

A Plea to Foundations and Philanthropists to Aim for System Change, to Focus on Indirect Impact, and to Fund in a Way That Leaves Room for Learning and Adaptation

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At Ashoka, we work with social ventures that try to solve social problems in new and creative ways. Unfortunately, it is still hard to mobilize the support that effective social innovations need to change the systems that are ultimately responsible for these problems in the first place. Social entrepreneurs, donors, and intermediaries need to ask themselves: how can we fight the root causes of social problems rather than merely treating the symptoms?

Aim for System Change

Many interventions work directly: a need is met with an offer, like hunger with soup or problems at school with mentoring. Direct interventions are easy to understand, seemingly low-risk -- and thus attractive for donors. Unfortunately, the soup and the mentoring program rarely

change the systems that are ultimately responsible for hunger and deficits at school. As important as direct services are, they tend to only touch the tip of the iceberg. If we want to improve the situation in the long run, we need to look below the water surface.

Unfortunately, this is where things get muddied: different systems and root causes are intertwined, and it is not always clear what kind of intervention might have a positive impact. We found that social entrepreneurs who want to improve social systems and who try to deal with these complexities need a special type of support.

Consider GESINE Intervention, a program that helps doctors, hospitals, schools, youth centers, and teams in public administration to detect gender-based violence and to respond appropriately. Founder Marion Steffens says, "We know how to work with each type of stakeholder. Now we need funders who want to work with us long-term to bring these different pieces together in more regions across Germany." An initial investment is needed in each region to align schools, hospitals, youth centers, and administrators behind a shared vision and to build a culture of collaboration. Once such a network is established, the whole system operates much more effectively. Because the impact of this approach is indirect, it is perceived as less tangible and riskier than helping victims of gender-based violence directly. In other words: what makes the program successful on a systems level also makes it a bad fit for many donors.

Steffens has a second request: "Invest in evaluations!" Studies can give credibility to a new approach, which is important to help it spread and institutionalize. This effect can be much greater than simply implementing a model at a new location. Again, these studies are hard to fund, because their impact is more indirect, and because studies are often allocated to "overhead costs," which many donors try to avoid.

Building networks and conducting studies are two of the most common types of systemic initiatives that social entrepreneurs find hard to fund. Here is another example. Annette Habert, founder of the nonprofit Flechtwerk 2+1, prevents relationship breakdowns between parents of children who live in different cities after a divorce. The organization connects parents who visit their children in other cities with volunteer hosts, which reduces the costs of the visit. This offer is easy to explain as it provides a benefit to parents directly. It only tackles a small part of the problem, though. Where does a father go with his two-year-old on a weekend, when many places suitable for children are closed? Flechtwerk wants to make rooms at Kindergartens available for that purpose. Some Kindergartens are already indicating support, but don't know how to pay the staff that is needed to open their doors on weekends. A donor could set up a fund that repays this expenditure to 200 or so Kindergartens for one year. Habert is convinced that one year of support would be enough to achieve a small but relevant system

change: parents would voluntarily take over responsibility, work rosters for cleaning staff would be adapted to allow them to open the doors on weekends, and some city councils would also chip in financially.

Nobody knows if these changes would actually happen. Funding systems change always involves uncertainty. The potential upside is very attractive, though: a currently underutilized resource in the German education system might help thousands of parents each year on an ongoing basis with minimal additional costs. Funding systemically involves identifying levers for change and taking risk to give these levers a try.

Promote Indirect Impact!

Once a system change goal is defined, the question becomes: how this goal can be achieved in the most efficient way? We looked at a range of successful social entrepreneurs in our global network and found a common principle: the focus of the strategy needs to be on indirect impact.

Take WASH United, an organization that helps local governments in developing countries implement proven interventions for better access to clean water and sanitation. For this work, Wash United needs experts in the fields of interaction design and communication. "This approach and the cost for these experts doesn't fit with traditional funding strategies," says Thorsten Kiefer,

founder of WASH United. "It would be easier to find partners if we worked directly with the people who ultimately benefit from our work. But we want to enable local actors to do this job -- and to do it on a much bigger scale than we ever could."

Helping replicators or making an approach openly available under a free license are only two examples of how indirect impact can be achieved. Money that is invested in these kinds of strategies often generates much more impact than allowing organizations to grow to reach more people directly.

Fund Long-term and Without Restrictions

Changing social systems usually requires quite a bit of time. This is true even if that change is relatively small and targeted, like unlocking underutilized rooms in the German education system or improving common practices in the rural water management system in India. This is why, after thorough examination, Ashoka grants social entrepreneurs a life-long membership to the Ashoka Fellowship. We believe that, likewise, donors could achieve more impact on a systems level by supporting promising social entrepreneurs on a long-term basis.

Long-term financial support becomes even more powerful if it is granted without restrictions on how the money can be spent. Give teams the freedom to do what they believe will have the greatest impact, and to adjust their approach

if needed. Promote transparency and reflection -- for example via the Social Reporting Standard -- while acknowledging that system change requires constant listening, learning, and adaptation. Short-term commitments and rigid restrictions make system change work unnecessarily difficult.

Great support for system changing social entrepreneurs rests on three pillars: a clear systemic goal that is shared between the donor and the social venture, a strategy that focuses on indirect impact, and long-term support without restrictions.

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