



Altruist League's methodology: a factsheet

www.altruistleague.com



About

The Altruist League brings together governments, businesses and philanthropists determined to create real change in our societies. The activist movements in the League's investment portfolio (**The Altruist Index™**) are working to stop climate change and reduce all forms of unfair inequality. The League's **Systemic Changemaker Score™** is designed to be the most robust reflection of an organization's contribution to positive systemic change globally. Headquartered in Geneva, Switzerland, the Altruist League has regional teams in Hong Kong, Nairobi and San Francisco.



Introduction: systemic change and philanthropy

Systemic change is the topic of our time. In 2020, the pandemic is laying bare the limitations of our politicians, institutions, and healthcare systems. Pushed to the background, progress on climate action remains woefully slow. Wealth inequality continues to rise. Gender parity appears unlikely to happen for a hundred years.¹ Black people keep dying in police custody. All the while, two thirds of the activists out there feel that changing our rigid and rigged systems ultimately requires breaking the law, as we note in our recent study.²

So, clearly, as many voices out there have urged, *something should be done*. But answering the questions “what?” and “how?” is not straightforward. Because of its many diverse components, systemic change is a notoriously difficult phenomenon to predict or influence.

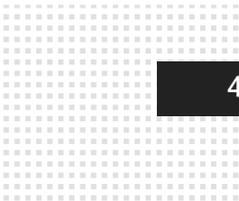
One response would be to leave the discussion at that. The other is to accept the challenge and to build sophisticated philanthropic portfolios that support as many ingredients of systemic change as possible, in particular the social movements that are its engine. The latter response is the approach of the Altruist League.

¹ <https://www.weforum.org/reports/gender-gap-2020-report-100-years-pay-equality>

² <https://go.altruistleague.com/15-lessons-from-activism-for-philanthropy>

Table of contents

- The spectrum of capital revisited 5
- Change that can be influenced: the scope of our analysis 8
- Social movements as the core of true change: our dataset 9
- The exceptional changemakers: the Altruist Index™12
- Measuring systemic change: The Systemic Changemaker Score™14
- Our vision: the best field work, the best technology16
- Appendix17



The spectrum of capital revisited

Investors are trying to improve the world. Some of them are willing to sacrifice more profit than others in doing so. This has given rise to the traditional idea of the so-called “spectrum of capital,” which separates types of investing into categories ranging from financial-only (no regard for social impact) to philanthropic (no regard for profit). Here is an example:

Graph 1: The traditional spectrum of capital³

	Financial-only	Responsible	Sustainable		Impact		Impact-only
	Delivering competitive financial returns						
	Mitigating Environmental, Social and Governance (ESG) risks						
		Pursuing Environmental, Social and Governance opportunities					
			Focusing on measurable high-impact solutions				
Focus:	Limited or no regard for environmental, social or governance (ESG) practices	Mitigate risky ESG practices in order to protect value	Adopt progressive ESG practices that may enhance value	Address societal challenges that generate competitive financial returns for investors	Address societal challenges where returns are as yet unproven	Address societal challenges that require a below-market financial return for investors	Address societal challenges that cannot generate a financial return for investors
Examples:		<ul style="list-style-type: none"> PE firm integrating ESG risks into investment analysis Ethically-screened investment fund 	<ul style="list-style-type: none"> "Best-in-class" SRI fund Long-only public equity fund using deep integration of ESG to create additional value 	<ul style="list-style-type: none"> Publicly-listed fund dedicated to renewable energy projects (e.g. a wind farm) Microfinance structured debt fund (e.g. loans to microfinance banks) 	<ul style="list-style-type: none"> Social Impact Bonds / Development Impact Bonds 	<ul style="list-style-type: none"> Fund providing quasi equity or unsecured debt to social enterprises or charities 	

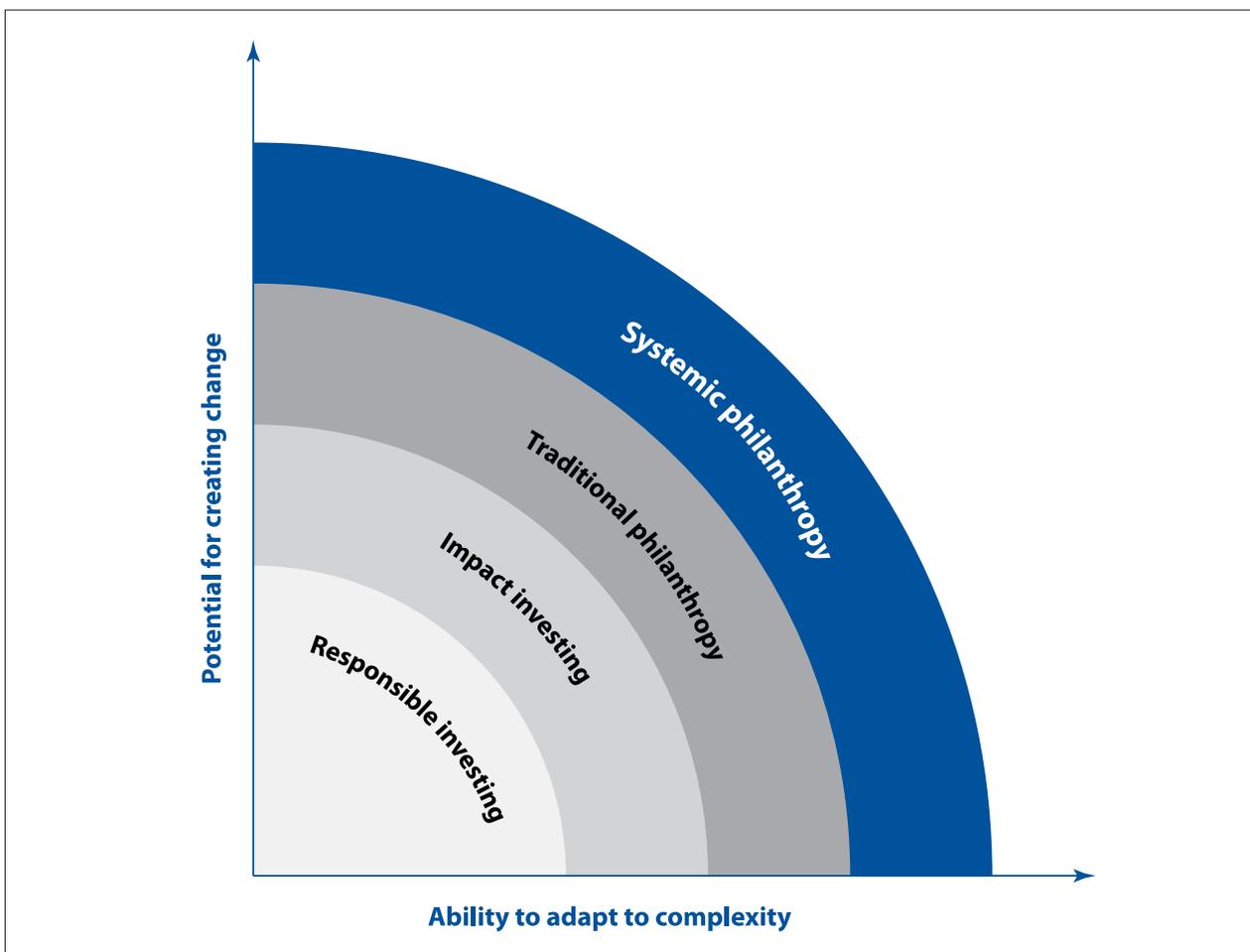
³ <https://www.bridgesfundmanagement.com/publications/bridges-spectrum-capital-define-sustainable-impact-investment-market/>

This picture is useful when understood to depict investor *intent*, rather than the effects of the investments themselves. In the latter case, it would imply a zero sum relationship between financial returns and improving the world, which often does not exist – some for-profit investments can be win-win; some philanthropic investments can turn out harmful.

Below, we adapt the idea of the spectrum of capital to depict the *potential of capital to create systemic change*. By systemic change we mean decisive action on climate change and a significant reduction in social inequality (opportunity, gender, racial), as well as improving democracy and reducing corruption in our societies.

Unsurprisingly, investors' potential for creating systemic change is correlated with their ability to respond to the complexity of the world through their portfolio construction and management, without constraints or preconceptions.

Graph 2: Systemic change and the spectrum of capital



We have called the approach with the highest potential for creating change “systemic philanthropy.” Its principles and underlying assumptions are:

Table 1: The principles of systemic philanthropy

Principle	Note
Active sourcing and evaluation	It is the philanthropist’s job to source investments and to evaluate their impact on the real world. This reduces paperwork (grant proposals, reports, etc.) and allows the grantee to focus on the mission
Alliance-building	The most difficult problems call for diverse groups to be part of the solution, from the government to the civil sector. Success often requires a consensus
Belief in grassroots action	As we will see later, the engine of social change are nonviolent activist grassroots movements
Embracing uncertainty	True change is complex, unpredictable and long term; it requires patience and diversification
Investing along the value chain	The ingredients of change are numerous ⁴ ; funders should support as many of them as possible
Root problem focus	The primary problems of our societies are climate change, inequality (opportunity, gender, racial) and threats to democracy. Others tend to result from these
Trust	The portfolio organizations must be supported for the long term and trusted to do their job with minimum oversight
Urgency	The need for systemic change is urgent and social stability depends on it

Systemic philanthropy does not require superhuman ability or foresight. Much existing investing already implicitly adopts many of the above premises. Still, for-profit investments can never be fully systemic, simply because investing in true change is, on average, not profitable. Traditional philanthropy can be non-systemic in many ways: it might suffer from focus on secondary problems, pet projects, excessive oversight, low trust, etc.

What systemic philanthropy absolutely requires is a patient investor able to put the ego aside and spend money on diverse, risky initiatives for the long term. This can in practice only be done by intrinsically motivated, belief-driven investors and organizations. Implied in this approach is the understanding that systemic change often requires a power shift from one group to another; not all positive change is win-win for everyone in the short term.

⁴ See Table 2

Change that can be influenced: the scope of our analysis

The phenomena that give rise to true social change are heterogeneous: visionary leaders, social movements, legal battles of “good lobby” groups, new ideas, literature and art, technological progress, scientific breakthroughs, media, and, of course, capital. In fact, *nearly every* process in a society changes it in some way. Therefore, the first step in building an approach to supporting real change is deciding what lies within the scope of what can be meaningfully influenced, and what is outside. The League draws the line in the following way:

Table 2: Defining the aspects of systemic change that can be meaningfully influenced

Within the scope	Outside the scope
Social movements, “positive” lobby groups, legal cases, independent media, social change training organizations	Think tanks and institutes, literature and art, technology and science, individual leaders

The distinction follows common sense. The factors that lie outside the scope of our operations are either too broad to influence with any precision (art, literature, technology, fundamental science) or are already on the radar of mainstream philanthropy and relatively well-financed (think tanks and institutes, scholarships to individuals, etc.).

Social movements as the core of true change: our dataset

The very engine of social change are the thousands of grassroots movements operating around the globe. Such groups gave us the civil rights movement, universal suffrage, and anti-tobacco laws. Today, they are fighting to save our climate and reduce inequality. The League is there to help them. Our primary activity is maintaining an extensive dataset of tens of thousands of these groups around the globe, so that we can select the most promising ones for inclusion in our members' philanthropic portfolios. Here are some statistics on our dataset and the staff maintaining it:

Table 3: Some facts about our grassroots movements dataset

Element	Quantity
Analysts	85+
Movements tracked	10,000+
Movements in the Altruist Index™	150
Countries represented	93+
Parameters tracked for each organization	32

Below is more information on the criteria we use when deciding whether to include an organization in our broad dataset:

Table 4: Necessary preconditions for inclusions in the League’s grassroots movement dataset

Criterion	Rationale
Non-violent	This is a non-negotiable criterion. By now it has been well documented that non-violent activism statistically, in the long run, achieves better results than the violent kind does ⁵
Focused on primary problems (climate, corruption and democracy, equality of economic opportunity, empowerment of women, racial justice)	We believe that problems like hunger, education, health, and poverty, while extremely important, are: 1) in the long run caused by underlying problems of a given society, namely corruption, lack of democracy, inequality, and/or climate change ⁶ . 2) already extensively supported by conventional philanthropy, CSR initiatives, and efforts of major international organizations. Our goal is to complement such efforts
Ground-led	We normally exclude organizations whose board and leadership are removed from the operational context. A common example of this is Western-only boards for organizations operating in non-Western countries
Democratic and with meaningful participation of women (or women-led)	It is very rare for the League to include, even in its broader dataset, autocratically led, male-only organizations, unless this is for some reason their point (e.g., men’s organizations offering peer counseling in the context of reducing violence against women)
Political and progressive	Systemic problems require political positions, at least implied ones. We exclude organizations trying to preserve the status quo or roll back progress, for example by advocating more fossil fuel use or fewer rights for LGBT people
Across the value chain	While the dataset primarily includes activist movements (95%+), it also catalogues independent media organizations and lobbying groups that contribute to the aforementioned systemic change value chain. It, in addition, includes training organizations and incubators that teach activists how to operate and be impactful
Concrete	There are many organizations out there “raising awareness” and “shedding light” on a problem; we only include them if they have an actual, measurable goal to their existence. This also makes us exclude most umbrella organizations unless they specifically add value in some other way
Unbureaucratic	For many organizations, activism turns to bureaucracy when the money comes in. This then makes the continued payment of salaries the number one objective. As a consequence, most communication becomes donor-focused and full of development-speak. Member engagement suffers. We tend to avoid selecting such organizations and remove them if they reach this phase.

⁵ <http://cup.columbia.edu/book/why-civil-resistance-works/9780231156820>

⁶ This of course doesn’t always hold. Obvious counterexamples include natural disasters and other emergency situations.

For each organization, our analysts track the following parameters (we exclude some of them below for brevity):

Table 5: Parameters we track

Name
Founding year
Region
Topic (climate, inequality, etc.)
Leadership structure (in particular the percentage and profile of women)
Number of members and growth
Strategy and tactics
Measurable goals
Track record of success in influencing policy
Existing alliances
Membership composition (age, sex, geographic distribution)
Minority representation
Website and social media account metrics and growth
Structure (flat, vertical, etc.)
Any media partnerships
Existing funders profile
Frequency of communication and updates
Amount of funding received
Amount of funding they can successfully absorb
Any other financial information

The exceptional changemakers: the Altruist Index™

While many of our members require customized portfolios depending on their unique values and objectives, we maintain a list of exceptional organizations that we see as true agents of systemic change. The vision is that these organizations, branded under the Altruist Index™ so as to echo for-profit indexes such as the S&P 500, can be the default and optimal option for investing to the sophisticated philanthropist looking to invest in change easily and quickly.

The Index is a mix of organizations, large and small, broadly supported and virtually unknown, that have something “extra” that makes them unique. Here are the main criteria that we use for selecting organizations into the Index. Typically, less than 2% of them make it.

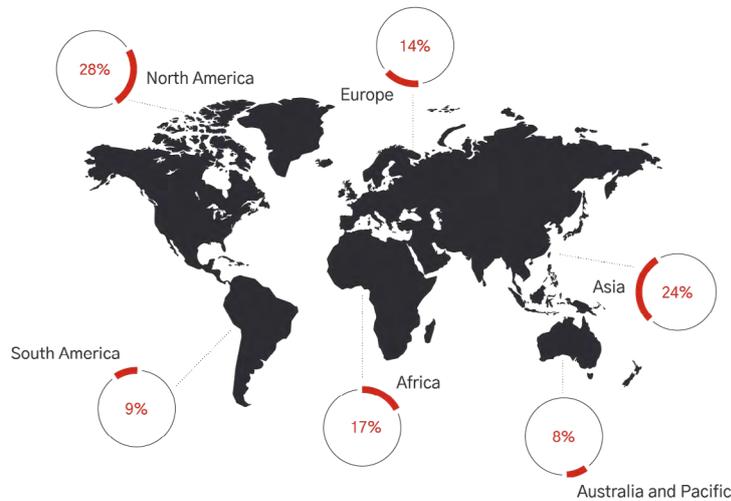
Table 6: Criteria for inclusion in the Altruist Index™

Impressive track record of influencing policy
Strong membership growth
Exceptional member engagement
Repeated citations in Tier 1 media
Legal cases influenced / won
Track record of changing population sentiment within area of operation
Replicability of model (strategy, tactics, etc.) on other locales and/or globally
Positive message and ability to build alliances in broad social groups, rather than antagonize

We don't expect all the movements in the Index to excel in all of the above areas. Sometimes, being outstanding in two or three of them is enough to qualify. For ease of comparison, we calculate one cumulative score for each organization via a relatively complex weighing formula; we call this metric **Velocity**.

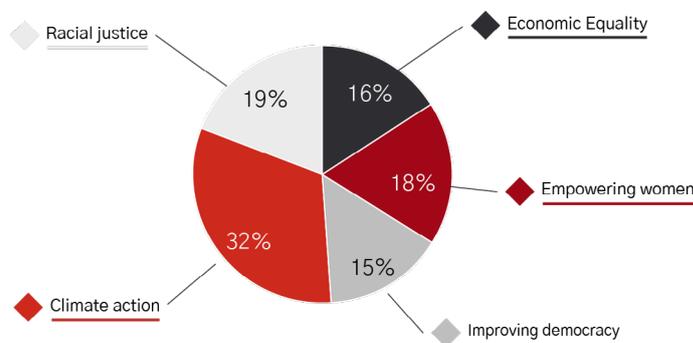
The Index, with all the associated Velocities, is recalibrated on a monthly basis. Grassroots movements are volatile organizations – they are quick to rise and fall. We accept and embrace this dynamic.

The Altruist Index™: geographic distribution*



* As of 1 July 2020

The Altruist Index™: distribution by area of action*



* As of 1 July 2020



Measuring systemic change: The Systemic Changemaker Score™

The League aspires to influence how systemic change is measured and understood globally. To do this, we have developed our own way of measuring change, trademarked as the Systemic Changemaker Score™ (SCS). We use it to assess the extent to which a philanthropic portfolio supports the different components of systemic change in a society. We have, of course, no illusions that change can be measured accurately to the last decimal, but we nonetheless feel that the exercise has its merits in helping our members make decisions.

To understand the difficulty of any such measurement, it is enough to look at the complexity of measuring Environmental, Social, and Governance (ESG) risks for companies and understanding the materiality of those risks. Over the past decade, we have seen a proliferation of methodologies for measuring ESG. They continue to disagree with one another, with no standardization in sight⁷.

When called upon to assess the full systemic footprint of a corporate member, the League cautiously employs some of the established practices by companies in the ESG-measurement space (e.g., MSCI⁸), CSR-measurement space (e.g., Ecovadis⁹), as well as general sustainability certification providers (e.g., B Lab¹⁰). The unique aspect the League brings to the table is, however,

⁷ https://www.researchaffiliates.com/en_us/publications/articles/what-a-difference-an-esg-ratings-provider-makes.htm

⁸ <https://www.msci.com/esg-sustainable-impact-metrics>

⁹ <https://resources.ecovadis.com/ecovadis-solution-materials/ecovadis-csr-methodology-overview-and-principles>

¹⁰ <https://bcorporation.net/certification/meet-the-requirements>

its sophisticated analysis of the philanthropy portfolio of our member organizations, be they a family office, a foundation, a company, an investment fund, or a government. Here, the criteria we take into account include, but are not limited to, the following:

Table 7: Systemic Changemaker Score™ criteria

Criterion	Note
Portfolio Velocity	Average Velocity of the organizations working for systemic change in the portfolio.
Trust-based investing score	The extent to which the philanthropist's investment procedures are trust-based. See Table 8 in the Appendix
Investment decision-making level and process	Ideally, investment decisions should take place at the investment manager / analyst level, where they can be made quickly and where field knowledge is the strongest
Portfolio diversification	Systemic change is a numbers game full of uncertainty, and diversification is crucial. See Table 9 in the Appendix
Non-financial added value	The investor's ability to open doors, create connections, and help portfolio organizations build alliances among themselves and with other organizations useful to their activity
Allocation team profile	Systemic change is a remarkably complex phenomenon and allocating for it requires much theoretical knowledge, ample field experience and strong intrinsic motivation
(for companies) Philanthropic allocation as percentage of corporate profits	An important criterion that can nevertheless only be properly assessed in combination with the others

Crucially, and unlike many other methodologies on the market, the SCS is a purely **outcomes-driven** metric. It concerns itself with real-world effects of the philanthropist and their portfolio, rather than internal documentation and policies or declared intentions.



Our vision: the best field work, the best technology

From its inception, the Altruist League has aimed at developing unparalleled understanding of global grassroots action. Achieving this has required, and will continue to require, scores of analysts embedded in communities around the world, doing their research not only electronically but also over the phone and in person, in the field. This has always been the first pillar of our added value.

Over time, we have developed a second pillar: technology. Our investment advisory decisions are increasingly aided by our machine learning algorithms; our artificial intelligence (AI) platform is now firmly at the core of our value proposition. For the moment, the AI tool assists our analysts and investment managers as they keep track of movements, preselect them for the Index, and advise members in a B2B format. Our goal is to open the platform up for B2C use by mid-late 2021 so that individuals, too, can use the advisor to build their own custom philanthropic portfolios and invest directly into systemic change around the world.

Appendix

Table 8: A systemic approach to investing in a nonprofit

Activity	Traditional	Systemic
Investment sourcing	Grantee-driven	Funder-driven (or outsourced)
Commitment	Short-term	Multi-year
Tracking	Reports, supplied by grantee	Changes in the real world, measured by donor
Metrics	Actions undertaken, meetings / workshops held, people reached, awareness raised, social media stats	Membership growth, citations in Tier 1 media, legal cases won, pieces of policy influenced, sentiment changed (in %, measured by surveys) in the local population
Funding decisions	Analysts -> investment committees -> owners / trustees	Kept at the analyst level
Decision-making frequency	Several times per year	Ongoing
Bureaucracy	Grant solicitation and review, committee meetings, formal contracts with grantees, investment impact calculation, formal visits to check progress	N/a

Table 9: A systemic portfolio for the general philanthropist

Allocation	Content	Investment analogy	Rationale
50%	Traditional investment disbursed through a personal foundation to grant seekers with traditional domain inter-ests (health, education, arts)	“Fixed income”	Constant positive results, predictability
30%	Investment disbursed to good causes within the donor’s field of expertise, where value can be added through connections and coaching (e.g., a tech veteran improving access to immersive remote education to poorly covered regions)	“Equities”	Feeling of involvement and personal contribution
20%	Investment in a broad set of social movements, umbrella organizations, “good lobby,” and other groups pushing for climate policy	“Alternatives”	Diversification and long-term systemic change



Authors:

Maria Fernandez
Ekaterina Chernova
Milos Maricic
Stephen Li
Amanda Smith

July 2020

Copyright ©The Altruist League

<http://www.altruistleague.com/>

info@altruistleague.com

This work is licensed under a Creative Commons Attribution 4.0 International License
(CC BY4.0, details: <https://creativecommons.org/licenses/by/4.0/>)