

SCHWAB FOUNDATION FOR  
**SOCIAL ENTREPRENEURSHIP**

Insight Report



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# Beyond Organizational Scale: How Social Entrepreneurs Create Systems Change

Prepared in collaboration with the Bertha Centre for Social Innovation & Entrepreneurship,  
University of Cape Town Graduate School of Business, South Africa

May 2017





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# Preface

Every week we hear a different version of the same story from a social entrepreneur: “I have developed a proven education model and it makes a meaningful difference in at-risk children’s lives. Ten years on, we’re only serving 1,500 children a year. How am I supposed to reconcile the number of children we are reaching with the fact that tens of millions of children need these services in my country alone?” You can replace the word “education” with healthcare, sanitation, job training, housing or any number of other complex problems for which social entrepreneurs have created innovative approaches to solve. And you can add two or even three zeros on to the end of that direct beneficiary figure, yet the overall sentiment remains the same.

The Schwab Foundation for Social Entrepreneurship manages the largest late-stage network of social entrepreneurs in the world – including the trailblazers that a generation of business school students have read as case studies and looked up to as role models. In other words, the social enterprises in our network have achieved scale. By any objective standard, their numbers are staggering: VisionSpring has increased the productivity and incomes of more than 3.5 million poor people through the sale of glasses in Asia, Africa and Latin America, creating an economic impact estimated at \$280 million. First Book has elevated the quality of educational materials for low-income children by distributing more than 160 million books and resources to schools and educational programmes across North America.

Yet when you talk to virtually any social entrepreneur in our community, they will describe their impact as a “drop in the ocean” and say things like: “I’m not even 5% of where I want to be.” They are proud of their achievements, and they have a right to be; their interventions have improved and, in some cases, radically transformed the lives of millions. Even so, it is hard sometimes to avoid the conflicting feelings so eloquently described by a Schwab Social Entrepreneur as “being responsible for an island of success in a sea of despair.”

For a sector that has long been obsessed with the holy grail of organizational scale, the social entrepreneurship sector is now coming to terms with the limits of incremental growth. The needs are just too large and urgent; the models for scaling we have developed thus far remain too narrow and simply take too long. Conventional scaling models borrowed from the private sector, such as branch replication, social franchising and open-source dissemination, seem woefully inadequate when aiming to create meaningful social change for entire populations.

A few forward-thinking funders, for their part, are also starting to grapple with many of these same questions. How can our funding strategy evolve beyond a portfolio of fragmented interventions? How can we make “big bets” so our philanthropic and investment dollars catalyse enduring change?

Perhaps not surprisingly, then, many highly successful social entrepreneurs who have achieved significant scale, along with the intermediary organizations and funders that support them, are starting to coalesce around the concept of “systems change.” It can go by different terms, including “equilibrium change” and “transformative scale,” but many people still conflate these concepts with the operational scale of single organizations. On the contrary, we believe that you can run a small organization and still change a system.

Since we are a community of practitioners offering actionable insight to other practitioners – “by social entrepreneurs for social entrepreneurs” is our motto – we would like to offer a practitioner definition of systems change coined by Martin Fisher, Co-Founder and Chief Executive Officer of KickStart International, for readers of this report: **“fundamentally, and on a large scale, changing the way a majority of relevant players solve a big social challenge such that a critical mass of people affected by that problem substantially benefit.”** For more details on how we define this and other terms, please see page 47.

The objective of this research report is to help practitioners understand what systems change means in the context of social entrepreneurship, how it is distinct from direct service or “business-in-a-box” models and, most importantly, what it looks like in practice – not as lofty exhortations and abstract concepts, but as a set of concrete activities, processes, and leadership lessons. Our intent is to move beyond systems theories – which, while useful, can be difficult to apply in a practical context – and instead tell the stories of how these theories can be applied across a range of circumstances.

These stories follow six for-profit and non-profit social entrepreneurs in the Schwab Foundation network, working in education, health, consumer rights, land rights, rural development and the informal economy, as their strategies evolved beyond *organizational scale* – growing the reach of a prescriptive, organizationally designed solution to a problem – to *systemic scale*, with the goal of shifting the rules, norms and values that make up social systems.

Interviews with the case study participants examined the paths these organizations have taken to arrive at their current systems approach. They were asked: How do you define the system in which your organization operates? What changes are required to ensure that this system works better for the people that your organization serves, and how is your organization working to effect these changes? Who are your partners in this approach? How has this affected your strategies for leading and growing your organization?

This report is designed for any social entrepreneur or social sector leader who is looking for strategies and tools that can influence the broader system in which they operate. Ultimately, this report and the accompanying in-depth case studies provide an opportunity for social entrepreneurs, funders and policy-makers to begin sharing a common language around systems change and to generate momentum for more systems change strategies and approaches. The case studies have also been developed as a set of stand-alone teaching cases designed to be used in education programmes for social entrepreneurs.

We wish to thank the outstanding social entrepreneurs who gave their time and energy to this case research, opening their organizations and offering their extensive experience in making systems change happen. We would also like to acknowledge and extend our appreciation to Cynthia Schweer Rayner, Camilla Thorogood, and François Bonnici at the Bertha Centre for Social Innovation and Entrepreneurship, University of Cape Town Graduate School of Business, who undertook the research and travelled many miles to visit and learn from the organizations profiled herein. Finally, we would like to recognize the visionary leadership of Precious Moloji-Motsepe, Deputy Chairman and Chief Executive Officer of The Motsepe Foundation, whose generous support and enthusiastic commitment made this research possible.

**Hilde Schwab**

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## What is a system?

Extract from *Thinking in Systems: A Primer* (2008) by Donella Meadows:

A system is an **interconnected set of elements** that is coherently organized in a way that achieves something ... [A] system must consist of three kinds of things: *elements*, *interconnections* and a *function or purpose*.

For example, the elements of your digestive system include teeth, enzymes, stomach, and intestines. They are interrelated through the physical flow of food, and through an elegant set of regulating chemical signals. The function of this system is to break down food into its basic nutrients and to transfer those nutrients into the bloodstream (another system), while discarding unusable wastes.

**A football team is a system with elements such as players, coach, field, and ball.** Its interconnections are the rules of the game, the coach's strategy, the players' communications, and the laws of physics that govern the motions of ball and players. The purpose of the team is to win games, or have fun, or get exercise, or make millions of dollars, or all of the above.

**A school is a system. So is a city, and a factory, and a corporation, and a national economy.** An animal is a system. A tree is a system, and a forest is a larger system that encompasses subsystems of trees and animals. The earth is a system. So is the solar system; so is a galaxy. Systems can be embedded in systems, which are embedded in yet other systems.

**Is there anything that is not a system?** Yes – a conglomeration without any particular interconnections or function. Sand scattered on a road by happenstance is not, itself, a system. You can add sand or take away sand and you still have just sand on the road. Arbitrarily add or take away football players, or pieces of your digestive system, and you quickly no longer have the same system. [...]

You can see from these examples that **there is an integrity or wholeness about a system and an active set of mechanisms to maintain that integrity.** Systems can change, adapt, respond to events, seek goals, mend injuries, and attend to their own survival in lifelike ways, although they may contain or consist of non-living things. Systems can be self-organizing, and often are self-repairing over at least some range of disruptions. They are resilient, and many of them are evolutionary. Out of one system, other completely new, never-before-imagined systems can arise.

“

**The systems-thinking lens allows us to reclaim our intuition about whole systems and hone our abilities to understand parts, see interconnections, ask “what-if” questions about possible future behaviors, and be creative and courageous about system redesign.**

”

– Donella Meadows, *Thinking in Systems: A Primer* (2008)

## Practitioner definitions of systems change

“

Systems change means fundamentally, and on a large scale, changing the way a majority of relevant players solve a big social challenge, such that a critical mass of people affected by that problem substantially benefit.

”

– *Martin Fisher, Co-Founder and Chief Executive Officer, KickStart International; Schwab Social Entrepreneur*

“

Very often, scale is looked at as scaling an organization or enterprise as opposed to scaling a concept. Looking beyond scaling a particular organization requires a major mindset shift. We must determine how we can collaboratively scale action around a particular problem through the engagement of all the stakeholders affected by the issue. Only then will we make meaningful changes in how complex social problems are taken on.

”

– *Jeroo Billimoria, Founder, Aflatoun; Founder, Child & Youth Finance International; Schwab Social Entrepreneur*

“

Systems change starts by examining the conventional wisdom perpetuating an underperforming or failing system. You must debunk those conventional wisdoms – not in a ‘holier than thou’ way but in an evidenced-based way – through thought leadership and action. And you must communicate that through advocacy.

”

– *Gary White, Co-Founder and Chief Executive Officer, water.org; Schwab Social Entrepreneur*

“

It became obvious to me that we could grow 50% or even 100% a year for many years to come and still never be up to the challenge of solving this problem. It became stressful for me to think about scaling from 2 million to 3 million to 5 million – huge numbers for any social entrepreneur – but still just a drop in the bucket compared to the 2.5 billion people who need this simple product. And the reason I launched a multistakeholder alliance is because the barriers to solving this problem, like cultural issues, custom duties, and supply chain problems, cannot be solved at an enterprise level.

”

– *Jordan Kassalow, Founder, VisionSpring; Co-Founder, EYelliance; Schwab Social Entrepreneur*



# Five Lessons for Systems Change

While a study of just six organizations can by no means create an exhaustive list of practices, certain lessons emerged from the research. We hope these lessons can serve to “ground” systems change efforts in the real world, showing how social entrepreneurs are seeking new ways of organizing and operating to achieve systemic scale.

The most important theme arising from these systems entrepreneurs or, social entrepreneurs innovators who are creating systems change is a mindset that removes the organization or even a programme as the central object of focus, and instead focuses on influencing the social system itself. While the sector has long been obsessed with aspiring to achieve scale, systems entrepreneurs seem to take a different approach altogether. They use their operations to influence the linkages and interconnections of the system rather than reaching all intended beneficiaries with a predefined solution.

Issues and challenges that emerged repeatedly across these lessons are worth highlighting:

First, the term “advocacy” has not been used loosely, having become diluted from overuse. When used, the term focuses on activities organizations undertake to change laws and policies at the local, national, and international levels. However, advocacy is a broad term that can be used in almost every example of systems change to describe the act of influencing individuals, institutions and decision-makers to assume a new vision for how a social system works.

Second, systems change often requires new organizational skills and capacities that an organization might not have otherwise. Organizations focused on service delivery do not always have experience or expertise in coalition building, negotiating legislative reform, or technical assistance and capacity building, among other skills important to systems change. Each organization studied has had to hire people for these skills or develop the capacity internally; this has usually been an iterative process, with successes and mistakes along the way.

Finally, systems change often requires a new way of communicating, both internally and externally, about an organization’s work. To highlight two extremes: in one case, this resulted in a thoughtful re-branding exercise whereas, in another, an entirely new organization was formed. Across this spectrum, organizations engaged in systems change have had to consider how their service delivery activities are positioned in relation to their systems work, and how this is perceived by clients, beneficiaries, partners and funders.

Systems work defies a cookie-cutter approach, as shown by the social enterprises studied. Thus, not all of the lessons will apply to every organization or every context. Rather, the aim is to inspire social entrepreneurs interested in systems change to consider ways that they might move in this direction, or even identify ways in which they are already working towards systems change.



## Lesson 1: Embrace complexity and adaptability

The question of scale is a burning one for social entrepreneurs. They are exhorted to “scale what works,” emphasizing business principles, such as programme standardization, to replicate efficiently and rapidly. However, many entrepreneurs have developed and piloted an effective intervention only to find that, when applied to a different population, country or context, the results are far from the same. Solutions applied in a limited environment – with high-touch, carefully calibrated programming – will almost certainly be different when scaled across geographic and cultural boundaries. Yet, it seems that the myth of the silver bullet, the solution that magically solves a complex problem, still prevails.

Social systems are often defined as complex adaptive systems – *complex* because they are made up of many dynamic components, and *adaptive* because participants in the system learn from past behaviour and thus change their actions. Every social system is inherently different and constantly changing; social problems, therefore, have no “stopping point,” no definitive solutions. By embracing systems thinking and considering social issues as a function of systems behaviour, systems entrepreneurs are moving beyond delivering solutions and instead are focusing on the architecture of the system itself.

Each of the organizations profiled in this report have scaled their operations to an impressive degree, all reaching at least 1 million beneficiaries. However, despite such significant gains, these entrepreneurs have become frustrated with what they foresee as the limits of organizational scale. As Jerroo Billimoria, Founder and Managing Director, **Child & Youth Finance International** (CYFI) describes it, “Looking beyond scaling a particular organization requires a major mindset shift.” These systems entrepreneurs are distinguishing between *organizational scale*, which scales a programme or solution through an organization’s operations, and *systems change*, which influences the rules, norms and values that make up social systems.

In some cases, this shift of mindset can lead to very different assumptions about how to grow an organization. For example, in the case of CYFI, Billimoria decided to transition from her existing organization, Aflatoun, which provides a curriculum for financial education, to create a much smaller organization dedicated to the concept of “economic citizenship” for children.

From 2000 to 2011, Billimoria grew Aflatoun to reach 1 million children through affiliates trained to apply Aflatoun’s curriculum-based programme for financial literacy. However, Billimoria became discouraged by the barriers she encountered in the financial and educational systems where Aflatoun’s affiliates worked. She found that educators and administrators did not place a high priority on financial education, while financial regulators and institutions were not convinced of the value of promoting child-friendly banking products. During this time, Billimoria came to believe that the path to scale was not through incremental service delivery, but rather through a shift in the underlying systems that were failing to support children as future economic actors.

Therefore, in 2011, Billimoria decided to spin off a new organization, CYFI, to focus on bringing together decision-makers in finance and education from around the world to support economic citizenship for children. To do this, CYFI hosts annual events, such as Global Money Week, which raises awareness of money and finance for children, as well as global and regional summits, which encourage national leaders to learn from progress made in countries. CYFI also consults with education ministries to include financial education in their national curricula, and with the finance industry to assist in creating child-friendly banking practices for children and youth. CYFI measures its success by the number of countries that have adopted new curricula and banking regulations, and it is currently well on its way to influencing education policies and financial regulations in 132 countries.

Other systems entrepreneurs studied are reconsidering how to develop their programmes so they respond to the dynamic communities where they operate, promoting a set of values and principles rather than a prescriptive solution. **VillageReach** is a health systems-strengthening organization working in Sub-Saharan Africa, with its flagship vaccination programme in Mozambique. Considering itself to be a health systems innovator, VillageReach takes healthcare delivery to the most underserved populations in rural areas. The organization piloted its holistic approach to the immunization supply chain in two provinces of Mozambique for five years; once the solution was proven to work, VillageReach expanded its approach to further provinces in the country, intent on proving its ability to scale up.

However, as many social entrepreneurs have discovered, simply applying the same approach across multiple geographies rarely works in practice. In its work with government health systems, VillageReach has had to learn to work from within the system, and then remove itself from the system. In the design of vaccine delivery, the organization has been challenged to first look at the system’s constraints – funding, capacity, human resources – and then design a new approach to use these resources to their best advantage. The primary change has been to transfer leadership, namely giving front-line health workers more information and decision-making capability. VillageReach believes people are at the core of any successful innovation, and building the capacity of health workers at the front line to deliver new innovations is critical to its success. But this requires a far different approach than delivering a product or service efficiently.

The process has been difficult; according to Emily Bancroft, Program Director, “We didn’t know what we didn’t know.” However, VillageReach has been willing to learn through the process and to continuously teach those around the organization. To do this, the organization has been challenged to look at the capabilities of public-sector health workers, and invest in team members who can assume a learning and teaching approach. With time and patience, it has now applied this style of continuous learning across the organization’s portfolio of innovations in 13 African countries.

Complex adaptive systems, such as public education and health systems, are comprised of many actors, each making decisions and changing behaviour based on the learnings from the outcomes of those decisions. Rather than limiting external influences, organizations like CYFI and VillageReach are highly responsive to their environments, bringing out the best in the actors and communities where they operate.

Organizations like CYFI and VillageReach challenge the idea that scaling *operationally* is always the best way to create extensive change. In some instances, neutral and nimble organizations may be best positioned to influence the actors and decision-makers who have the power to change the rules. In other cases, flexible programme models built on values and principles, rather than tightly scripted process flows, are the key to triggering systemic change. Entrepreneurs and organizations seeking to create systems change should consider the principles and values that drive systems behaviour, and then envision the type of organization or programme model that can shift these fundamental systems drivers.

## Lesson 2: Build the evidence base

The rise of buzz phrases such as “impact evaluation” and “evidence-based” has been so dramatic in social entrepreneurship that the process of monitoring and evaluation, and what it is meant to achieve, has nearly been forgotten. Entrepreneurs looking to contribute to systems change would benefit from taking a step back and recalling the purpose of evidence, and the role it can play in approaches to social problems.

Data and evidence are critical to creating feedback mechanisms in systems. When used with maximum effectiveness, monitoring and evaluation become part of a process of continuous improvement, rather than a one-time or annual event. Systems can regulate themselves thanks to feedback loops, in which timely information is in the hands of decision-makers; the latter can thus push forward when more momentum is needed, or pull back when a system is in overdrive. Most importantly, systems entrepreneurs can assess the changing environment, identify unintended consequences in real-time and alter the course if necessary.

As seen with **VillageReach**, the organization integrates real-time information and decision-making into its programme approach, devolving leadership to front-line health workers. Specifically, VillageReach’s approach deploys a field-level staff member, dedicated to keeping the vaccine supply chain functioning, who inputs data into an open source logistics platform that provides timely reports related to procurement and supply. This access to data serves two purposes: first, it allows the system to function better and, second, it allows VillageReach to know if its programme is having a positive impact on vaccine supply and delivery. Based on its thorough data collection, the organization rigorously evaluated its programme in 2008 and found that its work was having significant impact on vaccine availability and uptake in the pilot provinces of Mozambique.

While this evaluation gave valuable insight that VillageReach was heading in the right direction, the organization knew that this was a snapshot of the programme; it was important to ensure the assessment served as a tool for continuous evaluation. Dedicated to transparency, VillageReach routinely collects data and assesses the effectiveness of its operations, sharing this data with funders and partners as well as publicly. The organization’s data-driven approach has created a feedback mechanism that works both organizationally (continuously improving its provincial operations) as well as systemically (encouraging changes to national and even global guidelines for vaccine delivery). VillageReach’s data and evaluations have given goals to under-resourced health systems, in Mozambique and beyond, to which they can aspire. By showcasing what is possible, VillageReach inspires vaccination programmes in low-income countries throughout the world.

Evidence plays a particularly important role for organizations seeking to shift systems. This occurs when an organization seeks to influence the policies and rules governing a system, usually by advising governments in policy decisions and engaging in advocacy. However, many social entrepreneurs are focused on the organizational question: Does my programme (product, service, solution) work? – rather than on a more fundamental question: What needs to change for the system to function better?

**Landesa**, one of the organizations interviewed, has shown that taking a systemic, multistakeholder approach to evidence can result in far more effective advocacy efforts. Landesa is a global organization working to promote secure land rights for the poor. Secure ownership of land in the developing world is a critical contributor to sustainable livelihoods, providing access to shelter, income, education, healthcare, and improved economic and nutritional security. The organization’s core work had been to advise governments and civil society in dozens of countries to promote and implement land-rights reform initiatives that have provided legal land rights to more than 120 million families.

For many years, Landesa worked in relative obscurity, preferring to keep a low profile in its work with national governments to help change and implement land policies. While Landesa worked closely with governments and other local stakeholders in the countries where it was engaged, the organization did little to elevate land rights on the global development agenda or make common cause with others within the global development community who were working in adjacent sectors. However, in 2009, Tim Hanstad, Landesa Co-Founder and Senior Adviser, realized the challenges of scaling the organization to simultaneously operate in many countries, and became convinced that highlighting land rights as part of a broader global development strategy could accelerate impact. After much debate on how to approach a global advocacy strategy, Landesa identified the United Nations Sustainable Development Goals as a critical process for putting land rights on the global agenda.

Landesa carefully designed its global advocacy strategy to bring together sectors that could promote the principle of land rights *within* broader global development issues. The organization decided not to promote the idea of a “land rights goal,” but rather to advocate for land rights as a target within multiple goals. Most prominently, Landesa partnered with women’s rights organizations, gathering compelling evidence that showed how empowering women with secure land rights leads to more sustainable and equitable economic development. *Women’s Land and Property Rights and the Post-2015 Development Agenda*,<sup>1</sup> a White Paper co-authored by Mayra Gomez of the Global Initiative for Economic, Social and Cultural Rights and peer reviewed by three additional organizations in both the women’s rights and land rights sectors, became a foundational document for their advocacy efforts. Through gathering evidence from multiple sectors and working with a broad group of allies, Landesa was able to successfully position land rights in three of the 17 global goals of the 2030 Agenda.

At about the same time, Hanstad became convinced that Landesa needed to expand its partnership model to include work with the business community. Landesa’s primary partnerships had been with governments because providing legal land rights for poor people typically requires changes in land laws and their implementation. However, a rapid increase in private-sector, land-based agricultural investments following the food crises of 2007-2008 convinced Hanstad and his team at Landesa that the organization needed to actively engage with the business community; doing so would help prevent land rights abuses and engage private-sector actors in promoting regulatory frameworks that strengthened and protected land property rights.

For organizations seeking to effect systems change, the interviews showed that the role of evidence needs to be taken to the system level, rather than remaining at the organizational level. This can involve bringing evidence from across the sector, and even from multiple disciplines, to build a far more integrated picture of how a system functions with the introduction of new principles. As Chris Blattman, Professor, Harris School of Public Policy, University of Chicago (USA), writes, “Instead of asking, ‘Does the programme work?’, [we should ask], ‘How does the world work?’ What we want is a reasonably accurate model of the world: why people or communities or institutions behave the way they do, and how they will respond to an incentive, or a constraint relieved.”<sup>2</sup>

## Lesson 3: Create, convene and coordinate coalitions

In complex systems, information and decision-making are often distributed among many actors, making it exceedingly difficult to map a way forward. Even identifying and creating a shared understanding of problems themselves is arduous when myriad individuals and institutions have differing perspectives and motivations. Each of the organizations studied has chosen, in some capacity, to work alongside institutions that can accelerate change through policies, service delivery, research, investment or other means. However, several of the systems entrepreneurs have gone even further, convening multiple groups and actors across disciplines and traditional boundaries to build common understanding and collective action.

In the context of systems change, the power of convening is the ability to bring together disparate players, potentially from sectors that have not historically worked with one other. This ensures the system is seen as a whole, and paves the way for new policies and rules that govern it. Importantly, the study showed that convening is not a precursor to controlling outcomes. While the organizations studied have used their convening power to promote values and principles, they have not sought to prescribe solutions or endorse their own products and services. In fact, to be an effective convener, these organizations have learned that it is critical to be an objective actor, as Billimoria discovered at Child & Youth Finance International (CYFI).

When Billimoria considered advocating for new policies and attitudes under the auspices of Aflatoun, she met with considerable resistance from the decision-makers she was aiming to influence. Aflatoun was seen as a service provider with its own vested interests (promoting its curriculum), which prevented it from being an “honest broker” pursuing systemic goals. The decision to create CYFI as a new entity was largely due to a perceived need for an objective convener, who could effectively coordinate the disparate actors in the system to advocate for political change.

As a convener, CYFI brings together key actors from the finance and education sectors to change regulations and policies that prevent children from opening bank accounts and learning how to manage their own finances. Its flagship programme, Global Money Week, is designed to be a “door-opener,” an easy first step for countries to become involved in the CYFI network. Through this event, countries form committees, often hosted by a government ministry or the central bank, which become an enduring mechanism for advocating for local reform. Over time, CYFI exerts what it calls positive peer pressure to encourage country representatives to follow through on commitments to dismantle barriers and implement educational reforms that empower children financially. As more countries have made commitments, CYFI’s regional summits and advisory services have become important for tracking implementation and measuring progress.

**Nidan**, another organization interviewed, is convening from the other end of the spectrum: the grassroots communities that have the most to gain or lose from systems change. Based in India, Nidan works to confront the vast inequalities and social injustices experienced by informal workers, who make up over 90% of India's workforce and generate more than 50% of the national income.<sup>3</sup>

Informal workers have irregular and insecure income, are unable to access standard labour protections (e.g. social security) and are vulnerable to exploitation by employers. Self-employed informal workers have similar issues, combined with lower access to finance and to market and government incentives for micro- and small businesses. To respond to these injustices, Nidan incubates "people's institutions" that allow informal workers to create markets for their goods and services, while also organizing and advocating for their rights. With this model, Nidan has initiated and established 22 independent, self-sustaining organizations that have brought together and empowered more than 700,000 workers and their families across nine states in India.

Although Nidan focuses heavily on creating sustainable business models and markets for informal workers, the larger network formed by these organizations constitutes its greatest power. When Arbind Singh, Nidan's founder, began his work with street vendors in the late 1990s, he introduced the idea of a national network of street vending associations, bringing greater numbers in support of their demands. As he explained, "We do *big* organizing, creating force in membership. We try to work in large numbers because there is strength in numbers – this gives them confidence and a sense of belonging to a larger family."

In 1998, Nidan assisted with forming the National Association of Street Vendors of India (NASVI), which brought together nearly 900 organizations from across the country. Over more than a decade, through massive data gathering, training, information sessions and eventually protests and hunger strikes, NASVI and its constituents advocated the adoption of a national policy for street vendors, which later became the Street Vendors Act, the first of its kind in the world. The Act provides substantial protection for these vendors and, most importantly, formalizes their participation in local decision-making. Today, the experience of NASVI and the developed network forms the backbone of Nidan's organizing activities for informal workers more generally.

In the process of systems change, convening and advocating – rather than the change itself – are ultimately crucial steps forward. Policies and frameworks are only as good as the implementation that follows. In this regard, CYFI's global network for children as economic citizens rests largely on its member countries' commitment to follow through on their commitments. And while Nidan's achievement with the Street Vendors Act is significant, it will only prove useful if Indian states are successful in implementing the Act locally. Therefore, for CYFI and Nidan, the work of systems change has only just begun.

## Lesson 4: Engage government

Social entrepreneurship developed, to a certain degree, from a lack of faith in the public sector to solve social problems. In the last 10 years, however, governments have become increasingly interested in applying the concepts of social innovation to the delivery of social services.<sup>4</sup> For social entrepreneurs, government has emerged as a key partner in achieving large-scale systemic change. It is telling that every single organization interviewed for this report is working with national and/or local governments in some way. The question now for many social entrepreneurs is not whether to work with government, but how.

While many social entrepreneurs work as partners with government, government engagement has a specific role to play in systems change. The systems entrepreneurs in this report work with government in different capacities, as contractors (delivering services for a fee), consultants (improving the capacity of government to deliver services) or advisers (providing advice for policy development or reform), or even work with government employees themselves by seconding key staff to government departments or serving in political office. In each of these cases, government engagement offers an opportunity to reform public services for entire populations, often with a sustainable funding source and constituting a shift in the way systems work for everyone.

Ashifi Gogo, Founder and Chief Executive Officer, **Sproxil**, has experienced both opportunities and challenges in working with national governments. A for-profit company, Sproxil was founded with the simple idea of allowing pharmaceutical customers to identify fake, potentially life-threatening drugs at the point of purchase. Sproxil enables customers to send a unique identifying code from a drug package by text message on any type of mobile phone. Through its mobile verification technology, Sproxil checks the number against its database and sends back an immediate reply message, labelling the drug as legitimate or fake. This collective information gathering allows for dynamic intelligence, as companies and law enforcement agencies are able to zero in on hot spots of counterfeiting activity, and reduce the market for counterfeit goods.

Sproxil's primary clients are pharmaceutical companies that, in some cases, have few or negative incentives to enable Sproxil's technology, due to concerns that the first-mover brand may be deemed the solely counterfeited brand among consumers. Following a promising pilot with BIOFEM, Merck's distributor in Nigeria, Gogo realized he needed stronger incentives for companies to take up his technology. In 2009, the Nigerian government was coming to grips with an onslaught of pharmaceutical counterfeiting, which by some estimates had affected up to 70% of the drugs sold in the country.<sup>5</sup> The National Agency for Food and Drug Administration and Control (NAFDAC), Nigeria's food and drug regulator, was looking for solutions to its counterfeiting problem.

Based on the successful pilot, NAFDAC, Sproxil and BIOFEM launched the NAFDAC Mobile Authentication Service (MAS) in 2010, the world's first government-led roll-out of a mobile verification technology that positioned the Sproxil service as a national standard. Since the launch, Sproxil has expanded globally to four more African countries and two Asian countries, and responded to 55 million verification requests from just under 20 million unique phone numbers. Sproxil's contractual relationship with NAFDAC shows how social entrepreneurs and government bodies can work together to enact swift, system-wide change.

Sproxil's experience in Nigeria, however, has been difficult to copy in countries with decentralized governments. While NAFDAC gave Sproxil a running start in Nigeria, not all countries where Sproxil has launched its products and services have been willing or able to regulate so widely. In countries such as India, where the central government is far less powerful, Sproxil has faced slower traction due to high fragmentation of industry bodies, lower influence from government and a reluctant private sector. In these countries, Sproxil has learned to rely less on government engagement for systemic scale, and has instead taken a far more traditional approach by developing new products that engage with companies and industries without government mandate.

Perhaps the most dramatic means of engaging the public sector is to build a social enterprise *within* government. One example is **Fundación Escuela Nueva** (FEN), an organization based in Colombia that has been working to improve education in under-resourced communities globally since the 1980s. The Escuela Nueva model rests on a set of values and principles about how children learn, and trains teachers as facilitators in the classroom so that children can work independently, in pairs and in groups, to progress their studies at their own pace. Parents and families are actively engaged in the school's daily activities, and family histories and experiences are integrated into the curriculum. The rural schools in Colombia, particularly those affiliated with Escuela Nueva, often outperform their urban counterparts.<sup>6</sup>

In the 1970s, Vicky Colbert, the driving force behind the model, was appointed as National Coordinator and later as Vice-Minister of Education in the Colombian Ministry of Education. To develop the model, Colbert worked closely with rural teachers from across the country, building consensus to integrate and modify several models for rural education that existed in Colombia at the time. She then recruited many of these rural teachers to work alongside her in the National Ministry to roll out the model, a seemingly practical idea that proved radical. With a series of successful pilot programmes and funding from the World Bank, the Escuela Nueva model became a prominent government programme for the country's rural schools in the 1980s, and ultimately spread to 20,000 schools.

The story of FEN, however, shows how political change can stymie even the most successful government engagement. During the 1990s, due to a change in political leadership and decentralization, government support and funding for Escuela Nueva in Colombia waned and the spread of the model lost momentum. Teachers were moved to different schools around the country, and funding for training in the Escuela Nueva model was eliminated. For many programmes, this loss of funding and support would have meant certain defeat and decline; however, for Escuela Nueva, the political change resulted in a new strategy and the creation of a new organization.

To ensure that the Escuela Nueva model would continue to have impact on education both in Colombia and worldwide, Colbert set up FEN in 1987 as a non-profit organization committed to evolving and growing the model. Today, FEN works closely with governments around the world to implement Escuela Nueva and support programme quality; it works on a project basis with country education ministries, delivering its curriculum and teacher training as part of a technical assistance model. The organization is also beginning to work in teachers' colleges in Colombia, believing that introducing the model to teachers will create an internal influence that can support government initiatives. FEN has now spread its philosophy of education to nearly 20 countries worldwide.

As demonstrated with Sproxil and FEN, work with government is iterative, and often entrepreneurs must step back, regroup and move forward with new approaches and strategies. In fact, all interviews showed a conflicting attitude towards engaging government to achieve systems change. While the entrepreneurs acknowledged the importance of partnering with government, most had reservations and concerns about the ability of governments to implement and sustain innovations independently. Issues such as political upheaval, policy implementation, lack of budgetary support and centralized versus decentralized control, among others, arose repeatedly in the conversations.

Despite the challenges, each of these organizations remained positive about the potential for government to create systems change. Some of the strategies they are exploring are working from within ("seconding" staff to key positions or even being appointed into office), securing resources (budget line items reserved for critical projects or creating new cadres that ensure critical human resources) and exerting pressure from the outside to sustain quality and impact (such as securing funding that enables an organization to fill a role in capacity building and technical assistance over a sustained period). Given social innovation's enormous potential in the public sector, not surprisingly this is an area where the research raised as many questions as answers.

## Lesson 5: Shift systems with humility

The interviews showed that one of the most powerful approaches to systems change is to make the process of social change “flatter” – namely, to devolve leadership and decision-making to the communities most impacted by the issues themselves. This approach, which goes far beyond the strategies for consultation and participation that most social-sector organizations embrace, is not a one-time event or even a process. When done correctly, it reimagines what a social enterprise looks like: who leads, who manages and who profits.

As already seen, complex social problems defy conventional approaches to problem-solving. The dynamic and distributed nature of social systems, with many actors making decisions separately but simultaneously, makes outcomes nearly impossible to predict. Linear, top-down approaches to problem-solving are often disconnected and time-consuming, with slow feedback loops. As a result, decisions and policies often take too long to implement and are obsolete by the time they reach the ground.

As systems scientist Yaneer Bar-Yam reflects, “Centrally controlled or hierarchical organizations are not capable of highly complex tasks.”<sup>7</sup> In the last two decades, hierarchical organizational and leadership styles have been slowly dismantled in favour of “flatter” or “networked” styles; yet, social enterprises and the social sector generally seem to be slow to adopt these new organizational forms. Furthermore, many of the popular business frameworks for leadership and organizational development are designed to promote the longevity of organizations themselves; they exist to help organizations *adapt* to a changing world, rather than to help them fundamentally *change* the world.

All the organizations interviewed are working to incorporate and learn from the experiences of their clients (or, to use a less-than-ideal term, beneficiaries). Nidan has taken this approach to leadership and learning the furthest. In his initial efforts to mobilize street vendors, Singh quickly realized that a traditional, top-down approach to community development would only perpetuate the plight of these informal workers, creating dependencies that could be exploited further if basic rights were not addressed. Therefore, building on the examples of other community organizers in India, Singh developed a model to help informal workers organize themselves, creating advocacy platforms alongside sustainable businesses to grow markets for their products and services.

Nidan incubates these organizations by identifying common needs across informal worker groups, working with them to develop a sustainable business model and assisting in the process of democratically identifying leaders. These organizations are registered as a range of legal entities, including non-profit organizations, for-profit companies and cooperatives. Regardless of their type, all share the same philosophy of including informal workers in board and leadership positions, and as shareholders. Once the organizations are operational, Nidan provides supportive

services to them, including financial reporting, audits, training and governance, as well as ongoing access to the broader Nidan network. The aim is to create self-sustaining entities that will exist in perpetuity, even if Nidan were to close its doors.

Nidan is reversing the traditional “command and control” approach to development by bringing together groups of informal workers and allowing them to create a collective identity and shared understanding of their problems. It is breaking down the transactional relationship that many social enterprises develop with their clients or customers. Creating the momentum for self-organizing requires intensive investment in communities and leaders. Nidan invests heavily in the capacity of leaders among the informal workers who are their constituents. While this could easily become an exercise in name only, Singh insists that it is, in fact, the primary purpose of their work: “If you have respect for all levels of participation, leaders will emerge. And if we have done our work correctly, the organization will have a life of its own.”

Margaret Wheatley, the writer and systems theorist, describes this evolution of leadership as “the journey from hero to host.” She writes: “Heroic leadership rests on the illusion that someone can be in control. Yet we live in a world of complex systems whose very existence means they are inherently uncontrollable.”<sup>8</sup> By distributing power and decision-making more widely, and particularly among those who have the most to gain, organizations like Nidan are responding to complexity in the most humble way possible – by letting go.

This style of leadership can be deeply uncomfortable and can even produce feelings of vulnerability, particularly for social entrepreneurs who are used to knowing the answers. Rather than seeing control as their main function, systems entrepreneurs engage in continuous learning, becoming deeply embedded in the communities where they operate, while also working to integrate thinking across many sectors and geographies. They are curious, fostering an environment that inspires people to learn and empowers them to act. Most importantly, they are quick to acknowledge others; they realize that the end goal is not to gain credit and promote their solutions, but to substantially change the way the system works for everyone.

A powerful insight about systems change is understanding that the system is *everyone*. Social systems are complex because human beings are complicated, with myriad perspectives, motivations and beliefs. And while this diversity is a strength, as the world grows increasingly interconnected, the complexity grows. However, by finding new ways of working together, organizing and distributing power and resources so that communities become stronger and more resilient, people have the potential to harness complexity for substantial good.

# Strategic Questions for Social Entrepreneurs

The social entrepreneurs interviewed for this report all share a common frustration that, despite success at scaling their organizational reach, the work they have done up until now is *not enough*, that the number of people living on the margins of society is far too great, and that their solutions are, by comparison, too small. Although these social entrepreneurs are working across different geographies, in diverse sectors and with unique business models, this research uncovered a singular desire to move beyond organizational scale – to alter systems themselves.

Social entrepreneurship has long been burdened with the myth of the hero entrepreneur – the martyr, the visionary, the entrepreneur who will change the world. It is an unhealthy and unsustainable myth, and despite being largely discredited, it still persists. Our intent with this report is not to replace that myth with an even more unrealistic one – that of the system entrepreneur who can not only move whole mountains, but also change entire systems! Rather, we want to be emphatic in stating that systems change is a jointly held responsibility for improving how systems work, including not only social entrepreneurs, but also the leaders and decision-makers in government and the private sector, as well as funders and philanthropists.

Nor are we suggesting that all social entrepreneurs become systems entrepreneurs, or that those considering systems work completely abandon their direct service models. Direct service and systems change work can be mutually reinforcing; often the former is the source of legitimacy and serves as the evidence base to influence other system actors. Many social entrepreneurs build on their direct service model to add distinctly new initiatives or business units with a systems approach. It can often make sense to keep such efforts “in house,” especially when the organization enjoys a strong reputation as a respected provider or platform. In some cases, though, a direct service model may be incompatible with creating collective ownership, and cause friction or mistrust about an individual’s true agenda or motivations.

For those in the field of social entrepreneurship who believe that systems change is a strategy that they want to consider, we want to offer a starting point with some important strategic questions, as well as a critical message to funders.

## Questions for social entrepreneurs

- **What type of change is the system in which my organization is working experiencing? Is the system continuously changing, or is it relatively stable?** Systems in a state of rapid flux are often ripe for new innovations, whereas relatively stable systems may require significant disruption to experience change.

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- **Does my organization have the necessary credibility and/or objectivity to influence the system’s actors?** Some organizations are naturally positioned to have systems influence, while others may be perceived as having a bias towards their own products and solutions. An honest look inward is an important step in determining how to move ahead at a systems level.

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- **Does my organization have the capacity to work at a systems level? Or does it need to build capacity internally to begin this style of working?** Systems work may require new skills and organizational capacities that your organization does not have yet. Many organizations have hired staff members skilled at providing products and services, but who do not (yet) have the systems skills of influencing, convening, advocating and teaching.

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- **Is my organization’s revenue model or funding source conducive to this type of work? Or will we need to find additional revenue/funding to pursue a systemic approach?** For social entrepreneurs, systems work is still relatively new, and relatively few funders think this way. Furthermore, for-profit social enterprises are primarily focused on business-to-consumer models that may be difficult to adapt to a systems context. Funding efforts at systems change may require entirely new revenue streams and models.

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- **How will my organization measure its progress in affecting systems-wide change?** Traditional measures of reach, such as the number of beneficiaries or clients, can be misleading when approaching systems change. Measuring the progress and impact of systems efforts will require organizations to identify the milestones that individuals, communities and governments must reach to shape and develop new systems. Only then will organizations be able to attribute their activities to systems progress.



# A Message to Funders

For many social entrepreneurs, the central question in placing a big bet on systems change is: Who is the payer? Legislative reform, shifting social norms, changing human behaviour and sustaining government adoption do not just happen on a shoestring, and they have no obvious self-sustaining business models. They need dedicated resources, people and convening support. They require different skill sets, such as legal expertise, and often involve different cost structures than what funders are used to.

They also involve some risk and a willingness to change tactics along the way, as some approaches start yielding results and open new opportunities while others fail to pan out. The emergent character of systems change contrasts sharply with the grant requirements of most donors, who typically prefer predictable outcomes and require entrepreneurs at the start of the grant period to elaborate what targets will be achieved at specific milestones along the way.

In other words, the funding of systems change requires entering a true partnership where the funder and systems entrepreneur are committed to learning together, making evidence-based decisions and evolving the strategy as necessary over a period of years. According to Frank Beadle de Palomo, President and Chief Executive Officer, mothers2mothers:

Our experience with most funders is that they want to be able to point to the impact of something they've funded directly. We have not found a lot of folks who are excited to talk about how their funding can be leveraged to achieve something beyond what you could do by yourself ... If it weren't for the leadership ... of a handful of private donors, which were thinking about this like we were – that you need government adoption to sustain the level of resources required to continue treatment and prevention – then the transition of ownership to the government would not have happened.<sup>9</sup>

As this illustrates, funders can be the make-or-break factor. Donors have enormous power to vastly accelerate systems change as a collaborative approach to solving some of the most intractable social problems on the scale of entire populations. It starts by purposely funding collaboration across organizations, by being willing to take risks on uncertain outcomes that nevertheless could catalyse enduring change, and by acknowledging that shifting systems happens not overnight, but from staying the course over a period of years.

While the purpose is not to prescribe action, we encourage philanthropic funders to engage their boards, grantees and implementing partners in a conversation about what would be required to create population-level change. Be realistic about constraints, limitations and operating realities, yet at the same time be ambitious about system redesign.

Questions to start an inquiry include:

- **How can we as funders interested in systems change look across our portfolios and accelerate collaboration among grantees or investees?** An important component of systems change is convening and collaborating across organizational and sectoral boundaries; funders can be a primary driver behind this type of approach.
- **How can we act as “aggregators” of systems change approaches?** Funders have a unique viewpoint and positioning, which allows for “packaging” of approaches that can be used for systems change efforts.
- **How could we alter our time horizons to be engaged in systems change?** Systems change horizons are far longer than the duration of typical grant cycles. In many cases, systems change requires decades of efforts – across sectors and organizations – before fundamental change materializes.
- **Can we allocate more funding for organizations with the assets, credibility and capabilities to play an orchestrator or technical assistance role?** To encourage the diffusion of a proven innovation or intervention across other institutions and organizations (ranging from NGOs to government), dedicated resources are required to orchestrate a coalition of systems actors or provide sustained technical assistance over several months or even years.
- **How can the funder community work together as peers to make funding more aligned with strategies for systems change?** Funders interested in systems change can act as “first movers” in the sector to begin the process of engaging in systems change work. However, the incentives and quest for “differentiation” now pervading the funding space need to change to provide the necessary runway for systems change efforts.

# Introduction to Case Studies

Based on conversations with the social entrepreneurs from the Schwab Foundation network, the case research revealed that practitioners learn best from other practitioners' stories. The aim of the above lessons has been to present concrete and practical learnings about systems change through cases of real social entrepreneurs grappling with how to grow their impact beyond the reach of their own organizations. These lessons and the questions posed will hopefully offer some starting points for readers, their leadership teams, boards and funding partners.

The full profiles of the organizations featured are presented in this report. These stories are as diverse as the organizations themselves: six journeys, or six approaches to shifting systems. By learning about the challenges and opportunities they encountered, along with the strategic decisions made and the varying degrees of success, some of the options will appear more clearly.

The exciting finding of this research is that a growing number of social entrepreneurs are working to harness social change and shape it so that systems ultimately work better for everyone. The stories that follow will hopefully inspire readers to consider the way their work may be poised to do the same.

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**With systems change, one has to move slow to move fast. Although it does at times seem like the timeline is intractable, once you get to the action state, the ability to accelerate the impact and the scale of the work is worth the effort.**

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Jordan Kassalow, Founder, VisionSpring; Co-Founder, EYelliance; Schwab Social Entrepreneur



# Case Studies



**Year founded:** 2011

**Geographic reach:** Global; headquarters in the Netherlands

**Website:** [www.childfinanceinternational.org](http://www.childfinanceinternational.org)

**Annual budget:** €1.95 million (2015 revenue)

**Number of employees:** 20 (2015)

## Introduction

Child & Youth Finance International (CYFI) is a global network that focuses on increasing the economic citizenship of children and youth. CYFI defines economic citizenship as giving all children and youth aged 8-24 the knowledge to make wise financial decisions, the opportunity to accumulate savings and the skills to find employment and ultimately earn a livelihood. The objective of these goals is to break the cycle of poverty and empower children and youth. The organization currently works with a network of **over 1,000 partners and stakeholders** in more than **130 countries**, who are reaching **over 36 million children and youth** with a combination of financial and educational services.



## How CYFI works

CYFI mobilizes a large multistakeholder network, acting as an advocate, connector and adviser. The organization engages with the network to advocate for financial curricula and financial inclusion for children and youth on national agendas. The aim is to have education in economic citizenship included in the basic educational curriculum of every country, while also revising the regulatory framework so that children and youth can secure child and youth-friendly savings accounts.

CYFI performs three roles (see the Table):

- **Advocate:** CYFI *creates awareness* of economic citizenship for children and youth at the global and national levels, engaging countries in low-threshold activities (such as Global Money Week) to increase involvement in the CYFI movement; *encourages organizations* to advance their efforts in financial inclusion, education in economic citizenship and entrepreneurship by recognizing and endorsing those parties that achieve impact and demonstrate innovation; and *highlights gaps and opportunities* to policy-makers so they can take action.
- **Network connector and expert hub:** CYFI *connects* a select group of countries to cross-organizational learning to encourage the accelerated take-up of financial inclusion, education in economic citizenship and entrepreneurship at the national or organizational level, through replication or innovation models; *generates and shares knowledge* to ensure that stakeholders access materials that help them develop and implement policies and programmes; and *facilitates support through technical assistance* by linking organizations in need of support to the right providers in its network.
- **Network adviser:** CYFI *pilots innovations* to show how different approaches can be implemented; *shares expertise* to increase the number, quality and scale of organizations engaged in offering policies or programmes; and *provides technical assistance*, either directly or through providers in the network, to ensure that stakeholders are receiving the exact type of assistance desired.

## Background

Founded by Jeroo Billimoria in 2011, CYFI was born out of an initiative within Aflatoun, an organization created by Billimoria that provides financial and social curricula for children and youth, with the aim of improving children’s financial literacy. At Aflatoun, Billimoria discovered that the growth of the organization’s programme was limited by financial and educational systems, nationally and globally, that did not strongly emphasize financial education or inclusion for children. As a result, Billimoria decided to build a new organization dedicated to convening critical stakeholders to foster a movement for child and youth financial education.

Today, CYFI hosts initiatives designed to mobilize a network of national governments, multilateral organizations, central banks and financial institutions to reshape financial and educational systems to economically and socially empower children and youth worldwide.

Table: Summary of CYFI Roles

Role	Target countries (by 2020)	Activities
Advocate	All 150 countries in CYFI’s network	<ul style="list-style-type: none"> <li>– Global Money Week</li> <li>– Global Inclusion Awards</li> <li>– Endorsements (curriculum and product)</li> <li>– National Economic Citizenship Implementation Tool</li> </ul>
Network connector and expert hub	30-40 middle-income countries 15-20 low-income countries that require more in-depth support	<ul style="list-style-type: none"> <li>– Research, best practice sharing and documentation</li> <li>– Summits and subregional meetings</li> <li>– Technical assistance facilitation</li> <li>– Young Entrepreneurs programme (YEI)</li> </ul>
Network adviser	15-20 low-income countries that require more in-depth support, with which CYFI already works and for which data is available to track impact	<ul style="list-style-type: none"> <li>– Pilot programmes for proof of concept</li> <li>– Workshops and training</li> <li>– Technical assistance</li> </ul>



## Systems approach

While growing Aflatoun, Billimoria became increasingly concerned that the organization's efforts to integrate social and financial curricula into educational systems and open up the financial system for child-friendly banking products was plateauing. By this time, Aflatoun was reaching nearly 1 million children with its curricula and programme. Despite this significant number, Billimoria was critically aware that this was a very small percentage of the global population of children and youth who need financial education and access to child-friendly banking products.

Billimoria realized that to reach the broader global population of children and youth, social and financial education needed to be integrated fully into national educational systems. She also believed that financial regulators and institutions needed to be encouraged to develop and market child-friendly savings accounts so that children could learn to save. To begin this process, Aflatoun set up the Child Finance International initiative to explore what it would take to encourage these systemic reforms.

Under this initiative, Aflatoun convened a group of 120 high-level stakeholders and experts in 2010 to discuss the creation of a movement for child and youth finance. This conference brought together ministers of education, education experts, ministers of finance, central bankers and leaders of non-governmental organizations from around the globe, underscoring the interest and importance of growing such a movement. However, the conference revealed a perplexing issue: many participants stressed that a multistakeholder movement required an honest broker – an organization that did not have a stake in promoting its own operations. The big question became whether Aflatoun could act in this capacity, given its inherent bias towards its own approach.

Aflatoun decided to spin off its Child Finance International initiative in 2011 into a new organization, CYFI. Today, CYFI operates a global network devoted to integrating education on economic citizenship into educational and finance systems throughout the world. In addition to measuring the number of children reached with their initiatives, CYFI tracks the progress of its 132 member countries in achieving specific milestones on the way to realizing full economic citizenship for children and youth. Through annual country surveys conducted since 2011, the organization has documented an increase in national authorities offering financial education combined with financial inclusion policies, as well as child-friendly products and services offered by financial institutions.

## Key learnings

*Organizational scale is fundamentally different from systemic scale.*

While growing Aflatoun, Billimoria realized the policies of national educational systems and financial regulators were hindering acceptance of the financial education curricula that it was promoting. Although Aflatoun had grown the reach of its programme impressively to reach 1 million children, Billimoria believed these systemic barriers would hinder further growth. CYFI was created to change the values and norms underpinning these policies – namely, to educate and motivate national decision-makers on the value of economic citizenship for children.

*Changing systems rules can require neutral organizations or institutions.*

Convening a network also brings together the systems actors most affected by or invested in change. When building a network, CYFI strove to understand the motivations and behaviour of network members. Then, as the honest broker, it built an agenda for the network to drive national activities in the education and financial sectors. CYFI uses peer motivation to encourage network members to stay involved and remain on track to deliver commitments made during global and regional events.



## Questions for social entrepreneurs

- What rules (policies, norms and values) underpin the social issues your organization is trying to solve? What changes are required?
- What efforts are needed to change these rules? Who are the decision-makers or drivers of these rules?
- What type of institution, organization or leader would be most effective in driving this change? Is neutrality necessary? Does this organization exist already, or is a new organization or institution needed?

“

**From the outset, we realized that our large-scale challenge requires large-scale thinking, and that the current situation – as well as the barriers to change – is the result of the systems in which we live. Our model recognizes that there is no one big answer to complex problems, but rather a plethora of smaller efforts working in harmony that propel the entire machine forward.**

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– *CYFI 2016-2020 Strategy*





Fundación Escuela Nueva  
Volvamos a la Gente



**Year founded:** 1987

**Geographic reach:** Global; headquarters in Colombia

**Website:** [www.escuelanueva.org](http://www.escuelanueva.org)

**Annual budget:** \$1.8 million (2016 revenue)

**Number of employees:** 25 (2016)

## Introduction

Fundación Escuela Nueva (FEN), a Colombian non-governmental organization, promotes and implements Escuela Nueva, an educational model that transforms conventional schools by putting children at the centre of the learning process and placing teachers in the new role of facilitator. The model, meaning “New School,” was originally co-developed in the mid-1970s to improve the quality of rural, multigrade (one room) public primary schools in Colombia. Rigorous evaluation has shown that the model improves children’s performance, with considerably higher achievement on tests given for mathematics, language, socio-civic behaviour and self-esteem.<sup>10</sup> In the 1980s, Escuela Nueva was adopted as a national policy in Colombia, eventually reaching 20,000 schools and nearly two-thirds of all rural school children. Since then, the model has been replicated by education ministries in **18 countries**, reaching an estimated **5 million children worldwide**. FEN has also adapted the model to other contexts, including urban schools (Escuela Activa Urbana) and teaching for out-of-school children and youth.



## How FEN works

FEN works in a number of different ways to promote, preserve and adapt the Escuela Nueva model (Figure 1) for the Colombian context and beyond. Over the years, its activities have grown to include the following:

- **Technical assistance:** FEN’s primary role is to provide technical assistance and support to governments and partners seeking to implement the Escuela Nueva model. Importantly, technical assistance is delivered as a package, including the development and distribution of learning guides, the provision of teacher training, and ongoing evaluation and support.
- **Community connections:** FEN also works to build a learning community around the partners delivering the Escuela Nueva model, so they can continue to learn from one another and support the model’s continued roll-out and adaptation. FEN’s flagship community-building event is a global congress that brings together practitioners and policy-makers from around the world every three years to learn and promote the model.
- **Research and evaluation:** FEN also promotes the evaluation of the Escuela Nueva model through partnerships with academic and research institutions. More recently, it has undertaken to develop standardized assessments and metrics for understanding how the Escuela Nueva model is being used globally and what impact it is having.

**Figure 1: Escuela Nueva Model: Impacting the Entire System**

## Background

Vicky Colbert and two co-founders created the Escuela Nueva model in Colombia in the mid-1970s, with the aim of improving the quality and relevance of education in resource-limited rural schools. The model, designed to change classroom dynamics, put teachers in the role of facilitators who assisted children to “learn to learn” at their own pace. The Escuela Nueva model was implemented throughout Colombia in the late 1970s and 1980s as a national policy for all of the country’s rural schools. In 1989, the World Bank called the Escuela Nueva model one of the three most outstanding reforms in the developing world that had affected national policy. By 1998, Colombia’s rural schools were outperforming urban schools, except for those in megacities.

However, the Colombian government introduced a decentralization policy that proved detrimental to the Escuela Nueva roll-out. As the responsibility for education transitioned to subnational departments and municipalities, it became challenging to control the quality of the model and further support its use in schools. In 1987, Colbert left her position as Vice-Minister of Education and set up FEN as an independent, non-profit organization to preserve and promote the model. Since then, FEN has provided technical assistance to governments, non-profit organizations and development institutions to influence the roll-out and quality of the model in Colombia and worldwide.



Source: Colbert, V. Escuela Nueva: *Quality and Equity for Education for All*, Presentation, 29 September 2016

## Systems approach

When Colbert initially designed the Escuela Nueva model with her two co-founders, they went to great lengths to ensure the model itself was technically, politically and financially feasible for government adoption. From a technical perspective, they designed turnkey learning guides for teachers, ensuring that rural teachers were not required to create additional lesson plans or materials.

They also designed teacher training to mimic the style of child-centred learning so that teachers were trained by doing, ultimately learning the model by experiencing it. Politically, Colbert and her team worked to build consensus on the model's elements and, in particular, communicated closely with the teachers' unions to overcome perceptions that the model was endorsing the understaffing of schools. Finally, the model was designed financially to be as cost-effective as possible, with reusable materials and small capital requirements for implementation.

The Escuela Nueva model is far from rigid. Through teacher training and "micro-centres" set up to enable continuous peer support, teachers become the agents of change in schools, embracing the concept of facilitating rather than directing children's learning. Furthermore, students become democratically involved in running the schools, electing student governments with active roles in creating the schools' community and ethos. Finally, parents and community members become intrinsically linked to the school by participating in formal and informal learning activities, as well as by providing voluntary services to the school.

Beyond the model, FEN represents Colbert's philosophy of working through governments to create systemic change. In 1987, recognizing the challenges of implementing and sustaining the Escuela Nueva model within a decentralizing government, Colbert chose to set up FEN as an independent non-profit organization to serve Colombia and other countries that were implementing Escuela Nueva. Colbert believed that creating such an organization to maintain the model's integrity would help to preserve its impact and continue the process of learning and improving the model and adapting it to new contexts and populations.

Escuela Nueva and FEN together represent the idea that innovations are far more resilient and sustainable if they respond to the diversity and complexity of the communities in which they operate. Colbert believes that public services, such as education, can be delivered far more effectively if the actors involved – in this case children, teachers and parents – embrace common values and principles, but are then given the flexibility to contextualize them for their communities' needs. Governments can also better sustain innovations if they work in partnership with civil society organizations that represent community interests.





## Key learnings

*Systemic models should codify values and principles, but maintain flexibility.*

The Escuela Nueva model has survived in Colombia for more than 40 years, maintaining the core principles developed in the mid-1970s. Colbert and her two co-developers worked with rural teachers to ensure the model could be easily and cost-effectively implemented within the government's limited resources. She also worked for over a decade from within the Ministry of Education to gain political support to roll out Escuela Nueva as a national policy. Importantly, the Escuela Nueva model builds on the concept of social participation, ensuring that the key stakeholders – teachers, children and parents – are actively involved in implementing the model in their school, with a large degree of flexibility and adaptation for each school's context.

*Non-profit organizations have a role to play in sustaining public-sector innovations.*

As the custodian of the Escuela Nueva model, FEN preserves the quality of implementation while promoting the model's use around the world. Through her work as Vice-Minister, Colbert came to believe that governments, while providing access to system-wide scale, are not able to sustain innovation because of constantly changing priorities and turnover. Therefore, she believes that non-profit organizations can act as a partner to government to sustain innovative models, working alongside communities and funders as adviser and promoter.

## Questions for social entrepreneurs

- What are the core values and principles of your model, product or service? Do the clients and/or communities with whom you work embrace and promote these values and principles?
- How can you create flexibility in your model so that it maintains the core values and principles, but responds to your community's complex and diverse needs?
- If you work or intend to work through government, how can you ensure that your model is designed technically, politically and financially for government adoption?



**Innovations in public institutions are more likely to be sustained if they are grounded on key stakeholders, and non-state actors are involved. This means that the innovation is owned by those who need to change and that the private and civil society sectors support the quality, the evolution and the sustainability of the innovation.<sup>11</sup>**



– *Vicky Colbert, Founder and Executive Director, Escuela Nueva Foundation*



**Year founded:** 1992

**Geographic reach:** Global; headquarters in Seattle (USA)

**Website:** [www.landesa.org](http://www.landesa.org)

**Annual budget:** \$11.8 million (2016 expenses)

**Number of employees:** 160 (2016)

## Introduction

Landesa is a global organization working to secure legal land rights for the world's poorest women and men. Secure ownership of land in the developing world is a critical contributor to sustainable livelihoods, providing access to shelter, income, education and healthcare, as well as improved economic and nutritional security. The organization works closely with governments and civil society to design, promote and implement land rights reform initiatives that provide secure legal land rights to poor women, men and communities. With offices in the United States, India, China, Myanmar and Tanzania, Landesa has worked in **over 50 countries** and with governments on reforms that have provided secure legal land rights to **more than 120 million families**.



## How Landesa works

The organization uses a four-phased programmatic approach to land rights reform in its country-level engagements (Figure 2):

1. **Research:** Landesa deploys its research team to conduct extensive interviews with rural farmers and village leadership, identifying current conditions, laws and regulations, policies and cultural conditions.
2. **Design:** Landesa assists in designing land reform policy and programmes, and proposes changes to existing laws and policies related to land ownership and rural development.
3. **Advocate:** Landesa conducts local advocacy work, constantly seeking ways to promote land ownership for the poor through educating public officials about the positive effects of securing land rights for economic development and social stability.
4. **Implement:** Landesa promotes, plans and assists in the implementation of land reform measures, while also employing a monitoring and evaluation phase, noting Key learning from the process to recommend improvements for future programmes.

Figure 2: Landesa’s Four-Step Engagement



Source: Landesa.org

## Background

Landesa’s work is rooted in the pioneering land reform efforts of Roy Prosterman, a professor at the University of Washington Law School (USA), which began in Vietnam in the 1960s. He was later joined by Co-Founder Tim Hanstad, one of his former students and an advocate for land rights. Prosterman’s early interest in land rights led to the US government’s adoption of the Land to the Tiller programme in South Vietnam, which gave land rights to 1 million tenant farmers, increased rice production by 30% and decreased recruitment into the Viet Cong by 80%. Throughout the 1980s and 1990s, the organization worked closely with economies in transition, primarily China and former Soviet republics, to implement pro-poor land reform programmes that would give the rural landless access and title to land.

In 1992, Landesa left the umbrella of the university and began to work more strategically, identifying countries where land reform could act as a catalyst for moving people out of poverty. In the 2000s, the organization began country-level engagements in India and several countries of Sub-Saharan Africa. Currently, its country-level programmes are focused primarily on India, China, Myanmar, Tanzania and Ghana. Landesa also has a Center for Women’s Land Rights, and newer initiatives on both global advocacy and corporate engagement.

## Systems approach

In 2009, Landesa realized that despite its persistent and successful efforts to grow its organizational reach through its country-level operational model, it would never be able to grow fast enough to meet the needs of the more than 1 billion poor, rural people lacking secure land rights. At the same time, the organization believed that the development sector was reaching a tipping point in its interest in land rights as a tool to unlock significant value for the global poor. To facilitate this tipping point, it decided to invest in a global advocacy strategy that would add land rights to the global development agenda.

Landesa was challenged, as it had never seen itself as a global advocacy organization. Its country programmes were strong in advocacy, since land reform efforts nearly always require local and national-level policy reform. However, the organization did not have a similar international profile or relationships at the global level. To build its global advocacy strategy and guide the process, Landesa developed an internal working group that considered several strategies for global advocacy, including exposure in influential media publications, convening other land rights organizations, equipping other organizations to insert land rights into their own programmes, and influencing the post-2015 development agenda at the United Nations (now the Sustainable Development Goals [SDGs]).

With limited resources to commit to global advocacy, Landesa put its efforts primarily into influencing the SDGs. Importantly, the organization decided to position the issue of land rights within a broader set of higher-profile development issues, including agriculture, food security, the environment and women's rights. A contributor to sustainable, economic development, women's rights became the strongest angle for its advocacy efforts. To clarify this positioning, Landesa co-wrote a White Paper that argued persuasively for securing women's land and property rights as a means to achieving progress in inclusive economic and social development, environmental sustainability, and peace and security. The organization invited several other land rights organizations to peer review the paper and thereby create a broader coalition behind the issue. The paper opened doors, and Landesa was invited to present at one of the High Level Panel sessions hosted by UK Prime Minister David Cameron (2010-2016), who co-chaired the process. Based on this presentation, Landesa was able to collaboratively assist in creating land rights language that was officially adopted in the SDGs.

Due partly to Landesa's efforts in leading a broader coalition of allies, the SDGs were adopted with land rights-related targets in three of the 17 SDGs. This achievement provides a significant platform for Landesa and the sector as a whole to promote secure land rights in the future.





## Key learnings

*Looking across boundaries exposes unlikely allies in advocacy efforts.*

When developing its global advocacy strategy, Landesa decided to treat land rights as a “wedge” issue, embedded in other social issues, such as agriculture, food security, the environment and women’s rights. To do this, Landesa expanded its network beyond its land rights peers, opening up conversations with other non-profit organizations, development agencies and funders who were focused on these broader issues. Ultimately, women’s rights captured the greatest attention from the global development community, and became the foundation for Landesa’s global advocacy efforts.

*Timing and evidence are critical to successful advocacy.*

To prepare for global advocacy, Landesa analysed the policy environment and assessed its readiness to change. It realized that a global advocacy approach would only be appropriate with sufficient momentum for carrying through a policy agenda. Prosterman had worked for over 50 years in land rights before global interest in them began to materialize. Landesa also worked to identify the systems actors with sufficient power and motivation to carry the issue. The United Nations and the SDG process provided an opportune moment to put land rights on the global agenda.

Landesa also knew that building the evidence base was critical for global advocacy efforts. To influence decision-makers, having clear evidence of the impact of decisions for which they were advocating was critical. The organization collected research from its programmes around the world, as well as external research that supported its claims, and began presenting evidence in more compelling and digestible ways, such as through infographics.

## Questions for social entrepreneurs

- How could convening and advocacy complement your existing strategy?
- Which local and global organizations are working in your space, or working on issues related to your own? What important linkages could be formed with other organizations working in these related areas?
- What is the current policy environment in your sector? Is there a readiness to change? What evidence base do you need to be a credible advocate for policy changes? How can you best present that evidence?



**We began to look at it from an impact standpoint – the universe of the problem is so great and the number of people without secure access to land rights is spread across such a large number of countries. We knew that we are only able to work in a relatively small number of those countries at a time. However, we still felt compelled to try and have an impact in some way. We decided that if we’re not able to reach those countries directly, then global advocacy could be a way to help facilitate the work in those geographies in an indirect way, reaching beyond our country operations and helping to influence others who could pick up on the work that we were doing and secure rights for those people whom we would not be able to directly impact.**



– *Tim Hanstad, Co-Founder and Senior Adviser, Landesa*

# nidan



**Year founded:** 1997

**Geographic reach:** India; headquarters in Patna, Bihar

**Website:** [www.nidan.in](http://www.nidan.in)

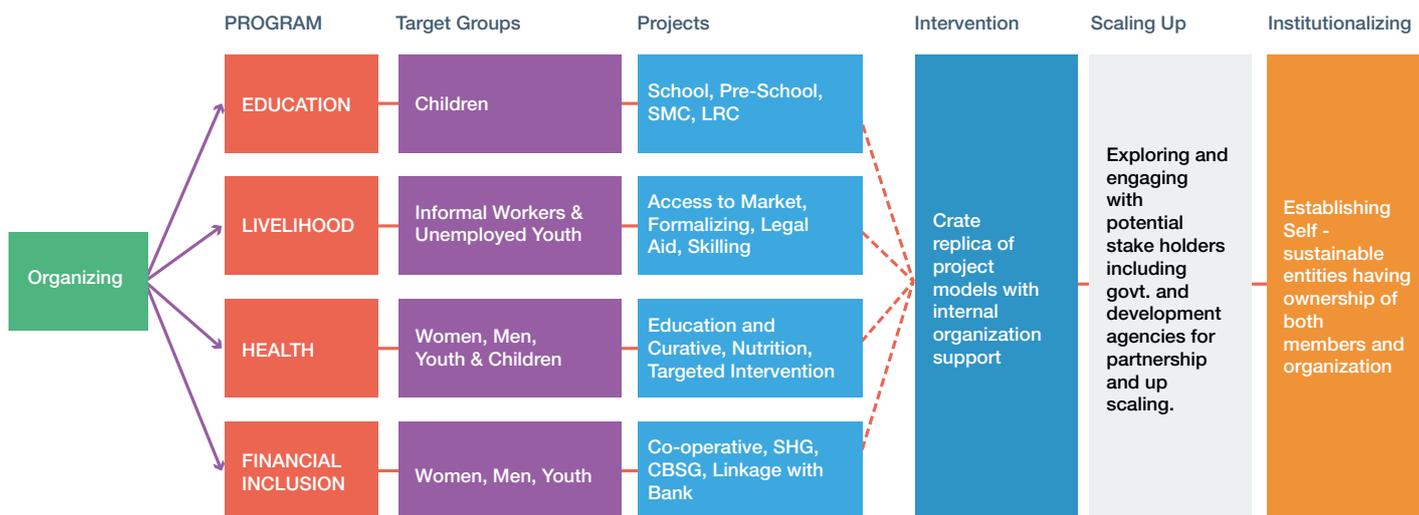
**Annual budget:** INR 148 million (Indian rupees) (2016 budget)

**Number of employees:** 530 (2016)

## Introduction

Nidan incubates organizations that mobilize and strengthen the collective action of informal workers. These organizations are registered as non-profit and for-profit companies and cooperatives, all sharing the philosophy of including informal workers in board and leadership positions, and as shareholders. Nidan identifies common needs across informal worker groups, develops sustainable business models and trains emerging leaders so that organizations can advocate for protective legislation and create sustainable markets for informal worker services and products. Once the organizations are functioning from an operational perspective, Nidan provides supportive services to each of them, including financial reporting and audits, training and development for board governance, and ongoing access to its broader network. To date, Nidan has initiated and established **22 independent, self-sustaining organizations** that have brought together and empowered **more than 700,000 workers and their families** across **nine states** in India.

**Figure 3: Nidan Operational Model**



Note: LRC = Learning Resource Center; SHG = Self-Help Group; CBSG = Community Based Savings Group; SMC = School Management Committee  
 Source: Nidan Annual Report 2015-16

## Background

Self-employed and casual workers make up over 90% of India’s workforce, representing nearly 500 million workers<sup>12</sup> and generating more than 50% of the national income.<sup>13</sup> Informal workers are a valuable and visible part of many economies, yet are frequently exploited due to a lack of formal protection and benefits. These workers receive irregular and insecure income, are unable to access standard labour protections, such as social security, and are vulnerable to exploitation by employers. Self-employed informal workers have similar issues, combined with lower access to finance and to market and government incentives for micro- and small businesses.

In 1996, Arbind Singh returned to his hometown of Patna in the Indian state of Bihar. After studying sociology and law in Delhi and becoming actively involved with relief work during his studies, Singh felt a responsibility to return to Bihar to try to rectify some of the injustices he had witnessed in his youth. During this time, the plight of street vendors in India was reaching a crisis point, with many experiencing widespread exploitation and harassment from the police and government authorities. Encouraged by his mentor, Singh founded Nidan with the aim of assisting street vendors to improve their situation through mass mobilization of the sector.

After extensively surveying the street vendors in Patna and similar efforts by other organizations in states across India, Nidan founded the National Association of Street Vendors of India (NASVI). With his support, this network of street vendor organizations successfully advocated for the National Street Vendors Act, which passed in 2014 as the first comprehensive legislation for street vendors in the world. Following from the experience of building NASVI, Nidan has applied the process of organizing to numerous informal workers’ groups, including for construction workers, waste pickers (garbage and refuse collectors), domestic workers, rickshaw pullers and agricultural workers.

## How Nidan works

Nidan supports communities by working at each stage of the organizing process:

- **Data gathering:** The first stage is gathering data and understanding the current situation for a category of informal workers. Data gathering has important benefits beyond analysis of the situation. Through this process, Nidan works closely with groups of informal workers to identify pressing issues and demonstrate the importance of collective action. Data gathering is also an important step in identifying people to lead each institution in a sustainable way.
- **Community organizing:** Singh believes that numbers of people constitute power, particularly in the face of well-resourced, entrenched forces. As he explains, “The core of everything is organizing from the households on up; even children, we organize. This is important because we take on very hard forces and we have to be strong. Even when we fear the mafias the most, this is when we have to organize the most decisively.” Once organized, groups of informal workers begin to identify ways of helping each other, and begin to be recognized as a collective voice by employers, industry associations, and local and national government leaders.
- **Business model development:** Nidan identifies and tests sustainable business models for each organization to ensure financial and operational sustainability. Business models are diverse and include for-profit strategies, donor funding, membership dues and government subsidies.
- **Cultivating leadership:** All the organizations incubated by Nidan have informal workers in positions of management, governance and leadership. Nidan invests heavily in identifying these workers and training them so they can step into such positions. It meticulously trains emerging leaders in the tools of leadership, including democratic process, agenda setting, transparency and community engagement. While this process is time-consuming and costly, Singh believes it is the only way to sustainably provide for informal workers’ futures.

## Systems approach

Nidan initiates, establishes and consolidates “people’s institutions” that enable poor and marginalized communities to take collective action. From the start, Singh realized that organizations come and go, and he was worried about what would happen if Nidan were to close its doors. He wanted to find a model that went beyond sustainability, creating support in perpetuity for the poor and marginalized. In his work with street vendors, Singh became conscious that informal workers were best served by creating independent entities governed and operated by the people they were designed to protect. While many organizations aspire to a build-operate-transfer model, Nidan’s goes deeper: it works from the inside out, building structures of leadership, operations and governance alongside the core activities of advocacy and service delivery. Figure 3 (above) shows an overview of the Nidan operational model.

Organizations initiated by Nidan use different business models and legal entities; they include non-profits, cooperatives and for-profit companies. In each of the organizations, informal workers take on leadership positions, such as in management and board membership, and are groomed to assume increasing levels of responsibility for operations and governance. Ultimately, Nidan aims for each of its offshoots to become self-sustaining, either through revenue generation, membership fees or grant funding. Nidan supports them with its broader network, providing advocacy support and initiating collective action when it believes broader organizing is necessary.

Finally, Nidan also provides the offshoots with back-end support (technical assistance for financial reporting, monitoring and evaluation, and legal needs). Institutions must submit regular management and financial reports to Nidan, which then submits the annual financial reporting, audit management and donor reporting requirements.

## Key learnings

*Communities can self-organize to change a powerful status quo.*

Self-organization occurs when individual choices of behaviour emerge to form patterns and community norms. However, disempowerment and lack of access to information can distort individual decision-making. These issues are exacerbated when individuals and families struggle to maintain their livelihoods. Social entrepreneurs can stimulate self-organizing by helping communities identify their common issues and overcome barriers to social justice. In addition, social entrepreneurs can ensure their products and services do not create dependencies that lead to further exploitation.

*Organizing starts with learning.*

Margaret Wheatley, the writer and systems theorist, writes: “Because identity is the sense-making capacity of the organization, every organizing effort – whether it be the start-up of a team, a community project, or a nation – needs to begin by exploring and clarifying the intention and desires of its members.”<sup>14</sup>

Nidan’s initial work with groups of informal workers is to fully understand the issues they face through extensive surveying, and then to educate them about their rights and the opportunity to organize. Once workers are organized, Nidan supports the group to identify activities they will undertake to overcome issues and unfair practices.





### Questions for social entrepreneurs

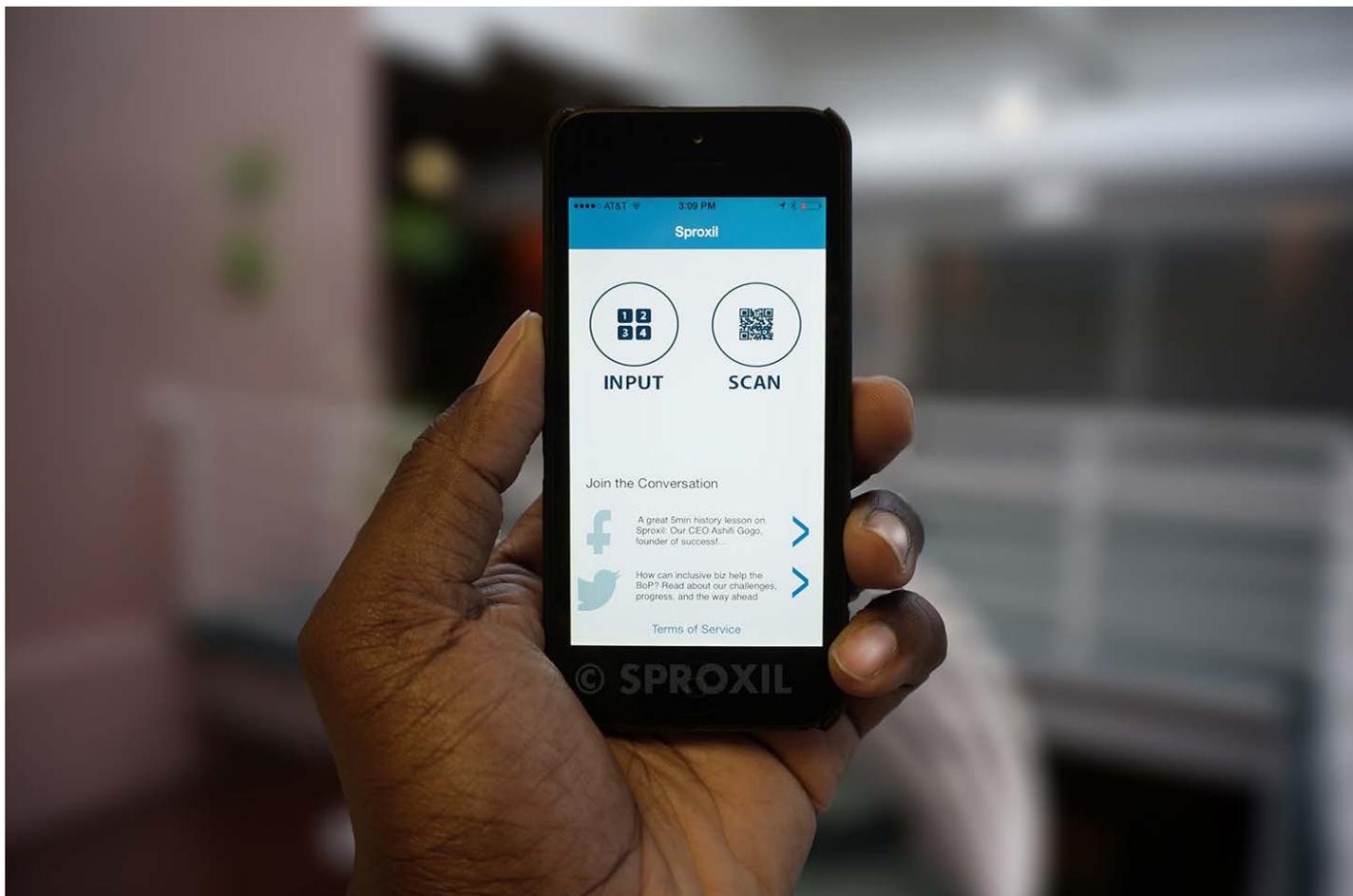
- What steps can you and your organization take to learn about the issues facing your clients and beneficiaries?
- What issues prevent your clients or beneficiaries from organizing and assuming power?
- How can your organization identify and develop leadership from within the communities you serve? Do community members sit on your board of directors and/or act as shareholders?

“

**Smart growth and development can only be achieved if citizens are given a chance to participate. When you are in the speed of things, you don't always bring people along. It is important to bring people along.**

”

– *Arbind Singh, Founder and Executive Director, Nidan*



**Year founded:** 2009

**Geographic reach:** Global; headquarters in Cambridge (USA)

**Website:** [www.sproxil.com](http://www.sproxil.com)

**Annual revenues:** \$3 million (2016)

**Number of employees:** 27 (2016)

## Introduction

Sproxil is a for-profit company dedicated to using mobile technology to enable consumers to verify product authenticity at the point of purchase. Sproxil's initial offering was tailored to the pharmaceutical industry, as counterfeit tuberculosis and malarial drugs alone are estimated to cause more than 700,000 deaths annually.<sup>15</sup>

With the unique number affixed to packaging and a simple text message, consumers can instantly verify that the medicine they are purchasing is legitimate. Sproxil's technology was initially developed and used in Nigeria, which has one of the world's largest counterfeit drug markets. The company has since expanded to other African countries, including Ghana, Kenya, Mali and Tanzania, as well as to India and Pakistan. Sproxil has also expanded its services beyond pharmaceuticals, signing on clients in the agrochemical, consumer products, and oil and gas industries. Since its inception, Sproxil has affixed its barcodes to **1 billion consumer products** and fielded more than **50 million verification requests** from **17 million unique consumers**.

## Background

The World Economic Forum Global Agenda Council on Illicit Trade estimated the world's shadow economy to be worth \$650 billion, of which over one-third can be attributed to counterfeiting. The cost to the global economy of counterfeiting alone was \$1.77 trillion in 2015.<sup>16</sup> Not only does counterfeiting pose numerous risks to consumers, but it also contributes significantly to the criminal and terrorist networks engaged in illicit trade.

In 2009, Ashifi Gogo founded Sproxil to commercialize an anti-counterfeit technology he had co-developed with colleagues while at Dartmouth College (USA). The concept is simple: a serialization system is used to assign unique numbers to individual products; the numbers are affixed to packaging with a scratch-off label, similar to the labels used for buying prepaid mobile phone credit in many emerging markets, and these numbers are then tracked in a central server. Consumers are encouraged at the point of sale to send a free text message to a phone number that would be identical across all cellular networks in a country. These consumers then receive an instant message in return, verifying whether the drug is real or counterfeit.

Sproxil landed its first major engagement with Nigeria's National Agency for Food and Drug Administration and Control (NAFDAC) to launch the Mobile Authentication Service (MAS), which positioned the Sproxil technology as a national standard across the country. It was the world's first government-led roll-out of a mobile verification technology, and resulted in significant commercial interest from multinational pharmaceutical companies. Today, Sproxil applies its technology to numerous industries and has developed marketing features alongside its anti-counterfeit technology, incentivizing consumers to verify their purchases in exchange for special offers and prizes; Sproxil has distributed over \$2.5 million worth of offers, including a Mercedes-Benz car. Sproxil also promotes a track-and-trace product that allows companies and law enforcement agencies to quickly identify counterfeit hotspots, aiding investigations and prevention efforts.

## How Sproxil works

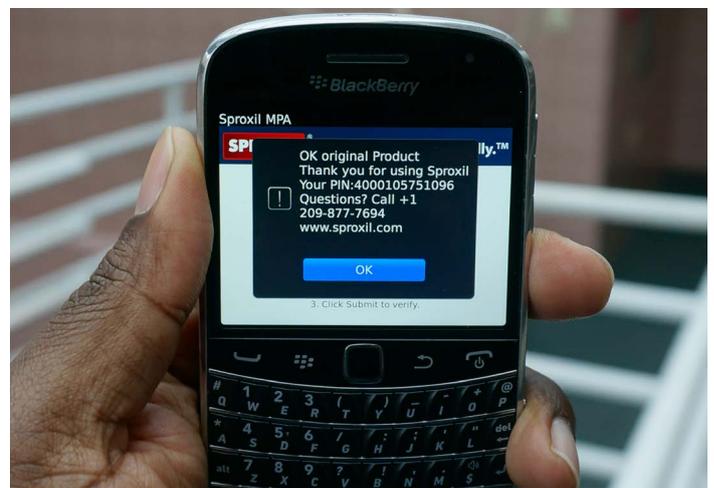
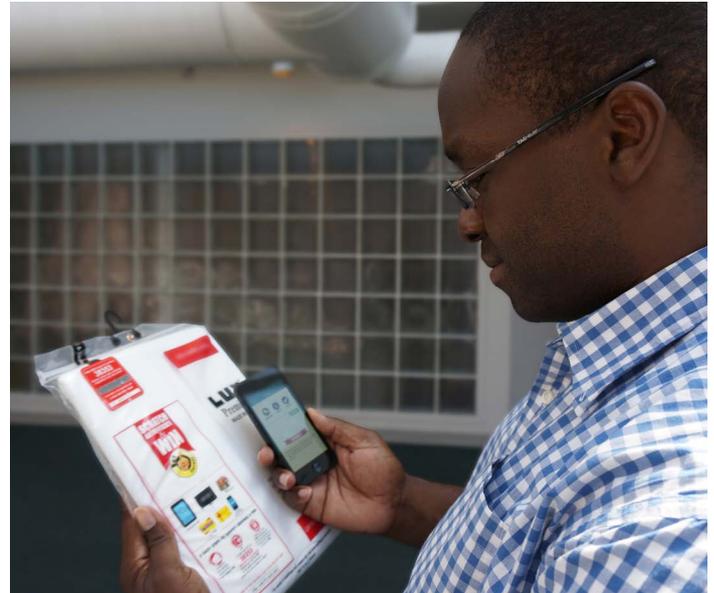
Sproxil positions itself as a trust builder, emphasizing consumer engagement as the theme across its product lines (Figure 4):

- **Sproxil Defender:** A point-of-sale product verification solution that empowers consumers to use their mobile phone to instantly identify genuine products in the marketplace and grow their trust in their favourite brands
- **Sproxil Champion:** A flexible point-of-sale consumer rewards solution with built-in protection against fraud that empowers brands to offer consumers convenient opportunities to earn and redeem rewards from their desired brands; also available as a bespoke solution for distributors to help brands ensure their distributors receive genuine products and earn rewards for their trust
- **Sproxil Informer:** A robust track-and-trace system that helps brands secure and monitor their global supply chains, from manufacturer to warehouse to retailer and all points in-between, with optional consumer engagement to provide true end-to-end security

Figure 4: Sproxil Product Line Solutions



Source: Sproxil.com



## Systems approach

Sproxil's technology provides information directly to consumers, who can then make informed choices and avoid counterfeit purchases. Prior to mobile verification technology, the most widely used anti-counterfeiting technologies were holograms, which are difficult for resellers and consumers to recognize, and covert systems used by law enforcement agencies that require special scanners to read invisible markings. These technologies do not directly engage consumers, who have the most to lose in purchasing a counterfeit product. Sproxil therefore exploits a key leverage point, namely information flows, to disrupt the counterfeit goods market.

As a for-profit enterprise, Sproxil markets its solutions to consumer products makers, who affix the unique codes to their products during manufacturing. To scale its solution, Sproxil is required to forge relationships with private-sector companies, educating potential clients about the risks of counterfeiting to their product offering. However, not all companies are convinced of the risks, particularly since prevalence is very difficult to quantify precisely in emerging markets. Without being convinced of a significant impact on sales margins and profitability, companies can be reluctant to shoulder the cost of fighting counterfeiting.

Due to substantial risks to consumers from pharmaceutical counterfeits, Sproxil has successfully gained support from regulatory bodies. Governments in some countries have mandated the use of mobile verification technology (most notably in Nigeria). However, in other countries and industries, Sproxil has had to rely on other strategies to encourage companies to use product verification technology. In 2013, the company decided to develop its Champion point-of-sale consumer rewards platform for firms reluctant to implement anti-counterfeit technology. This platform still verifies product authenticity, but also incentivizes consumers to verify their products by enrolling them in contests and offering prizes. Sproxil is therefore able to market its portfolio of solutions as a sales product, rather than solely as a counterfeiting solution.

## Key learnings

*Consumer-facing information technologies can create systemic change.*

Technology that puts information into customers' hands can change individual behaviours that lead to widespread transformation. Technology can also aggregate information generated by consumers to pinpoint issues or opportunities. Through its platform, Sproxil allows customers to access previously unavailable information, helping them to make healthy and prudent purchasing decisions. Furthermore, when many customers identify fake products in a specific location, its track-and-trace platform can use the information to track the source of counterfeiting.

*For-profit companies face distinct opportunities and challenges in creating systemic change.*

Sproxil's founder, Ashifi Gogo, believes that operating as a for-profit entity has helped the company win contracts in industries that are not accustomed to purchasing from non-profits. However, he does not believe that all social enterprises should pursue for-profit models, but rather that the choice of entity should follow the dynamics of the market where they operate. As a for-profit company, Sproxil has a smaller field of choice when applying for grant funding, as grant proposals are typically set up to fund non-profits. Nevertheless, whichever entity type is chosen, compromises will need to be made.

*Social entrepreneurs can use innovative incentives to overcome powerful barriers to change.*

In industries where counterfeiting is prevalent, companies do not always have clear incentives to take anti-counterfeiting measures, and governments are not always eager to step in with regulatory requirements. Sproxil has therefore expanded its business model and product offering to include marketing solutions that provide a carrot to companies and industries not convinced of the threat counterfeiting poses to their profit margins.

## Questions for social entrepreneurs

- Can your organization provide information and feedback loops in the system you are trying to change? Does information technology play a role?
- What incentives and disincentives exist to provide information in your system?
- Would a for-profit, non-profit or hybrid legal organization deliver the information channels you envision?



**Would Sproxil have been able to develop marketing automation products to create revenue and additional interest if we had been a non-profit organization? Probably not. It is possible that investors and customers are more forgiving of for-profit companies that change strategic focus than non-profit organizations. For for-profit companies, the strategic shift is seen as market expansion versus 'mission creep'. By leaning on established principles for growing young companies rapidly, the for-profit market for anti-counterfeit technology has created a resilient network of participants that may not have been present if the market had evolved based solely on non-profit technology providers.**



– Ashifi Gogo, Founder and Chief Executive Officer, Sproxil



**Year founded:** 2000

**Geographic reach:** Sub-Saharan Africa; headquarters in Seattle (USA)

**Website:** [www.villagereach.org](http://www.villagereach.org)

**Annual budget:** \$12 million (Fiscal year 2017)

**Number of employees:** 110 (2017)

## Introduction

VillageReach, a health systems-strengthening organization, works at the “last mile” of public healthcare, bringing innovative solutions to the challenge of reaching the most underserved communities in the world. VillageReach develops, tests, implements and scales new systems, technologies and programmes that improve health outcomes by extending the reach and enhancing the quality of healthcare. Its solutions address barriers in access, such as the accessibility of healthcare, constraints in human resources, the availability of information and inadequate infrastructure. VillageReach currently has projects in **nine countries**, with operations impacting over **11 million people**.



## Background

Blaise Judja-Sato, a native of Cameroon, left his job as a telecommunications executive in 1999 to volunteer with Graça Machel's Fundação para o Desenvolvimento da Comunidade (Foundation for Community Development [FDC]) in Mozambique after the country's devastating floods. Through this experience, Judja-Sato became aware of the immense challenges of delivering aid to Mozambique's most remote and rural populations. In response, he founded VillageReach in 2000 to address these barriers to healthcare delivery in underserved communities.

In 2003, VillageReach, FDC and the Mozambican Ministry of Health (MISAU) began the Dedicated Logistics System (DLS) initiative to redesign the vaccine supply chain from scratch. It brought together improvements in human resourcing, transportation, cold chain and logistics management information to reliably enhance the uptake and effectiveness of childhood immunizations. A rigorous evaluation revealed that by the end of the project, stockouts of vaccines had decreased from 80% to less than 1%, and the proportion of children receiving the full treatment of vaccines had increased from 68% to over 95%, all at a 20% reduction in the cost of operating the vaccine supply chain.

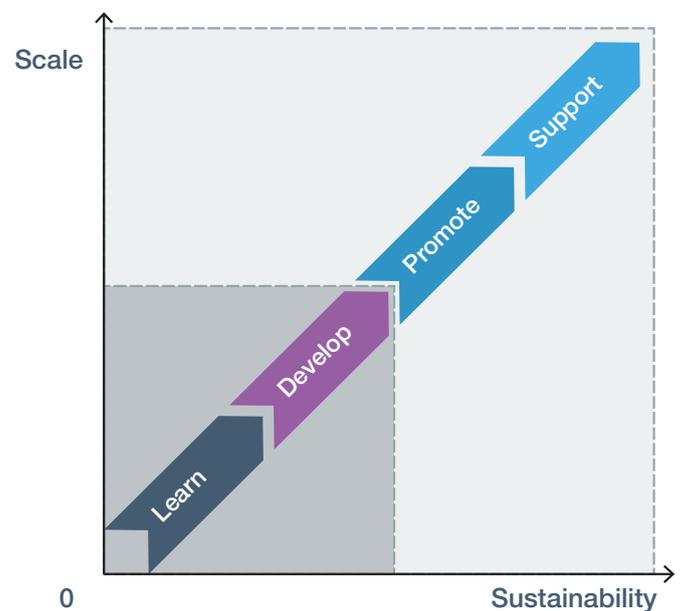
With this successful intervention, and with the support of other donors, VillageReach embarked on a series of additional innovations, including a mobile health platform (Health Centre by Phone) in Malawi and an open source logistics management information system (OpenLMIS) implemented in Mozambique, Tanzania, Zambia, Benin and Côte d'Ivoire. Today, VillageReach operates a portfolio of innovations dedicated to serving and improving uptake at the last mile.

## How VillageReach works

Through years of field-based work using systems innovations to improve access to quality healthcare, and working with global partners to advocate for their adoption, VillageReach has developed a four-step methodology for change (Figure 5):

- **Learn** is the stage where VillageReach spends time in the field with communities and health workers to understand their needs and desires, as well as their challenges.
- **Develop** involves the testing, measuring, refining and proving of a new approach to determine whether the innovation should be taken to scale. During this time, VillageReach typically operates at a small scale over a limited period of time, in partnership with local health system authorities in order to exert direct influence over the work.
- **Promote** includes using the evidence base to advocate for ministries of health, as well as their donors and public health partners, to adopt and absorb the systems innovation. VillageReach considers this to be the most difficult and time-consuming step because it relies on relationships, advocacy and policy development.
- **Support** is when VillageReach is asked to help ministries of health and their public health partners as they scale and sustain the systems innovation. From the promote stage onward, VillageReach uses indirect influence to encourage and help larger institutions improve access to quality healthcare for populations. This greatly exceeds what VillageReach could address on its own.

Figure 5: Methodology



Source: VillageReach, Rivers of Change, December 2015, Presentation

## Systems approach

VillageReach works inside public health systems, designing programmes and applying technology that extend the reach of healthcare to underserved communities, primarily in rural, hard-to-reach locations. The organization's four-step process works to maximize scale and sustainability by transitioning its innovations to government-led operations, providing support to ensure quality and continuous improvement.

The organization's flagship programme is the DLS, a project to redesign Mozambique's vaccine supply chain. Rather than make incremental improvements, VillageReach decided at the outset to redesign the entire chain. Prior to the DLS, vaccines were delivered from the national storehouse to those in provinces and districts, but the final trip – from district to clinic – required clinic staff to take time off to retrieve vaccines. During these trips, staff would close their clinic and use their own funds to take public transport to pick up the vaccines. If clinic staff were unable to front the transport fees to collect vaccines, clinics would experience a stockout and be unable to vaccinate patients. Furthermore, staff were often not trained in vaccine storage and transport, and vaccine supplies were frequently compromised by lack of reliable transport or faulty clinical equipment for cold storage. In the province where VillageReach piloted the DLS, stockouts were experienced 80% of the time, and more than 30% of children did not receive the full treatment of vaccines.

VillageReach's primary change was to introduce a new, full-time field-level role – the field coordinator – responsible for vaccine delivery, data collection and routine maintenance of cold storage equipment. By adding a new cadre of worker, the DLS addressed one of the system's primary bottlenecks: the lack of accountability. Additionally, the DLS introduced routine data collection through an open source, web-based logistics platform that provided data visibility and access. Finally, the DLS allowed for better transport options, including third-party transport from the private sector to augment the use of government vehicles.

A rigorous evaluation showed a significant increase in routine vaccine coverage in the province during the intervention.<sup>17</sup> With urging from MISAU and the infusion of unrestricted funding, VillageReach pushed the DLS towards national scale; over three years, the organization began to roll out the DLS to three additional provinces in Mozambique. Building on this and a deeper understanding of the challenges on the ground and for a multidisciplinary team, VillageReach now creates and validates new, high-impact solutions. It then mobilizes multiple partners at the global, national and local levels to implement and sustain them for more effective and efficient healthcare delivery support services at scale.



## Key learnings

*Systems change requires holistic, rather than incremental, interventions.*

VillageReach looks at processes and systems holistically, rather than trying to create incremental improvements. For the DLS, the primary bottleneck was that responsibility for vaccine delivery from district to clinic was too dispersed to ensure accountability. By introducing a skilled, field-level coordinator, the DLS reduced the cost per dose while decreasing stockouts by nearly 80%.

*Systems leadership is about learning and teaching.*

VillageReach works in partnership with ministries of health, ensuring that innovations are meeting decision-makers' critical needs and priorities. The organization then aligns its evaluations to ensure that evidence supports these priorities. VillageReach also works to ensure its innovations are in line with national and local policies, such as procurement and staffing protocols that may impact implementation.

## Questions for social entrepreneurs

- What is your organization currently learning about the system in which you are operating? How are you sharing that learning with other actors in the system?
- Is your staff prepared and capable to teach other individuals and organizations how to do your work? If not, what new staff or skills do you need to acquire as an organization?

“

**It's possible that VillageReach could raise additional funds and expand its footprint to provide those benefits to additional children over a longer time period. But given the sheer size of the challenge represented by providing vaccine access to all children in perpetuity, it is simply impossible for VillageReach to address that challenge absent of a coordinated, collective approach by many partners, including large global health institutions and governments.**

”

- *Allen Wilcox, Member of the Board and Adviser, VillageReach*





# Terminology

In this report, “**systems thinking**” refers to a way of examining social issues, emphasizing linkages and interactions between elements rather than just elements individually. Systems thinking allows us to “see the forest for the trees” and to consider ways that a system may or may not be functioning optimally. We believe that systems thinking is a strong tool for social entrepreneurs to adopt, enabling them to “address the complexity inherent when innovations are integrated into existing systems.”<sup>18</sup>

“**Systems change**” means “fundamentally, and on a large scale, changing the way a majority of relevant players solve a big social challenge, such that a critical mass of people affected by that problem substantially benefit.”<sup>19</sup> Systems change involves altering the linkages and interactions that form a system’s architecture – the rules and standards that make a system work the way it does, as well as the goals, norms and beliefs that, if left unchallenged, can prevent systems from working more inclusively. It “involves deep shifts in mental models, relationships, and taken-for-granted ways of operating as much as it involves shifts in organizational roles and formal structures, metrics and performance management, and goals and policies.”<sup>20</sup>

“**Systems entrepreneurs**” refer to social innovators who are intentionally adopting systems change strategies in their efforts – either through existing organizations, large institutions, for-profit companies, or even by creating new organizations and networks solely devoted to systems change. We believe systems change is a distinct set of activities from delivering products and services, and that it involves a departure from growing the work of a single organization to coordinating and influencing the work of multiple actors in a system.

Finally, systems change is easily merged with “**scale**,” a conflation that is tackled head-on in this report. Naturally, if a system works better, it should improve conditions for everyone living in it. However, systems operate at many different levels: individuals, families, neighbourhoods, cities, nations and the global community. What works for one system may be entirely different than what works for another. Therefore, this report tries to decouple the concepts of systems change and scale, acknowledging that, while the two may be interconnected, they are truly distinct.

# Contributors

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The authors would like to acknowledge Renee Kaplan, Chief Strategy Officer, Skoll Foundation, and Johanna Mair, Professor of Organization, Strategy and Leadership, Hertie School of Governance, for their insightful comments and constructive feedback of the draft report.

## Interviews

The authors would like to extend our profound gratitude to the following social entrepreneurs and interviewees who were generous with their time and expertise throughout the research process:

Organization	Interviewees	Place
Child & Youth Finance International	<ul style="list-style-type: none"> <li>– Jeroo Billimoria, Founder</li> <li>– Bram van Eijk, Director, Operations</li> <li>– Jared Penner, Director, Thought Leadership</li> <li>– Bianca Isaincu, Regional Platforms Adviser, Europe</li> <li>– Lubna Shaban, Director, Youth Entrepreneurship</li> <li>– Koen Vermeltfoort, Board Member (McKinsey)</li> <li>– Rob Becker, Board Chair, Aflatoun</li> </ul>	<ul style="list-style-type: none"> <li>– Amsterdam</li> </ul>
Fundación Escuela Nueva	<ul style="list-style-type: none"> <li>– Vicky Colbert, Founder and Executive Director</li> <li>– Clarita Arboleda, Chief Operating Officer</li> <li>– Heriberto Castro, Head, Content and Methods</li> <li>– Luz Dary Rojas, Trainer</li> <li>– Usme Principal, Teachers and Students (2 schools)</li> </ul>	<ul style="list-style-type: none"> <li>– Bogotá</li> <li>– Bogotá</li> <li>– Bogotá</li> <li>– Bogotá</li> <li>– Bogotá</li> </ul>
Landesa	<ul style="list-style-type: none"> <li>– Tim Hanstad, Co-Founder and Senior Adviser</li> <li>– Chris Jochnick, President and Chief Executive Officer</li> <li>– Hien Tran, Former Director of Global Advocacy (currently with the Bill &amp; Melinda Gates Foundation)</li> <li>– Anisa Draboo, Director of Advocacy, India</li> <li>– Pinaki Halder, State Director, West Bengal</li> <li>– Basanti and Mangra, Patta (Land Title) Owners</li> </ul>	<ul style="list-style-type: none"> <li>– West Bengal</li> <li>– Oxford</li> <li>– Telephone</li> <li>– Delhi</li> <li>– West Bengal</li> <li>– West Bengal</li> </ul>
Nidan	<ul style="list-style-type: none"> <li>– Arbind Singh, Founder and Executive Director</li> <li>– Ratnish Verma, Deputy Director</li> <li>– Rakesh Tripathi, Senior Manager, Programme</li> <li>– Amit Bhatt, Program Manager</li> <li>– Members of Sanchay Thrift and Credit Cooperative</li> <li>– Employees of Nidan Swachhdhara</li> <li>– Members of National Association of Street Vendors of India</li> <li>– Members of National Union of Informal Workers</li> <li>– Members of Angana</li> </ul>	<ul style="list-style-type: none"> <li>– Patna</li> <li>– Patna</li> <li>– Patna</li> <li>– New Delhi</li> <li>– Patna &amp; New Delhi</li> <li>– Patna</li> <li>– Patna &amp; New Delhi</li> <li>– Patna</li> <li>– Patna</li> </ul>
Sproxil	<ul style="list-style-type: none"> <li>– Ashifi Gogo, Founder and Chief Executive Officer</li> <li>– Anand Mehta, Managing Director, South Asia and Middle East</li> <li>– Danielle Goldschneider, Manager, Global Accounts and Partnership</li> </ul>	<ul style="list-style-type: none"> <li>– Oxford</li> <li>– Cape Town</li> <li>– Telephone</li> </ul>
VillageReach	<ul style="list-style-type: none"> <li>– Allen Wilcox, Member of the Board and Adviser</li> <li>– Evan Simpson, President</li> <li>– Emily Bancroft, Vice-President</li> <li>– Jessica Crawford, Senior Manager and Group Lead</li> <li>– Margarida Matsinhe, Field Officer</li> <li>– Gregorio Janeiro, Immunization Program Manager</li> <li>– Aida Coehlo, National Program Officer</li> <li>– Ruth Bechtel, Country Director, Mozambique</li> <li>– Katia Hamida, National Administrator</li> </ul>	<ul style="list-style-type: none"> <li>– Oxford</li> <li>– Maputo</li> <li>– Telephone</li> <li>– Telephone</li> <li>– Maputo</li> <li>– Maputo</li> <li>– Maputo</li> <li>– Maputo</li> <li>– Maputo</li> </ul>

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