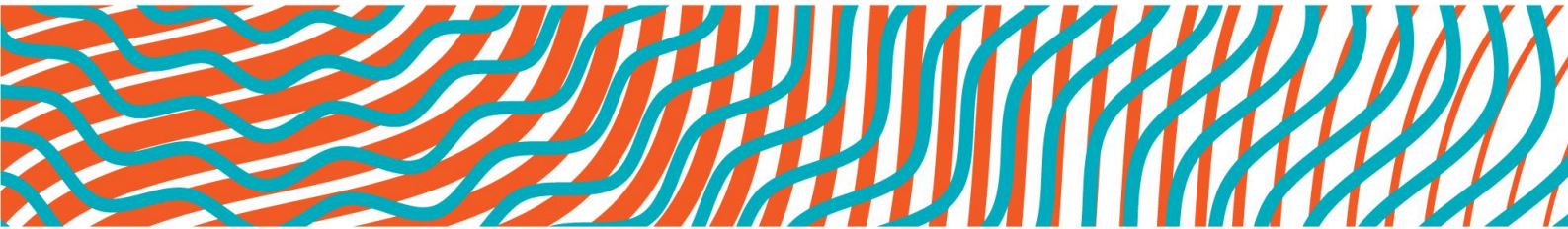


**transformative  
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theory**



# **Resourcing for social innovation**

**Working papers, key insights for practice and  
policy, lessons for facilitation tools and  
workshop report**

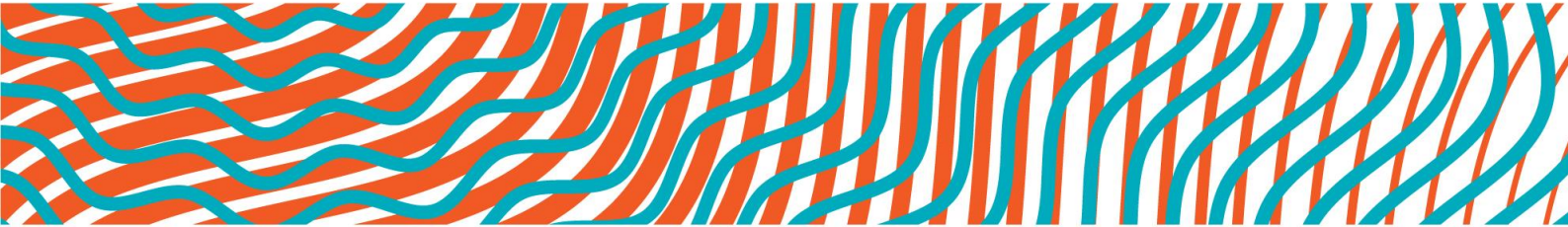
## **Deliverable 2.4**

**Theme [ssh.2013.3.2-1][Social Innovation- Empowering People, changing societies]  
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# transformative social innovation theory



## About TRANSIT:

TRANSIT is an international research project that aims to develop a theory of Transformative Social Innovation that is useful to both research and practice. It is co-funded by the European Commission and runs for four years, from 2014 until 2017. The TRANSIT consortium consists of 12 partners across Europe and Latin America. For more information, please visit our website: <http://www.transitsocialinnovation.eu/>.

## Focus of deliverable:

This deliverable focuses on the topic of resourcing for social innovation, and consists of 6 parts: (1) a working paper on social innovation resourcing strategies and transformation pathways, (2) a working paper on resourcing strategies of 4 success cases of social innovation in the US, (3) a discussion paper on social impact bonds as a resource for social innovations, (4) key insights about resourcing for practitioners and policy makers (inputs for the TRANSIT brief), (5) an outline of the facilitation tool on resourcing (input for proto-typing tools), (6) the workshop report on resourcing and monitoring.

## Reference:

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## 1. Introduction to Deliverable 2.4

This is the fourth deliverable of TRANSIT's Work Package 2 on "Synthesis" (WP2). The object of WP2 is to safeguard the relevance and applicability of the Transformative Social Innovation Theory through "transdisciplinary translation" into "policy insights" and ideas for the development of "practical tools". More generally, WP2 Synthesis provides scientific recommendation for "transdisciplinary translation" across four cross-cutting themes: governance, social learning, monitoring and resourcing.

This report deals with the topic of resourcing. It has been written in conjunction with the report on monitoring (Deliverable 2.5). To grow and "mushroom" social innovation initiatives must find reliable ways of resourcing themselves – not only for specific activities but also for their basic costs and not only for one specific project but in a sustained way. They can do so in at least three broad ways depending on their wish to go to scale and/or become a social enterprise:

- Freely available resources, this includes natural, human and infrastructural resources such as an unused building or piece of land, volunteering, and services for free.
- Revenue and other 'exchange'-schemes, examples are the selling of food in a neighbourhood restaurant or tuition fees for providing trainings on organic farming in an eco-village and reciprocal exchange systems of goods (e.g. tools and hardware) and services (e.g. cooking for ICT support).
- External funding, by for example government, philanthropists, social impact investors and donations.

All three approaches offer possibilities for growth and development, especially when used in combination. However, each is subject to limitations, tensions and difficulties. Any social innovation seeking funding on a sustained basis needs to demonstrate that it can offer something that society wants and is willing to pay for– it needs to engage in monitoring or allow monitoring by others to demonstrate impact. Securing funding often depends on being able to demonstrate that something that has worked on a small scale also works on a larger scale. Delivery on the larger scale with the financial support of investors or service commissioners brings with it additional quality standards of performance, reliability and safeguarding as well the need to demonstrate that payments are warranted, for example by delivering cost savings.

This is where, for example, Timebanking is now. We see experiments in using the time exchange mechanism for pilot projects in assimilating refugees, building secondary economies, rehabilitating ex-offenders, skilling the unemployed, inclusion of care home residents, providing care in the community, co-producing health and wellbeing, etc. However, setting up such pilots and running them as experiments and demonstration projects requires that the SI secures funding for organising, monitoring and evaluating the pilots. Often the challenges addressed require more than what one single social innovation can offer, so there's a need to secure partners with complementary resources, which may be other social innovation initiatives, but can also be other actors, such as charity, business, local authority or university. Organising these kinds of project

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takes the social innovation into a new zone, since it requires a certain degree of professionalism in building and managing consortia and project proposals. It requires capabilities that many social innovation initiatives do not yet have.

This deliverable contains the following chapters:

## 1.1 Working paper: Social innovation resourcing strategies and transformation pathways: a first-cut typology

The paper looks at the dynamics of social innovation organisations and initiatives, taking the perspective of their resourcing requirements and strategies to explore the impact of these on their internal and external relations and their prospects for sustaining, scaling and contributing to transformative societal change. The paper identifies different 'pathways' that social innovation initiatives and organisations can take toward sustaining and growing their organisations, initiatives and impact.

- *External Funding Pathway*: this is a pathway that seeks investment and/or income by delivering services to external sponsors, especially services that help reduce costs on public sector agencies. It involves developing and delivering services of interest to the external sponsor. Contracts are established over the terms and conditions of receiving investments and/or income. The performance of the social innovation is measured and monitored in relation to designated target outcomes. This pathway is beginning to be supported by social finance, including through innovative 'pay-for-performance' financing instruments.
- *Autonomous Funding Pathway*: this is a pathway through which a social innovation organisation seeks to develop an own-income stream to self-finance its activities and fund continuity and growth. There are different ways of doing this. Evidence from the case studies shows that this can be achieved by establishing a separate social enterprise activity that generates a surplus, part of which can be returned to the social innovation organisation. Examples are the selling of food in a neighbourhood restaurant or tuition fees for providing trainings on organic farming in an eco-village and reciprocal exchange systems of goods (e.g. tools and hardware) and services (e.g. cooking for ICT support).
- *Embedding Pathway*: this pathway involves the social innovation organisation partnering with an existing larger organisation that is wealthier or better funded and with which there is some complementarity of mission. The case studies show, for example, Time Banks that have embedded with Medical Insurers, Hospitals, large faith organisations (Catholic Diocese) and large charities as partners. Each of these partners is wealthier and has recurrent income streams. The social innovation receives financial support for helping the wealthier partner deliver its mission.

The paper develops typologies and scenarios around the different possible transformational journeys of social innovations, which can be used by the actors and stakeholders to formulate and

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implement their own forward strategies and to identify barriers that stand in the way of successful implementation and should be addressed.

## 1.2 Working paper: Success Case Examples of Sustainable Social Innovation Resourcing Strategies in the United States

The paper examines the conditions behind long-term success with the help of a 'success-case' evaluation methodology for 4 US cases. The cases interrogated for this are: Hour Exchange Portland (HEP) in Maine, Partners in Care (PIC) is a time exchange community in Maryland, Parent Support Network (PSN) of Rhode Island, and the Open Table (OT) approach operating in 17 US states. Several different resourcing strategies and models can be discerned, but the key to success appears to be having multiple sources of income, including an earning model.

## 1.3 Discussion paper: Are Social Impact Bonds a Viable Resource for Social Innovations?

This paper examines the usefulness of social impact bonds for funding social innovation initiatives. A Social Impact Bond (SIB) is a public-private partnership which funds effective social services through a performance-based contract. Social Impact Bonds enable government entities to partner with high-performing service providers by using private investment to develop, coordinate, or expand effective programs and underwrite the risks. SIB are particularly suited for:

- Projects working with a well-defined services/treatment population
- Projects seeking to accomplish measurable outcomes
- Projects that can identify a reliable comparison group/ counterfactual
- Projects that can scale up quickly and have shorter time frames to deliver social impact

But: SIs may be consumed by the institutional requirements of SIB involvement in adopting required strategies and actions necessary to succeed in a performance based environment. Next to opportunities they present challenges to SIs in maintaining integrity of mission.

## 1.4 Key insights about resourcing for practitioners and policy makers (inputs for the TRANSIT brief)

Key insights about resourcing of social innovations:

- Social innovations have different from usual structures to their resourcing needs: they use mostly abundant and non-rival resources and have relatively low requirements for scarce and rival resources.

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- Even so, there is a complementarity among resource needs: a lack of secure base-level funding even at low levels of requirement (i.e. to cover money costs of operating and to obtain some key skills, such as to pay part-time local organisers) is destabilising and diversionary. It frustrates possibilities to leverage otherwise wasted resources into productive use.
- As social innovations grow the structure of their resourcing needs changes. They are likely to need to perform new organisational and managerial functions as well as incur financial costs of scaling-out and/or scaling up.
- Typically, they encounter funding and skill gaps and a constraining legal and regulatory framework. Innovations are needed in finance, external governance, and the science system if social innovations are to go to scale.
- Seeking financial sources creates tensions and risks. Measures need to be developed to mitigate these and to help stakeholders make informed choices about trade-offs.

Key insights into how social innovation initiatives meet their resource requirements:

- Many initiatives have volunteers as an important resource in their activities. Other models for engaging participants include mutual-aid and exchange-based activities, such as are practised by Time Banks. Time Banks are based on exchange of time and services.
- Some initiatives are based around the sharing of other assets and resources. Examples are Eco-Villages, FabLabs and Hackerspaces.
- Many initiatives develop new resources, using their free labour and the experience that comes from practising their activities to generate information about 'how to do' what they do, to create support software that enables their activities to be performed more effectively, and to build internet sites and webpages to disseminate information to other practitioners. These become mutually accessible resources for members of their networks. Examples include: Impact Hub, Living Knowledge, Time Banking and INFORSE.
- Some initiatives are affiliated to Universities, such as the DESIS Lab and Science Shop. These have access to resources of the Universities through the integration of their activities into University course and curricula.

## 1.5 Outline of facilitation tool on resourcing (input for proto-typing tools)

This chapter explores how insights from the case studies and the TRANSIT workshop on resourcing and monitoring can be used for the development of a 'tool' on resourcing for people involved in transformative social innovation.



## **1.6 Workshop report on resourcing and monitoring**

This document reports on the outcomes of the TRANSIT workshop on Resourcing and Monitoring in Maastricht, Febr 16-17, 2017. The workshop report provides a synthesis of main workshop insights and contestation points. Further, the report contains highpoints from the presentations and discussions.

## 2 Social innovation resourcing strategies and transformation pathways: a first-cut typology

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### 2.1 Abstract

*The paper looks at the dynamics of social innovation organisations and initiatives, taking the perspective of their resourcing requirements and strategies to explore the impact of these on their internal and external relations and their prospects for sustaining, scaling and contributing to transformative societal change. The paper identifies different 'pathways' that social innovation initiatives and organisations can take toward sustaining and growing their organisations, initiatives and impact. While these are not necessarily alternatives (and there is scope for initiatives to travel more than one route) differentiation serves to highlight that different pathways entail different tensions and risks. They also imply different kinds of transformative change potential, affecting what kinds of transformative change the social innovation can contribute toward and the societal structures and institutions that might be 'targets' for transformative change. The paper develops typologies and scenarios around the different possible transformational journeys of social innovations, which can then be used by the actors and stakeholders to formulate and implement their own forward strategies and to identify barriers that stand in the way of successful implementation and should be addressed.*

### 2.2 Introduction

The present paper is informed by the work of the TRANSIT project to date covering reviews of literature, empirical work and progress in developing and testing theoretical propositions for a prototype theory of transformative social innovation. It also draws on collaboration of the co-authors outside of the remit of the TRANSIT project. It seeks to structure our emerging empirical understanding by providing a framework that we might refine during the workshop. This should help:

- i. Establish typologies of resources of different kind that may be required at different stages in the life and development of a social innovation organization/initiative; map from where and from which actors these are or could be obtained.
- ii. Outline the 'opportunity landscape' for transformative change of societal systems institutions and the transformative visions and ambitions of different actors. Key questions include: Which kinds of transformative change are (currently) interesting for which actors and why? Which social innovations could contribute to these and how?
- iii. Clarify which types of resourcing strategies and business models are associated with which types of transformative pathway.

The paper first sets out some background about the TRANSIT project and its remit. It then reports empirical insights about resourcing needs and strategies of social innovation organisations and

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initiatives. These derive from analysis of detailed case studies of 20 different social innovations. For each social innovation, the case studies describe local manifestations in two countries and their associated networking or membership organization. This descriptive exercise is supplemented by an analysis of so-called 'critical turning points'; i.e. key moments or events in the development dynamics of each a set of (four) local manifestations. These data have been analysed transversally to derive insights about development dynamics, using the cross-cutting themes of resourcing, monitoring, learning and governance to offer different perspectives on the data and provide different lenses and probes for analysis.

There is a brief discussion of the 'opportunity context' provided by the wider operating conditions for social innovation organisations. Contexts vary markedly across geographies and time, but there are some common themes across societies, sectors and systems; for example, the inherited models of welfare capitalism, health care, criminal justice, education and achieving social and economic inclusion through full employment are all increasingly under strain. There are many related trends acting as drivers: economic downturn, austerity policies and funding cut backs, policies to reduce the role and responsibility of government as a direct service provider, demographic changes (ageing population, increased migration) environmental changes, technological change and increasing expectations, etc.

The 'opportunity context' is relevant for identifying transformation targets, key external actors, their interests, their goals and how these interface with social innovation. This discussion of 'opportunity context' also brings us to discuss empirical insights from the perspective of different actors and their interests in social innovations. In the perspective that this paper takes, actors of particular relevance are those with interests in transformative change who also play roles in SII/SIO resourcing and monitoring.

While each of the cross-cutting themes is distinct and can be analysed individually, there is also a strong interface between themes. There are especially strong relationships between resourcing and monitoring. [This is discussed also in the background paper on monitoring: Weaver and Kemp, 2017]. This strong relationship owes partly to the conditions attaching to money coming from some sources and how this is accounted for and justified. The present paper describes different possible forms and sources of funding and associated conditions as a basis for highlighting that tensions and risks can arise among actors within individual social innovations and between social innovation actors and external actors. These can be related to conditions attaching to funding and/or to the very presence of money. Money implies a form of social relationship that is anathema to the spirit and principles of some social innovations. It can also be an instrument of control and it holds a well-known potential to corrupt.

This provides for making a first cut attempt to distinguish different sustaining and scaling strategies that social innovations use and to associate these (and related business plans) with different tensions, risks, and transformative pathways and potentials, which forms a conceptual framework for evaluating different resourcing strategies and associated business plans. The paper provides some empirical examples but a 'sister' paper has been developed to provide extra examples and to explore the range of resources that social innovations mobilise, how these can be mobilised, etc. (Marks, Hogan and Weaver, 2017). There is a short review of some innovations and current initiatives in the area of resourcing. One such is the Social Impact Bond, which is an

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innovative funding instrument. This is also the subject of a separate short paper (Marks and Weaver, 2017).

## 2.3 The TRANSIT project and its remit

The TRANSIT project is charged with developing theory and empirics relating to the claim that social innovations (initiatives and organisations) have potential to contribute to societal transformation. We define social innovation as a process of change in social relations, involving new ways of doing, organizing, framing and/or knowing that challenges, alters, replaces or provides alternatives to dominant institutions and structures. Social innovation processes are carried through as initiatives, often of social innovation organisations, which may be informally constituted or have some formal legal status. Social innovations practised by many local manifestations are often organised in mutually supportive networks and may have one or more membership organisations at regional or national levels. They may also be networked internationally.

Social innovations are responses to perceived gaps and deficiencies in established arrangements and provisions. They respond by deploying 'unconventional' modus operandi and different from mainstream organizational logics. Their organizations cultures (e.g. management and governance systems) are typically less formal than those of mainstream organizations. While there is a wide spread of social innovation organizations and initiatives across the spectrum of 'radicalism' and while mainstream actors are most likely to be able to work with social innovations that are not hostile to the mainstream (for example, those with ambitions to build complementary social infrastructures and institutions as alternatives or supports to mainstream institutions), there is still likely to be significant dissonance between the modus operandi and organizational logics of mainstream organizations and those even of non-confrontational social innovations.

This often manifests most glaringly in different approaches of internal and external actors to producing and measuring social impact. Internal concerns of social innovation practitioners focus on process. Their approaches to delivering social impact tend to emphasise an asset-based approach to interventions. This stresses positive attributes, such as the assets a person brings, what a person can do, what they can contribute, etc. External concerns focus on the cost-effectiveness of interventions (the social return on investment). This typically involves establishing a base-line condition from which to measure improvements delivered by interventions. Baselines are established from a 'deficits' perspective, which stresses the needs and problems of people, what they lack, what they cannot do, why they need help, etc. The 'cultures' of social innovation organisations and the 'cultures' of external actors can be not only very different, but fundamentally incompatible.

Nevertheless, the transformative potential of social innovations also rests on these differences of culture and approach. The claim has been made that social innovations hold a potential to contribute to societally transformative change. This claim arises in the context of a growing number of challenges facing society some of which are symptoms of dominant ways and forms of societal organisation, which makes them difficult to address within the context of prevailing institutions and makes usual approaches to finding solutions less suitable or ineffective. The claim is based on the idea that, rather than solutions to societal challenges being developed and

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introduced top down, solutions are better coming from bottom-up as social innovations developed by those most directly facing challenges and through processes of self-organisation.

Social innovations are typically critical of some aspects of societal organisation. The dominant forces in the development of socio-economic relations over many decades have been the twin forces of marketization and bureaucratisation, as identified by Polanyi. Many social innovation initiatives and their proponents present as a counterforce to these trends and the negative aspects of them. One way or another they seek to offer a counter-trend toward the (re)humanising of socio-economic relations.

The influence of social innovation initiatives can go beyond what they achieve locally. But this depends on their sustaining and scaling. In turn, this depends on their securing favourable changes in the framing conditions for their operation, especially in terms of external governance and financial innovation. The processes through which sustaining and scaling might be secured are of interest, because there are different possible pathways for this. These are linked to the resourcing strategies and business models of the social innovations. Different pathways present different trade-offs. In turn, how these are managed holds implications for the kinds of transformative change to which social innovations might contribute.

In exploring the claim that social innovation initiatives hold a potential to contribute to transformative societal change, the TRANSIT project holds open the possibility that change can come in many shades and can be negative as well as positive and that how change is viewed also depends on perspective. A transformation that is seen from one perspective to be positive can be seen negatively from the perspective of others.

Some relevant questions of interest to the project about the contribution of social innovation initiatives in transforming society and its institutions and structures therefore include:

1. Which social innovation initiatives and organisations hold ambition or potential to contribute to transformative change?
2. In relation to transforming which existing societal institutions and structures or to filling which existing gaps and deficiencies in these?
3. How might these be transformed; i.e. in what ways and through what processes?
4. What constitutes or contributes to the transformative potential of an SIO/SII and what factors contribute to their empowered or disempowerment in respect to this potential?

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## Sustaining and scaling

The concern of the project – societal transformation – makes one thing very clear. In order to contribute to societal change, social innovations and/or their influence must go beyond the level of individual local manifestations. They must be taken up more widely or their influence must somehow spread by scaling-out or scaling-up. The project is therefore focussed on processes that relate to the developmental dynamics of social innovations that have potential or ambition to contribute to societal level transformation; i.e. large scale, irreversible change.

Sustaining the initiative is the primary objective of social innovation actors. If they also have transformative ambition they must seek to go to scale. In principle scaling is achievable in different ways and combinations of ways, including by:

1. growing individual initiatives, so that they involve more people in their activities
2. intensifying activity levels, so that activities are carried out more regularly and people are involved in them more often
3. extending the scope of the initiative to new areas of activity and new challenges, so that the range of purposes and people served by the initiative increases
4. replicating initiatives; i.e. developing more local initiatives
5. extending the initiative over wider geographical areas
6. embedding the initiative in the operations of other organisations, whilst maintaining own identity
7. having another organisation adopt and internalise the initiative and carry it to scale, etc.

In these processes, there is scope for the social innovation process, the social innovation organisations and proponents, and artefacts – such as values, practices, mechanisms, activities – to remain true to the original intent, ambition and design of the social innovation or to divert from these.

The development dynamics of social innovation initiatives and organisations takes us to questions concerning what resources social innovation initiatives require at different stages in their development, the different strategies and business models used to obtain resources, and the impact of resourcing strategies and business plans on the social innovation and its transformation journey.

## **2.4 Insights to date about resourcing**

Box 1 sets out the three ‘top’ insights to date from TRANSIT empirical work on the theme of ‘resourcing’. The remainder of this section elaborates on these and draws related insights.

The structure of the resourcing requirement of most social innovations is different from most commercial organisations. Typically, social innovations make use of ‘free’ and neglected resources, which are leveraged into productive use with relatively little in the way of financial capital or monetary support for day-to-day operations. They use mostly abundant and non-rival resources that have been rejected or dismissed by the market economy as being without commercial value. They often make intangible resources into assets and use the freely-given time and skills of individuals and groups to carry out their activities and create assets (new resources) useful to the

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initiative, such as software, webpages and knowledge/experience relevant to the initiative. Many social innovation initiatives are specifically directed toward 'de-resourcing'; i.e. making do with less, sharing, creating fulfilment and wellbeing through activities than need no material resources, etc.

## **Box 1: Some 'top' insights about resourcing of social innovations**

- Social innovations have different from usual structures to their resourcing needs: they use mostly abundant and non-rival resources and have relatively low requirements for scarce and rival resources.
- Even so, there is a complementarity among resource needs: a lack of secure base-level funding even at low levels of requirement (i.e. to cover money costs of operating and to obtain some key skills, such as to pay part-time local organisers) is destabilising and diversionary. It frustrates possibilities to leverage otherwise wasted resources into productive use.
- As social innovations grow the structure of their resourcing needs changes. They are likely to need to perform new organisational and managerial functions as well as incur financial costs of scaling-out and/or scaling up.
- Typically, they encounter funding and skill gaps and a constraining legal and regulatory framework. Innovations are needed in finance, external governance, and the science system if social innovations are to go to scale.
- Seeking financial sources creates tensions and risks. Measures need to be developed to mitigate these and to help stakeholders make informed choices about trade-offs.

Examples from the TRANSIT case studies of the kinds of non-financial resources that social innovations mobilise include: volunteer labour (i.e. the time and talents of individuals and groups), derelict or unused buildings, unused land or space, old or discarded equipment, waste materials, underdeveloped resources, etc. They often apply free labour to other low value resources and assets in order to transform these to have higher value. They also often partner with other organisations and make use of their spare capacities or develop relationships with professional organisations willing to provide pro bono support.

Some key resources and assets of social innovations are 'intangible'. The core beliefs and principles of the initiative, its mission, and the activities that translate these into practice attract people to it. The internal cohesion of the social innovation is therefore related to the capacity to remain true to the core mission. Credibility, image and integrity are important resources, since they impact on the capacity to retain members, the commitment of members and the sense of 'ownership' that members have over the social innovation. Autonomy of action is often an important attribute prized by members of social innovation organisations. This also provides a capacity for bottom-up innovation, which is often most effective in addressing challenges and problems, since the people most affected are the ones developing solutions.

Credibility and legitimacy are also important resources. These can come from being 'recognised' by other important or influential actors, such as by government, major funders, major charities,

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businesses or universities as being worthy of attention and support; e.g. by providing favourable legal and regulatory status, supplying grants, entering into partnering arrangements, pro bone provision of support services, or providing independent assessment of positive social impact. They can come also through the patronage of well-known and well-respected figures.

Box 2 highlights some findings from the TRANSIT cases about resource requirements of initiatives and how these are met.

## Box 2: Key resource requirements of illustrative social innovation initiatives and how these are met

- Many initiatives have volunteers as an important resource in their activities. This applies in relation to local initiatives and projects of *Transition Towns* and to the Danish *INFORSE* member's local activities, especially in the early years. Participation in these local activities is perceived by proponents to demonstrate a willingness among people to switch between periods of (formal) employment and periods of volunteering when (formally) unemployed.
- Other models for engaging participants include mutual-aid and exchange-based activities, such as are practised by Time Banks. Time Banks are based on exchange of time and services.
- As well as mutual aid based around service exchange, some initiatives are based around the sharing of other assets and resources; e.g. *Eco-Villages*. *FabLabs* and *Hackerspaces* include substantial exchange of artefacts and experiences among the active members of the labs and spaces.
- Many initiatives develop new resources, using their free labour and the experience that comes from practising their activities to generate information about 'how to do' what they do, to create support software that enables their activities to be performed more effectively, and to build internet sites and webpages to disseminate information to other practitioners. These become mutually accessible resources for members of their networks. Examples include: *Impact Hub*, *Living Knowledge*, *Time Banking* and *INFORSE*.
- Some initiatives are affiliated to Universities, such as the *DESIS Lab* and *Science Shop*. These have access to resources of the Universities through the integration of their activities into University course and curricula.

### Grants and project support

Especially when operating at low activity levels, social innovations typically have low requirements for scarce and rival resources compared to commercial organisations. Nevertheless there is a complementarity among the different resources that are needed. Some financial resource is usually needed to cover base-level money costs of establishment and operation. Often money is needed for some paid staff to act as organisers, since organising and coordinating activities requires high levels of commitment. The success and survival of local initiatives of many kinds of social innovation is found to depend on having paid (or partially paid) organisers and coordinators; e.g. Time Banks. This means that many local initiatives have recurrent need for small amounts of money for organising and coordinating costs.



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The lack of reliable funding streams to cover base-level operating costs (even at low levels of requirement) threatens survival and sustainability and can frustrate the possibility for the social innovation to leverage non-rival and waste resources into productive use with positive social impact on a continuous basis. There is also a risk that any social capital built up gradually and progressively over several years of operation of a social innovation organisation can be lost if a break in funding disrupts operations. The social capital built from earlier years of investment can be lost quickly, but can only be rebuilt slowly. One strategy to reduce this risk is to diversify the income stream by requesting funds from several different foundations, asking each for only part of what is needed overall and ensuring that no single foundation is asked to assume continuous and total responsibility for financing the SIO. The downside is that this increases the workload in administering (multiple) small grants.

**Box 3 provides a typology of different kinds and sources of funding that SII/SIO often draw on in the early stages of their development.**

## **Box 3: Different kinds and sources of early funding**

1. **Grants**, typically from foundations, philanthropists and local authorities are usually awarded for small amounts and for short periods especially in the early stages of SII/SIO development when the activity faces financial costs and is loss making. Grants are useful to establish, pre-pilot, pilot and refine ideas at small scale. Grants come with the fewest 'ties' and may be given unconditionally. However, the short-term nature of grants implies a need to reapply for funding regularly. This imposes a high workload on the SIO of a type that also detracts from carrying through the core activities of the SII. Grant awarding bodies are keen to support start-up ventures, rather than to repeat fund existing ventures. The intention is for funded organisations to gradually wean-off grant funding and to establish own income streams or secure investment. Foundation grants are often financed from endowment income. With poorer rates of return in recent years, foundations have less income to distribute.
2. The next phase can be to seek **project funds**. Foundations, charities and interest groups may financially support projects intended to deliver impacts to specific target groups. Project grants may lead to larger experiments and to demonstration projects to explore promising ideas, to extend the range of application of the idea, or to demonstrate that something that can work at one scale holds potential to be up-scaled or rolled out more widely and to learn how that might be done. However, wider roll out after successful trails and demonstrations depends on securing the investment needed for this. Here, SII/SIOs often come up against a 'gap' in available funding mechanisms and instruments.
3. **Competitions and tenders**. Foundations, charities, government agencies and the EU operate competitions and issue calls for tender to which SIO can apply for funding. However, the terms and conditions applying to applicants often favour larger organisations over smaller organisations; e.g. by specifying that lead applicants must have a minimum annual income or a minimum level of reserves or requiring substantial levels of co-funding. Such conditions favour larger organisations, even though these may not be the most innovative or have the best intervention or mechanism for addressing challenges. Often larger organisations are those with a dedicated mission that have an established presence and role in a particular area of operation and funding streams relating to these. These can develop effective monopolies over an area of funding and activity. Conditions for competitions and tenders that favour larger organisations can lock-out contributions from smaller more versatile SII/SIO or weaken their negotiating position when operating in

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partnerships with the larger party. Furthermore, the programmes of larger organizations are already typically aligned with government policies. This tends to frustrate the prospects for proposing innovative alternatives to conventional policies in such areas as social inclusion where the established policy approach stresses job readiness and employment as the route to inclusion and does not provide for other forms of productive activity.

Applying for money is time consuming and diversionary. Much of the time of organisers is spent, not on core mission, but on applying for funds to cover base-level costs needed just to run the activities and keep them going. This applies, for example, to many *FabLabs*, local *DESIS Labs* and local *Time Banks*. This prompts some initiatives to seek to generate own income streams so they can self-finance. Some initiatives generate income by selling products (e.g. software from *Hacker Spaces*) or services (e.g. advice from local *Impact Hubs*) or running course and hosting different kinds of event (*Impact Hubs*, *Fab Labs*, *UK Transition Towns*).

As social innovations progress, their need for financial resources tends to increase because of the higher organisational costs and extra functions that growth entails. Whereas at the outset most social innovation organisations and initiatives are far from the point of breaking even financially and use grants and similar funding to cover costs, as they begin to establish their income can increase, for example, by being able to attract project funding or generate own earnings. At this point they can hit a 'funding gap' where they are no longer so eligible for charitable grants (as they are no longer making a loss), but they are not generating income sufficient to attract investors. Few (if any) funding organizations or bodies see it as within their purview to provide base-level funding for social innovation initiatives that are only marginally below the financial break-even point, even if these deliver significant social benefits.<sup>1</sup> We return to this issue having turned first to the possibilities offered by social finance.

## Social finance

Social innovation ventures usually start from a limited size and from non-traditional business operators, using earning models which are usually perceived as less self-sustainable and less replicable than those of business driven counterparts. This leads to a lack of funding for up-scaling and a fragile market for valuing social innovation.

The financing needs of SII/SIO are different from most conventional investment targets. They have special needs; e.g. for funding that provides opportunity for flexible deployment and over which lines of accountability and control might be more flexibly organised; financing that provides for stability and 'patience', offering scope to target social returns that are only realisable in longer-term time frames; and funding that is open to the possibility of failure, which is needed in order to learn from failure and not to repeat failed experiments. Practitioner needs for finance vary over different phases in the development of the social innovation: establishment, diffusion/diversification, upscaling, etc. Conventional finance does not always offer the types of capital needed. Furthermore, mainstream financial institutions and practices tend to marginalise both social innovators and those individuals and communities who most benefit from social innovations.

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<sup>1</sup> This can be seen as a bottleneck, but also as an opportunity, because providing secure base funding to cover fixed costs could secure the sustainability of social innovations and see those with transformative potential over this 'funding gap', providing the potential to leverage high social returns from relatively small financial investments.

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Nevertheless, new institutions focused on supplying a distinct form of capital classed as ‘social finance’ are emerging. Social finance refers to the deployment of financial resources primarily for social and environmental returns, as well as (in some cases) a financial return. Social finance is recognised to be important for social innovation both directly (as a source of finance) and indirectly because the investment typically challenges the institutional logics associated with conventional rationalities and thereby it creates space to challenge dominant institutionalised logics and patterns in resource flows otherwise often tied to dominant social structures.

New institutions, mechanisms and instruments for enabling financial resources to be created and directed toward innovations aimed primarily at creating social and environmental value include: new types of asset class, such as impact investing or micro-finance; innovations at the fund level; and new tools such as competitions and challenge grants. New funding models are emerging: hybrid funding models and structured deals that blend different risk-return capital that are evident across the social sector.

A particularly interesting financing mechanism and instrument that might hold important potential to boost social innovation are pay-for-performance instruments, such as social impact bonds. A brief discussion of social impact bonds and their viability as a source of finance for social innovations is provided in a separate paper [Marks and Weaver, 2017]. So far, however, social innovators have not obtained full benefit from the rise in ethical and sustainable investment funds, even though these hold a significant potential to boost social innovation activities. In part this is because of the complexities and specificities of social innovations, which are very different from each other. Also, it has been noted that social innovation processes involve distinct phases and that *“going to scale with social innovation involves ‘bespoke’ types of finance at each stage”* (Westley and Antadze 2010). This makes arranging financing deals more complex.

## A funding ‘gap’

On the one hand there are organisations (foundations, local authorities, grant givers) willing to give money to loss-making start-up social innovation initiatives. On the other hand, there are social impact investors willing (in principle) to invest in social innovations that are more than breaking even and that operate at just below market rates of return but deliver positive social impact. However, there is a funding ‘gap’ between these possibilities, which particularly affects social innovations that are at or about breaking even. These are no longer so eligible for grant support, especially if they are developing own income streams, but they are unlikely either to qualify for social impact investment.

This funding gap is compounded by lack of experience of potential investors with the specific characteristics of voluntary and social sector organisations. From a conventional accounting perspective social innovation organisations supported in their development so far by grant and project income do not qualify for investment. As grant and project support is intended to be fully spent their financial accounts show no reserves. Also, because grants are not recurrent income (even though grants and project income may have been won historically over long periods and it could reasonably be expected that similar grants will be won in the future) grant income is largely discounted from the perspective of prospective investors. Applying conventional approaches to interpreting the accounts of SIO can mislead potential investors by suggesting a higher financial risk than actually applies. Perception of financial risk is also compounded because the leadership,

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governance, financial management, quality assurance, and safeguarding practices of social innovation organisations are seldom to the standards expected by investors.

## 2.5 Societal challenges, game changers and the 'opportunity context'

The 'opportunity context' for social innovation organisations and initiatives is changing nevertheless in favour of their playing a bigger role in society and in societal change. In the first decades of the 21<sup>st</sup> Century, the EC is witnessing a progressive collapse in public confidence in many of the traditional institutions of society that underpinned political, economic and social arrangements during the 20<sup>th</sup> Century. These include the institutions of state government, representative democracy, the tax system, finance (money and banking), social security and all aspects of welfare capitalism, including public services, pensions, etc. The capacity of the state to act as guarantor for economic security and 'order' in the forms EU citizens are used to experiencing is eroding. This is driving a search for new models for delivering economic and social security and wellbeing fit for the 21<sup>st</sup> Century.

Key pressures and drivers of these changes include the economic downturn and (perhaps) the beginning of the end of the paradigm of economic growth, breakdown in state ability to tax capital and corporations and to intervene in domestic economies through wealth redistribution and direct economic intervention, austerity in public finances, greater competition globally for resources of all kinds, demographic change (ageing populations, influxes of migrants from other world regions), environmental change, and technological change, especially the continuing impact of information and communication technology.

These trends interact to exert pressures on many established systems and institutions; for example, at the same time as technological progress gives the potential to enable people to live longer, it increases the costs of medical interventions. People are living longer, their expectations of health care are high and increasing, but the capacity to deliver top-level health care to all on a free-at-point-of-delivery basis at a time of financial austerity is stretching health care systems everywhere in the EU. Lifestyle changes contribute to this mix. Many people are leading increasingly unhealthy lifestyles that damage physical and mental health and add to the costs on healthcare systems.

Similar stresses are felt in many other systems of public service provision: adult social welfare support, criminal justice, youth services, education, urban poverty relief, support for migrant assimilation, etc. Similarly, the new context challenges the veracity of policies that were developed and could work in earlier contexts, but are less appropriate now. Social inclusion policy in the EU is still based heavily around ideas of full employment and getting people work-ready and into jobs, but this can be a zero-sum game in the context of a depressed mainstream economy, globalised capital and technological changes that reduce the need for labour as a production factor.

Although often perceived only negatively, such developments and challenges are stimulating greater reflection across society on the social values created by social innovation initiatives. They also offer scope for innovative new solutions to emerge; for example, for a merging of public, private and civil spheres and the emergence of 'hybrid' solutions in delivery and finance. With

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diminishing confidence in state finance and 'fiat' money, new forms of money and banking are emerging led by social innovation organisations, such as internet currencies, local currencies and time credits. Hybrid solutions could take advantage of these.

There is new scope for a shift in roles and responsibilities in society and for new forms of social relations between individuals and organisations to emerge. Aspects of some social innovation initiatives hold potential to be part of transformative change: for example, contributions that could be made through self-help and mutual –aid arrangements in the community, through the co-production of welfare services, through 'preventative' programmes that reduce the incidence of problems arising and thereby reduce costs on public services, and through forms of 'incentivised volunteering', etc.

However, the policy frameworks within which social innovations operate can disadvantage them precisely because they are not mainstream actors. Policy frames and policies have been designed to support large, mainstream organisations that are nationally and internationally significant in terms of performance indicators used by policymakers, such as earning, tax base and employment. But legal, regulatory and fiscal arrangements that support commercial operations can disadvantage smaller-scale, local social innovation operations that do not have the same access as larger players to legal and accounting expertise or the same geographical flexibility for optimising their operations internationally to take advantage of legal loopholes and concessions.

Social innovators are therefore prone to fall foul of employment legislation, tax legislation, health/safety legislation, and product/service quality standards and to face disproportionately high transaction costs in addressing such legal requirements compared with mainstream organisations. Equally, they fall foul to mainstream models of financing and financial control/accountability.

## On the one hand **policy makers need:**

- Evidence and examples of successful social innovation and the (social) returns delivered relative to the funds invested in order to establish public investment priorities and justify public investment in social innovation
- Methods and tools for measuring, monitoring and projecting values added and prospective social returns from investments in SII/SIO based on heterodox metrics that can capture a diversity of values
- New approaches for designing funding mechanisms that are based on flexibility and on diverse and disparate values
- New ways of enlisting private sector financial support for social innovation to leverage limited public finance
- Insights into how to modify policy and regulatory frames so that these are more conducive and supporting to social innovation initiatives
- Understanding of social innovation systems to identify leverage points concerning where, when and on what to target investment and interventions for these to have maximum impact.

## On the other hand, **social innovators need:**

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- Access to managerial, organisational and legal skills/support and to be able to maintain that access and develop human resources in these areas throughout the innovation cycle
- Access to policymakers and support from intermediaries in raising awareness to the limitations and of prevailing legal, regulatory and fiscal arrangements and the impact of these on their operations and scaling prospects
- Supporting policy innovations in the areas of work, employment, income and social charges that might contribute to creating a more enabling framing context, such as redefinitions of 'work', payments for providing opportunities for people to use their time constructively, the introduction of a 'citizens' income', and the possibility for organisations and individuals to contribute to social security and tax revenues by making 'in kind' contributions of time.
- Greater access to support from scientific institutes and universities, especially for help with data collection, data analysis, software development, ICT generally, development of monitoring protocols and tools, measuring and monitoring impact, development of evaluation reports, development of funding proposals, etc.
- Knowledge of and access to opportunities for social finance and help in becoming 'investment ready'.
- A rethinking of accountability in the funding models. To which interests should social innovations be accountable... to funders, to intended beneficiaries, to society as a whole?

The foregoing implies a need to be sensitive to a set of **tensions and risks** inherent in seeking to support social innovations in contributing to transformative societal change. There are different objectives, which conflict:

- The need of social innovators for external finance, but the wish to retain internal autonomy
- The need of political actors to harness social innovations, but the wish to have top down control
- The need for politicians to relinquish control over how some public funds are used, but being subject to political demands for accountability in the use of public funds
- The need for greater acceptance of social innovations at a time when effective systems of quality assurance are not in place and the state is unlikely to be able to assure quality directly.

New knowledge is needed concerning how to manage such conflicts and how to exercise trade-offs in specific contexts.

## 2.6 Different resourcing strategies and transformative pathways

If social innovations are to have transformative impact, they have to sustain and scale. This takes us to the different broad possible forms of resourcing strategy and business models that a social innovation organisation can adopt, accepting also that a mix of approaches can be used and that business models are likely to evolve as part of the evolution of the social innovation organisation and its initiatives.

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There are three basic pathways, which might be described as:

- *External Funding Pathway*: this is a pathway that seeks investment and/or income by delivering services to external sponsors, especially services that help reduce costs on public sector agencies. It involves developing and delivering services of interest to the external sponsor. Contracts are established over the terms and conditions of receiving investments and/or income. The performance of the social innovation is measured and monitored in relation to designated target outcomes. This pathway is beginning to be supported by social finance, including through innovative 'pay-for-performance' financing instruments.
- *Autonomous Funding Pathway*: this is a pathway through which a social innovation organisation seeks to develop an own-income stream to self-finance its activities and fund continuity and growth. There are different ways of doing this. Evidence from the case studies shows that this can be achieved by establishing a separate social enterprise activity that generates a surplus, part of which can be returned to the social innovation organisation. Examples include restaurants, cafes and thrift shops.
- *Embedding Pathway*: this pathway involves the social innovation organisation partnering with an existing larger organisation that is wealthier or better funded and with which there is some complementarity of mission. The case studies show, for example, Time Banks that have embedded with Medical Insurers, Hospitals, large faith organisations (Catholic Diocese) and large charities as partners. Each of these partners is wealthier and has recurrent income streams. The social innovation receives financial support for helping the wealthier partner deliver its mission.

## 2.7 Tensions and risks

Each pathway brings with it its own tensions and risks. Social innovation organisations and initiatives may start up without any financial funding, but are likely to seek financial resources as they increase their activity levels and encounter increasing money costs. However, tensions and risks can arise in the search for money. Depending on where financial resources are sourced and the conditions that come with seeking and receiving money different kinds of tension and risk can be experienced. Also, seeking and administering money involves skills and systems that have costs, creating needs for additional financial resources, tools and human capacities; e.g. related to proposal writing, grant management, financial accounting and monitoring impact.

From our TRANSIT project work so far, we identify at least **five sources of tension** for social innovation initiatives (SII) aiming for transformative change, which give rise also to questions about possible interventions and ways for addressing or resolving some of these.

1. **Internal struggle over growth and direction.** This first tension is the internal struggle of an initiative between founders and leaders and other members of SII, over issues of growth and professionalisation. The interests and ambitions of the leaders may start to diverge from those of the members' causing loss of grassroots support. This problem is aggravated if the grassroots pay dues to the member organization, which can be resented. There may also be differences of opinion among leaders over which direction to go, causing splits in the social innovation leadership sometimes leading to new breakaway social innovation organisations being formed. Without the grassroots there is nothing to lead, nothing to learn about/from and no social impact. How does the leadership keep people, as the main resource of a SII, motivated

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and on board? Is it sometimes worth losing and renewing support, accepting that some initial supporters will be lost if there are changes of direction, but that this may attract new recruits?

2. **Fishing in the same pond.** There is a tension over the need to grow the number of local initiatives/branches and the fact that overall available grant support for establishing local manifestations is often in limited supply for early stage SII. Competition for grants between and within SII is therefore often a zero-sum game. The processes of competing for often very small and very short-term grants and reporting how money has been spent and what impact it has made is a significant diversion and drain on the human resources of SII, including at grassroots level. A more rational and strategic grant awarding system is needed to avoid this.
3. **Internal and external needs for monitoring.** This tension relates to the misalignment between internal and external motivations, aspects and goals for monitoring. Government and other, accountable, funders are under pressure to demonstrate that money is well spent, so want to demonstrate social impact in return for funding. However, initiatives prefer to spend their scarce resources on *making* impact rather than on *measuring* it and prefer to work with asset-based methods for achieving impact rather than the deficit models that funders often seek to impose. At some stage in their development, they need also to monitor the external environment to identify opportunities. Monitoring has significant resource implications as an activity and many social innovations lack the tools, skills and money to make studies. There are also inherent difficulties in monitoring the impact of social innovations owing to indivisibility, time lags, subjectivity of qualities to be measured, etc. Are there workable models that are not overly burdensome and make sense to all parties concerned; models that offer quality assurance and fit with the needs for data management and security; etc.? Could universities play a bigger role and, if so, how?
4. **Problems of base funding.** This tension relates to the contradiction that funders may be willing to pay for specific additional activities of social innovation organisations (e.g. for pilots, demonstrations or for specific additional projects interesting because, for example, they deliver social impact to specific target groups), but are less interested to support the base costs of the initiatives. Funders seem to close their eyes to the fact that social impact can only occur if the fixed costs, such as rent, administrative staff, or the accountant are also covered. This often goes together with a second tension, namely that funders are willing to support demonstration projects, but when demonstrations are successful there may be no suitable funding mechanism to support wider roll-out and continuing operations. There are also tensions with pooling resources: if initiatives have to pool different resources, they also need to answer to different resource givers.
5. **Co-option from imposed agendas.** When establishment actors set the agenda and expect the SIIs to play along, they are creating problems of co-opting. An example is the UK government 'signposting' benefit claimants to time-banks without providing additional resources to the affected time banks. SIIs can suffer mission drift and added strain on already stretched local organisers. Also, top-down pressures tend to come from single agencies in relation to the agency agenda. A more genuine co-production process is needed with greater involvement of the parties in establishing a shared vision and agenda and that includes other agencies that might also have a stake and could help 'share the lift' by pooling resources. How to achieve that?

These tensions map onto a set of 'risks' for social innovation organisations in engaging with external actors. Briefly these risks (arising at different stages in the development of a social innovation) relate to:

- **Inertia:** Competition for limited grants between and within SII is can be a zero-sum game meaning that it is pointless to try to grow the number of local manifestations/branches. If a



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new initiative or manifestation is funded, funds are pulled from a similar existing initiative elsewhere, so it folds. In that process the gains made from earlier investment of grant and the social capital built up by one manifestation can be lost. The processes of competing (often for very small and very short-term grants) and reporting for auditing purposes is also a significant diversion and drain on the human resources of SII, including at grassroots level. The risk is that in taking one step forward, the SII takes two steps back. There is a high risk of inertia or stagnation.

- **Insolvency:** there is a potential tension along the journey from being small to being mainstreamed, which is that along that pathway there is often a need to pass through a piloting and demonstration phase. Funds might be available for pilot/demonstration projects, but these seldom make contributions to covering fixed costs and don't necessarily open routes to long-term sustainable funding opportunities. Undertaking piloting and demonstration work can strain the SII to the point of insolvency.
- **Insecurity:** there is a risk when external resources come from a single or a dominant source that any change in leadership or policy in the sponsoring organization leads to an abrupt and total ending of the flow of resources. Such changes can be entirely arbitrary and completely unrelated to the performance of the social innovation. This especially concerns policy changes resulting from elections and changes of government and policies (when sponsorship comes from government or its agencies) and changes of leadership of partner organizations (when sponsorship is from embedding in larger organizations).
- **Integrity:** money raises the possibility of conflict of interest between the leaders of the SII and its grassroots members. Membership organizations are often more 'professionalized' than local manifestations, so need money. The grassroots activities have less need for money to operate on a small scale and may not want or need to grow. Growth ambitions are often integral to professionalized leaderships. The availability of money can lead to conflicts between personal interest of leaders and the interests of the organization. SIO are vulnerable to these because procedures are typically more lax and informal. They are also prone to 'founder syndrome'.
- **Independence:** the risk of loss of autonomy and independence of action and decision making is inherent in accepting money from external actors that comes with conditions imposed 'top-down' and can range from mission drift to changing the modus operandi of the SII. Loss of independence can make the SII less effective and change in the modus operandi can impact on its capacity for transformative change.
- **Innovativeness:** the cultures, logics and interests of government and other establishment actors are different from those of the SSI whose innovativeness and innovations they may seek to harness. Ironically, in seeking to harness initiatives and their innovativeness, these risk being damaged or destroyed by being co-opted. Continuity of innovativeness is based on grassroots support and grassroots creativity, which is facilitated by freedoms and flexibility and horizontal governance. The more that the activities of the SII are subject to top-down control or are codified (such as through contractual arrangements) the less scope there is for new innovation.

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## 2.8 The TRANSIT case studies revisited

Against the backdrop of the different broad resourcing pathways and the tensions and risks they entail it is instructive to look at a specific social innovation, such as Time Banking, a social innovation where all three pathways have been (or are being been) travelled by manifestations in different national or local contexts.

Timebanking is an interesting case because it has been on the cusp of scaling in several different country contexts for a long time although, with the possible exception of Japan, it is still to break through, and it is a social innovation that is 'in the sights' of establishment actors in relation to rebuilding communities and reforming public services in many countries. Also, several variant forms of timebanking have emerged at different times and contexts, so there is no single model of timebanking. Whereas 'purist' timebanking is organised around exchange of time on principles and values of mutual aid, reciprocity and equality, some variants are in the form more of incentivised or rewarded volunteering; e.g. JCSA or NALC (Japan) or Spice (UK). Such variants in Japan are now quite mainstreamed.

In each of the US, the UK and Spain (three of the countries represented in the case study and critical turning points analysis of time banks, there are around 300 Time Banks. At least in the US and the UK, new Time Banks are being established every week; but it is also the case that births of new Time Banks are matched by deaths of existing Time Banks. Many Time Banks fail to survive for more than a few years. So an interesting question is: what are the ones that sustain long term doing that the others fail to do? The answer to this question seems to be that Time Banks that have sustained long-term have diversified their funding sources and also engage in social enterprise, using the funds from one income generating activity to cover the running costs of the Time Bank. These arrangements typically require that the Time Bank and the social enterprise are associated functionally but separated legally and have a different legal constitution (e.g. charity + co-operative) to provide for the pros and cons of each legal form to be 'balanced out' through judicious advantage-taking of the regulatory and fiscal concessions pertaining to each. This route provides for greater financial independence, so provides more autonomy and scope to retain integrity and fidelity to core mission.

The approach of embedding Time Banks in larger organisations has been used by Martia Blech in the US. She has successfully run Time Banks over a 30 year period. However, over this period she has had three different organizations as partners and has twice experienced abrupt severance of the relationship with a partner organization, each time because of changes in the leadership of the partner organization and resulting changes of policy. The first severance of a relationship came after 19 years of successful operations with a health insurer. The second severance occurred even though the Time Bank was well embedded in the routine practices of the partner organization, a hospital. The current partnership, with the Catholic Diocese of New York is ongoing. Each severance has necessitated the creation of new time banks, with new memberships.

The fourth country where we have studied Time Banks is Japan. Timebanking originated in Japan. The first recorded Time Bank, the Volunteer Labour Bank (VLB) was established by Teruka Mizushima in 1973. It became the hub of a national network of Time Banks, the Volunteer Labour Network (VLN). The establishment of the VLB/VLN paved the way for the emergence of other TimeBank networks in Japan, each offering innovative variants of the original (VLB/VLN)

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TimeBanking model. These innovative variants emerged in co-evolutionary relation with on-going contextual changes in Japan, especially surrounding the ageing of Japanese society. The innovative models of TimeBanking were better aligned to the changing context than 'purist' models of TimeBanking as originally pioneered by Mizushima. Their greater appeal and effectiveness (relative to VLN) has enabled them to grow, to overtake VLB/VLN, and become the dominant forms of TimeBanking in Japan. This has contributed to the gradual decline and 'withering away' of the VLN. The VLN has declined to now having only 500 members (mostly elderly women) with very few active exchanges (ca. 1000 hours per year).

Timebanking has travelled farther down an institutionalisation and societally transformative pathway in Japan than in any other country. However, more commercial variants on the original timebanking model are the ones that have 'institutionalized' rather than the original 'purist' model. These innovative variants often involve mixed currency arrangements, with both time and money being used as currencies.

## 2.9 Final remarks

For a social innovation organisation to secure external funding it needs to be doing something that other actors in society feel is worthwhile or delivering/developing (or holding potential to develop and deliver) something that they value. This journey can be considered something of an institutionalisation journey, since the object is ultimately to secure a sustainable and secure funding stream by becoming a line item in the budget(s) of mainstream organisations or having some new funding mechanism created that enables the social innovation organisation to earn income from delivering something to society.

The route involving external money is complicated by the fact that the further down this route the organisation travels, the more money comes with expectations and conditions, which also affect its resourcing structure, with increasing need for higher-level administrative functions and capacities. This implies professionalization and the adoption of the mainstream system logics of marketization, accountability, quality assurance and risk (financial and legal) management. This involves some loss of autonomy and is where any counter-wave ripple against marketization and bureaucracy that the social innovation organisations represent can easily get swamped and be lost, along with their scope to be continuously innovative and adaptive.

Much depends on the source of the external funding and the degree of compatibility between the motivations, logics and modus-operandi of the financier or commissioner and those of the social innovation organisation. Partnering between a social innovation organisation and a well-financed and like-minded charity to deliver something that both parties want (such as partnering between TBs and Royal British Legion) does not necessarily introduce conflict or tensions over core mission, whereas partnering with large, rigid, top-down institutions presents more scope for top-down interference and control, including over core mission.

All of this holds implications for the kinds of transformative change social innovation initiatives and organisations can contribute toward and what societal institutions and structures might be transformed. It holds implications also for the design of strategies and prescriptive

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actions/interventions by the concerned actors for steering toward visions of their preferred futures.

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## 3 Success Case Examples of Sustainable Social Innovation Resourcing Strategies in the United States

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This is one of a set of background papers on the theme of resourcing. One of the complementary papers to this (Weaver & Marks, 2017) reports insights obtained through the TRANSIT project about the cross-cutting theme of resourcing of social innovation initiatives that have transformative ambition or have transformative potential. The entry point for the present paper is a set of observations about social innovation organisations generally and about Time Banking as a social innovation specifically, using examples from the US to illustrate points. The general observation is that: “an important aspect of having potential to be transformative is for the social innovation organisation to sustain and replicate or otherwise grow, but there are different ways of doing this.” The specific observations are that Time Banking as a social innovation has survived now for several decades and has spread to different countries around the world, but that “its development is not as might have been expected”. The total number of time banks in the UK for example has been stable at around 300 time banks since the early 2000s, but each year the composition of that 300 is different. Annually many new time banks are formed, but equally an almost matching number of existing time banks fall away. Only a few time banks have managed to sustain over the middle- to long-terms. A similar pattern of time bank births and deaths has been noticed in the US (Weaver et al. 2016).

A phenomenon like this is worth exploring from the thematic perspective of resourcing. For a timebank or any other social innovation organisation to sustain it must at least secure the funds it needs to ensure its survival each year across the full lifetime of the organisation. What explains why some social innovation organisations manage to sustain over the long term while so many others, having often been established with great energy and enthusiasm, die within the first few years? The ones that sustain must be doing something right. But what is that ‘something’ and is that ‘something’ replicable or is it so specific to the characteristic of the particular organisation, the individuals running it, or the space-time context that there is nothing there to be learned for guiding others?

The present paper uses a ‘success-case’ evaluation methodology (Brinkerhoff, 2003; Murphy, 2016), which identifies a set of known social innovation organisations that are ‘long term survivors’ and explores their resourcing strategies to identify core as well as divergent characteristics. The findings highlight that even among a small selection of ‘success cases’ several different resourcing strategies and models can be discerned, but that core strategies based on ‘diversified’ approaches that provide for an element of autonomous funding are characteristics that recur across the success cases.

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In what follows we identify several time bank/exchanges or related social/share economy initiatives that illustrate a range of approaches to resourcing. After a brief history and description of each, we will explore the diversification of resourcing models and resources that have been developed to enhance organizational sustainability; the impact of this diversification on time exchange operations; its relationship to government entities and issues related to monitoring and evaluation. The paper concludes with suggestions for future study.

## 3.1 History and Description of Identified Initiatives

Hour Exchange Portland (HEP) in Maine, launched in 1995, is one of the longest running neighbor to neighbor community time exchanges in the US and a historic leader in the time bank movement (see: [www.hourexchangeportland.org](http://www.hourexchangeportland.org)). HEP has over 500 active and diverse members that includes seniors, families, and refugees, many low income and/or experiencing disadvantage. Special programs include “access to the arts” in which members can attend arts and entertainment events for time credits; time credits used for mentorship, workshops and group marketing opportunities for artisans and crafters and “access to education” where time credits can be used to learn new skills, take classes or receive private tutoring. Health care has consistently remained the most utilized service in HEP, providing access to mental health services, therapies, nutrition counseling, childbirth support and transportation to medical appointments paid in time credits. In addition, HEP has focused efforts on supporting refugees and immigrant populations, thanks to an effective collaboration between HEP and Catholic Charities Refugee and Resettlement Program.

Partners in Care (PIC) is a time exchange community that offers services to Maryland seniors and individuals with disabilities in exchange for their donated time and talents. Its diverse 3200-person membership includes all age groups of seniors, their family members and friends, PIC staff and community members contributing to the time exchange and to the organization. Special programs include “Ride Partners” which provides door to door transportation to older adults with members using their own cars; “Repairs with Care” which provides handyman support, and “Member Care” which provides individualized support such as home visits, writing checks, light housekeeping, pet care and grocery shopping. Service exchanges and these specialized programs provide ways for improving the care of the current elderly and for securing their own elder care or care for relatives in the future, supplementing the nation’s social security payments provided to seniors. PIC provides opportunities for everyone to contribute and benefit from elderly care regardless of income or job status. Membership in PIC is voluntary and not formally linked to national social security systems (see [www.partnersincare.org](http://www.partnersincare.org)).

Parent Support Network (PSN) of Rhode Island, which houses the Rhode Island Time Bank, provides parent peer support services to parents with children removed from their home, involved in the justice system on probation or placed in the Rhode Island Training School, a residential treatment provider for youth, under a contract with Rhode Island Department of Children, Youth and Families. Services include providing evidence based parent education, the “Nurturing Parenting Program”; preparation and attendance at child and/or parent treatment meetings, school meetings and special education planning meetings, and work with parents on improving

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their capacity to parent in order to be successfully reunified with their children. Volunteer peer support specialists, trained by PSN staff, work within PSN and other health and social service agencies in Rhode Island to provide support and services to parents and young people. PSN also has a youth group, “Youth Speaking Out” (YSO), for young people ages 13 to 17 years who have behavioral health challenges. YSO-involved youth learn leadership skills, work on community service activities and receive training in public speaking to prepare them to testify at local government forums and hearings in support of young people and their families. Volunteers and paid peer recovery specialists support these projects along with other program-involved youth and families and community members; many participate in the Rhode Island Time Bank, providing mutual aid to each other through reciprocal service exchanges (see [www.psnri.org/](http://www.psnri.org/))

The Open Table (OT) represents a second-level social and sharing economy initiative (note: OT does not operate a formal time bank) that seeks to build local economic opportunities and relationships by establishing cross-cultural and economic networks of individuals that pool and share resources. OT is an intervention model currently operating in 17 US states that utilizes the untapped capacity of congregation members to lift individuals out of poverty. OT trains up to 12 congregation volunteers (“table members”) to serve as a support network for an individual/family (“brother/sister”). Table members work with brothers/sisters through a structured process over 8–12 months. They access friends, business contacts and fellow congregants to mobilize resources to support participant goals in employment, education, housing and personal skill development. Table team members make a one-year service commitment. The model is well defined with clear practices and processes. For example, early table meetings such as “Breaking the Bread” and “Developing the Life Story” are described in detail within OT’s intervention manual, designed to facilitate brother/sister engagement and relationship-building with table members. Table members serve as life specialists, encouragers, and advocates for brothers/sisters, with each table member fulfilling a functional role in the process. The brother/sister is often referred by a government or community agency.

Keys to the success of the intervention are the reciprocal relationships that develop between table members and the brother/sister; the transformational changes that occur by table members through the volunteer experience including reconciling their own past struggles and views of people in poverty and a faith/shared purpose that develops between table members and brothers/sisters to improve the lives of people in poverty (VanDenBerg & Marks, 2017). Church leaders have identified Open Table as a “discipleship” process through which members create and serve in “missional” communities that are in direct and transformational relationship with the poor. To date, more than 80 churches with memberships as small as 40 and as large as 20,000 have launched Tables in more than 50 communities across 17 states. Populations served include families in poverty, young people in transition including those exiting the foster care system, veterans who are homeless, families of youth with complex behavioural challenges involved with multiple child serving systems and young people involved in sex-trafficking (see [www.theopentable.org](http://www.theopentable.org)).

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## 3.2 Resourcing for Sustainability

While the identified initiatives differ in terms of excluded groups targeted as members, history of origination, or role of the type bank in furthering the mission of the host organization, a common feature is the use of “non-rival” resources such as the unused labour of community members to support operations. All four initiatives incorporated “citizen-organizational” co-production where community members served as contributors and resources to further agency mission (Marks, 2009). In time-bank terminology, members earned hours benefitting the host organization in some capacity and in return, received benefits in services provided by other time bank members or from the time bank itself. The examples shared below were gleaned in discussions with leaders of the four initiatives or found on websites that describe the initiatives.

### Social Businesses and Time Banks

Time bank members earn hours working on social businesses aligned with the mission of the time bank. The social businesses took on different forms with each representing a unique collaboration. Three examples are identified below. Each afforded the time banks with reoccurring sources of revenue to support operations.

*The Partners in Care (PIC) Boutique:* Time Bank members earn hours by staffing the Partners in Care (PIC) Boutique, a social business that provides close to \$500K annually (about 35% of total agency revenue) in support of PIC programming for older adults in the community. In this example, the time bank owns the profit-making boutique. PIC trains paid staff and staff earning time bank hours that support the Boutique. Many of the staff are seniors that use their banked hours for transport or handyman repairs. The network around them combats social isolation as they stay engaged by working in the Boutique, receiving mental health and physical benefits, in addition to contributing to the financial health of PIC.

*HEP and a Co-operative Business:* In this arrangement, the executive director of Hour Exchange Portland (HEP), Linda Hogan, and a member of HEP, Terry Daniels, launched a weatherproofing co-operative as a legally separate, tax paying business. A successful business model was formed, using the different status of two separate but collaborating organizations to leverage resources for both, providing mutual support and delivering positive social and environmental impact. The co-operative, a standard, fee-based business, was established to connect directly with and for HEP members. The co-op labor force came primarily from time bank members. This was done by the Cooperative inviting time bank members to earn hours working as “Green Teams” under the supervision of the Co-op Energy Technician. Members could then spend their hours for wanted services offered within HEP. The exchange of time currency between the time exchange members needing weatherization services and co-operative staff providing the services, reduced the operating costs of the co-operative, resulting in competitive customer fees. The Cooperative also attracted a host of in-kind and other resources through partnerships with other organizations. For example, necessary materials, tools and equipment needed for weatherization were donated by the State of Maine, Greater Portland United Way, the local community action agency, Habitat for Humanity and individuals. The co-op, however, was not eligible to secure government or philanthropic grants or individual donations. HEP, legally incorporated as a 501c3 (US-equivalent of a charity) was eligible for grant funding. HEP attracted grants from several foundations, banks



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and individuals, which supported a staff position to coordinate work between the co-operative and the time exchange. In turn, the time bank and its members reaped a number of benefits. The Weatherization Cooperative granted a portion of its revenue from its profits to support HEP. Interested time bank members received training in weatherizing their own homes, saving expenses. Two-time bank members gained employment in the weatherization field as a result of the training and experience they received as “green-teamers”. One member was employed for a year before leaving the area, another became a manager in a private business.

*HEP and Entrepreneurship:* An off-shoot of the aforementioned collaboration with the co-operative was an initiative by which interested members of the cooperative sought to establish their own business providing weatherization services. Here, the time bank helped to incubate, grow and sustain a small fledgling business. For example, HEP assisted these entrepreneurs by helping them start, expand and improve their businesses by charging “time” for support they received for mentoring, marketing, advertising, finding and securing facilities to house their business and other essential business incubation functions. HEP members who were uninterested in actual weatherization but who wanted to support the business earned time providing transportation, lunches, or tools for the new entrepreneurs. These entrepreneurs also had access to time bank members as potential customers for their start-up businesses. In exchange, a portion of their business revenue was returned or “tithed” to the time bank in recognition of the assistance the time bank provided.

## Partnerships with NGO’s

In three of the four identified initiatives, the availability of time bank members to support the mission of the host organization and an identified target population in need made the time bank an attractive partner for other NGO’s/non-profit organizations working with a similar target population. Subcontracting with the time bank for services occurred, contributing to financial diversification and sustainability. Examples include:

- HEP entered into a contract with local Catholic Charities to assist refugees and the immigrant population. Time exchange members assisted these populations in studying for their citizenship test or in learning English; new populations provided mutual aid to each other and exposed members to their food and culture. The subcontract was renewed annually for fifteen years.
- In Maryland, PIC received a subcontract with a local affordable senior living facility to offer community engagement opportunities and resource information to support elderly individuals.
- In Rhode Island, the PSN time exchange established a formal partnership with a substance abuse treatment provider to recruit families and young adult leaders in recovery to join the time bank and build a peer support network. Child care was identified as a need that prevented attendance at regular Narcotics Anonymous (NA) or Alcoholics Anonymous (AA) meetings. In response, three organizations, including the time bank, got together to offer on-site group respite care provided in part by Time Exchange members so that family members could attend meetings. Time Exchange hours were also used as in-kind contributions to help secure a small grant to further solidify the partnership project.

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- Also in Rhode Island, PSN partnered with the Rhode Island Training School, a state youth correctional facility, to introduce young people to time banking while they were in the facility. Youth earned time bank hours by performing community service, such as sending supplies and letters to soldiers deployed overseas. Youth used their hours to secure special supplies from the store on the grounds of the facility. Family members of the young people were also allowed to “cash” in their hours earned to help meet the needs of the youth serving time. Most important, a number of youth stayed involved with the time bank post release, supporting successful re-entry.
- In Maine, the Maine Youth Opportunities Initiative (MYOI), part of a nationwide effort sponsored by the Jim Casey Foundation to ensure successful transitions for youth aging out of foster care, partnered with HEP to help provide youth with the financial, social, and vocational supports they need to succeed after discharge (Maine Youth Opportunities Initiative, 2006). Resources were secured to hire an AmeriCorps/VISTA volunteer to fashion programming within the time bank suitable to the needs of soon-to-be former foster youth.

## “In-kind” Services Supporting the Time Bank and Target Populations

There are a number of examples within the four initiatives where members identified a service or organizational need and addressed the need “in-kind”, through their own efforts and labor, in lieu of seeking outside resources. Examples include:

- In response to the needs of parents with special needs children, PSN established a Friday night group respite session, where families could drop off their children for a few hours to get a break. Time Exchange members staffed the Friday program.
- Within Open Table, some congregational leaders that led table meetings became part of the larger (nationwide) Open Table initiative, helping launch tables in other jurisdictions by introducing Open Table national leaders to important political stakeholders in state and local government. Also, former brothers/sisters became civically active, in congregations or within the Open Table initiative. Many decided to serve on tables as table members, assisting other people in poverty. Others provided input to improve the table intervention and used their voice to promote Open Table as a vehicle to improve relations between individuals across culturally disparate groups.
- In Partners in Care (PIC), members organically created “Warm Houses” which are monthly gatherings in homes to bring people together for socialization, friendship and connectivity. Also within PIC, two members, a retired professor and a social worker who wanted to stay active in their fields, were trained in the Stanford Chronic Disease Self-Management course (in partnership with the local Area Agency on Aging). In exchange for receiving this training, the instructors facilitated classes for the benefit of other PIC members.

## Membership/Licensing Fees

Using membership and licensing fees, although sometimes used by Time Banks, is often discouraged because of the disadvantaged economic circumstances of its members and the perceived contradiction of asking members for money in an initiative that seeks to deviate philosophically from the use of money. Open Table, not a formal time bank, creatively uses this

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strategy to generate significant and sustainable sources of revenue in support of local capacity building activities.

Within Open Table, congregations are asked to pay a licensure fee to be trained and supported in implementing the intervention model. Fees are based on size of the congregation, ranging from \$500 to \$1000 annually. In addition, table member volunteers are asked to invest \$120 to serve as a volunteer on the table. Some might find this surprising. However, congregational members often choose to make discipleship trips to other countries to assist and serve people in need and these trips can often cost upwards of US \$2-4K. Instead of serving disadvantaged folks in other countries, congregants are asked to invest in an intervention that addresses poverty in their own back yard. Both of these requirements have stood the test of time with congregations and congregants willing to make these investments. Accommodations are made for those that cannot afford the fees, with either government departments paying the fees for the initial start-up period or more wealthy congregations supporting their less well-off brethren.

## Private Foundations/Philanthropic Funding

All four initiatives currently receive or previously received private foundation/philanthropic funding to support the time bank. Support was secured from national, regional and local foundations. Funding was used to support programming as well as core operations. Some of the initiatives (e.g., Open Table, PSN) sought foundation/philanthropic funding on a limited and targeted basis, primarily to fill program gaps or to fund special initiatives. At the other extreme is PIC. PIC currently has 26 different philanthropic grants, mostly small, but nonetheless an essential component of their funding diversification strategy. Despite the breadth of awards, grants are small and come with no expectations of continuity. This is because PIC maintains a deliberate policy that the organization will not become dependent on these grants or any single funder. PIC policy deliberately assures a 'gap' of time between a grant awarded and submission of a new grant application. Further, PIC has a policy of maintaining the share of grant funding (philanthropic and statutory) in the overall mix of organizational income at or below 40 percent.

## Government/Statutory Funding

All four initiatives receive direct statutory/government funding. However, as depicted in figure 2 below, government/statutory funding is one of a number of sources of financial support for the initiatives. All but one of the initiatives consider government funding as supplemental to supporting their operation as opposed to resources that are absolutely essential for survival. Government funding often comes after the initiative has been established, to expand an existing service or meet a specifically identified community need. For example, in Maryland, PIC supplemented its Ride Partners program by purchasing two small wheelchair-accessible mobility buses to transport seniors with progressing physical limitations that precluded them from riding in member cars. Funding for the vans was provided by the State of Maryland Transit Administration through a competitive grant process. Within Open Table, a decision was made early on by its Board of Directors not to directly accept government funding.

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Figure 1: Resources for Sustainability

Initiative	Membership or Licensure Fees	Income from Social Businesses including worker cooperatives	Partnerships with Other NGOs	Foundation, Philanthropic Funding	Direct Government/ Statutory Funding
Hour Exchange Portland (ME)		X	X	X	X
Partners in care (MD)		X	X	X	X
Parent support Network (RI)			X	X	X
The Open Table (AZ)	X			X	X

Open Table made this decision to ensure that its core principle of local determination and ownership of the model are followed. This principle states: *“The expansion, scope, target populations served and larger system change efforts are locally determined by a community of business, non-profits, government and faith sectors and managed as part of a community vision of their system of change under a shared purpose. Faith communities are the implementers of Open Table at the sister/brother level and make final determinations at the model level”*. Directly accepting government funding was viewed as having potential to compromise this core principle. An amendment to this policy was recently introduced, to allow for the acceptance of government funding to support core capacity building functions such as training, start-up support and technical assistance to faith congregations. (J. Katov (personal communication, July 12, 2016).

The exception to this targeted use of statutory funding occurs with the Rhode Island Parent Support Network (PSN). Due to its high need target population of youth and families and their often-formal involvement within the Social Services or Juvenile Justice systems, PSN sought out and won grants from a range of Federal, State and local sources to support the organization. Funding is provided by Rhode Island’s Behavioral Health Developmental Disabilities, Children Youth and Families, Human Services, Education and Health Departments as well as the Federal Substance Abuse Mental Health Services Administration (SAMHSA). Government funding provides almost 100% of total organizational revenue. This diversification of government funding has contributed to the expansion and sustainability of PSN, supporting direct services to youth and families, coordination of volunteer services, group services for young people and advocacy and organizing work to improve policies for youth and families. Government funding also supports professional development opportunities for volunteer peer support staff. For example, through advocacy efforts, PSN became the lead partner agency to develop and implement the Statewide Certified Peer Recovery Specialist (CPRS) Program. With this initiative, interested volunteer peer

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support specialists can now gain a professional certification which qualifies them for positions in the formal economy, delivering peer recovery services in a range of health care venues across the state.

## 3.3 Summary and Implications

Integrity, Inertia, Insolvency, Innovativeness: Although insufficiently studied, there is evidence suggesting that diversification of funding beyond government/statutory sources has enabled the four initiatives to remain grass roots initiatives, responsive to community needs and interests. Government funding was used to supplement or expand upon services provided or leveraged by time bank members reciprocally exchanging with each other or supporting the host organization. By understanding and living in the community, members of the social innovation initiatives identified unmet needs and addressed these needs either through their own creative efforts or working to secure targeted government or philanthropic resources. A range of social businesses that provided a source of sustainable revenue for the organization were also created in this manner in response to member interests and needs. “Mission-creep”, moving into program areas where funding is made available but is not aligned with core mission, was not evident. Diversification of business models and of resourcing/funding sources appears to be a countermeasure to deliver sustainability, spark innovativeness, address organizational inertia while maintaining autonomy and integrity for time banks and the organizations supporting them.

New Roles for Government: Time banks as well as other social innovation initiatives and organizations are often aligned with policy goals of government and/or the mission of government organizations, such as preparing and supporting young people transitioning from the foster care system, helping prevent homelessness or caring for the elderly in their own homes. Government can support social innovation initiatives and organizations with direct funding, but more sensitive funding mechanisms and arrangements are needed if these are to avoid damaging the integrity of the social innovation organization or its capacity to innovate continuously. Further, if not a primary source of direct funding, government can support and help sustain social innovations in other ways. Using the studied initiatives as examples where applicable, roles for government include:

- Convening and leading meetings introducing the social innovation to other government entities, organizations or funders. For example, within Open Table, government representatives participated in meetings with interested congregations, exhibiting support for the innovation.
- Providing or assisting with “seed” and matching funding (co-funding) where needed: Social innovations may require up-front funding to launch a new initiative with an understanding that private resources will be made available as the start-up phase winds down. For example, PIC in Maryland has been approached by other jurisdictions to adapt its model for seniors in new locales. Start-up resources will be need if PIC decides to address these requests. Government agencies could take the lead in finding low cost loans or identifying government grants in support of this action. Government leaders could also help identify

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private foundations that may have loan programs to assist in start-up and serve as a conduit to these foundations, introducing them to the social innovation host organization. Government endorsement of the project could become the impetus for foundation investment.

- Providing or arranging for targeted in-kind services: For example, Open Table is seeking training from government and government contractors in areas such as trauma informed care to best prepare table members to support young people leaving the foster care system.
- Agreeing to prepare and refer targeted participants: Some participants are referred to time banks directly by government workers. It is important that government workers be sufficiently oriented about the social innovation so that potential participants that could benefit are attracted to joining
- Integrating/coordinating services with government staff: Similarly, time bank referrals may occur as a part of an “after-care” services plan; as a diversion from mandated government intervention or as a supplement to government delivered formal services. Understanding the respective roles of the volunteer and the government worker in supporting vulnerable and disadvantaged populations are important to successful integration/reintegration.
- Where multiple government funding sources are present, support blended funded arrangements to reduce, streamline and integrate accountability processes and government monitoring requirements.
- Funding the development of support programs to raise awareness of social innovation organizations to new funding sources and mechanisms and to make them ‘investment ready’.
- Developing intermediation capacity between private social impact investors and social innovation organizations to help access new private funding streams.

## Implications for Monitoring/Evaluation

The sustainability funding strategies employed by the time banks reviewed in this paper have implications for monitoring and evaluation priorities for time banks specifically and social implications generally. Issues of import include:

Reporting and Accountability Requirements: One consequence of diversified funding is that each kind of funding source requires unique reporting and accountability requirements. For example, expanded government funding may result in submission of progress and outcome reporting that organizations sponsoring social innovation may not have the capacity to address or be of much relevance to social innovators. Social business reporting present legal requirements that organizations may not have experience with.

Expanding Existing Information Sources: Social innovations, such as time banks, may have existing data systems that report on processes/activities associated with their innovation. For example, within time banking, software such as the US based Time and Talents systems, has been developed to track and report on time bank exchanges. These systems provide information on number of

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exchanges; parties involved in the exchange and kinds of services exchanged. The growing importance of outcome based tracking and diversified funding will necessitate a review of current data and financial systems to determine the extent to which these current systems provide an edifice to build on.

Performance Management: As social innovations mature and diversify funding, they will need more advanced data systems and other feedback mechanisms that integrate performance data and financial systems, to be able to understand goals achieved and at what cost and identify strategies that are successfully implemented and those that face implementation challenges and how to correct them. These systems will be needed for internal management as well as external accountability, especially if innovations become part of performance based contracting initiatives such as Social Impact Bond funding arrangements.

Rigorous Research: Social innovations such as time banks will increasingly be part of rigorous external research and evaluation studies in order to better compete for private, philanthropic and government funding. As social innovation initiatives become part of larger complex change initiatives the factors and directionality of change will not be readily apparent, necessitating unique research designs that capture this complexity (Fullbright-Anderson, Kubisch, & Connell, J., 1998; Schorr, 2016). Leaders and staff will need to understand the research projects they become involved with and organizations will need to build internal capacity in order to participate.

## 3.4 Suggestions for Further Study

More study is needed to better understand “*how*” financial sustainability with autonomy are achieved within social innovations. Of import are the type of leadership models used in successful social innovations that enables sustainability and autonomy gains to occur. Research questions worth exploring include: What kinds of internal leadership/governance models best drive success and sustainability of organizations and capacity for innovation? What key factors, such as member empowerment, connectivity to local communities and a culture of innovation, are impacted by these leadership models, moderating or mediating success and sustainability outcomes?

Early evidence suggests that leaders, including those of the four initiatives studied, practice forms of co-operative or collaborative leadership. “Co-operative” leadership is a commitment to shared leadership in which everyone is equal. It emphasizes people management; maintaining solid relationships, shared respect and a commitment to identifying and maintaining a shared vision. A co-operative leader maintains “controlled” energy in which she/he is in the background as a “quiet” leader (Centre for the Study of Co-ops, 2015). “Collaborative” leadership supports a process that includes everyone involved in addressing an important issue within an organization including key stakeholders outside of the organization. Collaborative leaders bring appropriate people together in constructive ways with good information, to create authentic visions and strategies for addressing the shared concerns of the organization or community. (Chrislip and Larson, 1994). Co-operative and collaborative leadership differ significantly from “charismatic” leadership, which often characterizes leadership within social innovations and can be associated with negative

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outcomes once the organization grows or the charismatic leader is no longer leading the initiative (Yukl, 1999). Better understanding the leadership models used within successful social innovations will provide insight into how these models can be replicated.

## 3.5 Conclusion

This paper uses a 'success-case' evaluation methodology to explore the resourcing strategies used by four social innovation organisations that are 'long term survivors'. Findings revealed several different resourcing strategies and models used by the organizations with a common core strategy involving the embracing of 'diversified' approaches providing for an element of continuous funding and reduction of risk should one or more funding sources no longer be available. Diversified funding approaches include income from a number of different social business models, sub-contracts with often larger NGO's working with similar target groups, philanthropic and private funders, and income from licensure or membership fees. Social businesses were especially noteworthy because of the contributions made by community member participants to the social business and the potential for long-term sustainable financial support provided to the host organization. Diversified funding enable organizations to maintain autonomy in setting strategic direction and keep to core mission. Government/statutory funding is included within diversified funding strategies but in all but one case, was purposively targeted and limited in order to maintain the positive elements of diversification noted above. Because of the potential impact that social innovations can have in helping to address pressing social problems, a new role for government in supporting social innovations is proposed that includes raising the awareness of the social innovations, addressing obstacles to social innovation inclusion in partnership initiatives and introducing organizations to new potential funders.

Understanding how financial sustainability and organizational autonomy are achieved is essential to replicating these successes. Evidence suggests that co-operative and collaboration leadership models in contrast to charismatic leadership which is often represented within social innovations, are present in the success cases studied. Understanding the key models and features of leadership utilized in social innovations that are financially sustainable will help guide replication efforts.



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## 4 Are Social Impact Bonds a Viable Resource for Social Innovations? A Brief Discussion Paper

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Sustainable resources in support of social innovations face a number of barriers including insufficient funding for preventative initiatives by government; the challenges in substantiating the effectiveness of innovations; the financial risks association with innovation; and the lack of up-front financial investments needed to support the innovation (Liebman, 2011). Social Impact Bonds (SIBs) are a funding method being utilized to address these barriers with the potential to support social innovations designed to tackle complex and costly social challenges.

### 4.1 What is a Social Impact Bond?

A Social Impact Bond is a public-private partnership which funds effective social services through a performance-based contract. Social Impact Bonds enable government entities to partner with high-performing service providers by using private investment to develop, coordinate, or expand effective programs and underwrite the risks. If, following measurement and evaluation, the program achieves predetermined outcomes and performance metrics, then the outcomes payer (usually government) pays the original investment with some premium. However, if the program does not achieve its expected results, the payer does not pay for unmet metrics and outcomes. Social Impact Bonds are often used synonymously with the term Pay for Success (PFS) (Dear et al., 2016). Since the early pilot in the prisons of Peterborough (UK) in 2010, the concept of Social Impact Bond has generated significant interest in Europe and the US. Projects in the most advanced stages of planning are within the corrections/criminal justice realm but more governments are now directing their attention towards other areas such as early childhood, preventive healthcare, homelessness, and substance abuse, as potential issue areas to address with PFS contracts (Dermine, 2014; Leibman, 2014).

### 4.2 What Initiatives have the Greatest Potential for Inclusion in SIB Funding Schemes?

To manage risks and encourage investments, most SIB initiatives to date have focused on initiatives that reduce program costs to government and include programs that have shown evidence as “proven” programs. Other characteristics of initiatives that have historically had the greatest potential for inclusion within the sphere of Social Impact Bonds (Liebman, 2011) include:

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- i. Working with a well-defined treatment population
- ii. Projects seeking to accomplish measurable outcomes
- iii. The ability to identify a reliable comparison group or counterfactual
- iv. Projects that can scale up quickly and have shorter time frames to deliver social impact

## 4.3 Are social innovations a good fit for inclusion within SIB funding schemes?

Because of their focus on identified high need target groups for inclusion (e.g., seniors, youth involved in juvenile justice), involvement in social impact bond schemes may be a viable option for time banks and other social innovations to consider. Within this structure, organizations incorporating time banks could provide cost-effective services alongside other service providers in support of target groups to enhance engagement, as an after-care service for individuals leaving formal care or as a supplemental service to address social isolation, assist with community integration or provide special supports to address poverty related challenges. Organizations supporting social innovations like Time banks could also benefit from readiness-related investments that are increasingly being considered to supplement formal SIB funding. These investments are designed to increase the capacity and infrastructure of providers to contribute to and succeed in a performance based environment. Investments may support, for example, development of internal financial and data systems; establishment of standards, measures and tools to ensure that projects are implementing services with quality and evaluability assessments to prepare organizations for inclusion in rigorous research designs (Hughes, & Scherer, 2014; Leibman, 2014; Non-Profit Finance Fund, 2016; Rothschild, 2013; Wilson, Silva & Ricardson, 2015), all areas in which most social innovation organizations, including time banks, currently lack capacity. For example, in the UK, a £10m programme supported by Big Lottery funding is offering voluntary organizations on a competitive basis support in better understanding and accessing social investment opportunities as well as investment readiness support to help scale up activities. Time Banks UK, the umbrella group for time banking, received a preliminary grant of £28,500 to support the first stage of the investment readiness process (P. Weaver; personal communication, 31 January 2017).

There are challenges and limitations to time bank and other social innovations taking on a significant role within SIB funded initiatives. First, many social innovations including time banks, struggle with financial sustainability within communities in which they are operating. Requiring them to scale up operations in new communities would be especially challenging (see Weaver et al., 2016). Without significant financial backing, time banks will likely be limited to participating in SIB projects where they are currently operating and only in those instances where time banks have achieved sufficient levels of financial stability. Second, social innovations often do not have a clear method of measuring outcomes or impacts resulting from their activities as well as costs of services, all essential components of social impact bond financing. Third, organizations supporting social innovations are often not in positions where they are able to take on financial risk should outcomes not be accomplished per contractual agreement. Therefore, social innovation

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participation in SIBs for the most part, be limited to those instances where contractual models do not require financial risk for the service provider. Lastly, organizations supporting social innovations often do not have the infrastructure to take on a significant management or administrative role in SIB projects. As a result, organizations sponsoring social innovations will be limited to providing specialized services, working within a service provider coalition or in partnership with a local or regional multi-service high capacity service provider that serve as “program intermediaries”, managing service provision and providing training and oversight of initiatives (Azemati et al., 2013; Nonprofit Finance Fund, 2015; Social Finance, 2011).

## 4.4 Are there other issues that social innovations ought to consider before participating in SIB schemes?

As noted above, participation in SIB schemes as a sub-grantee requires significant levels of institutional investment, of time, resources and energy. Areas of investment include staffing for rapid scaling of programming, preparation to undergo rigorous evaluation, commitment to work in partnership with other service providers, building infrastructure to be able to track costs and outcomes, cultivating a performance management ethos in the organization, and a commitment to attract private investors (Nonprofit Finance Fund, 2016). Social innovations will likely to be consumed by the institutional requirements of SIB involvement in adopting required strategies and actions necessary to succeed in a performance based environment. This adaptation will present challenges to maintaining sufficient integrity of initial vision, risking loss of autonomy in core strategic decision-making areas. Therefore, social innovations ought to consider inclusion in SIB schemes cautiously, limiting involvement as a niche service provider receiving funding for the provision of specific targeted services and except in cases of mature sites with evidence of sufficient capacity and financial sustainability, without subject to financial risk taking conditions as part of a contractual agreement.

## 4.5 Conclusion

Consistent with the theme of this paper, SIB involvement ought to be carefully considered under certain conditions as a potential feature of a social innovation’s sustainability funding strategy, strategically supplementing current revenue sources, improving funding diversification and as a partner in contributing to broad collective actions to address pressing community social challenges.

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## 5 Key insights about Resourcing and Monitoring for practitioners and policy makers (inputs for the TRANSIT brief on Resourcing and Monitoring)

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### 5.1 Intro text about social innovation in a changing world

In every city and town, people engage in social innovation. We speak of social innovation when people come together to do something that is relationally unusual. Examples are: the trading of services via a time bank, energy cooperatives, co-housing, participatory budgeting, sharing systems for people who do not know each other personally and impact hubs where social entrepreneurs liaise and share space and a IT infrastructure. The social relation is not just a means to a goal (a functional thing) but valued in its own right for reasons of autonomy, relatedness, purpose and social value creation. They provide gainful activities to those without jobs and for those who want to work in a cooperative way with others, for reasons of conviviality, learning certain skills, experimentation and autonomy.

Social innovation initiatives are responses to perceived gaps and deficiencies in established arrangements and provisions. In countries without social welfare systems, social innovations offer mechanisms for sustenance, which makes them even more important. Social innovation contributes to transformative change but is itself subject to pressures for change from dominant institutions in the form of regulations and requirements to demonstrate positive social impact. This two-way relationship is studied in the TRANSIT project with the aim of building a theory of transformative social innovation that is helping practitioners and policy makers in formulating policies and strategies for unlocking the potential of social innovation to address societal challenges.

At the moment the scope for certain social innovations to go to scale is high because there are shifts underway that favour their emergence as service providers. We see, for example, the shift from local authorities acting as direct service providers to becoming service commissioners in areas of adult social care, urban poverty relief, etc. Another relevant development is the discussion about the current welfare systems and experiments with new forms of social welfare provision and rules.

Social innovation involves tangible and intangible resources. Tangible ones are: money, volunteer time, derelict or unused buildings, unused land, equipment, software, waste materials (discarded products, etc.). Intangible resources are: the core beliefs and principles of the initiative, its mission,

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trust and personal ties and relations with outside actors. Credibility, image and integrity are important resources too, since they impact on the capacity to retain members, the commitment of members and the sense of 'ownership' that members have over the social innovation.

## 5.2 About this brief

This brief offers findings of the TRANSIT project with regard to resourcing and monitoring. It is based on 4 workshop papers which were discussed at a 2 day workshop in Maastricht (NL) on Febr 15-16,, 2017. In the brief we discuss pathways for resourcing, methods for monitoring social impact, tensions around resourcing and monitoring, the need for avoiding social ills (which requires a preventative infrastructure with an important role for social innovation activities), and the role for social enterprises and science in supporting SI. The brief is the 5<sup>th</sup> brief of the TRANSIT project.

## 5.3 Intro text about resourcing and monitoring

For their growth and development social innovation initiatives must find **reliable ways of resourcing themselves** – not only for specific activities but also for their basic costs, and not only for one specific project but in a sustained way. They often use underused resources (vacant land, buildings, the time of volunteers) but also to obtain financial resources from external people (government, philanthropists, charities and social impact investors), they need to **demonstrate positive social impact**, and this depends on tools for delivering and for demonstrating impact.

This means that **resourcing and monitoring are closely intertwined processes and capacities**. Monitoring for impact is the key concern for service commissioners with implications for demonstration projects and assessments of service readiness and/or upscaling readiness. However, monitoring is also an internal concern for social innovation initiatives – especially for those with transformative ambitions.

## 5.4 Material to include

### 5.4.1 About resourcing

1. Social innovations have different from usual structures to their resourcing needs. They use mostly abundant and non-rival resources and have relatively low requirements for scarce and rival resources. Examples are: volunteer labour (i.e. the time and talents of individuals and groups), derelict or unused buildings, unused land or space, old or discarded equipment, waste materials, underdeveloped resources, etc.
2. Social innovation initiatives usually involve relatively little in the way of financial capital or monetary support for day-to-day operations. They often apply free labour to other low value



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resources and assets in order to transform these to have higher value.

3. They often make intangible resources into assets and use the freely-given time and skills of individuals and groups to carry out their activities and create assets (new resources) useful to the initiative, such as software, webpages and knowledge/experience relevant to the initiative.
4. They also often partner with other organisations and make use of their spare capacities or develop relationships with professional organisations willing to provide pro bono support.
5. Many social innovation initiatives are specifically directed toward 'de-resourcing'; i.e. making do with less, sharing, creating fulfilment and wellbeing through activities than need no material resources, etc.
6. As social innovations grow the structure of their resourcing needs changes. They are likely to need to perform new organisational and managerial functions as well as incur financial costs of scaling-out and/or scaling up.
7. The internal cohesion of the social innovation is related to the capacity to remain true to the core mission. Autonomy of action is often an important attribute prized by members of social innovation organisations. This also provides a capacity for bottom-up innovation, which is often most effective in addressing challenges and problems, since the people most affected are the ones developing solutions.
8. Credibility and legitimacy are also important resources. These can come from being 'recognised' by other important or influential actors, such as by government, major funders, major charities, businesses or universities as being worthy of attention and support; e.g. by providing favourable legal and regulatory status, supplying grants, entering into partnering arrangements, pro bone provision of support services, or providing independent assessment of positive social impact. They can come also through the patronage of well-known and well-respected figures.

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Box 1 highlights some findings from the TRANSIT cases about resource requirements of initiatives and how these are met.

Box 1: **Key resource requirements** of illustrative social innovation initiatives and how these are met

- Many initiatives have volunteers as an important resource in their activities. This applies in relation to local initiatives and projects of *Transition Towns* and to the Danish *INFORSE* member's local activities, especially in the early years. Participation in these local activities is perceived by proponents to demonstrate a willingness among people to switch between periods of (formal) employment and periods of volunteering when (formally) unemployed.
- Other models for engaging participants include mutual-aid and exchange-based activities, such as are practised by Time Banks. Time Banks are based on exchange of time and services.
- As well as mutual aid based around service exchange, some initiatives are based around the sharing of other assets and resources; e.g. *Eco-Villages*. *FabLabs* and *Hackerspaces* include substantial exchange of artefacts and experiences among the active members of the labs and spaces.
- Many initiatives develop new resources, using their free labour and the experience that comes from practising their activities to generate information about 'how to do' what they do, to create support software that enables their activities to be performed more effectively, and to build internet sites and webpages to disseminate information to other practitioners. These become mutually accessible resources for members of their networks. Examples include: *Impact Hub*, *Living Knowledge*, *Time Banking* and *INFORSE*.
- Some initiatives are affiliated to Universities, such as the *DESIS Lab* and *Science Shop*. These have access to resources of the Universities through the integration of their activities into University course and curricula.

9. To grow and "mushroom" social innovation initiatives must find reliable ways of resourcing particularly their basic costs, and not only for specific activities or one specific project but in a sustained way.
10. In their evolution, they can hit a 'funding gap' where they are no longer so eligible for charitable grants (as they are no longer making a loss), but they are not generating income sufficient to attract investors.
11. Seeking financial sources creates tensions and risks. When they are founded and are operating at low activity levels, social innovations typically have low requirements for scarce and rival resources compared to commercial organisations. Nevertheless there is a complementarity among the different resources that are needed. Some financial resource is usually needed to cover base-level money costs of establishment and operation. Often money is needed for some paid staff to act as organisers, since organising and coordinating activities requires high levels of commitment. The success and survival of local initiatives

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of many kinds of social innovation is found to depend on having paid (or partially paid) organisers and coordinators; e.g. Time Banks. This means that many local initiatives have recurrent need for small amounts of money for organising and coordinating costs.

12. The lack of reliable funding streams to cover base-level operating costs (even at low levels of requirement) threatens survival and sustainability and can frustrate the possibility for the social innovation to leverage non-rival and waste resources into productive use with positive social impact on a continuous basis. There is also a risk that any social capital built up gradually and progressively over several years of operation of a social innovation organisation can be lost if a break in funding disrupts operations. The social capital built from earlier years of investment can be lost quickly, but can only be rebuilt slowly. One strategy to reduce this risk is to diversify the income stream by requesting funds from several different foundations, asking each for only part of what is needed overall and ensuring that no single foundation is asked to assume continuous and total responsibility for financing the SIO. The downside is that this increases the workload in administering (multiple) small grants.
13. Applying for money is time consuming and diversionary. Much of the time of organisers is spent, not on core mission, but on applying for funds to cover base-level costs needed just to run the activities and keep them going. This applies, for example, to many *FabLabs*, local *DESIS Labs* and local *Time Banks*. This prompts some initiatives to seek to generate own income streams so they can self-finance. Some initiatives generate income by selling products (e.g. software from *Hacker Spaces*) or services (e.g. advice from local *Impact Hubs*) or running course and hosting different kinds of event (*Impact Hubs*, *Fab Labs*, *UK Transition Towns*).
14. There are **three basic pathways for resourcing**:
  - *External Funding Pathway*: this is a pathway that seeks investment and/or income by delivering services to external sponsors, especially services that help reduce costs on public sector agencies. It involves developing and delivering services of interest to the external sponsor. Contracts are established over the terms and conditions of receiving investments and/or income. The performance of the social innovation is measured and monitored in relation to designated target outcomes. This pathway is beginning to be supported by social finance, including through innovative 'pay-for-performance' financing instruments.
  - *Autonomous Funding Pathway*: this is a pathway through which a social innovation organisation seeks to develop an own-income stream to self-finance its activities and fund continuity and growth. There are different ways of doing this. Evidence from the case studies shows that this can be achieved by establishing a separate social enterprise activity that generates a surplus, part of which can be returned to the social innovation organisation. Examples are the selling of food in a neighborhood restaurant or tuition fees for providing trainings on organic farming in an eco-village and reciprocal exchange systems of goods (e.g. tools and hardware) and services (e.g. cooking for ICT support).
  - *Embedding Pathway*: this pathway involves the social innovation organisation partnering

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with an existing larger organisation that is wealthier or better funded and with which there is some complementarity of mission. The case studies show, for example, Time Banks that have embedded with Medical Insurers, Hospitals, large faith organisations (Catholic Diocese) and large charities as partners. Each of these partners is wealthier and has recurrent income streams. The social innovation receives financial support for helping the wealthier partner deliver its mission.

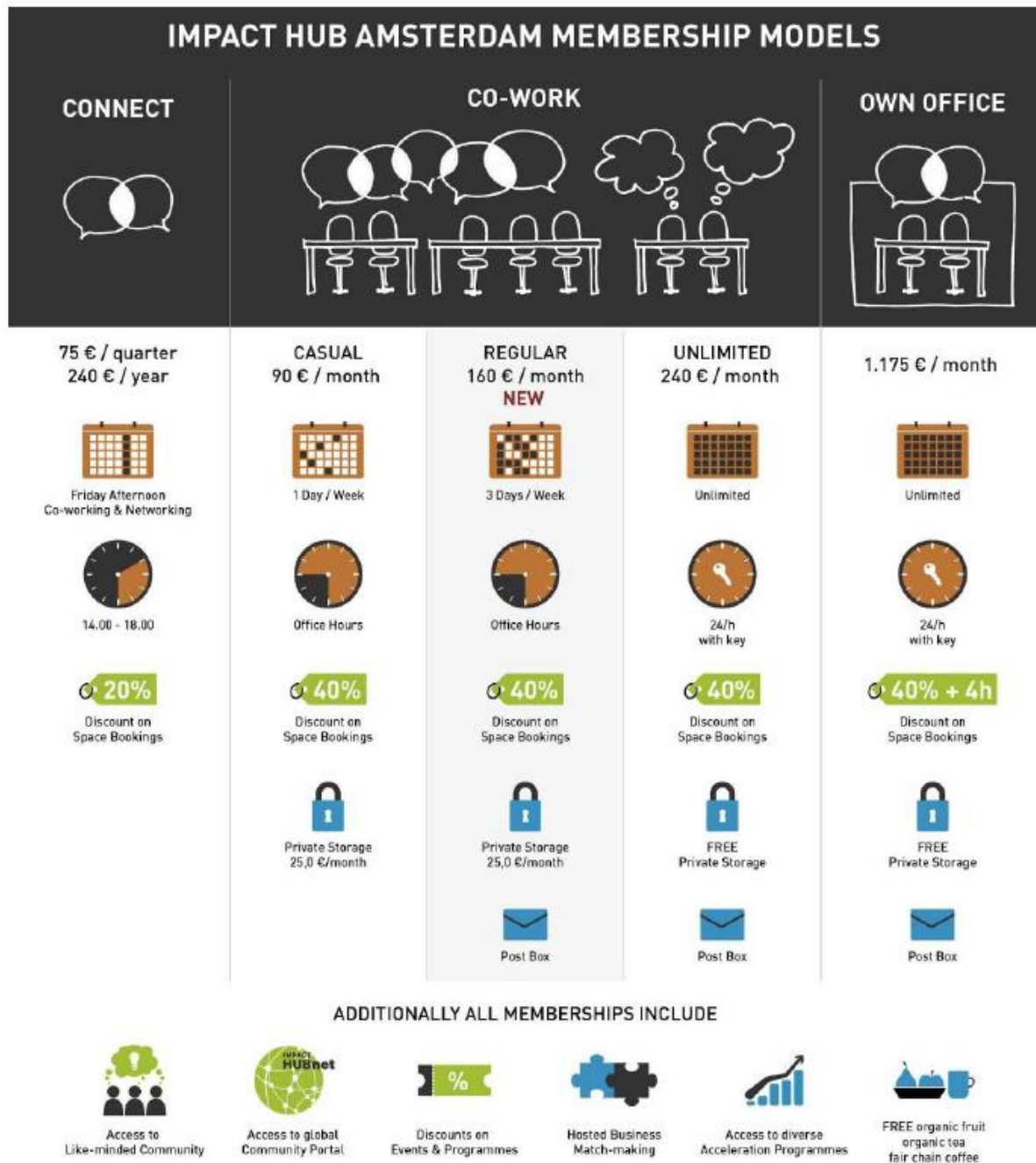
## Box 2: The embedding pathway example of Timebanks

The approach of embedding Time Banks in larger organisations has been used by Martia Blech in the US. She has successfully run Time Banks over a 30 year period. However, over this period she has had three different organizations as partners and has twice experienced abrupt severance of the relationship with a partner organization, each time because of changes in the leadership of the partner organization and resulting changes of policy. The first severance of a relationship came after 19 years of successful operations with a health insurer. The second severance occurred even though the Time Bank was well embedded in the routine practices of the partner organization, a hospital. The current partnership, with the Catholic Diocese of New York is ongoing. Each severance has necessitated the creation of new time banks, with new memberships.

All three approaches offer possibilities for growth and development, especially when used in combination. However, each is **subject to limitations, tensions and difficulties**. They should avoid mission drift and avoid becoming so small that their continuation is threatened. The use of multiple sources of income increases resilience (Marks et al., 2017).

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## Overview of membership models and respective prices for Impact Hub members



Source: Impact Hub Amsterdam Website

15. The scope for certain social innovations to go to scale is high but in doing so they encounter **tensions** and **difficulties** such as:

- **Internal struggle over growth and direction.** This first tension is the internal struggle of an initiative between founders and leaders and other members of SII, over issues of growth and professionalisation. The transformative ambitions may not be commensurate with the

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members' ambitions, causing conflict between leaders and between leaders and members. This problem is aggravated when the grassroots have to pay dues to the member organization and its leadership for services received. How to keep people (as the main resource of a SII) motivated? Without the grassroots there is nothing to lead, nothing to learn about/from and no social impact.

- **Fishing in the same pond.** There is a tension over the need to grow the number of local initiatives/branches and the fact that overall available grant support is often in limited supply for early stage SII. Competition for grants between and within SII is therefore often a zero-sum game and may discourage cooperation. The processes of competing (often for very small and very short-term grants) and reporting for auditing purposes is a significant diversion and drain on the human resources of SII, including at grassroots level. This needs to be understood by policy makers. A more rational and strategic grant awarding system is needed to avoid this.
- **Internal and external needs for monitoring.** This tension relates to the misalignment between internal and external motivations, aspects and goals for monitoring. Funders (or governments) often desire the demonstration of social impact in return for funding but initiatives are generally not keen on spending time on those activities. They prefer to spend their scarce resources on *making* impact rather than on *measuring* it. Are there workable models that are not overly burdensome and make sense to all parties concerned? Models that offer quality assurance and fit with the needs for data management and security. Instead of monitoring what they do, it may also be useful for SII to monitor the external environment, to identify opportunities.
- **Problems of base funding.** This tension relates to the contradiction that funders want to pay for specific activities but not for the base costs of initiatives. Funders seem to close their eyes for the fact that social impact can only occur if the fixed costs, such as rent, administrative staff, or the accountant are also covered. This often goes together with a second tension, namely that funders want to fund pilots but refrain from getting engaged on a long term and more sustainable basis. Undertaking piloting and demonstration work can strain the SII to the point of risking insolvency. There are also tensions with pooling resources: if initiatives have to pool different resources, they also need to answer to different resource givers.
- **Co-option from imposed agendas.** When establishment actors set the agenda and expect the SIs to play along, they are creating problems of co-opting. An example is the UK government deciding to send thousands of people (benefit claimers, including migrants) to time-banks without providing appropriate resource. SIs can collapse when agendas are imposed top-down by (single-topic) agencies. What is needed is a genuine co-production process. How to achieve that?

16. **For those tensions there are no optimal solutions.** Each innovator has to make its own choice. New circumstances, will lead them to make different choices. But the tensions are best acknowledged and openly discussed. Here we should also say that the tensions are not just

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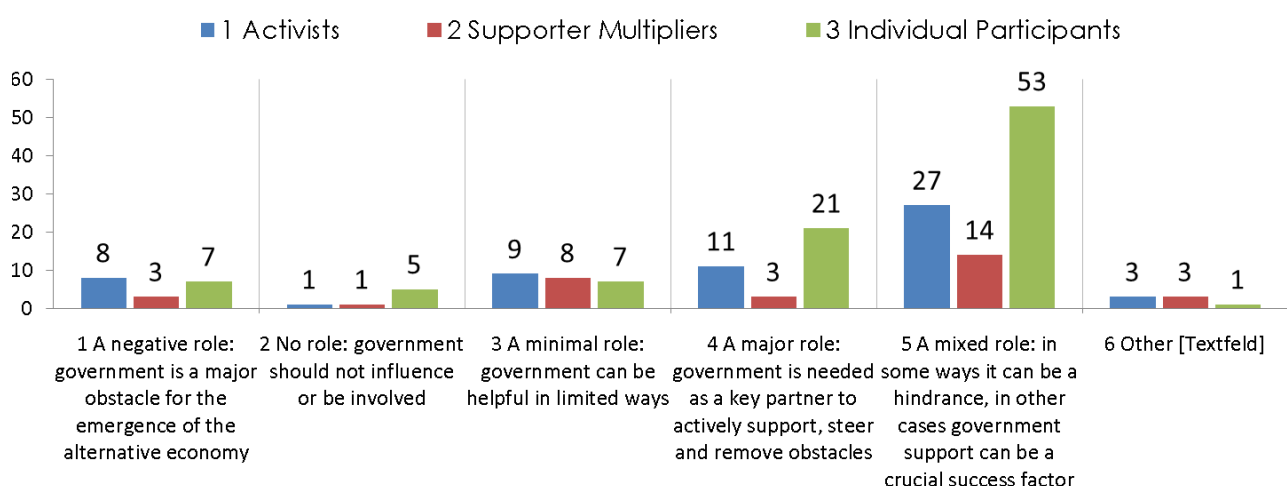
something for social innovators to consider but also something for government and funders to be mindful of. From the workshop emerged the following **suggestions for dealing with the tensions**:

- To survive budget cuts, social innovators are advised to use of a **mix of resources** (membership fees, income from social business, foundation /philanthropic funding, direct government/statutory funding). This advice is based on analysis of reasons behind long-term success which showed that the secret behind long-term success is to have a mix of resources.
- Policy makers should **respect the integrity** of social innovation activities (as the core values on which they are based) and critically examine its own practices. Legislative changes are needed for SI next to funding. This includes changing the rules and processes around contracting and procurement.

17. In an attempt to preserve autonomy, several initiatives refrain from government funding. Both Ashoka and Impact Hub have internal rules not to accept money from government. The financial resources from e.g. the funds of George Soros were not welcomed in Asia within Ashoka, but it was finally accepted in Central and Eastern Europe considering the numerous socially positive moves the investor made there.

The different views about cooperation with government are shown by a survey under participants at the Solikon conference in Berlin in 2015. Few people saw no role for government or a major role for government. Government is often seen as a source of hindrance and a crucial success factor.

**Answers to question: *What do you see as the role of government in fostering the alternative economy?***



Source: Solikon conference in Berlin (186 responses)

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18. Of the initiatives we studied, Ashoka stands out as extremely well-resourced in terms of man power, finance and pro bono support from powerful organisations such as McKinsey.

## Box 3: The resource base of Ashoka

Ashoka offers a telling example of a highly diverse resourcing portfolio, mobilizing a wide network and multiplicity of activities:

- Financial contributions from private individuals (mostly from business entrepreneurs) and organization
- Stipends for Ashoka Fellows are mostly financed by companies.
- Coaching of fellows through the Ashoka Support network which is highly selective and intense.
- Pro bono partners such as McKinsey
- Cooperation with private business universities (or centers such as the Ashoka-McKinsey Centre for Social Entrepreneurship at Sao Paulo, Brazil).
- Specially developed Internal knowledge tools (an example is the PATRI framework for scaling social impact)
- The Ashoka Hub, an online platform for Ashoka fellows, staff and Ashoka support network people
- Globalizer summits
- The ChangemakersXchange programme for young people

A pivotal element of Ashoka is the Ashoka fellow selection process. The process is highly demanding on the part of the candidate and the selectors. If the person qualifies for the selection process – by fulfilling the requirements of having creativity, entrepreneurial quality, ethical fiber and the idea being new with substantial social impact – a series of interviews starts according to the scheme below. The lengths of the interviews can reach 4-5 hours. Not only is the project of the individual discussed in great details but it is also a life interview about the candidate's track record in being entrepreneurial and his or her motivations. Talking about their own personal backgrounds, drivers, key turning points in one's life is often challenging, sometimes creating inconveniences for the candidates but may result in revelations about oneself. Similarly, their ideas and programmes receive multiple questions and comments from various audiences. The interviewers are leaders in Ashoka and in business. Going through the steps of the project usually makes it more focused and strategic, more professionally communicated, and many candidates assess the process itself as empowering, providing new insights and resources (Vanizette, 2014, Jakab, 2014). This is reinforced by the survey of Ashoka, where 89 % of the responding Fellows stated that "the selection process helped me strengthen and develop my idea" (Impact Study, 2013).



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Source: [uk.ashoka.org/nominate-fellow](http://uk.ashoka.org/nominate-fellow)

## 5.4.2 About monitoring

19. When social organisations receive funding from public, private, philanthropic or blended sources there is a need both for the social organisation to demonstrate that the funds it receives are making a difference and for the funders to demonstrate that grants, loans and investments in social innovation organisations and activities are productive and efficient.
20. If social organisations take over or complement roles and functions taken by the state (for example in areas of welfare delivery) and receive income in return, this also generates a need to measure financial performance and added value for reasons of transparency and accountability.
21. There is currently a strong government interest in incentivising or requiring social organisations to use the Social Return on Investment (SROI) model. In a SROI investment, the monetarized benefits are compared with the costs. SROI is a principle-based method which can be applied in several ways, giving flexibility to the evaluator. SROI is not without its problems. Social impacts involve complex matters of attribution and valuation. Broader impacts such as social change can hardly be accounted and monetarized and benefits are typically co-produced (by external circumstances), thus creating a difficult issue of attribution.

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## Box 4: Social return on investment (SROI)

Social return on investment is a principles-based method for measuring extra-financial value (i.e., environmental and social value not currently reflected in conventional financial accounts) relative to resources invested. It can be used by any entity to evaluate impact on stakeholders, identify ways to improve performance, and enhance the performance of investments.

There are seven principles of SROI. These are:

**1. Involve stakeholders (i.e. everyone who has a 'stake' or an interest in the subject of the SROI)**

*Inform what gets measured and how this is measured and valued in an account of social value by involving stakeholders*

**2. Understand what changes (for those stakeholders)**

*Articulate how change is created and evaluate this through evidence gathered, recognising positive and negative changes as well as those that are intended and unintended*

**3. Value what matters (also known as the 'monetisation principle' - see below)**

*Making decisions about allocating resources between different options needs to recognise the values of stakeholders. Value refers to the relative importance of different outcomes. It is informed by stakeholders' preferences*

**4. Only include what is material**

*Determine what information and evidence must be included in the accounts to give a true and fair picture, such that stakeholders can draw reasonable conclusions about impact*

**5. Do not over-claim**

*Only claim the value that activities are responsible for creating*

**6. Be transparent**

*Demonstrate the basis on which the analysis may be considered accurate and honest, and show that it will be reported to and discussed with stakeholders*

**7. Verify the result**

*Ensure appropriate independent assurance*

Source: [https://en.wikipedia.org/wiki/Social\\_return\\_on\\_investment](https://en.wikipedia.org/wiki/Social_return_on_investment)

22. Monitoring should be fit for purpose and maximum efforts should be undertaken to make it so. Action research can be used to find useful ways of monitoring, as shown by the experiences of the eco-localisation project of Kersty Hobson and co-workers (Hobson et al., 2016). In action-based forms of evaluation, such as developmental evaluation, evaluators do not take distance but immerse themselves in contextual specifics, they “co-create interpretations and arguments, examine the evidence and reason together” (Patton, 2011, p. 287). Developmental evaluation

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helps members of a SII reflect on their assets, theory of change, mechanisms of change that are utilised and the opportunities and dangers afforded by a changing context. DE also accepts that the measuring needs at each stage in social innovation processes are different and that the measuring approaches and tools used, such as indicators and metrics, will need to change from one stage to the next.

## Box 5: Developmental evaluation

“Developmental evaluation refers to long-term, partnering relationships between evaluators and those engaged in innovative initiatives and development. Developmental evaluation processes include asking evaluative questions and gathering information to provide feedback and support developmental decision-making and course corrections along the emergent path. The evaluator is part of a team whose members collaborate to conceptualize, design and test new approaches in a long-term, on-going process of continuous improvement, adaptation, and intentional change. The evaluator’s primary function in the team is to elucidate team discussions with evaluative questions, data and logic, and to facilitate data-based assessments and decision-making in the unfolding and developmental processes of innovation.” (Patton, 2008).

In Table 1, the results of a developmental evaluation exercise are given for the case of homeless people in Canada, showing the elements of DE, the translation of it for the case of homeless day labourers and the ways in which they were helped with securing housing and achieving better income.

**Table 1. Results from a Developmental Evaluation exercise: Experimenting with innovative ways to help homeless day labourers secure housing and better income in Canada**

### What was developed through developmental evaluation?

#### What this means

#### Examples

*Understanding the challenges of innovation and systems change*

The effort to tackle a complex problem may generate new and/or deeper insights about the nature of the challenge being addressed and/or the context in which it is being addressed.

The innovators realized the importance of social supports in the “homelessness puzzle”, once some of the clients who secured housing were drawn back to the streets to regain the friendship and company of their previous network.

*Theory-of-change elaboration*

The innovators may have new ideas about how they might address the challenge and/or the kinds of results they might

The innovators expanded from their strategy focused primarily on housing and employment income to one that included education, social networks, and

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expect from their efforts.

mental and emotional help.

## *Change mechanisms*

The establishment of concrete mechanism (e.g., practices, regulations, relationships, policies) that have an influence on the challenge being addressed may represent the most tangible development of the innovation.

The innovators established (a) a protocol with local credit unions to provide clients with access to bank accounts, even before they had permanent addresses; and (b) an arrangement where laborer could bypass predatory, temporary job agencies (which took 50% of their wages) and use a nonprofit intermediary that allowed them to retain all their employment earnings.

## *Capacity development of social indicators*

Developments that relate to the capacity and morale of the innovators and affect how they think and pursue their innovation (e.g., skills, resources, membership).

The trust between previously disconnected service agency leaders increased after these early successes and allowed them to open up their work to discussing the deeper reasons why they found it difficult to integrate their services more closely (e.g., competition for resources).

## *Deepening understanding of context*

Developments that are not under the complete control of innovators but in which what happens (emerges) contextually shapes the goals, design, delivery, and results of the innovation (e.g., economy, demographics, key events). All developments are important to track and assess in DE Whereas the previous four types in this exhibit refer to the development of the innovations, this fifth one (the context) is equally important because innovation does not emerge in a vacuum, but instead is highly influenced by the context in which it is unfolding

A slowdown in the construction industry (the major employer form homeless day laborers) required the innovators to develop relationships with different types of employers and adjust their expansion plans.

Source: Patton (2016)

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23. The co-production element of impacts is shown by the case of an alcohol rehabilitation programme, where it was discovered that having a social support network of family and friends was a critical factor for success. It also was discovered that failures to get off alcohol resulted in depressions, feelings of failure and reduced motivations for those involved. These learnings led to the introduction of buddies for people without social support and the decision to limit the programme to those with social support. Both choices greatly improved the effectiveness of the rehab programme and reduced the negative side-effects.

Source: <http://blog.sinzer.org/author/marlon-van-dijk>

24. Monitoring of social impact is best pursued as a learning activity in which attention is given to the mechanisms behind achieving positive social impact. It is practiced more by social innovation initiatives that are oriented towards change than by grassroots initiatives. The Impact Hub and Ashoka deploy various monitoring and evaluation methods.

## Box 3: **Monitoring and evaluation activities in the Impact Hub in Amsterdam**

At the Impact Hub Amsterdam, there are two main topics that are subject to monitoring and evaluation: (1) the impact of the Impact Hub on its members/ customers (including satisfaction etc.), and (2) the impact that the members themselves are having in/on society.

Every year, the Impact Hub Amsterdam uses the standardized global Member Impact Survey, which is developed at the global level and can be adapted to the local Impact Hubs. In addition, the Impact Hub Amsterdam uses its own monitoring practices and 'metrics' to set targets and to track membership uptake and impact.

The above activities are combined with informal and peer-driven forms of evaluation and monitoring, including interviews, conversations and focus group talks with members to assess their needs and levels of satisfaction. Impact Hub does not engage in formal impact assessments, for the reason that most individual members are preoccupied with their own social enterprise, and would rather not be bothered with explicit monitoring activities.

They publish a yearly impact report in which they show case Impact Hub projects and offer information on the number of start-ups that are scaled up, the investment capital raised through their investment ready program, the membership and how members are scaling up their activities (or planning to do so).

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**#2450 PARTICIPANTS STARTED UP VIA  
EVENTS OVER 2014/2015, OF WHICH  
759 IN 2014 AND 1691 IN 2015**



**#321 STARTUPS SCALED VIA  
ACCELERATION PROGRAMMES OVER  
2014-2015, OF WHICH  
114 IN 2014 AND 207 IN 2015**



**#3.000.000 EURO IMPACT  
INVESTMENT CAPITAL RAISED  
THROUGH OUR LAST INVESTMENT  
READY PROGRAM, COHORT 2014-2015**



**#633 OUR COMMUNITY:  
CURRENT AMOUNT OF  
ENTREPRENEURIAL MEMBERS,  
INVESTORS, MENTORS, EXPERTS,  
PROGRAM PARTICIPANTS**

**OUR  
MEASURED  
IMPACT**

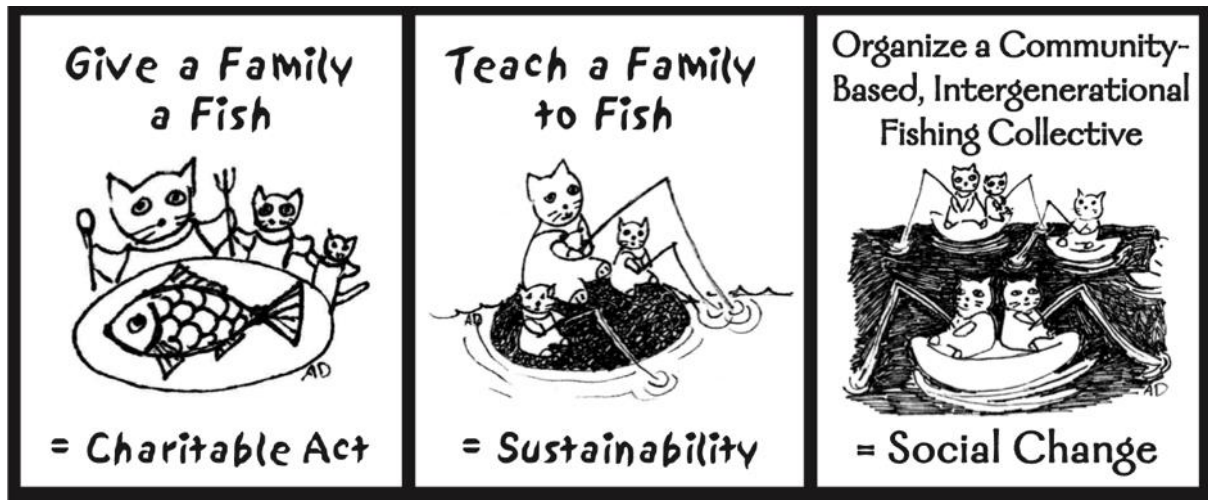
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25. The combination of a SI with a social enterprise can be very beneficial, where SIs are being helped by social enterprises in monitoring social impact and professionalizing their activity.
26. Science has an important role to play for SI too, through for example, the creation of special software, education, action research, social impact measurement, and advocacy and research for an alternative economy, but there are limits to what science can do for social innovation, because of research funding, university careers depending on scientific publications and the disciplinary nature of education and research that fails to appreciate the values, asset-based nature of SII and local situatedness.
27. For making a fuller contribution to social innovation the science system needs to be incentivised. Ways to do this are:
  - By adding relevance to practitioners as an impact category.
  - By allowing normativity to be part of research projects.
  - By giving more importance to societal relevance in the evaluation of university staff.
  - The use of vouchers, issued by government to civil society organizations who can use these to hire researchers.
  - Degree certificates that show community value
  - University certification: Business schools should need to get certified by ERS: equity, responsibility, sustainability.

## 5.5 Candidate pictures for use



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## 6 Training Tool on “Resourcing for SI Initiatives”

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### 6.1 Goals

The Training Tool on “Resourcing for SI Initiatives” has as main objective to generate skills of conceptualization and design of resourcing strategies useful for practitioners.

This Training Tool is the last one of a serie of innovative training proposals. During the last 3½ years, we learn about the implications of differents types of pedagogical instruments; and also, about the usability of the new knowledege generated in the TRANSIT Project. So, in this sense, this training tool complements the Training Tools on Social Learning (D.6.5) and Monitoring (D.6.6). This is the reason of the modular structure of the Training Tool of Resourcing.

The secondary objectives of the Training Tool are:

1. Generate skills in the assessment of resourcing problems at different levels: i) monetary resources; ii) human resources, iii) collective and individual resources; iv) internal and external resources; and v) technological (soft and hard) resources.
2. Define strategies in order to deploy different models of resource management for SI initiatives
3. Deploy a learning methodology in order to solve new resource problems and improve the general strategy.

### 6.2 Target Audience

This tool was made for practitioners that are part of SI initiatives. As a general definition, we understand as a practitioner(in the same way of the Training Tool "Building Learning for Transformative Social Innovation") any actor, social group, organization, movement or institution that operates on concrete local problems and builds strategies of social innovation for its resolution. The character of practitioner is not defined by official membership but by the type of action that a person performs. In short, everyone who deals with a social innovation as a professional is a practitioner. Thus, a university teacher-researcher, an undergraduate student, a public officer, a municipal agent, a researcher or extensionist from a science and technology institute, a peasant, a schoolteacher, a firefighter, a neighbor (among many other possible actions)

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is considered practitioner if he or she is involved in the concrete dynamics and territorial processes towards social innovation.

## 6.3 Pedagogical Proposal

The pedagogical proposal is based on a new methodology of formation where the user constructs his own formative trip in function of a thematic proposal. In this sense, this Training Tool, is administered directly by the user for reasons of evaluative learning. The training tool combines explanations on a power point format that is linked to the learning processes defined in D.6.5 and the monitoring training tool based on Critical Turning Points (D.6.6). The final goal is that the user can deploy a complete experience of problem assesment, strategy definition and learning generation.

## 6.4 Research deliverable

The contents of this tool are the result of research, communication and engagement products of the project. Without the work of more than 3 years of the entire Transit Consortium team, these contents would have been impossible to generate. In this sense, the problems and strategies involve in this training tool emerged from the 20 in-depth case studies reports:

Network Name	Document
ASHOKA	Matolay, R.; Weaver, P. and Strasser, T. (2015) <a href="#">Transformative social innovation narrative : Ashoka</a>
BASIC INCOME	Backhaus, J. and Pel, B. (2016) <a href="#">Transformative social innovation : BIEN and Basic Income : a summary of the case study report on BIEN and Basic Income</a>
CREDIT UNIONS	Dumitru, A.; Lema-Blanco, I.; García-Mira, R.; Haxeltine, A. and Frances. A. (2015) <a href="#">Transformative social innovation narrative of Credit Unions</a>
DESIS	Cipolla, C.; Afonso, R. and Joly, M. P. (2015) <a href="#">Transformative social innovation narrative of the DESIS Network.</a>
Living Labs	Ruijsink, S., Smith, A. (2016) <a href="#">Transformative Social Innovation: European Network of Living Labs : summary report</a>
Fab Labs	Smith, A.; Hielscher, S. and Fressoli, M. (2015) <a href="#">Transformative social innovation narrative : Fablabs.</a>
Global Ecovillage Network	Kunze, I. and Avelino, F (2015) <a href="#">Transformative social</a>

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	<a href="#">innovation narrative of the Global Ecovillage Network</a>
<b>Hackerspaces</b>	Smith, A.; Hielscher, S. and Fressoli, M. (2015) <a href="#">Transformative social innovation narrative : Hackerspaces.</a>
<b>INFORSE</b>	Elle, M. (2015) <a href="#">Transformative social innovation narrative of INFORSE.</a>
<b>Co-operative Housing</b>	Becerra, L. and Kunze, I. (2016) <a href="#">Transformative social innovation : co-operative housing : a summary of the case study report on co-operative housing</a>
<b>Living-Knowledge</b>	Dorland, J and Sjøgaard Jørgensen, M. (2015) <a href="#">Transformative social innovation narrative : Living Knowledge Network</a>
<b>Participatory Budget</b>	Wittmayer, J. M. and Rach, S. (2016) <a href="#">Participatory budgeting in the Indische Buurt (chapter 5 of TRANSIT case study report participatory budgeting)</a>
<b>Seed Movement</b>	Balázs, B.; Smith, A.; Aistara, G. and Bela, G. (2016) <a href="#">Transformative social innovation : Transnational Seed Exchange Networks : a summary of the case study report on Transnational Seed Exchange Networks</a>
<b>Sharing Cities</b>	Majo, C. de; Elle, M. Hagelskjær Lauriden, E. and Zuijervijk, L. (2016) <a href="#">Transformative social innovation : Shareable - Sharing Cities : a summary of the case study report on Shareable - Sharing cities</a>
<b>Slow Food</b>	Dumitru, A.; Lema-Blanco, I.; Kunze, I.; and García-Mira, R. (2016) <a href="#">Transformative social innovation : Slow Food Movement : a summary of the case study report on the Slow Food Movement</a>
<b>The Impact Hub</b>	Avelino, F.; Wittmayer, J. M. and Afonso, R. (2015) <a href="#">Transformative social innovation narrative of the Impact Hub : a summary.</a>
<b>Time Banks</b>	Weaver, P.; Dumitru, A.; Lema-Blanco, A. and García-Mira, R. (2015) <a href="#">Transformative social innovation narrative : Timebanking</a>
<b>Transition Towns</b>	Longhurst, N. (2015) <a href="#">Transformative social innovation narrative of the Transition Movement</a>
<b>La Vía Campesina</b>	Juarez, P.; Balázs, B.; Trantini, F.; Korzenszky, A. and Becerra, L. (2016) <a href="#">Transformative social innovation : La Vía Campesina : a summary report of the case study on La Vía Campesina</a>

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## 6.5 TT Structure

This Training Tool is structured around a modular logic. That is, the training is developed along modules that can be run incrementally or separately. The tool is composed of three modules or parts.

The first module is dedicated to the assessment of **resourcing problems**:

1. *Monetary resources*: this problem is related to the access to monetary funding needed to run the SI initiative.
2. *Human resources*: this problem is related to the set of knowledge and skills required by SI Initiatives, different from the available “supply”.
3. *Collective and Individual resources*: a conflict may occur between the need of collective resources for the SI initiative, network or movement and the demand of resources generated by individual members or sub-entities inside the SI initiative.
4. *Internal and External resources*: a conflict may occur between the generation of own resources (for example, as a result of merchandise activities) and the requirement of external founding. Not always the internal and external logics of financing match and , as a result, the SI initiative can suffer negative effects.
5. *Technological (soft and hard) resources*: a mismatch between the technological availability and the concrete technological demands (of software and hardware) produced by new ways of social organization (in the sense of SI initiatives) may exist.

Note: In most cases, these problems emerge in a combined way. So, you can find in a same moment problems related to monetary, human and technological resources.

The second is about **different strategies (or approaches)** that SI initiatives (included in the TRANSIT Project) deployed:

1. *Venture Capital Approach*: This strategy is based on finance (as a risk activity) individuals in order to foster innovative activities. In this sense, the SI works as a “private equity bank” and start with a seed fund.
2. *Commons Approach*: The concept of “commons” is a term adopted by modern economic theory in order to indicate broad set of resources that are self-managed by local communities and therefore made accessible to all members of society, a group or a movement. Therefore, it is possible to understand commons as an alternative resource management model, combining principles of cooperation and resource-sharing with a community-based self-governance and self-monitoring approach that is an alternative to public and private models
3. *Self-financing Approach*: This strategy is based on different kinds of activities oriented to gather “monetary” or “in-kind” resources: These activities are: i) memberships; ii) production and commercialization of merchandises; iii) festivals; iv) volunteers, v) donors, etc.

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4. *Workforce Collaborative Approach*: This strategy was very well developed by TimeBanks but is in the core-business of the cooperative movement. The idea is to replace money with workforce as a way to deliver services and goods in context of economic restrictions.

As we settled in the TT, the strategies (introduced in a very short way) can be deployed in mixed ways. The idea is deliver the best resource strategy matching to the particular requirements of each SI initiative.

Finally, a **methodological proposal** is presented to design and plan learning for resourcing activities.

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## 7 Report of TRANSIT workshop on Monitoring and Resourcing

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ICIS Maastricht University  
Saskia Ruijsink, IHS, Erasmus University Rotterdam

Venue: Maastricht, 16-17 February 2017



## 7.1 Summary

This report presents the results of the TRANSIT workshop on resourcing and monitoring, which took place on Febr 16 and 17, 2017 in Maastricht. Participants consisted of TRANSIT researchers, social innovation practitioners and change agents. For 2 days, participants from Europe, Asia and the USA met to discuss experiences, research findings and challenges for social innovators regarding resourcing and monitoring. The discussions were structured around 5 tensions that were identified as important topics for discussion by the workshop organisers (René Kemp, Paul Weaver, Julia Wittmayer, Saskia Ruijsink, and Tim Strasser):

- Internal struggle over growth and direction
- Fishing in the same pond (for funding)
- Internal and external needs for monitoring
- Problems of base funding
- Co-option from imposed agendas

We also discussed the role of science, government, business, intermediaries and NGOs for achieving transformative change through social innovation. This report contains the harvest of 2 days of intensive discussions following presentations based on 3 papers that have been specially written for the workshop and presentations by invited experts.

Key insights from the workshop are:

1. To grow and “mushroom” social innovation initiatives must **find reliable ways of resourcing themselves** – not only for specific activities but also for their basic costs, and not only for one specific project but in a sustained way.
2. There are **three basic pathways for resourcing**:
  - *External Funding Pathway*: this is a pathway that seeks investment and/or income by delivering services to external sponsors, especially services that help reduce costs on public sector agencies. It involves developing and delivering services of interest to the external sponsor. Contracts are established over the terms and conditions of receiving investments and/or income. The performance of the social innovation is measured and monitored in relation to designated target outcomes. This pathway is beginning to be supported by social finance, including through innovative ‘pay-for-performance’ financing instruments.
  - *Autonomous Funding Pathway*: this is a pathway through which a social innovation organisation seeks to develop an own-income stream to self-finance its activities and fund continuity and growth. There are different ways of doing this. Evidence from the case studies shows that this can be achieved by establishing a separate social enterprise activity that generates a surplus, part of which can be returned to the social innovation organisation. Examples are the selling of food in a neighborhood restaurant or tuition fees for providing trainings on organic farming in an eco-village and reciprocal exchange systems of goods (e.g. tools and hardware) and services (e.g. cooking for ICT support).

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- *Embedding Pathway*: this pathway involves the social innovation organisation partnering with an existing larger organisation that is wealthier or better funded and with which there is some complementarity of mission. The case studies show, for example, Time Banks that have embedded with Medical Insurers, Hospitals, large faith organisations (Catholic Diocese) and large charities as partners. Each of these partners is wealthier and has recurrent income streams. The social innovation receives financial support for helping the wealthier partner deliver its mission.
3. The scope for certain social innovations to go to scale is high but in doing so they encounter **tensions** and **difficulties** such as:
- **Internal struggle over growth and direction.** This first tension is the internal struggle of an initiative between founders and leaders and other members of SII, over issues of growth and professionalisation. The transformative ambitions may not be commensurate with the members' ambitions, causing conflict between leaders and between leaders and members. This problem is aggravated when the grassroots have to pay dues to the member organization and its leadership for services received. How to keep people (as the main resource of a SII) motivated? Without the grassroots there is nothing to lead, nothing to learn about/from and no social impact.
  - **Fishing in the same pond.** There is a tension over the need to grow the number of local initiatives/branches and the fact that overall available grant support is often in limited supply for early stage SII. Competition for grants between and within SII is therefore often a zero-sum game and may discourage cooperation. The processes of competing (often for very small and very short-term grants) and reporting for auditing purposes is a significant diversion and drain on the human resources of SII, including at grassroots level. This needs to be understood by policy makers. A more rational and strategic grant awarding system is needed to avoid this.
  - **Internal and external needs for monitoring.** This tension relates to the misalignment between internal and external motivations, aspects and goals for monitoring. Funders (or governments) often desire the demonstration of social impact in return for funding. However, initiatives are not keen on spending time on those activities, do not have the necessary expertise or would rather focus the monitoring on different aspects. They prefer to spend their scarce resources on *making* impact rather than on *measuring* it. Are there workable models that are not overly burdensome and make sense to all parties concerned? Models that offer quality assurance and fit with the needs for data management and security. Instead of monitoring what they do, it may also be useful for SII to monitor the external environment, to identify opportunities.
  - **Problems of base funding.** This tension relates to the contradiction that funders want to pay for specific activities but not for the base costs of initiatives. Funders seem to close their eyes for the fact that social impact can only occur if the fixed costs, such as rent, administrative staff, or the accountant are also covered. This often goes together with a second tension, namely that funders want to fund pilots but refrain from getting engaged on a long term and more sustainable basis. Undertaking piloting and



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demonstration work can strain the SII to the point of risking insolvency. There are also tensions with pooling resources: if initiatives have to pool different resources, they also need to answer to different resource givers.

- **Co-option from imposed agendas.** When establishment actors set the agenda and expect the SIs to play along, they are creating problems of co-opting. An example is the UK government deciding to send thousands of people (benefit claimers, including migrants) to time-banks without providing appropriate resource. SI's can collapse when agendas are imposed top-down by (single-topic) agencies. What is needed is a genuine co-production process. How to achieve that?
4. **For those tensions there are no optimal solutions.** Each innovator has to make its own choice. New circumstances, will lead them to make different choices. But the tensions are best discussed and openly discussed. Here we should also say that the tensions are not just something for social innovators to consider but also something for government and funders to be mindful of. From the workshop emerged the following **suggestions for dealing with the tensions:**
- To survive budget cuts, social innovators are advised to use of **a mix of resources** (membership fees, income from social business, foundation/philanthropic funding, direct government/statutory funding). This advice is based on analysis of reasons behind long-term success which showed that the secret behind long-term success is to have a mix of resources (Marks and Weaver, 2017).
  - Policy makers should **respect the integrity** of social innovation activities (as the core values on which they are based) and critically examine its own practices. Legislative changes are needed for SI next to funding. This includes changing the rules and processes around contracting and procurement.
  - Monitoring of social impact is best pursued as a learning activity in which attention is given to the mechanisms *behind* achieving positive social impact. **Developmental evaluation** offers a useful model in this respect by making you reflect on your assets, your theory of change and the opportunities and dangers afforded by a changing context. DE also contends that the measuring needs at each stage in social innovation processes are different and that the measuring approaches and tools used, such as indicators and metrics, will need to change from one stage to the next.
  - Social value creation depends on more than a set of metrics, tools and instruments such as social impact bonds (SIB) and social return on investment (SROI). It foremost depends on a **preventative agenda** in which service providers are thinking of ways to prevent social ills through social innovation. Alternative coins (such as the Hull coin) and Timebanking (a service exchange system where people trade services on an hour for hour basis) offer an infrastructure for monitoring and evaluation, which can be used to determine costs being saved by prevention or treatment of social ills.

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5. **Social impact assessment** may help to obtain funding and public service contracts but its use **may encounter cultural barriers** as people can be sensitive to “not wanting to be criticized” and may view it as representing mistrust, which may be overcome by not making it an issue of criticism but of learning. The asset-based approach of social innovation needs to be safeguarded.
6. **The combination of a SI with a social enterprise** (i.e. with people that have a business mind) **can be very beneficial, where** SIs are helped by social enterprises (or develop into one) in dealing with external parties, where social enterprises provide services of monitoring social impact.
7. **Science has an important role to play for SI**, through for example, software systems, education, action research, social impact measurement, and advocacy and research for an alternative economy, but there are also limits to what science can do, which have to do with research funding, university careers depending on scientific publications and disciplinary education and research.
8. For making a fuller contribution to social innovation **the science system needs to be incentivised**. Ways to do this are:
  - By adding relevance to practitioners as an impact category.
  - By allowing normativity to be part of research projects.
  - By giving more importance to societal relevance in the evaluation of university staff.
  - The use of vouchers, issued by government to civil society organizations who can use these to hire researchers.
  - Degree certificates that show community value
  - University certification: Business schools should need to get certified by ERS: equity, responsibility, sustainability.
9. Instead of comparing the costs and benefits of remedial action, **more attention should be given to prevention of social ills and problems**. SIs can be a force for developing a preventative infrastructure: many systems are looking at that (perhaps for the wrong reasons) but don't know how to do that in practice. The focus should be less on trying to change the rigidities of established institutions and focus more on what is missing. The concept of preventative infrastructure is useful in this regard. The scope for transformative change lies in marshalling new SIs, building on capacities that are already available and to reach that redundancy and freedom from established institutions that comes from strengthening a complementary system
10. **Social impact bonds** as a possible source of funding are particularly suited for:
  - Projects working with a well-defined services/treatment population
  - Projects seeking to accomplish measurable outcomes
  - Projects that can identify a reliable comparison group/ counterfactual
  - Projects that can scale up quickly and have shorter time frames to deliver social impact

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But: SIs may be consumed by the institutional requirements of SIB involvement in adopting required strategies and actions necessary to succeed in a performance based environment. Next to opportunities they present challenges to SIs in maintaining integrity of mission.

## 7.2 The motivation for the workshop

We are living in a changing world. Inherited models of employment, welfare delivery, social security, social inclusion, innovation and resource use are stressed. There is a need for greater resilience, based on fundamental rethinking of underlying values, principles and understandings. Welfare systems are being reformed, alternative currencies are gaining ground, complementary economic systems are created, companies are aiming for more than monetary value, the active citizen is praised and there are scientists who engage themselves with social causes by working with practitioners and civil action groups. When activities of work, welfare support, knowledge production and living get organised in different ways we speak of social innovation. Examples are neighbourhood restaurants, fablabs, timebanks, eco-villages or community-based care. By creating new relations and new ways of doing, knowing, framing and organizing (Haxeltine et al., 2016), they provide value for those involved and often also for society. **Benefits for society** are related to issues of integration, education and training, forms of care, community resilience and cohesion and a reduced need for social welfare payments, health care and policing that can come, for example, from co-production and active citizenship.

The influence of social innovation initiatives goes beyond what they are achieving locally. When they are joining forces in seeking contextual and institutional changes they have wider societal impact. The institutionalization journey depends on resourcing (types of resources and ways to access them) and monitoring (assess one's impact or progress). To grow and "mushroom" social innovation initiatives must find reliable **ways of resourcing** themselves – not only for specific activities but also for their basic costs, and not only for one specific project but in a sustained way. They do so in at least three broad ways depending on their wish to go to scale and/or become a social enterprise:

- **Freely available resources**, this includes natural, human and infrastructural resources such as an unused building or piece of land, volunteering, and services for free.
- **Revenue and other 'exchange'-schemes**, examples are the selling of food in a neighborhood restaurant or tuition fees for providing trainings on organic farming in an eco-village and reciprocal exchange systems of goods (e.g. tools and hardware) and services (e.g. cooking for ICT support).
- **External funding**, by for example government, philanthropists, social impact investors and donations.

All three approaches offer possibilities for growth and development, especially when used in combination. However, each is **subject to limitations, tensions and difficulties**. Any social innovation seeking funding on a sustained basis needs to demonstrate that it can offer something that society wants and is willing to pay for– it needs to engage in monitoring or allow monitoring by others to demonstrate impact. Securing funding often depends on being able to demonstrate

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that something that has worked on a small scale also works on a larger scale. Delivery on the larger scale with the financial support of investors or service commissioners brings with it additional quality standards of performance, reliability and safeguarding as well the need to demonstrate that payments are warranted, for example by delivering cost savings.

This is where, for example, Timebanking is now. We see experiments in using the time exchange mechanism for pilot projects in assimilating refugees, building secondary economies, rehabilitating ex-offenders, skilling the unemployed, inclusion of care home residents, providing care in the community, co-producing health and wellbeing, etc. However, setting up such pilots and running them as experiments and demonstration projects requires that the SI secures funding for organising, monitoring and evaluating the pilots. **Often the challenges addressed require more than what one single social innovation can offer**, so there's a need to secure partners with complementary resources, which may be other social innovation initiatives, but can also be other actors, such as charity, business, local authority or university. Organising these kinds of project takes the social innovation into a new zone, since it requires a certain degree of professionalism in building and managing consortia and project proposals. It requires capabilities that many social innovation initiatives do not yet have.

Resourcing depends on the ability to **demonstrate positive social impact**, and this depends on tools for delivering and for demonstrating impact. This means that resourcing and monitoring are closely intertwined processes and capacities. Monitoring for impact is the key concern for service commissioners with implications for demonstration projects and assessments of service readiness and/or upscaling readiness. However, monitoring is also an internal concern for social innovation initiatives – especially for those with transformative ambitions. There are social innovation initiatives, such as the Impact Hub, a co-working space for social entrepreneurs, who aim for positive impact. This means, they are interested in ways of monitoring that help them understand their own impact and which is in line with their understanding and values.

At the moment **the scope for certain social innovations to go to scale is high** because there are shifts underway that favour their emergence as service providers. We see, for example, the shift from local authorities acting as direct service providers to becoming service commissioners in areas of adult social care, urban poverty relief, etc. Another relevant development is the discussion about the current welfare systems and experiments with new forms of social welfare provision and rules, such as incentives for welfare claimants to volunteer, experiments with basic income, possibilities for health service beneficiaries to be prescribed activities that will help them to improve their own health or engage them in helping improve the health of others.

## 7.3 Focus topics of the workshop: Five tensions

Regarding resourcing and monitoring in a changing world, there are **five sources of tension** for social innovation initiatives (SII) aiming for transformative change. These are:

1. **Internal struggle over growth and direction.** This first tension is the internal struggle of an initiative between founders and leaders and other members of SII, over issues of growth and professionalisation. The transformative ambitions may not be commensurate with the

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members' ambitions, causing conflict between leaders and between leaders and members. This problem is aggravated when the grassroots have to pay dues to the member organization and its leadership for services received. How to keep people (as the main resource of a SII) motivated? Without the grassroots there is nothing to lead, nothing to learn about/from and no social impact.

2. **Fishing in the same pond.** There is a tension over the need to grow the number of local initiatives/branches and the fact that overall available grant support is often in limited supply for early stage SII. Competition for grants between and within SII is therefore often a zero-sum game and may discourage cooperation. The processes of competing (often for very small and very short-term grants) and reporting for auditing purposes is a significant diversion and drain on the human resources of SII, including at grassroots level. This needs to be understood by policy makers. A more rational and strategic grant awarding system is needed to avoid this.
3. **Internal and external needs for monitoring.** This tension relates to the misalignment between internal and external motivations, aspects and goals for monitoring. Funders (or governments) often desire the demonstration of social impact in return for funding. However, initiatives are not keen on spending time on those activities, do not have the necessary expertise or would rather focus the monitoring on different aspects. They prefer to spend their scarce resources on *making* impact rather than on *measuring* it. Are there workable models that are not overly burdensome and make sense to all parties concerned? Models that offer quality assurance and fit with the needs for data management and security. Instead of monitoring what they do, it may also be useful for SII to monitor the external environment, to identify opportunities.
4. **Problems of base funding.** This tension relates to the contradiction that funders want to pay for specific activities but not for the base costs of initiatives. Funders seem to close their eyes for the fact that social impact can only occur if the fixed costs, such as rent, administrative staff, or the accountant are also covered. This often goes together with a second tension, namely that funders want to fund pilots but refrain from getting engaged on a long term and more sustainable basis. Undertaking piloting and demonstration work can strain the SII to the point of risking insolvency. There are also tensions with pooling resources: if initiatives have to pool different resources, they also need to answer to different resource givers.
5. **Co-option from imposed agendas.** When establishment actors set the agenda and expect the SIs to play along, they are creating problems of co-opting. An example is the UK government deciding to send thousands of people (benefit claimers, including migrants) to time-banks without providing appropriate resource. SI's can collapse when agendas are imposed top-down by (single-topic) agencies. What is needed is a genuine co-production process. How to achieve that?

## 7.4 DAY 1 Resourcing needs of social innovation

### 7.4.1 SESSION 1: Welcome and Introduction

After welcoming words from René Kemp from ICIS, Julia Wittmayer project leader of TRANSIT (together with Flor Avelino) introduced the TRANSIT project about transformative social innovation. She explained the research aims and research work of TRANSIT. Funded by the EU,

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TRANSIT asks how different social innovation initiatives (SIs) relate to each other to bring forward societal change and how bigger societal changes affect SIs. SI is not well theorized and by **building a theory** about how SIs work, TRANSIT wants to fill this gap.

In TRANSIT, social innovation is understood as **changes in social relations** and ways of doing, knowing, organizing, and framing. Julia notes that most understandings of SI tend to be over-simplistic with presumptions of agency and positive outcomes. In addition to critically evaluating what SI are achieving vis-à-vis dominant institutions, TRANSIT researchers want to make a positive contribution to positive transformative impacts, by building a theory of transformative social innovation of practical relevance in formulating policies and strategies for unlocking the potential of social innovation to address societal challenges.

The theory is still under development, but TRANSIT researchers see SI as **a process** where actors have ambitions but the context in which SIs are embedded may not be conducive to achieve change, affecting the outcomes SIs want to achieve. Hence **outcomes are not pre-determined but co-produced** through the interaction between actors from SI initiatives and the surrounding context. This creates challenges in theory building which should account for tensions and possibilities of capture. The presentation of Paul Weaver went into those, where he noted the following dilemmas:

- Social innovators need finance, but should not lose autonomy as the basis for their existence.
- For countenancing autonomy, politicians need to relinquish some control, but they are held politically accountable for the use of public funds.
- If SI are to take over public tasks, there is a need for safeguards and quality assurance for which they are ill-prepared and ill-wired.

TRANSIT findings include the following: SI is born out of the desire of people to change dominant forces around us by catering for autonomy, sense of relatedness and activities that produce positive impacts also for others (communities) and the natural environment. The SI cases are counter-responses to *perceived gaps and deficiencies in established arrangements and provisions*. Often, social practices from the past are re-invented/ re-introduced in a new or changing context. In order to become transformative, they need to be sustained and grow, so as to challenge the established context. For this, they need resources and the ability to mobilize them. TRANSIT works with the assumption that agency is possible if SIs are able to mobilize resources outside the conventional system in order to build alternatives. SI practices can grow in different ways: they can intensify, diversify, replicate, extend, embed aspects of themselves into another organization.

In his presentation Paul Weaver relayed the most important **insights from TRANSIT on the issue of resourcing**, which are that:

- SIs make use of non-rival resources (e.g. unused labour, wasted resources) and they may have very little need for financial resources at the beginning. As they grow they can fail very easily however, because of the lack of key finance at the right moment when more

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organizational capacity is needed, interaction with other actors intensifies, and may face funding and skills gaps for rolling out activities to show initial impact.

- The sources of funding are changing: in previous decades, money was typically coming from grants, projects, tenders, but now there are also ways to achieve autonomous funding by starting a social enterprise that generates funding for the SI or by embedding the SI into a large organization or by forming a partnership (e.g. there are cases where time banks became aligned with hospitals or insurance, see Weaver and Marks, 2017).
- The option of social investment could address external funding needs. Yet, SIs are not risk free and while their accounting may be satisfactory as such, the problem is that standard available monitoring tools always look for financial surplus and SIs may not have much.
- As social innovations grow the structure of their resourcing needs changes. They are likely to need to perform new organisational and managerial functions as well as incur

In TRANSIT we uncovered various **tensions** in monitoring and resourcing which map onto **risks** such as: inertia from fishing in the same pond of available funding (zero positive game), insecurity, insolvency, integrity (stemming from conflicts between personal interest of leaders and the interests of the organization), loss of independence and loss of innovativeness (e.g. when SIs have to meet standards to win funding they may stop adapting to their changing environment). The tensions and risks are described in the paper of Weaver and Marks for the workshop (which is included in the same deliverable as this report) and therefore are not elaborated on here.

This workshop's aims are therefore to understand and discuss:

- The changing context for social innovation
- Working with the tensions in resourcing and monitoring
- Routes to resourcing
- Monitoring for internal and external reasons
- How to incentivise the science system for transformative SII?
- Policy recommendations

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## 7.4.2 SESSION 2: The changing context for social innovation



Picture 1: Lisa Bovill about Hullcoin

### 7.4.2.1 Lisa Bovill (Hull City Council) about the Hullcoin

Lisa opens by retelling the Worgl experiment, an Austrian town facing poverty crisis in 1932, in the midst of the Great Depression. The town successfully experimented with its own local currency (in the form of a stamp script) under the drive of the Mayor at the time. The success of the pilot spread and as 200 other towns in Austria wanted to replicate the example, the Austrian Central Bank closed down the project because it was a challenge to established authority, and possibly it was also “ahead of its time”. The city of Hull is experiencing a poverty crisis in the aftermath of years of austerity budget cuts to welfare system that have not been seen since post-war period. The cuts are wide in scope and affect disability benefits and other important support systems that are leading to the inability of citizens of paying the council tax. The Government would normally step in but it didn't have enough resources to do so. The strategy foreseen so far has been one of crisis relief (e.g. a food bank was established in 2014) but the pathway should rather follow resilience and prevention by supporting grassroots activities and invest in alternative energies and inclusive growth. The idea to explore how Bitcoins can be used to support local communities affected by poverty came in 2014. The media immediately picked up the issue reframing it as: “A local authority prints digital money and gives it to the poor”. The good thing about media attention was that experts came forward to help make it a practical reality. Also a company, Kaini Industries, was set up outside of the local authority to develop the idea and product. The model is using blockchain technology as a platform where people can register as individuals, organizations or retailers. People who engage with charities and community groups across the city of Hull can earn Hullcoin by volunteering and undertaking activities that generate social benefit. Significantly, Hull coin is generated as a reward for positive social action, rather than debt (as in the current money system based on fiat money where banks create money via debts). The coin can be spent with local retailers who will offer a discount on the normal price.

Lisa reflected about the role of local government and innovation and points out that it is likely that local authorities will outsource more to community-based solutions, rather than offering direct delivery of services, because they don't have the resources. She presented the following points as enabling and constraining outsourcing public services to mutuals and cooperatives:



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- **Legislative changes are needed** for restricting tenders to employee based mutual / cooperatives.
- **Local authorities are risk averse** because they are ultimately accountable. SI if disruptive is risky.
- Local authorities have links to existing providers and will often privilege them over what new SIs can offer.
- Local authorities need to consider extra social value beyond service delivery, for this the need to know local problems. Local authorities do not always know the local needs before they write a tender.
- Local authorities need to be seen as responsible and reliable by SI and the wider public.
- Small groups are not in the position to bid for big contracts and in Hull the **voluntary sector is very divided**. Skills of different organizations should be brought together in a partnership, but lots of social organizations are actually hostile to each other, which prevents them from forming **partnerships**
- For small SIs it is difficult to know who to talk to in Municipalities. A complication is that local authorities are '**beasts with multiple heads**', which means you have to talk to different people, which is off-putting: 'you never can assume that you have the Municipality's attention'.
- SIs need to **demonstrate sound management and accountability** of the initiative.
- Tenderers need to **understand what local authorities priorities are** and translate / tailor their offerings to those.
- There is already a **different relationship** between the State and individuals. Rights and duties have changed. Service provision occurs via intermediaries and procedures.
- **Technology will replace lots of jobs** (legal, financial services, etc): creates different relationship between individuals and labour market. Individuals will have more time that SI needs to capitalize on.

## 7.4.2.1.1 Discussion:

MM: What's the infrastructure for creating the bitcoin chain?

LB: We got first funding to develop the bitcoin technology through the Big Lottery. We have 5 employees plus a board of directors. So far, we won three funding cycles and with this we are trying to reduce the risk by getting a minimum viable product off the ground. There are 150 local businesses registered to accept bitcoin and charities to issue them. Transactions are already taking place. Discounts are given by some businesses.

We also had internal tensions (board fell apart) when realizing the company has big potential to grow and a whole infrastructure needed to change. Spinning out from local authority is a big step for the people involved (new roles), there are positive and negative insider issues.

The technology allows us to track the positive action generated by the transaction coming from the volunteering done for community organisations. The platform also allows to upload video and photos related to the social action. This makes it a good news story that's directly embedded in the transaction (like a living CSR report).

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RK: Why would retailers give people discounts?

LB: For attracting customers. Retailers can decide themselves how much discount to give to people. This facilitates market-based decision-making, rather than top-down imposition of (compulsory) discount rates.

MM: Is the coin re-circulated?

LB: The bitcoins are given in recognition of social outcomes, it is not treated as money, and it has no exchange rate with the British pound.

PW: There's a bigger aim for time bank credits and Hullcoins to have exchange rates. Time banking in Hull has achieved the creation of a mutual aid network economy. It can be built to address different sectors and sharing of facilities to tap into spare capacities from different organizations, possibly with the help of Hullcoins.

LB: the long term goal is to model in real time the automatically recorded transactions on the block chain and build dynamic models from emerging spontaneous social action.

PW: The Time bank in Hull is also trying to involve the local Methodist church operating a system to welcome refugees, who now reside in very cheap housing. The church provides a safe/warm welcome, some financial support, meals but the Time bank can provide access to community and productive activities, such as learning languages and access services. This is invaluable for a person who cannot work legally. Carina monitored this as a pre-pilot and the resulting report will be used to win funding for a full pilot involving hundreds of refugees.

Filipa (Transition Towns): The EU legislation makes a difference between alternative and complementary currencies. It considers complementary ones as legal because they are connected to dominant currency and primarily for use in a local context. It considers alternative currencies which are disconnected from existing financial systems as illegal. This aspect is addressed in the book "Sustainability and money: the missing link" by Bernard Lietaer.

LB: The Hullcoin is traded in a restricted way so it will never completely replace normal currency and extinguish debt therefore it is considered a complementary currency.

RB: What are local politicians thinking about the Hullcoin?

LB/DS: We are not challenging money, we are trying to make a distinction and tap into the psychology of spending, of feeling you have economic power by spending reward points. In terms of politicians there has been a move towards acceptance but mostly from independent thinkers; there's the notion that change will come and that the state needs to empower community networks. That's why there's been greater acceptance for this.

The technology of the block chain has already proven quite disruptive: The UK spends 3.5 million pounds a year just to get benefits to people's bank accounts. This would be reduced to 8 pounds using block chain tech! Unfortunately the block chain technology is used for high end financial transactions mostly at the moment. These technological advances can create massive cost-saving benefits, which can lead politicians to turn a blind eye to other issues.

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## 7.4.2.2 Changing the NHS in the UK: Sebastian Yuen

Picture 2: Sebastian Yuen about NHS in UK



In his presentation, Sebastian Yuen discusses the challenge of changing the National Health System in the UK. The health system in the UK is suffering from rising demands but not having enough money for this and suffering from a vision that is politically led and not evidence led. The reason for increasing demands are several and in need of deeper analysis. People choose to go to the emergency department much more than in the past and prefer going to the hospital rather than a general practitioner (GP). The average time to deal with a case is increasing. 'The winter pressure [the time of year when the system is overstretched from demand] is on all-year round'.

There is an increasing awareness about new ways of thinking by top officials but change is slow to get from the top to where the change is needed. The NHS Vision of 1948 was unattainable in the first place because it declared that health services would be paid for by taxation, it would be comprehensive and universal. Following an increasing unrealized demand, the health system started charging for everything.

Similarly the latest NHS vision is well thought through as a logical framework but in reality there are huge differences in the quality of general practitioners across the UK. The vision understands the need for a medical model that understands and addresses the social determinants of health but the way it is now general practitioners only give you medical assistance. 'The predominant ethos is that of a command and control culture where everybody is shouting at everybody to get patients through the system as quickly as possible'.

There is no one NHS but four and they are all different (NHS in England takes biggest amount of money). Commissioners (payers) should say which services are needed at the local level and come up with commissioning. Commissioners (e.g. hospital, mental health centers) are too small, have no power and they are told by providers what to do. Another unhelpful factor is that regulators keep changing so there's a lack of continuity.

The pressure on the NHS system is increasing under demographic changes whereas there's great variation in the quality of care. The NHS needs to save 30€ Billion by 2020.

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There are new models of care on the horizon however and commissioners are motivated to do things differently. For instance, changing the payment system from activity paid to the best practice of care with multiple components. There are new initiatives in health care and many are being invited by top NHS officers to discuss how to change the NHS. Example (social innovation) initiatives are:

- @WeNurses
- #Ptleaders
- The Academy of Fab Staff (NHSmanagers.net) i
- School of Change Agents (Helen Beven) online virtual program
- (see slides for more)



Picture 3: Lunchbreak

## 7.4.3 SESSION 3: Working with the tensions in resourcing and monitoring

Saskia Ruijsink introduced the five tensions emerging from TRANSIT's case studies research, which are selected for discussion at the workshop. She explained the Critical Turning Points database and how they can reveal tensions using the cases of iMinds (Living Lab) and Share Bloomington (Shareables Network). iMinds Living Labs offers researchers and entrepreneurs the chance to test and co-develop their innovative solutions with their target audience. It is part of the iMinds company offering innovative ICT applications in society. Share Bloomington is a volunteers group engaged in sharing and time bank activities.

The five tensions - described in Weaver and Marks (2017) - are:

- **Tension 1 Internal struggle between founders and leaders and other members of SII** over issues of growth and professionalization. The interests and ambitions of the leaders may start to diverge from those of the members' causing loss of grassroots support. This problem is aggravated if the grassroots pay dues to the member organization, which can be resented. There may also be differences of opinion among leaders over which direction to go, causing splits in the social innovation leadership sometimes leading to new breakaway social innovation organisations being formed.

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- **Tension 2 Fishing in the same pond.** There is a tension over the need to grow the number of local initiatives/branches and the fact that overall available grant support for establishing local manifestations is often in limited supply for early stage SII. Competition for grants between and within SII is therefore often a zero-sum game. The processes of competing for often very small and very short-term grants and reporting how money has been spent and what impact it has made is a significant diversion and drain on the human resources of SII, including at grassroots level. SII may also fish in the same pond of volunteers or people (which is an issue for Share Bloomington, which limits its growth).
- **Tension 3 Internal and external needs for monitoring.** This tension relates to the misalignment between internal and external motivations, aspects and goals for monitoring.
- **Tension 4 Problems of base funding.** This tension relates to the contradiction that funders may be willing to pay for specific additional activities of social innovation organisations (e.g. for pilots, demonstrations or for specific additional projects interesting because, for example, they deliver social impact to specific target groups), but are less interested to support the base costs of the initiatives.
- **Tension 5 Co-option from imposed agendas.** When establishment actors set the agenda and expect the SIIs to play along, they are creating problems of co-opting. An example is the UK government 'signposting' benefit claimants to time-banks without providing additional resources to the affected time banks. SIIs can suffer mission drift and added strain on already stretched local organisers.

Participants are being split in **breakout groups** to discuss the five tensions in relation to their experiences.



Picture 4: Break Out groups take off

After one hour the group reconvened and reported back as follows:

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## 7.4.3.1 T1 Internal struggle:

- **Differences between the transnational network organizations and local manifestations** of an SI initiative can create tensions, particularly around: resourcing needs, vision or direction, and the use of money (which has the potential to corrupt). Network organizations tend to be dependent for their continuity on funding, which brings with it a tendency to commercialize and a tension with staying true to internal values. They also tend to have loose or informal accounting procedures, which makes use of money less transparent for local manifestations. Ownership over data and software control was a controversial issue in Timebanking.
- **Investors require a level of dependability** (to deliver outcomes funded for) from network organisations that can be difficult to ascertain, since they cannot guarantee local manifestations will do things as planned.
- The question of **how to grow** was raised: is growing (slowly) an option? Different routes to growing exist: growing an organization vs embedding solutions in other organisations.
- As SI initiatives evolve, there can be **splits between original models and variations** thereof (example: time banks vs spice). This can work beneficial and complementary if the two find distinct markets / target groups / roles to avoid competition and generate a diversity of solutions that can address multiple challenges. A possible solution is a smart partnership among the variations with common goals and celebration of achievements and mutual learning.
- The Transition Network is responsible for **fundraising money**, it tries to find funds free of ties, to inject into the network and use as seed funding for new initiatives, using principles of collaborative design. Also when someone working for the network needs money for specific challenges, it can be fundraised to meet individual needs.
- **Role of founders:** Often founders are “lone heroes” who are good at starting something but not so skilled in governance of a network system. This requires having compassion and patience with founders and supporting them to find other roles (writing books, giving talks, etc), to allow other people to get more active in leading the network governance.

## 7.4.3.2 T2. Fishing in the same point:

### *Reflections on the nature of the problem of fishing in the same pond*

One of the recurrent themes that emerged from the discussion was the fact that there was an **increasingly competitive culture in terms of seeking funding for social innovation** and social enterprises. This had a number of potential effects: it drives a ‘protectionist rather than collaborative disposition; it means that there is a greater reliance on professional bid writing which can disadvantage smaller groups; it means that resources are wasted on grant writing where there are very low chances of success; finally it also means that organisations often rebrand their work to access new limited sources of funding (e.g. calling things ‘social innovation’.

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Another important insight was the idea that there are multiple ponds and that it might be useful to think about the different in these and the way in which they are linked into a **wider funding ecosystem**.

A third issue related to the significance of place and culture in relation to funding. On the one hand there was the observation that there is an increasing globalisation of funding opportunities. On the other, there was the reflection that there are specific kinds of “pond” and different forms of competition in different cultural contexts. For example, experiences in China are very different from those in Europe.

## Possible solutions to the tension

There were a lot of practical suggestions relating to how this tension might be resolved. These are summarised around some key points below.

- **Changing the rules and processes around contracting and procurement.** Several suggestions related to how contracting and procurement could be improved. Ideas included, involving social enterprises in the design of contracts; larger and longer term contracts; building in flexibility and responsiveness.
- **Exploring new funding opportunities.** Some areas such as philanthropy and crowd funding were seen as new “ponds” which might provide opportunities for certain organisations. Likewise, collaborating with universities or companies (under the rubric of Corporate Social Responsibility) was seen as a way of establishing new forms of hybrid organisation.
- **Different approaches to funding.** Some suggestions related to more fundamental changes in the way that funding occurs. Ideas here included funding the mission and not the mechanism (i.e. more core funding); embracing risk and innovation (noting that funders are often risk adverse) and adopting an “asset based” approach to development; devolving more power to communities and the local level.
- **Developing a better evidence base.** Finally the idea of providing more compelling evidence of impact and visibility of the work that is being done was seen as one way of convincing people of the value of specific innovations.

### 7.4.3.3 T3. Internal and external needs of monitoring:

Internal needs are different from external needs. As a rule, one should only measure what is used. Of the available systems of monitoring and evaluation (M&E), SI should use the one is most **fit for purpose**. M&E may encounter **cultural barriers** as people can be sensitive to “not wanting to be criticized” and may view it is representing mistrust, which may be overcome by not making it an issue of criticism but of open learning. Developmental evaluation (Patton, 2011) does evaluations in a socially sensitive way, but is not mainstream yet. Considering that monitoring effectively requires skills and efforts, and that evaluation professionals are expensive, the question of how to monitor is not easy to answer for SI initiatives. In Transition Towns, interns from universities are used for this, but they may lack the professional skills. There is a **need for training programmes**

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**and for government programmes to incentivize researchers** to engage in monitoring and evaluation.

The Hullcoin technology and Timebank system offer an infrastructure for monitoring and evaluation. Next to number based approaches there is a need for qualitative approaches, for example stories about how people's life has changed for the better thanks to SI.

Some forms of monitoring require special tools currently not available, for example local resilience scores. In impact assessment there are attribution challenges which are difficult to tackle and which may require the involvement of professionals. Hybrid approaches overseen by professionals may help to satisfy internal and external needs without succumbing into a managerial tool or bureaucratic red tape.

## 7.4.3.4 T4. Base funding:

The discussions evolved around two main topics: problems associated with baseline funding and possible solutions. Baseline funding is the financial basis an organisation needs to cover its basic costs, such as rent, salary, accountant, etc. Often, these costs are framed as 'overhead' and are not covered by current funding schemes. While the overall amount of funding available is increasing, it is reserved for 'innovative', 'new', 'exciting' things – leading to 'innovation lies'. The little **money that is needed to cover the baseline is not funded**. There is increasing competition around such baseline funding.

Organisations are creatively dealing with this challenge. Strategies include 1) crowdfund a 'person' (Transition Network), 2) ask membership fees, 3) reduce costs and make use of unused resources, 4) find long-term funders, or 5) become embedded into bigger organisations.

Other solutions that were envisioned include the possibility to **obtain smaller grants for longer periods**, as lots of short-term money for big projects can kill initiatives because it blows them up and makes them fall, rather than supporting them to grow more organically and in a stable way over a longer time-period.

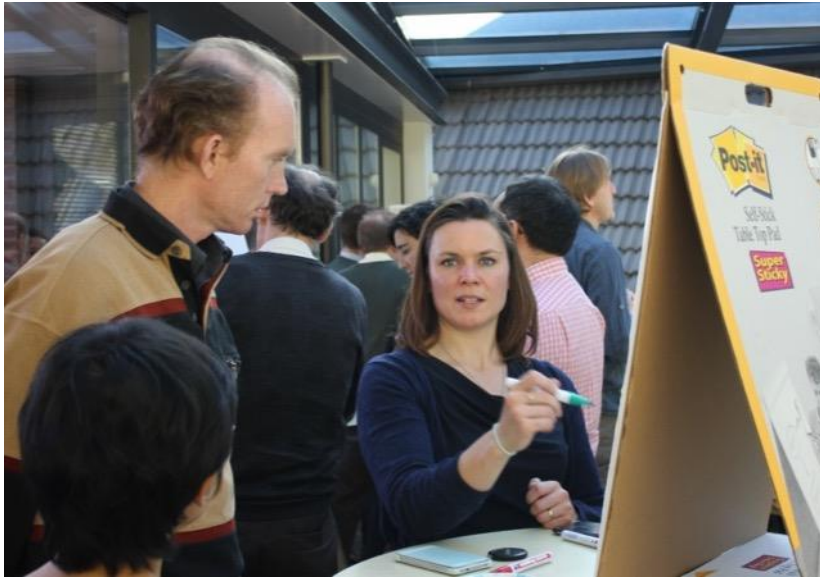
On the other hand, core funding can also strengthen a conservative focus on doing existing things, while **project funding can elicit more innovation**.

Another suggestion is to **combine different funding models**, such as a business and a charity for cross fertilisation (Timebanks). It has been discussed that **funders should provide money 'with no strings attached' and taken along in the learning journey** of social innovations.

The Esmée Fairbairn Foundation, a leading independent grant-making foundation in the UK provides loans to create social enterprises from social innovations – these loans come with a complete support package.



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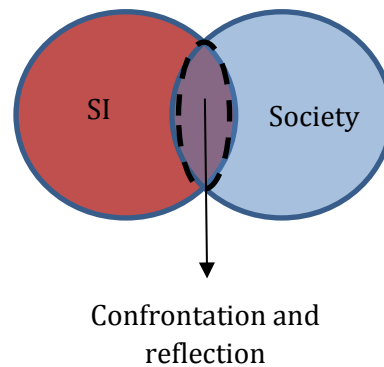


Picture 5; Break Out Group Co-Option

## 7.4.3.5 T5. Co-option:

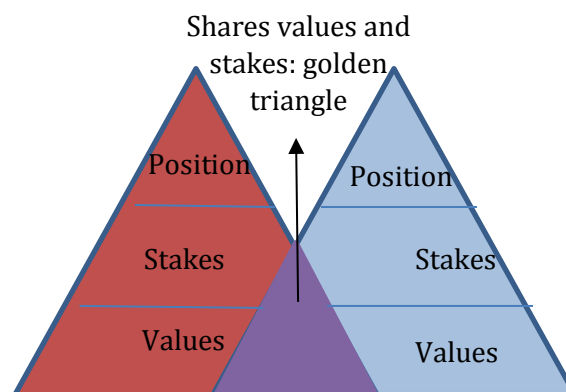
- Cultural differences create **different forms of co-option** and how co-option materializes. In China, the risk of co-options is less recognized. There is no public funding yet for SI. There is private funding of SI and this typically is based on trust, rather than on official criteria. So the SI's have more freedom. In China and elsewhere it is also a matter of balancing interests in the same SI or network, where people have different backgrounds and limited resources.
- Co-Option is not only related to the risk of being co-opted by funder's agenda's, it is also **related to the more abstract forces of worldviews**. These pose risks for both SI initiatives as well as on the common purpose of achieving social change, by emphasizing certain culturally dominant beliefs or attitudes at the expense of others. For example: since tech-based and smart approaches are extremely popular the SI's focusing on this get much better access to funding, which can lead to non-tech-based initiatives being under-funded or orienting to becoming more tech-based, despite different initial intentions.
- There are also **positive aspects to co-option**: While the co-option risk is important for Sis, a purely defensive attitude is not necessary and potentially counterproductive. An interest from establishment actors to co-opt means that there's a **recognition for doing something important**, something people care about, that can potentially change something. Tensions and conflict are also part of change processes. Without the risk of co-option there is probably low potential for having a transformative impact on society. The co-option not only creates space for confrontation, but also for reflection. Both are critical for addressing the double risk of either becoming dogmatic by sticking too strongly to core beliefs or being exploited by status quo by giving up on core values too easily.

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The following suggestions were proposed, as **possible strategies** for dealing with this tension:

- Trust and allowing mistakes are key in this process.
- The confrontation can be **turned into a reflective dialogue** if there is constructive negotiation. A useful approach for supporting such negotiation processes is the Mutual Gains Approach (see Fisher and Ury (1981)[1991] *Getting to Yes*). In this approach it is important to be transparent in negotiation and to go beyond each other's' positions in negotiation, but rather focus on the values and to a limited extent on the stakes that various partners have in the process. In other words, the focus is on what you share, rather than on the differences. The golden triangle (see below) is often used to explain the principles of the MGA approach



## 7.4.4 SESSION 4: Routes to Resourcing

### 7.4.4.1 Insights on the experience of Timebanking in healthcare in Rushey Green (South London) by David Boyle



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David Boyle examined in 1966 alternative currencies in the US. There he learned about Timebanks and brought idea to the UK. On behalf of Time banks UK, he lobbied for 3 things: no tax on time credits, people should keep their benefits when they engage in time banks and staying eligible for charity funding.

He noted that Time banks help to deal with the problem that only middle class do volunteering. Hard to reach people were reached via Time banks. Another achievement of TB is to draw in a greater proportion of men. Husbands of female volunteers were lured into TB via handycraft jobs (home improvement). Simple tasks sometimes changed people's lives. Catch 22 of co-production: stay independent & get starved versus becoming part of statutory services.

He discussed several ways for making the case for Time banks:

- Use of cost-benefit evidence (for cost x we deliver y worth).
- Reframe the debate towards “preventative infrastructure” to tackle Beveridge’s “big giants”: want, ignorance, disease, squalor, idleness) bringing into focus that Time banks and other community organizations do what community used to do for its members but no longer does.
- Asking social service contractors: how do you rebuild social networks, how do you plan to reduce the level of need for your service year by year). The reduction of need for social services is a critical element for future care systems, one that receives too little attention.
- Find the insiders / investors who want to innovate from within – no amount of research will make a difference in the end. In all major successes there were some insiders who leveraged vital efforts.<sup>2</sup> By coming together with all those innovators in other organisations they could learn about how to get those inertia organisations going to take the next step.)

Mutual, informal support (preventive) infrastructure should become primary to conventional public service infrastructure. **The first question should be: How can you solve your problem in your community networks?** If that's not possible, only then seek conventional network service infrastructure. However, social workers ask the wrong question: what are your needs rather than what can you do about it? Charity is corrosive of self-esteem and social fabric.

## Glimmers of hope:

- Co-production as a new profession with a lot of people are already doing it.
- The greater effectiveness of community-based care. Rather than going for ineffective solutions we should go for the effective ones, even when they cost more money (which they usually do not). In this connection he talked about “airblade effects” (the new hand drier that is 20% cheaper because it actually works. The conventional one just keeps your hands wet. Poor solutions should be avoided and coproduction helps to do that.
- When local municipalities have gone through struggles, innovators rise (e.g. Manchester health care hubs). See “A dream of John Ball” by William Morris

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<sup>2</sup> Julia Wittmayer added that DRIFT help to set up and run a transition program in long term care: 16 experiments, including people who are part of bigger organisations.

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- Social welfare sectors want people to be active. If you act to make things happen you can have a big impact.

## 7.4.4.1.1 Discussion:

IA: How do you distinguish between wannabe innovators and real innovators?

DB: The wannabes will not act in the end. We have to get active, capable people involved, many wealthy seniors are sitting idle. Inactive people can become active for which you need mechanisms of mobilisation and initiatives for them to be involved in.

## 7.4.4.2 Insights on Sustainable Social Innovation Resourcing Strategies in the US by Michael Marks

Michael Marks presented the findings of a study with Paul Weaver on the reasons for long-term



success.<sup>3</sup>

Picture 6; Michael Marks on Sustainable Resourcing

The question addressed is: why do some SII manage the long term and others die? This investigation used four selected cases:

- Hour Exchange Portland (HEP) (member to member time banks) with focus on poverty reduction and refugees; partners in care (seniors);
- Partners in Care (PIC) a time exchange community in Maryland
- Parent support Network (PSN) in Rhode Island;
- The Open Table (Arizona, faith-based intervention) poverty reduction focus where churches work with congregation members that adopts people coming back to prison for 12 months to help the person get back on its feet.

<sup>3</sup> Michael Marks, Linda Hogan and Paul Weaver (2017) "Success Case Examples of Sustainable Social Innovation Resourcing Strategies in the United States", paper for Resource and Monitoring workshop, Febr 16-17 Maastricht.

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These interventions secured a **mix of resources**: three have contractual relationship with an NGO and received statutory funding. PIC has thousands of members, started a boutique (selling second hand goods), with revenues of \$500,000 from boutique sales accounting for 35% of PIC income. Cooperative business income went back to the Hour Exchange.

Initiative	Membership or Licensure Fees	Income from Social Businesses	Partnerships with Other NGOs	Foundation, Philanthropic Funding	Direct Government/ Statutory Funding
Hour Exchange Portland (ME)		X	X	X	X
Partners in care (MD)		X	X	X	X
Parent support Network (RI)			X	X	X
The Open Table (AZ)	X			X	X

**Partnership with NGOs: embedded or autonomous.** Three out of four cases are all embedded in organisations with similar missions (e.g. PSN in Rhode are helping people that should attend substance abused treatment program who can't take care of their child. In OT many people that went through the 12 months became members of OT.

NGOs approach time banks because they are providers of in-kind work par excellence.

**Membership fees:** time banks have been reluctant to charge their members but the congregation is charging fees for people to become OT member ("missionary trip" in their own neighbourhood). None of the cases are becoming dependent on any one source of money. Often they diversify and statutory money comes only at later stages. By not being depending on gov funding, organisations maintained integrity, innovativeness and are not desperate.

What is the role of government then? Government can act as a **convener** (open way into a community); **as advocate and promoter** of SI; **matching money funding**; provide **referrals**; foster **service integration**; promote **blended funding** for Sis; promote investment readiness to access private funding.

**Leadership** turned out to be a key aspect of the longevity of the SIIs. How to avoid a dip when leaders leaves? One possible strategy is to train a successor.

## 7.4.4.2.1 Discussion:

Q: Could it be that these cases were successful because they help local government fulfil their statutory duties?

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MM: I don't think so. The leader of HEP is entirely mission driven, support people to get healthcare, where the benefits that arise in one organization can be used in another. She's able to move across models. Put money to target what you are aiming at rather than in the mechanism to achieve it.

CI: **SIs tend to fall in love with their tools and forget the real goals they want to achieve with those tools** and the tool becomes the comfort zone.

Possible strategies for use:

- Have theme-based conferences > time-bank conferences
- Use social impact bonds are a way to resource this.
- **Need to build communities around goals to achieve, not around the tools.** But also can be necessary to have likeminded people to learn about the tools, can be too diverse/messy in mixed communities..
- **Stay sensitive to the context and ask what is really needed here?** Don't force a certain solution onto any context.

How do you study operator dependency, as condition for replication? People want manualized repetition, but it almost never works. You can't replicate organisations but you can replicate peoples' qualities.

RB: We should not let government off the hook too easily when SIs do work that government is supposed to do but does badly (example of "women on waves" offering advice on abortion in international water, e.g. the Mediterranean sea). Should think about what else to make them responsible for! Or be paid the money saved from the government purse.

Michael Marks also offered a short presentation about **social impact bonds**, where he explained SIB and discussed experiences.

A social impact bond is a public-private partnership finance arrangement that funds effective social services through a performance-based contract. It enables government entities to partner with high-performing service providers by using private investment to develop, coordinate, or expand effective programs and underwrite the risks. More specifically, it opens long-term funding to preventative type initiatives which government often cannot support.

SIBs are particularly suited for:

- Projects working with a well-defined services/treatment population
- Projects seeking to accomplish measurable outcomes
- Projects that can identify a reliable comparison group/ counterfactual
- Projects that can scale up quickly and have shorter time frames to deliver social impact

But: SIs may be consumed by the institutional requirements of SIB involvement in adopting required strategies and actions necessary to succeed in a performance based environment. Next to opportunities they present challenges to SIs in maintaining integrity of mission.

As for the experiences:

- Organizations with best infrastructure, resources, skillset of organizing community are getting involved. Can identify costs, outcomes, etc.
- Very rigorous and costly evaluation in US.
- Rolling out is better in UK and EU. E.g. "Big potential" investment fund

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- Umbrella organisations like Timebanks UK that could do some intermediary work, looking at TB as a tool for solving certain social problems.

A deeper discussion of social impact bonds is offered in the paper that Michael Marks and Paul Weaver wrote for this workshop titled “Are Social Impact Bonds (SIBs) A Viable Resource for Social Innovators? A Brief Discussion paper”.



Picture 9; Further discussions at the Talentino restaurant

## 7.5 DAY 2 Monitoring of SI and the role of science

### 7.5.1 SESSION 5: Reflections from Day 1



Picture 10; What did we learn?

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The second day started with a round of reflections on the key insights from the previous day. The following themes were discussed:

## Creating change within existing institutions versus challenging them and creating complementary institutions

- There are **limitations in established systems to accommodate change**, as many foundations are still operating from an “old paradigm”. The community is an important resource, especially when other (institutional) options do not exist or are difficult to access. For instance, Transition Network (TN) crowd-funds for resourcing TN members with difficulties, or initiatives that have difficulties accessing funding. On the other hand, even institutions like the NHS are recognizing the rigidities they are locked in.
- We need **an agenda for reform in terms of re-institutionalisation** with special attention to interventions that change the playing field (e.g. having unit costs for public services, giving people a budget to decide what kind of care they need (Persoons-gebonden Budget in the Netherlands); alternative/complementary currencies)
- SIs can be a force for **developing a preventative infrastructure**: many systems are looking at that (perhaps for the wrong reasons) but don't know how to do that in practice. The focus should be less on trying to change the rigidities of established institutions and focus more on what is missing. The concept of preventative infrastructure is useful in this regard. The scope for transformative change lies in marshalling new SIs, building on capacities that are already available and to reach that redundancy and freedom from established institutions that comes from strengthening a complementary system
- The fundamental **need for a complementary economy** needs to be raised and feed into political discussions! This is not happening (enough): even the parties critical of neoliberalism don't see an alternative. This requires spokespeople from all kinds of organizations speaking on behalf of such an alternative (e.g. New Economics Foundation as an example?).
- Should we go for **change within the established system or create an entire new system?** In some SIs there is the notion of “hospicing the dying process of the old, while nurturing the birthing of the new”. A key question is how we can facilitate the transfer of resources that are still captured within existing regimes and re-direct them to initiatives working on complementary/alternative systems? Intrapreneurs / innovative actors (investors, middle-managers, etc) within established institutions can have a key change role for unlocking those resources and making them available for those complementary initiatives.
- We should **better understand the ecosystem of roles**: which roles different actors play in transforming large institutions (from the inside and outside). David Boyle suggested he would be interested to think further about this with anyone interested to go deeper here

## Resourcing approaches and structures:

- We need more small and regular financial support for SIs, as large amounts of money can corrupt and destroy them. **Small amounts of money on a sustained basis, plus complementary/alternative currencies are required.**



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- If the aspiration is for SI to offer real alternatives, there's a need for more serious funding for Sis. The question arose, as to **what a healthy funding eco-system would look like** if we had 500 times the resources that we have now: if we were serious around sustainability challenges and have the investments that we really need.
- There are vast amounts of resources available that are just being kept from sharing: **taking an asset-based perspective** entails organizing and marshalling the assets we already have and to stop taking a deficit perspective ("how depressed are you today?", "are you less depressed now after when you joined a time bank?"). It can kill all the enthusiasm that is a key resource for SI actors.
- **Money corrupts** and is a synonym of power concentration. The more concentrated power is, the more corruption there is. At the same time, citizens should have more influence over how their tax money is being used.

## Relation between SI and other Sis, as well as the context:

- More attention is needed for how SIs relate to each other and how they can **avoid creating their own silos**.
- The **combination of a SI with a social enterprise** (i.e. with people that have a business mind) can be very beneficial. SIs can get help in performance based contracts and share costs/benefits.
- Should we set some boundaries for the term "social innovation"? It is used as a buzzword to mean many things, so we should **be careful about the relations with other systems**: they can be complementary, but should not be supplementary. Otherwise SIs can work as an excuse for government and business to step back and relinquish their responsibilities and feed into opportunistic approaches of policy makers.

## Internal issues of SIs:

- **The importance of leadership is under-acknowledged**: we should look more at the innovators, rather than just at the innovations. From such an inquiry we can learn about how more people can become innovators/innovative.
- There needs to also be **shifts in the governance structure of SI initiatives** otherwise there's no real innovation. The community needs to be in the driver seat, not just co-decide without co-owning and co-managing. The idea of the governance of the commons offers a set of principles already define by Eleanor Ostrom which can be adapted in other domains. Otherwise the participation of community will be hijacked by established interests and power-structures.
- For growing Sis the **focus should be more on diffusing capabilities, skills and processes rather than just the tools** or pre-defined models. However, if some SI stick with replicating their tools or models in different contexts, we should explore ways to intervene in that process: For instance, through reflexive monitoring, the SI can reflect on the use of a tool in a certain context and how it can be adapted to fit into another context. So monitoring can have a key role for creating organizations that are more adaptive to different contexts. This is a kind of monitoring that consists of regular moments of reflection that are not about pinning down numbers but guiding the thinking and learning process. In traditional

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businesses, there is a logical reflection point: whether consumer is buying your products/services or goes to another provider. In social services that may not be the case, perhaps because there is not an alternative provider, or receivers don't have the option of choosing their provider. So SIs need to be more reflective in that regard. However, in some SI initiatives (e.g. Transition Network) it is indeed very common to have cycles of real reflection of the activities and processes. Mostly none of the people are paid, but people still do it because they believe in it. For instance, In the Timebank in Hull there are 3 key things in monitoring services in Hull: "Output, outcome, experience"

## Some general remarks about TSI:

- **Transformations are about tensions:** we need to learn how to deal with them but not avoid them, so we should regard issues that create difficult situations as opportunities, rather than merely as threats.
- The **diversity in backgrounds** among people that work or study SI requires an effort in communication and an acceptance that "we may not always understand each other".
- Most of the tools used by TSI tend to be for **strengthening human connection:** for Timebanks, this is the essence: discovering what is our co-responsibility in change and creating links for people to form a community.

## 7.5.2 SESSION 6: Monitoring for internal and external reasons

### 7.5.2.1 René Kemp: How to make monitoring a useful activity for SI activities?

René Kemp starts his presentation by saying that next to monitoring of activities & impact SII may engage in monitoring of opportunities & assumptions. He notes that there's an increasing demand for monitoring from funders and an expanding field of evaluation tools, which includes tools for self-evaluation. An example of a self-evaluation tool is the MAEX metric system by Kracht in Nederland. Beyond indicating what type of impact they are achieving for 8 impact categories (on a scale of 0 to 10), the initiatives can indicate which resources they would like to have.<sup>4</sup>

Some initiatives have developed tools for internal reasons of safeguarding the well-being of members. A Health-Check Tool is used by Transition Towns. It works well in monitoring whether as a "transition animal" you are whole or not. The tool and data are collected by trainers from local initiatives.

Different methods are available for monitoring impact. The dominant evaluation paradigm is based on positivism and involves a strongly-linear model of evaluation that conceptualises clear cause-effect links and seeks to explore these. Alex Nicholls of the TEPsIE project of social innovation,

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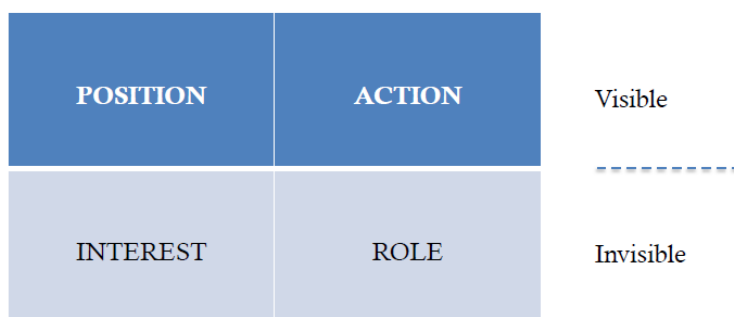
<sup>4</sup> The 8 impact categories are: Sustenance support; (social) safety; Social cohesion; Cooperation for a better social environment, participation; Smart use of existing resources and sustainability; Leisure; Education/development. The scoring is done by the initiatives themselves and reflects their own subjective assessment of impact.

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developed a contingency approach, based on the question *how can organizations chose an approach that is appropriate to their concerns and context?* This question brings into focus the goals for evaluation. According to Nicholls, establishing a **basis for trust** is one important goal. A second important goal is offering **an information basis** for decision making for the social organisations and those interested in supporting it or evaluating it.

For improving the initiative, **Developmental evaluation** (Patton, 2011) is a useful method. In this approach the evaluation focus shifts from measuring social innovation as a product or service to evaluating it as a process that has impacts.<sup>5</sup>

René Kemp notes that monitoring is connected to anxieties because it reveals to people what is not working/needs change. But monitoring can also be empowering, in helping to show impact. A challenge for M&E is to not just ‘play the game’ of funders (Hobson et al., 2016) but serve the needs of the social innovation initiative, especially the developmental goals of an initiative. For the latter aim they have to look critically at their theory of change and scan the context for opportunities. The PAIR matrix may help them to select and evaluate possible partners for evaluation.



The PAIR-matrix is made up of six “halves”: a bottom half, a top half and 2 diagonals (*from bottom left to top right and from top left to bottom right*)

Source: Diepenmaat

Two insights relevant for SI practitioners are:

- Actions which are weakly connected to interests are likely to be short lived.
- Organisations with shortfalls in action given the interests of the organisation are potential partners for collaboration.

In the discussion on reflexive monitoring, attention was drawn to “Reflexive monitoring in action”, developed by Wageningen University and the Free University of Amsterdam, to guide process of innovation or innovators through the use of system/stakeholder analysis and action research (van Mierlo et al., 2010).

<sup>5</sup> “Developmental evaluation refers to long-term, partnering relationships between evaluators and those engaged in innovative initiatives and development. Developmental evaluation processes include asking evaluative questions and gathering information to provide feedback and support developmental decision-making and course corrections along the emergent path. The evaluator is part of a team whose members collaborate to conceptualize, design and test new approaches in a long-term, on-going process of continuous improvement, adaptation, and intentional change. The evaluator’s primary function in the team is to elucidate team discussions with evaluative questions, data and logic, and to facilitate data-based assessments and decision-making in the unfolding and developmental processes of innovation.”(Patton, 2008).

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## 7.5.2.2 Marlon van Dijk (Sinzer): Impact Measurement



Picture 7; Marlon van Dijk presents on measuring social impact In her presentation on social impact measurement, Marlon van Dijk explained the rationale behind it, the questions that need to be answered and the principles for analysing and reporting.

### Why monitoring?

- Helping funders to decide which initiatives to fund
- Communications (positive stories for PR purposes)
- To grow the organisation and make better decisions
- Living it: "Social Impact International" developed assessment tool to see if organizations have impact DNA

### Questions for the impact assessment / measurement are:

- Who is going to change for better or worse as a result of the SI activities (can be beneficiaries but also others that are involved in or affected by SII).
- In what way do they change (outcomes)
- How can we prove the change (attribution of effect).

Impact measurement is about the values that are being sought, it is not about money. All relevant effects should be included. Need to identify which changes are most valuable and for whom - don't need to use money to identify value/priority. Need to ask end-beneficiaries *what changes they value most*.

There is no 'control' sample in SI... so it may be difficult to define what change is brought by the initiative and what is connected to changes in the context. Often impact measurement is over-complicated, in having too many questions, models, matrixes. In the end it boils down to a few core questions.

### Basic principles for analysing and reporting:

- Involve your stakeholders!

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- Go beyond measuring outputs: the critical issue is not output (for instance how many people are helped) but the positive/negative & intended/unintended outcomes *as a result* of the SI initiative.
- Value what matters: need to understand how stakeholders value the change you want to create in their lives! It is about changes for mothers, youngsters, etc., not about money.
- Look broadly, but then focus on what is material (most relevant for those involved: beneficiaries and impact investors seeking positive impact)
- Do not over/under-claim: acknowledge how others are responsible for the changes brought about. Can be complicated with control-trials, etc. Can also just ask target groups: how much percent was due to the SI activity? How much thanks to others? Assessment can also lead to partnering with other organisations who have a claim in the outcomes delivered
- Be transparent (about assumptions used and the evidence base that is used for converting effects into money)
- Verify results independently, we all have tendency to make it more positive than it is.

All principles should be applied, but level of rigor depends on the objectives of the analysis: planning, management report, investor report, public report. Outcomes and indicators are not enough: **need to prioritize / rank according to values of different outcomes!** One highly negative outcome can out-balance multiple positive but less significant outcomes.

Valuation methods are mostly based on cost-related methods (avoided costs/resources to society), but is it a true cost saving (example of the detainee that is no longer a cost to the prison system but the prison and its running cost is still there). Value-based methods (based on stated and revealed preferences, life satisfaction: e.g. self-confidence gained) are used less. Values may be assessed via a value game, with cards with products/services that are known by stakeholders, whose market price is known. Ranking the cards in order of importance in relation to a particular outcome that you know is desired, gives an indication of value.

- Reality check: deadweight element (outcomes that would have happened anyway); displacement, attributions, drop-off
- Need to actually use information for better innovation, investment decisions, program improvement, not just “proving”
- We tend to put the bar much higher when it comes to social value rather than financial value! Bar should be set high on completeness. *“It’s better to be vaguely right than precisely wrong”* (J.M. Keynes)
- Lots of resources spent on getting the data and measures right but the most important issue is to measure what we should know. Should be used to maximise social value, in same way as business organization is focused on maximizing financial value! Why is that not so pronounced in social initiatives!?
- Should have social accounting system in place, not just financial accounting system, to maximize your social value.

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## 7.5.2.2.1 Discussion

The question centred on two big issues: 1) Can relevant effects be properly valued and attributed? and 2) is SROI something for SI or not? The following things were being said:

- For further developing an initiative, developmental evaluation is more suited, due to the complexity of SI processes.
- SIs are not the same as social enterprises: SIs are usually operating on very small budgets, little time and expertise: don't have time and skills to do such in-depth monitoring.
- Outcomes are on their way to other outcomes (if so, the distinction between output and outcomes fall apart).
- SI may have difficulty with acknowledging co-produced outcomes! Challenge of determining the contribution of each. Depends on intermediating variables (not just a matter of independent and dependent variables). Effects are context specific.
- Reality is that a lot of SIs activities are asset-based. People are valued for what they can do and not assessed against key performance indicators.
- Is SROI about numbers? Marlon: No it isn't! It is about stories about relevant impacts which are to be identified and valued.
- How to value the Women on Waves initiative, where the impacts go beyond safe abortions (such as societal views on abortion and rights of women).
- What initiatives value can be very different from what the mainstream "real world" values. How to handle this mismatch?
- Many impact measurements deal with singular initiatives/projects and don't account for how they are part of a broader movement which challenges dominant institutions and is to be valued for that.
- The resources from volunteers are not accounted for. Impacts are assessed against an investment. It also does not account for spotting what are the overlapping resources that different SIs in the same scenes are using and how these can be enhanced.
- Beneficiaries, end-users, etc. are not adequate words, don't carry the human element.
- Challenge about how to integrate it into the organization in a way that doesn't come at detriment to the activity. Role for universities here?

In response to those comments, Marlon van Dijk said that SROI is essentially a story telling method and it can be integrated with other tools such as participatory appraisal tools. It's about the stories, not just the numbers. Since impact measurement methods are very data intensive, smaller SIs may not be able to collect the amount of data required. Special funding may be needed for this or more simple methods. SROI may guide SII strategies: insights about impacts and the mechanisms through which they are achieved or kept back may help SII to achieve more than they are doing.

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## 7.5.3 SESSION 7 How to incentivise the science system for transformative SI?



Picture 8: Discussing the role of science in Fishbowl format

In this session, the role of science for TSI was discussed with the help of a fish-bowl methodology, where a number of 5 chairs were available at the front of the room for participants to take a seat if they wanted to provide an input, while the remaining seats were for participants to listen to the discussion.

This discussion was framed around two main questions:

1. **what does the science have to offer** as contributions for supporting Transformative Social Innovation
2. **How can we incentivize the science system** to make those contributions?

Christian Iaione, co-founder of GovLab in Bologna, started off and contextualized the discussion by suggesting that we should go beyond the American notion of the triple-helix (of public, private and university partnerships) and rather speak about the “quintuple helix” that includes social innovators and civil society organisations as the “real drivers of innovation”. In this framing, *“universities become an active member of the community and facilitate the creation of new forms of partnerships in the general interest between government, industry and businesses, the not for profit sector, social innovators and citizens, and other institutions such as schools, academies, plus research and cultural centers”* (Iaione, 2015). This framing seems similar to the “emerging fourth mission” of universities, beyond the traditional missions of education, research, and economic development or technology transfer, of “co-creating sustainability transformations” in specific regions or sub-systems (see Trencher et al, 2014).

Regarding the first question, **what science can and should do to serve society** in efforts of transformative social innovation, the following topics emerged from the discussion:

- **Challenge assumptions and framings:** by posing critical questions, or questions that frame issues in a different light, science can help actors to “think outside the box”
- **Give answers,** although this was seen as rather presumptive by some.
- **Provide evidence** and generate accountability through monitoring of efforts

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- Offer credibility and experience through partnerships between movements and researchers: social innovation initiatives can be taken more seriously by partnering with researchers and gain from their professional experience.
- Offer process rigour, especially in terms of supporting more structured experimentation and learning processes over the long-term.
- Assessing the impact of SI networks, especially at the international level. While local impacts are more easily graspable, researchers are better suited to study complex dynamics of impact emergence.
- Support capabilities by providing services and tangible products, like proposals, analyses, or software.
- Working more side by side with communities, not just industry. While big business benefits massively from consultants from top universities, such expertise should be made more available communities that lack access to this kind of expertise.
- Leverage education, through engaging students to support change efforts as part of their course-work: for instance, by engaging with questions from NGOs and municipalities. Some examples were given to illustrate: Hull Timebank is working with 65 students for 6 month placements across civil society organisation to work on the question of “what society do we want?” and issuing tokens as credits. [LabGov](#) is being co-developed by students who work on commons-based urban governance topics each year. Two TRANSIT cases, the Living Knowledge network and DESIS offer examples where students are accompanied by educators & researchers to practice transformation in real life.
- Play a translation role between science and practice.
- Support problem-solving efforts of actors.
- Build theories, since theories about social change can also be effective as mobilizing tool.

Limits of science were also discussed. The fact that many academics do not interact with practice may also derive from not being well suited for that, as they are not trained to do so, e.g. to listen so as to understand a problem from a different perspective. This is one example of the need for change to happen in all sectors, also in science. Science too needs to push the boundaries (e.g. between theory and practice, between rational and intuitive ways of knowing)! Also the need for better science communication was expressed, which could include reports with videos and infographics, not just text and models.

Regarding the second question, **how the science system can be incentivized** to make more of these contributions, it was noted that the science system is under increasing pressure to report on impact of research, as an important, potentially helpful, background factor. This forces academics to consider the value of their work and may lead to more impact case studies and increased collaboration with the third sector.

In the discussion, a number of constraints were mentioned together with suggestions for dealing with these:

- The definition of “impact” for academia: Societal impact should not be confined to “policy relevance”. Relevance to practitioners should be added as an impact category. We need more plural and better-defined understandings and ways of measuring the societal impact



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of science. The traditional indicator of scientific relevance, scientific citations, was viewed as too narrow.

- The convention of being original and going for high ranking (disciplinary) journals may lead researchers to focus excessively on “new” and competitive contributions, while giving less attention to deepening established knowledge and to knowledge relevant for decision-makers.
- The culture of impartiality and objectivity: If you work in sustainability science, you cannot pretend to be impartial, on grounds that science can only deal with the “is” and not with the “ought”. We should be able to play multiple roles, as long as being open about the roles we play (e.g. pure scientist, scientific arbitrator, issue advocate, knowledge broker; see: Pielke, 2007).
- The publication structure: Public money requires public accountability, not just intra-academic evaluation. However, many scientists are not concerned about who will read the papers apart from their scientific peers. Universities receive a lot of money and have a duty to produce knowledge that is relevant to society.
- The funding and reward system of universities: Whilst there are dedicated programmes for investigating social problems and possible solutions, the programmes are determined by scientists. The programmes may be unduly academic. In this connection it was suggested to **create a social impact currency to incentivise researchers to deal with societal problems**. Vouchers may be used for this, issued by government to civil society organizations who can use these to hire researchers. Apart from incentivising individual researchers, it will allow for a comparison of universities and research groups in terms of winning vouchers, thus playing into the obsession of university managers with rankings. This should be combined with a portal / platform / market to match supply and demand. Science shops could play that role. The Local Economic Forum in Totnes is an example of a community-based platform that could be used for this. CoLab can also be an example.
- Evaluation of professors: Social impact is not used to evaluate professors even when they do contribute. Peer recognition is too much based on academic output.
- Degree certificates: We need certificates that show community value, so one can leave the university with a statement that shows how you have contributed to society
- University certification: Business schools should need to get certified by ERS: equity, responsibility, sustainability.

Lastly, the suggestion was made to establish a core group to think about the role of scientific research for social innovation.

## 7.5.4 SESSION 8 Synthesis

In closing of the workshop, participants wrote their main suggestions for policy recommendations on post-it notes for the different topics discussed. These were then clustered and further discussed in sub-groups. Below is an overview of the main points brought back from these sub-groups:

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Picture 9: René Kemp discussing the synthesis results

## Science Interface

- Science needs to develop evaluation knowledge and tools that are appropriate to TSI processes, in particular for assessing collectively co-produced impact on societal level.
- Science needs to develop ways of engagement that are more active, collaborative, action research-oriented, where researchers are working more alongside with SI initiatives. This requires better training of researchers for engaging with SI practitioners.
- Creating a voucher-based social impact currency may be an effective means for incentivizing the science system to engage more with TSI challenges.

## Monitoring

- Use easy tools, light, fast, iterative over top-down dependency driven tools.
- Use of technology can be useful for self-evaluation and recording and sharing data.
- Reflexive monitoring should be seen and used more **as a learning tool**
- Think and do at the same time.
- Monitoring should cater to different target groups in SIs.

## Resourcing

- *Financial resources:*
  - By considering the diversification of funding strategies, we should be looking at what **healthy funding ecosystems** could look like of financing to combine external funding and self-generated income streams.
  - Consider possibility of **income generation through data collection**.
  - Better **communication between SIs and funding agencies** is important.
  - In general, there's a need to **create an inclusive growth bond** to keep consistent innovations go on and this can be scalable and supported to increase their investment readiness.
- *Human resources:*
  - Consider untapped human resources, like elderly people with time on their hands.

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- Leadership of SI initiatives should be studied from a resourcing point of view: what are the characteristics of leadership for social innovation to become transformative?
- A deep-seated cultural problem is that giving money tends to create a sense of top-down control. We need to get to a culture of partnership! This is a message policy makers and funders need to get, so that receivers of funds don't succumb to the pressures of control but can work more collaboratively with funders.
- Group different SIs together through intermediaries, so as to co-fund them to deliver projects together and learn about potentials for synergy in the process.

## Tensions

- While different views on the world can lead to tensions, it's important to recognize them, as well as to embrace and use them generatively, rather than being afraid of them.
- Be open-minded, recognize value of difference, create real encounters, create respect for everyone.
- Develop a toolkit about the five tensions and link them.
- Consider "Intelligent growth" as solution to tensions between original values and external demands and further explore what this can mean in practice, what the different pathways are.

The messages were not discussed as there wasn't time for that; they are possible inputs to future activities, within TRANSIT and other projects. One opportunity to revisit them is at the **TRANSIT Final Conference** on September 14-15, 2017 in Rotterdam, in Blue City <https://www.l4csi.org/> where there will be sessions on resourcing and monitoring. The final event is not a conference but **an activity event** which is set in a former tropical spa complex on the banks of the Maas river. BlueCity010 is inspired by the Blue Economy vision and comprises of a network of about 50 entrepreneurs and SMEs who have aligned their business plans, their material and waste streams (e.g. energy and heat) co-designing and collectively comprising an ecosystem and its circular business model.

Other future activities include a policy workshop and various publications. In March 15 2017, TRANSIT researchers will meet with people from the EU Commission, in a policy workshop, to discuss the policy salience of social innovation (its contribution to policy agendas and what policy can do for transformative social innovation). In addition, research findings from TRANSIT are being disseminated via specially written briefs, TRANSIT reports and scientific articles. Next to the brief on theory (which is the next brief), there will be a brief on social learning, resourcing and monitoring and a final brief.

René Kemp thanked all participants for their contributions and expressed his hopes of meeting again.

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Picture 10: Group picture in garden

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## 7.6 Workshop Programme

<p><b>Day 1</b></p> <p><b>9:00 – 10:30</b></p>	<p><b>SESSION 1: Welcome &amp; Introduction</b></p> <p>9:00 – 9:05 Welcome (René Kemp)</p> <p>9:05 – 9:25 <b>Introductory session about TRANSIT project and the cross-cutting themes of the workshop</b> (Julia Wittmayer and Paul Weaver)</p> <p>9.25 – 10:30 <b>Getting to know each other.</b> Each participant talks for max 3 minutes about what they are doing, which of the tensions they recognise and whether there are important other tensions to consider</p>
<p>10:30 – 11:00</p>	<p>Coffee break</p>
<p>11:00 – 12.30</p>	<p><b>SESSION 2: The changing context for social innovation</b></p> <p>11:00 – 11:20 <b>Presentations</b> about health and welfare reform and the emergence of a complementary economy (Sebastian Yuan and Lisa Bovill)</p> <p>11:20 – 12:30 <b>Plenary discussion</b> about opportunities afforded by those developments and by other relevant developments</p>
<p>12:30 – 13:30</p>	<p>LUNCH</p>
<p>13:30 – 15:30</p>	<p><b>SESSION 3: Working with the tensions in resourcing and monitoring</b></p> <p>13:30 – 14:00 <b>The TRANSIT database about Critical Turning Points and dilemmas around Resourcing and Monitoring</b> (Saskia Ruijsink)</p> <p>14:00 – 15:00 <b>Interactive session</b> about ways to relieve tensions in R&amp;M. The 5 tensions are discussed at 5 tables according to a <i>world café</i> format (3 rounds of 20 min).</p> <p>15:00 – 15:10 Reporting back</p> <p>15:10 – 15:30 <b>Photo shoot outside</b></p>

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15:30 – 16:00	Coffee/tea
16:00 - 18:00	<p><b>SESSION 4: Routes to resourcing</b></p> <p>16:00 – 16:30  <b>Presentations</b> about incentivized-volunteering and autonomous routes of resourcing via social enterprise, social franchising, open table approaches (David Boyle and Michael Marks)</p> <p>16:30 – 17:30  <b>Plenary discussion</b> about the routes to resourcing.</p> <p>17:30 – 18:00  <b>Closing</b> of day 1</p>
19.00	Dinner in restaurant <b>Talentino</b> (Grote Gracht 74) <a href="http://www.talentino-mestreech.nl/">http://www.talentino-mestreech.nl/</a>

<b>DAY 2</b> 9:00 – 10:00	<b>SESSION 5: Reflections on the day before</b>
10:00 – 12:00	<p><b>SESSION 6: Monitoring for internal and external reasons</b></p> <p><b>Presentations</b> about monitoring tools, tensions and dilemmas (René Kemp and Marlon van Dijk), followed by <b>plenary discussion</b></p>
12:00 – 13:00	LUNCH
13:00 – 14:00	<p><b>SESSION 7: How to incentivise the science system for transformative SII?</b></p> <p>In this session, participants are invited to offer suggestions for making better use of science for resourcing and monitoring, using a <i>fishbowl</i> format. Session host: Tim Strasser</p>
14:00 – 16:00	<p><b>SESSION 7: Synthesis and policy recommendations</b></p> <p>In this session, with the help of post-its and visuals, people in small groups sum up the key insights and recommendations from the workshop (small group work). 45 minutes on key insights and 45 minutes on policy recommendation), plus 30 min plenary session. Session host: Noel Longhurst</p>
16:00 – 16:15	<b>End &amp; Way forward</b> (conference, briefs, training tools) René Kemp
16.30 -	Drinks at the Vrijthof

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## 7.7 Participants TRANSIT workshop on Resources and Monitoring

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## 7.7.1 About the participants

- **Sebastian Yuen:** is a trustee of Timebanking UK but works as a consultant paediatrician for the NHS. He is interested in the role of education and change management: How do you lead change to improve outcomes? How to engage people? How to know what to do? Part of the solution lies in moving health care from big hospitals to communities, trying to be more preventive and integrative, but NHS is very resistant to change.
- **Ken Ito:** teaches and studies social finance in Asia, how philanthropy is responding to the financial and nonfinancial needs of the region's social entrepreneurs. He is interested in theoretical frameworks for understanding social innovation and philanthropic finance and started research in 5 Asian countries
- **Lisa Bovill:** worked for the Hull city council for 20 years, offering internal advice services on civil rights, social welfare. Also external advice, trying to make it more complementary. Poverty inclusion strategy in Hull. Director of local credit union. Set up a SII focusing on blockchain technology for social use.
- **Yao Tang:** social entrepreneurship foundation in China. Liaison for international collaboration, fundraising management for non-profit programs. International exchange on SI, want to know more what is happening in Europe. East Asia SI network: goal to raise international awareness of SI cases & practices and introduce what is happening globally to East Asia.
- **Julia Wittmayer:** studied participatory budgeting and Impact Hubs, focusing on civil society and local government relations on urban level, discourses of big society. Working with action research methods to change science-society interface.
- **David Boyle:** writer, brought time banks from US to Britain, involved in co-production side of time banks. Became somewhat sceptical at SI: something the system would waggle at you to keep you at bay. Spent much time lobbying politicians trying to change from inside. "We want big, innovative ideas". Not true: Politicians actually wanted small, safe ideas. They react with fear to big ideas. Ran an independent review of public servant choice for the UK government: found out why innovative things didn't succeed. Worked with innovative people inside the government (middle-management), run with them for 10 years, not so easy, ended up frustrated.
- **Remko Berkhout:** Shares life-long passion for understanding / creating change. Worked in international development, NGOs in various countries. HIVOS: had a knowledge program: concepts of civil society building. Effective resourcing strategies, impact bonds, philanthropy. SI field is bringing together many disciplines that were so far more separate. Shares scepticism around big claims. Own practice on facilitating learning processes, setting up SI labs with different stakeholders: resources, choices, going wrong a lot. Likes to add genius and scenius (understanding fertile ground around the innovation: e.g. Ushahidi in Kenya: election monitoring using crowd-sourced software, gets a lot of resources, even too much, all focused on social services, apps). Many SIs would benefit not from more direct funding but a better resourced environment and from constitutional reform for the common good).
- **Filipa Pimentel:** From Portugal. National hubs coordinator of Transition movement. Worked as researcher, went to Brussels as EU official, had epiphany and quit job as policy / political advisor, became national hubs coordinator as volunteer for three years full time, funding own job, now paid 2 days a week, but works much more. Very happy to be here. SI



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is a state of mind and a systemic thing for her. Developed 'sloppy': very different approach to lobbying. Working with foundations and EU and how to reinvent funding (decisions), fishing in the same pond.

- **Noel Longhurst:** led Transition Town cases as part of TRANSIT, interested in these topics for long time. Was a director of social enterprise in UK before doing research. Did action research with Transition Town Totnes when it was started in 2006. Helped establish the Totnes Pound (local currency) which has since inspired the Brixton and Bristol pounds. Many of the issues being discussed at this workshop are longstanding within debates around social enterprise and the social economy. We also need to be aware of the paradox of innovation fetish: Innovation is increasingly lauded in various spheres of life illustrated by the existence of TRANSIT and this workshop. However, this also drives a constant desire amongst policy makers and funders to always seek out the novel, which feeds into some of themes of this workshop. Finally, there is also an emotional side to much of the work that goes on in this field: activists and entrepreneurs are often driven by hopes and fear. This is something that we often tend to ignore as researchers..
- **Michael Marks:** late-career PhD. Worked on juvenile justice. Worked on multiple levels. Lot of practice and administrative experience. Trustee of Timebanks USA. Member of Baltimore BNote currency: taking off a lot. Steering committee on time banks. Consultant on two local timebanks on sustainability and evaluation. Served as action researcher (which is very unique in US: very positivist mentality), developed intervention framework for co-production on a micro level: how to effect engagement for young people involuntarily placed in programs. Set up a time bank within the organization.
  - Two tensions he faced in dissertation process. Lot of language about empowering client populations. But lot of tensions there. Youth advocate programs. Not allowing young people to be co-producers. Programs not revenue generating loose support over time.
  - Involved with Hourworld: largest body with information on time banks, software. Developing mobile app
- **Saskia Ruijsink:** works on urban planning and development in an international context and focuses on social innovation in urban realm. In TRANSIT she is working on developing training tools for monitoring and resourcing and wants to further develop the Critical Turning Points (CTP) methodology of TRANSIT as a tool for reflection. She thinks that education is a key enabler in processes of change and transformation, however only if it allows people to follow their heart and passion, which is crucially important in all we do.
- **Wouter Extercatte:** involved in movement of localisation and humanisation. Was in some ecovillages, founded Dutch ecovillage network. Was involved in Dutch Transition Network in education. Always looking for leverage points to strengthen the movement. Wants to connect funders and change makers. Developing trainings.
- **Veronica Olivotto:** works as teacher and researchers on urban risk and resilience at IHS, an international knowledge and training institution. She worked in TRANSIT on the studying the case of Lab Gov in Italy and developed a timeline of Critical Turning Points (CTP) for this case. She works now with Saskia on developing a monitoring and resourcing tool in which the CTP approach is embedded. She studied sustainability in tourism in Scotland and focused on climate adaptation since graduation. Now she is starting her PhD on the political economy of adaptation: how adaptation strategies create new subjects and how they relate to existing regimes. She is interested in knowledge production in adaptation: how traditional knowledge is embedded in scientific knowledge. Additionally she is interested in the art field and likes to hang out in art spaces of which there are many in Rotterdam. She supports them with knowledge about climate change and identifies how artists work on that. Volunteering in micro-adaptation communities in neighbourhoods, led by municipality: trying to engage citizens more to increase the porosity of the city.

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- **Paul Weaver:** TRANSIT was first project on social innovation. Feels empathy for SI: strong sense of independence and autonomy. Science background, consultancy, but great scepticism of science institution: self-serving system. Keeping one foot in (for income) and one foot out (for independence to do things worthwhile, maintaining distance from system capture). Working on policy suggestions for changing science system to support transition efforts. Now on board of Time Banks UK. Doesn't believe we can transform large systems, need to build complementary systems: create own resources, currencies, etc..
- **René Kemp:** is professor of innovation and sustainable development; educated as economist, he developed into a critical pluralist. Worked as contract researcher on innovation for SD topics for 30 years. Is interested in an alternative economy: "what this world needs is a different world". Alternative economy is best created in an experience-based way, but we also need fundamental interventions that change the playing field. He co-created the model of Transition Management, used by the Dutch government, which is now a field of research (with journal *Environmental Innovation and Societal Transitions*). With other TRANSIT researchers he wrote the paper *The Humanisation of the Economy through Social innovation*.
- **Marlon van Dijk:** Managing Director of Sinzer, a social impact measurement consultancy.

## 7.8 Workshop papers – specifically written for the workshop

- Michael Marks, Linda Hogan and Paul M. Weaver (2017) "**Success Case Examples of Sustainable Social Innovation Resourcing Strategies in the United States**", paper for Resource and Monitoring workshop, Febr 16-17 Maastricht.
- Michael Marks and Paul M. Weaver, (2017) "**Are Social Impact Bonds a Viable Resource for Social Innovations? A Brief Discussion Paper**", paper for Resource and Monitoring workshop, Febr 16-17 Maastricht.
- Paul M. Weaver, and Michael Marks (2017) "**Social innovation resourcing strategies and transformation pathways: a first-cut typology**", paper for Resource and Monitoring workshop, Febr 16-17 Maastricht.
- Paul M. Weaver and René Kemp (2017) **How to make monitoring into a useful activity for social innovation initiatives?** Report for TRANSIT workshop on resourcing and monitoring, Maastricht 16-17 Febr 2017.