

IMPACT AND THE CITY

HOW MUNICIPALITIES CAN MAKE
USE OF THE IMPACT ECOSYSTEM
TO SOLVE SOCIETAL ISSUES

AUTHORS:
Social Finance NL
Ruben Koekoek & Anna Verkaik

APRIL 2022



Made possible by:

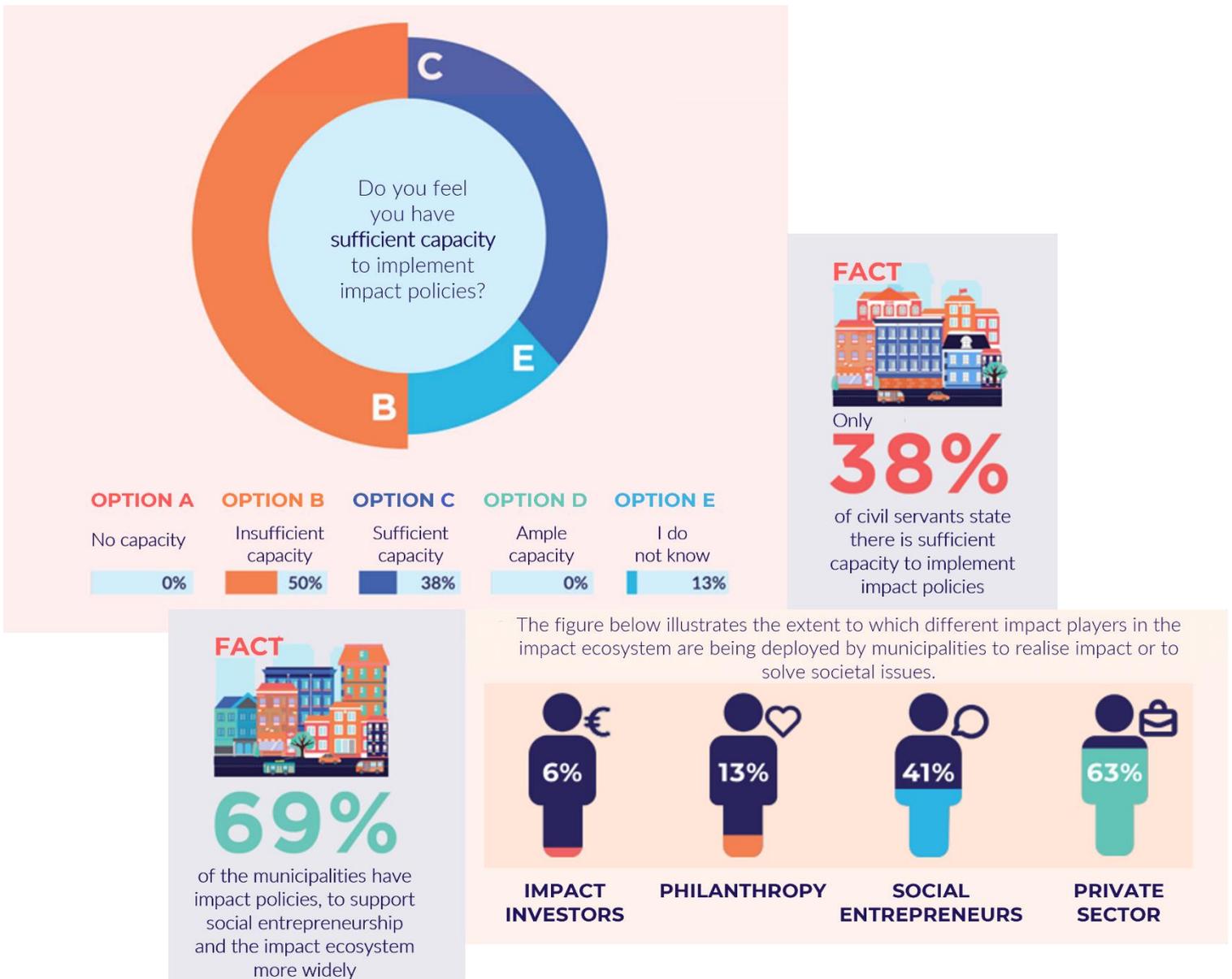


Summary

Challenge

Municipalities and local councils are facing enormous challenges, with only limited resources to tackle them. This report sets out how municipalities can make use of the impact ecosystem to solve societal issues in their area.

We surveyed the 44 largest municipalities in The Netherlands. The results demonstrate a strong willingness and desire of municipalities to engage with the impact ecosystem, but a lack of capacity to implement this.



We have distilled several recommendations on the basis of the survey responses, case studies and in-depth interviews with municipalities:

Recommendations per case:

In the report we have highlighted five showcases to illustrate how municipalities use impact players in the region to tackle their societal challenges.

1. Impact investing and philanthropy

Our survey shows that a limited number of municipalities work together with impact investors and philanthropic institutions. A missed opportunity, as these collaborations offer tremendous potential to enhance their impact! A place-based investment fund like the [Social Impact Fund Rotterdam](#) is a magnificent dot on the horizon. Starting smaller can be valuable as well. Start with stakeholder mapping by identifying the investors and funds in your region. Actively approach them and ask on which societal issues they see opportunities to collaborate with local government.

2. Social procurement

Engaging social entrepreneurs through social procurement can work particularly well in smaller municipalities, because the size of their procurement orders often match the (smaller) supply of local small and medium-sized enterprises (SMEs). Furthermore, smaller orders often fall below the European procurement threshold, making local procurement easier because of less stringent rules. A procurement platform, like the [Kennemer Procurement Platform](#) in Haarlem, can make social procurement easier. It does require enough (social) enterprises to participate. Ensure you include as many entrepreneurs as possible to reach the necessary scale. Also consider joining or starting a regional or national procurement platform.

3. Impact platform

Platforms can also help give publicity to social entrepreneurs, as is the case for the platform [ImpactCity](#). This platform increases the visibility and networks of social entrepreneurs in the city, making it easier for them to build a business case. It is therefore important to focus on the branding of your platform during the first stages of setting it up. This way you create a stage on which social entrepreneurs can take a the leading role. Think carefully about the name of the platform and your communication strategy.

4. Regional cooperation

Smaller municipalities can strongly benefit from cooperation with a larger municipality. And vice versa: as a larger municipality, try to involve smaller municipalities in the region. By cooperating, local authorities can reach scale and free up more capacity to develop initiatives. Social entrepreneurs often work across municipality borders: they are best serviced if municipalities seek to cooperate within the region as well. An example of such a collaboration is [Impact Noord](#), in the Northern region of the Netherlands.

5. Impact at scale

The number of social entrepreneurs per municipality is relatively small. However, every company has the potential to become more sustainable or more social. Until social entrepreneurship becomes the new normal, the private sector has the most significant positive or negative influence on its surrounding. Therefore, it is important that municipalities also involve the private sector in tackling social issues. Consider the right companies for the right

issues. In return, the municipality can help companies to transform to a more impact driven organisation. Work together with organisations that support companies to get their impact certification, like [Building Better Business](#) in Amsterdam does.

Overall recommendations:

1. Open yours doors

Start talking to stakeholders. What are the priorities of the intended target group of your initiative? What do social entrepreneurs consider to be priorities? What are the strengths and weaknesses of your city according to the citizens? Tune in to different perspectives, views and new developments in your area and develop your policy from there.

2. Seek connection within the municipality

Before being able to connect partners in the city to the impact ecosystem, you have to connect your colleagues within City Hall. It is impossible to build an impact ecosystem with one department alone: all municipality departments need to be informed and engaged. This is easier said than done. Some practical tips:

- i. Put the issue centre-stage, for example problematic debt or multi-problem families. These challenges are inherently intersectional. Putting an issue centre-stage forces parties to break silos and work together.
- ii. Consider what the municipality can tackle and what might better tackled by partners outside City Hall. When it is difficult to break through silos, it might be an option to work with partners in the impact ecosystem who can approach issues in a more dynamic way than the municipality sometimes can.
- iii. For directors and politicians: make sure that the impact ecosystem is included in the coalition agreement or council agreement as an umbrella covering all subjects. This way, municipal officials can start working with the impact ecosystem in a holistic manner. Keep in mind: we are talking about systems change, which does not happen overnight

3. You are an social entrepreneur as well!

As an entrepreneur within the municipality, you can enable positive change. Ask for support from your senior management (at political and/or administrative level) and start experimenting. Dare to fail but do share your successes as well! Make sure you have a strong mandate to experiment and develop your initiative dynamically and iteratively.

Finally

Local, societal challenges are substantial. But the opportunities to bundle the strengths in the city and tackle these challenges together are ample as well. The most significant issues can be solved if everyone works together from their own strengths, but with a common mission. We wish all municipalities the best of luck and fun with discovering the impact ecosystem.

Let's get to work!