

CSI

Centrum für soziale
Investitionen & Innovationen

Centre for Social Investment

UNIVERSITÄT
HEIDELBERG
Zukunft. Seit 1386.



CSI RESEARCH | FINAL REPORT

Social Investment Bridge Builders

Cooperation for Impact

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Executive Summary

1	Social Investment Bridge Builders	7
	Sources	17
2	A Smart Approach to Advocacy in Climate Change Politics	19
	Abstract	20
	Acknowledgements	20
	1. Background – The European Climate Foundation as key player	20
	2. The European Climate Foundation	21
	2.1 Formation and purpose of the ECF	21
	2.2 Evolution, structure and topics	22
	2.3 The strategy building process in the ECF: goal setting and strategy co-development	22
	3. A smart approach to philanthropy in climate change advocacy	23
	3.1 Main activities	23
	3.2 Core principles of the ECF's approach	24
	Case in Case Building a political voice in the field of energy efficiency	27
	4. Conclusion – The role of networks and partnerships in the ECF	30
	Sources	30
3	TARA Expeditions	33
	Abstract	34
	1. Facts & Figures	34
	2. Description	35
	2.1 Status quo and development	35
	3. Analysis	36
	3.1 Tara as a hybrid organisation	36
	3.2 Strengths	37
	3.3 Challenges	37
	4. Recommendations for Leadership	39
	4.1 In terms of social impact	39
	4.2 In terms of organisational adjustments	39
	4.3 In terms of communication	40
	Sources	40
4	International Approaches to Measuring Well-Being	41
	1. Introduction	42
	2. Theoretical and practical foundations for measuring quality of life	43
	2.1. The means of assessment: monitoring well-being vs. poverty	43
	2.2. The ends of assessment: Translating normative theory into survey structure	44
	3. Review and classification of existing measurement approaches	46
	3.1. OECD Better Life Index	46
	3.2. Social Progress Index	49
	3.3. Gross National Happiness Index	51
	3.4. An Action Agenda for Sustainable Development (Post 15)	52
	3.5. QUARS (Qualità Regionale dello Sviluppo – Regional Quality of Development)	53
	3.6. Genuine Wealth Values Assessment / Genuine Well-Being Indicator (City of Leduc)	54
	3.7. Canadian Index of Wellbeing (Focus on Community Vitality)	56
	3.8. Addressing Conflict and Violence from 2015 (suggestion of indicator suite)	58

3.9. Quality of Life Assessment Programme of the Aga Khan Development Network	60
4. Discussion	60
4.1. Selection of categories, topics and items	60
4.2. Composition of indicators	61
4.3. Data collection	63
4.4. Major Implications for the FCI	63
Sources	65
5 AMANDLA EduFootball	67
Abstract	68
Acknowledgments	68
1. Fighting the cycle of poverty – the social problem addressed by AMANDLA	68
2. AMANDLA's approach – creating high impact	70
2.1 Key factors of AMANDLA's work	70
2.2 AMANDLA's holistic programme	71
2.3 AMANDLA's impact	73
3. Organizing for impact – important management principles of AMANDLA EduFootball	74
3.1 Constantly evaluating and readjusting	74
3.2 Embeddedness and staying connected with the ground	75
3.3 Attracting talent	75
3.4 Fostering collaborations and partnerships	76
4. Outlook - Challenges for AMANDLA in the future	77
Sources	78
6 Why Share Premises?	79
Abstract	80
Acknowledgements	80
1. Introduction: The House for Health	80
2. How to Develop Beyond Shared Back-Offices and Processes?	83
3. Facilitating Collaborative Learning for Impact	83
4. Conclusion	85
Sources	85
7 Le Comptoir de l'Innovation	87
Abstract	88
Acknowledgements	88
1. Introduction and background	88
2. Birth and first steps of Le Comptoir de l'Innovation	89
3. The strategic approach of CDI	90
3.1 Investments and advisory services for social enterprises	91
3.2 Incubation programs for social entrepreneurship	94
3.3 Promoting social entrepreneurship in general	94
4. The role of networks and partnerships	95
5. Future challenges	95
5.1 Developing the impact investment market	95
5.2 Developing le Comptoir de l'Innovation	97
Sources	97

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 Thümmler 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.

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Social Investment Bridge Builders

Cooperation for Impact



1 Social Investment Bridge Builders – Cooperation for Impact

Volker Then, Thomas Scheuerle, Ekkehard Thümler

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 links and ties 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 & Münscher (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 national 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.⁷ 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 analysis⁸ 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 Senge⁹ emphasises the creation of “learning infrastructures” as a crucial precondition for the development of learning organizations. In a similar vein, Argyris and Schön¹⁰ 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.

⁹ Senge (1990)

¹⁰ Argyris & Schön (1996)

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

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.¹¹The 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 non-profit 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 solu-

tions 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:¹⁵ 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 interested in effective direct intervention to solve problems rather than charitable mitigation with the basic issues remaining unresolved. They are younger, more hands on, cross-sectoral in their thinking and assuming that their personal experience as entrepreneurs can help identify solutions to problems by transferring knowledge from one sector to another, an assumption which may sometimes sound overly optimistic or even inappropriate.

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

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.¹⁶ 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.

¹⁶ Then et al. (2013)

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A Smart Approach to Advocacy in Climate Change Politics

The European Climate Foundation's Energy Efficiency Programme



2 A Smart Approach to Advocacy in Climate Change Politics The European Climate Foundation's Energy Efficiency Programme

Thomas Scheuerle

Abstract

The European Climate Foundation is one of few major philanthropic organizations focused on advocacy for climate change mitigation. The foundation applies a rather unique strategic approach to affect high-level legislation in the European Union and its member states in order to cut greenhouse gas emissions. It gives grants to NGOs and other associations, facilitates coalition building and information exchange among its partners and grantees, and occasionally takes leadership in the generation of technical knowledge on policy design and implementation. To achieve a high impact, the foundation builds its activities on a systemic perspective, conducts a strict prioritization of its resources, and tries to create leverage. This goes along with the acknowledgement of relevant stakeholder interests in the field and a continuous learning about the own project portfolio's impact. Among the different programmes and initiatives of the ECF that are strongly intertwined, energy efficiency is one of the most promising yet also most diverse fields to establish legislation. This is because the stakeholder structure in the field is highly fragmented, markets for energy efficiency are missing, and benefits are often dispersed and visible only indirectly. The foundation has contributed considerably to building civil society capacity in this area.

Acknowledgements

This case study was made possible by a grant awarded by ABN AMRO Private Banking. This support is gratefully acknowledged. I also thank Dr. Johannes Meier, CEO of the European Climate Foundation, Patty Fong, Director of the foundation's Energy Efficiency Programme, and Stefan Scheuer, Secretary-General of the Coalition for Energy Savings, for taking time to provide very

insightful interviews and detailed feedback that were essential for this project.

1. Background – The European Climate Foundation as key player in "new" climate change politics

Policy making in climate change mitigation has changed over the last years. Before the COP 15 conference in Copenhagen in 2009, optimism for a scientific, evidence-based solution to cut global greenhouse gas emissions prevailed, such as defining a market mechanism to appropriately cap and efficiently trade pollution rights (cap and trade). Today, the picture is different. Civil society organizations have learned that it is essential to understand and moderate stakeholder interests and political positions to achieve goals in climate change advocacy. Fallacious attacks on climate science and renewable energy by sceptics and fossil-fuel interest groups have tried to impair their credibility and potential. Not least, the economic crisis has put economic arguments at the forefront. Goals of short-term economic growth and employment are weighed against ecological goals in the political discourse, often in an inappropriately simplified way. Big corporate players, even if they have no general dissent about ecologically reasonable efficiency standards, lobby for longer time horizons of implementation, since even one or two years can have a significant impact on their profit margins. But there is also a strong symbolic dimension. The success of the "Energiewende" in Germany is closely observed by other countries, and it is very likely that it will have an essential impact on their future energy politics.

The European Climate Foundation (ECF) is a key player to strengthen the influence of civil society in this process. Foundations in this field are rare, since philanthropic spending on climate change

in Europe is relatively small¹. Only about one percent of philanthropic funding goes into climate change in Europe today. Established and funded by a range of prominent European and North American foundations, ECF covers various policy sectors related to climate change, such as power, transport and energy efficiency. With an operational budget of about € 25 million, the ECF is not only the biggest philanthropic actor in the field, but also rather unique in terms of its strategy. Its goal is to significantly reduce CO₂ emissions by 2050. To achieve this, the foundation tries to make highly efficient use of its resources and works with nearly all important civil society organizations in the field to influence the political discourse, policies and measures on climate change and energy at the EU and member state levels.

A particularly challenging area in terms of European ambition is energy efficiency. Half of the European greenhouse gas emissions could actually be avoided by a more efficient use of energy between now and 2050, and the International Energy Agency (IEA) recently named energy efficiency as the world's largest energy resource². Saving energy simply wasted today has a huge potential, even without putting a concrete limit on total energy use. Existing legislation is in place, such as the Ecodesign Directive³ or the Energy Efficiency Directive⁴ (EED) adopted in 2012. However, the implementation at the national level is often stumbling, and the need for energy-efficiency targets for 2030 are under consideration as part of the 2030 framework for climate and energy. Despite its great potential, energy efficiency is difficult to push politically due to a fragmentation of interest groups and the fact that it often stands in the shadow of more tangible topics such as renewable energies. In this context, the ECF has made large efforts to build a political voice for the topic and to create capacity in the field. This case study will take a closer look

at the ECF's strategy and put a particular focus on energy efficiency as a highly relevant field of the foundation's activities.

2. The European Climate Foundation

2.1 Formation and purpose of the ECF

The European Climate Foundation was founded in 2008 by several major philanthropists who were concerned about the lack of political action and awareness with regard to the consequences of climate change. Initiators were the European-based Oak Foundation⁵, McCall MacBain Foundation⁶ and the Children's Investment Fund Foundation⁷, as well as the William and Flora Hewlett Foundation⁸ in the US. The idea was to have a "foundation of foundations", i.e. a vehicle that pools funding and efficiently builds a joint knowledge base in order to maximize the impact of the different parties in promoting climate and energy policies that reduce Europe's greenhouse gas emissions. The Energy Foundation⁹ in the U.S. served as a model that had been in place for almost 20 years at that time. Recognizing the opportunity that Europe can take a leadership role in developing political solutions to mitigate climate change, further philanthropists such as the San Francisco-based ClimateWorks Foundation¹⁰, also joined and contributed substantially to the ECF's funding from an early stage. Today, the ECF has six core funders that provide unrestricted general operating support. Beyond the three European initiators and the ClimateWorks Foundation who are still on board, these are the Dutch Postcode Loterij¹¹, and the Danish Velux Fonden¹². While some donors use the ECF as the primary way to address climate in Europe, for others it complements their own climate funding activity. Moreover, the foundation has a range of partners for specific joint projects, such as the German Mercator Foundation¹³.

1 For example, a study for the UK showed that environmental philanthropy represented less than 3% of total UK philanthropy between 2007 and 2010, of which an average of 21% (yet with an increasing trend) went into climate change, comprising of the categories climate & atmosphere, energy, and transportation (Cracknell et al., 2012). Another study with a sample of 27 European foundations engaged in environmental issues revealed that 16 % of their total grants were environmental funding in 2008/2009, of which again 20.4% went into climate change (European Foundation Centre (2011)).

2 <http://www.iea.org/Textbase/npsum/EEMR2013SUM.pdf>

3 http://ec.europa.eu/enterprise/policies/sustainable-business/ecodesign/index_en.htm

4 http://ec.europa.eu/energy/efficiency/eed/eed_en.htm

5 <http://www.oakfnd.org>

6 <http://www.mccallmacbain.org>

7 <http://ciff.org>

8 <http://www.hewlett.org>

9 <http://www.ef.org>

10 <http://www.climateworks.org>

11 <http://www.postcodeloterij.nl>

12 <http://veluxfonden.dk>

13 <http://www.stiftung-mercator.de>

However, the ECF is not a standalone actor. Since its funders are also engaged in other parts of the world, it is part of the global ClimateWorks Network that comprises other regional foundations namely the Energy Foundation China Programme¹⁴, the Shakti Sustainable Energy Foundation¹⁵ in India, the U.S. based Energy Foundation, and the Latin America Regional Climate Initiative¹⁶. The ClimateWorks Foundation in San Francisco serves as a coordinator and hosts a funder table of the different donors. This is where the core topics and thematic guidelines across the network are developed and constantly revisited based on relevant political developments, but also due to specific interests among the funders.

2.2 Evolution, structure and topics

After its set-up, the ECF developed rapidly. In the early “start-up” phase between 2008 and 2010, it established quickly a presence in the field. The then CEO, Jules Kortenhorst, hired talented staff; the ECF conducted a range of flagship projects and developed first partnerships. Within two years the foundation grew quickly with offices in The Hague, Brussels and Berlin. After the “start-up” phase a phase of focusing began in 2011. Based on the experiences of the first years, the ECF started to concentrate on key topics and partners. With the new CEO Johannes Meier, the foundation identified and formulated the most promising political strategies. Also, organizational processes such as accounting or evaluation were further professionalized. Today, the ECF works with an annual budget of about € 25 million and has 60 employees in Berlin, Brussels, London, Warsaw and its headquarters in The Hague in the Netherlands.

While the work originally was organized by sectors, the ECF's activities are now structured into Sector Programmes, Cross-Cutting Initiatives, and Geographic Initiatives¹⁷. Geographic initiatives are mainly targeted at key venues of the EU, in particular Germany, the United Kingdom, France, Poland, and also Brussels as the capital of the EU. Cross-cutting initiatives address topics such as EU climate policies, the low carbon economy or stra-

tegic communications for climate change issues. Sector Programmes are organized around the fields of power supply, transportation and energy efficiency. These are the sectors ECF has identified as having the biggest potential for reducing greenhouse gas emissions in Europe.

The Energy Efficiency Programme is currently coordinated from The Hague. Patty Fong, the Programme Director who has been working for the ECF from the beginning, coordinates a team of 5 experts that supports EU and national policies to reduce energy consumption. This comprises legislation that improves the energy efficiency of buildings, and a wide range of industrial products and consumer appliances. The annual budget for the Energy Efficiency Programme has been continuously growing over the last years and reached € 3.2 million in 2012. The largest amount of this money is spent for support at the EU level.

However, all areas of ECF's work are closely intertwined. For instance, the “Energiewende” in Germany depends on a power system transformation, but also on energy efficiency and transport improvements. Furthermore, energy efficiency is a topic in EU climate policy, like in any of the addressed geographic areas. This implies strong cooperation among the foundation's staff, not only with regard to the crucial role of energy efficiency in the ECF's work. Patty Fong and her team are in constant conversations with the colleagues in the Power and Transport Programmes and in the EU Climate Policy initiative.

2.3 The strategy building process in the ECF: goal setting and strategy co-development

In developing its strategy, the ECF follows the philosophy that defining goals clearly is absolutely essential. Since advocacy always happens in an environment of high uncertainty and pursues rather long term effects, this is the most effective way to create verifiable goals and the basis for evaluating successes and failures¹⁸. This again allows a critical discussion and reflection of the activities pursued, which is also highly valued at the ECF. Strongly involved in strategic issues is the very active and high profile supervisory board

¹⁴ <http://www.efchina.org/FHome.do>

¹⁵ <http://www.shaktifoundation.in>

¹⁶ <https://www.facebook.com/larciorg>

¹⁷ For more detail see <http://europeanclimate.org/home/what-we-do>

¹⁸ This argument is illustrated in more detail in the Stanford Social Innovation Review article „The Elusive Craft of Evaluating Advocacy“ of Teles & Schmitt (2011).

with renowned experts such as its chairman Caio Koch-Weser, former Vice Minister in the German Federal Ministry of Finance who also served in different senior positions at the World Bank, Mary Robinson, former President of Ireland, and leading executives from the involved foundations, such as John McCall MacBain, President of the McCall MacBain Foundation, Kristian Parker, President of the Oak foundation, or Charlotte Pera, President and Chief Executive Officer of the ClimateWorks Foundation¹⁹. In a very open and constructive dialogue with the ECF leadership team, the ECF's goals are clearly defined and discussed. Also, grantees are involved in this process of reflection and strategy “co-development”, as CEO Johannes Meier puts it. They are not represented on the board, but exchange is facilitated through other formats and personal relationships that have grown over time. Accordingly, a common language and understanding of key topics and strategies across funders and grantees is critical to the ECF.

3. A smart approach to philanthropy in climate change advocacy

The ECF wants “to be the smartest place in Europe for philanthropic investment in climate change mitigation strategies.”²⁰ As will be shown in this section, this requires a detailed understanding of the political and power dynamics in climate change politics, complemented by a strict prioritization of resources and constant evaluation and revision of the project portfolio.

3.1 Main activities

The first strategic decision is the focus on the highest possible level of policy frameworks to mitigate climate change. This decision underlies the assumption that legislative regulation is the most effective way to achieve transformation across society, especially in the short run. Other approaches such as “libertarian paternalism”, (i.e. to “nudge” people into sustainable behaviour by shaping relevant choice setting according)²¹ or educatio-

nal campaigns for consumers are acknowledged by the ECF as well. But the foundation assumes that these approaches will not achieve the same coverage and impact as market regulation and incentives, for example by forcing energy inefficient products off of the market, with its limited resources.

In practice, this means that the ECF wants to create broad high-level political support and secure policies that provide a framework for the development and scaling of desirable solutions for climate change mitigation. In the field of energy efficiency for example, such policies can be minimum standards and codes to rule out the least efficient products, but also investment incentives for developing innovative ideas for energy efficient products and services across different markets. Once developed, such policy frameworks shall be adopted in different countries, but also across different markets, considering the local and specific conditions. Hence the approach of the ECF is different from other approaches in philanthropy; all solutions must be explicitly tied to a national or EU political and/or policy strategy. To impact legislative frameworks, the ECF conducts three main activities:

- The ECF gives grants to diverse types of organizations. In the field of energy efficiency, those are classical green NGOs carrying out mostly campaigning activities WWF²², CAN Europe²³, or Friends of the Earth Europe²⁴, but also organizations like ClientEarth²⁵, an NGO of public interest lawyers, or the Environmental Citizens Organisation for Standardisation²⁶ (ECOS), an NGO focused on technical standards. Equally important for ECF's strategy are think tanks and behind-the-scenes political strategy specialists, such as E3G - Third Generation Environmentalism²⁷. Grantees are those with the most promising strategies and campaigns to pursue the goals of the ECF's programmes and initiatives in national and EU level advocacy for climate change mitigation. The foundation takes a highly focused approach in funding and does not accept unsolicited grant proposals, but identifies candidates with its partners. Today almost all relevant organizations in the different

19 For the full composition of the board see <http://europeanclimate.org/home/who-we-are/board/>

20 <http://europeanclimate.org/home/how-we-work>

21 Thaler & Sunstein (2008). *Nudge: Improving Decisions about Health, Wealth, and Happiness*. Yale University Press.

22 <http://www.wwf.eu>

23 <http://www.climnet.org>

24 <https://www.foeeurope.org>

25 <http://www.clientearth.org>

26 <http://www.ecostandard.org>

27 <http://www.e3g.org>

work areas of the foundation receive grants from the ECF, and there is a large share of continuation. Even more, if the ECF does not find an adequate actor for a certain purpose, the foundation initiates, funds, and supports the development of such an entity (see next block).

■ The ECF also acts as convenor which facilitates coalition building and exchange formats among its grantees and partners. This applies across different sectors, topics and locations. Coalitions can help to create a political voice and consequently increase the political will for a topic like energy efficiency. They signal a broad interest to politicians and also condense the individual claims of the partners to a single core message. But often this does not happen by itself. That is why the ECF catalyses such coalitions and funds coordinators to institutionalize them. Examples are the discussion platform *Agora Energiewende*, a joint venture with the German Mercator Foundation that connects a range of high profile stakeholders, or the Coalition for Energy Savings based in Brussels (see also Section Case-in-Case). The latter is a platform of civil society organizations, professional and trade associations and industry associations from different sectors; all members jointly advocate for more effective and ambitious energy efficiency targets and measures. The ECF may also support single exchange formats like workshops or roundtables, which also facilitate learning across sectors and geographic areas. National ministries or organizations involved for instance in the implementation of the EU Energy Efficiency Directive can then discuss with foreign experts and advocates about their respective positive and negative experiences with the implementation.

■ The ECF is also strongly involved in developing, synthesizing and redirecting knowledge for the advocacy process. Technical analyses on the implementation of a policy directive and its adoption into national legislation²⁸ are important, since the availability of data and expertise is crucial in the policy's design process. Such analyses are often directly used by policy makers on the national or EU level. However, often no adequate informa-

²⁸ Since EU legislation is basically a framework law, nearly all policies related to Energy Efficiency currently have to be transposed and implemented at national level. There are timelines for when countries have to turn it into national legislation. Better resource endowment allows major private market actors more easily to provide input on how to do this, and also to monitor the implementation process and report back to the EU in the revision of the directives.

tion is available, or it is only provided by private market actors that pursue different interests. The ECF may commission experts or set up new institutions to conduct technical analyses and to generate such know how. For example, the Buildings Performance Institute Europe²⁹ in Brussels is a partner that provides constructive, technical input for policy design on more stringent standards and incentives for building codes. The ECF also synthesizes knowledge, such as political intelligence, challenges and capacities in the field of its comprehensive network. Information and expertise is then used to support its partners and grantees. For example, advocates in Brussels might highly benefit from insights from national experiences and vice versa.

For all its activities, the ECF staff is in constant dialogue across different programmes and initiatives within the foundation as well as with grantee organizations, policy makers and experts in the field to stay updated and discuss new ideas. This may take place through formal structures, such as representation on the steering committee of the Coalition for Energy Savings. However, exchange is more often informal and draws upon personal relationships and trust developed over time.

3.2 Core principles of the ECF's approach

The application and interplay to these three activities at the ECF is highly elaborated. They are based on a range of core principles and mechanisms crucial for the impact of the ECF:

Systemic perspective to identify gaps for intervention

Core to the ECF's effectiveness is an in-depth knowledge of the field of climate change politics. Moreover, the foundation takes a systemic perspective to its approach. The ECF team aims to understand in detail the interconnections and links between different processes and sectors. In this way, it can identify precisely those gaps where it is most useful to intervene with funding, facilitating cooperation and exchange, or building capacity. The ECF acts as a balcony player³⁰ and uses

²⁹ <http://www.bpie.eu>

³⁰ The picture of a balcony player who stands beyond the "dancefloor" to get an overarching picture on interrelations etc.

its overview to help grantees and partners connecting the puzzle and providing a bigger picture. For example, major goals like promoting a low-carbon economy span across different sectors needs coordinated efforts from different parties. Other goals are achieved indirectly³¹. Interesting coalition partners may not have climate change or energy efficiency as a primary goal. For instance, it can be more effective to build coalitions with organizations in the fields of health, elderly care, or social welfare around the issue of warm homes and lower energy bills instead of promoting the topic of energy efficiency directly³². Other examples are the commissioning of technical analyses, or financing the membership fees for NGOs in cross-sector coalitions so that civil society advocates can interact with their counterparts from the corporate world. The systemic perspective also helps to be “ahead of the curve” and anticipate the next set of political targets instead of only reacting to proposed legislation directives. This can mean to shape energy efficiency as a resource in the political energy market discourse to bring it on the level of fossil fuels or renewable energy, as the ECF does.

Catalysing as an efficient use of resources

Compared to the enormous dimension of the task, the resources of the ECF and other civil society actors in climate change mitigation are very limited. Accordingly, the ECF tries to use its resources as efficiently as possible. It strictly prioritizes projects that promise the most impact on political perception or legislation, and does not fund research for product development or the broad adoption of technologies on a local level. The ECF neither wants to distort the market by providing resources where considerable incentives for private sector investment already exists, nor replicate public funding. Rather, similar to a venture capitalist the ECF tries to catalyse political interventions or private sector investments through the political or policy processes. Initiatives and projects should

was developed in Heifetz, R.A.; Linsky, M. & Grashow, A. (2009) *The Practice of Adaptive Leadership: Tools and Tactics for Changing Your Organization and the World*. Harvard Business Press

31 The concept of obliquity, meaning that some goals might be better achieved indirectly or obliquely, was described by John Kay (2011). *Obliquity*. London, Profile Books.

32 For example, the ECF is core funder and catalyst of the Energy Bill Revolution Campaign (<http://www.energybillrevolution.org>), a coalition of child and elderly people charities, health and disability groups, environment groups, consumer groups, trade unions, businesses, politicians and public figures to promote warm homes and lower energy bills.

have a clear end goal and/or exit strategy. This also makes sure that the ECF and its staff are not a bottleneck in the long run, and its resources can be redirected to other projects. The systemic perspective is crucial to identify such investments, since the ECF staff needs to understand the neuralgic points for initiating a process that can further develop autonomously. A possible means for this is to provide seed funding for cross-sector advocacy coalitions: when private market actors are involved, the coalition can become financially self-sustaining over time by collecting membership fees, while exclusive NGOs’ initiatives often fade out when funding is withdrawn. The ECF just needs to make sure that the partners see the value of the exchange. Cross-sector coalitions can also function as a balcony player themselves and support the ECF in this respect. Since many traditional NGOs do not have sufficient trust even from small and progressive private market actors, in fact the creation of such new balcony players becomes increasingly important for the ECF to facilitate exchange and dialogue in different fields.

Creating leverage

As intimated in the previous principles, the ECF wants to create impulses that unfold their impact way beyond the actual point of intervention and scale. All activities introduced here so far, followed the principle to leverage the activities of grantees and partners, i.e. to make their endeavours more effective. In fact, creating leverage is the flip side of efficient use of resources. However, leverage has become a buzzword lately, which is often used without a precise understanding of what that actually means. The ECF disaggregates leverage into a theory of change first, applying the systemic perspective again. Like this, the foundation (in cooperation with its global partners), for example identifies lead markets considered as crucial for the proof or diffusion of a certain solution. Germany with its well-developed governance system appears to be a good lead market for the “Energie-wende”. The national preconditions indicate that success is more likely here than in other countries, therefore, Germany could become a role model for renewable energies that could inspire others to adopt a similar path. With regard to energy efficiency, Europe is a good lead market in some product groups. Many great manufacturers of lighting systems or household appliances like vacuum cleaners, washing machines and dryers, dishwashers,

or refrigerators, are European. Hence, if they adopted a common labelling scheme, this would create a trajectory or path dependency for other producers in the world. Industrial productivities are a different case, since there is more opportunity for intervention in countries with a less developed infrastructure, such as China. Leverage in the European Union multi-governance system can also mean to focus on certain countries that have a high influence in the European Council and Commission and can serve as veto players. Covering all 28 Member States would again clearly overstrain the foundation's resources. So when directives are created, the ECF supports advocacy in France, UK, Poland and Germany in addition to the EU level. It makes the assumption that key elements supported at the national level by these countries will then ensure greater inclusion in an EU policy framework.

Acknowledging different interests and performance concepts.

For the ECF to be accepted as a balcony player beyond the borders of civil society, it is important to acknowledge the different interest and performance concepts of stakeholder groups relevant for climate change mitigation³³. Likewise, the foundation has to show high integrity and – within the scope of certain boundary conditions with regard to climate change mitigation – some sense of neutrality, i.e. standing beyond a single perspective and being perceived not as the foundation of the green NGOs. This does not mean to support compromises that have no chance to achieve climate protection goals. Rather it is an important precondition for the implementation of successful long term solutions. This argument follows the approach of systemic thinking. It requires an understanding of the interests of the different stakeholders and consequently finding positions they can understand and more likely accept, since they are framed in their respective thinking and rationales. This can mean, for example, to emphasize the potential financial savings of energy efficiency for private companies rather than climate change goals, or to unbundle the business case of a certain long term investment that does not consider probable future regulations. Coalition building to

³³ As such stakeholders, the foundation names funders, grantees, political actors, public administrations, industry, competing lobbies, technology innovators, civic initiatives, the media, and others. (cf. <http://europeanclimate.org/home/how-we-work>)

create a political voice follows the same principle. The addressed politicians gain more confidence that they will not be voted out of office at the next election when there is a critical mass representing an initiative. Furthermore, integrity for the ECF means transparency on its own activities, and also accepting a technical analysis that may be the opposite of its original proposition. Moreover, the foundation tries to be as unobtrusive and discrete as possible and puts their grantees at the forefront. All this builds important trust in the brand of the ECF and its representatives.

Evaluation and continuous learning in portfolio management.

Even following all these principles, there is still a lot of uncertainty in the ecosystem of climate change advocacy. So – again analogous to a venture capitalist – the ECF has a portfolio of projects that can be understood as “bets” on a certain return that will possibly occur. In some of these bets, the foundation takes a higher risk and strives for a higher return (by high leverage), while other bets are more conservative. Moreover, according to the foundation's systemic approach, the bets stand in a certain relation. Some initiatives depend on preconditions created by other initiatives. Thus, learning which ones work on their own and in relation to others is essential. As stated at the beginning, however, evaluation of philanthropy in advocacy is complex. This holds even more for a systemic approach like the ECF's, since an evaluation has to account for interconnections and indirect effects that contribute to a certain goal in the long run as well. Therefore, it cannot just focus on mono causal chains, but also on examining larger contexts. Additionally, most changes the ECF aspires to achieve have a time horizon of five to ten years rather than one or two. The ECF recently made a considerable investment in a formal evaluation of its Energy Efficiency Programme with more than 60 interviews and an online survey with a response from 120 participants among grantees, partners and even high level policy makers. This brought an important feedback about the target audience's perspective on the added value the ECF creates and could create, and allowed the foundation to readjust certain activities. Yet, there is also a continuous learning about the foundation's portfolio quality. This happens especially in an iterative process with strategy implementation. To develop a portfolio of shared bets in the termino-

logy of Johannes Meier, i.e. a portfolio that finds understanding and commitment on the side of funders as well as grantees and partners, is indispensable to explicit goals, goal indicators as well as assumptions on their interconnections and means to achieve them.. This implies also shared connotations on certain aspects. In this continuous explication process, a lot of learning and reflection about the foundation's portfolio is involved.

Case in Case | Building a political voice in the field of energy efficiency: The Coalition for Energy Savings

Current energy efficiency legislation in the EU

Energy efficiency is a difficult field for advocacy, although its potential contribution to GHG emissions reduction is huge. Half of the European greenhouse gas emissions could be cut with more efficient use of energy between now and 2050. One of the first dedicated EU legislations on the topic were the labelling of household appliances from 1992, consumer information for passenger cars from 1999 and performance requirements for buildings from 2002. This was followed by minimum standards like the Ecodesign Directive in 2005 that was consolidated in 2009¹. It puts minimum energy efficiency standards on 60 to 70 energy-using and energy-related products, which means that low performing products such as boilers, televisions and industrial furnaces will be removed from the market. In 2012, the EU adopted the Energy Efficiency Directive². It is supposed to close the policy gap to reach the headline target of cutting 20 percent in Europe's annual primary energy consumption by 2020 that was set in 2007³. Most of its provisions will have to be implemented by the Member States by June 2014. It obliges all 28 EU countries to use energy more efficiently at all stages of the energy chain, including a binding 1.5

1 http://ec.europa.eu/enterprise/policies/sustainable-business/documents/ecodesign/legislation/framework-directive/index_en.htm

2 http://ec.europa.eu/energy/efficiency/eed/eed_en.htm

3 http://ec.europa.eu/clima/policies/package/index_en.htm; this goal was part of the 2020 climate and energy package

percent end-use energy savings target (equivalent to a cumulative goal of 10.5 percent by 2020) that has to be met by the member states⁴. The measures focus, for example, on the building or the industrial sector, where it requires energy audits and encourages the adoption of energy management systems. While this legislation represents major progress, most countries have demonstrated little ambition in setting national energy saving goals or proposing new programs, and the Coalition for Energy Savings expects the EU to still miss its 20 percent target for 2020⁵. So far, less than 10 Member States have implemented some type of energy saving obligation. Currently, the EU is debating its energy strategy and targets for 2030. Although it acknowledges that energy efficiency is important, the concrete goals on energy efficiency – as well as the share of renewable energy and the cut in greenhouse gas emissions – have yet to be agreed upon.

The need for a political voice for energy efficiency

There are a lot of stakeholders that could profit from stricter energy efficiency standards. Beyond the ecological argument of staying within the earth's resources and climate boundaries, there is also a range of economic arguments⁶. Higher energy efficiency standards would reduce the EU's energy trade deficit—about € 400 billion that could be invested otherwise. They would also create millions of new and local jobs for builders, installers, urban and energy system planners and industrial workers. Not least, businesses and consumer could save over €200 billion net per year in energy costs in 2020.

However, it is difficult to build a coalition of these stakeholder groups. The manufacturers and service providers that could profit from energy efficiency legislation are highly fragmented. Affected are, for example, companies that provide energy efficiency services, building system services, or heating and cooling systems. There are not only energy-using products (EUPs), such as boilers, computers, televisions, or industrial furnaces etc., but also other energy

4 Yet they can put any share of that target as an obligation to energy companies to deliver savings from their customer base.

5 <http://energycoalition.eu/energy-efficiency-directive-one-year>

6 <http://energycoalition.eu/node/19>

related products (ERPs), such as windows, insulation material, shower heads, taps etc., the latter of which do not use energy, but can contribute to saving it. And in all of the 60 to 70 product groups, there is a wide range of manufacturers. Consequently, there are not only a few key players to target. Even more, businesses that stand to benefit from a larger market for energy efficiency products and services are often small-to-medium sized enterprises, which have difficulties to organize themselves because they have limited budget to invest in public affairs or they are simply inexperienced in lobbying.

On the consumer side, the benefits for individual consumers are dispersed and pay back over a long time, perhaps up to 20 or more years for deep building energy efficiency retrofits. Many people do not understand what makes up their energy bills each month, and independent services helping with this issue have only begun to emerge. Moreover, incentive structures are often unfavourable. In rented apartments, the landlord would be responsible for necessary investments, but he does not pay the energy bills. Even for house owners, major works can be inconvenient and therefore postponed. Moreover, it is difficult to mobilize their interest as well. These are reasons why most environmental organizations did not actively lobby for legislative changes with regard to energy efficiency on the EU level until recently⁷.

These problems compound the fact that for the major energy producers it is still more profitable in today's energy market structure to invest in energy generation than in energy efficiency services for its customers. Especially entrenched energy providers have other political interests and strong lobbying capacity to pursue their interests. Altogether, this leads to the situation that energy efficiency in the high level discussion on energy security and energy supply is still not considered an energy resource in the same way as, for example, renewable energies.

Filling the gap: The foundation of the Coalition for Energy Savings

When the ECF entered the field of energy efficiency in Brussels, there was only 1.5 full-time

⁷ Exceptions here are the WWF who has championed energy efficiency at the European level for several years, or the Environmental Citizens Organization for Standardization (ECOS) who worked on the Ecodesign Directive before as well.

equivalent (FTE) working on energy efficiency on the NGO side. There were different industry sectors engaged, but they were more or less focusing on developing their own market potentials. Realizing that expanding the market for their own products and services requires lobbying more than just around single manufacturers' perspectives (such as insulation), they sought to partner with others to promote energy efficiency more broadly. In 2010, the European Climate Foundation, supporting the engagement of environmental NGOs, partnered with this group of progressive industry associations to advocate for greater political ambition on energy efficiency. This is a considerable achievement, since there is usually considerable mistrust across these parties. To attract the partners' interest and commitment, the ECF funded a study on potential energy savings with regard to the EU 2020 goals, and provided resources and infrastructure for an accompanying stakeholder dialogue. The analysis was important for both environmental and industry associations; the NGOs lacked the resources or capacity to conduct such a major study, while industry partners needed the credibility of civil society partners. The ECF identified this gap, and the partners began to overcome different cultures and languages and to build trust, which is crucial for exchange and developing joint positions. Interestingly, there was also a demand for a broad cross-sector coalition from supportive politicians to jointly advocate for more ambitious and effective energy efficiency targets, policies and measures. The Coalition for Energy Savings was established in Brussels with the goal to put energy efficiency and savings at the centre of Europe's energy and economic policy. The ECF was a founding member and provided start-up capital in the early years, co-funding coordination costs with interested progressive industry partners. The funding model eventually shifted toward tiered membership fees for all members, with the private sector partners paying substantially more.

How the Coalition for Energy Savings works

Today, the Coalition for Energy Savings brings together private sector businesses, civil society organizations as well as local authorities and professionals in the field and represents over 400 associations, 150 companies, 15 million citi-

zens, 1.5 million employees, and 1,000 cities and towns in 30 countries across Europe⁸. Involved in the daily work are 26 partners which are mainly umbrella organizations, from which 12 represent industry interests and eight NGOs. The partners are actively engaged in strategy setting and coordination of activities, while the coalition is managed by a secretariat of three part-time consultants lead by Stefan Scheuer as Secretary General.

With this broadly diversified membership structure, the Coalition for Energy Savings is able to build a political voice that promotes energy efficiency as an important, autonomous topic in high level legislation. The Coalition is rather unique in representing a position that was developed and negotiated by representatives of the private sector and the civil society. This is an important factor to ensure impact⁹ and very useful for politicians, since the Coalition does a lot of work in moderating interests that the Commission had to do previously. Some of the private sector partners are also members in major and rather conservative business networks like Business Europe¹⁰; their demands for a more progressive agenda developed within the Coalition and can also be channelled through these other networks. Moreover, there is no other actor comparable to the Coalition of Energy Savings that can cover all relevant topics in a complex legislation like the Energy Efficiency Directive beyond single sectors or instruments, such as white certificates, financing models, renovation plans, energy audits, smart metering etc.

With this profile and the political intelligence it exchanges among its partners. The Coalition for Energy Savings functions as a political voice and agenda setter in the field of energy efficiency and related topics. The ECF strengthens this position by bringing in own expertise and funding additional technical analyses that go beyond the partner's scope. The Building Performance Institute Europe and the Regulatory Assistance Project¹¹ are two technical think tanks that are advisors to the Coalition and funded by the ECF

8 <http://energycoalition.eu/node/19>

9 For example the European Parliament calls in its resolution from 5 February, 2014 for a binding target of 40 energy savings by 2030 which the Coalition for Energy Savings developed in its position paper from October 2013.

10 <http://www.bussinesseurope.eu>

11 <http://www.raponline.org>

or the ClimateWorks Foundation to increase expertise in the network. This is particularly important in mostly non-transparent energy politics. All this ensures that the coalition has capacity to follow technical policy discussions and provide credible analysis supporting the potential for savings across the economy.

In the next years, the Coalition for Energy Savings will work towards effective implementation of the current EU energy efficiency laws and policies in the Member States to achieve the EU's energy saving target for 2020. The current system does not provide sufficient incentives and regulations to make energy efficiency a priority among market actors; a wide range of instruments will be necessary. The Coalition will advocate for energy efficiency to be considered as the economic cornerstone for the EU's climate and energy 2030 framework and the Energy roadmap 2050. This includes binding targets for energy savings as part of three mutually reinforcing targets including renewable energy and greenhouse gas emissions. Further collaboration and coalition building will be necessary for this next stage. Partly initiated by the ECF, the Coalition (which calls for a binding target of 40 percent energy savings in 2030) already cooperates in this respect with the Climate Action Network Europe¹² and the European Renewable Energy Council¹³, the umbrella organization of renewable energy suppliers. In the long run, however, a successful transition towards a low-carbon and energy efficient European economy will also mean engaging major, energy intensive industries in a constructive dialog.

12 <http://www.climnet.org>

13 <http://www.erec.org>

4. Conclusion – The role of networks and partnerships in the ECF and its energy efficiency programme

Throughout the case study it became clear that the ECF's work and impact has developed among various networks and partnerships. Those are highly dynamic and underlie an evolutionary, yet highly targeted growth. On the side of grantees, coalition building is a main strategic tool of the ECF. The foundation fosters collaboration and coalition building among its grantees and partners to build a political voice for a certain topic and/or to facilitate synthesis and exchange of political intelligence and technical knowledge. The precondition to identify those gaps that can create leverage in climate change-related politics is a detailed, systemic understanding of the field as well as continuous learning about the own project portfolio. To develop and strengthen the respective network structures, the ECF does not work on a project-by-project basis, but provides annual, yet often ongoing funding over several years to a large share of its partners, such as the Coalition for Energy Savings. Over time, the grantees and partners even become involved in the development of strategic foci. Today, the ECF has a position in which each actor that wants to do advocacy in the field of climate change mitigation sooner or later will be in contact with the foundation.

This holds also for the funder side. The ECF is embedded in a global network of funders active in the field of climate change. Yet the ECF does not only re-grant, but also tries to attract additional funding for fields such as energy efficiency. Thus, new philanthropists and foundations that address climate change partner with the ECF and its network sooner or later. This promotes a dialogue on how to use resources complementarily and avoid redundancies in funding. Given the limited resources of philanthropy compared to the task, it often makes sense to work together to reach a critical mass. Some new entrants may decide to become funders of the ECF while others may seek to partner on a certain topic, such as the joint venture Agora Energiewende with the German Mercator Foundation.

Given the enormous task of climate change mitigation and cutting greenhouse gases in Europe and beyond, efforts of civil society actors that do not build on each other can mean a waste of already limited resources. The ECF has positioned itself as

a balcony player in the field that facilitates collaboration among civil society entities, together with progressive businesses, public administrations and professions. Ahead of the foundation and its partners still lie various immense challenges to achieve their goals. Not only favourable legislation with binding goals for climate change mitigation have to be achieved, but – particularly in the field of energy efficiency – an increasing awareness and rethinking of energy-related activity among stakeholders will be required. Continuous refinement of the ECF's approach will need to build on the coalition and capacity building in the field.

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- Interview with Dr. Johannes Meier, CEO of the European Climate Foundation (October 21st, 2013)
- Interview with Patty Fong, Programme Director of the Energy Efficiency Programme at the European Climate Foundation (October 21st, 2013)
- Telephone interview with Stefan Scheuer, consultant and secretary-general of the Coalition for Energy Savings (November 8th, 2013)

TARA Expeditions



3 TARA Expeditions

Ekkehard Thümler, Annelie Beller

Abstract

The organisation ‘Tara Expeditions’ is dedicated to fostering scientific research into the impact of global warming on marine ecosystems, in raising public awareness related to these issues, and in disseminating scientific data for educational purposes.

The key strengths of Tara are the high-quality scientific research it supports, on the one hand, and the opportunity to convey its message by making use of inspiring and adventurous stories, as well as visual material of expeditions on the famous boat, on the other.

In terms of social impact, Tara’s challenges are threefold: (1) the kind of attitude or behaviour change Tara wants to see as a result of its work has not yet been specified in sufficient detail; (2) special attention should be directed toward organising operations in order to achieve the aspired change; (3) accordingly, Tara may profit from a more coherent style of communication.

combining the logics of two spheres: science and civil society. This implies particular strengths but can also lead to frictions and ambiguities. In this situation, there are the following strategic options for Tara leadership and staff:

1. The organisation should further specify the effects it aims to bring about and formulate a more sophisticated theory of change.
2. Tara should organise operations according to the theory of change. In particular, they should find a deliberate way to cope with the hybrid nature of the organisation, preferably with the aim to turn hybridity into a more productive asset with regard to its long-term purposes.
3. Tara should further develop its communication efforts based on a coherent overarching organisational narrative which is supposed to be shared by everyone in the organisation, particularly for communication with external stakeholders.

Many of the challenges the Tara Foundation faces are due to its character as a hybrid organisation,

1. Facts & Figures

Programme information at a glance	
Name	Tara Expeditions
Duration	Expeditions organised since 2003; Foundation created in 2009
Budget	Annual budget: EUR 1.8m (average)
Sources of revenues	Diverse. Principal sponsor: agnès b.
Team	5-7 staff in the office 10-12 staff on the boat
Field of activity	Research, education, advocacy
Mission	"The purpose of the Tara Foundation is to finance French scientific research into the impact of global warming on ecosystems, to raise public awareness of environmental issues, and to disseminate scientific data for educational purposes."
Main activities	<ul style="list-style-type: none"> • Provide grants and financial aid to researchers or research teams • Organise scientific expeditions on the schooner Tara • Communicate with the broader public by means of, e.g., producing films and organising exhibitions and conferences • Develop and employ an educational programme for young people, informed by scientific research



2. Description

2.1 Status quo and development

‘Tara Expeditions’ is a French endowment fund. It was initiated by the French designer agnès b and the company’s director Etienne Bourgois. Its main focus is on organising scientific research missions on the schooner Tara to learn more about the impact of climate change on marine eco-systems. At present, the scientific mission ‘Tara Oceans’ is conducting the first global study of marine plankton. The organisation is also working on educating young people, as well as raising awareness among the general public and briefing political stakeholders.

Since 2003, eight Tara expeditions have been conducted on the schooner: Greenland (2004), South Georgia/Antarctic Peninsula (2005), Patagonia (2006), Tara Arctic (2006-2008) and Tara Oceans (2009-2012). Future missions to the Great North (2013), Pacific Coral Reefs (2014-15), as well as a new Arctic Mission (2016-17), are planned.

During the ‘Tara Arctic’ expedition, the schooner drifted on the arctic ice for over 18 months. The objective was to contribute to the understanding of arctic climate change. The expedition provided one third of the results of the European scientific

programme ‘Developing Arctic Mod-elling and Observing Capabilities for Long-term Environmental Studies’ (DAMOCLES).

‘Tara Oceans’ is the first global study on marine plankton and its importance for the climate. The project brings together twelve different research fields and an international and interdisciplinary team (oceanographers, ecologists, biologists, geneticists, and physicists). It is headed by Eric Karsenti of the European Molecular Biology Laboratory (EMBL Heidelberg). The researchers expect that it will take more than ten years to analyse all collected data in order “to provide an integrated vision of the world’s plankton ecosystem”².

‘Tara Expeditions’ are affiliated to the United Nations Programme for the Environment.

Through the educational outreach programme ‘Tara Junior’ the foundation aims to increase environmental awareness among young people. The programme is designed for teachers who can then integrate it into their lessons. Around 23,000 French-speaking students have participated in the programme thus far. In addition, 15,000 children from across the world have visited the boat.

¹ Foundation Statute

² Tara Oceans (2012)

In terms of public relations, six documentaries and five books have been created and nearly two million people have visited the different exhibitions. Worldwide over 70 conferences have been held and 50,000 copies of the Tara Journal have been distributed.

3. Analysis



3.1 Tara as a hybrid organisation

According to our analysis, Tara is best characterised as a hybrid organisation. These types of organisations combine elements, value systems and action logics of various societal subsystems (such as the state, business, church or family). To be more precise, organisations may qualify as hybrid if objectives, according to different logics, are equally valued and pursued.³

In the case of Tara, civil society values (such as participation and popular control over issues of collective concern) and scientific values (mainly truth and the generation of knowledge) are com-

³ The Centre for Social Investment has studied hybrid organisations within the course of the research project The Governance of Hybrid Organizations (https://www.csi.uni-heidelberg.de/downloads/CSI_profile_Hybrid_Organizations.pdf). CSI has also hosted the international re-search symposium Governance and Leadership in Hybrid Organizations (https://www.csi.uni-heidelberg.de/Hybridity_Symposium/CSI_profile_Hybridity_Symposium.pdf)

bined. Other examples of hybrid organisations include public sector organisations that behave in a more business-like manner, as well as state-owned enterprises that also compete on the market place. Hybrids can also be found between the market and non-profit sector: i.e. in the form of non-profit organisations that generate income to subsidise a public purpose, or corporations that try to reconcile profit optimisation with social responsibility.⁴ Researchers currently diagnose an increased emergence of this type of organisation

caused through broader shifts in society that trigger organisational changes.⁵

As hybrid organisations combine essentially incongruous elements, persistent tensions can arise. These tensions can have positive and negative economic, performance-related, cultural and governance-related effects for the organisation, its principals and customers/beneficia-

ries. The good news is that, according to research, a successful integration leads to a higher level of organisational effectiveness – for instance in the case of organisations that successfully entertain commercial activities yielding high revenues for beneficial purposes.

According to CSI research, conflicts arising among the different spheres of hybrid organisations need to be balanced proactively. In order to be successful, significant effort has to be undertaken to establish an organisational culture that enables continuous learning and openness. In particular, such organisations need a hybrid organisational narrative, i.e. a consistent storyline that is based on and expresses the consistency of the hybrid organisational design. The narrative is crucial both for internal and external purposes. Internally it provides a common identity and feeds

⁴ Anheier (2011)

⁵ Anheier (2011)

organisational cultures; externally it enhances communication with stakeholders and to the wider societal environment in which an organisation operates.⁶

3.2 Strengths

Tara works based on a close collaboration with distinguished researchers from different disciplines and countries. This evidence indicates that the scientific part of Tara delivers quality research beyond doubt and that conducting expeditions on the schooner Tara is an innovative and comparatively efficient way to conduct top-level research.⁷

Moreover, the high degree of enthusiasm and commitment to the organisation expressed by all interviewees is remarkable. It is not least triggered by the 'adventurous' aspect of using a famous boat with a thrilling history, as well as the expeditions into the great unknown oceans that also seem to evoke a strong response among public audiences. Thus the conclusion can be drawn that Tara achieves a comparatively high level of (internal) commitment and (external) visibility and outreach.

Finally, Tara's capacity for successful high-level advocacy work needs to be highlighted. For instance, the Secretary General of the United Nations, Ban Ki-moon, and New York's mayor, Michael Bloomberg, visited the schooner during its stay in New York. Ban Ki-moon shared his experiences on board the Tara during his talk at the Rio conference. This indicates Tara's outstanding potential to inspire and involve relevant stakeholders.

3.3 Challenges

Challenges can be arranged along three broad themes: (1) impact, (2) organisation and (3) communication. All three are linked to each other: if the overall theory of change is not sufficiently specified, it cannot provide adequate guidance to the organisation's design, thus potentially leading to a somewhat blurred style of communication. For instance, when we explicitly asked interviewees

for Tara's core goals, the answers differed notably. Compare the following claims: Tara works to:

- "Generate scientific data for educational purposes."
- "Advance knowledge of maritime biodiversity".
- "Use the boat to do good science and public outreach."
- "Raise the profile of science among the general public and shorten the gap between science and civil society."

The results of this ambiguity are vividly expressed by the following statement: "People used to say: You are not clear enough, it's not very clear what you are doing. It's not very clear what you want to achieve". The interviewee resumed that Tara staff "needs to get better in understanding what we actually do". In the following, these important points will be further elaborated and recommendations on how they can be addressed will be provided.

3.3.1 Social impact

While, in principle, the ideas Tara is based on and its division of labour are easy to comprehend, it did not become entirely clear to the CSI research team what kind of social change Tara aims to achieve and by which means, particularly when it comes to the civil society side of the organisation. Of course, this is the much more difficult aspect, as the intention to advance scientific knowledge is much more straightforward for the members of Tara's research team. However, under these conditions, answers to the crucial 'so what?' question remain somewhat ambiguous. More precisely, findings point to the following points of concern:

Breadth of mission

The foundation is dedicated to a very broad mission (see page 1) and the target group has been defined by interviewees as both "civil society worldwide" and "the general public". The breadth of this target group is extremely challenging in terms of feasibility, sustainability and communication.

Aspired change of attitude or behaviour

It remains unclear as to how the addressees of Tara's outreach and education programs are supposed to change their attitudes or behaviour as a result of being confronted with Tara's intervention. Take the statement by one of our interviewees

⁶ Buttle (2008)

⁷ Auf dem Kampe (2011)

that Tara wants to “share our vision of a planet ocean and see that it is replicated”. This might be a notion too vague to guide organisational action.

Theory of change

A better specification of objectives would be instrumental in spelling out a more sophisticated theory of change. Such a theory – in principle a simple story explaining in detail how activities lead to the aspired effects – might help specify by which means and by which processes Tara is going to achieve these aims.



3.3.2 Organisation

The organisation comprises three different functional units or fields of activity: science, education and communication. While each of them seems to deliver excellent work, it is unclear how strong the ties between the different activities actually are. Moreover, different degrees of professionalisation in different units are observable. Finally, it is assumed that different fields of activity require different contents.

Coherence of operations

In the face of open questions regarding Tara’s overall thrust, at first interviewees repeatedly

expressed some degree of uncertainty regarding the clarity of the common purpose of the organisation and its operations. While the scientific purpose seems to be clear, interviewees diagnosed a tendency for a lack of directive due to a lack of formally-specified goals, including answers to such questions like “where are we going to?” in order to better co-ordinate and inform collective action.

At the same time, however, interviewees expressed satisfaction with the high degrees of freedom and discretion that comes along with this style of work. Moreover, the assumption can be put forward that high organisational flexibility and the need to work on an ad-hoc basis are the necessary prerequisite for an organisation like Tara as it focuses on a boat that continually travels around the world, thus opening up limited-time opportunities for local presence. Yet we see the option to cautiously strengthen the link between the organisation and its overall objectives without turning all operations upside down. This might be a good opportunity for enhancing the future effectiveness of Tara operations.

Consequences of hybridity

Tara’s hybrid nature is expressed by the fact that the two units of ‘Tara Expeditions’ and ‘Tara Oceans’ operate at eye level, preserving their own values and modes of working. At first glance, it would have been expected that either science comes first and that communication and awareness building efforts are designed as mere media instruments to deliver the research results; or otherwise that the issues of climate change/planet ocean come first and that research efforts are more directly linked to the problem and identifying possible solutions.

Interviewees reported no severe problems but rather a number of irritations that can be organised along the following lines: they remarked that there is “a multitude of rationales and a multitude of motivations that are associated with the project” and observed that sometimes different rationales generate internal conflict and trade-offs. For instance, they observed “differences in rhythm” as the communication department wants more information from researchers while scientists try to slow down the process of information exchange in order not to communicate premature messages. While by no means a severe problem for the orga-

nisation, hybridity thus becomes a constant cause of minor disturbances and frictions.

3.3.3 Communication

For an organisation like Tara, the quality of its external communication is of crucial importance both for the generation of social impact and for successful fundraising. Tara entertains a highly professional and attractive web presence for different target groups in different languages, namely www.oceans.taraexpeditions.org/; www.tarajunior.org and www.facebook.com/tara.expeditions. By organising trips to the boat and seeking comprehensive media coverage (to mention only some of the tools employed), Tara manages to be seen and heard in the general public sphere, mostly in France, but also worldwide, depending on the countries the boat visits.

Communication strategy

Within the course of analysis, no explicit strategy for general communication or for fund-raising purposes could be identified. While Tara activities in this field look highly professional and while, in important respects, they are without a serious alternative, it can be deduced that an increase in sophisticated reflection on communication as a means to re-align the organisational goals might be worthwhile. In particular, from the evidence gathered, it seems that Tara would profit from a systematic reflection on possible answers to the question of how the global general public can be reached by means based on the limited resources available to Tara.

Coherence of communication

At first glance, the different purposes of Tara do not necessarily seem to be mutually reinforcing. According to its mission, Tara aims at raising public awareness of environmental issues, and to disseminate scientific data for educational purposes. However, it remains unclear why the generation of state-of-the-art scientific knowledge about marine ecosystems is needed in order to reach the wider public and to teach school children. Would it not be more prudent to concentrate scarce resources on communication and diffuse the scientific knowledge that is already available?

Seen the other way around, Tara wants to support scientific research on the impact of global warming on ecosystems. Assuming that scientific operations are usually self-sufficient, would it not

be better to invest in as much research as possible, assigning a more humble role for communication? Major potential can thus be seen in the process of spelling out why the unique combination of both approaches does not lead to organisational incoherence, but can be regarded as Tara's core strength and most important societal contribution instead.

4. Recommendations for Leadership

In important respects, Tara is an innovative, well-performing and particularly well-connected charity. Hence we recommend cautiously fine-tune strategy and operations in order to sharpen focus, enhance organisational coherence and to communicate more effectively.

4.1 In terms of social impact

Regarding social impact, as a first step Tara should further specify the social change it wants to see as a result of its activities. If possible, the complexity of the endeavour should be reduced – for the time being the target group is overly large, meaning that no clear-cut targets can be provided. Options include a reduction in geographical terms (e.g. focussing exclusively on France), reduction in terms of the target group's composition (e.g. focussing only on a certain age group) or a similar aspect. This would enable the formulation of a more precise theory of change that specifies the processes which are supposed to generate the desired effects, on the one hand, and the means and resources needed to realise this process, on the other.

4.2 In terms of organisational adjustments

The above mentioned strategic adjustments will help streamline operations according to the revised theory of change. These options entail the particular need to find a deliberate way to cope with the hybrid nature of the organisation, preferably with the aim to make hybridity more productive for Tara's long-term purposes. We see three distinct options to steer the further course of events:

■ **Option 1: Tara could keep dealing with its hybrid nature the way it does today.** This implies the opportunity to make use of a wider spectrum of activities and a considerable degree of freedom for Tara staff. However, it also entails the need to consciously accept the unavoidable ambiguities and tensions that go along with it.

■ **Option 2: Tara could aim at reducing hybridity by means of privileging one aspect of operations as opposed to the other.** This might result in a stricter focus on communicating exclusively scientific results, thus becoming a more explicit provider of communication services for science. Otherwise the decision could be made to either reduce the research aspects or else support a type of research that is more application-oriented or better suitable for communication and education purposes.

■ **Option 3: Tara could aim for a better integration of both parts of the organisation.** The idea would be to spell out more explicitly why hybridity is a virtue and Tara's major asset, rather than a source of incoherence. This approach would require the formulation of a hybrid narrative as discussed above (see the paragraph on the consequences of hybridity in 3.1). It might be formulated along the following questions:

- Does it present Tara as a well-integrated and coherent enterprise to internal and external audiences?
- Does it specify what Tara aims to achieve and by which means?
- Does this message invite others to get involved and take action?

4.3 In terms of communication

Moreover, we suggest that Tara invests in the further development of its communication activities. As we are not specialists on these issues, we cannot spell out options in more detail here. However, we see particularly high potential for Tara if the organisation:

- makes use of high-quality pro-bono communication consultancy service with the aim of refining its communication strategy, and
- draws in additional knowledge on options to influence the perceptions and behaviour of its target group, e.g. by considering media impact

research, or else by partnering with organisations working with similar aspirations but employing different methods.

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International Approaches to Measuring Well-Being

An Empirical and Theoretical Overview



4 International Approaches to Measuring Well-Being: An Empirical and Theoretical Overview

Ekkehard Thümler and Thomas Scheuerle

1. Introduction

Reliable tools for the measurement of the essential characteristics of fragile communities are in short supply. Existing indices on well-being operate mostly on national or international levels. Local indices are mostly tailored to the needs of communities in western countries. Indices that are applicable to developing countries often focus on single issues only, such as health or security¹.

The Flourishing Community Index (FCI) is supposed to fill this gap. Thus, it must be able to detect major problems inherent to the initial situation, and then capture the development from a state of fragility towards a state of flourishing in communities in developing countries worldwide.

This community-level measurement is supposed to contribute to three major purposes:

- **To inform and coordinate the work of development aid organizations on local and regional levels.** Rather than being used by Cordaid alone, the FCI is meant to enable consortia of NGOs, aid organizations, local governments and other relevant stakeholders to base their activities on the results of a shared measurement system. The idea is to collectively measure current well-being in a particular geographic area and to keep monitoring the collective impact (or its absence) of all relevant stakeholders over time in order to provide evidence-based guidance to enable coordination of their future activities. The FCI will thus become a tool that allows addressing local/regional problems in participative and coordinated ways.

- **To deepen the understanding of ‘flourishing communities’.** Developing a measurement tool will help to better understand and further develop the determinants and crucial factors of well-being on local and regional levels. The approach is supposed

to link theoretical considerations with empirical measurement techniques and test their applicability in a participatory process with the relevant communities.

- **To increase practicability of impact measurement approaches.** The FCI is supposed to provide an alternative to conventional evaluations of single programmes, for instance by means of RCTs, that is more practical to handle and easier to implement. However, since the suggested approach does not allow for drawing causal inferences regarding the effectiveness of single activities, it does not oppose but rather complements those kinds of evaluations.

Against this backdrop we screened the field for relevant available indices to learn basic lessons for the creation of the FCI. For this report, we first selected a meaningful sample of the indices we found, in order to capture a broad range of existing approaches and methodologies. We then compared important dimensions of the indices under review to find relevant common themes, but also to identify important individual strengths and weaknesses. Based on this review, that also draws on work of CSI from related fields, we formulate a number of conclusions and open questions. They are intended to provide guidance to further the process towards the development of a blueprint for a Flourishing Community Index.

The report proceeds as follows. In the next part (2), we give a short introduction into the theoretical and practical foundations for measuring quality of life. In the following section (3), we provide a review of different indices that are related to the purpose of the FCI. The indices are presented as ‘vignettes’, i.e., short abstracts that cover the most relevant characteristics. Finally (4), we summarize the findings that are most relevant for the development of the FCI.

¹ The only exception to this rule we found is the Quality of Life Assessment Programme of the Aga Khan Development Network.



2. Theoretical and practical foundations for measuring quality of life

Two broad distinctions can be made when it comes to assessing the well-being of individual persons and judgments about the level of development of communities or nations. In a perspective oriented toward means, we ask for different approaches towards measurement, in general, and for the tools and methods needed to carry out measurement, in particular. Looking at ends, we ask for the values and states of affairs that are supposed to come about through the application of these instruments. Obviously, both perspectives are closely related to each other: Depending on the valued states of affairs that underlie a given approach, the measurement instruments will vary. And depending on the available instruments and data, certain valued states of affairs come into view, or not. Hence, the following synopsis is organized along this fundamental distinction for analytical purposes only. We thus seek to provide an overview on major theories and approaches in this field, in order to enable a better understanding of the list of indices which follows in part three.

2.1. The means of assessment: monitoring well-being vs. poverty

To begin with the means of measuring the quality of life, two main strands can be distinguished in the academic as well as the practitioner discussion: More generic attempts to monitor well-being, on the one hand, and more focused approaches, often in the context of poverty alleviation, on the other. These are interrelated in many ways and have recently been converging to a certain extent.

Driven by the motivation to develop an alternative to the GDP as a generic estimation of societal welfare and prosperity, researchers in the last decades have been increasingly searching for non-economic determinants of individual well-being. Accounting for phenomena such as the decoupling of personal well-being from income after a certain threshold is reached, demands for a better work-life balance, as well as environmental degradation, different alternative indices have been developed. Most of them focus on the macro level (OECD Better Life Index, Social Progress Index, Gross National Happiness Index of Bhutan), but some work on regional or community levels, as well, particularly in Western countries (Canadian Index of Well-Being; QUARS, Genuine Well Being Index).



The majority choose a comprehensive, multidimensional approach; they are structured along a larger number of different domains, such as education, health or housing. These indices are strongly influenced by and frequently rely on empirical and conceptual work on well-being (e.g., Kahnemann et al., 2004; Layard, 2005) and happiness (e.g., Veenhoeven 2009), as well as the capabilities approach (Sen 1998, see next section). The macro indicators are designed to cover both prospering nations and developing countries, and they rely largely on secondary data from UN institutions and national sources.

Secondly, there are a number of more focused approaches that have been developed in the context of fighting poverty. The attempt to formulate indicators that commit actors to a common agenda and allow estimating the success of interventions has found its most prominent exemplification in the Millennium Development Goals. A wide range of further indices and measurement approaches have been developed on local level (e.g., the Quality of Life Assessment Program of the Aga Khan Development Network, the Alkire-Foster method to capture multidimensional poverty; Community Scorecards). They often focus on a rather specific topic, such as security (Addressing Conflict and Violence from 2015 framework) or gender equality (Women Empowerment in Agriculture Index²). These indi-

² This index is not analysed in this report, see <http://www.ifpri.org/publication/womens-empowerment-agriculture-index>

ces were designed with a view towards applicability and they are supposed to inform interventions in the community. The lack of reliable quantitative secondary data and the emphasis on applicability lead to a more prominent role of primary data and qualitative data collection methods. Participatory methods or Community Based Performance Monitoring (CBPM) approaches that involve the community in the development of the measurement framework and strengthen a sense of ownership of residents are regarded as being particularly adequate for these purposes (Thindwa et al., n.d.).

2.2. The ends of assessment: Translating normative theory into survey structure

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 systematic account that specifies why the variables it takes into account can be regarded as morally good and societally desirable. In other words, they need to put forward “a broad normative framework for the evaluation

and assessment of individual well-being and social arrangements, the design of policies, and proposals about societal change” (Robeyns 2007: 352). This framework, in turn, must rely on a convincing account of what aspects of an individual state of affairs should count as ultimately and fundamentally important for humans and human well-being (Cohen 1993: 9). Three such theories are of particular relevance for the development of an FCI.

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. However, the criterion of happiness alone suffers from a number of shortcomings. For instance, due to their emotional dispositions, some people will be (un-)happy regardless of external circumstances. Again, others will adapt their level of happiness to extremely unjust social structures, knowing that they lack the opportunity to strive for more.

For these reasons, resource-oriented theories argue that what matters is an equal endowment with ‘primary’ goods needed to sustain basic functions of life (John Rawls). However, the emphasis on the

equal distribution of primary resources has important weaknesses, too. For instance, persons with severe disabilities need a higher share of goods to live a decent life. Moreover, it has been argued that resources as such have no relevance for human well-being whatsoever, as their value depends entirely on the use individuals make of them.

The latter argument has been put forward in the context of the capabilities approach developed by Amartya Sen (e.g., Sen 1980; 1985; 1993). Sen based his approach on the critical reflection on the above-mentioned two major rival strands of thinking on justice and equality. He argued that “what is missing in all this framework is some notion of ‘basic capabilities’: a person being able to do certain basic things” (Sen 1980: 218). According to his position, neither the equipment with (material)

¹ Indicators can target different levels in terms of data collection and provision of information. Some indicators measure information on the macro level of nation states (legal framework, public budget, etc.), on the meso level, such as organizations, families (performance indicators, family shelter, etc.), while others focus on the micro level of individual actors (health conditions, personal income). This level of analysis is different from the scope of analysis, since, for example, the micro-level data as level of analysis can be aggregated to a national level index. The distinction also works the other way around, as national level data, such as legal frameworks, can be included in indices on regional or local levels.

	Scope of analysis		Level of data ¹			Basic approach		Source of data		Initiation and Usage	
	local / regional	national	micro	meso	macro	well-being in general	specific issue (safety etc.)	primary data	secondary data	local communities	international organizations
OECD Better Life Index		x	x	(x)		x			x		x
Social Progress Index		x	x	x	x	x			x		x
Gross National Happiness Index	x	x	x			x		x		x	
Action Agenda for Sustainable Development (Post 15)		x			x	x			x		x
Quars - Regional Quality of Development	x		x		x	x			x		
Genuine Well-Being Report (Leduc)	x		x	x		x		x	x	x	
Canadian Index of Well Being (Community Vitality)	x				x		x		x	x	
Addressing conflict and violence	x	x	x	x	x		x		x		x
Quality of Life Assessment Programme	x		x			x		x		x	x

Table 1: Relevant benchmark indices for the FCI

resources nor the assessment of actual well-being (i.e., the mental state a person is in) can determine the well-being and quality of life of a person. Rather, he argued, “in the enterprise of assessing a person’s well-being, [...] [w]e must look [...] at his nutrition level, and not just [...] at his food supply, or, as welfarists do, at the utility he derives from eating food (Cohen 1989: 943). In sum, the capabilities approach claims that in assessing the well-being of persons, we should focus on the opportunities they actually have to lead the lives they value and have reason to value (Robeyns 2006: 351).

In the context of the FCI, it should be emphasized that Sen assigns theoretical priority to advantageous individual (rather than collective) states of affairs. To be sure, this is not to deny the relevance of societal context factors such as “economic growth [...] technical progress, or social modernization” (Drèze and Sen 2002: 3). However, while policies, social structures and social change matter, they have no intrinsic value. Rather, they must be evaluated in terms of their contribution to the widening or restricting of the societal level of individual capacities.

The capabilities approach has been particularly influential for many of the indices under review, and it is important to incorporate this line of thinking into the development of an FCI. On closer inspection, however, it turns out that distinctions between the three different positions are not as straightforward as they might seem. For the present purposes, it is neither necessary nor desirable to subscribe to only one of them. On the one hand, the criterion of happiness understood as a mental state of well-being can be seen as an important touchstone that allows assessing whether the endowment with particular resources or the opening up of opportunities has any significant effect on individual well-being. The distribution of material resources, on the other hand, can often serve as an effective proxy for well-being. Moreover, resources are an important input factor; hence, it will often be important to know which resources are available in a local situation, if residents can make use of them, and if supply and quality are regarded as sufficient.

3. Review and classification of existing measurement approaches

The selection of indices was based on their potential relevance for the FCI, their public recognition, and methodological complementarity in order to gain a comprehensive picture of existing approaches. Hence, the sample comprises indices operating on national, regional and local levels supposed to be used by a wide range of different audiences. Most of them are based on secondary, quantitative data; again, others rely exclusively on primary data (e.g., Gross National Happiness Index). Many of them were designed for use in western countries (e.g., the QUARS); others focus on issues that are relevant in a development context (e.g., the Quality of Life Assessment Programme). The majority cover multiple dimensions of human well-being, but a single-issue index has been reviewed as well (Addressing Conflict and Violence). For an overview of the different dimensions that are covered, see Table 1 below.

The structure of the vignettes is organized along the following aspects:

- Abstract (a short description plus sources and the issuing organization)
- Background and theoretical foundation (initiators, history, theoretical influences, etc.)
- Measurement framework and indicators (the ‘measurement concept’, categories, etc.)
- Operationalization and data (data sources and organization of data collection, etc.)
- Further relevant observations (highlights findings that are crucial for the FCI development)

3.1. OECD Better Life Index

Publication: OECD, (2011) *How’s Life? Measuring Well-Being*, OECD Publishing

Abstract: The OECD Better Life index was developed by some of the most profiled thinkers on new welfare concepts and provides a detailed discussion of its indicators. Although allowing for comparison, it puts strong emphasis on a participatory approach by allowing users to decide which indicators are most important from their perspective.

Responsible Institution: OECD

Access Index / Data:

- http://www.oecd-ilibrary.org/economics/how-s-life_9789264121164-en
- <http://www.oecdbetterlifeindex.org/about/better-life-initiative/>
- <http://stats.oecd.org/Index.aspx?DataSetCode=BLI>

3.1.1. Background and theoretical foundation

The OECD Better Life Index derives from the OECDs' Better Life Initiative. It is an attempt to go beyond the conceptual stage and offer internationally comparable data based on a set of indicators representing citizens' well-being. The indicators have been developed mainly within the French-initiated Commission on the Measurement of Economic Performance and Social Progress, with contributions from the OECD. The index is mainly focused on OECD states. However, the existing indicator set is considered as exploratory, experimental and evolutionary.

The index is not conceptualized to develop a ranking based on a single factor across countries, although it allows comparison. Rather, it has a participatory character and invites users and policymakers to weigh different indicators of life quality according to their preferences in a publicly-available database (<http://stats.oecd.org/Index.aspx?DataSetCode=BLI>).

The conceptual framework does not build upon a single theory, as "(...) there is no single definition of well-being (...)" ; rather, it uses previous OECD

work, for example the work by Stieglitz et al.³, which suggests that well-being can be determined by three pillars: "i) material living conditions; ii) quality of life; iii) and sustainability [...]"(see Figure 1). However, the report is strongly influenced by the concept of individual capabilities⁴ (improvement of conditions under which choices are made, and people's abilities to transform resources into given ends, such as health).

3.1.2. Measurement framework and indicators

The Index has identified 11 dimensions as being essential to well-being, derived from the three pillars, as described above, which lead to an inclusion of the dimensions as shown in figure 1. Income and wealth, jobs and earnings and housing are summarized under 'Material Living Conditions', the other topics are included in the category of 'Quality of Life' indicators.

Further, the index concentrates on well-being outcomes, as opposed to well-being drivers measured by input or output indicators, and it looks at the distribution of well-being across individuals, particularly at disparities across age groups, gender,

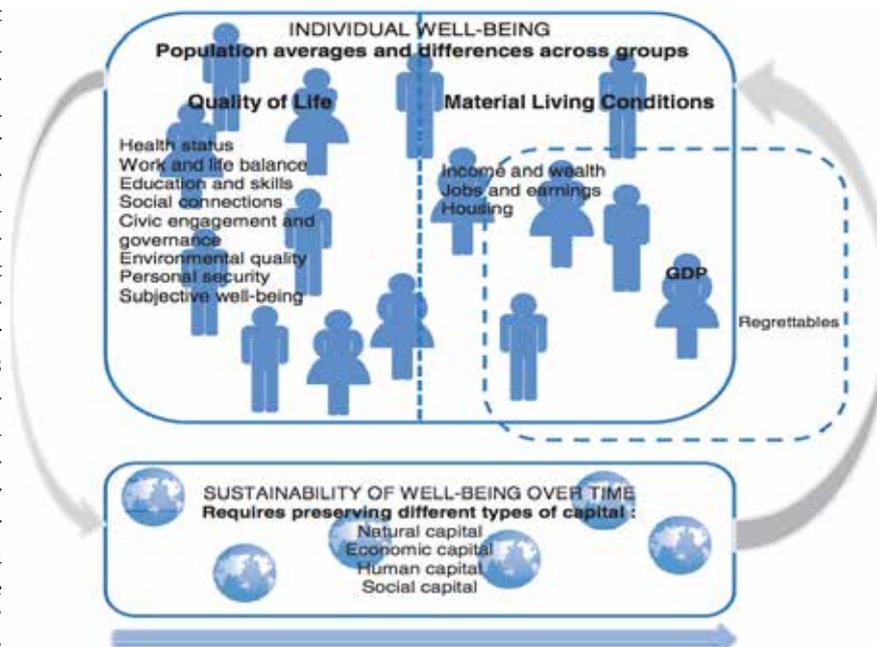


Figure 1: The "How's Life?" framework for measuring well-being and progress

Source: OECD (2011). *How's Life? Measuring Well-Being*. p. 19.

3 J E, Stiglitz, A, Sen, J P, Fitoussi, Report by the Commission on the Measurement of Economic Performance and Social Progress (2009) retrieved 18-01-2013, http://www.stiglitz-sen-fitoussi.fr/documents/rapport_anglais.pdf.

4 Sen, A. Development as freedom. Oxford University Press (1998)

Table 2: Structure of the OECD Better Life Index

Pillar	Topic	Headline indicator	Target concept
Material Living Conditions	Income and Wealth	Household net adjusted disposable income per person	Current and future consumption possibilities
		Household financial net wealth per person	Current and future consumption possibilities
	Jobs and Earnings	Employment rate	Quantity of jobs
		Long-term unemployment rate	Quantity of jobs
		Average gross annual earnings per employee	Quantity of jobs
	Housing	Number of rooms per person	Quality of housing
		Dwelling without basic facilities	Quality of housing
Quality of Life	Health Status	Life expectancy at birth	Length of life
		Self-reported health status	Morbidity in different dimension
	Work and Life	Employees working very long hours	Work-life time balance
		Time devoted to leisure and personal care	Work-life time balance
		Employment rate of women with children of compulsory school age	Ability to reconcile family and work
	Education and Skills	Educational attainment	Quantity of education
		Students' cognitive skills	Quantity of education
	Social Connections	Social network support	Personal relationships
	Civic Engagement and Governance	Voter turn-out	Civic Engagement
		Consultation on rule-making	Quality of governance
	Environmental Quality	Air quality	Quality of environment
	Personal Security	Intentional homicides	Opportunity to live in a safe environment
		Self-reported victimisation	Opportunity to live in a safe environment
Subjective Well-being	Life satisfaction	Evaluation of life	
	Affect balance	Positive and negative feeling	

income and socioeconomic background. The question of adaptation is not addressed in the framework.

3.1.3. Operationalization and data

The indicators used for the suite are divided into the categories headline indicators and secondary indicators. In particular, the former ones must have a sufficient data quality to allow international comparison, as well as comparisons over time. The latter are used to draw complementary evidence. They cover more specific aspects and have limited country coverage or sources that were deemed less robust.

Concerning data sources, the indicators recur mostly on official data, such as from national statistical accounts or official OECD surveys. However, if there are no adequate official data available, for a pragmatic solution, non-official data is used as 'place holder', such as from the Gallup World Poll⁵.

5 The Gallup World Poll is conducted in approx. 140 countries around the world and is based on a common questionnaire translated into the predominant language of each country. With few exceptions, all samples are nationally representative of the population aged 15-and-over in the entire community, including rural areas. Problems are sample sizes of max. 1000 in many countries

Furthermore, the OECD Better Life Initiative is trying to improve the official data collection relevant for the different categories across countries by convincing them to become more active, as well as by developing further indicators themselves.

An overview of the headline indicators, their content and underlying data sources is given in Table 1, while an overview on the quality judgements is given in Table 2.

3.1.4. Further relevant observations

■ The measurement framework and composition of indicators are based on a very detailed understanding of the well-being concept and its measurement approaches. It meets quality criteria, such as including a long-term perspective, combining different forms of well-being measures, and accounting for distributional effects. It refers to work on alternative measurement approaches of subjective well-being that either focuses on a more cognitively evaluated life satisfaction⁶ and happiness⁷ or a perspective that emphasizes the affective or experienced life satisfaction⁸.

6 Layard, 2005, Happiness: Lessons from a New Science. London: Penguin

7 Veerhoeven, 2009

8 Kahneman, D., Krueger, A. B., Schkade, D., Schwarz, N.,

■ Methodological rigour (quality criteria for indicators, etc.) can help define quality standards for the FCI. However, the usage of official data from a national level seems not entirely appropriate for a community-focused index.

■ Due to a focus on secondary data, there is limited information available on issues regarding data collection processes. However, some interesting methodological perspective is given to follow, such as the Cantril ladder for the monitoring of subjective well-being⁹.

■ The OECD Better Life Index includes a long-term perspective based on the concept of economic, social, human or natural capital stocks. In particular, there have been studies on the manner in which decisions are made that affect these stocks, such as excessive consumption of today's resources and inadequate investments in future capital stocks, or, as well, the imbalance between the different stocks (cf. operationalization). However, due to methodological problems, the focus in this version is on environmental and, to a lesser extent, human capital issues.

3.2. Social Progress Index

Publication: Porter, M. E., Stern, S., & Loria, R. A. (2013). *Social Progress Index 2013*. Washington, D.C.

Abstract: This index aims at providing an integrated framework that covers all NON-economic aspects of welfare, while other new welfare measurement approaches mostly combine both perspectives. The index has been developed by several prominent researchers with a business and foundation background. It strongly emphasizes a network approach in the creation of social progress, for which the index is proposed to serve as joint orientation.

Responsible Institution: Social Progress Imperative

⁹ & Stone, A. (2004). Toward National Well-Being Accounts. *The American Economic Review*, 94(2), Papers and Proceedings of the One Hundred Sixteenth Annual Meeting of the American Economic Association San Diego, CA., 429–434.

⁹ <http://www.gallup.com/poll/122453/understanding-gallup-uses-cantril-scale.aspx>

Access Index / Data:

<http://www.socialprogressimperative.org/data/spi>

3.2.1. Background and theoretical foundation

The indicator was developed by the organizations Social Progress Imperative, with the involvement of Harvard Professor Michael E. Porter. It fully concentrates on non-economic indicators, which allows for the examination of the relation between social progress and economic development. Addressed are governments, non-profits and private businesses, and collaboration is emphasized.

The indicator allows and reports rankings on each level: total index, main topics and singular items. It takes a holistic approach and claims that due to the breadth of indicators, the framework is relevant for all countries, ranging from very poor nations that have not yet met the essential needs of many citizens to advanced nations enjoying high levels of well-being and well-functioning communities. However, it is still in a beta status, and the authors plan to expand the items as well as the sample size of countries from 50 to 120.

Theoretically, the model draws heavily on the capability approach pioneered by Amartya Sen, which emphasizes the multidimensional nature of well-being and the importance of freedom of choice.

3.2.2. Measurement framework and indicators

The index disaggregated social progress into three dimensions:

1. Basic Human Needs: Does a country provide for its people's most essential needs?
2. Foundations of Well-being: Are the building blocks in place for individuals and communities to enhance and sustain well-being?
3. Opportunity: Is there opportunity for all individuals to reach their full potential?

The three dimensions roughly mirror the progression that many individuals, families, communities, and societies go through in achieving higher and higher levels of social progress. Each dimension is comprised of four indicators with a varying numbers of sub-items (see Table 2). It is based exclusively on indicators of social outcomes.

The Index does not take a longitudinal or sustainability perspective, but posits to be able to do that in the future, at a time when data has been collected

over several years. However, ecosystem sustainability is considered as a topic. The questions of distribution of well-being, as well as adaptation, are not addressed in the framework.

3.2.3. Operationalization and data

All three dimensions are weighted equally in the overall index; each of these dimensions is calculated as the sum of four components, each of which is equally weighted. Each component is composed of differing numbers of indicators which measure as many valid aspects of the component as possible. These indicators are aggregated using a weighted average, where the weights are determined by factor analysis (principal component factor analysis).

All data are secondary data, and most indicators either range from scores of 1–5 or from 0–100, which means they are constructed to have clear upper and lower bounds. They were all transformed that higher values meant more social pro-

gress, and by a linear transformation they were all shifted into values between 0 and 100 to allow comparison. The overall index is calculated as the unweighted sum of the three dimensions. As such, the overall index is calculated as:

$$\text{Social Progress Index} = \frac{1}{3} \sum_{\text{Dimensions}} \left(\frac{1}{4} \sum_{\text{Component}_i} \right)$$

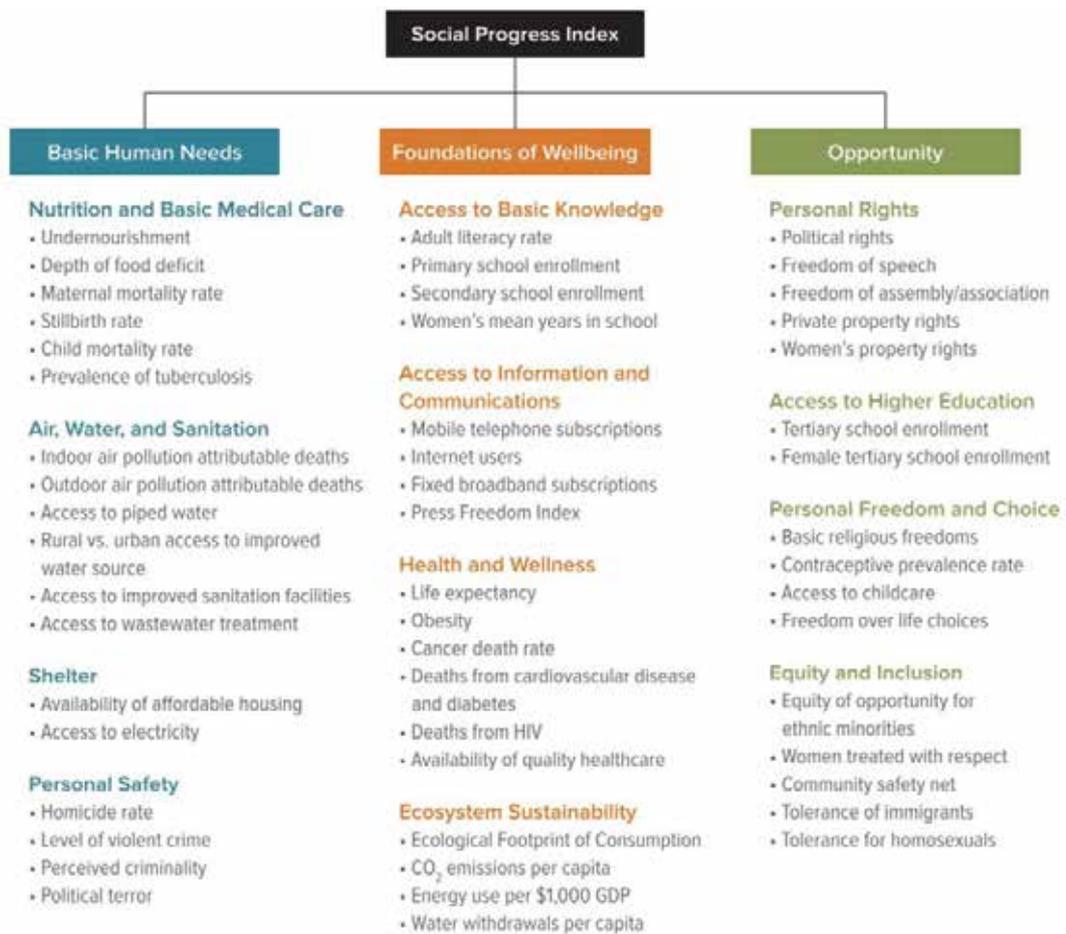
The Social Progress Index has the potential to range between zero and 100. In our initial sample of 50 countries, the lowest observed score was 32.13 and the highest 64.81.

3.2.4. Further relevant observations

■ Different dimensions with increasing level of wealth contribution (basic needs, foundations of well-being, opportunity) provide interesting insights into country specifics, i.e., Costa Rica performs extraordinarily well in terms of opportunity and foundation of well-being, but is weak in the fulfilment of basic human needs due to strong social differences along globalization.

Figure 2: The Social Progress Index framework

Source: Porter, M., Stern, S., & Loria, R. (2013). Social Progress Index 2013.



- Relying on the concept of Collective Impact¹⁰, which emphasizes collaboration that is guided by a common agenda, a shared measurement system, mutually reinforcing activities and joint backbone support organizations, the index will be further developed by a network of for-profit, non-profit and academic institutions/think tanks in an open process.

- Choice of indicators was affected by the quality and quantity of data available on social progress (see quality criteria).

3.3. Gross National Happiness Index

Publication:

- Ura, K.; Alkire, S.; Zangmo, T. and Wangdi, K. (2012): A Short Guide to Gross National Happiness Index. Thimpu: The Centre for Bhutan Studies.

- Fioramonti, Lorenzo (2013): Gross Domestic Problem. The Politics Behind the World's Most Powerful Number. London and New York: Zed Books.

Abstract: The GNHI is supposed to provide policymakers and public authorities of Bhutan with detailed information on the level of happiness in the country in order to guide public policy towards improving the conditions of not-yet-happy people. Overall, the GNHI aims at orienting the people of Bhutan towards happiness as a national aim. Happiness is understood in a multidimensional way, based on Buddhist thought and strongly related to national traditions and culture. Methodically, the index is based on the Alkire-Foster method, a complex approach towards measuring, weighing and analyzing multidimensional phenomena

Responsible Institution: The Centre for Bhutan Studies, Thimpu, Bhutan

Access Index / Data:

- <http://www.grossnationalhappiness.com/wp-content/uploads/2012/04/Short-GNH-Index-edited.pdf>

- www.grossnationalhappiness.com

¹⁰ Kania, J., & Kramer, M. (2011). Collective Impact. Stanford Social Innovation Review, Winter, 36–41

3.3.1. Background and theoretical foundations

The GNHI originated in 1972 when the “King declared Gross National Happiness to be more important than GNP, and from this time onward, the country oriented its national policy and development plans towards Gross National Happiness (or GNH)” (Ura et al. 2012: 6). It is explicitly mentioned in the constitution as the aim of national policymaking. GNH relies on a multidimensional understanding of happiness, influenced by national culture and Buddhist thought. Thus, it includes commonsense indicators such as living conditions, but also pays attention to issues such as the use of time, spirituality and cultural diversity, containing variables such as Driglam Namzha (formal Bhutanese etiquette).

3.3.2. Measurement framework and indicators

The GNHI of 2010 is structured along 9 domains of equal weight, composed out of 33 slightly-weighted indicators (see Figure 1). Unpacked, indicators are based on 124 variables. Weights of variables differ according to their level of subjectivity. A threshold level of sufficiency is set for each variable.

3.3.3. Operationalization and data

The GNHI is based on primary data only and no use of secondary data such as national statistics is made. In the 2010 survey, interviews were conducted with 7142 people in all 20 districts of Bhutan. The survey is representative regarding district and area level, gender and age, and thus decomposable for analytical purposes. The present approach is based on a 2006 pre-pilot and a 2008 survey and has constantly evolved since then.

3.3.4. Further relevant observations

- The index is linked with a set of tailor-made policy and screening tools to enable application by the relevant authorities. In addition, measurement methodology is supposed to be simple enough to be communicated to and understandable by general public, illustrated by case studies.

- Due to its origin in royal decree and its orientation towards public authorities, the Index is highly political in nature and seems to be characterized by a considerable degree of paternalism rather than participation.

Figure 3: The nine domains and 33 indicators of the GNH index

Source: Ura et al. (2012). *A Short Guide to Gross National Happiness Index*. p. 13.



- The GNH goes to great length to ensure representativeness on different levels of the country.
- In the framework of the GNH, a cut-off point is defined for each indicator: achievements are not counted if they exceed a pre-defined level of sufficiency. This way, incentives are set towards decreasing the share of the population with the lowest levels rather than increasing top levels of happiness.

3.4. An Action Agenda for Sustainable Development (Post 15)

Publication: Leadership Council of the SDSN (2013): *An Action Agenda for Sustainable Development*. Report for the UN Secretary-General.

Abstract: The Action Agenda is a sequel to the Millennium Development Goals which aspired to end extreme poverty by 2015. It is supposed to further pursue this goal, if in the framework of a somewhat more encompassing agenda, for the next 15 years from 2015 to 2030. It aims at mobilizing “the world around a limited number of priorities and associated goals” (Leadership Council 2013: viii). For these purposes, the Agenda identifies the 10 most important global challenges and formulates goals accordingly.

Responsible Institution: United Nations Sustainable Development Solutions Network, Paris and New York

Access Index / Data:
 ■ <http://www.un.org/millenniumgoals/bkgd.shtml>

■ <http://unsdsn.org/resources/publications/action-agenda-for-sustainable-development/>

3.4.1. Background and theoretical foundations

The Solutions Network has been set up by the UN Secretary-General in the context of the Post-2015 Development Agenda. This agenda is an UN-led process that aims at defining the future global development framework that succeeds the UN Millennium Development Goals¹¹, a set of eight global development targets to be reached by the end of 2015. The Agenda is supposed to “mobilize scientific and technical expertise from academia, civil society, and the private sector in support of sustainable-development problem-solving at local, national, and global scales” (SDSN website). It is organized around 12 thematic groups staffed with experts who try to identify common problems, potential solutions as well as to share best practices (<http://unsdsn.org/>).

3.4.2. Measurement framework and indicators

The Action Agenda does not formulate indicators in the strict sense of the word, rather, 10 major problems and according goals of equal weight, intended to initiate and enable collective global action. It thus aims at initiating a deviation from the global Business-as-Usual (BAU) path to a Sustainable Development path (Leadership Council 2013: 4). The report identifies vulnerable regions that are likely to suffer particularly high costs under the BAU scenario, namely the Sahel, the Horn of Africa region, plus Yemen, the Central African Great Lakes region, and parts of South and Central Asia (Leadership Council 2013: 4; 6-7).

3.4.3. Operationalization and data

The 10 major goals are broken down and operationalized into 30 more detailed Targets.

¹¹ The Millennium Goals are:

1. Eradicating extreme poverty and hunger,
 2. Achieving universal primary education,
 3. Promoting gender equality and empowering women,
 4. Reducing child mortality rates,
 5. Improving maternal health,
 6. Combating HIV/AIDS, malaria, and other diseases,
 7. Ensuring environmental sustainability, and
 8. Developing a global partnership for development.
- (Millennium goals website: <http://www.un.org/millennium-goals/bkgd.shtml>)

3.4.4. Further relevant observations

■ Similar to the open method of coordination used by the EU, the post-2015 Agenda serves the political purpose of setting a common agenda for a multitude of different stakeholders who may pursue these goals in different, not necessarily connected, ways.

■ On the one hand, the post-2015 process is a hyper-technocratic exercise that is far removed from the level on which the FCI is supposed to work. On the other hand, the collection of development goals, while providing a very high level of aggregation, presents an important inventory of the major challenges to be addressed by the FCI.

3.5. QUARS (Qualità Regionale dello Sviluppo – Regional Quality of Development)

Publication: Sbilanciamoci (ed.) (nd): The QUARS. Assessing the Quality of Development in Italian Regions.

Abstract: The QUARS index has been developed in explicit opposition to the GDP. It is “based on the conviction that what is really important is not economic growth but a form of development that is as fair, sustainable and inclusive as possible” (Sbilanciamoci nd.: 21). 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. Overall results are presented in a commented report that has been issued annually from 2004 – 2010.

Responsible Institution: Sbilanciamoci!, Rome

Access Index / Data: <http://www.sbilanciamoci.org/docs/misc/eng/quars.pdf>

3.5.1. Background and theoretical foundations

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, peace, environment, and ethical finance. It was set up to propose policy

alternatives with a focus on social and environmental priorities (Sbilanciamoci website) and thus to reorient national policy making. The composition of the index is based on numerous existing attempts to formulate alternatives to the GDP.

3.5.2. Measurement framework and indicators

The QUARS of 2013 is structured along 7 dimensions of equal weight, composed out of 42 separate indicators. The different variables are aggregated into a single overall value for each region. Values are ranked according to their difference to the median value (mean is set as zero). Thus, rankings can be made across each of the seven dimensions, and for the aggregate of all dimensions. The seven dimensions are:

1. Environment: evaluation of the environmental impact deriving from the forms of production, distribution and consumption and proper steps taken to mitigate the relative effects.
2. Economy and labor: working conditions and income guaranteed by the economic system and redistribution policies eventually adopted.
3. Rights and citizenship: social inclusion of young people, the elderly, underprivileged people and immigrants.
4. Equal opportunities: absence of barriers, based on sex, against taking part in economic, political and social life.
5. Education and culture: participation in the school system, quality of the service, education of the population, cultural demand and offers.
6. Health: quality and efficiency of the service, proximity, general health of the population.
7. Participation: political and social participation of citizens. (Sbilanciamoci nd: 23).

3.5.3. Operationalization and Data

The QUARS is based on secondary data only. It makes use of a wide range of sources, from regional or national to EU statistics, opinion polls and indices of civil society organizations.

3.5.4. Further relevant observations

■ The QUARS methodology aims at making regional information comparable. As a result, an overall ranking becomes possible, which is a major asset in terms of communication and outreach. Since the QUARS is mainly a political tool, it is not supposed to have immediate application (at least

not initially).

■ However, the possible learnings for the FCI are probably limited. The explicit orientation towards comparability does not seem to make much sense for an index that needs to be highly sensitive to local/regional circumstances.

3.6. Genuine Wealth Values Assessment / Genuine Well-Being Indicator (City of Leduc)

Publication: Anielski, M., & Wilson, J. (2006). City of Leduc 2005 Genuine Well-being Report

Abstract: The index examines well-being in the Canadian town of Leduc, drawing on a basic method that had been used in similar context before. This method strongly emphasizes a participatory design by conducting qualitative interviews, both for identifying relevant welfare indicators as well as for balancing quantitative results (with benchmark rather than a ranking perspective) with qualitative results.

Responsible Institution: City of Leduc, Anielski Management Inc. and others

Access Index / Data: <http://www.city.leduc.ab.ca>

3.6.1. Background and theoretical foundation

The index was specifically developed for the town Leduc in the Canadian province of Alberta, which was formerly strongly focused on agriculture, but which is now very active in the business sector and oil industry. However, the index draws on a basic methodology (Genuine Wealth model) that has been applied in other communities in Northern America as well, and which illustrates a more comprehensive notion of wealth defined as the many conditions of life that contribute to individual and collective well-being, such as economic, social and environmental conditions.

However, unlike other national indicators, it does not allow building rankings across different regions, but is calculated with reference to different benchmarks (other towns in the region of Alberta,

in general, historic data). For doing so, it visualizes results in a balanced scorecard (the community well-being flower). Also, the index is designed to be further enriched in the future with indicators relying on data currently not available.

Theoretically, the index draws on capital theory as well as well-being literature.

3.6.2. Measurement framework and indicators

The assessment of well-being relies on several steps. Crucial is the Genuine Wealth Values Survey, which draws on qualitative interviews and an online survey with inhabitants (very low response rates!) among adults, students and seniors as individuals, families and as a community. It helps to assess the crucial indicators for the quantitative well-being assessment. As second crucial element, the Leduc's Genuine Well-being Index uses 117 economic, environmental, social, health, cultural, and infrastructure indicators organized according to 22 well-being themes, and further organized according to the 5 capital accounts of the Genuine Wealth accounting model: human, social, natural,

built and economic/financial capital.

The long-term perspective is included in the sense that it could be said that to live sustainably requires a community maintain the overall integrity of its key five capital accounts (human, social, economic/financial, built and natural capital) living in such a way that it can "live off the interest" of these capital assets, as well as in some sustainability indicators.

The distributional aspect is included in the qualitative interviews as well as in some indicator topics, such as equity and fairness.

3.6.3. Operationalization and data

The Genuine Wealth model combines both quantitative and statistical indicators to provide an objective measure, as well as qualitative or perceptive subjective measures, of well-being. The interviews provided insights on which indicator to include in the index, perception data for the index, as well as results for itself, such as long lists of mentioned preconditions for well-beings. Interview data also include suggestions for improvement of well-

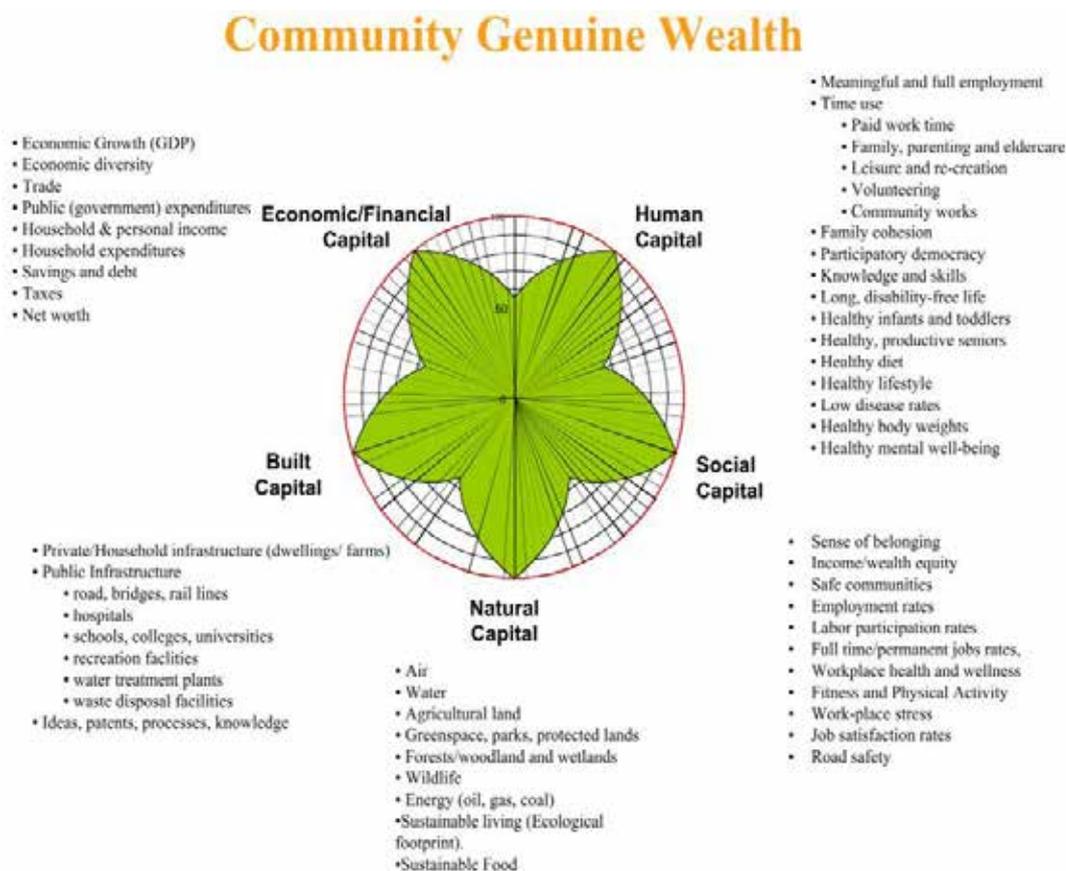


Figure 4: The Community Genuine Wealth index framework

Source: Arielski, M., Wilson, J. (2006). City of Leduc. Genuine Well-Being Report 2005.

being-relevant framework conditions.

The actual index composites gained several separately calculated well-being indices organized according to the five “capitals” accounts (human, social, economic/financial, built and natural capital), as well as ratings with relation to a benchmark and standardized (100 equals the average result of the benchmark; higher means better situation; lower means worse situation).

The majority of the data used to derive each indicator came from Statistics Canada (e.g., 2001 Census and Community Profiles) or local sources, such as health indicators from the Capital Health Authority, local municipal governments, and other surveys.

The authors consider their sample as balanced for the purposes of qualitative research; however, there was no explicit balancing process, meaning that a large share of the respondents had a higher income, no unemployed people were included in the sample, and two-thirds of respondents were women.

3.6.4. Further relevant observations

- The index provides a benchmark option (data of other towns, provinces, etc.) rather than rankings.
- The measurement framework built on different capital blocks could be an alternative for the framework of the FCI.
- The index includes a strong qualitative perspective that is used for the selection of the final items, as well as to collect data for the item itself. Illustrating personal stories and simple list of answers complement statistical data. Contrasting statistical data with perception data can reveal interesting discontinuities between what people feel and actually experience in terms of their conditions of life and statistical proxies.
- According to the authors, “The benefit of consulting directly with citizens in such exercises, although time-consuming, cannot be over-estimated.”
- Regarding the very low response rate to both the Internet, web-based survey and to hard-copy, paper surveys, the authors suggest that incentives (e.g., prizes) may be necessary in future to coax people to complete such surveys.

3.7. Canadian Index of Wellbeing (Focus on Community Vitality)

Publication:

- Canadian Index of Wellbeing (2012). How are Canadians really doing? The 2012 CIW report. Waterloo, ON: Canadian Index of Wellbeing and University of Waterloo.
- Scott, K. (2010): Community Vitality. A Report of the Canadian Index of Wellbeing.

Abstract: The Canadian Index of Wellbeing (CIW) is the attempt to orient a wide variety of possible stakeholders towards an alternative conception of welfare and enable evidence-based initiatives for change. Community Vitality (CV) is one of 8 domains of the Canadian Index of Wellbeing. CV is seen as a major factor in individual wellbeing. The concept of CV, as such very vague, is based on extensive scientific research.

Responsible Institution: Canadian Council on Social Development for The Canadian Index of Wellbeing Network, based at the University of Waterloo.

Access Index / Data:

- <http://uwaterloo.ca/canadian-index-wellbeing/our-products/domains/community-vitality>
- https://uwaterloo.ca/canadian-index-wellbeing/sites/ca.canadian-index-wellbeing/files/uploads/files/CIW2012-HowAreCanadiansReallyDoing-23Oct2012_0.pdf

3.7.1. Background and theoretical foundations

The CIW was initiated by the Atkinson Charitable Foundation in 1999 to measure societal well-being beyond the GDP. The Index was created in a patient, evolutionary and quite participatory process, including ongoing and repeated consultations of Canadian citizens, indicator experts and practitioners, as well as potential users from politics, academia and civil society. This ongoing cycle of public engagement, consultation, and refinement seems to be one of the key characteristics of the CIW. It is supposed to ensure that the CIW is rooted in Canadian citizens’ values, grounded in community experience, shaped by technical expertise, and responsive to emerging knowledge (CIW website).

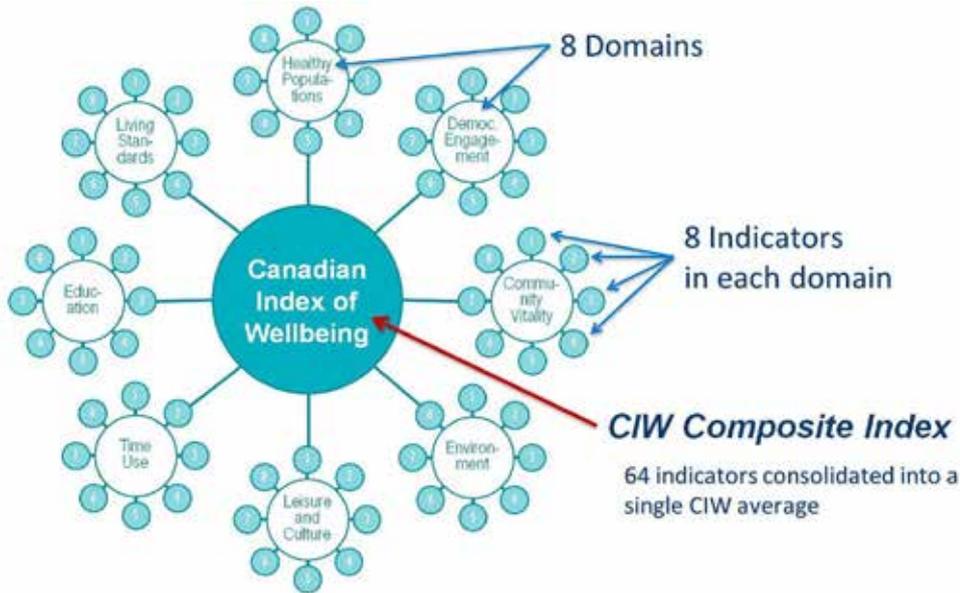


Figure 5: Composition of the CIW

Source: Canadian Index of Wellbeing (2012). How are Canadians really doing? p. 13.

Hence, the CIW is not a static tool but changing over time. Beginning in 2004, the index has been tracking change by means of an evolving set of indicators until today.

3.7.2. Measurement framework and indicators

The CIW comprises eight domains supposed to be critical to individual well-being. Each of them is broken down into eight headline indicators, all equal in weight (see Figure 6).

Community Vitality is one of these eight domains. Its eight indicators focus on the quality of community relationships. They are supposed to measure “the strength, activity and inclusiveness of relationships between residents, private sector, public sector and civil society organizations that fosters individual and collective well-being” (CIW website). In practice, CV is composed out of security and social ties indicators (see Figure 3).

3.7.3. Operationalization and data

The CIW is a composite index, resulting in a single overall value. It can be broken down in values for each domain. It is based on quantitative secondary data “by credible public sources” (CIW 2012: 67), mostly on a national level. Remarkably, due to the unavailability of community level data, community vitality is measured based on national level data, too. Baseline values for each indicator have been set at the value of 100 for the first round in



Figure 6: Indicators in the domain of community vitality

Source: https://uwaterloo.ca/canadian-index-wellbeing/sites/ca.canadian-index-wellbeing/files/uploads/images/CIWcommunity-vitalityEN_0.PNG

2004, and percentage deviations have been tracked since then. In the future, the index is supposed to be complemented by qualitative primary data. The latter are gathered by means of a survey that is organized along the standard CIW dimensions and used in selected communities.

3.7.4. Further relevant observations

- The length of the process leading to the development of the CIW and the intensity of public, expert and user participation in this process seem remarkable.

- However, the difficulties inherent in defining the vague notion of community vitality pose the question of whether similar notions like ‘flourishing communities’ fare much better when it comes to guiding index development.

3.8. Addressing Conflict and Violence from 2015 (suggestion of indicator suite)

Publication: Saferworld. (2013). Addressing conflict and violence from 2015. A vision of goals, targets and indicators. London.

Abstract: This index focuses on targets to achieve sustainable peace security and justice with a particular focus on the post-15 era (follow up of Millennium goals). It provides a detailed indicator set that does not only include outcomes, but also enabling conditions or input factors (capacities), and suggests a wide range of items that rely largely on secondary data.

Responsible Institution: Saferworld, London

Access Index / Data:

- <http://www.saferworld.org.uk/resources/post-20152015-issue-papers->
- <http://www.saferworld.org.uk/downloads/Post-2015-4th-goals,targets-and-indicators-FINAL.pdf>

3.8.1. Background and theoretical foundation

The proposed indicator suite is not part of a yet-realized index, but the suggestion of a future index. It is based on a goal oriented-perspective

(sustainable peace, security and justice), rather than a well-being perspective. The proposed course of action relies on the post-2015 discussion in the UN Millennium Goals discourse. It is not founded on a specific theoretical concept; however, the paper provides a profound discussion on whether to choose globally-adjusted goals, targets and indicators (the position of the authors) mainly in favour of comparability, joint efforts and simplicity, or to make local adaptations and variations, which in some circumstances could be more precise .

3.8.2. Measurement framework and indicators

The paper suggests not taking sustainable peace, security and justice as single, holistic goal, but, rather, to integrate it with other goals that have been shown to be closely related, such as per capita income that is related to the global peace index.

In contrast to most of the other indices provided here, the suggested indices take a perspective on input factors or enabling conditions as well, and do not only focus on outcome. Therefore, “3-sided indicator baskets” are necessary, according to the authors:

- **Capacity Indicators** – is capacity developing to address the key issue?
- **‘Objective’ Situation Indicators** – do statistical measures of actual societal situations show that improvements are being achieved?
- **Public Perceptions Indicators** – does the public feel that an improvement is occurring?

Capacity indicators can be seen as mostly objective data as well.

3.8.3. Operationalization and data

The framework distinguished between 13 targets that are all suggested to be measured with a wide range of indicators. For illustration purposes, we put one example in Figure 7. The targets are:

- All social groups have fair access to social services and resources
- Violence against women and girls is eliminated
- Women’s economic empowerment
- Women’s political empowerment
- All social groups have opportunities for decent livelihoods and a share in economic growth
- Least-developed countries are protected against

scarcity of vital resources and destabilizing price shocks

- All social groups can express political opinions without fear and participate in the decisions that affect society
- All states manage revenue effectively and corruption is eradicated
- All social groups are free from violence and insecurity
- End impunity and ensure access to justice for all social groups
- Divisions within society are constructively resolved
- Eradicate transnational crime and stop the flow of illicit drugs, arms and war commodities

The suggested indicators mostly rely on secondary data or there is no data available so far, since the indicator had not been applied in practice before.

3.8.4. Further relevant observations

- The index includes a capacity dimension as an input or enabling condition (however, in the sense of Sen, capacities for personal freedom can be seen as an outcome as well).
- The index shows that even indicators with specific topics (such as peace and security) can include other factors, such as economic and social preconditions, since there is a high interrelation among different factors.



Figure 7 Indicators for the target "End impunity and Ensure Access to Justice for All Social Groups"

Source: Saferworld. (2013). Addressing conflict and violence from 2015. A vision of goals, targets and indicators. London. p.10.

3.9. Quality of Life Assessment Programme of the Aga Khan Development Network

Publication: AKDN (2013): Quality of Life Assessment Programme. Geneva.

Abstract: The Quality of Life Assessment Programme (QLAP) is intended to provide guidance in areas in which the AKDN is particularly active. 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.

Responsible Institution: Aga Khan Development Network, Geneva

Access Index / Data: http://www.akdn.org/quality_of_life/AKDN_QoL_brochure.pdf

3.9.1. Background and theoretical foundations

The QLAP originated in 2007. It is based on research on the quality of life in general and Amartya Sen's capabilities approach in particular. Indicators on Millennium Development Goals were also taken into account. Accordingly, quality of life is regarded as a multidimensional phenomenon that goes well beyond material welfare. Emphasis is on tracking change in a certain area and not on comparing data across areas. "The main aim is to analyze and adjust AKDN's interventions in the light of the findings" (AKDN 2013: 2).

The development was structured in three phases: A literature review as a first step was followed by exploratory studies to understand residents' own understanding of what constitutes a 'good life.' In the last step, the existing framework was finalized.

3.9.2. Measurement framework and indicators

The domains covered in the survey include the household economy, health, education, the natural and built environment, some aspects of associational life, voice and representation, as well as overall quality of life. The qualitative research focusses on changes in livelihoods, access to and quality of health and education services, aspects of social relations and associational life, issues of voice

and representation, and concerns and aspirations among different population groups such as youth.

3.9.3. Operationalization and data

The approach to measuring reflects the insight that well-being results out of an interplay of subjective and objective material and social elements. It thus makes use of mixed methods, combining a quantitative household survey, to gather representative data which can be tracked over time, and qualitative on-site research (group discussions and interviews). The intent is to gain in-depth background knowledge that is helpful in interpreting the results of the quantitative study, in capturing variation and in elucidating more complex phenomena and processes. Assessments based on the framework are carried out every three-to-five years.

3.9.4. Further relevant observations

The approach is of particularly high interest to the FCI. It is recommended that options for a collaboration with the AKDN be explored to profit from their experience.

4. Discussion

In this section we will review some crucial issues and key findings for the creation of a measurement approach based on the introduced indices and their different backgrounds and specifics.

4.1. Selection of categories, topics and items

Most indices follow a two or three-level structure that distinguishes between concrete indicators (also items), topics (also themes, domains), and – in some cases – categories that group different topics on the highest level (also pillars, dimensions or capital accounts).

On the level of **categories**, we found the following different distinction logics:

- Some indices distinguish between material and more social/immaterial living conditions (i.e. OECD Better Life Index).
- Others are organized in an ascending order with regard to human needs. They start with a category of basic human needs, go on to foundations of

well-being and then up to issues of opportunities and personal freedom (Social Progress index).

- Another interesting approach is the distinction of different types of capital (economic, social, human etc...) in order to provide a consistent theoretic frame (Genuine Well Being indicator)

- Some approaches follow a more normative perspective and formulate their categories and topics in terms of goals and targets (An Action Agenda for Sustainable Development; Addressing Conflict and Violence from 2015).

On the level of **topics**, we made the following observations:

- There is a rather standardized repertoire of topics that can be found in almost all indices, namely economic situation, physical living conditions (e.g. housing), education, social relations/social capital, safety and health. Subjective well-being as a single category is included in most of the indicators as well.

- This is true for indices that focus on a specific topic, too. For example, security issues are related to economic situation or social relation as well.

- Only the Social Progress Index explicitly excludes economic data in order to enable comparison between its results and economic data.

- Beyond that, civic engagement, governance or personal freedoms are included as additional topics in some of the indices.

On the level of concrete **indicators**, there is a wide variety of indicators:

- For each single topic a wide range of quite diverse indicators can be found. Hence, there is no way to determine which indicators are mostly used for which topic.

- Often the availability of secondary data seems to be crucial here (see section on Data collection methods below).

- Although the general topics might be identical, indicators can vary substantially depending on context. For example, in Canada, physical living conditions will include indicators such as affordable housing, while in developing countries it may refer to, sanitation issues or the numbers of persons per room.

- However, other indicators fit both contexts, such as Income per capita.

4.2. Composition of indicators

Measurement framework

Indices differ in the number of categories (between 2 and 6), topics (roughly between 10 and 20) and indicators or variables (up to 120). The numbers of single indicators/items within one topic vary, too (approx. between 1 and 10). Guiding factors for the selection are:

- Conceptual/theoretic framework (see the discussion above)
- Availability of data (criteria of rigour, especially in international indices; data collection problems)
- Complementarity of single items (i.e., different kinds of birth rates can be tested with statistical methods)
- Level of precision.

Objective and subjective data appearance and balancing

The vast majority of indicators is objective; however, subjective data are often used as well. Objective data cover structural aspects such as available infrastructure, educational attainments, employment rates, birth and mortality rates, etc. However, they can also examine institutional aspects, such as governance structures or legal frameworks, or the normative values within a society (i.e., regarding issues such as racism). In the literature, they are often referred to as objective well-being criteria. Subjective data is mainly (but not exclusively) used to explore perceptions of security, health status or the like. For the purposes of the FCI, it is important to note that there is a vivid discussion in literature which is related to self-reported subjective well-being. Some authors emphasize evaluated well-being or life satisfaction and happiness. This covers a more cognitive perspective¹² and asks for a general reflected estimation of well-being. Experienced well-being or life satisfaction, on the other hand, asks for positive and negative moods in a specific situation and covers a more affective perspective¹³. Both are con-

12 This position is emphasized, for example, by Layard, R. (2005). *Happiness: Lessons from a New Science*. Penguin, New York or Veenhoven, R. (2009). *World Database of Happiness - Tool for dealing with the "data-deluge."* *Psychological Topics*, 18, 221–246.

13 This position is, for example, represented by Kahneman, D., Krueger, A. B., Schkade, D., Schwarz, N., & Stone, A. (2004). *Toward National Well-Being Accounts*. *The American Economic Review*, 94(2), Papers and Proceedings of the One Hundred Sixteenth Annual Meeting of the American Economic Association San Diego, CA, 429–434.

sidered as relevant. The latter is supposed to be less biased by memories or cultural differences, while the former is more practicable. Indicators such as the OECD Better Life index include both perspectives. Concerning the precise balancing process of subjective and objective data, we did not find many explicit statements within the indices methodology sections. Sometimes, it is simply regarded as important to include both, or no further explication is given.

Closely related to the question of objective and subjective data is the question of whether only quantitative results (surveys results, statistics etc.) are included, or whether additional qualitative results matter as well, for example to allow a better interpretation of the quantitative results or to derive implications for possible ways towards improvement (Genuine Well-Being Index Leduc). Again, there is hardly any discussion of these issues. Only the AKDN Quality of Life Assessment Programme argues for the relevance of particular types of data and methods to cover specific aspects of the theoretical framework. For instance, it assumes that a somewhat vague and complex issue such as voice and representation can better be caught by means of qualitative methods.

Comparability

Some of the items have a general character, while others are more context specific, particularly in terms of affluent vs. poverty context. If complete indices are context-specific, they often exclude comparisons with other indices. To address this problem in the poverty alleviation context, the headcount ratio (also Alkire-Foster method) has been developed. Using a standardized methodology that identifies the relative share of target groups that remain under different poverty thresholds, comparison can be facilitated¹⁴.

However, indices such as the OECD Better Life Index or the Social Progress Index claim to cover all kinds of countries and topics and indicators were chosen accordingly. They are designed for comparison since they allow building rankings across countries for each level of topics as well as for single indicators.

Other indices chose a different approach and developed a framework to enable benchmarking by

¹⁴ Oxford Poverty & Human Development Initiative. (2013). Multidimensional poverty measures using the Alkire Foster method. Oxford, UK

comparing their own results with the average of comparable towns or regions. In this relative perspective, a community in Malawi could perform better than one in the Netherlands.

Long-term perspective and distribution of well-being across individuals

Two issues emerged that are relevant for the composition of indicators from a quality perspective. First, a cross-section perspective on well-being indicators might not be a good predictor of well-being in the future, or even in the case of the latter. Therefore, indicators such as the OECD Better Life Index or the Genuine-Well Being Index try to incorporate a sustainability perspective by conceptualizing capital stocks. For example, some indicators gather to which degree non-renewable resources are declining and, therefore, becoming unavailable for future generations.

Secondly, especially when gathering individual data for aggregation, it is important to examine the distribution of the results across different population groups, since there can be great disparities. Wealth can be concentrated in a small part of the population, or the subjective well-being of women can be substantially lower than that of men. Often, these disparities are correlated across dimension as well (e.g., low earnings increase the likelihood for lower educational achievement, poor health status, poor housing, etc.). Therefore, differentiated results across age groups, gender, income and socioeconomic background bring more precise results, particularly as a detection mechanism for interventions with a strong impact (cf. for example OECD Better Life Index).

Calculation and weighting of different aspects

As a second step, it has to be made clear how, precisely, the indicator has to be calculated. This is also important for questions of comparison, although the examined indices chose different approaches here. Summing up, the following questions emerge:

- Should all indicators be weighted equally within a topic?
- Should all topics be weighted equally within the categories?
- Should all categories be weighted equally in the general index (if there is one)?
- Are the results added up; will there be an average value?
- How can indicators be standardized, for

instance by setting a benchmark level of 100?

4.3. Data collection¹⁵

Data collection methods

Most indices rely on secondary data. Primary data are collected by the Gross National Happiness Index in Bhutan, the Genuine Well Being Index in the Canadian City of Leduc and the AKDN Quality of Life Assessment Programme for a development context. With regards to data gathering, the latter two apply mixed methods.

- The Genuine Well-being Index uses qualitative interviews as well as more quantitative questionnaires that are disseminated both online and in paper-and-pencil style. They emphasize the positive insights from the interviews (see also participation methods), while the response rate (under 2 %) for the questionnaire was very low both online and with paper-and-pencil. Therefore, the authors suggest the usage of incentives to increase participation.

- The AKDN Quality of Life Assessment Programme uses questionnaire-based surveys, as well as semi-structured interviews with individuals and small groups (group discussions). No information on response rates is available.

The motivation for primary data collection in the development context might, of course, be that reliable sources of secondary data are unavailable.

Sampling process

Information on sampling processes within the indices is limited as well. The Gross National Happiness Index as well as the Quality of Life Assessment Programme claim representativeness (the latter at least for their quantitative survey that addressed household heads and spouses). Qualitative data collection, on the other hand, has a more exploratory character; accordingly, the sample in The Genuine Well-Being Index, for example, is dominated by women and does not include unemployed persons. Again, further insights into these issues might be gained from primary data sources.

Timing and frequency

In the timing of data collection, different approaches are chosen.

- Some indices are updated in a continuous way (for example the OECD Better Life Index): secondary data are updated when available.

- For primary data collectors, we found little information. Depending on index, data are collected every 2 to 5 years.

Participation

With regards to the issue of participation in the data collection process and the design of the index in general, we found three interesting approaches.

- Drawing on Sen's argument that participation is an important capability, the OECD Better Life Index allows users to decide which topics they want to include in the analysis instead of providing a fixed menu.

- The Canadian Index of Well-Being, as well as the Genuine Index of Well-Being (Leduc), made use of interviews and stakeholder dialogues (including research institutions, local leaders, etc.) to identify the relevant topics before setting up their index.

- The Social Progress Index follows a network approach to further develop and adapt its indicators, and serves as a coordination tool for joint activities as well.

4.4. Major Implications for the FCI

4.4.1. Rationale

The development of an index presupposes an explicit rationale: The ultimate purpose (e.g., remedying fragile states vs. aiming at flourishing communities) needs to be spelled out very clearly, and the same demand applies to the definition of fundamental concepts (e.g., 'flourishing'; 'community', etc.), the unit of analysis (e.g., individuals vs. communities), and similar essential features (e.g., context-specific and non-comparable vs. generic and comparable). Only under these conditions does it make sense to discuss categories and indicators. For instance, if one decides to focus more on remedying fundamental evils (because it may be easier to obtain broad consensus among stakeholders, users and local residents), it makes sense to define cut-off points for each index, determining a threshold at which additional increase and, hence, more efforts to enhance the situation become irrelevant. If, on the other hand, we aim at maximizing satisfaction, this is not a feasible option (or else the cut-off point has to be set at a

¹⁵ Research papers on the topic are still to be reviewed.

wholly different level).

Given the knowledge we have about Cordaid's work, our own research into the generation of social impact, and the availability of existing indices, we recommend adopting an explicit remedial perspective focussing on the most universal grievances, rather than an ideal of community life. As a corollary to this suggestion, the individual and his or her wellbeing (determined and measured from a subjective as well as an objective perspective) should be regarded as the ultimate unit of analysis. This is not to say that the index should disregard the question for (dys-)functional social structures. Social capital, for example, can be seen as an asset of an individual person as well. However, a judgement of the value of any social arrangement should ultimately be based on its impact on the well-being of individuals.

When it comes to the question of how to relate to the theoretical discussions on the ultimate ends of remedial action, we suggest making systematic use of all the key determinants of human welfare introduced and discussed above, turning them into building blocks of the FCI structure. To be more precise, some categories should include questions for the availability of resources, asking, for example, for the existence of schools or medical infrastructure. Knowing that the existence of resources alone might be meaningless, we further suggest incorporating questions for the quality and accessibility of resources, in order to control for the capability (i.e., opportunity) criterion. Complementary to this, personal satisfaction with the situation in the specific contexts of the categories should be requested to check if availability of resources translates into personal well-being after all. Finally, as an overall category, we suggest including quality of life in general (according to literature considering a more cognitively evaluated life satisfaction (Layard 2005) and happiness (Veenhoeven, 2009), as opposed to a perspective that emphasizes the affective or experienced life satisfaction (Kahnemann et al. 2004), to find out whether or not the personal assessments of single dimensions translate into similar overall assessments.

Finally, when it comes to the issue of comparability vs. specificity, in the context of fragile communities it seems to be more important to design a

highly context-sensitive framework. On the other hand, comparing the present situation with past and future situations, i.e., the capacity to measure developments over time, is certainly of crucial importance to the FCI.

4.4.2. Further recommendations Scope and development

The range of indicators shows that, in principle, hundreds of indicators and variables are available. However, as soon as the ultimate purpose is defined, we suggest starting with a rather self-evident, limited set of the most important topics and indicators. At least in the beginning, robustness may be more important than completeness. The development of the FCI should be designed as an evolutionary process, allowing for expansion and modification.

Selection of indicators and data collection

As discussed above, the selection of the indicators must reflect the ultimate purpose of the FCI. However, additional criteria must be considered. Data quality and availability over time are important aspects. Similarly, subjective vs. objective indicators¹⁶ provide complementary perspectives. Initially, primary vs. secondary data sources do not seem to be a key issue for any of the indices under review. They largely seem to follow the above-mentioned considerations of rationale, standardization and availability/quality first. However, for reasons that are easy to see, most indices have a strong preference for secondary data. The authors emphasize ideal quality criteria for the indicators and select and discuss their own indicators according to them. They refer to international quality standards of measurement considering the relevance and statistical quality of the data used.

According to our analysis, the FCI should prefer primary data collection methods and put emphasis on opportunities for participation of the community. Instead of working with an extensive set of objective indicators (or a rather arbitrary collection of these), as the first type of macro-level approaches does, it should focus more on subjective perception data to serve as a generic

¹⁶ Instead of talking about capacities, perception and objective, for reasons of coherence we suggest distinguishing between subjective and objective situations as most indicators do (OECD, Social progress index, OECD Better Life, Leduc).

‘problem detector’. However, at the same time, it might include a comprehensive perspective if it covers the main dimensions of the most important macro-level indices by means of a standardized set of questions organized along these domains. The results of this survey could then serve as a point of departure and as guiding material for a next round of qualitative interviews intended to gather explanatory, in-depth background information to enable researchers to better understand the nature of the detected problems and to help design interventions accordingly

Participation

Available indices range from completely top-down (Gross National Happiness Index of Bhutan) to very participatory approaches. The Canadian Index of Wellbeing or the Social Progress Index might serve as an interesting example of how to combine a very long-term, evolutionary perspective with the integration of a multitude of different voices of different societal origins.

Cooperation

Many indices seem to have been developed without referencing each other, at least in terms of methodology, and, therefore, often remain somehow isolated. It has to be considered whether cooperation with already-existing indices, such as the AKDN Quality of Life Assessment Programme, can be realized. At least on the community level, this could help to develop the dominating approach in the long run, and might open access and resources that can be used for the improvement of the index.

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AMANDLA EduFootball

Breaking the cycle of poverty with the power of football & learning



5 AMANDLA EduFootball – Breaking the cycle of poverty with the power of football & learning

Thomas Scheuerle

Abstract

AMANDLA EduFootball aspires to break the inter-generational cycle of poverty in the South African township settlement Khayelitsha (Cape Town) through an innovative fusion of education and football. Offering regular, structured, high-quality football, AMANDLA established itself as a viable after-school alternative for young people, including those involved in violent youth gangs. Based on a physical “Safe-Hub”, AMANDLA conducts Fair Play Football leagues with up to 3.000 participants from the local community, combined with a Life Skills Programme, as well as Tutoring and Youth Leadership development. Using these tools, AMANDLA supports personal development and creates access to education and job opportunities for their young target groups. AMANDLA ensures its impact by a simple and effective evaluation system and continuous revision and adjustment of its programmes. It is embedded in the local community and attracts and hires local, talented staff by providing an attractive work environment. AMANDLA has managed to leverage resources and increase its impact through collaboration with partners ranging from local community organizations and foundations to the Provincial Government of the Western Cape area, and supranational bodies like FIFA and the UN Office of Sport for Development and Peace. Recently, AMANDLA scaled up its reach and plans to create 10 new safe hubs by 2022. Challenges will be to ensure the high quality of the programme and to achieve financial sustainability by creating regular income streams.

Acknowledgments

This case study was made possible by a grant awarded by ABN AMRO Private Banking. This support is gratefully acknowledged. I also thank Florian Zech, Joint Managing Director of AMANDLA EduFootball; Karl Voysey, Programme Director of AMANDLA EduFootball; and Ian Edelstein, Head of Communications of the International Committee of the Red Cross (ICRC) for taking time to provide very insightful interviews that were essential for this project.

“A WORLD WHERE ALL YOUNG PEOPLE ACCESS EQUAL OPPORTUNITIES, STRIVE TO REALISE THEIR FULL POTENTIAL AND DARE TO DREAM...”

Vision of AMANDLA EduFootball

1. Fighting the cycle of poverty – the social problem addressed by AMANDLA

Khayelitsha is one of the biggest slum settlements in South Africa, with almost 400,000 inhabitants, of which 99% are Black African¹. Perspectives for individual development, particular for young people, are gloomy. Poverty, crime and interpersonal violence are ubiquitous. The murder rate is among the highest in South Africa, with 150-200 murders per 100,000 inhabitants². Young males are most

¹ City of Cape Town (2011); like all statistical data in this case study, this is quoted after Edelstein (2013), if not stated otherwise

² Institute for Security Studies (2014)



at risk of become either victims or perpetrators of violence³, which often occurs in the context of youth gang rivalry.

An intergenerational cycle of poverty, consisting of unemployment, social inequality, and poverty, makes escaping from this environment difficult. Settlement and other policies from the apartheid era made this a structural problem, still relevant today. It has several consequences, such as dysfunctional family structures or weak local community services and local governance, resulting in poor education or health services. Ultimately, it hinders young people's ability to develop a sense of identity and belonging, and compromises motivation to learn and strive for individual achievement. The stark absence of opportunities makes working hard at school seem not worth the effort. Youth gangs often provide immediate gratification, with easy access to drugs and respect granted for violent fighting. Moreover, deviant peers impose group pressure to follow these temptations of the streets, instead of working for education. So, violence and drugs become a habit, and the cycle of poverty persists.

When Florian Zech, a 19 year old German, came to Cape Town in 2006 to conduct his civil service in a children's home, he noticed these problems. He was particularly struck by the fact that after school there was no structured leisure time options for young people. This under-stimulation increased the risk of young people joining gangs and becoming involved in criminal activity and other

risky behaviour. So, he founded the AMANDLA EduFootball e.V. in 2007, using football to establish a viable alternative for their after-school time.

'AMANDLA' means 'Power' in Xhosa and Zulu, two of South Africa's most widely spoken languages. Operating as a co-educational soccer league on a weekly basis, in the first year it reached about 160 children from 10 childcare facilities. And from the beginning, the programme included education in life skills, such as fairness, respect, and discipline. Since then, the programme grew quickly. Today, AMANDLA EduFootball reaches about 3,000 boys, girls and young men weekly from 160 teams in 12 Fair Play Football Leagues in 2 South African Provinces. The organization today has 10 employees and 15 coaches in 30 facilities. The programme is widely acknowledged for its excellence. For example, the International Committee of the Red Cross (ICRC) chose AMANDLA EduFootball as an implementation and research partner for establishing best-practice models for violence prevention. It also has partnerships with global players, such as the FIFA, Football for Hope Movement, or the UN Office on Sport for Development and Peace. And in 2012, AMANDLA was awarded with the Beyond Sport Award, a global sports for development prize, in the category of 'Sport for Conflict Resolution'⁴.

³ For a review see Edelstein (2013 3)

⁴ <http://www.edufootball.org/what-we-do/events/beyond-sport-2012>

2. AMANDLA's approach – creating high impact through an innovative fusion of education and football

2.1 Key factors of AMANDLA's work

AMANDLA EduFootball tries to break the cycle of poverty existing in Khayelitsha and other townships. Its target group is young people from the age of 7 through to 35, with a focus on male children and adolescents between 12 and 23. Through an innovative fusion of education and football as a team sport, AMANDLA aims to teach important life skills and create access to better future perspectives. To accomplish this, AMANDLA relies on a range of key factors that positively reinforce each other. Those key factors were identified during the development of a precise understanding of what contributes to typical biographies of young people developing in the townships environment. This includes an understanding of what drives youth culture, what family circumstances the children live in, what they would be exposed to if they were not participating in AMANDLA, and what consequences they face when they do participate in AMANDLA, etc. Using this understanding, AMANDLA realized the necessity to tailor its programmes to critical times youth seemed to become engaged in violence, such as after school, between 2:00 and 6:00 pm, or on evenings, and at weekends. Other understandings revealed that children often grow up in a very dense and noisy environment⁵, and that especially male youth often have no role models, since their fathers are not present or are drug addicted. Asked for role models, children usually named football stars or sometimes actors and actresses. Mothers keep the families together, but they are also under a great pressure since they have to earn the living for the family while raising the children.

The key factors AMANDLA builds its work on are:

Creating a viable and attractive alternative for young people to spend their time.

In order to compete with youth gangs, AMANDLA has to provide a welcoming and cool environment to its young target group. Youth gangs attract

with drugs, a highly sexualized environment, and also a rather immediate access to power and positive feedback. Children and adolescents who are aggressive and fearless enough can achieve intense popularity and respect in ritualistic gang violence. Moreover, they put considerable peer pressure on those that have different interests. AMANDLA uses football to hook young people into the programmes. Getting them off the street in times of the highest violence rates after school is part of AMANDLA's theory of change. Moreover, regular attendance is an important precondition to working with the young adolescents on their personal development; many programmes struggle with attendance, since youth rather quickly vote with their feet if they do not see an added value in participating.

Creating a physically and emotionally safe space.

AMANDLA provides the attending children and youth an emotionally and physically safe space. Children in townships not only grow up in violent and often dangerous but also a very dense environments. There are many siblings and other people around them all the time; therefore, filtering out the other people, the other voices, noises, distractions, etc., and developing their own self, voice and identity can be very challenging. AMANDLA provides a space where the young participants can unfold, explore themselves and be open to learn new things. They can really just be kids, playing and falling down and rolling around, and not be exposed to the same kind of dangers in terms of traffic, violent harm, or peers that might be wanting to fight with them, etc.; this is important for them for reflection and to see their regular relationships in a different way.

Providing a regular structured high-quality activity.

AMANDLA strongly emphasizes regular activities and reliability in its programmes and initiatives. It is important for the youth to get used to a structure they can rely on, which is something they often do not experience in their regular environment. This goes along with high-quality standards throughout the programme; like, for example, for the equipment, but also by employing well-qualified referees and coaches, etc.; otherwise, young people might feel that you don't take them seriously, which, again, could affect the regular attendance

⁵ The estimated population is something like 60,000 people in the square kilometre around AMANDLA's main facility. Of that are roughly 7,000 boys between 12 and 23 (City of Cape Town (2011))

of AMANDLA's programmes.

Fostering personal development of the young people.

Absolutely essential in AMANDLA's approach is to foster the personal development of its participants, i.e., to develop the life skills and competencies that are necessary to grow out of a dysfunctional environment. AMANDLA has developed a holistic programme for that which is constantly being refined and adjusted. This programme is based primarily on active, kinaesthetic learning, where activities and experiences are jointly reflected and shared afterwards. It comprises a strong underpinning moral concept of universal values and norms that are often lacking in destabilised and non-existent family structures. Topics discussed are fairness, conflicts, future perspectives, but also HIV or drug addiction. Delivering a really meaningful life skills training is delicate for AMANDLA because the youth are so challenged. AMANDLA has to find the right balance between life skills and competitive football that encourages especially the more competitive and potentially aggressive participants to attend. Alongside that, AMANDLA provides a safety net to support its young beneficiaries in facing the challenges that surround them. The safety net is a network of local organizations and mentors to help, for example, with homework, but also to provide assistance in the case of abuse and other issues.

Providing access to education, training and employment opportunities.

A crucial factor to breaking the cycle of poverty is the access of young people to opportunities, i.e., creating access to formal training, education and jobs; for example, in the network of local business partners. This helps to motivate the young beneficiaries because they start to see a perspective. They develop a goal they can work for that justifies gaining numeracy and literacy. Currently, children often just show up at school and take a space there without really developing meaningful skills. Many of them are just passed through nine or twelve years of school and then drop out still functionally illiterate and innumerate. Moreover, the view on school and education has an important impact on violence, since the single biggest predictor of violent behaviour is negative attitude towards school



and low school attachment and vice versa⁶. Gratification from engaging in violence comes more easily and is immediate, unlike working for something. Therefore, AMANDLA wants to create the connection between what children do when they are out of school in their leisure hours and where they hope to go with their future. It is important that they take active responsibility for really learning and mastering the content that is delivered at school.

2.2 AMANDLA's holistic programme

AMANDLA builds all its activities on these key factors⁷. In 2007, AMANDLA began with a football league for childcare facilities, together with engagement in different life skill activities. Since then, the organization has increased its scope and activities tremendously. Today, it has a holistic programme model with four sub-parts that are coordinated by programme director Karly Voysey and his team. They are all aligned with achieving AMANDLA's long-term goal of breaking the cycle of poverty, and they are constantly extended and readjusted.

The heart and physical home of the organization's activities is the AMANDLA Safe-Hub. It provides

⁶ Edelstein (2013: 19)

⁷ For this section also cf. <http://www.edufotball.org/what-we-do>

a safe alternative to the toxic environment the young people normally live in and gives room for reflection. Based in Site B area of Khayelitsha, it is the basis for most of AMANDLA's activities and a place of daily interaction with the young target group. It was built and opened in 2008, next to the Ikhusi Primary School, with which AMANDLA established a partnership. At the Safe-Hub is also the Chris Campbell Memorial Field, which was facilitated by AMANDLA in 2007, with the help of sponsors, as the first artificial turf facility in Khayelitsha. It serves as playground for a wide range of AMANDLA's activities.

The four sub-programmes of AMANDLA's holistic approach are: fair play football, life skills, tutoring, and leadership. They build on each other following a pyramid concept. The fair play football leagues are at the very bottom level and want to reach out to as many participants as possible. The life skills and tutoring programmes build on top of that and try involve as many participants as possible from the football leagues. The leadership programme at the very top is focused on a smaller range of people who have shown exceptional leadership potential. All of the different programmes have to adapt to the different developmental stages of the participants. For instance, older youth might place a higher emphasis on competitive soccer than younger. So, the programme contents develop with the participants over the course of the years.

⁸, boys and men participating on a weekly basis in different facilities across Cape Town and the surrounding area of Western Cape⁹. However, the programme is not only designed to promote physical health and football skills in a competitive environment, but also to strengthen the players' value systems and fairness among the teams. Therefore, a fair play system was created that awards points for respect, teamwork, or positive dealing with frustration and setbacks. On the other hand, points are lost for undisciplined behaviour, such as swearing, complaining and fighting. Furthermore, various prerequisites for the young people who wish to participate in the football leagues programme are set up to provide incentives outside the football pitch, such as attending school regularly, absence from drugs, and frequenting shelters for street children; beyond the actual goals, all these factors count as well for the final score. And so, at the end of the 10 month season, a Fair Play Champion is crowned, and teams can be winners regardless of their footballing ability. The real challenge is to achieve consistent attendance, regardless of the attractions and barriers the children face in their daily life. Those who attend regularly can profit much more by being part of the Life Skills Programme.

Figure 1. The pyramid of AMANDLA's holistic programme approach

Source: AMANDLA EduFootball (2011): Annual Report 2011. p 7. http://issuu.com/amandla/docs/aef_annual-report_2011_issuu



Fair Play Football

AMANDLA EduFootball runs 6 Fair Play Football Leagues with more than 160 teams and 3,000 girls

Life-Skills Programme

Driven by the experience that many of AMANDLA's beneficiaries grow up in dysfunctional family structures and education systems, AMANDLA has set up the Life-Skills Programme to provide structured mentorship and to convey skills for a healthy, responsible and happy life. As a part of AMANDLA's approach from the beginning, the programme has recently been further developed with the foundation of German's former world class goal keeper Oliver Kahn and the University of Western Cape. The 'Go for it!' curriculum is divided into four phases over a ten month period and is embedded in the weekly football training session, which is provided by AMANDLA's coaching staff and Senior Youth Leaders. It focuses on aspects such as trust, sense of identity, self-esteem and peer relationships, but also covers topics such as HIV prevention or drugs. The Life-Skills Programme also helps to develop concrete and realistic perspectives for future planning with regard to job opportunities and other aspects. In fact, it ini-

⁸ Girls already make up about 29% of the participants (AMANDLA EduFootball (2012))
⁹ AMANDLA EduFootball (2012)

tiates and helps youth in developing new models of behaviour that overcome prevailing, restricting paradigms in the slum settlements. The youth should start to get a sense that they can interact differently – communicate, listen, express themselves differently – in this space and then eventually in other spaces as well. And, it is important that they realize that there can be positive long-term effects, and that it is worth working towards a future goal of sustained gratification, as opposed to the kind of immediate rewards that come through engagement in violence.

Tutoring Programme

AMANDLA, in partnership with the University of Western Cape, has also set up an academic tutoring programme to support formal education in the Ikhushi Primary School next to its Safety-Hub in Khayelitsha. Before the establishment of AMANDLA, the primary school was one of the worst-performing in Khayelitsha, but it has recently shown a first success in improved education performance and has received awards for the best-improved school in the district in 2012. The programme is implemented during “residual time”, between 2:00 and 6:00 pm, and students learn together with primary school kids. Ikhushi today is considered a hopeful example of post-Apartheid transformation in the education sector, and the tutoring programme might soon be extended to high school pupils.

Youth Leadership Programme

The Youth Leadership Programme helps young people who show exceptional leadership potential grow into role models and mentors for their (younger) peers within their facilities and communities. They also provide an important contribution as main facilitators to the functioning of AMANDLA's other programmes. In the absence of role models in their families, this plays an important role. Even more, although most of the leaders are still in their own developmental process, their high contextual credibility helps to positively influence younger peers. They speak the same sort of language, come from the streets that the other young people have been on, and been subjected to the same challenges of gangsterism. With these preconditions, personal relations can grow more easily. Candidates are identified in the Fair Play Football and the Life-Skills programmes; then, the programme distinguishes between a Junior and

a Senior Leadership Programme. The Junior Programme is focused on young people still attending high school, helping them to complete it successfully and having a plan for employment or further education. The Senior Programme concentrates on graduates and helps them to make a stable transition into adulthood and employment. Taking four years in total, the participants proceed on the ‘youth leadership ladder’ from the status of a captain to a referee, then a coach, and, finally, they get a job in AMANDLA's partner network. The programme consists of educational workshops, camps and trips throughout Africa and worldwide.

Beyond these main activities, over the years AMANDLA EduFootball and its partners have also engaged in other programmes, such as the Heads Up Programme, an educational football programme for boys; the Girls Programme, used to promote self-confidence and women's empowerment; or the Primary School League, targeted for grade 7 boys. Further, AMANDLA launched a Crime Prevention Night League in 2009 that targets young men from 16 up to 35 years who were spending their Friday and Saturday nights drinking and sometimes getting involved to get in drug abuse or crime activities. In order to provide an exciting alternative to these activities, the league runs at peak crime times from 6:00 pm to 12:00 am on Fridays and Saturdays and has up to 400 attendees. This not only helps the young men, but it also provides a positive atmosphere for the local community in general.

2.3 AMANDLA's impact

AMANDLA has created various impacts for its beneficiaries and the surrounding community. There are up to 3,000 participants in the Football Leagues now, and their scores in the fair play system have increased steeply. There has also been a slight impact on educational achievement in Ikhushi Primary School. Particularly, those who were participating in AMANDLA, and especially in the tutoring programme, showed a significant improvement of 49.2%, on average, in results on Maths and English¹⁰. There are also individual achievements, such as the participation of

¹⁰ <http://www.edufootball.org/what-we-do/tutoring>

AMANDLA leadership team members in the UN Office on Sports for Peace and Development Youth Leadership Camps. Another evidence for success is that AMANDLA managed to get some leaders of the youth gangs on AMANDLA's side, so that they are becoming supportively engaged and want to participate in the programs. This is very important, since there seem to be invisible territorial boundaries because of youth gangs that also affect AMANDLA's programme.

An ongoing three-year panel study of the International Red Cross Committee (ICRC) with about 400 male children and adolescents between 12 to 23 years of age hopes to more precisely quantify the impact of AMANDLA's programme. As ICRC's Head of Communications and author of the study, Ian Edelstein, explains: The ICRC chose AMANDLA as a model project for the whole Southern African region, since there is almost no formalized knowledge on crime prevention on a larger scale in deprived areas with structurally-caused violence such as townships yet¹¹. Results have shown, for instance, that children who report to take part at AMANDLA's programmes are consistently more likely to attend school regularly¹². With regard to safety, the study analysed customized crime data from the South African police service for about one-square-kilometre area surrounding the project site. It shows that, especially over the past two years, there has been a tapering in absolute number of murders within that radius from 33 to 23. While, before, the area was responsible for 26 percent of all the murders in the whole Khayelitsha police precinct, that number went down to 14 percent in 2013¹³. There are similar patterns for other contact crimes, such as common assault, assault with intent to cause grievous bodily harm, hijackings, etc.; in the rest of Khayelitsha, those indicators have been on a steep inclining trend over the past three years. Obviously, there is also some difficulty in data collection, since there seems to be kind of a code of silence on gang insights; however, Ian is increasingly succeeding in breaking the code and gaining the trust of the youth to share more information. The AMANDLA team is leading this effort through a specific gang

leader project.

3. Organizing for impact – important management principles of AMANDLA EduFootball

Since its inception, AMANDLA has grown considerably. The AMANDLA team has 10 full-time staff members now who coordinate a network of 15 coaches on the ground. In 2010, AMANDLA founded an office in Munich to improve partnership-building in Europe; it is organized as a tax-exempted, charitable association with its legal entities in both countries. The annual budget has grown to about €300,000 in 2012, which is almost double the amount of what it was in 2010. Of the budget, 86% are expenses that directly go into AMANDLA's programmes¹⁴. It should be noted there is also a range of principles for organizational development and management behind those numbers. To succeed, AMANDLA considerably invested in capacity building and partnerships.

3.1 Constantly evaluating and readjusting

From the beginning, AMANDLA has put strong emphasis on the evaluation of its programmes and the measurement of its impact. Florian Zech considers the absence of scientific-based evidence on impact as a strong failure across most organizations in the social sector. Transparency on impact not only improves accountability to other parties, but also the possibilities for steering the own programmes. The AMANDLA Monitoring and Evaluation (M&E) framework comprises, for example, feedback sessions with the youth participants after each session. Another feedback mechanism is the captains' committees, with staff members and youth leaders¹⁵. Moreover, as in the fair play system, there are statistics on attendance as well as performances. Recently, AMANDLA introduced a biometric system to improve measurement of participation. When participants access the

11 The project is of strategic importance for the ICRC also because it has been recently recognized that more and more consequences of violence are happening outside of traditional wars, the field where the organization has previously been mostly engaged.

12 Edelstein (2013: 19)

13 (Edelstein 2013: 23f)

14 AMANDLA EduFootball (2012)

15 AMANDLA developed a set of questionnaires for participating children, and after each session they have to answer three questions related to the theme discussed to measure the immediate impact. To evaluate the long-term impact, there are yearly evaluation questionnaires based on the activities in which they have participated throughout the previous year.



playground, they are registered via fingerprints; this saves a lot of paperwork and allows for quick intervention if someone appears to fall out of the programme. To develop these evaluation systems, AMANDLA has hired experts for its own staff, and has also developed a lot in collaboration with partners, such as the ICRC or the University of Western Cape. It is also part of an initiative called inFocus¹⁶, which helps organizations to evaluate and communicate their impact. The project is centred on developing online software for data management and analysis, and shared quality standards of monitoring and evaluation.

Based on these evaluation and feedback structures, AMANDLA continuously discusses and revises its theory of change and, accordingly, its programmes to ensure their alignment with AMANDLA's goals. The process of programme development and evaluation is rather iterative. It often draws on a trial-and-error logic, where extensive data gathering immediately reflects the impact to the organization. When AMANDLA goes too far in one direction or the other, it has to readjust. Then, minor changes are adapted rather quickly on a programme level. Changes that have more considerable budget implications, like establishing a parents' committee, are put on a priority list for projects to develop. In a strategic meeting of the leadership team dedicated to these things once a year, the AMANDLA team then decides when to implement it, given the time budget and resources disposable.

3.2 Embeddedness and staying connected with the ground

When AMANDLA was founded in the Khayelitsha area, it occupied a no-man's land with regard to programmes and initiatives that stand up against violence and poverty and help to develop perspec-

tives. Thankfully, AMANDLA – despite noise and bouncing balls – was quickly accepted by local families and businesses because it deeply engaged with the community and from the beginning it was transparent about its goals. It was a joint decision with local stakeholders where exactly to build the safety hub. The partnership with the Ikhusi primary school was quickly established, and AMANDLA did recruitment drives to partner schools and local orphanages to invite children to sign up. Many team members working on the ground, like coaches or facilitators who actually run the programmes, are locals. So, AMANDLA has been following principles of review, listening, and understanding to create embeddedness and a local sense of ownership. Listening and staying connected to what's happening on the ground is absolutely vital for managing AMANDLA's programmes, so the leadership teams, as a matter of course, spend time in the field regularly to really reconnect on a weekly basis with what's happening on the ground.

3.3 Attracting talent

Florian Zech is the initial force behind AMANDLA. However, he quickly understood the need to draw talented staff into the AMANDLA team. People with high degrees of qualification got excited or even enthusiastic about working in AMANDLA, although they could earn considerably more money in private businesses. AMANDLA provides a high-quality work environment and the option to work on a meaningful purpose. This makes the organization more and more attractive, so that even high-profile academics or private business employees get interested in working with the AMANDLA team.

¹⁶ <http://www.streetfootballworld.org/project/infocus>

3.4 Fostering collaborations and partnerships

AMANDLA has extensively leveraged the potential of collaborations and partnerships from its inception, and this has been a key success factor. One of the first partners for founding the football league was an orphanage. It quickly grew to a network of many from which AMANDLA draws many of its participants. Acknowledging that impact realistically is limited because the young participants are on the ground only three times a week for 90 minutes, AMANDLA aspires to achieve a more holistic approach that will reach out beyond the one programme to meet other destructive and negative factors experienced by their target groups. This is a challenge that will not be solved easily; it will require great effort.

Roughly, AMANDLA's partners are spread across three main categories: local partnerships, programmatic/technical partnerships, or strategic partnerships with a strong emphasis on funding:

- Local partnerships are made with schools, orphanages, community organizations, local businesses, or the local administration. Examples are the Ikhushi Primary School, but also community organizations that focus on HIV or other topics and contribute to the safety net of AMANDLA. Local grocery shops, local computer training centres, and/or local businesses that help to develop the training and job opportunities AMANDLA wants to create. 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. Publicly-funded social work for issues like child abuse, HIV, or bad nutrition is rare. So, these partners help AMANDLA in providing a holistic solution on the ground, complementing the resources and services of AMANDLA. They also help to reach out into the community to see where the young target groups are mostly affected by violence. And, they create the sense of shared ownership and embeddedness AMANDLA strives for.

- Secondly, there are programmatic or technical partnerships realized for programme development and programme implementation. Those are often academic organizations, like the University of Western Cape, but they can also be private ventures or NGOs, such as the ICRC or the InFocus programme for impact monitoring and evaluation.

Recently, AMANDLA collaborated with the Oliver-Kahn Foundation. The former world class keeper recently engaged in youth development, and AMANDLA helped him to put this in a more concrete curriculum. At the same time, AMANDLA used the cooperation and the provided resources to re-engineer and further develop its own programme. So the collaboration was – as are most of the others – mutually beneficial. For AMANDLA, such partnerships help to increase its capacities and also to increase the skills it has in-house.

- Finally, there is a range of strategic or funding partnerships with larger foundations and private companies, and/or supranational organizations, like the FIFA or the UN Office on Sport for Development and Peace. This category also comprises public authorities¹⁷. They mainly provide funds, but also create access to networks, public attention, credibility and trust outside the organization for AMANDLA. Yet, these prominent funders provoke a certain trade-off with private donors. People spending €20 or €30 per year sometimes are distracted from prominent partners that seem to make their contribution dispensable. But AMANDLA puts high emphasis on this small-scale funding, as well. Those donors not only contribute an important part to a solid and diversified funding structure, but also ensure contact and emotional binding to the ground. Generally, AMANDLA strives for a diversified funding structure. That also includes public funding to achieve financial sustainability and being more resistant against crises in one of these sectors. This is why AMANDLA also tries to acquire funding partners in Europe, from its Munich office that was founded in 2010. An important cooperation is coming up with the local government of Western Cape; the intent is to spread AMANDLA's safe-hub model. They recently developed a new youth strategy. AMANDLA, with the capacities and evidence-based facts it has developed, was able to contribute to this process, and it soon became obvious that there is a strategic fit between the overarching goals of the government and AMANDLA's ambitions.

¹⁷ For this section see also <http://www.edufootball.org/partner/strategic-partners>



4. Outlook - Challenges for AMANDLA in the future

Future challenges for AMANDLA are located on the programme level, as well as on the management level. The core challenge on the programme level is the further increasing of regular attendance by the target group. This is essential to fully unfold the potential impact of AMANDLA's curriculum, and current participation tracking indicates that there is still space for improvement. AMANDLA needs to further improve the understanding of relevant motivation factors and barriers that influence the young people's behaviour; yet, this implies a need to gain even more trust among the target group to break the code of silence around these topics. It also means to develop more young leaders who can serve as role models for breaking out of the cycle of poverty. The programme is still young, so positive long-term effects of attendance and learning are not even visible yet. More experience and more precise data will help AMANDLA to continuously refine and improve its programme components, and to find the elements and configurations that provide the highest impact.

Related to the question of attendance is also how AMANDLA deals with young people who fall out of the programme. Doing an individual follow-up and trying to get them back in the programme is expensive and today exceeds the financial capaci-

ties of AMANDLA on a broad scale, even though the fundraising goes very well and is against the declining trend for most NGOs in South Africa. At this point, it comes down to finding the right balance between output, i.e., the number of regular participants and the services provided to them, and the impact, which can be increased by per-participant by individual work.

On the organizational level, AMANDLA faces considerable changes in going to scale in the next year, i.e., increasing its impact by creating new facilities to replicate its approach. AMANDLA has developed ambitious plans in this respect. By 2022, it wants to build 10 new facilities in areas of urgent need. The new sites are planned across South Africa, but also locations in other African states, conflict regions such as the Near East, or even deprived areas in countries like Germany are being discussed. Altogether, these new sites will reach out to 20,000 young people, following AMANDLA's safe-hub concept. The safe-hub consists of the physical space, including a football field, a community centre, workshop space, bathroom space, and offices for AMANDLA and other organizations, on the one hand, and the holistic programme outlined above together with supporting services from a surrounding network, on the other hand. The first replication¹⁸ will be

¹⁸ In partnership with the Philipp Lahm Foundation, AMANDLA EduFootball also started the 'Shongi Soccer' project in 2011, situated between the townships Soul City and Tudor Shaft, south of Johannesburg. However, they do not fully repli-

in another township area in Cape Town between Manenburg, a traditionally Black African community, and Gugulethu, a traditionally Coloured community, which are separated only by a train track. This imposes even more challenges due to different dynamics of violence in adjacent communities that also historically don't really mix much with each other.

The recent involvement of the Western Cape government has accelerated the process of scaling up, so there might be the potential to have ten new safe-hubs just within Western Cape by 2022. Crucial challenges in this process will be not only the adaptation of the basic model to the local contexts, but finding local partners, and hiring local staff. Since AMANDLA cannot (and does not) run all these places alone, it also has to understand what is the most adequate and cost-effective way to successfully replicate its approach. Moreover, AMANDLA has to develop income models that create financial sustainability. The team discussed and has partly already adapted several options here. In cooperation with pro bono partners, AMANDLA has started to build a viable advisory and training section for governments and NGOs in the field of youth development and violence prevention in South Africa and Europe. Another idea is to generate income in the safe-hubs themselves, for example by renting offices to local businesses, a café, or computer courses.

Along with all these expansion plans, it is important to ensure the quality of the work on the (home) ground. Many cases have shown that this is a key challenge for organizational development when going to scale. Yet, in the depicted set-up both challenges are inherently linked – ensuring quality in old and new sites, and creating sustainable income. Going to scale for AMANDLA is also a chance to create additional income streams, and to become more independent from external funders. This, again, allows ensuring the quality of AMANDLA's programmes, which is a precondition to continuously attract social investors. Finding the right path here is crucial for AMANDLA to meet the considerable changes in breaking the cycle of poverty.

cate the safe-hub concept there yet.

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Why Share Premises?

The Organizational Development Process of the House for Health



6 Why Share Premises?

The Organizational Development Process of the House for Health

Annelie Beller and Ekkehard Thümler

Abstract

While demands for charities to increase collaboration are on the rise, collaboration is no value in itself; it needs to answer to specific organisational or societal needs. The article draws on a case study on the House for Health, a consortium of five charities in the Netherlands that moved into a shared building. It asks how this particular arrangement can be made instrumental to fostering the charities' missions. We find that it is best suited to enable collective organisational learning and discuss strengths, weaknesses and options for implementation.

Acknowledgements

Our case study was made possible by a grant awarded by ABN AMRO Private Banking. This support is gratefully acknowledged. The authors are thankful to the board members of the House for Health, Gea Broekema (Alzheimer Nederland), Hanneke Dessing (Diabetes Fonds), Ronald Gorter (Fonds Psychische Gezondheid) and Marian Verasdonk (Maag Lever Darm Stichting) who participated in the focus group interview that was an essential part of this project. It was their kind willingness to offer their time, share information, sometimes confidential in nature, and to expose their work to public discussion that made our publication possible in the first place.

1. Introduction: The House for Health

Today demands for collaboration among charities are on the rise. The main argument is that through collaboration they can provide better and more effective services for their beneficiaries. According to a survey by the Charity Commission in the UK,

those charities which collaborate see the main benefits in sharing knowledge (59 percent), delivering joint services (49 percent) and increasing efficiency through sharing resources (40 percent) (Charity Commission UK, 2003). Even though most charities working in such arrangements are positive about them, good examples are rare. In the UK study only 22 percent of charities reported to work collaboratively in one form or another.

It is against this backdrop that the article presents an innovative instance for collaboration among charities. The House for Health (HfH, in Dutch: Huis voor de Gezondheid) is a consortium of five Dutch charities combating chronic diseases.¹ The member organisations decided to move into a shared office building in Amersfoort, assuming that this collaborative arrangement might strengthen their individual efforts. All partner organisations had moved by February 2013. In total around 250 people work in the HfH.

The core idea behind the HfH is that, although the partner organisations focus on different chronic diseases, many aspects of their work are quite similar. Hence the residents set out to cooperate by sharing premises, services and experiences with the intention to thus strengthen their individual work. At the same time, all partners retain their organisational independence. In particular, organisations are responsible for their individual fundraising. The single charities do not contribute to an overall budget for the house, but share some of their working capacity for common purposes and

¹ The member organisations are Alzheimer Nederland, Longfonds (formerly Astma Fonds), Diabetes Fonds, Fonds Psychische Gezondheid and Maag Lever Darm Stichting. Two more charities have indicated they will move to the HfH before 2014. In addition, there are five affiliated partners: Nederlandse Diabetes

Federatie, Long Alliantie Nederland, Erfocentrum, Samenwerkende GezondheidsFondsen and Longfibrose Patientenvereniging.



expenditures for resources like workplaces or consultants.

For legal issues, the foundation Huis voor de Gezondheid was established as a legal body in October 2011. The purpose of this trust is to work together “for the promotion of the quality of life for the ‘whole person’, especially for people with, or with a risk for chronic diseases” (Huis Voor De Gezondheid 2011, own translation). This shared overall mission was developed based on the consensus that the care for chronically sick people in the Netherlands is currently “fragmented” and thus “possibly counterproductive” (Huis voor de Gezondheid n.d., own translation).

For general governance issues, a steering committee was set up. Each of the charities sends one representative to the board of the House for Health; thus all member organisations are represented in its governance structures. The committee represents the house as a legal entity.

The HfH did not start with an existing group of organisations looking for shared offices. Rather, the idea for creating the HfH came first, followed by the search for matching partners who were willing to move offices to Amersfoort. The motivating factors for organisations participating in this process can be described as a combination of content proximity, existing professional relationships and personal sympathy.

The years of 2011 and 2012 were seen as a start-up phase for collaboratively working on more administrative aspects, including issues such as the establishment of back offices and facility management. After two years of collaboration, first results and consequences can be observed, that go well beyond a reduction of overheads. For instance, the individual organisations report that their attractiveness for both funders and for employees has increased. Funders like the innovative aspect of different non-profit organisations working together under one roof. The underlying assumption is that collaboration is a sign of professionalism and innovativeness and that it will lead to a heightened organisational efficiency. HfH members have already seen that this perception translates into the willingness by donors to provide additional funding for common projects and projects oriented towards the own target population.

Employees, on the other hand, see enhanced chances for personal development. While they are working for a small organisation, the structure of the HfH offers some of the benefits of bigger companies: the higher number of people working in a similar field enhances opportunities for exchanging ideas and mutual learning and for networking. Moreover, some employees are employed by more than one organisation to top up part-time jobs. The HfH directors regard it as an important asset that they have counterparts in a nearby office who may be and are consulted in case of everyday

leadership questions.

Besides the more administrative tasks of setting up the HfH, two common projects have been initiated: Readable Research and Reducing Diagnostic Delay. Readable Research aims at making academic research results obtained through research funding more easily accessible to the general public by rewriting results of scientific research into readable style and presenting them online. The starting point for Reducing Diagnostic Delay was the observation that certain chronic diseases are diagnosed too late, sometimes with severe consequences for patients. The idea is that in many chronic diseases the mechanisms behind the Diagnostic Delay are similar. Hence the project aims to provide a tool that assists individuals in risk groups to build awareness in order for a positive or negative diagnosis to be made earlier.

HfH directors also indicate the recognition of a change in position within the field of health philanthropy. Members of other charities now come for meetings to Amersfoort who would not previously have visited single organisations, and the HfH is about to become an established meeting venue in the field of health charities. The argument “five of us are already here” (HfH executive) has obvious organisational persuasiveness. For the members, this signifies a significant advantage in terms of efficiency as time formerly spent travelling can now be invested otherwise. The shift also

comes along with increased visibility for the individual organisations.

For the time being, the HfH is “still dealing more with [itself] than with the issues around us” (HfH executive) and an overarching rationale is currently designed. In a phase of transition, the partners have been more concerned with logistics and getting the shared housing going than with questions of joint action towards a common mission. But while the sharing of back offices is seen as an important opportunity for nonprofits to increase efficiency in times of austerity (Stafford 2012), the arrangement was meant to go far beyond a mere reduction of overheads right from the beginning. Rather, the partners intended it to create a platform for a broad range of options for collaboration and learning, although the precise nature of the ultimate form of cooperation was not necessarily specified in detail right from the beginning. Hence, the process of growing together was open and experimental in important respects.

However, after a start-up phase of constitution and consolidation, the issue of social purpose was put back on the agenda. In a social impact perspective, the question was: How can the HfH become more than shared back-offices and shared processes? The partner organisations regard the HfH as a potentially powerful instrument that pools competencies and resources from different organisations. Yet members were not altogether sure to which



end it might best be used. The HfH directors regarded the middle of 2013 as a significant point in time and a good opportunity to shift the focus away from logistics and towards the further organisational development process (“from splendid isolation to making a difference” (HfH executive).

2. How to Develop Beyond Shared Back-Offices and Processes?

It was in this context that the Centre for Social Investment (CSI) of Heidelberg University was commissioned by the HfH to conduct a case study into its development process, with a particular view towards the question of how the collaborative arrangement of the HfH might contribute to the generation of social impact of the individual organizations. The case study involved a phase of document analysis and open interviews with members of the HfH. Preliminary findings were presented to the HfH members in a workshop with the directors of all the HfH partner organisations, followed by a focus group interview. All interviews were recorded and transcribed professionally to serve as the basis for our analysis. The case study data were interpreted in a collaborative process and against the background of CSI research on philanthropic impact and effectiveness (Thümmler et al., forthcoming). As a result, it was possible to analyse the data from a better informed and more comprehensive point of view, including all possibly relevant implications and meanings.

Three broad strategic options could be identified that might be labelled as ‘shared back offices’ as a minimal scenario, ‘collective impact’ as a maximal scenario and ‘learning organisation’ as the middle way. In the first scenario, the organisations would leave the process of growing together at the level already achieved today, only optimizing the technical details of collaboration in order to achieve the above mentioned benefits. However, as the partners made clear right from the beginning, this was no real option as the very rationale of the HfH was about the idea to go beyond this stage.

The alternative option was to keep growing together in order to ultimately focus on (a) common social problem(s) in order to bring about impact collaboratively. But again, this was not regarded as the option of choice for two reasons. On the one hand, this option would have implied the need for

the identification of a common problem. However, this demand could not be realized by means of the umbrella structure of the HfH as the individual missions of the HfH partners were regarded as being too diverse to allow for the identification of a common social problem to tackle: The logic of selecting partners simply did not follow the purpose to address a joint problem in collaborative ways. In addition, HfH directors declined the idea of a common identity, maintaining that the HfH will not “be put in the market like a brand” (HfH executive). Obviously, willingness for active collaboration and for a continuation of the process of growing together has clear limits. Moreover, the likelihood and feasibility of finding and tackling a common problem was estimated as being rather low in the medium term, as well. However, this is not to say that the option might not become feasible in the long term.

Instead, the establishment of the HfH as a good practice for facilitating collaborative learning with a view towards organisational impact and effectiveness was regarded by HfH directors as the option of choice. There are a number of good reasons that speak in favour of this strategy, both in theoretical and in practical terms.

3. Facilitating Collaborative Learning for Impact

The conglomeration of different organisations active in the same industry is generally known as a ‘cluster’. The main competitive advantage of these clusters is seen in rapid circulation of knowledge. The flow of knowledge and information is facilitated through collaborations which are more likely to come about when organisations are located close to each other (Porter 1990, 1998; Burt 2004; Manger 2010). However, from the literature as well as from the data, a number of qualifying prerequisites for collaborations to work well can be derived.

(1) Trust

A precondition for establishing inter-organisational collaboration is seen in a high level of commitment and trust (Waddell et al., 2013). HfH directors describe their cooperation as being characterised by a high level of confidence, mutual respect and general openness towards each other. However, while a positive attitude seems to prevail

on the executive level, HfH directors also report some sceptical voices among employees and advisory boards. They point towards the need to continuously persuade sceptics and overcome mental barriers to collaboration.

(2) Organisational distance

According to our analysis, a major asset of the HfH consists in the fact that, while its member organisations are sufficiently different to not be direct competitors, at the same time they are similar enough to be able to effectively learn from each other. In other words, due to their different thematic foci, partners in the HfH operate in a situation of limited competition which makes open exchange possible in the first place, while at the same time they are similar enough to learn from each other as all of them are health-oriented charities working on issues of chronic diseases. Thus the challenges and problems that have to be overcome in these fields, but also the more general aspects of management and fundraising, such as research, networking and advocacy efforts, are quite similar. In addition, the existing differences can be seen as an advantage for another reason: diversity is usually regarded as an important source of creativity.

(3) Compliance with external expectations

The HfH complies with the expectations of key stakeholders and accountability relationships are kept clear. Collaborative learning is supported by funders and board members. The HfH directors reported an explicit expectation to see increased collaboration – but no merger.

Collaborative learning entails a process of growing together. But as a crucial advantage, individual organisations can retain their autonomy, which might be an important argument with regard to the sceptical voices amongst advisory board members and employees. Hence, by means of organising for collaborative learning for impact and effectiveness, the HfH consortium responds to stakeholders' expectations while, at the same time, organisations may improve in realising their individual missions to which they are accountable towards stakeholders in the first place.

As a further advantage, while focusing on facilitating learning for impact, ideas for bi- or tri-lateral activities could come up. They can be seen as opportunities for experimentation and may stimulate the process of growing together in an organic

way. In the long term, this can lead to an increased level of trust and reciprocal connections.

In order to realise the potential of establishing the HfH as good practice for collaborative learning with a view towards organisational impact and effectiveness, the following important next steps were identified:

(1) Organise for strategic-organic development

A 'minimally-invasive' process that 'organically' leads towards the goal of a collaborative learning organisation without pushing for it too much is seen as the adequate strategic answer to the above mentioned considerations. As mutual trust is a necessary condition, and the first priority for such a process to develop, all stakeholders will have to be involved. Particular attention will be directed toward the critical voices among advisory board members and employees. Open communication will make clear that the objective is to facilitate collaboration and not to merge. This will protect the individual organisational identities and preserve their autonomy. For the HfH directors, this implies the task of creating an inspiring and open learning environment in order to bring together people and ideas.

(2) Create space and time for learning

Argyris and Schön (1996) pointed to the importance of creating communication channels, such as formal and informal discussion forums. Learning does not happen by itself; it needs enabling elements. Important elements of this environment are:

- An atmosphere that is error friendly and encourages all inhabitants to bring in their ideas and discuss them controversially (e.g. by discussing the 'failure of the month').
- Regular meetings to reflect on the process and to give the staff the chance to exchange thoughts about progress, failures and ways to improve co-operation.
- Foster active involvement of the staff in the process of learning and improvement by regarding them as experts for particular topics (Mayrshofer and Kröger 2011).

(3) Facilitate learning as learning for impact

Overall, it is essential that a major focus is not directed towards internal issues but on learning

how to foster the organisations' missions and to enhance social impact. For this purpose, brief moderated workshops are seen as the method of choice. They might suggest issues such as the following questions:

- What is impact? How can it be defined in the field of chronic diseases?
- How should programmes and projects be evaluated in order to make sure that informed decisions on the further course of interventions may be made? What are the limits to evaluation?
- What can be learned from best practices and successes of single organisations? Are they replicable or instructive for the partner organisations?

4. Conclusion

There is a tendency among charities, funders and society at large, to regard collaboration and partnerships as a value per se. However, simplistic notions like these certainly cannot do justice to the broad diversity of non-profits and the situations they work in (Ostrower 2005). But if collaboration is not the panacea for all kinds of organisational challenges, what is needed is a more situation- and problem-specific approach that takes into account the strengths and weaknesses of inter-organisational collaboration in more systematic ways.

The case of the HfH provides insights into an uncommon approach towards collaboration. It highlights important advantages but also the limitations of this particular type of consortial organisation. Furthermore, it illustrates important trade-offs of collaboration on the one hand, and the particular requirements that need to be fulfilled for organisations to make use of this kind of collaboration in the first place. As the consortium is still in an early phase, tracking its further development will be worthwhile in order to better be able to assess how this particular arrangement will develop over time, if and how it can make use of the strengths that were posited above, and how members will adapt to the challenges to collaboration in times of austerity.

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Le Comptoir de l'Innovation



7 Le Comptoir de l'Innovation

Impact investing as the orchestration of money and expertise to develop valid social business models

Thomas Scheuerle

Abstract

Le Comptoir de l'Innovation (CDI), founded in 2010 as a spin-off from the major French social enterprise Groupe SOS, is one of the leading organizations in the emerging field of impact investing in France. Impact investing has been increasingly promoted politically in the last years and provides a new impulse to the strong social economy tradition of the country. Beyond the provision of growth capital, CDI provides substantial advisory services to its investees to help them to develop sustainable business models, drawing on the long-grown expertise of Groupe SOS in various thematic fields and social enterprise management issues. As well, CDI cooperates with several national and international partners in incubation programs to foster the development of new social enterprises. It also conducts multi-stakeholder events and activities to advance the field of impact investing and social entrepreneurship in general, for instance by teaching the private sector about the specifics of the sector. Accordingly, future challenges for CDI are not only on an organizational level, such as raising new funds, but also as a developer and ambassador of the impact investing market.

Acknowledgements

This case study was made possible by a grant awarded by ABN AMRO Private Banking. This support is gratefully acknowledged. I also thank Nicolas Hazard, CEO of Le Comptoir de l'Innovation (CDI) and Vice President of Groupe SOS, Louise Switek, investment officer of CDI Investment, and Phillippe Lemaire, founder and CEO of Phitech, for taking time to provide very insightful interviews and feedback. Finally, I thank Gunnar Glänzel, Rüdiger Knust Simon Jolibois, and Dr. Volker Then for their helpful comments and support.

1. Introduction and background

Founded in 2010, Le Comptoir de l'Innovation (CDI) today is a key player in the French impact investment market and beyond. Grown out of the leading French social enterprise Groupe SOS, the investment and consulting company is totally dedicated to support successful social enterprises to scale up their activities by providing them equity and expertise, thereby being a social enterprise itself.

In general, impact investing¹ as an innovative financing approach for social enterprises has gained a lot of attention in the last years. In difference to socially responsible investing (SRI) which focuses more on corporate social responsibility criteria, impact investing goes into businesses that address social and environmental problems in a more targeted way. The sector has been steadily growing over the last years. JP Morgan for instance estimates the aggregated amount of impact investments for 2013 to be about \$ 7 billion in 2013, with the potential to grow to \$ 400 to 1.000 billion in 2020 (J.P. Morgan, 2010). While the US and the UK with their liberal traditions are often considered as cradles of impact investing, there are many actors and activities emerging across the world today. The European Union integrated social entrepreneurship funds as a crucial part of their Social Business Initiative². Also in countries with strong welfare state traditions such as Norway, Germany or France, the topic has moved onto the political agenda. In fact, France has one of the strongest policies to push impact investing. A “90-10“ socially responsible employee savings scheme was first introduced in 2001 and extended to the whole

1 The term impact investing was coined by Bugg-Levine & Emerson (2011) for the idea of investors do not exclusively target financial returns, but put higher value on social and ecological impact and adjust their financial expectations accordingly.

2 http://ec.europa.eu/internal_market/investment/social_investment_funds/index_en.htm

country in 2008. For the first time this obliged companies with more than 50 employees to offer their employees access to savings funds schemes which invested up to ten per cent of their capital in non-listed organizations and activities with a „solidarity label“, i.e. in impact investing³. In 2010, these 10 percent represented about € 3 billion, in 2012 they made up already 4 billion. This gave a huge boost to the sector, and the social saving funds are still growing. And with them, there is an increasing interest in competencies for impact investment. While in the beginning, the 10 percent were called “trash ratio” that had to be compensated from earnings with the other 90 percent of investments (which have to be SRI by the way), asset managers now search for investment possibilities and expertise in the field. An organization that offers both is Le Comptoir de l’Innovation. It not only manages a successful social investment fund. Together with its partners, it also conducts a wide range of activities to transfer knowledge to social enterprises and to promote the idea of social entrepreneurship and impact investment in general. As a pioneer in a growing, but still nascent field in comparison to the classic finance world, this means a whole range of exciting challenges for the next years.

2. Birth and first steps of Le Comptoir de l’Innovation

Le Comptoir de l’Innovation was founded in 2010 as a spin-off of the French social enterprise Groupe SOS by the Groupe’s Vice President and current CEO of CDI, Nicholas Hazard. Groupe SOS was created as a nonprofit organization to fight drug addiction in 1984. Based on a social business from the beginning, it has grown to a group of 45 social enterprises covering different social topics at over 300 locations in Europe today. In 2013, it employed 10.000 people and had a turnover of about €750 million, which has been growing at a rate of about 25% per annum for 7 years now. With its affiliations, Groupe SOS reaches about 1 million beneficiaries each year in its fight against poverty and exclusion⁴. The branches it covers are work integration, accessible and affordable health services including own hospitals, elderly centers, education

and support for youth as well as national and international solidarity programs. All branches address economically and socially marginalized groups, such as handicapped people, people with drug addictions or physical and mental problems, homeless, people suffering from poverty, or youth that have become delinquent or are victims of political conflicts. Some of the solutions employed here are even combined with sustainable development or fair trade. The reason why Groupe SOS covers all these branches is that the central idea of the organization has always been a holistic approach. Social problems are often interdependent, i.e. addiction causes HIV which in turn causes work problems which then may cause housing problems and so on. So Groupe SOS wants to provide a whole solution for these problems and helping people to get back into life.

What is more, one of the key success factors of Groupe SOS is that all the management functions for the 45 structures are taken care of by one core team⁵. So, this means that finance, human resources, marketing, accounting, legal and other central functions are all coordinated by this entity which has about 200 employees. Therefore, all the 45 structures of Groupe SOS can just focus on their main activities and social mission and do not have to worry about securing funds or setting up contracts etc.

When Nicolas Hazard became Vice President of Groupe SOS, he realized the organization had expertise in all of these branches on the one hand and also in the management of social businesses on the other hand. As a graduate from Sciences Po and HEC Paris, former policy advisor of Romano Prodi and as an entrepreneur, he was fascinated by the idea of sustainable business models that allow tackling social and environmental issues. However, in many conversations with social entrepreneurs (that often had a background as social workers) he noticed that it was a serious problem for them to structure their financial tools. Additionally, there was the problem at this time that it was relatively easy for social enterprises in France to find grants and loans of €50.000 to 100.000 to start an activity, because there were a lot of public funds for that. But there were huge difficulties for social enterprises to acquire larger sums for scaling up their activities. Particularly the supply of

³ <http://www.theguardian.com/social-enterprise-network/2013/jul/09/french-investment-boost-social-enterprise>;

⁴ <http://www.groupe-sos.org>

⁵ This team is organized as a Groupement d’intérêt Économique (GIU), which is a specific legal form for y purposes in France.

equity was hardly existent.

So Nicolas, together with the founder and current CEO of Groupe SOS Jean-Marc Borello, decided to put together his skills in finance with the competencies of Groupe SOS across branches and in management of social enterprises to create a vehicle that would help social enterprises to go to scale. The main challenge from the beginning was to build a bridge between social enterprises and financial institutions. Among the latter, there was a widespread denying or misunderstanding of social enterprises' business models. Those who were interested in investing in social entrepreneurship did not know how to approach the sector. Hence, social enterprises had never really been in their scope, and so it was difficult for these organizations to raise funds higher than €100.000. On the other hand, social enterprises were in urgent need of finance and management expertise to understand and meet the requirements of investment based financing solutions.

So CDI was founded as a social business based on two legal entities. While the CDI does incubation and promoting activities (see below), CDI Investissement res. CDI Investment is the actual fund. Both have the legal status of a private limited liability company with a public Fair Company accreditation. The fund also has a tax exempt option for investing more than 50 percent of its assets in small and medium enterprises (SMEs)⁶. Groupe SOS endowed the first pilot fund CDI Participation with about €1.000.000. In the beginning it was important to validate the model first, i.e. to develop a track record that could be shown to prove to potential investors that it actually works, and also to see whether people in Groupe SOS were interested in working, from time to time, on topics and issues of social enterprises outside their own organizations. As a second pilot funded by the Groupe SOS, CDI Partners was designed to test the same model abroad, since Groupe SOS has social businesses in Africa, India, or South America as well. The investments made there are still in the portfolio and receive support from the CDI network. However, after the pilot phase, CDI decided to concentrate on the French market with a bigger fund. In 2012, the first round of fundraising for CDI Investment started, and the CDI team, now already extended with additional highly motivated

⁶ The precise legal form in France is „Société de capital risque“.



graduates from France's top universities, started to approach potential private and institutional investors. It was a serious effort to explain the CDI model and also what social entrepreneurship is, why it is interesting, why you have a smaller profitability such as 3 instead of 10 percent at the end, but also a social impact. Nevertheless the fundraising was successful, not least because of the 10 percent impact investment obligation for the social saving funds. CDI offered a possibility generate a small level of profitability to what was formerly called the "trash ratio", and so became – besides other actors in the field – an "intermediary of the 10 percent". At the end, CDI Investment had raised €10 million. Main investors were banks, insurance companies, and also some high net-worth individuals and family offices. So in 2013 CDI started to create its first portfolio, and in 2014 it will do the second step of fundraising with the goal of collecting another €10 million for impact investing.

3. The strategic approach of CDI

The work of CDI is structured into three areas. First, there is financing of other social businesses by providing equity and quasi-equity, which is deeply intertwined with providing expertise for social enterprises to develop their organizations. This is essential for the philosophy of CDI. As CEO Nicolas Hazard puts it, it is even more crucial than the access to finance itself:

"Targeting a financial and social goal is really, really difficult and you still have to find the right balance and you have to keep on inventing

a model that is sustainable, year after year. The challenge, I think, is to be able to support and to work with these companies. And they are looking a lot for support and for the advice and the consulting services that we can provide for them to be able to grow, to change scale and to be sustainable in the long term on both sides, on the financial and on the social side. And that's really, I think, it's the key issue."

Thanks to the affiliation with Groupe SOS, CDI can resort to immense expertise in various fields of social entrepreneurship to provide these advice and consulting services. Second and beyond that, CDI provides expertise within various incubation projects for social enterprises it conducts with partners in France and abroad. And third, CDI promotes the social entrepreneurship sector in France and worldwide by organizing events for the public and practitioners in the field.

3.1 Investments and advisory services for social enterprises

The €10 million impact investing fund CDI Investment brings equity and quasi-equity to social businesses of all types of legal forms, such as classical private societies, associations or cooperatives⁷. All investments are made in French social enterprises, and all investees have a track record of several years, a solid business model and a demonstrated social impact. Investments range from € 0,5 to 1,5 million. These are big "tickets" in the social sector, since the idea is really to provide growth capital for a time horizon of five to seven years. Usually the investees use this capital to scale up by creating another branch of activities or creating other subsidiaries in France or in Europe. However, CDI always stays a minority shareholder and never takes control of the organizations invested in. Its aim is to really focus on support in this crucial phase of the social enterprises' organizational development with the expertise of Groupe SOS to develop social impact. On the financial side, the

⁷ Not all of these legal forms are actually designed for equity investments. In associations there are no shares to invest in, so investments are usually designed as quasi-equity in form of loans as subordinated debts. For cooperatives, CDI often uses a specific financial product in France called Titre participatif. The investor gets shares from the cooperative, but with a low rate of return. After a maximum of seven years, the money is paid back at once. So it is patient capital, and a form of quasi-equity as well.

goal is to generate 3 to 5 percent for the investor at the end, but the fund is not supposed to generate surpluses for Groupe SOS. Yet, to show the investors that CDI has an incentive that the fund also performs well financially, all returns above 3 percent will be divided. 80 percent will go to the investors and 20 percent will go to the Groupe SOS. Interested investees usually apply to CDI. They even did that at Groupe SOS before the fund was created, so traditionally there has always been a strong demand and CDI never really had to do publicity work in this respect. Even today, Groupe SOS is important for generating the deal flow, since many ventures in the field consider it as a successful "old brother" who is to be approached for help. Other potential investees are directed to CDI via Mouves (Mouvement des Entrepreneurs Sociaux), an association of social Entrepreneurs also funded by Jean-Marc Borello. So without actively searching, CDI has a considerable deal flow of up to 20 demands per month, although not all of them fit the criteria for growth capital, and eventually five to seven are selected for the due diligence process.

Assessing social and financial performance – the selection process

The selection process then follows a standardized procedure. First, the team of Louise Swistek, investment officer of CDI Investment, together with experts from Groupe SOS runs a full due diligence. CDI developed an own analysis method for that called CDI Ratings. The idea was to have a complete methodology for measuring the financial performance and the extra-financial performance (res. the social performance or social impact) of each potential investee of the fund. Since CDI start five to seven new due diligences each month, it was also important to have a tool that is efficient and easy to read, because other measurement tools often take too much time and are too costly. The CDI rating tool is straightforward and easy to adapt, and it was also developed with experts from Groupe SOS, drawing on their detailed understanding of social enterprise management and framework conditions in different sectors. The tool basically consists of twenty main domains of analysis – ten financial, ten extra-financial. On the financial side, indicators are quite classical, such as profitability, revenues, debt or working capital. On the extra-financial side, the tool captures topics and indicators such as social mission, the degree

of social innovation or social performance indicators. It also asks for job creation, the impact on the environment, and (participative) governance structures. Beyond that, there are special indicators for the different type of structures (private company, association, cooperatives, etc.) and for each sector of social entrepreneurship (health, economic inclusion, education, fair trade, etc.) in which CDI invests to get a more precise picture. They work like benchmarks, such as the rates of turnover for handicapped people in work integration social enterprises. In total, these are about 600 criteria, although there always only the ones for the respective sector used. This process takes about two to three months and as a result, there is a hundred pages file about each potential investee.

The information of the due diligence proceeds to two committees, the social committee and the investment committee. The social committee comes first. It consists of well-known experts in the social enterprise sector from outside Groupe SOS, such as Arnaud Mourot, the French director of Ashoka, or Virginie Seghers, a professor of social entrepreneurship at Sciences Po University in Paris. Based on the prepared information, these experts give an opinion about the potential social performances to increase the probability to select candidates that can generate a high social impact. To ensure that they only evaluate the potential social performance and do not balance financial against social benefits, they only receive the non-financial information and do not see the financial part. Thus, even candidates with promising financial prospects will not get investment from CDI if they do not convince the committee of their current and future social impact. Only after that, the investment committee reviews the financials of candidates that have passed the social committee. It checks whether the candidates are close to or already have reached break-even with the products and services they sell, and finally decides which investments are taken. It consists of representatives of the Groupe SOS as well as of the external investors in the CDI fund. CDI decided to make them part of the decision to give them a sense of ownership, but also to present them the social sector and a wide range of cases of social businesses trying to raise funds.

Challenges in follow-up portfolio management of an impact investing fund

After an investment has been made, CDI moves in the follow-up stage with the social enterprises in their portfolio. There is an update call each month with the investees, and each trimester CDI sends an information letter about the portfolio and the fund to the investors. To trace social and financial performance, CDI does a renewal of the analysis with the same criteria as in the due diligence again each year, in order to assess where there are improvements and where problems can potentially emerge. If an issue comes up, the CDI staff can always resort to Groupe SOS experts and gain qualified recommendations on how to solve the problem. This can be legal issues in the field of work integration as well as social performance problems in social housing.

So their financial expertise in impact investment is always complemented by technical knowledge from the Groupe SOS. In fact, CDI takes the function of an intermediary between the expertise of Groupe SOS and the investees. Like this, CDI is capable to provide efficient and high quality solutions to the investees in its portfolio and help them to increase their social impact and to ensure the development of a sustainable business model. This also is helpful to build trust among investors.

This approach goes together with the long term orientation in the CDI portfolio. If investees get in more serious trouble in their social mission and do not perform as expected, CDI tries to help getting the organization back on track. Only if a social enterprise starts to change the social core of its social business, there is a clause in the shareholder's agreement that CDI will exit and the social enterprise has to buy back the shares and/or repay the loans. As investment officer Louise Swistek puts it: "If you change the core of activities, if you are not anymore a social business, we cannot be anymore a social fund, trying to support you." The same holds on the financial side. CDI protects itself from financial risk by insuring 30 percent of the fund against financial losses. But it also accepted when the investment did not turn out positive: "We think we are the investor, we are here to take the risk if we believe in a project, in a social business project as a private equity fund". And again, the idea is to get these problems solved over the five to seven years of the investment in

order to achieve a better performance and finally have a good exit.

Phitech – Le Comptoir de l'Innovation from an investee's perspective

Phitech was founded in 2003 and is based in Nancy with affiliations in Paris and Lille. The company develops information and guiding systems for visually impaired people to improve accessibility of buildings, public transportation vehicles, and streets etc. This allows them to move around more autonomously. Phitech has a team of fifteen employees in technical development and business administration. After six years of research and development in close exchange with the target group, Phitech started selling its electronic devices in the market in 2008. The annual turnover went up to ca. €1.4 million, and is growing dramatically recently.

CDI became an investor of Phitech in June 2013. Phillipe Lemaire, founder and CEO of the company, explains that they had been looking for additional funds because product development for Phitech is very capital-intense due to the technological nature of its operations and products. Also, increasing sales for Phitech means to work on the understanding of "accessibility" in society in general. Today it is often narrowed down to assisting people in a wheelchair. Further, Phitech thinks about starting export activities, too. To raise the necessary resources for all this, the social enterprise was searching for a partner who shared its ethical values and also would help to get more integrated in the social economy, which seemed a promising field to further develop business opportunities. CDI appeared to be a perfect fit.

At his time, the French railway company SNCF already held 25 percent of Phitech's shares. The investment in 2009 allowed Phitech to start its sales activities. It also fulfilled the company's criteria to get a potential client beyond an investor, and to receive patient capital and understanding for the company's long product development cycles. There was no hesitation of taking an external investor with financial obligations in, since Phitech was totally convinced of its product and the market opportunities.



Also, Phitech had established partnerships with the well-known technology companies Siemens and Alstom mainly for product development. All these partners positively contributed to the credibility of Phitech.

CDI made its investment with a quasi-equity construction. It bought share that have to be paid back at the end of the investment. For Phillipe Lemaire, this is a good deal for both parties. Phitech has patient capital at its disposal for a longer time horizon than in a classical loan, and CDI can benefit from the returns if Phitech makes good profits. The first contact was established in spring 2013 over the social economy division of the ESSEC business school (École Supérieure des Sciences Économiques et Commerciales), which supports social enterprises in getting investment-ready. After the initial meeting, it took about half a year until CDI subscribed to Phitech capital and took over 9% of the shares.

For Phitech, CDI is rather a partner than an investor. Beyond the financial resources, it developed social indicators with Phitech to enable them to better track their social performance. And together with Groupe SOS, CDI helps to integrate Phitech in the social economy movement. For example, they are now part of Mouves. This is of high value for Phitech's marketing and for promoting the company's solutions. It makes them well known among visually impaired people in the Groupe SOS

network. And it provides important contacts like Auxilia, an affiliate of Groupe SOS, which offers consulting services to big cities on public transportation and has now become kind of a purchasing advisor for Phitech.

Exit of the investors is already planned. While SNFC will sell its shares – preferably with some profit – CDI's money will be paid back. Until then, Phitech has a good amount of time to further develop its social business model.

3.2 Incubation programs for social entrepreneurship

Incubator programs are the second pillar of CDI's approach. Complementary to the fund, the focus is on supporting social business that are still in a start-up phase. But CDI does not provide the financial input here. It fully concentrates on providing expertise and technical input to help developing the sector with the knowledge base from Groupe SOS.

The Social Good Lab is a partnership between CDI and Paris Incubateurs. This is an association from Laboratoire Paris Région Innovation⁸, supported by the City of Paris, which has been taking care of all incubators for the city of Paris for about 10 years now. Before, all twelve incubators of Paris Incubateurs were focused exclusively on technological start-ups, providing specific support, offices and financing. With the Social Good Lab, CDI and Paris Incubateurs put their competencies together and developed a program for social businesses using innovative technologies to address a social and/or environmental problem. This is a sector is growing rapidly in France and worldwide. Start-ups receive infrastructure, financial support and personal mentoring as well as collective training for one year. CDI provides input on social entrepreneurship issues together with Groupe SOS. There are already eight young social enterprises supported currently, and they tackle issues such as autonomy for handicapped people, developing renewable energy solutions, of creating web platforms for crowd funding and crowdsourcing.

⁸ <http://www.parisregionlab.com>

The Impact program is intended to support start-ups as well. It is based in Tunisia. Groupe SOS had founded a social business called Lab'ESS in Tunis right after Arabic spring to support the development of civil society. Quickly there was a growing demand for social entrepreneurship approaches, and so CDI partnered with Lab'ESS for an incubation program. The idea is to provide structural support and expertise to develop a solid social business model over one year, taking the chance of new market opportunities and many ideas floating around there right now. One employee of CDI is permanently based in Tunis. He coordinates partnerships for example with IHEC Carthage, the biggest business school in Tunisia to teach classes in economics and finance, and also with private companies.

Le Comptoir is a third incubation program that will start in 2014. It is particularly for young people from difficult backgrounds or difficult areas of Paris. CDI together with JP Morgan Foundation helps them to develop their social business ideas, but the program also addresses the problem of succession for the founder in many small and medium enterprises in Paris. When the founders retire, there is often nobody that will take over their business. This means the organizations disappear and jobs are lost. So as an alternative to founding, some of the young entrepreneurs are also brought in contact for one year with entrepreneurs who will retire soon. The idea is that trust develops over this time and the young potential entrepreneurs take over an existing SME so that it has not to be closed.

3.3 Promoting social entrepreneurship in general

Beyond the activities above, CDI also promotes the field of social entrepreneurship and impact investing in general to attract people who are not interested in the field yet, but who could be a great source of funds for the market – a key challenge for impact investing to grow to a real sector. For instance, there is a series of events called Impact² in partnership with the city of Paris. In 2014, there is the third yearly event in the city hall which is about to explain and discuss the potentials of social entrepreneurship and impact investing. To spread the word, CDI invites not only the networks of social businesses, but also private bankers, asset

managers, corporations etc. Motivated by the success with more than 600 participants from the beginning in 2012, CDI also organizes the event abroad now. In 2013, Impact² took place Korea, hosted together with the city of Seoul, and in 2014 there will be one in New York.

Another, smaller type of events to reach potentially interested investors are Les Matinales de l'Entrepreneuriat Social. These are breakfasts for 10 to 15 people, mostly private bankers, philanthropists, and asset managers. CDI organizes them in partnership with KPMG. For about one hour before work, they present two social business cases from a financial point of view in order to broaden the understanding for social sector business models among their guests. In these events, detailed issues on income streams, legal issues and the like can be discussed that are not really suitable for larger audiences.

4. The role of networks and partnerships

In all areas of its work, cooperation and partnerships play a crucial role for CDI. Bringing in knowledge and resources from key players in the field helps the organizations to provide high quality services and to expand its outreach considerably.

In the investing fund CDI Investments, the core asset is the expertise of the different Groupe SOS ventures that CDI brings to its investees. It also uses the expertise of the institutional investors as asset managers in the investment committee. Vice versa, CDI helps partners with its own expertise where possible. For instance, the CDI Ratings tool is currently adapted for the purposes of the Ministry of Economy of Luxemburg for the work integration context. Furthermore, CDI gets investees out of networks it is involved in, such as Mouves. It has also developed relationships with other social funds in France that are specialized in different sectors or phases of the organizational lifecycle. They all recommend candidates that might better suit for another fund to each other, thereby improving the deal flow of each other. And finally, CDI often works as a co-investor together with partners in big deals. For its incubators, partnerships with educational institutions and private companies are important to bring a wide range of skills and competencies to the entrepreneurs. Complementary knowledge and resources are shared with partners

such as Paris Incubateurs to provide innovative offerings for advancing the field. And well-known partners in the private sector like the JP Morgan Foundation or KPMG do not only bring in financials support and expertise, but also makes the incubators well-known and can bring in new candidates. Especially the latter argument holds as well for the promotional work of CDI.

Beyond that, CDI is part of many French and European networks of social finance and also venture philanthropy in order to be up-to-date and develop further relationships to discuss ideas, finding inspiration and also sharing own expertise and experiences.

5. Future challenges

The challenges that CDI faces for the next years are thrilling, but they also require a lot of effort. As one of the pioneers in the field of impact investing in France, CDI not only wants to further develop as an organization, but also in developing the field of impact investing in general.

5.1 Developing the impact investment market

Because of the legal framework, the impact investing markets in France already is one of the biggest in Europe. But it is still way too small to become a sector fully accepted by the mainstream financial and business world. However, some signs point to growth.

The supply side has been quite dynamic over the last years. There are between five and ten impact investing funds in the country today. Some are really big, such as France Active, an actor now for 20 years and doing smaller investments in startups. Another long entrenched group of funds created by the ethical bank Crédit Coopératif is ESFIN Gestion. Both of them have an investment volume of about € 60 million. And there are also specialized funds, for instance for social housing, and there is a microfinance fund especially for France. Phitrust is another growth capital fund, and there have developed some smaller investors doing €10,000 to €30,000 investments.

The public hand recently created the Banque Publique d'Investissement (Public Investment



Bank)⁹ that is partly addressed to social economy. About € 500 million are dedicated to the social business sector, i.e. companies, associations and cooperatives in the social and mutually-supportive economy. It will start operations in 2014.

Additionally, more and more institutional investors, such as large banks or insurance companies, are getting interested in the field. Various banks have set up teams dedicated to the social savings funds, and they want to learn about impact investing and social business. This development might also be fueled by a strong demand of the French to sustainable financial products in retail, which has been shown in different surveys. For CDI, to increase the sector bringing in conventional investors from the private sector, including family offices and business angels, is absolutely necessary. Especially when it comes to larger investments of several million, impact investing funds today are hardly able to provide that.

However, the challenge is not only to increase the volume of investments, but even more to meet the necessities of social businesses. Nicolas Hazard is really worried about that. If network organizations, conferences and intermediaries totally focus on money and access to capital, they miss the point: the really big issues for all actors in the field is to create an enabling environment in which social businesses can become sustainable. And this expertise has yet to be built on the side of many actors in the field. Social enterprises cannot be judged solely with excel sheets on financial figures. For real support and consultancy, intermediaries, investors and network organiza-

⁹ <http://www.bpifrance.fr>

tions in the field need to understand their specific needs. And they need to be true in their intentions to help. Since the field is quite attractive for communicative purposes, it also attracts “fakers” mostly from private companies that speak a lot about social program and investments, but they are not really committed to them. The same holds for intermedia-

ries and brokers who – at the end of the day – are not meeting the interest of the field if they only care for financial value and not at all about social value creation.

However, to develop the field it is crucial to not only work on the supply side, but also on the demand side. Today there are about 50,000 social enterprises in France, and the social economy in total makes up more than 10 percent of GDP in France. One could say that social enterprises are actually part of the French DNA. But the idea to generate surpluses for capital market-based financing is rather new, at least for some. It obviously can work, you only have to look at Groupe SOS who has been following such an approach for a long time now and across different fields. Yet the question which social enterprises can generate return of investments today is often a case by case consideration. In some sectors, such as health or fair trade, it is easier than in others, because there are private markets. When you depend to income from the state, it gets more difficult to make profits. And in work integration ventures it depends on what the employed people can do. But there are innovative solutions out that make it work to be profitable while maintaining a strong social impact. For impact investing to develop its potential impact, it is crucial to have profitable companies, and it is also crucial for generating sustainable companies. Therefore it is one of the key messages of CDI that you have to work on this demand side as well. There are many potential investees. To increase the pipeline for deals it is important to help social enterprises to develop validated business models. And also, as Nicholas Hazard says, to uphold the spirit of making money

while generating social impact: “It is, after all, the petrol that fuels the car.”

Beyond the market actors themselves, France is a strong example that legislation plays an absolutely crucial role in the development of the field. The investment obligations for the social savings fund meant a big boost for the field, but for example taxation could still be improved. For instance, there are no tax facilities for investing in social businesses beyond the existing for investing in SMEs. CDI and Groupe SOS totally acknowledge the importance of the public sector, so this is a topic they do a lot of lobbying about. But also within specific fields, legislation matters. In February 2005 there was a law imposing accessibility for handicapped people. It gave a substantial push to develop new solutions for buildings or the transportation sector, as the example of Phitech shows. These are clear chances for social business, since they also increase the awareness of the rights of disabled people and the necessity to develop adequate products and services.

At the end of the day, to develop impact investing it is important to work on the topic from different sides, but also facilitate knowledge exchange and dialogues across the different sectors of society, like CDI does for example in its network events. Impact investors, social businesses, private sector organizations and public authorities can learn a lot from each other. This is a huge opportunity to further professionalize the field. But for this, it is essential to learn and speak the language of the respective others, and to make sure that tools and policies are properly adapted and developed for the context of social business. In some sense, there is also a cultural change necessary that reconciles the idea of pursuing social and ecological purposes and generating financial profits.

The social economy is an important grounding for French society. As in other parts of the world, during the crisis it was the only sector that grew instead of losing jobs. And CDI is part of a coalition that wants to advance and further strengthen it.

5.2 Developing le Comptoir de l'Innovation

When it comes to further perspectives and tasks of CDI for the next years, fundraising plays a prominent role. For 2014, a second financing round

is planned to collect another €10 million for CDI Investments from banks, insurance companies and family offices. There are also a lot of projects coming to realization now that have been planned and tested in the last three years, for instance in the incubation work. The CDI staff has to make sure that they work and will continue, while further consolidating their investment model and acquiring new partners.

In the long run, CDI also might increase international investments especially in emerging markets again. To do that successfully, local partners are needed that have to be found. And the vision of Nicholas Hazard, finally, is to make an investment bank out of CDI. That bank shall combine all the activities CDI at a larger scale. And it could help to democratize impact investing by developing retail products. For all these challenges, a lot of talent is needed. And there are a lot of motivated and highly qualified candidates. Looks like it could get really exciting!

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