

Social Enterprise Sector Development Programme Quarterly Report

Year Three: Quarter 1, July - September 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

Impact Initiative Insights

Year Three: Quarter One



the IMPACT INITIATIVE

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Summary

This quarter marked a shift in focus for The Impact Initiative, from the delivery of targeted programmes to unlocking the opportunities that exist for Government to partner with our growing social enterprise sector, in order to support the delivery of significant wellbeing to our communities and regions. We are working closely with senior officials to explore these opportunities and together determine what Government support for social enterprise could look like beyond the programme. The next quarter will be critical as we begin to lay the roadmap to unlocking these opportunities.

It is exciting to see government's growing recognition of the role of social enterprise at the heart of a productive, sustainable and inclusive economy. Social enterprise provides innovative solutions to many of the challenges that our country faces and does so in a way that supports our recovery from COVID-19 and the resilience of our communities and economy into the future. The Prime Minister has [demonstrated a commitment](#) to social enterprises that deliver for Māori and Pasifika whānau and their communities – like [BBM](#), which recognises the role of mental health, physical health and community in creating wellbeing outcomes – especially for rangatahi whose future pathways have been heavily impacted [by COVID-19](#). In recent debates, both party leaders committed to finding solutions for girls experiencing period poverty in our schools, which aligns closely to the work of Fwd certified supplier [Dignity](#), who run a 'buy one, give one' social enterprise model to address this need. Cabinet has also agreed on the inclusion of recovery-focussed priorities for buying goods or services, where government must consider how they can create quality jobs, particularly for displaced workers and traditionally disadvantaged groups such as Māori, Pasifika, people with disabilities and women. There is strong alignment here with the objective of the draft social procurement recommendations, the implementation of which will be key to supporting the conditions social enterprises need to thrive.

The Social Enterprise World Forum provided an online global forum to have these conversations and learn from the experience of others, including policy makers and elected officials from countries like Scotland, the Netherlands, Canada and Australia, who, like New Zealand, have all taken leadership roles in supporting thriving economies through social enterprise. There was a strong Aotearoa flavour throughout the week, with many certified social enterprises like [All Heart NZ](#) and [Chia Sisters](#) taking the main stage to share their stories. The Impact Initiative team were involved in and led a number of key forums, aligned to the focus areas, and also ran a parallel digital event, Aotearoa Conversations – a week long digital event with 16 sessions covering a wide variety of topics and speakers. Videos of these sessions are available on [the Impact Initiative website](#). "Social enterprise brings new brains, new people, new business to our circular economy... we need to connect this current crisis to what's next for our economy" Victor Everhardt Deputy Mayor for Finance and Economic Affairs City of Amsterdam

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 the social enterprise marketplace and supporting suppliers in the Fwd social procurement programme. 84 supplier services now certified.</p> <p>Working closely with national and international intermediaries including Amotai (formally He Waka Eke Noa), Buy Social Canada and Social Traders Australia to share insights, increase collaboration and build a shared set of recommendations.</p> <p>Developing a programme to support, connect and build the capability of social enterprise suppliers.</p> <p>Taking our Aotearoa social procurement experience to the world in a number of online sessions and events at the Social Enterprise World Forum.</p> <p>Facilitating social procurement opportunities on a major Kāinga Ora project.</p> <p>Meeting with senior government officials and key stakeholders to support effective social procurement across government (Waka Kotahi, Kāinga Ora, MFAT, NZ Post, TPK, NZ GPP + infrastructure peak bodies/membership orgs).</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>Launching and delivering the Impact Investment Readiness 2020 programme.</p> <p>Continuing to assist recipients from the Impact Investment Readiness 2019 programme to attract external investment.</p> <p>Meeting with Government Ministers and senior officials around opportunities to accelerate impact in our economy through investment, including:</p> <ul style="list-style-type: none"> • Boosting impact investment readiness; and • Increasing the amount of impact-first investment funds in NZ, likely through existing government-backed venture capital funds. <p>Engaging with MBIE Business.govt team on support and tools for impact enterprises within currently available legislative and business models, including creation of a guide specifically to help organisations understand how to manage their impact through investment.</p>	<p><i>Learning from and continuing to develop the capability of social enterprises through targeted activity.</i></p> <p>Running platform for digital capability building through 'Social Shifters' collaboration, including:</p> <ul style="list-style-type: none"> • Evaluation with the 300 people signed up in October • Developing local content with social enterprises in form of video case studies <p>Supporting Impact team on tools to assist social enterprises to communicate their impact to buyers.</p> <p>Engaging with MBIE Business.govt team on opportunities to build impact into Govt support for small businesses.</p> <p>Engaging with MSD and DIA on growing access to resources and capability building support with local intermediaries.</p> <p>Engaging with Community-Led Enterprise Development Network on capability building opportunities in specific places and communities.</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>Designing cross agency workshop to create guidance for Govt. decision-makers and funders to help them think about how to better measure and evaluate the impact of their funding. This will help social enterprises who are working to communicate their impact to Government funds.</p> <p>Piloting an online 'impact outcomes and indicator matching tool' to assist social enterprises to communicate their impact to buyers, funders and/or investors.</p> <p>Meeting with senior officials on:</p> <ul style="list-style-type: none"> • Funding for impact – various Govt funders. • Sharing data to support impact and measuring impact – Social Wellbeing Agency, Statistics NZ • Measuring impact (indicators)
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>Social enterprise could be used as a tool to increase employment during an economic crisis. It can also be used to build community resilience. Social enterprises can deliver wellbeing value to communities, and potential revenue streams and employment for those excluded from employment (e.g. people exiting prison, people with a disability, women). Social enterprises also present opportunities for communities to run their own businesses offering essential goods and services at a more affordable rate, reducing the cost of living and reducing the need to draw on high-cost credit (e.g. increasing kai sovereignty and reducing power and transport poverty.)</p> <p>Funding is a critical lever to unlock impact and in the case of social enterprises, funding should recognise the potential to deliver impact indefinitely, rather than simply during the course of a contract. There is value for the Government in ensuring that social enterprises are financially sustainable from their inception, so that once established and running, their own revenue streams will mean that they no longer rely on government funding.</p> <p>There are early indications that Govt. funds are interested in learning more about how to manage their impact including potentially streamlining processes between funds which would make it easier for social enterprises to measure and report their impact to Government funders. It is difficult for social enterprises, and also the social sector more broadly, to manage the competing impact reporting requirements of different Government agencies, or sometimes even different departments within the same agencies. We believe there is value in working to develop consistent indicators and working to support more of government to use consistent indicators.</p>
Social Procurement	<p>Government has recently restated its commitment to social procurement (Ministers for Economic Development, Māori Development and Pacific Peoples) and outlined a number of initiatives to enhance the functions of the Procurement Functional Lead (MBIE, via NZGP) in Cabinet Paper and Minute (CAB-20-MIN-0326)</p> <p>Consultation with Government continues to highlight the lack of investment into implementation of the Government Rules, with Broader Outcomes initiatives typically implemented in an ad-hoc way. This was highlighted through our work with procurement professionals within this programme and is resulting in a confused supplier market, and many procurements not including any reference to the rules and their intent.</p> <p>One major cause of this is that many agencies simply have no resource that can consider the Procurement Rules in a holistic way, or provide support to implementation in procurements. There is also a need for agencies to have a documented and consistent strategic approach to Broader Outcomes.</p> <p>Another area that has had little progress is measurement and reporting. Impact measurement is complicated, and the lack of a 'common language' across Government is increasingly confusing and problematic for agencies. For most agencies, this has just been put on the backburner despite it being a critical part of social procurement.</p> <p>There is increasing evidence that more and more members of supply chains (businesses) have heard of social procurement, and are reaching out for support to meet tender or contract requirements. The confusion around language, intent and measuring impact is also common.</p> <p>Ākina was a leading part of the recent Social Enterprise World Forum, which included leading online sessions exploring the social procurement ecosystems in Australia, Canada, USA and NZ and also how social enterprise suppliers benefit from social procurement across Australia and NZ. This provided great insight into policy and practice from other jurisdictions and highlighted common challenges such as impact reporting. We also continue to build partnerships internationally and domestically (most notably with Amotai, previously He Waka Eke Noa) to join together intermediaries, share practice and explore opportunities for collaboration. This benefits both our work with suppliers and buyers.</p> <p>Research into the recommendations and opportunities for social procurement indicate that there is considerable potential for social enterprises as part of social procurement, providing the enabling conditions are established to grow contract opportunities for these entities. Government has a leading role in this and our recommendations relate to stimulating demand, improving capability and practice and utilising intermediary organisations such as Ākina to support government initiatives. Research indicates the market potential (transactional value) for social enterprises is over \$250 million by 2030 with impact valued at 4-8 times this value. We are looking forward to working with MBIE and NZGPP to support and realise this opportunity.</p>
Finance & Legal	<p>The investment market continues to be active post Covid, however investors in some instances are more risk averse, and putting greater scrutiny on ensuring a business is resilient and sustainable even in challenging economic climates.</p> <p>The private sector has demonstrated the important role it has in catalysing innovation and solutions to challenges Covid has presented, reinforcing the value of Government partnering with the private sector to scale these wellbeing outcomes. By investing in impact led businesses, 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>A report was recently released by the Responsible Investment Association Australasia into the size of the impact investing market in New Zealand. Of several exciting findings, it included the market in New Zealand now being \$4.74 billion assets under management (a 13x increase from last year), and the following:</p> <p style="text-align: center;"><i>Investors agree governments have a key enabling role to accelerate the Australian impact investment market through a variety of initiatives including tax incentives for investors, capacity building for impact businesses, clarifying fiduciary duty to include consideration of impact, and improving impact reporting and measurement by providing access to government data - RIAA</i></p> <p>We have had over 100 applications for the Impact Investment Readiness Programme so far and have been really impressed by both the maturity of the applications and the variety of impacts they're delivering. This reinforces a trend we've been seeing across the sector more broadly of businesses increasingly scaling the level of impact that they're achieving.</p> <p>Impact Investment activity continues despite the volatile economic conditions, with online learning platform LearnCoach recently receiving almost \$5 million in investment from a variety of investors, including the Impact Enterprise Fund.</p>
Capability Building	<p>We're continue to grow our insight into how capability building connects across sectors, across local and national levels and between the work stream recommendations. Focused collaboration opportunities to build social enterprise capability are continuing to emerge to support growing economically resilient communities.</p> <p>SEWF and Aotearoa Conversations highlighted high levels of interest in networking nationally from social enterprises, capability builders (local intermediaries) and also across sectors. There has been a high level of engagement from those interested in hearing about local approaches that support entrepreneurs to thrive.</p> <p>There have been over 300 signups for the Social Shifters platform exceeding the target of 200. We will analyse level of engagement as part of the evaluation of the platform.</p> <p>Thrive Whanganui have completed their evaluation report and shared how three enterprises were supported locally, post Generator programme. The local support was timely, able to flex with the needs of the ventures and enabled the ventures to increase focus on their impact.</p> <p>Organisations who are ready to develop their impact measurement strategy have been prompt to take up the opportunity to pilot the Sopact online platform. The majority of these organisations are self managed and receiving light touch support.</p> <p>Covid-19 responses around capability building are demonstrating agility of both national and local intermediaries. There is synergy with the Inspiring Communities <i>Shaping the Future</i> report that highlights decentralisation to support local led initiatives, valuing of people and relationships and building local economic resilience.</p>