

# Social Enterprise Sector Development Programme Quarterly Report

Year Two: Quarter 4, April - June 2020

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](http://www.theimpactinitiative.org.nz)

# Impact Initiative Insights

## Year Two: Quarter Four



### the IMPACT INITIATIVE

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### Summary

July 2020 marks the end of our final period of the Impact Initiative's 'delivery' year. This quarter, we targeted activity to respond directly to the challenges and opportunities created by COVID-19, including delivering procurement essentials workshops, to support social enterprises to unlock opportunities to sell their goods and services to large businesses and government. Among other activity listed below we also launched '**Social Shifters**', an online platform for social and impact enterprises, and worked closely with Ngāhere communities on a podcast series called 'Stronger Than You Think' (listen here). We are releasing our report 'The Business of Impact', which showcases twelve incredible social enterprises, sharing how they make change happen and how Government could support them to achieve greater impact. The report demonstrates the value of social enterprise as a unique lever for achieving Government goals.

Over the next six months, we will look back over the full programme and focus on what Government support for social enterprises could look like, beyond the programme. This support will necessarily be influenced by current worldwide events, such as the COVID-19 pandemic and the Black Lives Matter movement, which have triggered societal conversations on power, inequality and values. In this global and national context, social enterprise makes more sense than ever, both for our people and our planet. We have an opportunity to build an economy where "ordinary" business looks a lot more like social enterprise, and can generate positive outcomes – or impact – alongside profit.

Despite many social enterprises losing critical markets and income streams, the response of social enterprises to these events demonstrate their strengths - agility, innovation and a deep understanding of their mission and the communities they support. A great example is Buttabean Motivation (BBM), who responded to the crisis by turning its gym into a food distribution centre. Other social enterprises have received increased levels of public support to enable them to continue employing vulnerable people.

Social enterprise provides significant value for Government in this time of economic uncertainty, delivering critical employment alongside their social or environmental impact. Social procurement, impact investment, impact management and measurement are the significant levers to deliver positive change, but there is a need for more targeted conversations to build understanding of the role social enterprise can play in our economic resilience and recovery. As we near the close of the programme, we continue to navigate both the challenges and the opportunities to build the overall conditions for a thriving social enterprise sector in Aotearoa New Zealand. Manaaki whenua, Manaaki tangata, Haere whakamua - Care for the land, care for the people, go forward.

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 social enterprise suppliers in the Fwd social procurement programme. 77 supplier services now certified. The rate of certifications decreased this quarter as businesses focused on immediate response to COVID-19.</p> <p>Working closely with national and international intermediaries including He Waka Eke Noa, The Southern Initiative, Buy Social Canada and Social Traders Australia to share insights, increase collaboration, share tools and make it easier for social, indigenous and community enterprises to sell to Government.</p> <p>Accelerating support, connection and capability of 45 social enterprise suppliers through the supplier programme including four 'Procurement Essentials' supplier events supported by specialist mentors from Fonterra, ANZ, McConnell Dowell, and Auckland Transport.</p> <p>Facilitating four 'Social Procurement in Action' workshops to increase the capability of Government to buy from social enterprises. Workshops attended by 15 Government procurement professionals including representatives from MFAT, MBIE, Kāinga Ora, NZ Post and NZTA.</p>	<p><i>Building the impact investment movement and reducing barriers to investment so enterprises can unlock the funds they need to grow.</i></p> <p>Designing Impact Investment Readiness 2020 programme.</p> <p>Continuing to assist recipients from the Impact Investment Readiness 2019 programme to attract external investment. COVID-19 has delayed these processes, with some of the recipients having to adjust their investment strategy.</p> <p>Intensive support and guidance was required by some social enterprises to help them navigate the volatile COVID-19 environment, and identify ways to survive through it.</p> <p>Meeting with Government Ministers and Senior Officials around opportunities to accelerate impact in our economy through investment:</p> <ul style="list-style-type: none"> <li>• Boosting impact investment readiness; and</li> <li>• Determining the allocation of impact-first investment funds within existing government-backed venture capital funds.</li> </ul> <p>On request from MBIE, paused work on new legal structures due to COVID-19 response priorities.</p> <p>Engaging with MBIE Business.govt team on capability support and tools for impact enterprises within currently available legislative and business models.</p>	<p><i>Learning from and continuing to develop the capability of social enterprises through targeted activity.</i></p> <p>Working with Ngāhere communities to evaluate the Tukua programme supporting Māori and Pasifika social entrepreneurs to thrive in South Auckland, through five podcasts and gathering of insights.</p> <p>Working in partnership with Thrive Whanganui - sharing tools and resources and gathering insights to support the impact capability of individuals, whānau and community groups in their next steps post MSD generator programme in Whanganui.</p> <p>Launching platform for digital capability building through 'Social Shifters' collaboration.</p> <p>Supporting Fwd supplier Q4 programme - building the capability of 45 social enterprises to deliver to large business to business opportunities.</p> <p>Creating and publishing a selection of tools to build social enterprise capability - available through <a href="#">Social Shifters</a> including impact indicator canvas, choosing indicators guide and running a theory of change workshop guide.</p> <p>Developing pivot coaching materials to support social enterprises to address challenges posed by COVID-19 and unlock new opportunities.</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>Publishing and socialising (with Government, corporate &amp; sector) 'Building NZ's impact economy'- setting out recommendations for an impact-focussed approach to economic recovery and the social enterprise sector's role and value in that.</p> <p>Showcasing the stories of 12 social enterprises describing their business model, their impact goals and how Government could support them to achieve greater impact. The report demonstrates the value of social enterprise as a unique lever for achieving government goals.</p> <p>Sharing Fwd 'indicators guide' and 'impact categories guide', to assist buyers &amp; suppliers to communicate impact.</p> <p>Using indicators guide and impact categories to develop a plan and market scan for available software to build online 'impact outcomes and indicator matching tool' to assist suppliers to communicate their impact to buyers, funders and/or investors.</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:	Insights & emerging recommendations for Government
Impact	<p>COVID-19 has in many cases exposed inequities and lack of resilience in our systems. However, it has also encouraged collaboration, a focus on impact and innovation and the very nature of online engagement and delivery has in many cases increased equity of access. It is important to take these insights and lessons forward into recovery.</p> <p>Throughout this period, social enterprises continue to demonstrate their ability and agility to deliver to these inequities and support a more resilient economy. Social enterprises are uniquely placed to deliver to and employ hard hit and vulnerable communities, they generally have greater access to priority groups, are embedded in communities, can partner with industry, are agile and innovative and address both economic and social issues by delivering blended value solutions through their very business activities. For example, Buttabeen Motivation responded to the crisis by quickly turning their gym into a food distribution centre while other social enterprises received increased levels of public support to enable them to continue employing vulnerable people.</p> <p>Social enterprises also play a valuable role in influencing other businesses in our economy, particularly where they are large buyers of impact. Businesses and Government agencies are recognising the importance of sharing data that evidences the impact of the social enterprises in their supply chains, and also impact stories or case studies to bring to life the value of the relationships and enable more effective communication of impact to ensure buy-in of staff, shareholders, customers and Ministers. Emerging recommendations and opportunities:</p> <ul style="list-style-type: none"> <li>• Deliver or support the delivery of impact management and measurement training for social enterprises possibly through the online 'impact outcomes and indicator matching tool' as well as training through capability builders.</li> <li>• Develop consistent impact measures and communicate impact goals clearly and open up relevant Government data to generate evidence that social enterprises can use to deliver impact - share information on the impact that matters to Government agencies and support businesses to measure their impact.</li> <li>• Invest in gathering ongoing data from social enterprises to demonstrate the ongoing value of the sector to an impact economy.</li> </ul>
Social Procurement	<p>Government procurement is a significant lever for developing the social enterprise sector and growing positive impact through expenditure. In the wake of COVID-19 and proposed stimulus investment from Government (e.g. infrastructure) there is now more engagement with the concept and role of social procurement, both within New Zealand and internationally.</p> <p>Government wishes to leverage its buying power for impact. The key now is to translate the change of policy (Government Procurement Rules) into practice. We are noticing increased use of the term Broader Outcomes (which acknowledges the Procurement Rules) in Local Government, Economic Development Agencies and in the private market. The challenge of effective and efficient implementation is still there, as well as more opportunities for partnership and a shared conversation on how to make this a reality. The private sector continues to grow in engagement.</p> <p>Government procurement is being used as a core response to the economic challenges we now face. In our workshops with Government, buyers have highlighted the value of connection and shared practice, the opportunities in connecting with peers in Australia who are in the midst of implementing this into projects and entities, and continuing cross agency collaboration (e.g. multiple cleaning contracts have been released by different Government agencies in 2020).</p> <p>Our session on impact and measurement was well received and it highlighted the need for 'common language' in this part of social procurement. Impact is at the heart of social procurement, so realistic and robust description and measurement is critical. There are more opportunities to continue to collectively align, including better descriptions and metrics used by both buyers and suppliers.</p> <p>Through the development of the Fwd programme we recognised the need for supplier capability building within social procurement. Our supplier training has validated the need for growing the understanding of how procurement works, and utilising action learning with a focus on how procurement works in categories of products and services. This was well received by our suppliers who have gained insights, connections and most critically into a great understanding of procurement.</p> <p>COVID-19 has reinforced the need for strong partnerships and we are building a growing relationship with The Southern Initiative and He Waka Eke Noa, who are working with Māori and Pasifika-owned business in New Zealand. We both provide support to buyer organisations, provide certification of suppliers and are working as intermediaries to connect buyers, suppliers and opportunities. Emerging recommendations and opportunities:</p> <ul style="list-style-type: none"> <li>• Continue to grow the supplier marketplace through ongoing certification of social enterprises and the available products and services for Government buyers.</li> <li>• Work directly with intermediaries to support and progress social procurement within Government agencies or directly on projects to support the implementation of social and indigenous procurement in Government agencies into their work in a meaningful way.</li> <li>• Create or support ongoing public and private buyer and supplier groups or communities of practice to build procurement capability together. Engagement of social procurement is continuing to involve more practitioners, including the development of more specialist roles.</li> <li>• Ongoing support for development and implementation of 'broader outcomes' particularly in the development of shared practice.</li> </ul>
Finance & Legal	<p>Investment will continue to be a crucial lever to catalyse New Zealand's recovery from a recession, and importantly a way to do so in partnership with the private sector. By investing in impact led businesses, the investment can both stimulate economic growth and support the achievement of wellbeing outcomes in areas of priority to both Government and the public.</p> <p>NZ's Green Investment Finance Company (NZGIF) announced its first investment recently, providing a \$15million loan to CentrePort to enable them to reduce their carbon emissions. NZGIF was established through Government funding, and aims to make investments that are matched up to 5x by private funds. This is a great example of how Government can catalyse impact investments by the private sector.</p> <p>The investment market more generally continues to be volatile, with investors being very risk averse and organisations having to adjust their strategies to a changing market.</p> <p>Emerging recommendations and opportunities:</p> <ul style="list-style-type: none"> <li>• Aim to enable a private led impact investing sector, including through allocating funding to the establishment of multiple impact co-investment funds.</li> <li>• Increase scale of impact investment readiness capability building to grow the readiness of the pipeline of organisations seeking impact investment.</li> <li>• Increase awareness of the ways to signpost and protect the mission of impact led businesses in New Zealand, such as through their constitution.</li> </ul>
Capability Building	<p>Social Shifters has been live as a pilot for almost two months, with positive feedback received. We have 180+ signups to the platform already. A new feature, the 'inspiration board', launched on 30 June to continue to develop an online community and encourage repeat engagement. It is encouraging this platform is also piloted in Australia, and is a key youth platform for the upcoming SEWF digital. COVID-19 has made it more important to have an accessible solution for social enterprise relevant resources. We are continuing to work with MBIE's Business.Govt team on integrating this work with access to more general tools for SMEs.</p> <p>Community led responses to COVID-19 are demonstrating high levels of engagement, mobilisation and resilience. We have been working with Ngahere Communities in evaluation of the Tukua Programme through creation of a podcast series: '<i>Stronger than you think</i>' tells the story of how the Tukua programme has been an enabler of South Auckland entrepreneurs achieving their goals - see the <a href="#">Tukua Insights</a> for wider insights and learning from Ngahere on building a community of creators, innovators and entrepreneurs in South Auckland. Emerging recommendations and opportunities:</p> <ul style="list-style-type: none"> <li>• Continue to work with communities through high trust partnerships.</li> <li>• Build a layer of 'impact' into existing Government tools &amp; resources for SMEs (eg on Business.Govt).</li> <li>• Work with and support intermediaries within communities to deliver a range of targeted capability building tools &amp; support services focussed on key strategic levers and targeted entry points (including early stage).</li> </ul>