



Laurent Leksell

In conversation with Laurent Leksell:

Social impact bonds: Bringing innovation to the welfare state

Laurent Leksell is the founder and principal shareholder of the Swedish med-tech company Elekta, and founder of the social impact investment company Leksell Social Ventures, which focuses on market-based levers of change and social impact bonds.

Larry Leksell is a name that people associate with philanthropy in Sweden in the same way that Bill Gates is synonymous with international philanthropy. His engagements are broad and collaborative, and he has managed to be ahead of the curve when it comes to clever new approaches. I remember when he and his son were setting up Leksell Social Ventures to invest in social entrepreneurs, a term that back then was quite new in the sector. It was therefore a real pleasure to be able to talk to a visionary philanthropist like Leksell, who brings innovation to the field of making the world a better place.

A strong focus on innovation

In 2013, Leksell set up a social impact investment company, Leksell Social Ventures, that supports social enterprises and social innovation in order to drive societal change and create a better Sweden. He quickly went on to explore even more complex social finance structures and involve public-private partnerships.

Scandinavia's first ever *social impact bond* was created in 2015 by Leksell and his team. "Our goal was to bring more innovation and evidence-based solutions to the welfare state," he explains, "where traditionally, the public actors have not had easy access to the newest and most innovative methodologies."

With this in mind, Laurent believes in the early adoption of new and innovative forms of social finance mechanisms to create impact.

"Private, public and non-profit sectors need to collaborate"

"I have dedicated my professional life to pursuing entrepreneurial endeavors, and I have seen how new ideas can elevate individuals and the society around them. I sometimes say that society is bigger than the state. With that I mean to say that the private, public and non-profit sectors need to collaborate if we are to effectively address the social problems of our time," says Leksell.

Leksell Social Ventures contributes to social innovation and societal development by giving social entrepreneurs and social ideas the prerequisites needed to develop and progress – through financing, the development of ideas and networking with private, public and non-profit actors. They do this both via direct investments and by creating outcome models and investing in structural and preventive social services in social and health-related areas.

When I asked him why public-private partnerships are still so rare, despite the fact that evidence-based innovations and solutions in both the private and non-profit sectors flourish, he explains, "One problem is, that it is difficult for public actors to procure and implement new evidence-based social interventions – as these innovations are hard to capture in the traditional procurement model."

Developing partnerships

When Leksell and his team initiated the first Scandinavian social impact bond (SIB), the Nordic region's market and existing structures were still inadequate for this innovation. "Every social impact bond starts with establishing a strong partnership with a public sector actor, who will be part of the design phase – in particular when it comes to the desired outcomes," Leksell explains. "With time, as we are developing these public sector partnerships, I'm hoping we will see a more mature market for social impact bonds, making it easier to mobilize more investors." Social impact bonds are generally understood to be forms of pay-for-success financing or outcome-based contracting aimed at improving the social outcomes for a specific population. The key difference to the also growing number of development impact bonds is that the outcomes payer for SIBs is usually a branch of government.

Leksell sees a clear demand for increased social innovation and sustainability within several welfare areas such as health, education and integration. He believes that social impact bonds can

be highly effective when it comes to proving the viability of new structures for a sustainable social sector. "Also, a big benefit of the social impact bond is the role it plays in alleviating pressure on the public sector and taxpayers' money in testing and implementing innovation."

Participating in driving impact

Leksell believes that social impact bonds can be a much-needed mechanism for cooperation between investors, philanthropists, non-profit organizations and foundations on all levels: "SIBs allow for different types of actors, with different risk appetites, to participate in driving impact."

Catalyzing innovation for sustained impact can be instrumental in transforming the welfare system, which is Leksell's long term-goal – coupled with paving the way for bigger institutional investors and capital to enter the social impact bond space. I found it very refreshing to discuss with a philanthropist who is bringing these types of innovations to the sector, and to my home country.

Article by: Nina Hoas, Head of LGT Philanthropy Advisory
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