

Social Enterprise Sector Development Programme Quarterly Report

Year Two: Quarter 2, October - December 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 Two



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Summary and Highlights

The end of this quarter roughly marks the halfway point of the three year programme. Momentum is building across the public and private sector, with the release of a sustainable finance report from the [Aotearoa Circle](#), passing of the [Zero Carbon Bill](#) and the requirement that [Government considers social enterprises](#) when purchasing goods and services.

These significant developments have brought an increasing awareness from Government interested in and actively supporting social enterprise. Work within the Programme continues to demonstrate the role of social enterprise at the heart of a productive, sustainable and inclusive economy and the shared kaupapa with community, Māori and Pacifica enterprise.

Highlights include:

- [Nine impact-driven businesses unlocking up to \\$20,000](#) each to support their impact investment readiness from a pool of \$150,000 in our Impact Investment Readiness Grant (IIRG) 2019 programme.
- IIRG grant cohorts from 2017 and 2018 reaching a total of \$4.6 million in external investment from the initial \$150,000 awarded in grants.
- Delivering outcomes management training and logic models to 12 social enterprises working to deliver impact across Aotearoa in whānau wellbeing, reduced waste and mental health.
- Working alongside the MBIE Boost team to build capability in impact driven businesses and social enterprises in Wairoa, Waipawa, Napier and Hastings in Hawkes Bay.
- Publishing the [Hubs Pilot Insights report](#) which shares diverse stories of our 8 regional hubs partners and evaluates the Hubs Pilot programme.
- Welcoming Chief Thought Leadership Officer for the World Bank Neil Gregory and bringing together leaders for a series of meetings on [impact investing](#).
- Supporting and presenting the social enterprise award at the Māori Women Development Inc awards.
- Bringing together [Fwd](#): suppliers in social enterprise cohort events in Wellington and Auckland.
- Delivering targeted social procurement workshops to help Government buyers understand the opportunities of buying from social enterprise.
- Representatives from the Sector Working Group meeting with Minister for the Community and Voluntary Sector.
- Meeting and getting feedback from 20 social, community and Māori enterprises on their challenges and opportunities in a 'Kitchen Table Talk' in Whanganui.

Our Focus Areas:	Social Procurement	Finance & Legal	Capability Building	Impact
Activity this quarter	<p><i>Creating opportunities for social enterprise suppliers to connect with buyers through a social enterprise marketplace.</i></p> <p>Building and supporting the diversity of the Fwd: social procurement platform - 68 social enterprise services and goods now on platform.</p> <p>Launching supplier relationship manager function in Wellington and Auckland and Christchurch and held supplier workshops and one to one catch ups with suppliers to explore opportunities to support.</p> <p>Through targeted workshops, working with Govt procurement professionals (buyers) to unlock opportunities to buy from social enterprises.</p> <p>Awareness raising of innovative and collaborative partnership with MBIE and through attendance at All of Government Innovation showcase.</p> <p>Starting to see social enterprises unlocking significant deals, including MPI recently procuring 40,000 kahikatea from Trees for Canterbury.</p>	<p><i>Building the impact investment movement and reducing barriers to investment so enterprises can unlock funds they need to grow.</i></p> <p>9 Recipients of this year's Impact Investment Readiness Grants accessing up to \$20,000 each in investment readiness support.</p> <p>Working with Pledgeme and Curative to develop an impact investing resource.</p> <p>2017 and 2018's Grants recipients are continuing to secure significant investment - reaching a total of \$4.6 million in external investment from \$150,000 in grants.</p> <p>Continuing to work with MBIE and DIA to assess options for legal structures/ models for impact-driven companies.</p> <p>National Advisory Board for Impact Investing hosting Chief Thought Leadership Officer for the World Bank, Neil Gregory bringing together leaders from private and public sectors for a series of meetings on impact investing.</p> <p>Sustainable packaging supplier Grounded receiving significant investment from the Impact Enterprise Fund.</p>	<p><i>Learning from and continuing to develop the capability of social enterprises through the regional hubs pilot programme.</i></p> <p>Presenting to regional stakeholders and delivering 'Intro to Impact' workshops to 25 trainers and social enterprises in Wānaka. Trainers are now able to deliver workshops to social enterprises in the region.</p> <p>Presenting to 8 regional stakeholders including Vic Uni, Trademe, Z Energy, PWC, Creative HQ, WellingtonNZ and BERL on opportunities to build the Wellington social enterprise ecosystem and delivering "intro to impact" and marketing workshops to 32 social enterprises.</p> <p>Producing end of pilot insights for regional hubs pilot programme and work plan for 2020 capability building.</p> <p>Developing 4 tools to build capability of social enterprises - to manage their impact, get procurement ready, develop their Impact model and start a social enterprise.</p> <p>Delivering tools and workshops to build capability of small to medium businesses in Wairoa, Waipawa, Napier and Hastings with the bus.govt.nz 'Boost' team (MBIE).</p>	<p><i>Demonstrating to Government the impact social enterprises are working towards and how that impact aligns with Government's goals.</i></p> <p>Delivering outcomes management training and developing logic models with 12 social enterprises working in 'Impact Areas':</p> <ul style="list-style-type: none"> • Whānau wellbeing (by Māori and Pacifica Social Enterprises) • Reduced Waste; and • Mental Health. <p>Drafting tools and delivery plan for outcomes management training.</p> <p>Continuing to test and refine outcomes management training - 'intro to impact' and 'theory of change' training.</p> <p>Engaging with StatsNZ and Social Investment Agency to identify key indicators and data points that will support social enterprises in the 'Impact Areas' to demonstrate, measure and align their impact with Government.</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>Social procurement requires thinking differently. Government buyers are beginning to identify new and innovative ways of buying goods and services by incorporating the concepts of 'broader outcomes' and 'public value.'</p> <p>Successful social procurement will not happen overnight. Supplier and buyer capability will need to sustainably grow and will require substantial and ongoing support.</p> <p>Government buyers are beginning to look at their policy, procedures, operations, internal capability, relationships and supplier capability to incorporate 'social procurement.' There can be confusion when social procurement is seen as an 'add on' rather than embedded into all procurement.</p> <p>Some Government buyers are working with their large suppliers, recognising that social procurement opportunities exist not just in direct supply chains, but also by influencing others that they buy from. There is an opportunity to do this in a more coordinated way (see comment about re supplier market capability).</p> <p>Buyers are excited by the potential of social procurement - we are seeing the best results where buyers are open and willing to share, engage and learn with others and are focussed on impact. Undue focus on targets or metrics has the potential to create unintended consequences, as has been recently recognised in Australia in indigenous procurement.</p>	<p>Celebrate buyers and suppliers who are thinking differently, encouraging bold action, continuing to share international and national social procurement best practice.</p> <p>Continue to work with MBIE's Government Property and Procurement team on 'broader outcomes', particularly through supporting the development of guidance and practice advice.</p> <p>Continue to support the sustainable growth of the social procurement capability of buyers and suppliers by:</p> <ul style="list-style-type: none"> • supporting our targeted government buyer group to think differently about procurement policy and practice and explore opportunities to purchase from social enterprises, identified through our opportunities analysis workshops; and • working to increase the capability of the suppliers on Fwd: to deliver to the increasing opportunity of Government and corporate clients. <p>Continue to support TPK and MBIE on their work advancing social and indigenous procurement as a strategic lever to deliver impact for whānau and communities.</p> <p>Ongoing work with Pacific Business Trust and TPK to explore opportunities to enhance pakihi whai kaupapa (Māori social enterprise) and Pacifica social enterprises access buyers on the Fwd: social procurement platform.</p> <p>Support and share the outcomes of this work (where possible) including significant opportunities and deals created through the Fwd: platform.</p>
Finance & Legal	<p>As impact investing matures, and the market demands positive environmental and social impact, supportive legal models are seen as an opportunity for impact-driven companies to unlock significant investment as well as investors (commercial or philanthropic) and purchasers to recognise and support that impact by purchasing or investing in them.</p> <p>Internationally, a number of countries including Australia and England are considering and implementing supportive legal models for social enterprises.</p>	<p>Continue to work with MBIE to explore the options (both regulatory and non-regulatory) for creating an enabling legal environment for social enterprises and impact-driven businesses.</p> <p>Understand how impact investing can best contribute to Government's priorities, and what types of investment funds or investment practices Govt could implement to enable these outcomes, supporting social enterprises and their role in an productive, sustainable and inclusive growth of our economy in the process.</p>
Capability Building	<p>For a 'place-based' approach to be impactful and serve both the needs of social enterprises and the needs of local partners, it needs to adopt the following attributes:</p> <ul style="list-style-type: none"> • grounded in strong collaboration and trusted relationships; • locally-led and driven by local needs and insights, driven by local leaders who are embedded in their communities and understand their strengths, assets and challenges to nurture local leadership; and • clear and targeted to specific opportunities identified by the community, while allowing for unique environment to provide the context to delivery. <p>New insights into the role of a backbone organisation to create the conditions for social enterprise to flourish will inform further development of the enabling infrastructure, including online offering and tool development.</p>	<p>Take a three fold delivery model:</p> <ul style="list-style-type: none"> • facilitating and supporting targeted locally-led approaches that are community owned and with specific communities; • facilitating and supporting connections, peer learning and transfer of knowledge - through the creation of an enabling infrastructure - providing tools and assessing modes of delivery; • supporting the growth of local impact leaders through the process. <p>Further development of the enabling infrastructure for social enterprises, including a strong pipeline of tools and resources and online access to these.</p>
Impact	<p>We are starting to gain some very clear examples of what social enterprises do and what role they play in achieving outcomes that Government is also interested in.</p> <p>Working in three Impact Areas, we are starting to draw out insights on how Government could support social enterprises with aligned outcomes. We have varying responses to the question 'what could Government do to support you?' Some are simple (including access to data), others are long term and more complex, but most have the opportunity to really 'shift the dial' for social enterprise.</p> <p>We are getting closer to creating a generic logic model for social enterprises in the waste space. This is exciting, because it supports social enterprises to identify more clearly how their activities create aligned outcomes and shared measurement. It also has the potential to bridge the communication gap between government and social enterprise working towards the same outcomes. The Auckland Council waste team have expressed interest in this waste logic model and have contributed their thoughts on the draft version.</p>	<p>Workshops with social enterprises in priority impact areas, to clarify the opportunities for Government support at both an individual (social enterprise) and collective (Impact Area) level.</p> <p>Work with the Social Investment Agency on opportunities for social enterprises to access government data-sets available within the Integrated Data Infrastructure (IDI) to analyse populations and investigate the impact of social enterprise services and programmes on people's lives. For example, a social enterprise that is delivering pathways to employment may be interested in data around the outcomes of that employment to demonstrate that their intervention (using the business model of social enterprise) is creating impact and what the value of that impact is.</p> <p>Work with StatsNZ on opportunities to access and use existing open Government data-sets and relevant wellbeing indicators that align with the social enterprises impact. Identify other interested parties across Government and activate conversations with them to explore ways that the Government can support social enterprise going forward.</p>