

EVPA CoLab AWARD

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BUILDING AN IMPACT ECOSYSTEM FOR LONG-TERM FINANCIAL SECURITY. SUPPORTING HOUSEHOLDS LIVING IN POVERTY AND DEBT TO GAIN FINANCIAL SKILLS

Submitted by NN Group, Netherlands

BACKGROUND

A. Which **type of organisation** are you (tick all that apply)?

- A Capital Provider (grant maker): An engaged grant maker deploying financial capital, non-financial support and other resources for impact

B. Please briefly summarise your **mission**.

'The From debt to Opportunities Foundation (Dutch: Stichting van Schulden naar Kansen) is a corporate foundation dedicated to promoting financial self-reliance in the Netherlands. It had the ambition to reduce poverty and problematic debts in 4 cities in the Netherlands within 5 years (2016-2020). As a funder, the foundation acted as a connecting and enabling entity between non-profit organisations, knowledge and research institutes and two associated companies (NN Group and Aegon). In this programme, the foundation funded research and dissemination as well as operational non-profit organisations that directly work with the target groups. Together with the Amsterdam University of Applied Sciences, the foundation conducted an extensive 5-year research to measure the impact of its joined efforts and to contribute to a better understanding of what works in the field of poverty reduction in the Netherlands. It supported advocacy on debt relief on a local, regional and national level and brought together partners for capacity building and the sharing of knowledge and expertise. This year, November 25th 2021, a national conference will be hosted to share the result of the longitudinal research and insights from the programme. Even though problematic debt and poverty remains severe in the Netherlands and reducing it is extremely complex, the programme helped to gain a better understanding of the issues at hand and due to the research we now know that there are mechanisms that can relief many households of their situation. Going forward, the programme is now integrated in the NN Future Matters programme and NN Group continues to work on the issue.

- C. Which of the **use cases** does your practice(s) apply to? Please tick all that apply!
- Place based funding
 - Open social innovations
 - Building impact (investing) ecosystems
- D. Which **system practice field(s)** does your practice apply to? Please select the most relevant (max three).
- Systems diagnostics
 - Strategy design
 - Collaboration
- E. Please give us a brief background 1) what motivated you to act and who initiated the practice(s), inside or outside your organisation, and (if applicable) 2) describe the event that triggered your engagement.

People in debt often feel ashamed. Because of their debts, their finances become exponentially more complicated and they no longer see how to get out: they need help.

In the aftermath of the financial crisis (2008-2011), it became increasingly clear that payment arrears, debts and poverty would not disappear from the Netherlands by itself. This required everyone to cooperate: the government, commercial organisations, civil society organisations, citizens and knowledge institutions.

In 2016, the programme From Debt to Opportunities was launched. With the aim of promoting the financial self-reliance of households, financially supporting projects that are aimed at doing so and employing volunteers from NN Group and Aegon. The programme has supported dozens of local, informal debt relief initiatives that often help people coping with financial stress and debt to get their lives back on track. In addition to providing support, we wanted to make a broader social contribution. Since the start of the programme, the Amsterdam University of Applied Sciences has mapped out the impact and effect of local, informal debt assistance initiatives in the Netherlands by investigating participating households, projects, creditors and municipalities. The common goal was to gain new knowledge about what is and is not effective in promoting financial self-reliance. This is unique in the Dutch context; never before has there been such a large-scale and multi-year study in this field.

THE PRACTICE(S)

- F. Briefly **analyse the situation before you introduced the practice**. What contributed to maintaining the status quo and producing (undesirable) results, e.g. resources (or lack of resources), rules (informal and formal), roles (relevant actors from the public, private and social sector, their legitimacy or effectiveness) and/or the kind and quality of relationships (informal and formal cooperation, power dynamics, information flows).¹
- G. Please describe the **actual results** you sought to achieve with your practice, **the parameters you sought to influence most**; roles, relationships, rules, and resources and how?
- H. Please describe the **intended results** you sought to achieve with your practice and **the parameters you sought to influence most** – if considerably different from the actual results described above.

¹ See more details on using the 5R framework (Results, Resources, Rules, Roles, Relationships) for systems analysis for example here Ashoka [Online Guide on System Change, part 3](#)¹ based on USAID's Programm Cycle.

- I. Please specifically explain the **role other actors and collaboration played** in this practice (if not the main practice itself) and insert a figure that illustrates the main stakeholders and partnerships that play a role in the practice you are presenting here.

In 2014, nearly 1/3 of Dutch households faced payment arrears, and nearly 1/5 of Dutch households dealt with risky debts, problematic debts or participated in a debt counseling trajectory. Out of this group, an estimated 351.000 – 571.000 households were living with problematic debts.² More than 80% of households with risky or problematic debts did not make use of the formal, government-provided debt counselling. The 90.000 people a year that did apply to a debt counselling trajectory with their municipality, faced an average debt of about €40.000 and an average of 15 different creditors.

At the time, 810.000 Dutch households (10,4% of the population) lived in poverty and the group of the 'working poor' was growing steadily.³ In the aftermath of the financial crisis, it became increasingly clear that payment arrears, debts and poverty would not disappear by itself. In addition, 'debt' was the most frequently mentioned issue by various of the foundation's stakeholders prior to the launch of the From Debt to Opportunities programme in 2016.

Based on the situational analysis among Dutch households, the programme "From Debt to Opportunities" was initiated to support households who are living in or are at risk of falling into poverty due to problematic debts. A large group of people for whom their finances quickly can become more complicated when interest rates and fines start to pile up. As local governments lack capacity and variety in the interventions available, the help that people receive much more frequently comes from local, informal debt relief initiatives than from formal government-provided debt counseling trajectories. It is these organisations that have been supported within this programme.

These (mostly) local initiatives that support people with their finances in the Netherlands lies within the hundreds (probably more), and they carry a large but non-regulated responsibility with them. Their funding structure varies from year to year, and is mostly reliant on governmental and philanthropic support, and all the while little was known on their actual impact. Also, the development and exchange of knowledge and expertise on effective practices was unknown and/or dispersed.

It became apparent that a more systemic approach was needed if the foundation would live up to its ambition to address poverty caused by problematic debt. To change the system of problematic debt, changes should take place at individual level (people who live in poverty through problematic debt), organizational level (e.g. companies or the government as debt claimers) and policy level (e.g. law and regulations/policies that form obstacles or facilitate debt relief).

Therefore, as of 2015, a new programme set-up was chosen. The programme started to address poverty and debt by:

1. Developing in-depth knowledge, based on long-term research, on the root-causes and effects of problematic debt on poverty
2. Disseminating research results into knowledge and tools that players within the ecosystem can use to make their interventions more effective and efficient.

² Huishoudens in de rode cijfers, Panteia (2015)

³ Based on the 'basisbehoeftebudget' as defined by SCP; € 969 p/m voor alleenstaande, € 1.460 p/m voor eenoudergezin met twee kinderen en € 1.820 p/m voor gezin met twee kinderen

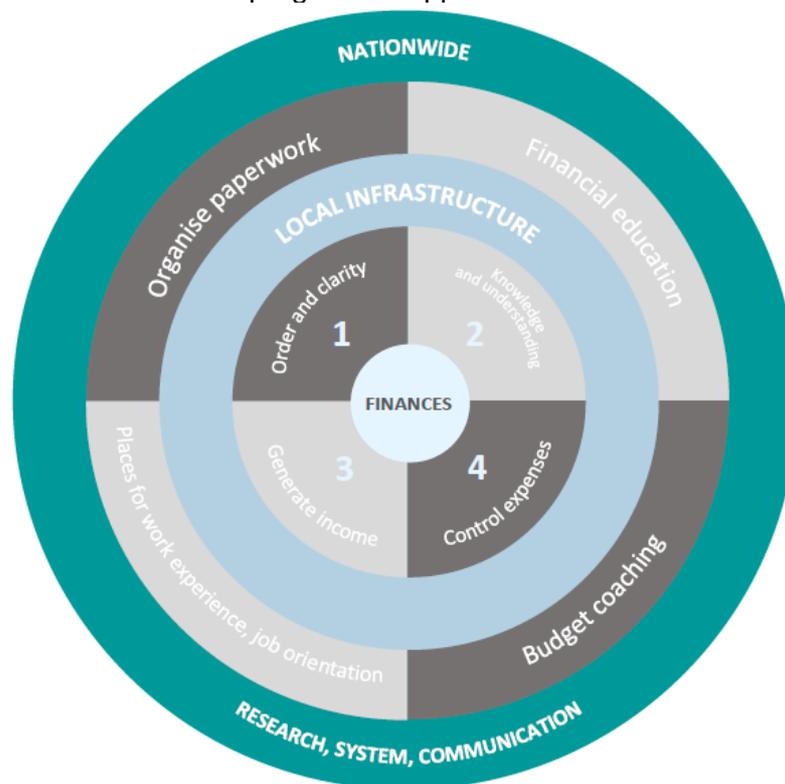
3. Supporting non-profit organisations that directly work with people facing problematic debts through financial and non-financial support (knowledge, expertise, volunteers and capacity building).
4. Support organisations that include advocacy on creating awareness of the consequences of problematic debt, and stimulating organisations and government policies and practices that contribute to reducing problematic debt.
5. Taking a place-based approach, focusing on 4 large cities in different regions in the Netherlands (Amsterdam, Rotterdam, Arnhem and Zwolle).

By taking this approach, the programme works with a variety of partners with each an unique position in the ecosystem. Ultimately, the goals of the programme are twofold:

1. To reach 11.625 households⁴ living in poverty caused by problematic debt or those at risk falling into poverty because of their problematic debts.
2. To develop a deeper understanding of the problem, the barriers within the system, the gaps that needs to addressed and effective interventions to solve the issue at hand.

By doing so, the programme contributes to a long-term solution for a specific group that lives in poverty using a systemic approach.

Figure 1 shows the model that the programme applied:



Within the place-based approach, the programme supports multiple interventions/projects within one area. The projects were selected based on the following criteria:

1. Contribute to the development of one or more aspects of financial self-reliance.
2. Location
3. Target group (people with problematic debt or at risk of falling into problematic debt)

⁴ This is 15% of the population facing problematic debt in the 4 cities in which the foundation was active.

4. Quality of the project and project organization (solid plan, including supportive arguments to the set up and approach).
5. The ambition to be part of the trajectory till the end of the programme (31 December 2020).
6. Willingness to participate in the research on the effectiveness of interventions.

An important element of the programme is the longitudinal research between 2015-2020 on the effects of the projects on supporting households from problematic debts. The research focuses on three levels of the intervention:

1. The level of projects; in particular on process and outcomes.
2. The level of individual participants in the projects on the experience with the project, changes in financial behavior and/or skills, payment behavior and income and labor market position
3. The level of the area in which the interventions take place and the effect that they have on payment behavior and payment arrears at (larger) creditors.

Sharing the results of the research is an important part of the programme, so the ecosystem can learn and adapt their practices accordingly.

YOUR INSIGHTS

The main thing that went well is the systems approach, which was tied together by the strong research component of the programme. Examples:

- Project managers often made assumptions about the outcomes/impact of their initiative. Conducting the research both on the level of the project as well as the participant, led to interesting insights and conversations
- This also displayed gaps that showed room for capacity building. We connected individual projects with each other and with external experts (i.e. on methodologies, fundraising etc.) to facilitate knowledge sharing on topics they had in common.
- The research also guided us at times when it came to our funding; i.e. when it showed that the project would benefit from investing in their staff through education, we would include this in our funding structure.
- We actively engaged with other players within the ecosystem in 1-1 conversations, conferences and focus groups to make sure we learned from their approach and shared our preliminary research insights

In the end, all players in the complex field of problematic debts are interconnected and the research provided us with objective insights relevant to all these various stakeholders.

On the other hand, this extensive research also turned out to be the greatest challenge. For reasons of comparability, we applied an extensive 'one size fits all', mostly quantitative research method. This proved to be a challenge on the level of individual participants in the projects, in which a rather vulnerable target group was asked to fill out an extensive and sometimes difficult questionnaire at three different points in time. Making sure enough respondents filled out the research turned out to become a very labour intensive task and it allowed for little flexibility on our part. In this, project managers turned out to be the key success factor; once the project manager was convinced of the long-term value of the research, the research went well. If the project manager did not actually feel motivated enough to go through the trouble, the resulting dataset frequently turned out very limited and useless. In hindsight, this should have been a larger topic of discussion for all initiatives becoming part of the programme. Throughout the years, we also learned that through capacity building, incremental change on an organisational/project level was indeed attainable, but that large changes in the quality, way of working and/or structure of the initiative was seldom achieved.

Our three pieces of advice would be:

1. Identify the relevant players in the field (ranging from governments, to NGOs and companies) and include them in your approach. Use a stakeholder engagement model to identify who to involve, who to engage and who to inform. Actively bring stakeholders together, share your insights and help break the barriers between them as much as you can.
2. You need multi-year buy-in from those non-profit organisations that are actually delivering the service on the ground. Making sure that they can rely on steady funding and a learning environment to improve their practices is key. Don't withdraw from these organisations simply because the first preliminary results are not in their favor. Build a trust-based and development-based relationship with them. In the end, we also found that learning what doesn't work is a relevant outcome too.
3. Include an impact research component in your approach, preferably one that is relevant to more stakeholders than one particular initiative alone by identifying mechanisms that can be applied in various contexts.

FURTHER RESOURCES

<https://vanschuldennaarkansen.nl>

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