

Social Enterprise Sector Development Programme Quarterly Report

Year Two: Quarter 1, July - September 2019

This report was produced for the Social Enterprise Sector Development Programme.

The Social Enterprise Sector Development Programme (Programme) is a partnership between **the Department of Internal Affairs** (DIA) on behalf of **the New Zealand Government** and the **Ākina Foundation**. The Programme is delivered with support from **Community Enterprise Network Trust** (CENT).

Find out more about the Programme by visiting **The Impact Initiative** website.

www.theimpactinitiative.org.nz

Social Enterprise Sector Development Programme Insights

Year Two: Quarter One



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Summary and Highlights

Over the last quarter, we successfully kicked-off targeted activity to address the highest priority needs and barriers to a thriving social enterprise sector. The four focus areas (social procurement, finance & legal, capability building and impact) have been working hard to launch activity for the year's Programme, including the [Impact Investment Readiness Grants](#) programme, building regional support networks for our social enterprise hubs, work on the Impact Report and targeted social procurement activity with government buyers.

There has been a substantial increase in not only the breadth of government agencies interested in and actively working towards social enterprise outcomes, but also the depth that the team and the Government are working together. MBIE and TPK are playing a key role across the Programme which aligns with social enterprises' role at the heart of a productive, sustainable and inclusive economy and deep connections to pakihi whai kaupapa (Māori social enterprise) in Aotearoa.

Highlights include:

- Minister for the Community and Voluntary Sector and the Programme team attended the launch of Mahurangi Wastebusters - a community-led business delivering waste services to Auckland Council. This was an exciting example of social procurement with Mahurangi Wastebusters focused on reducing, repairing, reusing and recycling as much rubbish as possible for the benefit of people and our environment.
- We were delighted with the response to our social procurement in central government workshop with engaged and passionate procurement experts from across agencies to explore opportunities to deliver impact beyond value for money through the intentional purchasing of products and services.
- The Sector Working Group held a Kitchen Table Talk with social enterprises in Hawkes Bay, two workshops and a kai and ideas session with the focus area leads - setting up a strong platform for working together over the rest of the Programme.

Our Focus Areas:	Social Procurement	Finance & Legal	Capability Building	Impact
	<i>Creating opportunities for social enterprise suppliers to connect with buyers through a social enterprise marketplace.</i>	<i>Building the impact investment movement and reducing barriers to investment so enterprises can unlock funds they need to grow.</i>	<i>Learning from and continuing to develop the capability of social enterprises through the regional hubs pilot programme.</i>	<i>Demonstrating to Government the impact social enterprises are working towards and how that impact aligns with Government's goals.</i>
Activity this quarter	<p>Certified 10 new suppliers on Fwd: social procurement platform.</p> <p>Created a readiness assessment tool and provided to key procurement professionals from government agencies.</p> <p>Held workshop with government buyer group to explore the opportunities and challenges of social procurement.</p> <p>Input into government produced guidance material for the Government Procurement Rules.</p> <p>Discussions with MBIE and TPK to share lessons and support social procurement and indigenous procurement work.</p>	<p>Designed and launched Impact Investment Readiness Grant - over 160 applications nationwide.</p> <p>Last year's Readiness Grants recipients secured a total of \$2.8 million in investment.</p> <p>Worked with the Business.Govt team at MBIE to include considerations for impact driven organisations into the 'choose your legal structure' tool on their online platform.</p> <p>Worked with MBIE to confirm next steps for legal structures research (Regulatory Impact Assessment) and working group.</p> <p>Impact Investing workshop at University of Canterbury Impact Summit.</p> <p>National Advisory Board "From Discussion to Deals" event.</p>	<p>Direct activity, training opportunities and financial sustainability support initiatives with regional hubs.</p> <p>Delivered the final training & online hui of the regional hubs pilot and held two konahi ki te konahi (face to face) workshops (Bay of Plenty & Manawatū-Whanganui).</p> <p>Partnered with the Business.Govt team at MBIE to work together on the capability building of social enterprises through a online platform & regional place based approach, launching in Hawkes Bay next quarter.</p> <p>Intro to Impact workshop at University of Canterbury Entrepreneurship (UCE) Impact Summit.</p>	<p>Identified three areas of impact that social enterprises are working to contribute to ('Impact Areas'):</p> <ul style="list-style-type: none">Whānau wellbeing (by Māori and Pacifica Social Enterprises);Reduced Waste; andMental Health. <p>Identified 5 social enterprises in each Impact Area for the Impact Report.</p> <p>Gathered insights & tools for outcomes management training and began to test through outcomes management training - 'intro to impact' and 'theory of change' training.</p> <p>Delivered an impact masterclass with Wai-atamai social innovation hub to māori innovators and entrepreneurs at MatarikiX in Bay of Plenty.</p>
Our Outcomes:	It is easier to procure goods and services from the sector and for the sector to participate in procurement activity.	It is easier for impact driven businesses to access aligned capital.	It is easier for individuals and enterprises to access sector development support.	It is easier to describe and measure the nature, impact & value of the sector to Aotearoa's prosperity.

Focus Areas:	What We Have Learnt (Insights)	Future Actions
Social Procurement	<p>The Government Procurement Rules have begun changing the way the public service procures goods and services by incorporating the concepts of 'broader outcomes' and 'public value'. Agencies will need support to identify new and innovative solutions to meet Government expectations.</p> <p>While there appears to be executive support for social procurement, this is not translating into action for government agencies (policy, procedures, operations, internal capability, relationships or supplier capability). Most agencies are not currently effectively measuring or reporting on outcomes that could be enabled by social procurement.</p> <p>Best practice from early adopters is to identify a small opportunity to get started, work closely with the social enterprise supplier and build a strategy to ensure maximum public value.</p> <p>There are differing levels of engagement and uptake within agencies. There is value in early adopters such as Inland Revenue, Housing New Zealand and New Zealand Post sharing their experience with agencies to create change in their procurement practices.</p> <p>Internationally, our work is aligned and part of a global conversation Australia, Canada & UK).</p>	<p>Continue to work with MBIE and the New Zealand Government Property & Procurement team on 'broader outcomes.'</p> <p>Take a targeted workshop based approach with a number of agencies who engaged in our initial workshop, to build on initial learnings and create action plans for incorporating social procurement into business processes.</p> <p>Continue to support TPK and MBIE on their work advancing social procurement as a strategic lever to deliver impact for whānau.</p> <p>Continue to explore opportunities to work with TPK and Pacific Business Trust, to enhance pakihi whai kaupapa (Māori social enterprise) and Pacifika social enterprises access buyers on the Fwd: social procurement platform.</p> <p>Continue to support, diversify and build the pipeline of certified suppliers on the Fwd: platform.</p>
Finance & Legal	<p>There is strong demand from social enterprises and impact-driven organisations for impact investment readiness support, with over 150 applications received for this years programme.</p> <p>There is increasing interest in impact investing within Government agencies. This follows global trends and substantial Government-led impact investment in Australia, Canada and the UK.</p>	<p>Further explore the potential of impact investment readiness grants programmes and how these programmes can enable short and long term opportunities for impact investment activity for Government agencies.</p> <p>Continue to work with MBIE to explore the options for creating an enabling legal environment for social enterprises and impact-driven organisations.</p> <p>NAB is hosting Neil Gregory from the World Bank in November, bringing together key leaders for a breakfast roundtable and lunchtime forum, including senior officials from Treasury, Superfund, ACC, Pension Funds and Financial Service providers.</p>
Capability Building	<p>Building the capability of social enterprises through training regionally based organisations is challenging as the capacity, capability and needs of the support organisations themselves are diverse.</p> <p>The hubs partners identified that the Programme provided value in key areas such as: tools and models, connections to key stakeholders and funders nationwide, credibility and one-on-one support.</p>	<p>Over the next quarter, the team are pulling together data and insights from the Hubs capability pilot, recommendations will be delivered at the end of the quarter (December 2019).</p> <p>Continue to work with the MBIE Bus.Govt team to explore opportunities to work together to build the capability of social enterprises alongside small to medium businesses in NZ using the combination of a regional place-based approach and online.</p>
Impact	<p>We have had interest in the Impact Report from central government, local government, and philanthropy sectors.</p> <p>These stakeholders are interested in:</p> <ul style="list-style-type: none"> • using the Impact Report to give their organisations a better understanding of what social enterprises do; • understanding the role social enterprises play in reaching their outcomes; and • seeing tangible examples and finding ways to support social enterprises that align with their outcomes. <p>Social enterprises do not always know what Government could do to help them. The success of this workstream will depend on all parties being open, creative, solutions-focused and committed to finding ways to support social enterprises to create impact.</p>	<p>Include a wide range of social enterprises in the Impact Report including:</p> <ul style="list-style-type: none"> • idea stage through to those who have attracted significant investment; • range of business models; • representation of Māori and Pacifika social enterprises; • geographical spread; and • social enterprises that present procurement and impact investment opportunities. <p>Present the Impact Report and case studies in a way that demonstrates the potential and opportunities for the Government to support social enterprise to meet their outcomes.</p>