Issue: #12

PIONEERS POST QUARTERLY

Intelligent journalism for social entrepreneurs, impact investors and responsible business leaders

THE IMPACT REVOLUTION

GLOBAL FOCUS: PAKISTAN

How the energy of an exploding youth population is being harnessed for good

THE EQUALIZER

Picking apart the 'social vs financial' in impact investing

WISE100: SHARING THE STAGE

Who made the list of the UK's top women in social enterprise?

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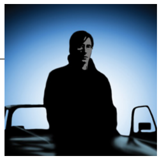

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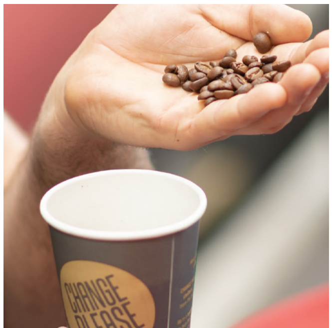

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THE EDITORS' LETTER

"Comrades – welcome to the Impact Revolution! *Pioneers Post* is in an insurgent mood for this first edition of 2019. Among our New Year's resolutions, we are of course focusing on our social mission (helping you "do good business, better") and on being financially sustainable (a big thanks to all our subscribers and partners for your support) – but we have also signed up to become 'Impact Revolutionaries'.

What is it and why are we joining?

The Impact Revolution was announced by 'godfather of social investment' Sir Ronald Cohen at the GSG Impact Summit in Delhi towards the end of last year, when he also published his new book, *On Impact* (included in your subscription). Here, Sir Ronald sets out a series of steps to deliver, 'A world focused not only on minimising harm, but on doing measurable good'.

'But revolutions are supposed to come from the people, and be about toppling those with power,' I hear you say. 'It's all very well for a knight of the realm with a huge personal fortune – but maybe he should leave the revolution to those actually delivering it?'

There is truth in these observations. But while it is the social entrepreneurs who are delivering positive change on the ground, the ability to scale their impact doesn't stand a chance unless we can also change the minds, policies and investment habits of those wielding the power in the mainstream.

If we are to explode the status quo, we need big guns like Sir Ronald Cohen to provide some firepower. (And let's not forget Sir Ronald himself was a child refugee who arrived in London with just a few pounds in his pocket.)

In our own role as 'impact storytellers', *Pioneers Post* is privileged to meet and mix with those from every part of the impact spectrum. At recent gatherings, from the Social Enterprise World Forum in Edinburgh, to the GIIN Investor Forum in Paris and the EVPA Conference in Warsaw, we've witnessed a palpable shift. Not least in terms of numbers: impact investing, a niche subject just five years ago, is now attracting delegates in record numbers. That's prompting much head-scratching about what 'impact' really means and, with mainstream investors coming on board, how to prevent 'impact-washing'.

But it's also prompting more sophisticated thinking – moving from the 'why' to the 'how', as one delegate put it. For a long time, the debate among investors was: do you choose financial or social return? Many now understand that the reality is more nuanced, with a whole range of investment opportunities out there. The world needs that range; now it's about clarity, for both investor and investee, in an increasingly crowded market.

We'll be covering the evolving impact economy in more detail over the coming months. For now, our cover feature brings you an exclusive article from Sir Ronald Cohen himself; a partner from a City law firm explains why they have launched their own 'Impact Law' practice; and the British Council introduces a major international programme to foster the shared endeavours of creative and social entrepreneurs.

In the words of another impact revolutionary, Liam Black: Peace, Love and Profit. And our best wishes for 2019. ■

TIM WEST
EDITOR

ANNA PATTON
MANAGING EDITOR

Social enterprises: the 'hidden revolution' of the UK economy

UK SOCIAL ENTERPRISES CONTRIBUTE 3% OF GDP, CLAIMS SEUK RESEARCH

The UK's social enterprise sector contributes three times more to the economy than agriculture, Social Enterprise UK (SEUK) claimed after releasing research in September which argues that the sector is a much more significant player than previously estimated.

The Hidden Revolution, published by SEUK, Nationwide and the Co-op Group, concludes that social enterprises are worth £60bn to the UK economy, which represents 3% of UK GDP.

Previous research by the government and SEUK had estimated that there were around 70,000 social enterprises in the country which contributed £24bn to the economy. SEUK's new approach to measuring the sector now includes around 5,000 larger organisations, including building societies and co-operatives, which had previously been excluded.

SOCIAL VALUE TO GAIN STRONGER FOOTHOLD IN GOVERNMENT PROCUREMENT

Securing lucrative government contracts could become easier for social enterprises this year, with new requirements for commissioning staff to factor in social value when awarding contracts – and new tools to help them do so. The measures, announced in November, will "revolutionise" government procurement, helping to deliver better public services and ensuring its contracting is a "force for good", according to the Cabinet Office.

The new social value requirement will be in place by the summer. It builds on the 2013 Social Value Act, which requires those commissioning public services to think about the potential social benefit of a service from the start of the commissioning process. The latest announcements extend this to cover goods and works contracts, and will require procurement officials to explicitly evaluate social value where appropriate, rather than just 'consider' it.

SEWF 2018: "WE'RE STANDING ON A BURNING PLATFORM"

Time is running out for social entrepreneurs and social investors to change the world, according to speakers at the Social Enterprise World Forum 2018 in Edinburgh (above). Several panellists pointed out that rising political extremism, potentially catastrophic climate change and rampant capitalism were pushing the planet towards a tipping point from which there could be no return, and called on the social enterprise movement to step up.

"Let's be deeply audacious," said Indy Johar, founder of Dark Matter Labs. "If we don't, this world is going to hell in a handcart." Echoing his point, Lord Victor Adebowale, CEO of UK social enterprise Turning Point and chair of Social Enterprise UK, said: "I believe that social enterprise is the future of business. But we are running out of time. We are standing on a burning platform – not just economically, but environmentally and politically."

This year's SEWF, the 12th annual edition, takes place in Addis Ababa, Ethiopia, on 23-25 October.

CORPORATE MODEL DEEPLY FLAWED, SAY MAJOR BUSINESS LEADERS

The entire concept of what a corporation is for and how it functions is flawed, according to an ambitious new piece of research. Launched in November, *Reforming Business for the 21st Century: A framework for the Future of the Corporation* calls for a radical rethink of corporate purpose, arguing that the prevailing view of a company's role – to maximise shareholder profit – is both problematic and a relatively recent phenomenon.

The Reforming Business report – published by the British Academy, the UK's national body for humanities and social sciences – is part of a multi-disciplinary research programme that's examining how companies should adapt to address economic, environmental and social challenges and to take advantage of technological opportunities. In the first phase, thirteen research groups investigated ten themes, guided by an advisory group of business leaders.

James Perry, director of the B-Corp Cook and a member of the Future of the Corporation's business advisory group, told *Pioneers Post* the research project was the "most substantial enquiry" he'd seen yet into the philosophical question of what makes a corporation. The report is also backed by leading figures in business and academia, who call for a "new contract with society" and acknowledge that business "must recognise the role it needs to play in pursuing purposes beyond profits".

SOCIAL FINANCE NETWORK EXPANDS TO FIVE COUNTRIES; GSG NETWORK ON EVERY CONTINENT

The Social Finance Global Network has welcomed Social Finance Netherlands as its fifth member alongside its organisations in the UK, US, Israel and India.

Social Finance Netherlands has been involved in six of the eleven social impact bonds launched in the Netherlands. Founders Ruben Koekoek and Björn Vennema said: "The Netherlands is a frontrunner in impact investment and sustainable finance. With 11 social impact bonds we have successfully experimented with Social Finance methodologies. Now it is time for us to accelerate and with Social Finance NL we will further grow the social finance ecosystem to enable more results-based funding partnerships."

Last quarter, the public employment service of Flanders (Belgium) also launched its first Social Impact Bond, focused on getting young people into work.

Meanwhile, the Global Steering Group for Impact Investment (GSG) confirmed that Bangladesh, New Zealand, and South Africa are to launch national advisory boards to promote impact investing in their respective regions, bringing the impact movement to all inhabited continents around the globe. The three countries join the 18 existing countries and the European Union in the global network established by GSG in response to the G8 Social Investment Task Force.

BIG EXCHANGE PLATFORM PROMISES IMPACT INVESTMENT THAT 'WORKS FOR EVERYONE'

Individuals could soon become social investors with as little as £2.50 at a time, thanks to a new mobile-first investment platform that will bring a range of social and environmental impact funds direct to a retail audience for the first time.

The investment platform was announced in November by Big Issue Invest, the social investment arm of The Big Issue magazine. It is the first phase of a wider initiative that aims to make ethical financial services and products, including a cash account, available to all through a simple mobile-first interface. The overall objective is a complete blockchain-based ecosystem that "works for everyone".

The minimum investment amount on the platform will be £500, but Nigel Kershaw OBE, chairman of The Big Exchange and The Big Issue Group, hopes to bring that down to just £2.50 in future, the Financial Times reported. A beta version of the platform will be launched in early 2019, with additional functionality and financial products added during the year. Some 30 to 40 impact funds are expected to be on offer from day one, and investors will be able to select their preferred area of impact (matched to the UN's Sustainable Development Goals) and risk appetite at a click.

2018 SOCIAL ENTERPRISE AWARD WINNERS REVEALED

The top prize at the 2018 UK Social Enterprise awards went to Cafédirect, the first coffee company certified as a B Corp in the country and the UK's first Fairtrade hot drinks brand. Hosted by Social Enterprise UK, the annual prizes shine a spotlight on organisations leading the way in mission-driven business, with 14 categories in 2018.

Cafédirect, which earned the accolade of Social Enterprise of the Year, was founded in 1991. It invests 50% of its profits – £6m to date – into Producers Direct, a UK charity that works directly with farmers across the coffee-growing world to improve sustainability and livelihoods. Judges commended the organisation's "re-branding, acquisitions and increased performance", which had propelled the business "from decline to success" in the past year. The business also took home the International Impact award.

MOST VIEWED ON PIONEERSPOST.COM IN 2018

NEWS AND VIEWS

1. WISE100: 2018 list revealed of leading social enterprise women
2. Making social enterprise the future
3. Social enterprises in Africa rise to new challenges
4. Cordant chief: Why my £800m company is becoming a social enterprise
5. Vietnam: The journey to inspire young social enterprise pioneers

BUSINESS SCHOOL

1. Selling authenticity: Airbnb's Social Impact Experiences
2. The challenges of building a social enterprise supply chain
3. 21 things I've learned writing our business plan
4. Has impact been emptied of its powerful meaning?
5. Ben & Jerry's: How to embed values in your business

VIDEOS

1. Ethiopia to host Social Enterprise World Forum 2019
2. SEWF 2018: It ended with a roar
3. Small Talks: "Capital alone will not address poverty, climate and social justice"
4. In the Spotlight: Has social investment lived up to its promise?
5. The Black Cab interviews on Film: June O'Sullivan

SE100 SOCIAL BUSINESS AWARDS OPEN FOR APPLICATIONS

Entries opened in November for the NatWest SE100 Index and Social Business Awards 2019. The NatWest SE100 celebrates the growth, impact and resilience of social ventures in the UK, by naming the most impressive 100 social enterprises of the year and giving seven awards for outstanding achievers.

Applications are open to all UK-based social enterprises, and it costs nothing to enter. Our panel of judges – experts in the field of social enterprise and social investment – will select candidates demonstrating best practice in seven categories: Growth, Impact, Trailblazing Newcomer, Resilience, Storyteller, Leadership and Investment. The SE100 list and the seven award-winners will be announced on 28 March 2019. Read more at pioneerspost.com/se100index.

MY MEDIA

CHRIS ADDISON
COMEDIAN / ACTOR / DIRECTOR

SOCIAL MEDIA

Oh, God. I wish this wasn't the first one in my list but I'm an addict. I don't say that in a fun, euphemistic way. I mean I'm an *addict*. Twitter, mainly. I think it's a combination of factors: Because Twitter is an ever-flowing stream of what is happening *right now* it always seems so urgent, even though it's generally nothing of the sort. Added to this is the fact that so much of the work I've done over the years has been so solitary – touring, writing and so forth – that the idea of being in constant contact with other humans is beguiling. It all goes to make the most dangerous displacement activity of all time. So much so that I've bought a program that locks me out of it during the working day so that my family don't starve. Pathetic.

RADIO

It's always been a big part of my life. In the old days it was Radio 4 and Radio 1. Nowadays it's 6 Music and Radio 3. I love those stations because they're fundamentally all about discovery. I adore the age of digital radio; the fact that the answer to the question "What is *that*?" is so instant.

TELEVISION

My great love since I was a child. I know we're supposed to be in 'peak TV' now but I've always thought telly was hugely underrated. The comedy dramas of my childhood were huge influences: *The Beiderbecke Affair, Tutti Frutti, A Very Peculiar Practice*, all of Jack Rosenthal's stuff. And there's been such great, quirky drama lately, too. *Killing Eve* was a masterpiece and *The Marvelous Mrs. Maisel* is about my favourite show in ten years. Every single department in those shows is working at the very top of their game.

Chris Addison is a patron of Social Enterprise UK. He's spent the last twenty plus years as a stand-up comedian, actor, writer and director and has just directed The Hustle for MGM, starring Anne Hathaway and Rebel Wilson. He's very tired but really has no right to be.

FINANCE ROUND-UP: UK & BEYOND

Access - The Foundation for Social Investment and Social Investment Business are extending the **Reach Fund**, a grant programme helping charities and social enterprises to take on social investment. £7.2m will be available over the next three years for up to 450 organisations.

The **Key Fund** was selected to distribute the Northern Cultural Regeneration Fund, a government fund of £3m, to creative organisations providing meaningful social impact. Grants or loans of up to £150,000 are available.

Four of the UK's largest housing associations created the **Community Impact Partnership**, with £3m available until 2021 in the form of unsecured loans and grants.

The **Connect Fund** announced its first equity investment in a fintech company that aims to provide an end-to-end investment management system for social investors.

The **School for Social Entrepreneurs** shared figures showing Match Trading support helped its grantees to boost earned income by around 90%, and launched the concept in Scotland for the first time.

Nesta launched its £3.7m Cultural Impact Development Fund, providing repayable finance and support for creative organisations to monitor and evaluate their social impact.

UnLtd launched a £285,000 fund, through the People's Postcode Lottery, to support people in four parts of the UK to start social ventures.

The United Nations Development Programme (UNDP) launched **SDG Impact**, which aims to channel private investment and capital towards the Sustainable Development Goals. There is a US$30 trillion shortfall in funding for the goals.

MicroVest, a US-based impact investing asset management firm, closed a $20 million, 5-year revolving credit facility with MetLife Investment Management to provide a redemption line to their flagship impact investment fund. The investment is MetLife Investment Management's largest community investment to date.

Asset management business **Alquity** launched the new Transforming Lives Awards, worth $600,000, supported by Sir Richard Branson, Charities Aid Foundation, the World Bank, World Merit and UBS. Awards offer organisations new paths to capital, profile, and expert advice. ■

Read more news, views and analysis at: www.pioneerspost.com

TIME TO SHARE THE STAGE

Shared experience: Design Council CEO Sarah Weir (left) in conversation with a new generation of changemakers – Tilly West (right) and Jubilee Barrow

Women are a powerful force in business. Female-owned firms contribute a staggering £105 billion to the UK economy, according to the Federation of Small Businesses. They also play a crucial role in social enterprise: the latest State of Social Enterprise Survey found that 41% of social ventures are led by women.

We think that's cause for celebration. And we want to build momentum for more female leadership in the sector, by recognising those who've come this far and by encouraging them to step up as role models.

This is the inspiration behind the NatWest WISE100 (or Women in Social Enterprise 100) – an initiative from Pioneers Post and NatWest that spotlights some of the incredible women working in social enterprise, impact investment and mission-driven business.

Our 2018 WISE100 list (see pages 14-15) comprises 100 leading women, nominated by colleagues, friends or family, and whittled down by a panel of expert judges. All those on the list demonstrate wholehearted dedication to growing the impact economy, both over the past 12 months and more generally in their career.

We announced the WISE100 list at our celebration event last October, and invited our guests to think about 'sharing the stage'. How do we create space for more women to drive the impact economy? One of our guests, Design Council's CEO Sarah Weir, demonstrated her interpretation of the theme by literally bringing three young attendees onto the stage with her. Another speaker, social entrepreneur Dr Pragya Agarwal, stressed the importance of thinking beyond gender when it comes to diversity. The takeaway message: it's not enough to fight our way to the top – we have to actively help others into leadership roles too.

Our efforts to share the stage aren't over yet. Over the coming year, we'll be publishing more articles, podcasts and films about the WISE100 women and their organisations, and continuing the conversation about female leadership. Watch this space! *by Sasha Gallick*

WISE100 RECOGNISING LEADING WOMEN IN SOCIAL ENTERPRISE NatWest

Sophie and Sarah were selected as leaders in the WISE100 category 'Women working with refugees'.

IN CONVERSATION: BIRDSONG

Sophie Slater (left) and Sarah Neville (right) created Birdsong, a clothing brand whose products are all made by women facing barriers to employment. Promising customers 'no sweatshops, no photoshop', the company has helped its makers earn over £100,000 to date

Who or what has been the biggest influence in your life?

Sophie: My parents were always involved in the local community. They always instilled a sense of justice and campaigning for a better world. It made me realise how privileged I was growing up and that society needed changing.
Sarah: I came from a big family and it's had a huge impact on me – having so many different characters around at all times. I also spent quite a lot of time living abroad. It's opened me up to new ways of thinking.

What's the best or worst decision you've made?

Sophie: I made a really bad decision to leave university and move in with my ex-boyfriend when I was 18. And we moved to Bristol, 450 miles away from home! But it was also the best thing that's happened to me development-wise, because I learnt how to be financially independent. I learnt a lot.

What was your lightbulb moment for doing what you do now?

Sarah: The two of us met on the Year Here graduate programme. During that time we met lots of different women's organisations and saw that they were always struggling for funding, but on the other hand had really high-quality making skills. So we started to build this idea that would help them sell what they were making.
Sophie: I'd been working in ethical fashion and with chronically underfunded women's groups for two or three years. When I met Sarah, all those interests coincided.

> "Sophie and Sarah really set themselves apart with their financial success and the impact they've made, bringing the myriad women's groups together and creating real income for a sector that has faced such challenges" - WISE100 judges

What do you feel is your purpose?

Sarah: We're helping women make a decent living, using skills they already have and doing something they love.
Sophie: For us, fashion is a tool for change and self-expression. But it was about reimagining that in a way that was simpler and fairer, in a way that we could sleep at night! Creating social change at every stage of the supply chain is our reason for being.

What's it like being a woman in social enterprise?

Sophie: Women are more represented in this world than in other spaces. And we've got an amazing family of women-led peers. But funding still looks bleak. Only 8.5% of funding goes to women despite the number of women in business doubling.
Sarah: We know a lot of people facing a funding gap. Beyond that initial incubator phase and before you reach the £1 million turnover stage, there's an in-between stage. It's hard to get funding for just growing or expanding your idea.

What's Birdsong doing to support leading women in social enterprise?

Sophie: We have a network of people that we help, activists who we pass opportunities on to. We started a group called Rants & Bants for women to get together and discuss things like fundraising, recruitment and management.
Sarah: We also do really regular pop-up events and there's been a lot of mutual promotion. It doesn't feel like everyone is in competition.

If there were no limits, what would you or your organisation achieve?

Sarah: Our own factory, employing hundreds of women, with loads of support.
Sophie: We want our factory to look like the Stella McCartney staff canteen – free veggie food, massages. It would be the best place to work in the world!

What's the best thing someone has said or done for you in your career?

Sophie: When we hired our third co-founder she said it was her dream job. That's the best thing that's happened to the company.
Sarah: I find it really helpful when people take time to give you really honest, practical advice. People who tell you the things you don't know and how to get to the next step.

What's the best bit of your day?

Sarah: I really like making a proper breakfast at home when no one's there.
Sophie: Winding down to go to bed is the best part of my day. I write down everything I need to do the next day, read, do some meditation, light candles... I have a proper routine. Haven't quite cracked my morning routine yet!

Katharine Hibbert was selected as a leader in the WISE100 category 'Women running £1m+ turnover social businesses'.

"I'D CREATE BEAUTIFUL, WELL-MANAGED, AFFORDABLE HOMES FOR EVERYONE"

Katharine Hibbert is the founder of Dot Dot Dot, which allows people to live affordably as property guardians in buildings that would otherwise be empty, while volunteering in the local area. The social enterprise has housed over a thousand people to date, clocking up over 160,000 hours of voluntary work

I spent a lot of my teens being very into alternative music in quite a suburban environment. You get used to being different. Maybe that's what I've looked for in my career – finding ways of doing things differently but in a small scene that you can shape. If you do tread your own path, you find other people doing a similar thing.

Going hitchhiking in my early 20s I discovered that you can get anywhere almost as fast as on the coach. Everyone is driving along with empty seats. If this is true of cars, what else is it true of? Food, houses… there are so many wasted resources that it is completely possible to live entirely off them.

The thing that's shaped my career quite a bit is having a low boredom threshold. I really like to have quite a lot of stimulation. You get satisfaction from solving problems and you also get to make a difference to the causes you care about.

At Dot Dot Dot we're actively trying to remove barriers that make us look less welcoming to anyone who might want to work with us. I try to be available to give advice, encouragement and help where I can.

I'd create beautiful, well-managed, affordable homes for everyone if there were no limits. Places where people want to be. I think it's easier to achieve than you might think, but you need a lot of political will.

When I was 23 my deputy editor asked me whether anyone was really interested in my opinion on the Tories' pension policy. It really stayed with me. I always ask myself: what do I actually have expertise in? What can I add?

The thing that helps me deal with stress more than anything else is sport. When things at work are challenging and the solution isn't obvious, it's nice to have a simple task where all you need to do is turn up and train, and over time you will get better or go faster. That's really comforting when nothing else is linear.

Individual people motivate me to keep going. I had a chat with someone recently who told me what a difference it made to him to have inexpensive housing. He could afford to set up his own social enterprise.

Leaving my full-time job as a journalist was the best decision I ever made. Although for a long time it didn't feel like that. There are definitely benefits in having a job where someone else buys the tea bags and you always get paid, as opposed to working very hard on something that might not go anywhere and not earning any money! I'm so glad I did it though.

The last time I saw my great aunt we all sat round her bed drinking a bottle of champagne. I'd like to be remembered as someone who managed to deal with setbacks while having as much of a good time as humanly possible. I think drinking champagne on your deathbed is the way to go!

"Katharine has addressed homelessness in a most novative way... She has increased volunteering hours hugely and has high ambitions for the organisation, setting a growth strategy to double in size in the next year" - WISE100 judges

Charlotte Millar was selected as a leader in the WISE100 category 'Women working in finance'.

GENTLY DISRUPTING

Finance Innovation Lab incubates the people, ideas and movements building an alternative, healthier financial system. Anna Patton hears more from co-founder Charlotte Millar – summed up by her WISE100 nominator as both "kind" and "powerful"

Charlotte Millar's aha moment came in Colombia. Studying Modern Languages had prompted a "curiosity about the world" and an appreciation of different ways to do things – but it was a semester in Bogota that marked "a deep immersion in systems thinking." Simplistic impressions often hid a deeply complex reality, she realised: "It's made out that Colombia has a cocaine problem, but other countries are consuming it – so who's really causing the problem?"

A later role at the charity World Wide Fund for Nature (WWF-UK) sparked another rethink. In 2008, Millar was part of a team exploring sustainable consumption and production. At the time, the charity was also working with a major bank – which had philanthropic goals, but was seemingly unable to change its core business practices to be genuinely sustainable. The question soon became: how should we redesign the entire financial system?

A new project was born, initially a joint initiative between WWF-UK and the Institute of Chartered Accountants in England and Wales, and from 2015 an independent charity (still supported by the two organisations). Millar had no finance background – though her co-founder Jen Morgan did – but brought experience of strategy and cross-sector collaboration.

"We understood – and this is the DNA of Finance Innovation Lab – that we'd have to involve a wide variety of people: banks, governments, innovators, other people who are thinking differently," says Millar.

Her starting point was interviews with some 50 stakeholders interested in doing finance differently, from the UK Treasury to the Quakers. Those conversations prompted an impression, she says, of "a pretty broken system" driven by self-interest and profit "at all costs". When the financial crash hit a short time later, she wasn't much surprised.

DOING THINGS DIFFERENTLY

Ten years later, Millar still sees a system in need of deep transformation: "I don't see enough changes based on what went wrong last time." But she's hopeful that the alternative, often very small-scale stuff can start changing things. CredScope, for instance, is an alternative credit reference agency that uses more holistic data, such as on-time rent payments, to build people's profiles. It demonstrates the kind of new approach desperately needed, Millar says, "serving people in need – not just making money for a few people."

CredScope was among the ventures supported by Finance Innovation Lab's nine-month fellowship programme, which supports financial ventures that work for people and planet. CredScope has recently been approved by the Financial Conduct Authority (the UK's regulatory body) to operate commercially, meaning a chance to properly scale. That's no mean feat: it can take years for providers to meet the FCA's extensive requirements.

Millar knows a thing or two about perseverance herself. Aside from funding pressures, one of the biggest challenges Finance Innovation Lab has faced, she says, was simply getting going.

"We started it within a science-based environmental NGO – focusing on finance and innovation was completely new. It was seen as something very countercultural, and there was a lot of scepticism at the beginning."

It took courage to keep going; it still does. Working with innovators is an inspiration: "I'm very impressed by their scale of ambition, their critical thinking about finance and their perseverance in trying to disrupt the market."

But Millar also credits the environment that she and her three co-founders created together. "We knew from the beginning that we wanted to create a culture in which it was okay to be vulnerable." Leaning on each other's support has been crucial during tough times. The co-founders also did "a lot of work" on understanding their own strengths and weaknesses. And they sought out a coach who helped them develop their

> *It was seen as something very countercultural, and there was a lot of scepticism at the beginning*

organisational culture and leadership capacity. The organisation would be nowhere, Millar says, without the coach's "sheer belief" in the team and her ability to keep them focused on their purpose.

FEARLESS FEMALES

What's the role of women in the new financial system? Research suggests having more female board members makes companies more profitable. But Millar is less interested in "co-opting" more women into the mainstream culture, than in "more transformative innovation," in which the leaders might be those who are currently underrepresented in finance, such as "women of colour, or people who have experienced poverty and the negative impacts of the current financial system." These are the kinds of people – based on the experience of her programme participants – "who are unafraid to bring in a new culture, and genuinely different products and services."

Like many others, Millar wants to see lots more women in influential roles within finance, not least to counter a culture that's dominated by a largely white, male elite. But that may not happen without the right support.

"Women don't necessarily put themselves forward for a [senior] role. When you hit the first problem, if you are made to feel like you are "not one of us" – which I think a lot of women encounter – that might be enough to make you pull out." The solution, she says, is more long-term support for leadership training and development. The Finance Innovation Lab isn't specifically aimed at women, but its all-female staff team is keen to get more diversity among programme participants (30% of fellowship participants were women in 2017 – the target for 2019 is to improve on that). And last year, the team launched a dedicated community for women in financial innovation.

Millar took a back seat at Finance Innovation Lab in 2015, when it became an independent charity (led by 2017 WISE100 nominee Anna Laycock), though she continues to support it as a mentor and advisor. Since then the Lab has incubated 29 innovators through its fellowship programme (pictured above), grown the team to five staff, and become a prominent voice in the fintech debate, working with partners such as Future of Good in Canada and the Institute for Social Banking in Germany.

The languages graduate, meanwhile, has turned her attention to new fields, co-founding the New Economy Organisers Network which builds the capacity of social and economic justice campaigners. What's the one thing she advises those wanting to disrupt the status quo? "The degree to which you can change the world is directly related to the degree to which you are willing to change yourself", Millar says. No one said disruption would be easy. ■

"Finance Innovation Lab is one of the most disruptive and positive voices in the debate that is currently raging on the role of capitalism and Charlotte's role in this has been instrumental. She is a great demonstration of how women are driving the rebalancing of global capital markets by challenging the norm and proposing new, bold thinking and solutions" – WISE100 judges

For more WISE100 profiles and interviews, visit PIONEERSPOST.COM/WISE100

WHO MADE THE WISE100 LIST 2018 ?

- **Afsaneh Parvizi-Wayne,** ***Founder,*** *Director, Freda Health Products Ltd.*
- **Alejandra Baigun,** ***Manager,*** *Solar Frontier Capital*
- **Alice Fung,** ***Director,*** *Architecture00*
- **Alison Haskins,** ***CEO,*** *Halifax Opportunities Trust*
- **Anna Day,** ***Founder,*** *The Centre for Social Change, Maternal & Infant Mental Health Africa*
- **Anna Richards,** ***Director,*** *Maymessy CIC*
- **Bayo Adelaja,** ***Founder & CEO,*** *Do it Now Now*
- **Beth Nunn,** ***Director,*** *PIE: Pursuing Individual Excellence*
- **Beverley Dean MBE,** ***Founder & CEO,*** *Special iApps C.I.C.*
- **Carla Keegans,** ***Founding Director,*** *The Ethical Lettings Agency & The Ethical Housing Company*
- **Caroline Macfarland,** ***Founder & Director,*** *Common Vision (CoVi)*
- **Catherine Gazzoli,** ***Founder,*** *Piccolo*
- **Celia Hodson,** ***Founder & CEO,*** *Hey Girls*
- **Charlotte Millar,** ***Co-founder,*** *Finance Innovation Lab*
- **Chrissy Levett,** ***Founder & CEO,*** *Creative Conscience*
- **Deborah Ball,** ***Founder & Chair of Trustees,*** *The Kinetic Science Foundation*
- **Denise Ramsey,** ***Director of Awards,*** *UnLtd*
- **Dorothy Francis,** ***CEO,*** *CASE (Co-operative and Social Enterprise Agency)*
- **Dulma Clark,** ***Managing Director,*** *Soul of Africa*
- **Elena Sinel,** ***Founder,*** *Acorn Aspirations*
- **Elisicia Moore,** ***Founder & Director,*** *Petit Miracles*
- **Emily Mathieson,** ***Founder & Director,*** *Aerende*
- **Erika Rushton,** ***Director,*** *Beautiful Ideas Company CIC*
- **Eve Hepburn (Dr),** ***Chief Executive & Editor-in-Chief,*** *Fearless Femme CIC*
- **Eve Wagg,** ***CEO,*** *Well Grounded Jobs*
- **Evelyn McDonald,** ***CEO,*** *Scottish EDGE*
- **Fenella Chambers,** ***Senior Associate,*** *Hogan Lovells International LLP*
- **Fiona Nielsen,** ***Founder & CEO,*** *Repositive*
- **Grace England,** ***Social Investment Manager,*** *Resonance*
- **Hanna Naima McCloskey,** ***Founder & CEO,*** *Fearless Futures*
- **Hannah Broughton,** ***Board Chair,*** *The Therapeutic Forest CIC*
- **Helen Costa,** ***CEO & Co- founder,*** *The Cornerstone Partnership*
- **Helen Millne,** ***Deputy Chief Executive,*** *The Women's Organisation*
- **Hinnah Rafique (Dr),** ***Director,*** *Generation Medics*
- **Jacqueline Gomes-Neves,** ***Founder and CEO,*** *The Global Woman & Parliamentary Assistant, UK House of Commons*
- **Jaishree Mistry,** ***Social Investment Manager,*** *Homelesslink*
- **Jane Bruce,** ***Deputy CEO,*** *Social Bite*
- **Jane Strand,** ***Founder,*** *Wild Oyster*
- **Jemma Phibbs,** ***Co-founder & Co-CEO,*** *School Space*
- **Jenny Holloway,** ***Chief Executive,*** *Fashion Enter Ltd*
- **Jess Thompson,** ***Founder & Director,*** *Migrateful*
- **Jo Ashburner,** ***CEO,*** *Red Dragon Manufacturing*
- **Jo Summers ,** ***Chief Operating Officer,*** *P3 Charity and Social Enterprise*
- **Joanna Hamer & Sabeha Miah,** ***Director,*** *Juta Shoes*
- **Joanne Cholerton,** ***CEO,*** *3SC*
- **Juliet Cornford,** ***Global Social Enterprise Advisor,*** *British Council*
- **Karen Stubbings,** ***Director,*** *The Woodpile Community Interest Co*
- **Karen Walker,** ***Business Manager & CEO,*** *Suffolk Credit Union & Karmartri*
- **Kath Austin,** ***CEO & Founder,*** *BeeBee Wraps*
- **Katharine Hibbert,** ***Founder & Director,*** *Dot Dot Dot Property Guardians*

- General nominations
- Women running £1m+ turnover social businesses
- Women running early stage (<3 y.o.) social enterprises
- Women from black and minority ethnic communities
- Women working with refugees
- Women working in finance

Katy Pillai, ***Investment Director,*** *Big Issue Invest*

Kelly Walker-Reed, ***Founder,*** *Inspiring Healthy Choices CIC*

Kirstie Kelly, ***Founder & CEO,*** *Team Springboard CIC*

Kirsty Thomson, ***Founder & CEO,*** *Circle Scotland CIC*

La'Toyah Lewis, ***Managing Director,*** *Rising Stars Property Solutions*

Leyla McLennan, ***Director & Founder,*** *Routes*

Lisa Hilder, ***Founder & Trustee,*** *Winner, the Preston Road Women's Centre*

Maeve Monaghan, ***CEO,*** *NOW Group*

Mandy Powell, ***Co-founder,*** *The Good Wash Enterprise CIC trading as 'The Goodwash Company'*

Martha Paren, ***Director,*** *Spring Impact*

Mary Rose Gunn, ***Chief Executive,*** *The Fore*

Mary Sharpe, ***Chief Executive Officer,*** *The Reward Foundation*

Melanie Glass, ***Director,*** *Devenishgirl CIC*

Melanie Hayes, ***Partner,*** *Bethnal Green Ventures*

Mia Eskelund Pedersen & Polly Akhurst, ***Co-founder & Co-CEO,*** *Sky School*

Michelle Booth, ***Director,*** *Captivate Enterprise*

Michelle Charters, ***CEO,*** *Kuumba Imani Millennium Centre*

Minna Moffatt-Feldman, ***Managing Director,*** *Sign How Ltd*

Naomi Mwasambili, ***CEO & Co-founder,*** *Chanua*

Natalie Pinon, ***Director of Impact,*** *Social and Sustainable Capital*

Nickala Torkington, ***Co-Founder & Director,*** *Flourish Together CIC*

Nicola Steuer, ***Managing Director,*** *School For Social Entrepreneurs*

Nisha Kotecha, ***Founder,*** *Good News Shared*

Olivia Sibony, ***Head Of Impact Crowdfunding,*** *Angel Investment Network Ltd*

Pamela Dow, ***Chief Reform Officer,*** *Catch22*

Patricia Alexander, ***Managing Director,*** *Shared Interest*

Pragya Agarwal (Dr), ***Consultant, Writer & Speaker,*** *The Art Tiffin*

Rachel Holliday, ***Company Director & Founder,*** *Time to change west Cumbria project*

Rachel Wang, ***Company Director,*** *Chocolate Films*

Reynette Roberts, ***Founder,*** *Oasis Refugee Centre*

Rosanna Mead, ***Director,*** *Musica Music and Wellbeing*

Sade Brown, ***CEO & Founder,*** *Sour Lemons*

Sam Thomson, ***CEO,*** *Ardagh Community Trust*

Samantha Bamert, ***CEO & Founder,*** *Ask Inclusive Finance Ltd*

Sarah Payne, ***Executive Director,*** *Corporate Responsibility & Community Affairs, UBS*

Sarah Weir OBE, ***CEO,*** *Design Council*

Sharon Jones, ***Business & Partnership Director,*** *Creating Enterprise*

Sharon MacPherson, ***CEO,*** *Scotcash CIC*

Sophie Lejeune, ***Director,*** *Society Zero CIC*

Sophie Slater & Sarah Neville, ***Co-founder,*** *Birdsong*

Stacey-Jade Mason, ***Founding Director,*** *Creative Optimistic Visions*

Sylvia Douglas, ***Founder & Director,*** *MsMissMrs*

Tej Dhami, ***Managing Director,*** *Numbers for Good*

Teresa Reynolds, ***Founder,*** *Incredible Brilliant Youth*

Tessa Gooding, ***Director,*** *Urban Patchwork*

Theresa Douthwright, ***Director & Co-Flounder,*** *SoleShare*

Toni-Anne Butterworth-Myers, ***Wellbeing SOS CEO,*** *Wellbeing SOS*

Tracy Fishwick, ***Managing Director,*** *Transform Lives Company*

Yvonne Field, ***Founder & Managing Director,*** *The Ubele Inititaive*

Zakia Moulaoui, ***Founder,*** *Invisible Cities*

THE IMPACT REVOLUTION

What will your role be?

First he set about revolutionising the flow of investment to entrepreneurs. Then he brought us the impact investing task force and social investment bank. In the first of three features exploring the growing 'impact movement', making up our cover feature in this edition, Sir Ronald Cohen explains his latest and perhaps most important campaign yet – and says everybody has a role to play in the impact revolution

What kind of world do we want to live in? That's the question confronting all of us today.

When I was 26 years old, I set out to build a venture capital firm. It was 1972 and the very notion of 'entrepreneurship' was nascent. Few people believed that entrepreneurs could change the world.

Now, nearly half a century later, we are all familiar with the entrepreneur, that restless twenty-something toiling away, from whose mind came the PC, the cell phone, and the Internet; that tenacious, bright-eyed young person whose mission in life is to innovate, to push boundaries, to disrupt the status quo. Through their daring, they have reshaped our world.

But, although the first wave of the Tech Revolution has come and gone, and our lives have been transformed, nations are still wracked by economic inequality, social strife and environmental catastrophe. It's time for us to see the writing on the wall: things cannot continue as they are.

Our world is in trouble. Disquiet and uncertainty have frozen us into inaction. Yet there is a powerful solution within our grasp: Impact.

Governments, unaided, do not have the means to cope with the social and environmental challenges we face. Nor are they well-positioned to develop innovative approaches to tackling such challenges – a process that inevitably involves risky investment, experimentation, and the certainty of occasional failure.

Philanthropy, while helpful, cannot offer a scalable solution. It can only do so much to assist governments, as philanthropic donations are small relative to government expenditure.

We need another revolution.

The Impact Revolution sets forth a simple idea with enormous ramifications for our world: integrating impact, on our society and environment, into how we think, make decisions and act.

Eight beliefs drive the Impact Revolution:

1. Impact is the measure of an action's benefit to society and the planet – we must shift it to the centre of our consciousness
2. When weighing business and investment decisions, we must adopt a new paradigm of risk-return-impact
3. It is possible to do well and do good at the same time
4. Impact can be measured and compared
5. We must come together to adopt pay-for-success impact models
6. We must shift to measuring outcomes, not activities
7. Impact entrepreneurs are powerful allies, and we should support their efforts globally
8. We must act now, there's never been a greater need or a better time

All of us – business leaders, employees, pension savers, investors, entrepreneurs, governments, philanthropists, consumers, citizens – have the power to drive us towards a new paradigm of risk-return-impact, to create a world that works. A world of shared prosperity and of social and environmental progress.

Envision a world where inequality is shrinking. Where natural resources are regenerated, and people can unlock their full potential and benefit from shared prosperity. A world focused not only on minimising harm, but on doing measurable good.

This is the Impact Revolution's purpose.

And each and every one of us has a role to play in it.

What will be your role? ■

JOIN THE REVOLUTION

#ImpactRevolution

onimpactnow.org

Sir Ronald Cohen, author of 'On Impact', is a pioneering philanthropist, venture capitalist, private equity investor, and social innovator, who is driving forward the global Impact Revolution. For nearly two decades, his ground-breaking initiatives have catalysed global efforts to drive private capital to serve social and environmental good. He was a co-founder and executive chairman of Apax Partners Worldwide LLP (1972-2005), a global private equity firm. He chaired the G8 Social Impact Investment Taskforce (2013-2015), the UK Social Investment Task Force (2000-2010) and the UK's Commission on Unclaimed Assets (2005-2007). He is a co-founder of Social Finance UK, USA, and Israel; and co-founder chair of Bridges Fund Management and Big Society Capital. Today he serves as chairman of the Global Steering Group for Impact Investment and The Portland Trust. Sir Ronald graduated from Oxford University and holds an MBA from Harvard Business School. He was born in Egypt and left as a refugee at the age of 11, when his family came to the UK.

WHY HARVEY SPECTER WOULD FAIL TO IMPRESS AT THIS CITY LAW FIRM

The journey of the first UK law firm to become a B Corp – and why it's now 'banking on' the Impact Economy

LUKE FLETCHER

City law firms tend to be thought of as the sort of places where young lawyers are seduced into selling their souls in exchange for a small slice of the high life. The kind of place where you can get large profits and adrenaline hits for defending transnational firms who need to avoid taxes. The kind of firm which is the occasional attack dog of the large scale polluters and the oligarchs.

This is perhaps the Harvey Specter version of reality [the lead character and senior Manhattan lawyer in the US television series *Suits*].

At Bates Wells, we've taken a slightly different tack. From the outset, we worked for a combination of activists, charities, philanthropists and business folk – many of whom were pretty enlightened. Life for most of our clients is probably therefore a bit closer to Harry Specters' experience of reality [the luxury social enterprise chocolates that create employment for young people with autism].

And yet within our client base there is incredible diversity, with clients engaged in all sorts of business, some of whom are not always the most obvious of bedfellows.

For many years, there has been a running internal joke that at some point the firm would collapse under the weight of its own contradictions, or perhaps to be more precise, the contradictions in the aims and viewpoints of its clients. When I was a junior lawyer and relatively new to the firm, I used to think our biggest risk was a 'cultural risk'. That somehow over time and with changes in leadership we would lose the sine qua non of the firm – that intangible essence, quality or spirit that made us tick and work a wee bit differently.

There was the occasional half-hearted suggestion that the firm should be restructured as a social enterprise – something the senior partners who had spent their lives building the firm would generally brush off as the fantasies of youth. That was probably always a step too far for us in a competitive market where professional services firms compete for talent. And yet, when the B Corp movement came along, we spotted a fit and it proved a neat way to cement once for all the social mission which is part and parcel of life at the firm and how we approach our work.

Harry Specters: chocolates with a social value centre

Now, we are seeing a new kind of economy emerging, in which this kind of search for positive social impact is a key driver of economic activity more widely. We think of this broad-based phenomenon as the 'Impact Economy'.

"We see social enterprise as the jewel in the crown of the impact economy"

It is multi-faceted and multi-dimensional. Some of the largest multinationals are committed to hugely ambitious programmes with the aim of going carbon neutral in very short time frames. Wave after wave of promising entrepreneurs are on a mission to tackle some of our greatest social challenges, using business as a force for good. Established businesses are doubling down on values, embedding purpose and locking in mission. Investors are seeking impact across a range of asset classes. The signs of this new kind of economy are coming from every angle and it is bubbling up in all corners of our client base, whether that be boutique sustainability hotels needing specialist real estate advice on the one hand or progressive manufacturing firms who need employment advice when empowering their employees with shares and ownership interests.

We think there is a movement, or perhaps even a movement of movements, afoot. And it has the potential to affect the whole economic system. In fact, as a firm, we are banking on it by investing our resources in uniting our different disciplines and practice areas around this emerging impact economy. It is at the front and centre of our strategy. We want to be as well known for the impact economy in ten years' time, as we are for charity and social enterprise now. This means increasing the literacy of all our people on the big social and sustainability issues of our day, cultivating our expertise in the issues impact economy clients care about and figuring out how to advise in all our areas of practice in a way that puts impact at the heart of our advice, alongside other key factors like what the law says, economics, control, risk and reputational issues.

> *"I expect a revolution in professional services, as advisers realise they need to see things in a new dimension... Our sense is that what we're seeing is really the tip of the iceberg"*

We very much doubt that we'll be the only professional services firm to bet big on the impact economy. Over time, I expect that we will see a revolution in professional services, as all kinds of advisers realise that they need to see things in a new dimension if they are to enable their clients to meet their impact goals. The recent report of the Intergovernmental Panel on Climate Change adds urgency to the picture, with radical policymaking increasingly being demanded and the scale of the transition needed to get to net zero quickly starting to dawn for all economic actors. Technology is also playing a bit part in this trend towards positive social impact as a source of purpose and comparative advantage for companies, with new companies which are less wedded to old orthodoxies scaling quickly and replacing old incumbents.

In truth, the impact economy is in the blood at Bates Wells. Andrew Philips, later Lord Philips of Sudbury, who founded the firm, was a serial social entrepreneur who saw the law as a way of serving the public interest and who founded other charities and ventures, including the Citizenship Foundation and the Solicitors' Pro Bono Group. Andrew acted for the Bishop of Oxford in the court case which became the landmark case on socially responsible investment and paved the way for the development of the industry. Stephen Lloyd, a subsequent senior partner of the firm, came up with the idea of the community interest company, as a way of enabling social entrepreneurs to put benefit to community above profit. Stephen also argued that sustainable development ought to be recognised as a charitable purpose in its own right, which played a critical role in the formation and development of the fair trade movement. There are other senior leaders in the firm who have similarly been driven by a sense of conscience and purpose who have left their mark in their own ways.

But where, some might ask, does this new impact economy leave traditional charities and social enterprises? Is it an insult to those who have sacrificed more lucrative careers to work with those in greatest need? Will it cannibalise giving and distract from the unique strengths of social enterprises?

We see the impact economy as a natural ally to traditional philanthropy and social enterprise. The world's problems are so big, we need to change the way the whole system works. This is why many of our longstanding charity clients are at the forefront of building this emerging impact economy, whether it be by researching and funding experiments and studies, piloting new approaches to business, incubating social enterprises and mission-led businesses, investing for impact, promoting sustainable development or arguing for changes in key economic, political and social structures in our society.

And we see social enterprise as the jewel in the crown of the impact economy. Social enterprises reach people and places other businesses often do not reach. Social enterprises are typically more representative, more diverse, closer to communities and create employment opportunities for vulnerable people. There is also something about social enterprise, perhaps a philanthropic impulse or imperative, which can have truly transformative effects. It is a model of business which holds many of the keys for the rest of the economy, as we try to find a way of working which is sustainable and just, nationally and internationally.

At Bates Wells, we want to play our part in accelerating the overall transition of the economy as it is now to the impact economy of the future. This is why we have helped to bring the B Corp movement to these shores and why we're the only law firm in the UK to be a B Corp. It's why we made the argument for a statutory power for foundations to do impact investment and why we launched Purposely [the new tool putting purpose at the heart of business – see getpurpose.ly] to help businesses incorporate around purpose. We realise that if we're going to make any difference, we need to walk the walk, so we're working on strengthening our own theory of change and impact as a professional firm, which is not something I'm aware of any other firms quite like ours doing. We're not too sure where this theory of change work will take us – maybe rating the impact of our clients, taking on public interest cases where we think a legal issue needs to be tested, connecting clients who are working on similar impact areas or helping our own people to boost their personal impact in their professional and personal lives. We'll need to wait and see.

Our sense is that what we're seeing in and through our client base is really the tip of the iceberg and that the impact economy will prove to be the future of business and the economy as a whole.

No doubt the transition to the impact economy will be bumpy and turbulent but, given the sustainability and social challenges humanity faces, is there really any other way? ■

Luke is a partner at the legal and advisory firm Bates Wells, where he co-leads the firm's Impact Economy practice. He is a board member of B Lab in the UK and the co-founder of ESELA – The Legal Network for Social Impact.


SOCIAL
ENTERPRISE
WORLD
FORUM
ADDIS ABABA | ETHIOPIA | OCT 2019
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Rhian Sanau, a performer with Stages of Change, a Solomon Islands theatre group that addresses domestic violence

FRESH THINKING FOR OUR TESTING TIMES

Dr Mairi Mackay explains why the British Council is bringing social and creative entrepreneurship together through its DICE programme to stimulate new responses to entrenched problems

'Wisdom, Courage, Action' – the theme of the most recent Impact Asia Summit, in Sydney – reflects a marked shift in tone and urgency across the global social enterprise, impact investment and new economy movements. It speaks to escalating concerns about the impacts of climate change, the rise of nationalism and widening inequality, and calls for determined, principled and well-informed responses to our most daunting challenges. But just how can these movements meaningfully address problems such as youth unemployment?

Jed Emerson, one of the 'founding fathers' of the impact investment movement, was beamed into the Sydney conference from his home in the US and encouraged us to devote more time to deeply investigating the causes of such problems and spend less time arguing about the right way to address them. Only in so doing, he argued, will we move from 'light responses' to 'collective right action' that respects indigenous wisdoms and planetary health and stands a chance of winning the race against runaway climate change and the collateral damage of laissez faire capitalism.

Yet supporting a shift to more holistic and collective responses to global problems, at a time when international institutions are under strain, requires creativity and innovative thinking. It calls for narratives that bring to life our ability to overcome thorny challenges. And it requires economic models that deliver social as well as economic benefits.

DEVELOPING INCLUSIVE AND CREATIVE ECONOMIES

I was in Sydney to speak about the British Council's evolving work through the Developing Inclusive and Creative Economies (DICE) programme that we launched in 2018. Broadly speaking, DICE seeks to generate and connect actions from the grassroots to the boardroom, support the emergence of local solutions rather than impose one-size-fits-all prescriptions, and foster collaboration and knowledge exchange across borders.

In its current pilot phase, DICE seeks to stimulate and strengthen the social and creative enterprise ecosystem in five emerging economies – Brazil, Egypt, Indonesia, Pakistan and South Africa – in partnership with the UK, as a way of responding to local and global challenges. Working purposefully and collaboratively across silos, systems, sectors and borders, DICE is delivering global and in-country initiatives at three levels of the economy – systemic, institutional and individual – in order specifically to empower women and girls, foster youth employment and support disabled people and other marginalised groups.

Building on the cultural relations experience of the British Council, we aim through DICE to highlight the values of a new impact-focused economy such as collaboration, creativity, and compassion and foster the courage to develop new ways to work and live together. And responding to Jed Emerson, we seek to deeply examine what is fundamental and interconnected and focus on these as the underpinning of the more often debated 'technical' issues of what makes social enterprise, impact investment and the creative economy important.

HOW CREATIVITY AND SOCIAL ENTERPRISE FIT TOGETHER

Through the British Council's work in over 110 countries, we have seen countless examples of the central role that creativity plays in economic and cultural development and the emergence of purpose-driven businesses that identify and address many of the issues of peace and prosperity that current economic models cannot tackle, and often exacerbate.

> *Supporting a shift to more holistic and collective responses to global problems requires creativity and innovative thinking*

For the past ten years we've supported the growth of social enterprise in more than 30 countries worldwide. Through our work on the ground and research with partners such as Social Enterprise UK, the Global Steering Group for Impact Investment (GSG) and United Nations ESCAP, we have seen that social enterprise and impact investing are unleashing the entrepreneurial spirit of women, offering post-conflict solutions, and addressing youth unemployment from the Philippines to Northern Ireland. They are providing narratives and tools to inspire a new generation and include previously excluded individuals and communities in the design and development of their economic futures.

At the same time, the creative industries are increasingly recognised as sources of innovation, economic growth, personal wellbeing and community cohesion. They are part of a £2,250 billion global market and one of the world's fastest growing sectors. Working in more than 30 countries per year, our Creative Economy programme has provided the research, tools, space and connections that creative communities need to experiment, learn and flourish, seeking to build networks and supporting collaboration for long-term impact, mutual benefit, and greater international understanding.

From the favelas of Rio to the slums of Jakarta, we see that creative and social enterprises are generating innovative ideas to promote education, health, community cohesion, and the expression of the human spirit. They are building practical solutions to problems that are being intensified by conventional economic structures – growing inequality, the marginalisation of entire communities, the brutalisation of labour relations, a lack of recognition of local or traditional cultures and social institutions, and environmental degradation.

A MORE FUNDAMENTAL SHIFT

Part of the rationale for developing DICE was the realisation that many of the narratives used to describe the creative and social economies are interchangeable, complementary and collectively represent a much more fundamental shift towards collaborative economic models that are increasingly recognised as both desirable and imperative to delivering real change.

Significantly, these narratives place human agency and connection at the heart of long-term solutions for economic development. As architect and social innovator Indy Johar put it at the Social Enterprise World Forum in Edinburgh, they shift ingrained ideas of humans as 'bad robots' to illuminate the innate creative potential in all of us.

When supported to flourish purposefully and authentically, this creative potential is key to the formulation of solutions that support healthy communities and societies. It's an economic philosophy framed around the empowerment of all rather than the

Women's group Pelanusa, in Indonesia, trains women to turn rags into bags, pillow cases, curtains and other products, boosting income – and confidence

consolidation of power and wealth in the hands of a few.

The social enterprise and impact investment movements hold out hope that we can rebuild economic ecosystems that are creative and responsible and that fairly distribute resource and opportunity. The Impact Manifesto advocated by another 'founding father' of the Impact movement, Sir Ronald Cohen, aims to empower the underserved to take part in and develop solutions allowing for 100% of the economy to work for the 99%.

EXPRESSING THE HUMAN SPIRIT

Through DICE we are working together to design new platforms to showcase creative solutions to social problems. Here the British Council can draw not only on our experience in delivering social and creative enterprise programmes but on our fundamental charter that has enabled us over the past 80-plus years to develop deep and long-lasting relationships and trust through cultural relations.

As Creative England founding chair John Newbigin, who advises our DICE programme, has pointed out, creativity and creative thinking are vital to all our futures because we have to think in radical and creative ways about how to solve massive problems such as housing, pollution, transport, water and energy.

"It's often said," John notes, "that if oil was the fuel that drove the world's economy in the 20th century, it will be creativity that drives it in the 21st century; the difference between the two is that the more oil we use the less we have, and the more damage we do to the environment, but the more creativity we use, the more creative we become and the quicker we get answers to the big existential problems we face."

Creative enterprises not only generate jobs and opportunity, they give voice to the marginalised. Take Stages of Change, for example – an amazing troupe of non-professional actors from the Solomon Islands, which was founded as a way to tackle the huge problem of domestic violence in the islands' culture, and which has performed around the world to highlight and address this important issue.

Indeed, we must also recognise and encourage creativity because expressions of the human spirt matter so much in these challenging times, providing powerful artistic counter narratives to growing authoritarianism.

Fortunately, the world is not short of creative and courageous impact entrepreneurs and compassionate innovators, often working quietly within their local contexts to solve immediate problems and ignite inclusive economic solutions within their communities. Champions of value creation over value extraction often working against the odds, these entrepreneurs deserve all the 'wisdom, courage and action' that we can collectively marshal.

We urgently need narratives, systems and stories that illuminate these constellations of oft invisible value creation, highlighting what is fundamental to the impact economy whilst uniting us globally and encouraging us locally.

The great writer and intellectual C.S. Lewis once wrote that "you don't get second things by putting them first, you get second things only by putting first things first" – reminding us that fundamental values should be at the heart of our existence.

I believe that values of collaboration, creativity, compassion and courage are the primary strands of the narratives, systems and stories that we must now seek to champion – and that putting 'first things first' is the key challenge and opportunity of the emerging impact economy. ■

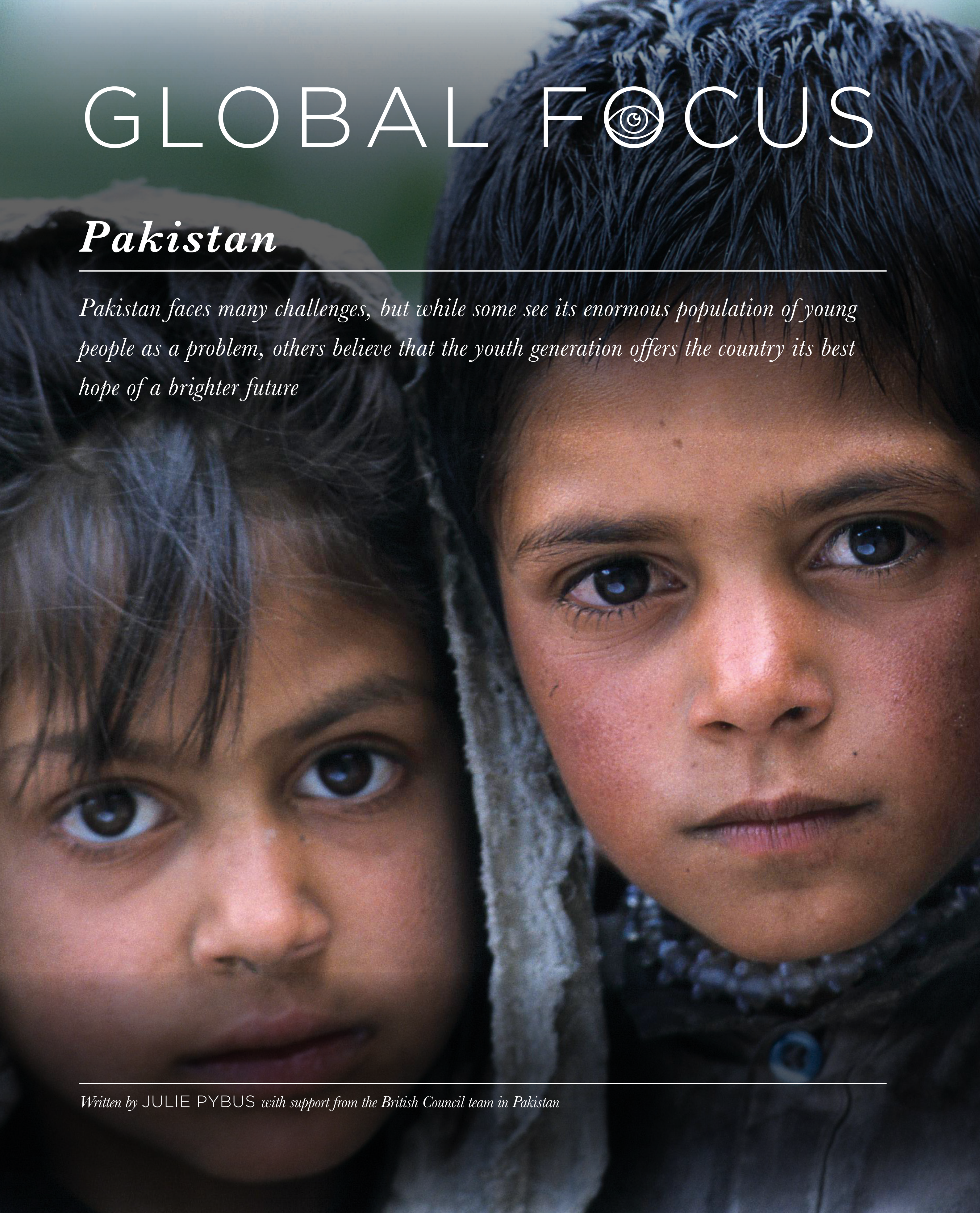
Dr Mairi Mackay is Director Social and Creative Economies at the British Council.

Watch a video about the British Council DICE programme in our Global Perspectives collection on: pioneerspost.com

GLOBAL FOCUS

Pakistan

Pakistan faces many challenges, but while some see its enormous population of young people as a problem, others believe that the youth generation offers the country its best hope of a brighter future



Written by JULIE PYBUS *with support from the British Council team in Pakistan*

"When we create an impact it creates a larger buzz than the amount of money that we make."

Azima Dhanjee is 20 years old and a student at Karachi's Institute of Business Administration. She's also the CEO of a start-up which she founded during last year's summer vacation and which, as she has gradually discovered, is a social enterprise.

Azima is one of a growing number of Pakistani young adults who are waking up to the possibility that they can become social entrepreneurs. "There is so much socially that has to be changed in Pakistan," she says. "Social enterprise is a brilliant concept and it can help the community to drive forward. It's going to be a big deal over here, inshallah."

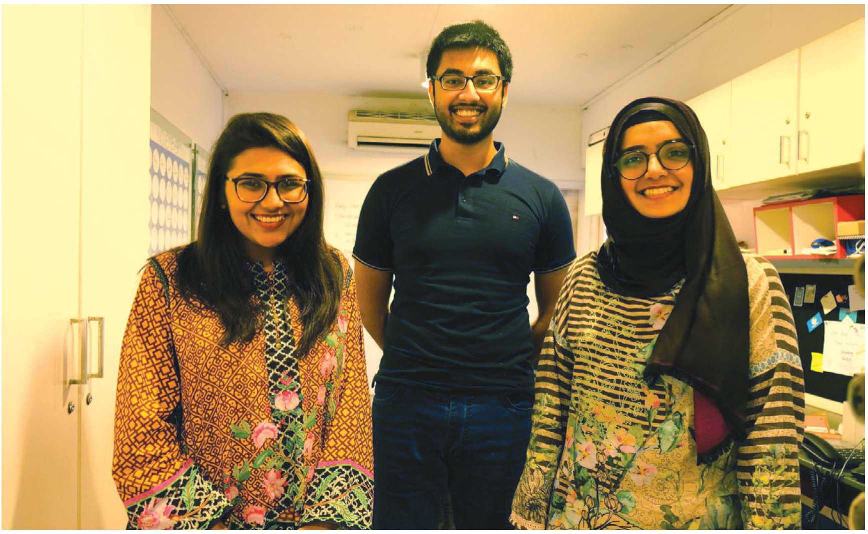
Social enterprise, as yet, has no formal structure or official definition in Pakistan. Yet British Council research published in 2016 estimated that there might be as many as 448,000 social enterprises in the country. The British Council also discovered that not only were most social enterprises recently founded (more than half were launched after 2013) but most social entrepreneurs were under 35.

In addition to the youthful profile of social enterprise leaders, a good proportion of them were women. Just over one-fifth of Pakistani social enterprises are led by women, compared with only 5% of mainstream businesses.

As Azima points out, Pakistan has a lot of problems to solve. The country's Population and Housing Census 2017 put the population at 207m, a growth of 57% since the last census in 1998, making it the world's fifth most populous country, behind China, India, the US and Indonesia.

The population growth is slowing, now standing at 2.4 per cent a year (by way of comparison, the UK's population growth is 0.6% a year), but Pakistan remains 147th out of 148 in Human Development Index with close to 30% of the population living in poverty and a literacy rate of 58%.

Pakistan also performs miserably in terms of gender equality.



Millennial changemakers: Azima Dhanjee (left) with the other co-founders of ConnectHear, Arhum Ishtiaq and Areej Al Medinah

According to the World Economic Forum it stands 143rd out of 144 countries. Only 20% of parliamentary seats are held by women and female participation in the labour force is 26% compared with 86% for men. This is one of the lowest female labour force participation rates in the south Asia region, comments the World Bank.

> *"Young people want to change things, we just need to channel that energy"*

"With abysmal human development indicators, this population explosion presents a most serious challenge to the socioeconomic stability and security of this country," columnist Zahid Hussain wrote in Pakistan's Dawn newspaper shortly after the publication of the census. "With 60% of the population under the age of 30 and fewer job opportunities, it is a disaster in the making." He called for action to "defuse this exploding bomb".

However, the "youth bulge" which so worried Hussain is, for others, cause for optimism. It provides the country with a potential demographic dividend, says the World Bank. And the Pakistani government says: "The country is blessed with energetic youth and this workforce can be a productive asset of the country if properly trained."

Others agree, pointing out that not only can young people provide vigorous income-generating potential but that this energy can be directed for good. Speaking at the Social Enterprise World Forum in September 2018, Naeem Zimindar, chairman of the Pakistan government's Board of Investment and previous Pakistan director of social impact investment firm, Acumen, said: "We have a very young population. Young people want to change things, we just need to channel that energy."

Azima certainly has lots of energy to make a difference. She was inspired to set up her enterprise, ConnectHear, after attending an entrepreneurship class as part of her university studies. Her parents are deaf and she and her brother have interpreted for them since they were young. After talking to some school friends, Areej Al Medinah, who has skills in business development, and Arhum Ishtiaq, a technology whizz, they put together a proposal for a sign language interpretation start-up which they took to The Nest I/O, a tech incubator in Karachi. "We pitched our idea and they said we could start work straight away," Azima says.

They began offering to teach people Pakistani Sign Language. Through their lively Facebook page, deaf people were getting in touch from all over the country and they hit upon the idea of using WhatsApp to offer sign language interpretation over long distances. The first call helped a young man talk to his bank manager. Since then, they have provided sign language interpretation for corporate events and run deaf-inclusive events such as theatre performances and debates.

"We were sure we didn't want to provide our services for free," says Azima. "Our mentors told us the differences between an NGO and a social start-up." Since then, she has developed her knowledge of social enterprise by attending further training and taking part in Drivers for Change, an 11-day trip around the UK for young people from all over the world with ideas of how make a difference in their own communities.

Azima and her team of ten people, who are all under 21, have big ideas for the future, including offering sign language interpretation throughout Pakistan, India and Bangladesh and exploring the automation of sign language.

However, there are hurdles for young social entrepreneurs like Azima to overcome. Samar Hasan (pictured right) and Shah Saud Sahibzada founded Epiphany in Islamabad to provide more training programmes and support for entrepreneurs, particularly social entrepreneurs and women entrepreneurs.

Samar (another young entrepreneur at 35 years old) explains that there are lots of challenges for Pakistan's young entrepreneurs to overcome. "There is pressure to go out and get a job from their parents who have spent a lot of money on their education and want to see a return on their investment," she says. "And if they get married there is a big pressure for a man to provide for his family or for a woman to become a mother and housewife."

She adds that the people coming to Epiphany for advice are often not ready for investment: instead they need "really basic skills development" such as communication, ability to work in teams and confidence-building.

And women suffer from a lack of female role models and peer support as well as practical challenges such as access to bank accounts. According to the World Bank, less than 5% of Pakistani women are included in the formal financial sector.

Such challenges are echoed by British Council research into the role of

social enterprise in supporting women's empowerment in Pakistan. *Activist to Entrepreneur*, published in 2017, highlights that "many of the inequalities that exist in the wider economy are also reflected in the social enterprise sector."

A movement is gathering strength to improve the prospects of Pakistan's budding social entrepreneurs. In addition to capacity-building initiatives such as Epiphany and other business incubators such as the well-known SEED Ventures, there are around 50 microfinance institutions and a growing number of social investors active in the country. Importantly, the government is taking an interest too. In 2015 it established the Centre for Social Entrepreneurship and a campaign is under way to establish clear legislation to support the sector. ■

Social enterprise ConnectHear aims to reach out to deaf communities all over Pakistan and beyond

THE SOCIAL ENTERPRISE LANDSCAPE IN PAKISTAN: A VIEW FROM THE GROUND

DR VAQAR AHMED

The rise of social entrepreneurs working across Pakistan is being recognised globally. Clean drinking water, low cost housing, renewable energy and affordable health facilities are all subjects which have seen both "market failure" and weakness of state to ensure quality service delivery. This gap is fast being bridged by the social enterprises working in diverse sectors of the economy.

The growth of these enterprises is being driven first by a youth bulge – over 60% of Pakistan's population is still under the age of 25; willing to take a risk and going the self-employment way. In only a single month, October 2018, data from the Securities & Exchange Commission of Pakistan shows that 1,395 new firms were registered. There is no ready information available as to how many of these fall under any broad definition of social enterprise, however, one can conclude that the small and medium enterprise sector has seen an expansion.

Second, these youth are connected through affordable technologies which help support "information economies of scale". They can get the intelligence rather quickly (and often with no cost) on gaps in public service delivery, business models which can serve the communities, and low-cost solutions which help make sustainable profits.

Third, youth are increasingly finding themselves in fast-paced urban spaces. Pakistan has one of the highest rates of urbanisation in the region. The advantages associated with agglomeration imply that youth are connected with dense networks of markets, clients and infrastructure.

Fourth, universities and the tech-based business community have established incubators and accelerator facilities endowed with office space and mentors. They provide opportunities to network and help in finding investors who appreciate social cause.

Fifth, the deregulation of media and growth in private sector print, electronic and social media platforms allows debates around how the demographic dividend could be harnessed. Media outlets, with think tanks and practitioners, have presented social enterprise success stories.

At the same time it has been highlighted in media and policy platforms that enterprises which result in a failure could have faced a different outcome if appropriate policy and regulatory environment was available. The British Council and the Sustainable Development Policy Institute (SDPI) are working extensively in helping the federal and provincial governments towards putting in place a policy environment which encourages youth- and women-

led social entrepreneurship and in turn helps towards achievement of priority sustainable development goals (SDGs).

The 2016 British Council survey shows that social entrepreneurs expect the new democratically elected government in Pakistan to: a) lower the cost of doing business for social enterprises through a tax system that values social impact, b) help social enterprises overcome access to funding through a more socially conscious credit policy by the central bank, c) support social enterprises to scale-up through quota in public procurement, and above all, d) to engage with the Securities & Exchange Commission of Pakistan in giving a legal definition of social enterprises in Pakistan.

Dr Vaqar Ahmed is joint executive director of the Sustainable Development Policy Institute, Pakistan. His book 'Pakistan's Agenda for Economic Reforms' was recently published by Oxford University Press. Twitter @vaqarahmed

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MAKING THE CASE FOR PLACE

Bristol & Bath Regional Capital, set up in 2015 to connect investors with promising community projects in south-west England, is launching its own fund for the first time

ANNA PATTON

The first project Bristol & Bath Regional Capital (BBRC) took on was a sports centre in need of repair and modernisation. BBRC ultimately helped secure nearly £1m of investment, paying for six state-of-the-art football pitches, among other things. But it may not have happened at all without the high net-worth individual who committed the initial investment.

"The first brick of funding is always the most difficult," says Ed Rowberry, CEO at BBRC (pictured), which has brokered over £26m worth of deals to date. Many of these have relied on wealthy individuals to get the ball rolling – more than welcome, he says, but "not a systematic solution". High-net worth individuals are rare, after all, and not necessarily passionate about all the causes that deserve support.

Making that first 'brick' of investment more reliable is one of the objectives behind BBRC's newest initiative, City Funds, which will make £10m (not counting physical assets) available to support local needs in Bristol. BBRC hopes the money they put down will also demonstrate strong local backing for projects, encouraging investors from further afield to jump in too.

This marks a new era for an intermediary that has so far focused solely on brokering deals, not funding them. Typically, Rowberry's team has looked for investible projects first, finance second. That has the advantage that you avoid "trying to shoehorn issues to fit the needs of the finance". But there are downsides: "You're having to make caveated promises: 'We can help, but there's a risk we might not raise the money and it might take a bit longer because of all the processes we have to go through.'"

"Pure dealflow is fruitless"

That will soon change, at least for some of the community groups, small businesses and start-ups BBRC targets. City Funds, a partnership between BBRC, the Mayor of Bristol's office and Quartet Community Foundation, aims to offer a mix of grant and loan finance to some "tens" of projects this year, plus "many tens" the following year, and more after that. BBRC is currently in discussions with a range of potential investees, from start-up businesses to large-scale housing schemes.

Will the new fund distract BBRC from its core purpose? The team will spend more time fundraising – the hope is to attract familiar UK social investors such as Big Society Capital, the Esmée Fairbairn Foundation, and Power to Change – but Rowberry insists the focus will remain close to home."You need local engagement and local networks to move things forward. Otherwise the money doesn't have any value, because it can't be deployed." Pure dealflow, he adds, is "fruitless".

Nor does he see his organisation as a typical investor. "BBRC is where impact investing meets old-fashioned economic development," says Rowberry. "And a lot of that is building relationships, knowing what's going on, and making the most of opportunities."

Investment in South Bristol Sports Centre resulted in six new all-weather football courts; a partnership involving BBRC is developing new homes in Bristol

THE CASE FOR PLACE

City Funds emerged from Bristol's One City Plan, an initiative from the Mayor's office that aims to involve multiple sectors and organisations in governing the city, in the hope of making it more sustainable, inclusive and equal.

The thinking is closely aligned with the place-based approach BBRC is keen to push. Closer connection to a community means "you're more likely to get a shortcut to 30 or 40 years of experience rather than trying to invent something abstract", Rowberry argues. Being better informed means matching available money more effectively to needs. And meeting people face to face helps build trust and relationships, creating networks "that come together and start creating practical solutions".

A local-level dealmaker (and now funder) also makes sense for needs that are often linked to physical spaces, such as transferring unused government or church-owned land to communities. Transferring assets can be a lengthy, complex process; a knowledgeable broker who can help get all the pieces into place can speed things up.

While other place-based funds exist, such as Social Investment Scotland and Key Fund (in the Midlands and northern England), Rowberry thinks BBRC is the only one formed as a community interest company, set up jointly by private business, local government, academia, and the voluntary sector. It was also the first UK intermediary to structure a charity bond using social investment tax relief (in 2016), and last year, was part of the first partnership uniting a housing association, a community investment company and a private investor to create an inclusive housing scheme.

BBRC's model is attracting attention from others: Rowberry has had "early-stage" conversations with people interested in doing something similar in the north-east of England and Dorset, in the south-west.

What would he advise them?

"The challenge is always trying to balance vision and systems change, with pragmatism and delivery," he says. "We absolutely need to retain some vision for change, but possibly focusing on a few very practical things earlier might have accelerated us by a year."

The challenge is always trying to balance vision and systems change, with pragmatism and delivery

Another challenge – perhaps an argument for spending time on the vision after all – is in defining a focus: too broad and the focus becomes unclear; too narrow and you lose the point of supporting a place, not a sector. So far, BBRC has settled on four areas: homes and communities, community assets, environment, and enterprise and employability. To date most of its work has been spread across these themes, with the largest amounts invested in homes and communities.

REGIONAL RESILIENCE

Most exciting for Rowberry is the long-term difference City Funds could make.

"We need help from primarily London-based funders to get this going, but if we get this right, we maybe won't need to go back to them in ten years."

Having its own pot of money for community projects would make the region more resilient, he says, and also mean less reliance on future changes of policy in Westminster and on the national economic cycle.

Private companies could play a part in getting to that point of resilience, by better coordinating what they spend on corporate responsibility and by investing any spare cash locally. Another important contributor is individuals.

While this is still some way off, Rowberry foresees partnering with one of the existing retail investment platforms and white labelling it for the Bristol market. Rowberry declines to give names, saying only that he's in "early conversations" with a number of platforms. (Market leaders include Ethex, Triodos, Abundance and Allia.)

Bringing local citizens in matters not just because of the capital they can bring, but because "that's when you get an extra dimension of democratic power in the investment system", believes Rowberry. "People can vote locally, they can spend locally – why not enable them to invest locally?" ■

SOCIAL VS FINANCIAL: NOW IT REALLY MATTERS

*In the first of his columns setting the world of social investment to rights, our 'Equalizer' **David Floyd** argues that impact investors don't have to accept a trade off between social and financial returns – but, if they're not doing that, they have to work out what they are doing*

For anyone feeling frightened or threatened by change there's something oddly comforting about the ongoing debates about the true purpose of 'impact investment'.

The movement continues to be split between those who want a relatively small sector effectively meeting the needs of (mostly) social enterprises operating in situations of market failure, and those demanding the emergence of a massive sector to single-handedly fund commercial responses to the UN development goals.

The debates have been rolling on for years with many passionate, thoughtful contributions – including a recent article in The Financial Times – but little progress made. And that's been ok because, whichever side you're on, we've always been miles away from achieving either goal.

Now though, with the GIIN's Annual Impact Investor Survey 2018 reporting that the market has $228 billion worth of assets under management, we may need to reconsider the old questions on the basis that the answers might now matter.

The GIIN survey suggests that most 'impact investors' surveyed have taken a clear position on the 'trade off' question. It notes that, amongst current investors, 64% target 'risk-adjusted, market rate returns' with 20% seeking close to market-rate returns and 16% seeking returns that are 'closer to capital preservation'.

In The Financial Times debate, one leading 'market rate' investor, Rise Fund's Bill McGlashan (whose fund famously received investment from Bono) responds to sensible points from Sumerian Partners' Chris West about how and why impact investing should be more responsive to the needs of social enterprises.

McGlashan concludes with his own sensible argument for better impact assessment in order to "change institutional investors' understanding of what is possible, and demonstrate that pursuit of impact and pursuit of returns are not mutually exclusive".

The problem is that this position is offered as a response to "the notion of some in impact investing that market-rate financial returns and positive social and environmental impacts cannot — and perhaps should not — coexist".

And this is where the debate is stuck – the same armies of marauding straw people continually revived then scythed down with relish.

Because even amongst the (very small number of) people in social enterprise whose preference is for a world without any private profit, I've never heard anyone seriously argue that it's not possible for investors to generate market-rate returns while achieving positive impact.

Much of what we need to enjoy a decent existence – food, clothes, furniture – is primarily provided by private (or listed) companies with investors seeking a market-rate return on their investment.

This is where the debate is stuck – the same armies of marauding straw people continually revived then scythed down with relish

It gets murkier in sectors such as housing and transport but, even so, few would argue that there's literally no role for market-rate investment in meeting these social needs.

And I'm not aware of anyone in impact investing arguing against increased market-rate investment in commercial businesses that aim to deliver any of these social goods more effectively or in parts of the world where they aren't currently widely available.

Critics of 'no trade off' impact investing are not questioning whether investors can or should make money from investing in businesses that achieve something positive, they're asking whether that's what impact investing is for.

But, in practical terms, the question of whether 'concessional' impact is viable and useful is not directly connected to the question of whether 'market-rate' impact investment is viable and useful.

It might be that both of them are. It might be that neither of them are. The two approaches are not (or shouldn't be) in competition with each other for investment finance because their offers to investors are completely different.

Like 'is West End theatre more important than fringe theatre' this argument only really matters if both sides are seeking philanthropic subsidy for what they're doing. And, of course, they are. But hopefully not to the extent that justifies endlessly scrutinising each other's approaches as a diversionary activity – when they could be focusing on justifying their own activities on their own terms.

If, for the sake of non-argument, we happily accept that 'market-rate' impact investing is not about investors accepting a lower risk-adjusted return in exchange for positive social impact, then maybe we can get some clarity what it actually is for:

(a) Do investors want to invest in funds that measure social and environmental impact?

(b) Do businesses that can deliver measurable positive social and environmental impact while providing market-rate returns, need and want investment from specialist impact investing funds?

(c) Does investment from funds with a focus on positive social and environmental impact generate more positive impact than investment with a purely commercial focus?

So far, all we 'market-rate' impact investors have managed to offer is a partial answer to (a). It's time to get going on (b) and (c). ■

David Floyd is Managing Director of Social Spider CIC. He was the project manager for the The Alternative Commission on Social Investment, funded by Esmée Fairbairn Foundation, which published a report on ways to make the UK social investment market relevant to a wider range of charities and social enterprises. David has carried out writing, research and consultancy on social enterprise and social investment for clients including Access: The Foundation for Social Investment, Big Lottery Fund, Centre for Public Impact, GMCVO, Power to Change, RBS and Social Investment Business. He blogs at beanbagsandbullsh1t.com.

MOVING ETHICAL INVESTMENT TO THE MAINSTREAM

LISA ASHFORD

In October last year, both the Bank of England and the Financial Conduct Authority (FCA) launched separate papers exploring the risks and regulatory issues connected with climate change and green finance. Andrew Bailey, CEO at the FCA, wanted to provide "more structure and protection to consumers for green finance products" and ensure "the market develops in an orderly and fair way which meets users' needs".

This is welcome and represents a significant shift for the financial industry and certainly the regulator. Should we therefore expect material change from the industry? And will there be any acceleration of products for customers?

The answer to the first question is yes. We only have to look at the insurance industry, where housing and businesses prone to flooding require direct intervention from the government to underwrite those loans. Both the banking and the investment industry will need to remodel both their products and where they hold their capital.

Importantly we are not starting from scratch. There is a well-established and growing ethical and sustainable finance industry in the UK. People will be familiar with brands such as the Co-op and Ecology Building Society or Ethex. Additionally, credit unions and mutuals have a long-established model that is more community focused and less motivated by profit.

However, the reality now is that you are very unlikely to find 'green' products at a high street bank or building society. Additionally, the financial adviser community, who often help investors choose products for retirement, don't always have the knowledge or experience to choose ethical or sustainable products for clients.

So, what can be done to address the problem of access and scale to ensure that ethical or sustainable investing can become much more mainstream?

If we want more people to consider ethical investments, then it needs to be easy to understand and find information. The industry has worked hard to make sure products are different from the way traditional financial service products are 'manufactured'. The sector as whole needs to really change the way that it engages with potential customers – empowering them to invest positively and giving them the ethical products that they want and need to match their own motivations and values. At Ethex, we have three recommendations to ensure that ethical investing becomes more mainstream – appealing to the 19.5 million people in the UK that are already involved or interested in getting involved:

1) Much more help and guidance – the FCA, the UK government and IFAs all need to recognise the changing needs of customers. It's surprising that for people starting out and wanting to get involved in ethical investing there are no go-to reference sites or industry bodies providing practical help, hints and advice. This needs to change if we are to give more people the confidence to embark on their ethical investing journey.

2) Raise awareness about the wide range of products that exist to enable people to save and invest in a way that matches their values. Products come in all shapes and sizes and people can start to get involved in ethical investing from as little as £5 or £50 in shares, bonds and even an Innovative Finance ISA – meaning you can also choose to invest for potential tax-free returns. The range of sectors and sustainable businesses people can invest in is also diverse, meaning that whether you're interested in renewable energy, sustainable transport, affordable housing or organic farming, there's something to suit everyone.

3) Cut the jargon – ensure that financial providers use clear and straightforward language when talking about investment products. Engage with investors through the creation of transparent and innovative products that clearly outline the social, environmental and financial returns that are likely to be achieved.

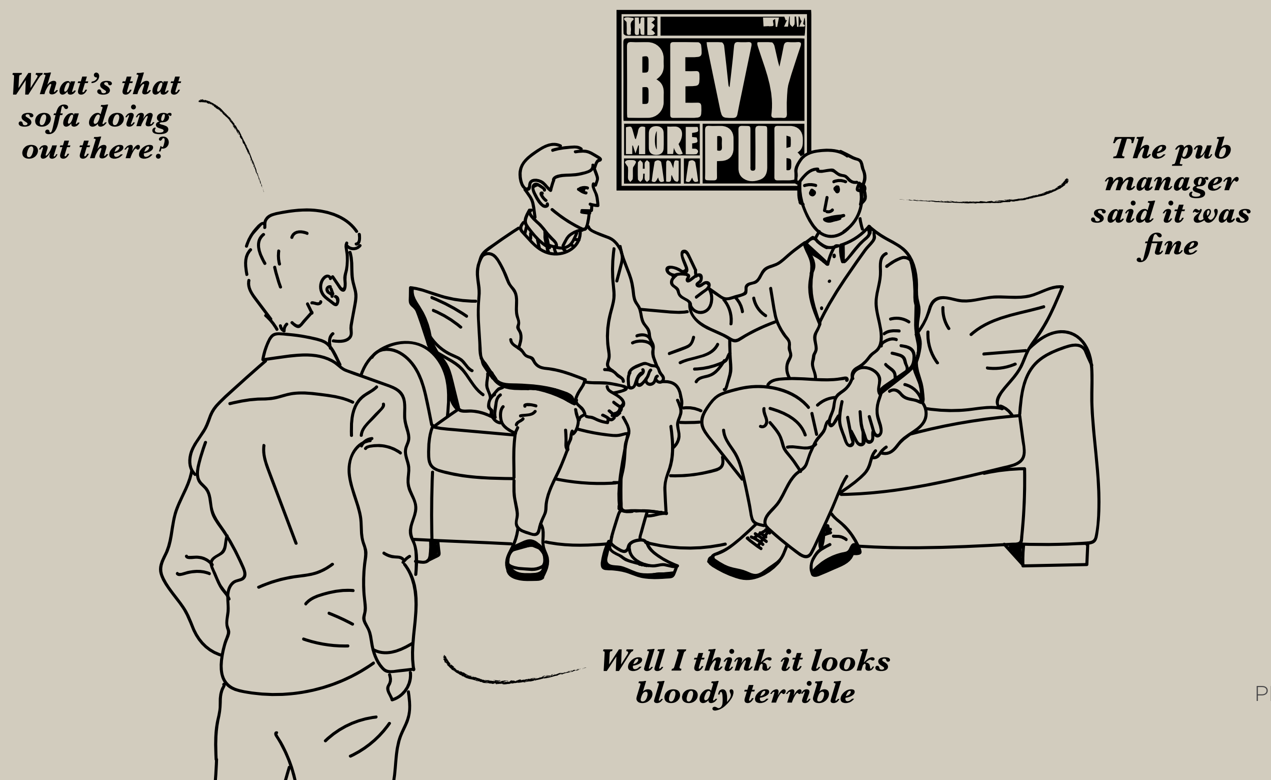
4) Reaching scale – the UK Government must look to provide appropriate tax incentives such as Social Investment Tax Relief, alongside other policy measures to encourage more businesses or communities to set up their own projects. Without this scale we will not see the ethical investing move to become the mainstream investment opportunity that it could so easily be. ■

Lisa Ashford is the CEO of Ethex

WHAT A SOFA OUTSIDE A PUB HAS TO TEACH US ABOUT GOOD GOVERNANCE

What can leaders in the social sector learn about governance from the story of sofa outside a local pub in Brighton? In the third instalment of his governance column, ***Bob Thust*** *– a member of the Bevy Management Committee – brings to life some ideas and challenges for us all to consider, whether you're a big charity or a small community group*

THE GUV'NOR



“What’s that sofa doing out there?”
one of our volunteer Management Committee members said to a group of regulars sitting outside the pub.

“The pub manager said it was fine,”
they replied.

“Well I think it looks bloody terrible,”
pronounced the Committee member.

The sofa did look a bit shabby to be honest, but more importantly we’d been having a lot of conversations about how to make the pub more welcoming to everyone in the community. After all, that’s at the very heart of what the Bevy, a co-operative pub on a council estate in Brighton, is all about. The pub was closed down by the police in 2010 for drugs and previous violence so we have always had to work that much harder on things like this. There was a chance having our regulars on the sofa outside could put some people off coming in.

That little verbal exchange caused a lot of trouble. Firstly, the manager had told them they could do it. He felt undermined by a Committee member stepping in and the Committee member felt an important issue was being ignored. Secondly, these were regulars – local people who have kept coming to the pub and contribute not only to our bottom line, but also by helping keep some of the issues that got it closed down away from our doors.

TRUST AND POWER

A few weeks before, a different issue had come up at the Management Committee. In order to protect the pub as a genuinely welcoming community hub we have had to develop and implement a strict barring policy. The policy was working well but when one of our regulars was barred for six months, there were some who didn’t agree that it was the right decision. More than that, they didn’t trust the process by which we’d come to that decision. This made the simple sofa exchange more significant than it might otherwise have been.

We ended up having an open meeting between members of the Management Committee, management and our regulars to thrash it all out. It wasn’t an easy conversation but it was an important one.

It was clear there was a level of disconnection between the Management Committee, the management and our regulars. What it really came down to was a question of power. Whose pub was this? As a co-operative the Management Committee are in theory appointed by the membership, those that have bought shares in the pub. It should exist to represent them and promote their interests – and in turn appoint a staff team to which it delegates the day to day management. It shouldn’t really have an elevated status – this is the members’ pub, not ours.

Many governance experts would choke on their pint if they saw some of our admin processes – but we take our responsibilities seriously

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And on those members, we have 800 shareholders – but are they really the people that have a sense of ownership of the place and to whom we want to be held accountable? As a committee are we sharing enough of the processes and decisions with our members? And whilst we hold fast to a rule that 70% of the committee are from the local area, is that enough to represent those that use the place as well?

It turns out that only a few of our regulars are actually members of the pub. People didn’t feel like the role of the Committee was to represent the members, and – if we’re honest – nobody really understood what the Committee talked about or what we did (or how much of our time it takes as unpaid volunteers).

So we’re in the process of introducing a scheme where volunteers and supporters can become members for free and a process by which they can more easily get onto the Committee. We’ve also created a staff liaison role, and are putting up a ‘Bevy Board’ to share minutes of our meetings. We’re finding ways to ensure various parts of the community can attend as observers and commentators at meetings. We understand better now the need to let the management make day-to-day decisions, with the Committee holding them to account on behalf of the members, and how vital it is to maintain an open dialogue.

KNOCKING ON DOORS

Whilst our regulars are really important to us, we have to include all the other users of the pub too, and even more so those who live in the area but aren’t using it yet. So we’ve decided we need to do even more door knocking to really listen to our local community, something we haven’t systematically done for a little while now.

We’ve learnt that of most importance to people is having a palpable sense of power, not just being able to turn up to AGMs and vote people on and off a committee (whose role made no sense to them in the first place) but on more immediate things. What beers to serve, what events to put on, perhaps hold chats about our policies and

Family fun at the Bevy community pub in Brighton

work on them together rather than decide them on the Committee. We're not quite sure the best way to do this yet – it's fair to say we're working on it.

I often describe the Bevy Management Committee as the best board I've ever been on. We're not perfect – far from it – and I'm sure many governance experts would choke on their pint if they saw some of the admin processes we have in place. But we take our responsibilities seriously and manage them carefully (the admin is getting a lot better). We are rooted in our local community, we have great talent, honest conversations, there is a lot of trust between us all, and we have a lot of fun. Over the past few years we've been a part of turning a closed down pub with a bad reputation into a thriving community hub – and we're even making a profit now. But perhaps the most important thing is that we never stand still and are always challenging ourselves to get better. This is what the Bevy has taught me, and if you've been reading my previous columns you'll perhaps recognise some of these themes:

• The Board or Management Committee shouldn't see themselves on some kind of pedestal, looking down – they are but one part of the organisation.

• You need to work hard on developing trust – using honest and transparent communication, but more importantly two-way conversation that builds relationships between people.

• It's about power and the need to distribute it more evenly in ways that are accessible and meaningful. That often starts with some symbolic, immediate and palpable decision-making, however small.

• The Management Committee only works if it represents the community it serves. We would never have started to notice or understand potential issues without people on the Committee who were close enough to our community raise them.

• You need to keep revising systems and processes to support your good intentions. Without them they are promises that will drift after the initial surge of enthusiasm. If we'd just had a few chats about membership but not started changing our formal approach, for example, we might have brushed things away in the short-term but in the long-term trust could quickly evaporate.

• Relationships and needs change over time and the processes you once relied on might not work in a year. We can't afford to think 'job done' so we need to stay open to change and build in mechanisms to constantly review how we're doing.

I do a lot of work with various boards on governance and management – from networks, to small community groups and organisations, to co-operatives, to larger charities and foundations. Although these issues always play out in different ways (not many of those I've worked with have spent much time talking about sofas outside a pub!) they are nearly always there and I'd be hard pushed to think of any case where this learning isn't applicable to any organisation trying to create social change regardless of its size.

So, take just a moment and think to yourselves – as the leader in the social sector what's your own version of the sofa outside the pub story? How might that have an impact on effective governance for your organisation? And how might you respond?

And for all those wondering – that sofa stayed outside (for a while) but is now firmly back inside the pub and it's way too cold to move it. Next summer? Who knows… ■

Bob Thust is co-founder of Practical Governance, trustee of Local Trust and treasurer at the Bevy community-led pub in East Brighton. It the next two columns he'll be exploring the issue raised here and in his first column by looking at some 'warts and all' examples from those that have tried to do things differently from the norm. If you've got anything you'd like to share, any of your own examples, or any other comments you'd like to make – positive or otherwise – he'd like to hear from you. Email **bob@practicalgov.co.uk** *or tweet at @practigov @BobThust #theguvnor*

WE NEED TO TALK ABOUT MARKETS

Funding that focuses on social impact is for charities. What social enterprises need is bigger markets and funding aligned to their business models, writes Charlie Wigglesworth

Much of the discussion and work in this sector focuses on impact. This isn't entirely surprising: the raison d'être of any social enterprise is to make a positive difference. It means that much of the support and investment available to the sector is aligned to this – how we improve impact measurement, or how we benefit specific groups (such as homeless people or ex-offenders) or localities (for example, through place-based initiatives or community programmes).

But there's a fundamental issue. Social enterprises are businesses who rely on markets to achieve their impact. By aligning funding, support and investment to social issues, the only market is the state, as only governments will pay for a reduction in homelessness, reoffending, etc. Yet the public sector commissioning and procurement landscape is as challenging as it's ever been. Isolated gestures such as a recent government pledge of £100 million against homelessness, or talk of ending austerity, are all well and good. But they do little to calm the fears of most social enterprise providers around their capacity to grow in the public sector.

As always, social enterprises themselves offer a solution to this growth challenge – because they don't have to rely on the markets, nor on public money, to pay for the services they are delivering. Change Please can tackle homelessness by flogging coffee, Connection Crew can do it through putting on events, Brigade can do it by dishing up lunch. None of these services is being offered to homeless people, nor is the state paying for them. So, to increase impact, we need to increase the ability of these and many thousands more outstanding enterprises to win more business, wherever that may be. And critically, we need to enable this in markets beyond the public sector to diversify and grow revenues. Doing this means creating the impact we're all seeking in the first place.

To increase impact we need to increase the ability of these enterprises to win more business, wherever that may be

This approach has been at the heart of Social Enterprise UK's market-building strategy for some time. The Buy Social brand and campaigns such as Social Saturday have aimed to engage consumers, while the Buy Social Corporate Challenge is building demand among big business. To date, this has been principally focused on demand-side activity – our theory of change being if we encourage enough willing customers, providers will come forward to meet that demand.

But we've become increasingly convinced that we need to go further to fully stimulate market activity. Take our B2B work. Our Buy Social Corporate Challenge now has 16 businesses on board who between them spend tens of billions of pounds in the UK. The social enterprise supply chain has the capacity to capture only a very small slice of this. We've therefore undertaken a piece of work with FriendlyFires (a consultancy that specialises in corporate and social enterprise collaboration), funded by Access - The Foundation for Social Investment. We're looking at the spending data of these businesses and identifying significant (£500,000 - £5m) areas of procurement not yet served by social enterprises.

This doesn't consider areas with the highest barriers to entry (supplying multinationals such as HP or IBM may have to wait!), but it does leave a huge scope for opportunities. The revenue

Change Please, which trains homeless people to become baristas, now supplies its coffee on Virgin Trains

from delivering these business areas effectively represents a multi-billion pound opportunity.

So where next? Take the construction sector. Wates, Amey and Mace are all Buy Social Corporate Challenge partners, and by and large they buy a lot of the same stuff, as do their competitors. There are currently very few social enterprises providing site services, but there's no reason why there couldn't be more. This is even more compelling when it solves a business need. There is a dearth of high-quality scaffolding businesses in the UK, for example. Why shouldn't a social enterprise that makes high-quality scaffolding, also creating thousands of jobs for those furthest from the labour market, step in? Imagine if we then multiply that for the rest of the construction supply chain, and then consider more categories like facilities, learning and development, business support and so on.

So the challenge is this – how do we get social investors, support organisations and entrepreneurs to unite behind solving business problems? We think three things are needed:

1. Align money to markets. The social investment market needs to understand that impact-themed funds are for charities. Social enterprises want, and need, funds that are aligned to their business models as these will allow them to grow (and therefore have impact). So let's have a construction fund or a fast moving consumer goods accelerator, rather than (yet another) place-based fund.

2. Be ambitious. Let's consider mergers and acquisitions, including buying and converting private businesses, to create the scale we need. Let's look at how large social enterprises can diversify from public to private sector markets that offer greater opportunity. The business demand is there, it just needs the supply and the impact model to leverage it.

3. Co-create solutions. Let's work with the businesses who are actually doing the buying to create solutions that really work for them. This shouldn't be about the commercial sector doing the social enterprise market a favour, it should be how the social enterprise market can solve genuine business problems.

There is a multi-billion pound opportunity in the UK for social enterprises who can deliver effectively at scale to willing buyers among B2B markets. It's now the responsibility of the sector to ensure we capitalise on this – doing so will unlock the social impact we're all seeking in the first place. ■

Charlie Wigglesworth is deputy chief executive at Social Enterprise UK

PIONEERS POST WENT OUT AND ABOUT, AND MET...

The Pioneers Post team members attend events all over the world and meet inspiring social entrepreneurs everywhere we go. Here are some of the great stories that we've encountered over the past few months

WHO: Marit Boot, Founder
FROM: What? Why? Children in Hospital
WHERE: Social Enterprise World Forum, Edinburgh, UK

We make videos about hospital procedures to help children and parents prepare for hospital. Our videos help to reduce anxiety by showing what happens in hospital as many children worry about the unknown. So far, we have made 48 videos about tests such as MRI, CT and ECG.

The videos have been viewed more than two million times with excellent feedback from families. Being able to help so many families has been really rewarding! Our income comes from disease-specific charities and health trusts, which feel as passionate about improving patient information as we do.

WHATWHYCHILDRENINHOSPITAL.ORG.UK

WHO: Rose Goodhart, Strategy & Lead Teacher Trainer
FROM: Multikids Africa
WHERE: A café in north London, UK

We're a human rights NGO working together with local and international partners in Ghana. We seek to do two things:

1. Train and capacity build school leaders and teaching professionals to deliver inclusive education in Ghana
2. Support the health and wellbeing of children with special educational needs and disabilities, delivering United Nations Sustainable Development Goals 3 and 4

Our biggest failure has been in narrowing down our focus as an NGO. We started under a different name as Inclusive Education Africa and spread ourselves too thin.

Our biggest success has been receiving the DFID small charities grant. Our two year project, Enabling Education for children with cerebral palsy in Ghana, aims to train and support special education teachers to manage children with cerebral palsy across 19 local government schools in Ghana.

MULTIKIDSAFRICA.ORG

WHO: Chris Newton, Managing Director
FROM: Essential Event Recycling
WHERE: Brainchild Festival, East Sussex, UK

We help festivals and events dispose of their waste better. This means everything from organising volunteers who sort through rubbish to ensure it is going into the right bin, to advising on disposing afterwards. We help maximise recycling potential from all of those beer cans, food boxes and cigarette butts that event goers dispose of, and ensure that the spaces are looking spick and span when we're done!

The most exciting thing we are working on right now is turning recycling into a game. Which to me is the holy grail of behaviour change. For example you can create cigarette ashtray voting like the ballot bin (ballotbin.co.uk) around events to stop cigarettes being put on the floor. Another way is a recycling deposit system that gives random prizes to those that have used the recycling bins the most via scanning of wrist bands.

ESSENTIALRECYCLING.CO.UK

WHO: Anna-Liisa Goggs, Co-founder
FROM: Consult and Coach for a Cause (C3)
WHERE: GSG Impact Summit, New Delhi, India

We foster social enterprise in the MENA region through accelerator programs and skills-based volunteering. In the past 6 years, C3 has helped more than 250 entrepreneurs through its flagship programs and created a community of more than 1,000 experts willing to put their skills to good use. We were also awarded the first international Social Enterprise Mark and recognised as a United Nations Sustainable Development Goals (SDGs) Pioneer for outstanding contribution to Goal 17 "Partnerships for the Goals".

Our biggest challenge so far has been to create a financially sustainable and scalable business. We bootstrapped our business for several years before starting to generate revenue and now we have our advisory arm, C3 Partners (www.c3partners.me) and the support of HSBC who are powering our C3 Social Impact Accelerator Programme this year. We have scaled our business by expanding geographically outside of the UAE and much of what we do involves collaborating with others on similar initiatives. We consider that the more we help our entrepreneurs to financial sustainability, the more we have deepened our impact. For us, this is scale.

The change in understanding of social enterprise in the Middle East is nothing less than astounding. Raising awareness and supporting emerging social enterprise models in the Middle East has easily been our biggest success to date.

WEGROWWITHC3.COM

WHO: Dave Linton, Founder
FROM: Madlug - Luggage that makes a difference
WHERE: Social Enterprise World Forum, Edinburgh, UK

There are over 90,000 children in care in the UK. One child enters the care system every 15 minutes and many of these children have their belongings moved in black bin bags. Madlug is a solution to this. It is a buy-one-give-one luggage company.

With every bag purchased, one is given to a child in care because no child should carry their life in a bin bag… Madlug generates income by creating a strong brand of quality backpacks, gym bags and travel luggage and then sells them through our online shop at madlug.com.

MADLUG.COM

We love meeting new social entrepreneurs from all over the world. Do come and say hello if you see us at an event, or get in touch with our partnerships manager Simone van Klaveren, *simone@pioneerspost.com*

DAY IN THE LIFE

BEN GLEISNER

The CEO and co-founder of CoGo, a platform that connects ethical businesses with consumers, juggles time zones and bedtime stories while leading a start-up the second time round

My alarm goes off at 6am, and the first thing I do is check my emails. I moved my family to London in July and while we're building a team here, the majority is still based in New Zealand, including all our developers. Depending on what's come up, I might jump on a quick call while the timing fits. The time difference means there's always someone in the world working on CoGo!

At 7am the family takes priority. I fix breakfast for our two girls (aged four and six), help with homework checks, and get them dressed. Once a week I drop them at school, a 5-minute walk away.

At 8.30am I cycle to work – about a 30-minute ride if I'm fast. We're currently based in a shared office space in Moorgate thanks to one of our impact investors. It's a great space with lots of start-ups so there's a great buzz.

Work begins with a quick stand-up with the UK team to recap on the previous day and plan the day ahead. Our focus is currently on getting new ethical and sustainable businesses to join our network and encouraging new consumer sign-ups: the more we grow our community, the more we grow our impact. It's very busy, but also exciting to be bringing our technology from New Zealand – and going through the start-up process a second time around. It's definitely a bit easier this time!

The morning is usually focused on encouraging businesses to join the platform and building new strategic partnerships with consumer-facing organisations. We work with businesses across five sectors; health and beauty, grocery, homeware and gifts, fashion, and food and drink. This makes my meetings very varied – I get to meet many different entrepreneurs every day.

I try to find an ethical option for lunch but I need an app to help with that...

I grab lunch around 1pm. I usually bring my own, but if not, I try to find an ethical option. Easier said than done if I'm out and about. I need an app to help with that…

After lunch, I'll work on pulling together feedback for CoGo's head of product and COO in New Zealand, or meet with an interested investor for coffee. At 5pm I cycle home – some days I'm better at leaving on time than others – and mentally process a few outstanding jobs, or just try to switch off.

At home I catch up with my wife and kids, and twice a week I cook dinner, which I love doing. We aim for 50% vegetarian meals, and obviously all our meat is ethically sourced!

Afterwards I help the girls with their homework. It seems pretty crazy to have homework at that age – one of the differences I've noticed between NZ and UK schools! Then bedtime stories: favourites at the moment are Pippi Longstocking and anything by Julia Donaldson.

At 8pm the days starts again for the team in New Zealand so most days I have a quick call, maybe talking through new features for the app or running through feedback I sent earlier in the day.

My wife and I will try to stay awake for something on Netflix, but I'm usually asleep by 10pm. I really need my sleep to get energy up for the next day! ■