

BUILDING A SUSTAINABLE CHANGEMAKING ECOSYSTEM IN HUNGARY

EVALUATION REPORT

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EXECUTIVE SUMMARY



This study presents the findings of the evaluation focusing on the program ***Building a sustainable changemaking ecosystem*** implemented by Ashoka Hungary between 2019 and 2020. The goal of the initiative that was supported by Porticus Foundation was to reinforce the ecosystem empowering social enterprises and NGOs in order to ensure sustainability and growth. The outcomes achieved in two major program elements, the so-called *Impact Academy*, and *Social Finance Initiative* are described in the report in detail.

Organisations, professionals, trainers and mentors with an overview to the *Impact Academy* initiative identified several outcomes achieved due to the program. According to the feedback:

- **Strategic thinking has been strengthened;** participants joining the program now consider what social problems and demands they respond to with their work and what outcomes they are able to achieve along which objectives and activities.
- All this **have had a positive effect on communication** (which has become more carefully thought-out and clear) and **fundraising activities** (which has become more targeted).
- Participating organisations are becoming more **data-centred** by the end of the program.

Planning and making executive decisions, developing services and communication activities are better supported by data. Moreover, the effect of the work performed has become apparent; all this strengthened the loyalty of employees and work-related motivations.

- The outcomes listed above contributed to the **sustainability** and **growth** of the organisations.
- **Cross-sector collaboration** was implemented in the program as an outcome through which NGOs and business entities understood the values, operation and characteristics of the other sector better.
- Participating organisations started communicating with each other in relation with the arising questions, dilemmas and opportunities, thus a **community organised around the impact assessment** started to develop.

The *Social Finance Initiative* prepared the involvement of investment capital into social enterprises in addition to supporting communication and cross-sector collaboration. The program **strengthened the strategic thinking and commitment** of the participating organisations **to the impact assessment** also succeeding in **transferring and acquiring a business approach**. Social enterprises continue their activities

along an **implementation plan** now. The chance to involve investors in the future is increased by the products developed in the program such as product concepts, pitches, presentations created for investors and business plans. It is also important to mention that the **information available about the other sector** has also been increased as a result of the cross-sector collaboration. The **development of skills required to build and run a social enterprise** is another impact of the program.

Ashoka Hungary contributed to these changes by developing the program elements, framework and system of conditions. These characteristics and the lessons of the program elements will be described in the detailed presentation of the assessment outcomes.

The Impact Academy team



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INTRODUCTION



Ashoka Hungary has been responsible for implementing a program that aimed to offer solutions and share learnings around three areas through:

1. Impact Academy: to support change-makers move away from treating symptoms and start addressing root causes of social problems, Ashoka Hungary has piloted a 6-month development program called Impact Academy. Within the framework of the program, the model was refined (added E-learning modules, developed a mentor pool etc) and transferred to Romania as a key ecosystem-building tool.

While introducing the findings of the evaluation, solely the process and outcomes of the Impact Academy Hungary is analysed. The development program that was implemented in Romania is not discussed within the framework of the study.

2. Social Finance Initiative:

Ashoka Hungary aimed at de-mystifying the scene through more trust, know-how, and collaboration among the players. Ashoka and its partners worked closely with local social enterprises on becoming investment-ready, documented the process, and widely shared the results among practitioners. Ashoka also convened the suppliers of finance (impact

investors, social banking players) and brought them together for an all-day workshop with international experts to bring in external know-how and facilitate a discussion on how to develop the local social finance and impact investment ecosystem.

3. Cross-Sector Collaboration

Pilot: to address major social and environmental challenges, Ashoka Hungary brought together Corvinus University and McKinsey Consulting to collaborate with social entrepreneurs in solving various business-related and organizational challenges. We have completed the learnings from these collaborations along with external good practices and practical tools to culminate in a Pro bono toolbox, designed to help other stakeholders plan and implement impactful cross-sector projects. This toolbox is being disseminated via a designated microsite as well as through ecosystem partners and an online event with local stakeholders.

Unfortunately, we have not been able to finalise the assessment of the Cross-Sector Collaboration Pilot, as the program is still ongoing (dissemination is still not implemented as the Pro bono toolbox has just been finalised).

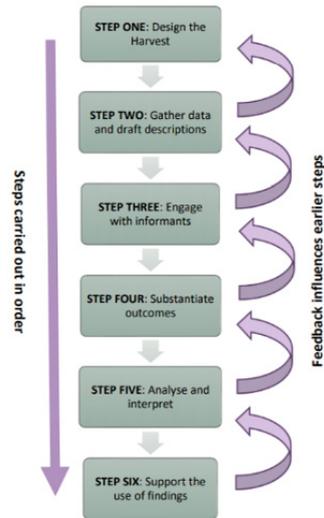
Further on, the findings of the program assessment are introduced along these three initiatives.

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ABOUT THE ASSESSMENT



The assessment was built upon the approach of outcome harvesting. This approach is a monitoring and evaluation (M&E) methodology used to identify, describe, verify and analyse outcomes. Outcome harvesting collects evidence of what has been achieved, and works backward to determine whether and how the project or intervention contributed to the change. Relevant information is collected and validated from all of the stakeholders (i.e. the change agents) whose actions influenced the outcomes (Wilson-Grau and Britt, 2012). The steps of the outcome harvesting is introduced in the diagram (below):



Source: intrac.org

Within the framework of step 1 (*Design the outcome harvesting*) we identified the useful questions that guided our assessment:

- what changes have been achieved by the program?
- how the contribution was made?
- who contributed to the changes?

During step 2 (Gather data and draft outcome descriptions) we collected information about changes that have occurred in change agents. We were also interested in the way different actors contributed to these changes. Information was found in program documents, e.g. program descriptions, memos, mails etc. Important information sources were even the surveys that were run by

Ashoka Hungary before and after the implementations in order to realize a systematic and objective examination and to collect feedback from the stakeholders.

As a result of Step 2, some preliminary outcome descriptions were provided by the researchers.

Step 3 and 4 focused on the involvement of change agents and other independent experts and professionals who reviewed the draft outcomes and (if it was necessary) formulated additional ones.

During the assessment, the following change agents were identified and involved:

1. Impact Academy

- a. NGOs and social enterprises taking part in the program (altogether 10 organisations)
- b. mentors, trainers of the program (altogether 3 change agents)
- c. independent experts (2 persons)

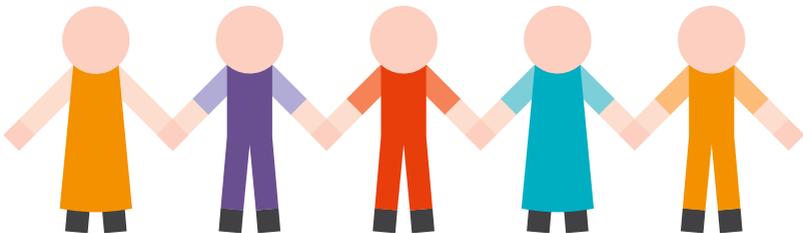
2. Social Finance Initiative

- d. mentors (6 persons)
- e. social enterprises (4 organisations)

3. Cross-Sector Collaboration Pilot

- a. students at Corvinus University (4 students)
- b. colleagues of McKinsey Consulting (3 persons)
- c. members of social entrepreneurs (3 organisations)

The researchers analysed and interpreted the data, and finally introduced them in the current study (as part of Step 5).



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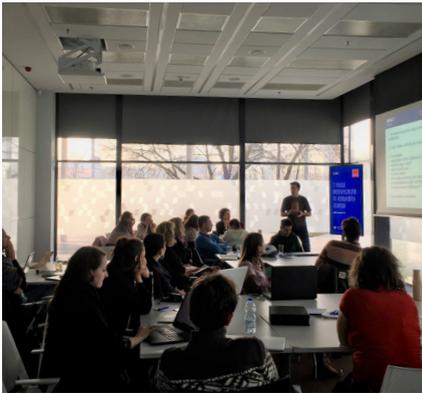
OUTCOMES OF THE PROGRAM



The chapter describes the outcomes of the three areas of the program while introducing even the way the changes were achieved. In addition, the learning gained from the process of performing the initiatives are also discussed.

1. Impact Academy

IMPACT Academy



1.1 Changes

This chapter introduces the outcomes that were collected from various sources and validated by change agents and individual experts.

Databased approach

Organisations participating in the program understand better why data collection related to their activity is important. It has become clear how empirical data can support strategic thinking and planning.

The organisations were convinced that such data may support the preparing and making decisions.

Participants also recognised what role data has in communication, creating resources or strengthening the motivation of internal colleagues. All this is supported by the outcomes of questionnaires filled before and after the training course.

Feedback of the participating organisations before and after the training (n: before=22, after=17. Scale: 1 = not at all, 5 = very much)	Before	After
Feedback received from beneficiaries are taken into consideration in further developing our services.	4.2	4.4
We have our services regularly assessed by our users.	3.9	4.1
The outcomes of our assessments are used in our communication activities.	3.5	4.5
The outcomes of our assessments are used involving sponsors.	3.0	4.1
The outcomes of our assessments are in our strategic planning.	3.2	4.1
In planning our services we take the data we collected into consideration.	3.5	3.9

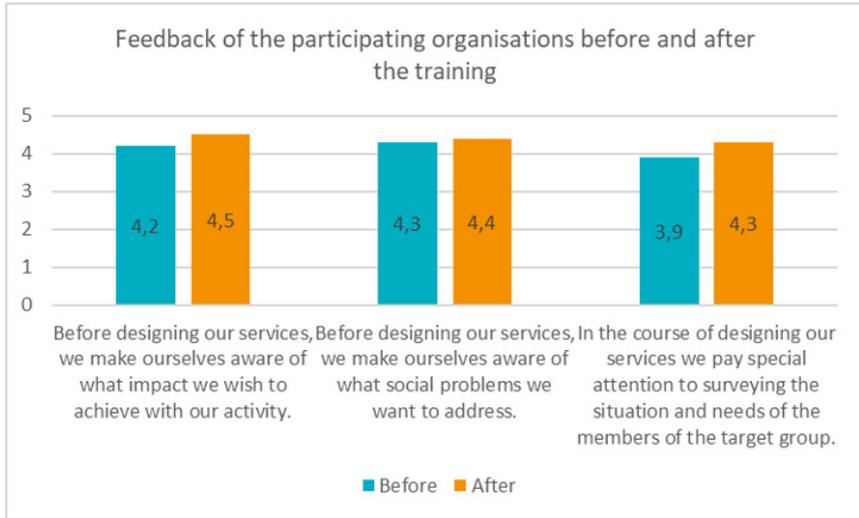
It is also important to mention that some of the organisations have become capable of developing and operating a complex data collection and data storage system. Collection and use of data has become an organic part of everyday operation in certain cases.

Accepting and supporting a data-centred approach had other indirect impacts. The majority of participants in the Impact Academy performs data collection in some form after the completion of the program. According to the feedback, this data collection aims to collect the remarks by the members of the target group and to develop existing services taking such feedback into consideration.

Strategic thinking

It is a typical practice in Hungary that NGOs in need of resources apply for available tenders/grants irrespectively of whether the given tender is suitable for the objectives of the organisation. This strategy may ensure short-term operability. Nevertheless, it does not contribute to sustainability and achieving the desired social impact in medium and long terms.

An important impact of the Impact Academy is that participating organisations now consider what social problems and demands they respond to with their work and what outcomes they are able to achieve along what objectives and performing what activities. Thanks to thinking together and the resulting impact chains to be formed, strategic thinking has thus become part of the organisations. All this is supported by the data presented in the diagram on the next page.



Scale: 1 = not at all, 5 = very much. n: before=22, after=17.

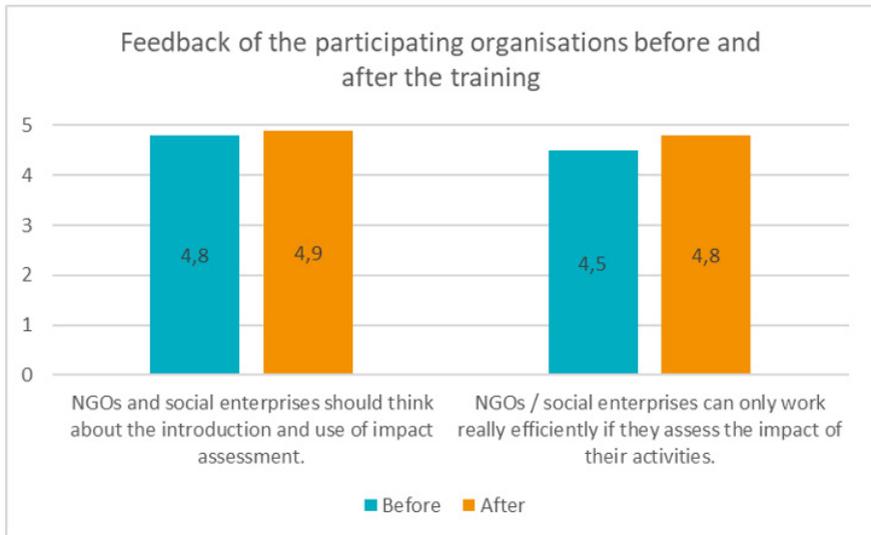
Sustainability is ensured by the fact that participants of the program did not only receive a product (the impact chains) but acquired the skills and approach

required to develop it. As a result, the organisations are capable of updating and rewriting the previously developed plans.

Information and commitment to impact assessment

Thanks to the program, the participating organisations received a lot of information related to impact assessment, primarily in the form of research reports, impact assessment tools, descriptions and case studies. Their general and specific knowledge related to impact assessment have clearly been widened. In addition to the extension of information,

however, it is important to mention the strengthening of their commitment. Now the participants find the introduction and use of impact assessment important and they have become informal ambassadors of impact assessment. All this is supported by the outcomes of questionnaires filled before and after the training course.



Scale: 1 = not at all, 5 = very much. n: before=22, after=17.

HR aspects – involving new employees, strengthening commitment of existing employees

Commitment to and involvement in organisational objectives of the employees participating in the Impact Academy has become stronger. The data generated from the measurement systems and measurements provided information about the success of work and thus the impact of the work performed became apparent. All this strengthened the loyalty of employees and work-related motivations.

Communication

Thanks to the program, most participants realized they did not communicate clearly about their objectives, activities or achievements. It was also an important step forward to recognise that it is important to identify the communication channels and messages serving for effectively reaching the target groups. These realisations led the participating organisations to finally consider their communication activity and (as one participant said in the assessment) *“they clarified the story about themselves”*. This was particularly important in case of organisations working along objectives or groups of objectives which are difficult to grasp or too complex. These organisations

nevertheless had long been struggling with the difficulties of clear communication and measurability.

The targeted nature of organisational communication was greatly facilitated by the written materials produced in the program, primarily the impact chains and the infographics presenting organisational operation.

Fundraising

As a result of developing strategies and clear communication, the participating organisations made their fundraising more effective since it has become easier to

- identify calls / tenders that are relevant for the objectives and operation of the organisation,
- communicate and involve new and existing donor organisations,
- address donors / supporters relevant from the perspective of constituency building.

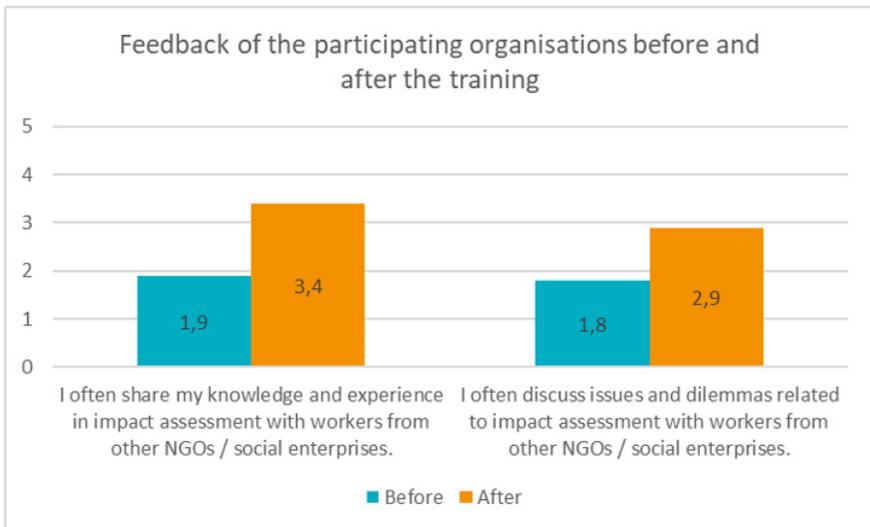
Networking and cross-sector collaboration

Several for-profit partners supported the work of Impact Academy in the form of pro-bono work, presentations and consultation opportunities. Key support areas included legal consulting or data visualization. As a result, NGOs

and businesses cooperated directly. Such collaboration greatly helped the representatives of both sides to get to know the operation and values of the other sector. The same process was strengthened by the collaboration of the mentors – often from the business or academic sector – who supported the program and the participating organisations.

Community

Thanks to Impact Academy, an informal community organised around impact assessment was strengthened in Hungary. The program itself generated discourse among stakeholders. Participating organisations started communicating with each other in relation with the arising questions, dilemmas and opportunities. The outcomes of questionnaires filled before and after the training course show this.

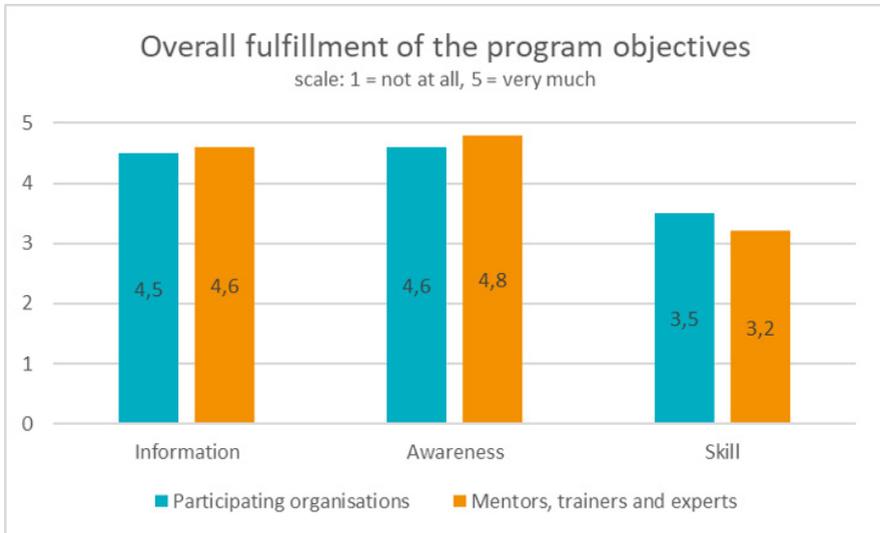


Scale: 1 = not at all, 5 = very much. n. before=22, after=17.

Other

It is worth mentioning the impact of the Impact Academy at the level of the individuals. Several change agents reported that their knowledge was extended by the training and their perspective changed. Several participants reported that they have been using the knowledge obtained ever since either as employees of the organisation participating in the program or elsewhere in case of changing workplaces.

There is further quantitative data available regarding the impacts listed above. The following diagram presents how much the Impact Academy managed to fulfil the objectives of transferring information, raising awareness and developing skills according to the participating organisations, mentors, trainers and experts with an overview of the program.



Scale: 1 = not at all, 5 = very much. n: before=22, after=17.

As one can see from the above data, the addressed change agents gave clearly positive feedback regarding transferring information in relation to the impact assessment (4.5 and 4.6) and raising awareness in relation with the impact assessment (4.6 and 4.8). Lower mean values (3.5 and 3.2) are observed regarding development of skills. You can read about the reasons and the lessons of this in chapter Lessons learnt.

1.2 Mechanism of change

The participants of the Impact Academy had several discussions within their organisations in the course of identifying strategic directions. There were intense debates and constructive discussions involving the members of the target group of the given organisation and other stakeholders in certain cases. A uniform attitude and vision and an impact chain filled with the content accepted by everybody could be created only as a result of this process.

Additional contributors to developing and strengthening strategic thinking and to strengthening commitment to the program:

- regular monthly meetings when transfer of information and development of skills take place in presentations and workshops. These meetings allowed participants to

step out of their daily work and pay dedicated attention to the issue of impact assessment.

- e-learning materials allowing for effective transfer of information.
- systematically given and checked home assignments.

The role of mentors is worth mentioning. These experts provided continuous and personal support to the participants who could address their mentors at any time in relation with the dilemmas and issues faced.

The for-profit background and environment, attractive for participating organisations is also worth mentioning. According to the feedback, the corporate pro-bono partners and donors as well as the location of the training connected to the business sector was also motivating.

1.3 Lessons learnt

The program clearly supported the long-term sustainability of the participating organisations. Strengthening strategic thinking, structured data collection related to achieving social impact and the communication of data is of extraordinary significance from the point of view of constituency building. Thanks to the program it has become easier to communicate the activities of the organisation and thus new and existing donors, investors, sponsors, supporters and partners may be involved more successfully. Strengthening the commitment of colleagues also contributed to long term sustainability. Due to all these, it is important to continue and expand the program.

Entry into the program is a critical point in terms of success. It is critical to involve organisations committed to impact assessment, knowing and accepting the goals and structure of the program. It is also important to involve and activate the management of organisations joining Impact Academy. According to our experiences, in absence of this, the colleagues acquiring the knowledge and attitude related to impact assessment are left alone within the given organisation lacking support from the management. Consequently, strategic thinking or impact assessment is not implemented or only to a limited extent.

Participating organisations have different characteristics and skills. The joint participation of organisations responding to similar social problems and working with similar target groups strengthens motivation and involvement primarily because of the opportunity to learn from each other and the feeling of community. However, the diversity of organisations is also a challenge. Organisations new to the field of impact assessment are less capable of following the process in the available time and are less capable of building up their impact chain and measurement plans. On the contrary, organisations with more experience in the field of monitoring, evaluation and impact assessment face this problem less. According to feedback from several change agents, the expectations of Impact Academy need to be changed due to this. Since the demand for developing complete impact assessment systems is not realistic for certain organisations, more time should be devoted to this activity. It might be sufficient to place the focus of the program on developing strategic thinking and only form additional expectations regarding the regular monitoring and evaluation activities of the organisations.

No successful program can be implemented without mentoring. Established personal relations and

professional background support is indispensable for understanding and timely fulfilment of tasks. Moreover, organisations become discouraged from time to time during the process, their motivation is decreasing and they face challenges which need to be addressed with a personalised response. According to the feedback, the mentors were capable of successfully supporting organisations in these critical moments too. It is worth thinking over how much the mentoring provided after the closure of the program may contribute to even more organisations developing their impact assessment system.

As we indicated earlier, collaboration was established between the for-profit and non-profit organisations participating in the program and the flow of information between sectors became stronger. All this may be strengthened if the organisers pay special attention to the facilitation of this process and if they develop program elements supporting and strengthening different forms of cross-sector collaboration.

The NGOs participating in the Impact Academy faced unforeseen difficulties due to the crisis caused by the COVID-19; several representatives reported that their activity became impossible. Due to this and other organisational changes caused by other reasons, some of the colleagues from

the organisations who participated in the training, plan to change jobs. A negative effect of this mobility on the labour market may be that colleagues who are more experienced in the field of impact assessment do not only leave the organisation but even the entire sector. If however they stay in the sector then the attitude to impact assessment and strategic thinking may be spread in other organisations as well.

Commitment is greatly strengthened if the significance and importance of impact assessment is communicated or in certain cases expected by other stakeholders of the ecosystem. In addition to the Impact Academy, such stakeholders may typically be the donor organisations, investors and business associations offering collaboration to NGOs. Additional programs may be reasonably necessary to facilitate the commitment of stakeholders in the ecosystem to strategic thinking and impact assessment.



2. Social Finance Initiative

Photo @impact.design

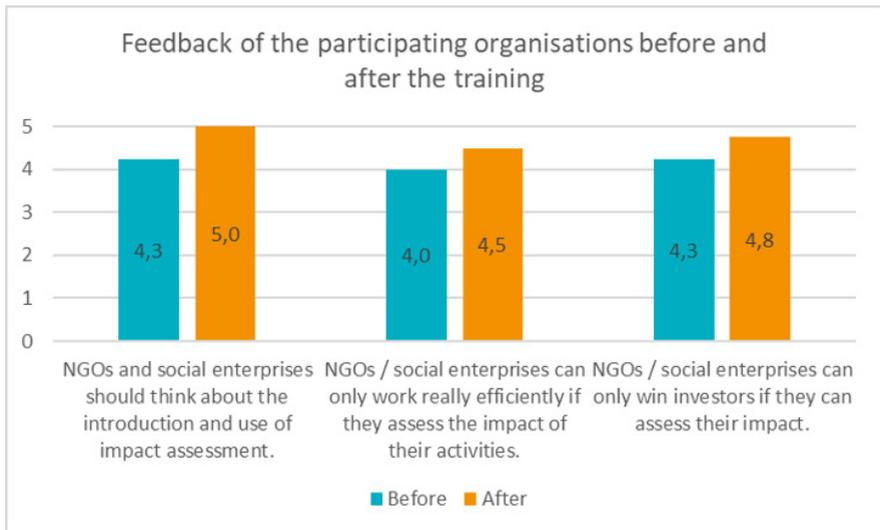


2.1 Changes

Social enterprises designed projects in the program which are suitable for involving investor capital. However, the participants were often uncertain about the feasibility of their ideas. They did not see clearly whether the program they imagined is viable from an investor’s perspective and what steps could lead them to the goal. The Social Finance Initiative **managed to eliminate this uncertainty** and the participating organisations now typically work along an **implementation plan**. The **successful implementation of the program** and the **chance to involve investors is increased by the**

products developed in the program such as product concepts, pitches, presentations created for investors and business plans.

These products could not have been created without **strengthening strategic thinking**. All these required systemic thinking and revision of organisational objectives, activities and achievements. Strengthening strategic thinking also facilitated more successful business communication. As a colleague from a social enterprise put it *“now we can see what we want and why”* and consequently *“we have learnt to dare communicate it bravely and specifically”*.



Scale: 1 = not at all, 5 = very much. n: social enterprises of the Social Finance Initiative, before=4, after=4.

In line with strengthening strategic thinking, **commitment to impact assessment also became stronger**. Some relevant results of the questionnaires filled before and after the program are presented in the following diagram. Although the number of elements is very low (n=4), the data reflect the opinion of all the social enterprises participating in the program. In spite of the low number of elements, the change of averages allow

for conclusions regarding the direction of change.

The program had good outcomes in terms of the **development of skills**. The **number of organisations considering themselves as capable of building social enterprises has increased** (before: 1 organisation after: 3 organisations). By the end of the program, two organisations assessed that they were completely capable of operating a social enterprise



Scale: 1 = not at all, 5 = very much. n: social enterprises of the Social Finance Initiative, before=4, after=4.

(other two organisations selected “partly” as the answer). None of the organisations was so confident regarding their on skills and knowledge at the beginning of the program.

Under the Social Finance Initiative stakeholders representing business / investor and NGO values and approach worked together. **The information available about the other sector** has also been increased as a result of the cross-sector collaboration. This insight made **acquiring a business approach easier for social enterprises**. The stakeholders understood why business planning allowing for growth is important, what the significance of identifying the problem is, what is required to ensure corporate operation or why thinking about target groups and positioning is important. The organisations and experts from the business sector also contributed to the change of attitudes who supported the participating social enterprises in pro-bono services.

All this contributed to the social enterprises’ understanding what expectations an investor and a sponsored organisation might have towards each other. Some relevant results of the questionnaires filled before and after the program are presented in the following diagram (the questions were answered by all social enterprises participating in the program).



Scale: 1 = not at all, 5 = very much. n: social enterprises of the Social Finance Initiative, before=4, after=4.

2.2 Mechanism of change

The representatives of social enterprises and the suppliers of finance regularly met in the program and the latter supported the process in the **role of mentors**. According to the feedback, this model was **really productive and inspiring**. According to the assessment of social enterprises, **stakeholders from the business sector** coming from outside and

not knowing the given organisation **could provide a lot of constructive criticism and suggestions**. All this strengthened motivation, involvement and commitment. Representatives of several social enterprises emphasised: the mentors came from the business sector however they were also open to social problems. All this strengthened the legitimation of the mentors.

In order to achieve the social impacts named above, the **work culture of social enterprises also had to be developed**. Several mentors indicated that the project attitude of participating organisations was strengthened in the Social Finance Initiative; previously not specified tasks and responsibilities were identified, managerial tasks were delegated, deadlines were recorded and persons in charge for the tasks were named in memos of the meeting. All this made working together easier and more successful.

External experts also had to be **involved** in order to achieve the changes. Experts and companies representing the business sector provided the social enterprises with various and very useful services pro-bono.

2.3 Lessons learnt

Although social enterprises joined the program aiming to involve investors, achieving the “investment-ready” level was not a realistic objective of the Social Finance Initiative. According to the mentors supporting the process, **it took (too) much time before social enterprises became capable of thinking business-like**. Moreover, due to the shortage of time **the issue of social impact could not have been sufficiently surveyed** - although

building this field into the operation of organisations would be indispensable from the perspective of involving investors.

As we previously emphasised: the collaboration of mentors and social enterprises was productive and inspiring. It is also worth mentioning: **the different approaches, the shortage of knowledge in social enterprises** (e.g. what is an investment, what is a donation, advantages of impact assessment, way of improving capacities, etc.) and **the shortage of knowledge in the business sector** (e.g. characteristics and difficulties of operation in NGOs), **made collaboration more difficult** and slowed the fulfilment of specific tasks. In addition to the lack of knowledge, the lack of project attitude and strategic thinking are also worth naming among the impeding factors. As someone said: *“Professional knowledge is missing, what objectives may be set, what is it that can be done and achieved in terms of business and impact. Often there are no examples in front of us, what way, in what time and in what steps can something be achieved.”*

Some participants thought: the collaboration of social enterprises and the investors supporting them may be hindered by the **problem of harmonising economic expectations and social benefit**. That is, harm to social objectives may be caused if an

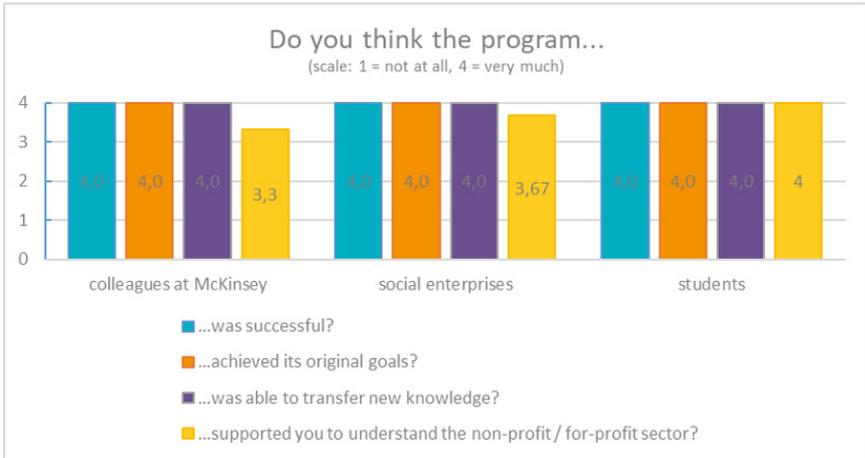
investor focuses too much on financial return. According to some social enterprises, it may be another risk if the control of the founder is reduced because of the financial investment resulting in fulfilling the original ideas to a lesser extent.

The model itself, i.e. that social enterprises are mentored by stakeholders from the business sector, **proved to be successful**. Personal relations were established, cross-sector information flow took place, attitudes were successfully formed and social enterprises made a significant step forward in terms of involving investors and developing business plans.

3. Cross-Sector Collaboration Pilot

In case of the Cross-Sector Collaboration Pilot, the actual assessment has not yet been conducted, since the Toolbox created in the program has not been distributed. On the basis of the questionnaires made before and after the program however we can conclude that the operation was successful again.

As it is apparent from the above data, the representatives of all three sectors (business, social enterprise and academic) found the program clearly successful, which achieved its original objectives. The program was capable



of transferring knowledge (primarily in case of the academic sector (4.0) and social enterprises (3.7)) and helped extending knowledge about the other sector.

While the project's first phase (the hands-on pro bono project) is closed, an important component is still to come. All the learnings from the project are collected, along with external cases, tools and good practices, into a **toolbox**, completed in English and Hungarian. Even a practitioner's guide for the Hungarian version is compiled. The goal behind these publications is to disseminate it in a wide area among small and medium enterprises (SMEs) in Hungary who might have an interest in doing impactful CSR work but do not have the know-how to start it. The handbook will be widely available on a dedicated landing page where practitioners can download it after simple registration. The Cross-Sector Collaboration Project collaborates even with Magnet community bank to address their SME clients in the

form of an online forum where we would introduce the toolbox along with real-life CSR and pro bono project examples by various companies. The aspiration is that these resources will help companies towards more impactful CSR projects which in turn will strengthen the local and regional NGOs across the Hungarian ecosystem.



The cover of the Pro Bono Toolbox

4. Summary

The program that was supported by Porticus Foundation proved to be successful. The strategic thinking of the participating organisations has been strengthened. Commitment of these NGOs and social enterprises to impact assessment has been reinforced. The program was able to contribute sustainability and growth by supporting the clear and targeted communication and fundraising activities. It has become easier to communicate the activities of the organisation and thus new and existing donors, investors, sponsors, supporters and partners may be involved more successfully. A further important outcome of the program is cross-sector collaboration; personal relations were established, cross-sector information flow took place, attitudes were successfully formed and social enterprises made a significant step forward in terms of involving investors and developing business plans.

Due to the above mentioned outcomes, it is important not only to continue but to expand the program. Targeting ecosystem leaders, initiating cross-sector collaborations and reinforcing the key stakeholder's commitment towards impact measurement and strategic development would be crucial. Such stakeholders may typically be the social enterprises, donor organisations, investors and business associations offering collaboration to NGOs.