011)
14 See Then & Kehl (2012) for a more in-depth-concept of social investment
own roles. Non-profits are increasingly subject to competitive environments in which they have to demonstrate their capacity to operate in an effective way in competition with other for-profit organizations as well as public institutions. Recent trends addressing this change in sector roles and perceptions of the social investment sector have also included another common theme: While the language varied, it always included elements of entrepreneurial approaches or an appreciation for entrepreneurship and its language.

First this was expressed in an increased quest for being strategic, then the both metaphorical and more direct use of the term “venture” indicated the same interest, and most recently social entrepreneurs and social impact investment have moved onto the agenda of the discourse. The concern of these efforts has remained the same over the last almost 20 years: How can organizations unleash some of the dynamics associated with entrepreneurial ventures while at the same time acknowledging that they should be targeted at social innovation rather than at private profit-making. This question has plagued philanthropic strategizing – venture philanthropy - just as other parts of the non-profit sector. From a social science point of view this indicates that in the narratives that shape our societies' capacity to resolve complex problems the role of individual actors is being more prominently featured while in the past the analytical interest focused much more on structures. At the same time these actors are conceiving of themselves as players complementary to the state and less as just a substitute for the public sector. This change in attitudes of the actors themselves as well as of the perceptions of their activities in the broader public discourse is related to a new generation of donors, philanthropists or social investors who bring to the fore a mind-set of citizens towards social innovation prompts from all different sector backgrounds, it increasingly has to rely on civil society to help frame the mind-sets of citizens towards new solutions. If those solutions emerge from a market impulse, public debate in civil society and social movements paving the way for them have to address changing value systems of both customers and investors in order to allow for market differentiation of the social innovation. If state and public sector administration start an innovative impulse, they will equally have to rely on civil society preparing the ground for new advocacy coalitions of like-minded citizens and organizations joining forces to advocate for a policy change. And the same even applies for an impulse starting from the networks of local neighbourhoods and communities, which in turn will depend on civil society to see their approaches taken elsewhere in society and being replicated.

While such an environment can bring about social innovation prompts from all different sector backgrounds, it increasingly has to rely on civil society to help frame the mind-sets of citizens towards new solutions. If those solutions emerge from a market impulse, public debate in civil society and social movements paving the way for them have to address changing value systems of both customers and investors in order to allow for market differentiation of the social innovation. If state and public sector administration start an innovative impulse, they will equally have to rely on civil society preparing the ground for new advocacy coalitions of like-minded citizens and organizations joining forces to advocate for a policy change. And the same even applies for an impulse starting from the networks of local neighbourhoods and communities, which in turn will depend on civil society to see their approaches taken elsewhere in society and being replicated.

Our case studies of organizations that develop and increase consideration for effectiveness and try to achieve greater impact by using diverse approaches to cooperation have shown that these general trends are more than just academic exercises in professional philanthropic and non-profit management. They demonstrate that the leadership of cutting-edge organizations in the field is aware of and actively contributing to those trends. While many of the actors in professional practice may still be lacking the concise categories to describe their own work as part of broader professional trends, our exploratory research examples suggest that the trend has become visible and players in the field are consciously shaping it and contributing to various aspects of it. As compared to a decade ago – not to mention earlier strategies – the general level of cooperation has increased both within and beyond sector boundaries. This little volume offers further food for thought and reflection of the reader’s own experience. The cases, at the same time, encourage us not to see the segments of the non-profit or social investment sector as separate niches but as variations of the same basic principles and concerns for impact.

15 See the seminal article by Letts, Ryan & Grossman (1994) on Venture Philanthropy

16 Then et al. (2013)
Sources

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