Issue: #14

PIONEERS POST QUARTERLY

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

CLIMATE CONFUSION

Why social enterprise still hasn't figured out its role in the crisis

GLOBAL FOCUS: ETHIOPIA

Adding to the winds of change in a fast-evolving economy

PROFILE: REGINA HONU

The Ghanaian entrepreneur proving that girls and computers do mix

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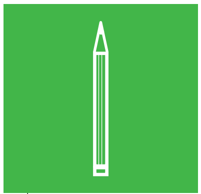
CONTENTS



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THE EDITOR'S LETTER

"This issue's cover feature took us in a slightly new direction. While we've reported on all sorts of weird and wonderful social enterprises over our 17 (!) years of existence, this is the first time we've gone into such depth on the topic of **climate change** (p.18). Sure, we've looked at innovative business models doing good for the environment while selling a great product or service. But we had never really questioned what the responsibility is of every other kind of social enterprise when it comes to environmental sustainability, and particularly acting on the climate crisis.

The question is in fact still unanswered for many in our field, as we found when we spoke to dozens of you – entrepreneurs, support organisations and investors. Does being a business with a social mission mean you should be setting a positive example when it comes to the environment, too? Or does the fact that you've often got less profit margin to play with than your commercial counterparts – and arguably a tougher all-round job to do with fewer staff – mean you should leave the radical action to others? Is it even viable to run a business that's consistently achieving excellent social outcomes while also going all-out to limit its impact on the planet?

Many would argue there's no choice. While it's easy to highlight individual efforts and innovations – and while it's true that small actions matter too – there's clear frustration from some quarters that the notion of an 'emergency' has changed little in our everyday business.

Meanwhile, others may be moving ahead. As we went to print in mid-September, momentum was building – with a major UN summit on climate action set to take place, strikes planned around the world, and big corporates making unprecedented statements on their social and environmental responsibility. Will social enterprises find their place among the fray?

Also in this issue, we explore the **emerging social enterprise ecosystem in Ethiopia** (p.25). The east African nation is set to host this year's Social Enterprise World Forum, and its social entrepreneurs are likely to bring energy and ideas aplenty. SEWF is a major event on the social enterprise calendar – but not the only one taking place in sub-Saharan Africa in the coming months, as our **regional snapshot** (p.30) shows. Expect lots more news from the youngest continent soon.

Enjoy the issue, and as always, we'd love to hear your thoughts and feedback – drop us a line (news@pioneerspost.com) or find us on Twitter (@PioneersPost).

Until next time! ■

ANNA PATTON
MANAGING EDITOR

Big business bosses called to action on shareholder primacy

TOP CEOS OF US FIRMS REVISIT THE PURPOSE OF THE CORPORATION

The influential Business Roundtable in the US released a statement on the purpose of business, calling into question the paramount role of shareholders for the first time. 181 CEOs – including bosses at Apple, Amazon and Walmart – committed to investing in employees, dealing fairly and ethically with suppliers and supporting communities in which they work, alongside generating long-term value for shareholders.

Some saw the statement as merely an attempt to keep criticism of big business at bay. It's unclear what might change. Experts pointed out that corporate law still provides directors with "broad discretion in discharging their duty of care to the corporation and its shareholders". The roundtable's own corporate governance chair and CEO of Johnson & Johnson Alex Gorsky wrote in a blog post that the group had always considered investing in employees and communities as essential to generating value for shareholders; the latest change was a matter of updating language and articulating values. However, it is the first time such an influential group has questioned the paradigm of shareholder primacy. Gorsky also called the statement a "call to action", and in a follow-up statement, the group pointed to its ongoing efforts to push for higher wages, skills training and an end to quarterly earnings reporting. Many still said it fell short. In the UK, CEOs of 33 B Corps publicly called for the signatories to put their words into action by adopting benefit corporation governance structures.

Investment from LeapFrog has helped Goodlife become East Africa's largest pharmacy brand

SOCIAL ENTERPRISE BODIES CALL FOR EUROPEAN 'BUY SOCIAL' CAMPAIGN

Representatives from 20 European countries sent a wishlist to the newly-elected European Parliament in June, calling for more support for social entrepreneurship and innovation. It was signed by 24 national organisations plus Euclid Network – the European network representing social enterprises – and included a request for a campaign to boost visibility of Europe's 2.8m social economy organisations. The group wants EU institutions to fund this campaign; it is also looking into replicating Social Enterprise UK's Buy Social Corporate Challenge, which encourages large corporates to include social businesses within their supply chain.

SHORTAGE OF SPECIALIST SKILLS A CHALLENGE TO GROWING IMPACT INVESTING MARKET

A lack of professionals skilled in the field could hamper the growth of impact investing, according to the Global Impact Investing Network. In GIIN's latest annual survey (among 266 impact investors), more than half said the number of professionals with impact measurement and management skills was insufficient, while 41% said there weren't enough people skilled in deal making and structuring. Attracting and retaining talent was an issue for many: 40% cited competitive pay as a big factor. Other barriers included lack of appropriate capital across the risk–return spectrum, and lack of suitable exit options.

60 DECIBELS CREATED TO PUSH 'LEAN DATA' FOR IMPACT MEASUREMENT

Acumen announced the spin out of Lean Data, its customer-centric impact measurement service, into a separate social enterprise called 60 Decibels. The new company raised $1.7m in an investment round led by Ceniarth, a London-based family office, with participation by Acumen and four individual investors. 60 Decibels aims to boost use of lean data and set a new standard for how impact is measured by social enterprises, impact investors and the international development sector. Acumen has worked on advancing and standardising impact metrics for the past 18 years.

IMPACT FUND RAISES RECORD-BREAKING $700M

LeapFrog Investments announced the largest-ever private equity fund by a dedicated impact fund manager, raising $700m, to invest in healthcare and financial services companies in Asia and Africa. Andrew Kuper, founder and CEO, called the announcement "an important moment for responsible private equity". He added: "As our third fund and largest fund, it is a decisive demonstration that meeting the real needs of under-served people is great business." The new fundraise will take LeapFrog to $1.6bn of total commitments, sustaining its position as the largest private equity manager entirely dedicated to impact investing.

PALLADIUM CREATES ITS FIRST IMPACT INVESTMENT FUND

In August, global consultancy Palladium announced its first impact investment fund for small businesses in sub-Saharan Africa. It aims to raise $40m (with $5m from Palladium) and will focus on agribusiness value chains and off-grid clean energy in Nigeria, Ghana and Kenya, aiming to create at least 3,500 jobs, 60% of them women. Investors will include foundations, family offices, pension funds, and institutional investors, and the fund will invest between $250,000 and $2m into companies.

SOCIAL ENTERPRISE MARK EXPANDS TO USA

Social Enterprise Mark CIC signed a franchise agreement to introduce its Social Enterprise Mark, the only internationally available accreditation for social enterprises, in the USA. The agreement grants Society Profits, a US-based social enterprise, an exclusive licence to award the mark. Rebecca Dray, founding CEO of Society Profits, said "transparent and trusted" social enterprise sellers were needed and that the label would provide a "strong foundation on which we can build supply chains for social minded corporations and individuals to buy with confidence".

THE FINANCE BULLETIN

***For regular social and impact investing headlines, don't miss our monthly impact finance bulletin on* pioneerspost.com/collections/frontier-finance**

IRELAND PUBLISHES FIRST EVER SOCIAL ENTERPRISE POLICY

The Irish government published its first strategy for social enterprise in July, aiming to build awareness of social enterprise, help it grow and improve policy alignment, committing to 26 measures delivered over four years. Network body Social Enterprise Ireland said it would help raise the profile of a sector that has to date been hindered by its "relative youth and underdevelopment", and welcomed the establishment of an advisory group to promote social considerations within public procurement. In August the government announced a €800,000 fund, raised through dormant accounts, to provide training and mentoring to social enterprise projects.

HUNDREDS BACK FRANCE'S PACT FOR IMPACT

France hosted a high-profile gathering in July, as part of its G7 presidency, that led to a 'Pact for Impact' manifesto setting out ambitions to create a global alliance "for the recognition and development of the social and solidarity economy, the inclusive economy, its companies and all actors of social innovation". Signatories committed to promoting a social and inclusive economy through legislation, public procurement, and financing solutions, among others.

SPAIN JOINS GLOBAL STEERING GROUP FOR IMPACT INVESTING

Spain created a National Advisory Board on impact investing, joining the growing network of countries represented in the Global Steering Group for Impact Investing (GSG). There are now 22 countries in the group and GSG is expecting to welcome many new national and regional advisory boards in the coming months – keep an eye on Ghana, Zambia, the Netherlands, Sweden, Colombia and Central America.

> *GSG trustee Elias Masilela, page 31*

NEW AWARD TO RECOGNISE SOCIAL ENTERPRISE REPORTING IN ETHIOPIA

The British Council and Pioneers Post announced the first award for social enterprise journalism in Ethiopia. Open to all practising journalists in the country, the winner will be announced at the Social Enterprise World Forum in Addis Ababa on 23-25 October. The competition aims to encourage rigorous reporting on social entrepreneurship and to showcase quality journalism in this field. There are an estimated 55,000 social enterprises in Ethiopia, according to British Council research in 2017.

> *Global Focus: page 25*

FROM THE UK

NEW IMPACT INVESTING INSTITUTE ANNOUNCED

The creation of a new independent body, the Impact Investing Institute, was announced in June, an initiative of the UK National Advisory Board on Impact Investing and the Implementation Taskforce on Growing a Culture of Social Impact Investing in the UK. Set to open this autumn, the institute aims to strengthen the market infrastructure for impact investing, increase the amount and improve the effectiveness of capital invested for impact, and make it easier for individuals to invest for good. Its first CEO, former *Financial Times* journalist Sarah Gordon, took up the role in September.

> Opinion: page 42

SOCIAL INVESTORS URGED TO ADDRESS INEQUALITY

A "big mental shift" is needed among social investors to address inequality – including actively seeking out campaigning groups and other equality-focused organisations for their portfolios, according to a report from the Equality Impact Investing Project. At the report's launch in June, author Ceri Goddard said investors are currently addressing inequality only in a "relatively limited" way, and need to move from just including equality-focused outcomes, to actively targeting them. The report came as economists warned that the nation was heading towards extremes of inequality similar to the US.

CALL FOR OVERHAUL TO TAX RELIEF

UK organisations called for an overhaul to Social Investment Tax Relief in their responses to a government consultation that closed in July – claiming changes could unlock tens of millions of pounds in financing. Big Society Capital said some 30,000 charities and social enterprises "could realistically consider" using the relief; to date, only around 70 are known to have done so. Requests submitted to government included expanding eligible activities, an end to the organisation's age limit, and making it accessible to community energy companies as well as to non-asset locked entities.

SOCIAL BUSINESS CONTRIBUTION TO WELSH ECONOMY JUMPS ONE THIRD

Research published in June revealed that the social business sector in Wales is worth an estimated £3.18bn, a 34% increase on findings in 2016, although the rise was partly due to a larger dataset. *Mapping the Social Business Sector in Wales* identified more than 2,000 social enterprises (28% of them established 20 or more years ago), employing 55,000 people. The main challenges cited were obtaining finance and lack of resource: the average number of employees has grown only marginally and is outpaced by turnover growth, meaning businesses are more stretched.

£700M GROWTH IN SCOTTISH SOCIAL ENTERPRISE

New research identified 6,025 active social enterprises in Scotland, a 16% increase since 2015, employing the full-time equivalent of nearly 90,000 people. The research was detailed in the Social Enterprise Census, published every two years since 2015. Findings also show that total income has reached £4.37bn, an increase of 22% since 2015. Most organisations grew their income in the last two years, but 43% experienced a decline. Some 65% of Scotland's social enterprises are now led by women – compared to less than half across the UK as a whole in 2017 figures – and women now form a majority on the boards of 60% of Scottish organisations.

SCOTTISH SOCIAL STOCK EXCHANGE TAKES SHAPE

Project Heather, the team working to build a Social Stock Exchange in Scotland, announced a £750,000 grant from Scottish Enterprise in May, providing for up to 45 jobs at its Edinburgh, Glasgow and Aberdeen offices. Project Heather aims to create the first regulated investment exchange focused on businesses making positive social and environmental impact; it is in the process of recruiting a board of directors and finalising documentation to be provided to the financial regulator. Alongside the grant, the project raised a seven-figure sum from private investors in March and is in the process of a second fundraise, with a third round planned before launch.

LABOUR PARTY PUBLISHES CIVIL SOCIETY STRATEGY

Labour published its Civil Society Strategy in June, proposing among others the creation of a community innovation fund and repealing the Lobbying Act. It also promised to review social investment and the role of Big Society Capital, to review "how it can do more to build social capital and incorporate models of community reinvestment in our poorest communities". In response, BSC welcomed the emphasis on community and pointed to its work in establishing Access - the Foundation for Social Investment, which provides loans averaging £64,000 to charities and social enterprises.

NORTHERN IRELAND 'STATE OF THE SECTOR' FINDINGS REVEALED

Northern Ireland published its first comprehensive survey of the social enterprise sector since 2013. It found that social enterprise was a "major new growth area", with 44% of organisations surveyed commencing trade in the last five years and 25% in the last two years, and claimed that it had become a "fundamental element of a rebalanced and more plural economy" in the region. The report recommends, among others, to develop a draft social value act: Northern Ireland is the only part of the UK with no legal requirement to deliver social value through public procurement. ■

MY MEDIA

LESLIE JOHNSTON

EXECUTIVE DIRECTOR,
C&A FOUNDATION

BOOK

I'm currently reading Mariana Mazzucato's *The Value of Everything: Making and Taking in the Global Economy*, which makes the case that our global economic system should be rewarding activities that create value (as opposed to extract it). This is such an important message, given how critical it is that we act now to address the climate crisis. It's also an excellent review of how political and economic thought shaped policies and public opinion on what "value" means.

MOVIES

The only time I watch movies is on long-haul flights, yet I struggle to name a few that really moved me. More recently, I loved *Captain Fantastic*, about a family who move from living in the wilderness to needing to reintegrate into society.

SOCIAL MEDIA

I use Twitter to track (and be part of) conversations on topics close to my heart: sustainable fashion, strategic philanthropy, mitigating climate change. And for fun – and to keep in contact with my family, who are on the other side of the pond – I am an avid user of Facebook and Instagram.

PODCASTS

I listen to three podcasts regularly. *Freakonomics – The Hidden Side of Everything*: Stephen Dubner is a master at making the seemingly banal interesting, from exploring how names influence bias, to learning why projects are always late. *How I Built This* with Guy Raz – I love learning about the (often) hard road that the world's most successful entrepreneurs have travelled. And *The Ted Radio Hour* – with snippets from Ted Talks and interviews with the speakers.

NEWSPAPERS

I read the BBC News and *New York Times* online every morning, usually during my bath. My husband is convinced that I'll one day drop my phone in, but so far, so good.

C&A Foundation is a corporate foundation, affiliated to global retailer C&A, that aims to transform the apparel industry. In 2018, the foundation invested €48.3m to increase the production and uptake of organic cotton, improve working conditions, end child and forced labour, foster new circular business models, and build resilient communities.

PEOPLE & PLACES

An A to Z of who's going where in the social enterprise and social investment worlds

Charity Bank voted in a new chair of the board, Alan Hodson… Baroness Diana Barran was appointed the **UK's minister for civil society within the Department for Digital, Culture, Media and Sport** (replacing Mims Davies, who had had combined responsibility for civil society and sport)… Stefan Panhuijsen, director at Social Enterprise NL, joined the board of **Euclid Network**… The **Global Impact Investing Network** promoted Sapna Shah to managing director… The **Global Steering Group for Impact Investment** appointed two new trustees: María Laura Tinelli (Argentina) and Elias Masilela (South Africa)... London-based members' club and employment academy the **House of St Barnabas** appointed Rosie Ferguson, who also chairs charity leaders network ACEVO, as CEO… The UK's new **Impact Investing Institute** appointed former *Financial Times* journalist Sarah Gordon as its first CEO… The UK **Labour party** appointed Lewisham Deptford MP Vicky Foxcroft as its shadow minister for civil society - replacing Steve Reed MP, who had led the publication of Labour's long-awaited civil society strategy in June… Charities' membership body for England **NCVO** promoted Karl Wilding to CEO, replacing Sir Stuart Etherington, who retires after 25 years in the organisation… Tom Ebbutt joined leadership organisation **On Purpose UK** as managing director… Australia's former foreign affairs minister Julie Bishop joined the board of impact firm **Palladium**, in her first non-executive directorship in the private sector after leaving politics… The **Scottish Business Resilience Centre** appointed Chris Thewlis, CEO of social enterprise private security firm GTS Solutions, to its policy board... The newly-formed **Scottish Stock Exchange** appointed Elaine Morton as chief regulatory and compliance officer, and Helen Webster as chief operating officer… Jane Bruce was promoted to CEO of **Social Bite**, a Scotland-based anti-homelessness group… **Spring Impact** appointed Afira DeVries as its new US director... Social enterprise estate agent **Urban Patchwork** appointed a voluntary board, chaired by residential property expert Iga Dabrowa… Diane Mak joined **Y Analytics** as a senior director of impact solutions, and David Frank joined as managing director of client service and product development. ■

To feature your appointments in future editions of Pioneers Post, contact news@pioneerspost.com.

MAKING HEADLINES: DICE YOUNG STORYMAKERS

Last issue, we introduced DICE Young Storymakers, a partnership with the British Council that's enabling young journalists to report on creative and social enterprise from six countries. Our editors are working with 14 early-career journalists aged 18-25 in Egypt, Pakistan, Brazil, Indonesia, South Africa and the UK, helping them to build their professional expertise and portfolio, while bringing stories from the front lines to our readers around the world. DICE Young Storymakers is backed by the British Council's Developing Inclusive and Creative Economies programme. *Follow all our Young Storymakers on pioneerspost.com and on Instagram @2019ysm.*

MEET JUST A FEW OF OUR YOUNG STORYMAKERS...

IMANI DLAMINI, SOUTH AFRICA

Imani is a digital storyteller committed to telling positive and constructive stories. She currently produces video content for her web series/vlog, 'Conversations that Matter', which aims to stimulate debate on environmental and social topics in South Africa. She also produces and edits video for International Clarion, a media startup. Imani's work focuses in particular on young people's responses to pressing global challenges and she is driven to produce stories that inform, educate and inspire others through ethical, accurate and balanced journalism. She's currently completing a Masters in International Studies through Monash University.

Turn to page 15 to read Imani's profile of Ghanaian tech entrepreneur, Regina Honu.

PEDRO LIRA, BRAZIL

Pedro graduated in journalism in 2016 with a specialisation in data journalism and social media. Based in Rio de Janeiro, he is the editor of data_labe, an NGO exploring new narratives around human rights and empowering young minorities. Along with his journalism work, he has a particular interest in producing Instagram Stories. Pedro is passionate about new ways of thinking about the world and is particularly motivated to reduce inequality by empowering LGBT people, women, ethnic minorities and young people to share their stories and by democratising traditional journalism.

Read Pedro's feature about a São Paulo publishing company with a difference on pioneerspost.com.

ASTARI SAROSA, INDONESIA

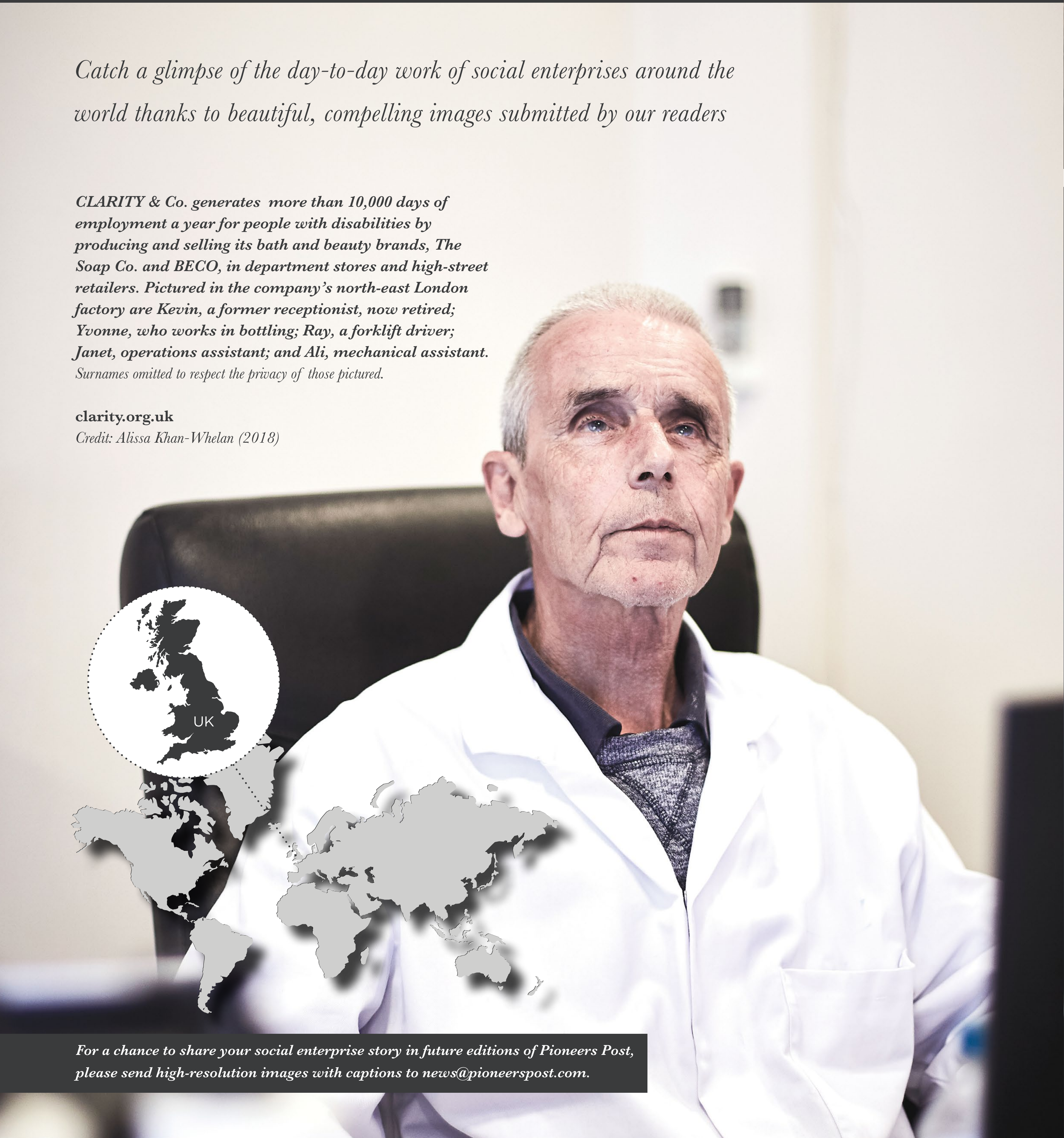
Astari has two years' experience covering women's lifestyle for Tempo Media, an Indonesian national online and print media. A graduate of San Francisco State University, where she studied Communications, she is based in Jakarta and is particularly interested in shedding light on minority experiences and struggles through her writing and stories. Astari also works as an English teacher for young adults in rural areas, and is an active organiser at CSIV, an international organisation that promotes peace education to children.

Read Astari's coverage from Indonesia and Singapore on pioneerspost.com.

CLOSE-UP

TURNING THE LENS ON SOCIAL ENTERPRISES AROUND THE WORLD

Catch a glimpse of the day-to-day work of social enterprises around the world thanks to beautiful, compelling images submitted by our readers



CLARITY & Co. generates more than 10,000 days of employment a year for people with disabilities by producing and selling its bath and beauty brands, The Soap Co. and BECO, in department stores and high-street retailers. Pictured in the company's north-east London factory are Kevin, a former receptionist, now retired; Yvonne, who works in bottling; Ray, a forklift driver; Janet, operations assistant; and Ali, mechanical assistant.
Surnames omitted to respect the privacy of those pictured.

clarity.org.uk
Credit: Alissa Khan-Whelan (2018)

For a chance to share your social enterprise story in future editions of Pioneers Post, please send high-resolution images with captions to news@pioneerspost.com.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PAKISTAN

Bushra (name changed to protect her identity), pictured in Umerkot district, in southern Pakistan. She is among those supported by Taanka – an enterprise that connects rural women artisans in the Sindh province to urban buyers, taking care of securing orders, distribution and quality assurance. Taanka was created by Y Care International and Community World Service Asia in 2016, and has engaged around 700 artisans to date.

taanka.pk

Credit: Hur Hassnain / Y Care International (2018)

AUSTRALIA

Students at Cathedral College in Wangaratta, North East Victoria, making sausages to sell as part of a project to raise funds for charity. The project was part of a Social Enterprise Academy Schools programme delivered by the Australian Centre for Rural Entrepreneurship – a partnership that has worked with more than 3,000 students in the region.

acre.org.au | socialenterprise.academy/aus

Credit: Lucy Betts/Cathedral College (2019)

CLOSING THE GENDER GAP? IT'S NOT ROCKET SCIENCE

In Ghana, Soronko Academy is training the next generation of female computer scientists – challenging gender stereotypes and re-writing the African story as a continent of technological innovation. Founder Regina Honu tells us more

IMANI DLAMINI

In 2012, Regina Honu decided to leave her comfortable job at a prestigious bank in Accra, itching to start a business with a social impact. Shortly before she quit, though, another opportunity came up: Microsoft invited her for an interview, even flying her to the company's US headquarters.

But something didn't feel right. "I thought: Oh, my goodness, it would be a nice dream to work at Microsoft," the computer science graduate tells *Pioneers Post*, over Skype from her home in Accra. "But then I would be one of the millions of people contributing my very little quota to Microsoft – but if I stayed in Ghana, I could really make a change."

Honu was in her late 20s at the time, and the decision to start a business sparked mixed reactions. While her father supported the move – "he felt that I wasn't exploring my full potential at the bank" – her mother was worried about her leaving a well-paid, secure job, not to mention concerned about her finding a husband. Even Honu's boss said she would be back within six months. But she had made up her mind. Within a few years, she would go on to achieve international recognition for her work.

ROCKET POWER

Honu has always been someone who "colours outside of the lines," as she puts it – not least in her passion for the still male-dominated fields of science and technology.

She was exposed to these subjects earlier than most: when she was 12, her father brought home a computer, a luxury for most middle-class Ghanaians in the mid-1990s.

> *"My teacher said girls don't build rockets and I would end up in the kitchen"*

But if an interest in technology was nurtured at home, this wasn't the case at school. One day, inspired by a movie she'd seen, she decided to design and build a prototype of a rocket. It was quickly dismissed.

"My teacher said it was impossible, that girls don't build rockets and I would end up in the kitchen," she says.

The sentiment reflects one of the major challenges women face in Ghana. Though the law safeguards women's rights, women still often face discrimination, lower pay and lower levels of political participation than men. In some circles, they are expected to be mothers and homemakers.

Honu is among those proving otherwise. Before the age of 30, she had already broken glass ceilings as the only female in the IT department of two international banks, Zenith and Fidelity, having previously excelled as one of the few female computer science students in her class.

But she is most proud of her decision to quit her banking job because it was "so scary… there was no safety net".

The leap has paid off. In 2012 Honu single-handedly started the for-profit software company Soronko Solutions from her parents' home in Accra. Alongside, she created 'Growing Stems', a programme that taught science, technology, engineering and mathematics (STEM) skills to children in rural parts of Ghana.

However, working with rural communities she noticed that boys dominated the sessions, while the girls "didn't really participate". In one session, she recalls a boy telling a girl that laptops are "not for girls".

"So, I figured, in order to get more girls

Regina Honu established Tech Needs Girls in 2013, deploying female volunteer mentors to teach girls how to code and create technology. Regina is pictured here with students in 2016, in the organisation's former office in Accra

[involved], they needed to see more role models, other girls like me".

That spurred Honu to develop Tech Needs Girls in 2013, a movement that engages female volunteer mentors, either university students or graduates in computer science, to teach girls aged 6-18 how to code and create technology. First targeting 50 girls from the Kumasi region, the programme has since expanded to eight other regions of Ghana and even into neighbouring Burkina Faso.

Why is this training needed? In low-income areas where the project began, girls are vulnerable to exploitation through child marriage – a financial 'opportunity' that means parents may not invest in a daughter's education.

"The value of a girl is in her bride price. That's the only value she is bringing in the family," Honu explains. The problem is widespread: according to UNICEF, more than one in five girls in Ghana is married before the age of 18, and 5% before they turn 15.

Yet there are clear long-term benefits of developing expertise in technology. "Digital skills are in demand and they are top-paying skills that will allow women and girls to have economic independence,"

> *"Digital skills are in demand and they are top-paying skills"*

says Honu. "It is important that women and girls are not left behind in the digital revolution."

Convincing others of this was difficult, however: people said coding classes would be too advanced for girls to grasp. Since many parents were not convinced that computer skills were important, Honu decided to approach schools – and was surprised to find that male principals seemed more excited about the programme than the female ones. Honu believes this is because men in Ghana are much more exposed to conversations around technology and science, and therefore more likely to see their value – yet another reason her work is important.

PRACTICAL LEARNING

Tech Needs Girls alumni have gone on to higher education, win scholarships to study in the US, and establish businesses or foundations. Meanwhile the Soronko name has grown and grown – partly thanks to social media, which Honu says has helped garner support and "catapult the social enterprise from just a local brand to an international brand".

But Tech Needs Girls still faced some pushback from communities who didn't support girls working on tech projects, as well as a lack of equipment and other resources.

Honu realised it wasn't enough to just drop into a community and teach computer skills – so she created the Soronko Academy in 2016, claimed to be the first coding and human-centred design academy in West Africa.

The Academy teaches computer skills to a range of people including unemployed women, deaf and autistic children, and students as young as five and up to 75 years old. While education in Ghana tends to be overly focused on theory and rote learning, at the Academy it is highly practical, with students encouraged to create their own projects.

The issue is close to Honu's heart. As a teen on an exchange programme in Norway, she realised that students back home were not encouraged to ask questions. And she recalls struggling to apply what she'd learned: "I could draw a very advanced electrical circuit, but if you gave me two wires and a bulb, I would be looking at you, like: 'What just happened?'"

Today, she's an advocate for making lessons in Africa much more practical: "We should be using examples with things around us, there should be more local content, we should be trying to solve problems as we are learning."

LEADING WOMEN

Soronko Foundation as a whole, which includes Tech Needs Girls and Soronko Academy, has trained at least 6,000 girls to date. For now, Honu is mostly focused on Soronko Academy – partly because, she admits, it's "very hard" to put full energy behind both the software business and the foundation.

But it's also because the Academy is now less dependent on profits generated by Soronko Solutions (the business now passes some client work to students to deliver). Fee-paying students now help cover operational costs and subsidise scholarships for underprivileged students. The Academy also gets some donations and rents out its space to other organisations that want to offer training.

Soronko Solutions is part of a growing wave of social enterprises in Ghana, where there were an estimated 26,000 social enterprises in 2016, according to British Council research. Many of these are either supporting women and girls (see box), or empowering women as business owners: another British Council report found that nearly 40% of social enterprises are led by women, in most cases boosting their confidence and self-worth.

Ghana has a high rate of female-owned business generally – in fact, they are more inclined to engage in entrepreneurial activities than men, according to the Mastercard Index of Women Entrepreneurs. But this is driven more by necessity. And Honu says women choosing this path still face barriers, including getting approval from a husband or father: "The majority of African women still have to get permission from somebody… there is some man deciding your fate."

Another challenge is access to funding. In Ghana, men own 81% of land and wealth, meaning women are less likely to have access to assets they can use as collateral for loans. (In some regions, a husband's death means his widow must relinquish her property to her male relatives.)

Furthermore, women face more psychological barriers than men, Honu believes. While men are encouraged from a young age to be entrepreneurial and to become leaders in the community, she says, many women worry about what others will think and are more afraid of failure (as other research has also emphasised).

Yet Honu believes African women (and men) can have a stake in the new technological age – which can, in turn, produce higher incomes and solve social challenges. Investing in computer skills would also help shift the narrative of Africa from "famine [to] innovation". A key step, she insists, is education that helps young people to become critical thinkers.

"The teacher has to be okay with a two-way interaction," she says. "The teacher should not feel threatened or intimidated to have students that question the status quo." Not even if they turn up to class with a homemade rocket. ■

Regina Honu will be speaking at this year's Social Enterprise World Forum in Addis Ababa, Ethiopia

WOMEN AND SOCIAL ENTERPRISE IN GHANA

Many social enterprises in Ghana are helping address gender inequality and supporting women's empowerment. A survey of over 100 social enterprises working in these areas found that this business model:

- Promotes skills development and education for women and girls (nearly 80% of the enterprises surveyed);
- Creates job opportunities for marginalised women – such as Kawa Moka Coffee, which trains and employs women who have been abused to become baristas;
- Creates markets for entrepreneurs to sell their products – such as Kuapa Kokoo, a cooperative for cocoa farmers.

Women social entrepreneurs face similar barriers as their male counterparts – plus additional ones as a result of their gender, including:

- Lack of ownership of land and assets (particularly in Northern Ghana)
- Prejudice and discrimination
- Greater demands on time (home and family commitments)
- Sexual harassment
- Greater fear of failure

Source: Activist to Entrepreneur: The role of social enterprise in supporting women's empowerment in Ghana (British Council, 2018)

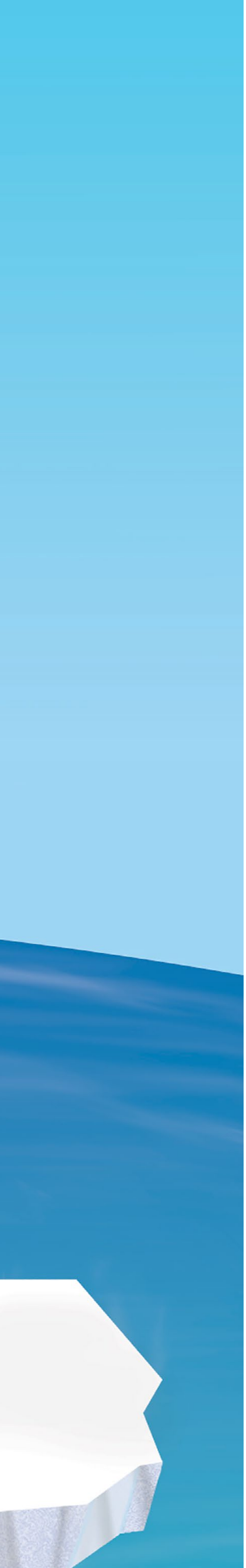
Imani Dlamini is a DICE Young Storymaker – one of 14 young journalists recruited by Pioneers Post and the British Council from six countries to report on social and creative enterprise.

YOUNG STORY MAKERS

COVER FEATURE

THE GREAT CLIMATE CONFUSION

Social entrepreneurs may acknowledge there's a crisis unfolding, but that doesn't mean there's a clear path ahead for how they should respond. Are they falling short – or does the responsibility lie elsewhere?



ANNA PATTON

This may be remembered as the year we got serious about our planet. Nearly 1,000 jurisdictions in 18 countries have so far declared a climate emergency; hundreds of investors managing £28tn worth of assets have agreed to pressure the world's largest corporate greenhouse gas emitters; and students in at least 125 countries have joined Friday school strikes. Expect more headlines soon: as we went to press, attention was turning towards a major UN summit on climate action.

In the UK, support for action is fairly widespread, thanks partly to a wave of protests this year and the '*Blue Planet* effect' (the impact of a powerful BBC documentary). In one poll conducted in April, a majority of Brits agreed that climate change threatens human extinction.

But even in this country, confusion and contradiction persist – and that goes for many working in social enterprise too: diligently recycling at home, but not bringing the same concern to work. Michelle Virgo, business manager at the School for Social Entrepreneurs in Dartington, south-west England, and director at the Plymouth Social Enterprise Network, believes there's "a bit of a disconnect" between our personal and professional lives. Yet, if we're serious about climate action, she says, "much of what we do in business, including in social enterprise, needs to change."

The delayed action is all the more striking given that, at least in the UK, much of the "original spur for the movement was concern for the environment," as Social Enterprise UK's director of external affairs, Andrew O'Brien, says. In the past 15 years, he suggests, social enterprise has slightly lost its way, partly in reaction to government priorities, so that the social focus now overshadows the environmental one.

Is it time to redress the balance?

TAKING ACTION

The responsibility is stark for those working with or for people who will bear the brunt of climate change. Liberation Foods, the UK's only fairtrade, farmer-owned nut company, sourcing from Bolivia, Nicaragua, India and Burkina Faso, has seen its producers increasingly affected by failing crops and extreme weather, according to communications manager Liz Foggitt. "It's vital that every aspect of our business is as environmentally friendly as possible," she says.

But some believe every enterprise should take radical action. Toast Ale, which makes beer from surplus bread, declared a climate emergency this year; the company limits air travel where possible, does not export products and is looking to reduce carbon emissions in line with science-based targets (which specify how much and how quickly a company should reduce emissions, based on what's needed in that sector to keep global temperature increase below a 2°C rise). Writing on the company's website, Louisa Ziane, chief brand, culture and sustainability officer, argued that "it would be irresponsible and potentially a breach of duty for businesses" – *any* business – to continue as normal.

> *Some believe every enterprise should take radical action*

Many are making changes. Liberation Foods invited an ex-colleague-turned-activist back to discuss the topic with employees. UK bottled water company Belu – which is focusing on growing sales of its filtration system rather than of bottles – has reduced its carbon emissions by 48% per litre since 2010. Berlin-based Ecosia, a search engine whose profits have funded the planting of 64m trees, actively supports the Fridays for Future protests. While some are starting with small steps like encouraging staff to eat vegetarian, others are more ambitious. Plymouth Social Enterprise Network and B Corp law firm Bates Wells are among those who have recognised a climate emergency in recent months. The latter has committed to reaching net zero carbon in areas caused by its own activity and energy usage, and to using the law "as a tool to protect and improve the environment".

But deep change isn't easy. In the Bates Wells statement, released early September, the firm also admits, "we don't yet know precisely how we will achieve all our commitments." It does not yet commit to targets (though says it's working on these) on indirect emissions within its value chain (for a typical business these may include purchased goods and services, employee commuting, use of products sold, etc.).

That indirect space is, in many sectors, a company's biggest source of emissions. For a cup of herbal tea, most of the footprint comes not from sourcing, shipping, or packaging, but from boiling water to drink it. So in 2017 tea brand (and B Corp) Pukka sponsored

How to declare a climate emergency: getting started

1. Get behind the facts: Publicly acknowledge the science and raise the profile of the Climate Emergency. Use your position as a business leader to boldly support the science and remove impediments to action or doubts about climate change.
2. Commit to change: Publicly commit to change and develop a business strategy for how you will make change happen, including setting science-based targets and deeply reviewing your current business model.
3. Move together: Engage in the creation and activation of shared solutions and commitments to drive wider economic change. Inspire your employees, executives, competitors and customers to make sure climate action stays at the forefront of our interconnected priorities.
Extracted from: How to declare a climate emergency: A playbook for business by B Lab UK (2019)

a pilot campaign on the pledging platform Do Nation, encouraging customers to boil only the water they need. So far fewer than 3,000 people have made the pledge: without the social norms or pressure that come with a campaign centred within a particular community or workplace, Do Nation co-founder Hermione Taylor says encouraging the general public to change something "is really hard" without a huge marketing budget.

There are other ideas being floated. Launched this year, Climate Perks is pushing organisations to give employees paid leave or "journey days" to enable travel by train instead of plane. So far it has signed up 19 employers from a mix of sectors, including some B Corps; the campaign organisers say there has been interest from many other employers. Whether many more social enterprise bosses would get on board remains to be seen. One told *Pioneers Post* he was considering the idea, but had not got further than that.

Cost is clearly an issue. Discovering that cans, on balance, were a better option than bottles, Toast Ale ran a crowdfunding campaign partly to fund the new packaging, and partly to help communicate the change to consumers. But the experience doesn't suggest that crowdfunding is the silver bullet for absorbing additional costs of such efforts. "It was really hard… it's definitely not an easy way of raising cashflow," says Ziane.

If packaging is a big opportunity to cut carbon footprint, it's also a complex one. Saskia Restorick, director at campaigning charity Hubbub, says there's a lot of confusion, and warns for example, against a "quick, desperate dash" from plastic to alternatives that aren't necessarily better. (Nor is plastic a particularly big culprit when it comes to climate change, though it is a significant environmental issue). And in some cases, social enterprises may face uncomfortable trade-offs. Liberation Foods is trying to develop appropriate compostable or recyclable packaging alternatives; it may take them another year. They could switch to glass, says Foggitt, but that would risk their product becoming prohibitively expensive for UK shoppers, leading to lower sales. Faced with the difficult question of environmental benefit versus economic benefit to its farming communities, the priority – for now at least – is the latter: "That's the heart of our business," says Foggitt. There's another twist. Buying brazil nuts from people in the Amazon helps preserve the unique forest conditions that allow the nuts to grow. So, buying nuts – even factoring in the footprint of transporting them to UK supermarkets – "is also an important, environmentally-friendly thing to do".

FACING THE PRESSURE

So are we expecting too much – especially of small businesses?

Many social entrepreneurs point to a "halo effect" that subjects them to a harsher spotlight than their commercial counterparts. Alex Robinson, managing director at Hubbub Enterprise (the business arm of the charity) says he's "reluctant to pile another responsibility" on social enterprises – especially if that implies letting mainstream businesses off the hook. Even Toast Ale's Ziane admits that achieving social impact is hard, and forcing an additional environmental agenda could make it harder, or even impossible. Instead, she says, "we should be pushing for businesses that have no positive impact to do better".

Some investors may agree. Piet Colruyt, a Belgian impact investor and major backer of offshore wind energy, says social entrepreneurs often start out wanting to do everything. But the organic, affordable, vegetarian, carbon-neutral cafe that hires disabled people is unlikely to make money, he says. "Then the question is, where is the impact if it fails?"

Most acknowledge, though, that they can start somewhere. Virgo says it's important not be overwhelmed into inaction: we need "changes at every single level". Others are more impatient. Sophie Unwin, founder of London and Edinburgh-

Toast Ale discovered that cans were a better option for the environment than glass bottles, so the social enterprise used a crowdfunding campaign to raise awareness of its switch to new packaging

based Remade Network, which gives training in and campaigns for reuse and repair, says some social enterprise CEOs "use the term 'climate crisis' in one breath, but show no real appreciation of what that might mean in terms of the corporates they engage with, how they influence change, or their own organisation's internal policies and procedures." The term 'climate emergency', she argues, has become "a way for people to badge up projects, get funding, without really thinking about it".

And, while environmental campaigners appear to welcome engagement, there is clearly scope for more. Pointing to the recent flurry of businesses cashing in on the rise of veganism, director of communications at campaign group 10:10 Climate Action Alice Bell says she'd "love to see a similar spirit" open up more choices for consumers when it comes to holidays. "Sustainable travel – I mean real sustainable travel, not just a bit of offsetting or worrying about how often a hotel washes its towels – is an area ripe for creative social entrepreneurs."

Colruyt – an architect by training – highlights another untapped area. While many are focused on new energy-efficient forms of construction, the much bigger challenge lies in making existing housing stock more eco-friendly: "If you really want to have impact, the existing building portfolio is a huge opportunity."

Nor would it be wise to leave green innovation to firms driven purely by profit. Market leaders in the sharing economy – which helps reduce use of resources – have not set a good example in how they treat their workers. Meanwhile a July report by the Business & Human Rights Resource Centre uncovered 152 allegations of human rights abuses related to renewable energy projects around the world since 2010; nearly half the renewable energy companies surveyed had no basic human rights commitment in place.

Achieving social impact is hard, and forcing an additional environmental agenda could make it harder

SUPPORTING THE SHIFT

Owen Dowsett, a UK-based senior consultant at the British Council, which promotes social enterprise development in 29 countries worldwide, says small social enterprises and other non-traditional businesses have the potential to innovate where others cannot, "given the right support." What should that support entail?

For one thing, sharing examples of business models that have managed to respond to climate change – something British Council plans to continue to do. But also, Dowsett says, ensuring that resources and support are available to those entrepreneurs wanting to work in this area.

Canada's Centre for Social Innovation created its first dedicated accelerator in 2017 for startups reducing greenhouse gas emissions and is about to launch a new three-year programme supporting tech ventures with freshwater and climate solutions. Director of programmes Barnabe Geis says intermediaries should see climate change "as a major consideration for all ventures", encouraging them to think about wider systems.

"We need to do the hard work of imagining a world with low to no growth in which people still thrive," Geis says. For now, at the very least, "that means pushing our social enterprises to look at the complete picture of their impact, including greenhouse gas emissions, and to consider climate risks in their models." Tools such as business model canvasses should integrate biophysical stocks and ecosystems, for instance.

What about support for more established businesses? Back in the UK, SSE Dartington was set to run a three-day (free) workshop on climate action for social entrepreneurs in September, to explore things like declaring a climate emergency, personal resilience and building sustainability into the business model. Virgo believes it's the first of its kind in the country; it's funded as part of a pot of three-year business support funding that didn't specifically set out this as a goal, and it's not clear if they'll run the workshops again.

While Social Enterprise UK has not planned similar training or resources, it is "member-led" in this respect, says O'Brien: "If they want support on how to take steps to reduce environmental impact, we're very happy to facilitate it." B Lab UK, the nonprofit that supports and assesses B Corps, has gone a little further, publishing a guide earlier this year on how to declare and act on a climate emergency (see box).

Some support organisations are playing a more activist role. In Germany, social entrepreneurship network SEND is one of a number of organisations behind

Students in well over 100 countries have joined the Fridays for Future protests, adding to the pressure on businesses to react to the climate crisis

Entrepreneurs for Future, a campaign created in March to signal business support for the Friday school strikers. To date more than 2,000 companies (of all kinds) have pledged changes to how they do business, according to SEND chair Markus Sauerhammer. The initiative is also helping employers with legal questions around employee participation in climate strikes and will soon provide practical guidance on becoming more climate-friendly.

Perhaps their biggest potential impact would be to influence policies and laws. A big focus at Social Enterprise UK is pushing government to change tax and procurement policy to benefit businesses that are doing good for the environment. But O'Brien agrees they could do more. One aspiration is "to create a platform" for social enterprise to present its "radical, alternative vision" at next year's COP26 conference, though it's unclear so far what that would entail in practical terms.

But Unwin – who has worked in sustainable development and climate for 20 years – believes sector bodies are still "not engaging enough" with the issue. Other entrepreneurs *Pioneers Post* spoke to felt support organisations were doing the best they could given small teams and limited resources. Yet the language of 'emergency' suggests that some rejigging of priorities may be needed.

And someone will have to pick up the bills. Research by the UK's Environmental Funders Network found that environmental philanthropy represented around 3 to 4% of UK foundations' annual giving in the period 2012-2016 (the latest period for which data are available); in most other countries for which there are data, the level is also low (around 3-6%). The Funders Network does expect that to increase, pointing to an upward trend of giving to environmental causes in recent years. New capital is coming in: in July the UK National Lottery Community Fund announced its first grant fund (£100m) dedicated wholly to tackling climate change.

Similar trends are visible among investors seeking financial return. Writing for *Investment Europe* in May, CEO of the Global Impact Investing Network Amit Bouri said "a growing number" of investors each year were looking to better understand and improve the environmental impact of their portfolio. GIIN's latest survey found that of investors targeting SDG themes, 50% focus on climate action (other areas are also relevant – 55% were targeting affordable and clean energy, for instance). It's a field that the network is keen to push: it created a group last year to focus on climate investment and help asset managers and institutional investors to better understand and take up opportunities.

But if overall investment to address climate change has been steadily increasing – as comprehensive figures from the Climate Policy Initiative demonstrate – it's still just a small share of what's needed; total fossil fuel investment still dwarfs climate-related investment.

In the UK, figures from social investment wholesaler Big Society Capital, which has tried to capture overall deal flow each year since 2012, show that investment in the broad category of 'conservation of the natural area and environment' has accounted for less than 8% of all social investment it has tracked (though investment in other categories may also have a positive direct or indirect impact on the climate). Even in Germany, where there's a strong history of backing for the green movement, Sauerhammer fears current efforts aren't enough: "A lot of people are talking about green and impact investing, but too [few] investors push these topics with the effort needed."

There's good money to be made in renewable energy. But even if such investment were massively increased, Colruyt says this still wouldn't solve the problem: legal and political action – such as taxes on air travel and subsidising rail travel – is also needed. In turn, "politics will only change if people are more aware," he says – and that often requires philanthropic capital. Colruyt has funded two nonprofits in this field, one that's bringing a legal case against Belgium's four governments for not doing enough on climate change (inspired by a Dutch case), and another that ran a huge public awareness campaign in the run-up to elections earlier this year.

Others echo this need for support on multiple fronts. In Canada, CSI is looking to do more to support policy shifts and behaviour change: "We know that building the next economy will require more than market solutions – we need climate justice," says Geis. The Esmée Fairbairn Foundation, one of the UK's largest independent grant-makers, provided a £150,000 loan to help Hubbub Enterprise grow, alongside a grant to cover Hubbub's core costs; it also invested £300,000 in Global Action Plan, a charity that helps people live more sustainable lifestyles. Currently 22% of the foundation's committed investments go to environment-related organisations, and a spokesperson told *Pioneers Post* its next phase, from 2020, would "go all in" and use "everything we have" to tackle environmental issues.

STEPPING UP

Big Society Capital shapes much of how social investment develops in the UK, and therefore indirectly which social enterprises can grow. Its mandate is to invest in organisations that exist wholly or mainly to benefit society or the environment – but the latter has come second: "To date we have focused our efforts on society," says CEO Cliff Prior, though he adds that BSC is "always conscious of environmental factors".

> *"Some social enterprise CEOs use the term 'climate crisis' in one breath, but show no real appreciation of what that might mean"*

The social-environmental categorisation may be a rather superficial distinction, though. While some areas have an evident crossover – Prior points to investment in community-owned clean energy as one way to combine the two sides of its mandate – many of those we spoke to highlighted the bigger issue at play. Environmental degradation, as British Council's Dowsett says, "is the product of a society and economic system that needs restructuring".

Few would dispute that social enterprises have some role to play in responding to the climate crisis, even if their part has barely been sketched out. While the sheer scale of the issue can feel overwhelming, local green businesses offer tangible ways to act: by volunteering, investing or supporting in another way, as Community Energy England CEO Emma Bridge says. And, sitting between the private and charity sectors, social enterprises "are well positioned" to influence both these communities, says Virgo. Indeed, if social enterprises can forge a path in the UK – where public opinion is increasingly in favour of climate action – they could provide a model for those in other, less progressive countries to follow.

Investors may also drive change, though perhaps not immediately. The Esmée Fairbairn Foundation does not assess carbon footprint; it is considering offering all those it funds an 'eco audit' in future – but as an option, not as a tool for assessment. But the overall direction seems clear. Ethical bank Triodos Netherlands already encourages entrepreneurs seeking loans to consider additional sustainability measures; those seeking loans for property are required to meet certain energy efficiency ratings. Relationship manager Aniek Sarneel says this is "much more strict" compared to what the bank did even five years ago. Triodos is also among the 50 or so financial institutions already actively using the Netherlands-born, open-source Partnership for Carbon Accounting Financials, or committed to doing so within the next three years, to help them track the carbon performance of investees. The number is expected to double this year with the launch of a global PCAF programme, according to James Niven, head of impact assessment and reporting at Triodos. "Social enterprises may want to now, or be asked in the future, to disclose the carbon footprint of their activity," he says.

Employees will want to work for organisations that take climate seriously, too. Year Here, a social innovation programme in London, has already decided to introduce a new focus area on environment, partly due to participant interest. Doing nothing, as Toast Ale's Ziane says,"will raise questions among staff". And, perhaps most simply, customers will demand it. As Sauerhammer puts it: "If the company is part of the problem, it will be hard to win customers and employees in the future. The next generation [of school children] is on the street every Friday and tells us exactly that." ■

BE PART OF THE GLOBAL SOCIAL ENTERPRISE MOVEMENT

THURSDAY 21ST NOVEMBER

#SocialEnterpriseDay #WhoKnew

#WhoKnew is a global digital campaign which takes place on Social Enterprise Day. It is designed to give social enterprises the chance to tell your stories, to show what makes you different from traditional businesses and to shout about the impact of your work. It is also a chance for organisations supporting the social enterprise movement to raise the profile of their work, whether as market-builders, investors or champions of the sector. In 2019, 27 countries were involved and with your help we are excited to enlist more this year.

Get involved here: www.socialenterpriseday.info

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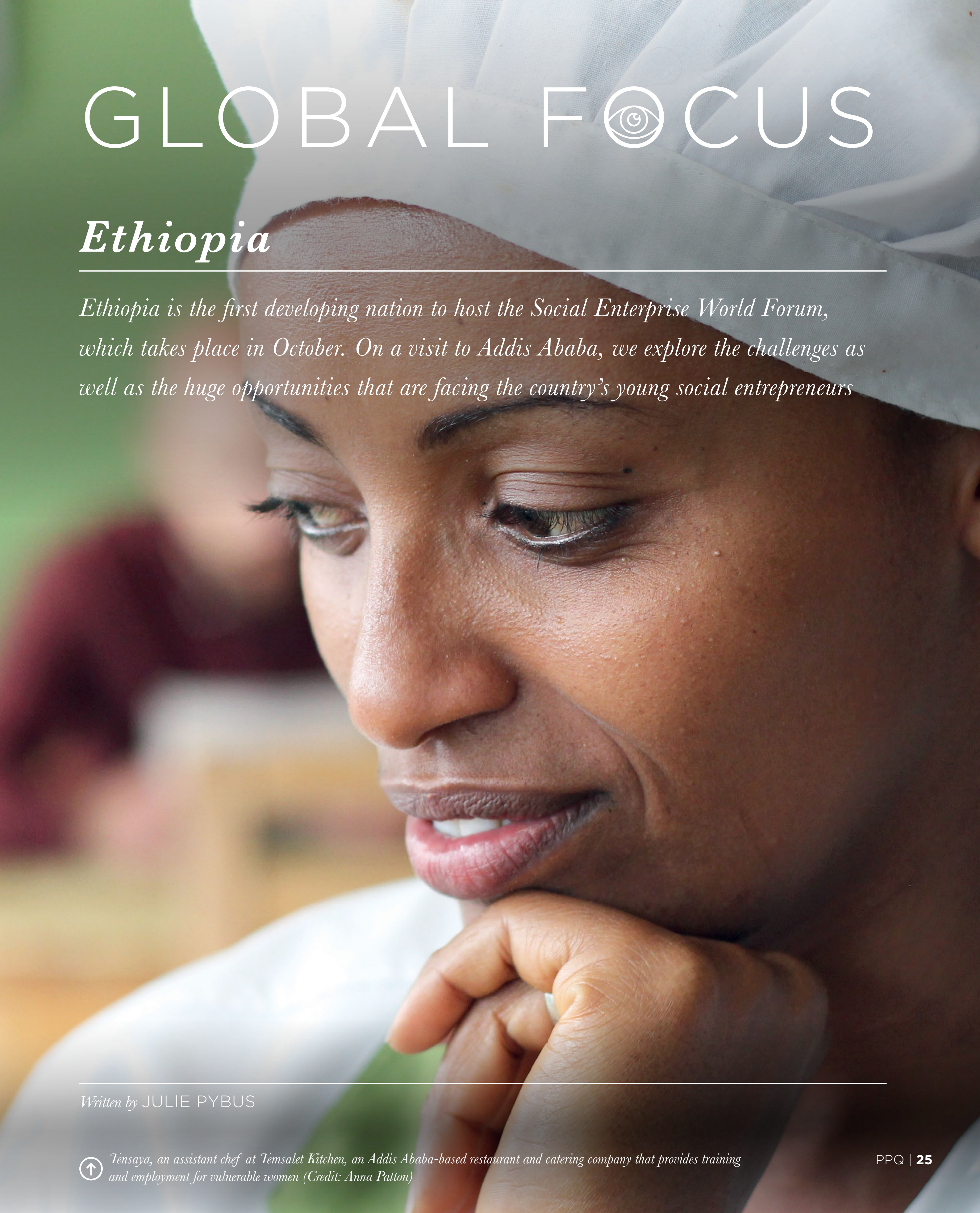

GLOBAL FOCUS

Ethiopia

Ethiopia is the first developing nation to host the Social Enterprise World Forum, which takes place in October. On a visit to Addis Ababa, we explore the challenges as well as the huge opportunities that are facing the country's young social entrepreneurs

Written by JULIE PYBUS

Tensaya, an assistant chef at Temsalet Kitchen, an Addis Ababa-based restaurant and catering company that provides training and employment for vulnerable women (Credit: Anna Patton)

"I don't want to live in the USA or the UK, I want to live here, in Ethiopia."

Kibret Abebe is one of Ethiopia's most well-known social entrepreneurs. Although he has travelled the world, he's explaining to a group of visiting journalists that his heart lies in his homeland. Outside the walls of the headquarters of Tebita Ambulance, the enterprise he founded more than a decade ago, sprawl the streets of Addis Ababa, Ethiopia's capital city, which demonstrate clearly the points he's making. Addis hosts prestigious international organisations like the African Union and the UN Economic Commission for Africa, the fossilised remains of "Lucy" – an ancient ancestor of humanity – are displayed in the national museum, and the smell of coffee, which Ethiopia introduced to the world, is ever-present. But it's impossible to ignore the fact that many of its citizens are sheltering in corrugated iron shacks, that the roads are crumbling and there are too many small children wandering the streets. It's a country with much to be proud of, but it's got lots of problems too.

Kibret acknowledges this. But what excites him is the thousands of Ethiopian social entrepreneurs with the ideas and enthusiasm to solve these problems.

And he has led the way. He founded Tebita Ambulance after, as a hospital anaesthetist, he witnessed how many road accident victims had to rely on taxis or private transport to get to medical assistance. Tebita is a social enterprise which today not only runs a fleet of 20 ambulances, but also trains paramedics, is piloting medical motorbikes and aims to soon launch the country's first helicopter ambulance. Employing around 90 staff and with an annual turnover of US$420,000, the company is financed in a variety of ways, including charging patients who travel in the ambulance for their journey as well as providing emergency services for the national football team.

"I didn't know at the beginning that I was a social entrepreneur," Kibret explains to the journalists who are visiting as part of two days of training about Ethiopian social enterprises. He just wanted to create a sustainable solution to the problem he saw. Today he is an Acumen fellow and shares his experiences as a social enterprise leader worldwide. He is also the first president of Social Enterprise Ethiopia, a new group which aims to support the country's nascent social enterprise sector.

The energy and potential of Ethiopian social entrepreneurs like Kibret mean that Addis Ababa has been chosen as the venue for this year's Social Enterprise World Forum – the first developing country to host the renowned event. In October 2019, around 1,200 people from all over the world will gather to share ideas and hear from speakers exploring topics such as solutions to the world's refugee crisis, the youth agenda from an African perspective and making use of indigenous knowledge.

"The winds of change are blowing across the mountains of Ethiopia. And there's an opportunity for social enterprises to make a real contribution to this change"

Gerry Higgins, the founder and managing director of the Social Enterprise World Forum, explains why Ethiopia caught the eye of the organisers. "The quality of the social enterprises in Ethiopia is extraordinary," he says, emphasising that this year's SEWF will showcase social enterprise in Ethiopia as well as Africa more widely.

Higgins adds that he's impressed by "the innovation, the energy, the approach to addressing social issues without a lot of resources". Social entrepreneurs in Ethiopia, he points out, "are highly innovative and I think the world has a lot to learn from them".

A NATION OF CONTRASTS

Ethiopia has a population of 105m, making it the second most populous African nation after Nigeria. It's classed by the World Bank as a low-income economy, with its per capita income of just $783 making it one of the poorest of the poor. Like much of Africa, it's a country with a lot of young people – 70% are under 30. Some see this growing labour force as a burden in the face of already high unemployment, others see this "youth dividend" as an enormous opportunity to increase the country's prosperity.

Ethiopia is 173rd out of 189 countries and territories on the Human Development Index (which looks at wider inequalities than simply income). Its adult literacy rate is just 39% and more than a quarter of the population lives below the poverty line.

For people trying to do business, challenges abound. Before *Pioneers Post* visited Addis in June 2019, the government imposed a week-long internet blackout, reportedly to stop students cheating in their summer exams, which crippled communications and froze online transactions (including our visa applications). Outside the insulated world of the city's international hotels and embassies, Addis Ababa's electricity supply is intermittent and workplaces, shops and restaurants are forced to run on generators for several hours each day.

Yet Ethiopia's economy is skyrocketing. It's the fastest growing economy in sub-Saharan Africa, according to the World Bank, with growth averaging more than 10% a year between 2006/07 and 2016/17. The country aims to reach lower middle-income status by 2025 through accelerating industrialisation and growing its private sector.

The country's reformist prime minister, Abiy Ahmed, who took office in April 2018, has been hailed worldwide as a positive influence: the peace deal he secured with neighbouring Eritrea along with moves to liberalise the economy and attract foreign investment have been widely welcomed. What's more, he has freed

60,000 political prisoners and appointed women to half the posts in his cabinet. Earlier this year, he was awarded the UNESCO Peace Prize.

There's a long way to go though. At the end of June, a failed coup in the country's northern Amhara state, spurred by ethnic divisions, saw five regional leaders killed, as well as the uprising's ringleader. Unrest like this discourages foreign investment and it points to forces that threaten to tear Ethiopia apart; the country's population is made up of more than 80 different ethnic groups.

But the British Council Ethiopia's Nebiyou Worku urges outsiders not to get overwhelmed by the negative points about his country which too often hit the headlines overseas. "Things are looking up for us," he says. "There's a positive energy: we are creating jobs and solving social problems."

And one thing that Nebiyou is really excited about is that tens of thousands of people have begun to tackle the challenges that they see before them, using what is becoming increasingly recognised in the country as a social enterprise approach. A study published by the British Council in 2017 estimated that at the time there were around 55,000 social enterprises in Ethiopia, and today there are likely to be many more.

As is frequently the case in markets where the concept of social enterprise is new, there is no distinct legal form for social enterprises in Ethiopia. In practice, social enterprises may be micro or small enterprises, sole proprietorships, private limited companies or co-operatives And, as Melat Yosef, managing partner of Ethiopian social enterprise VitaBite Nutrition points out, it's also important to acknowledge Ethiopia's traditional mutual support associations, such as *iquib* and *idir*, which continue to operate within the alternative economy.

"Social enterprise may appear to be a new concept, but the idea of it is certainly not. Ethiopians have been social entrepreneurs for a long time," she says.

YOUNG AND OPTIMISTIC

The British Council study found that social enterprises are young, and so are their leaders. Three-quarters of the enterprises began after 2010, and nearly half of the leaders are under 35 years old. Many (44%) exist to create employment and 31% focus on improving health and wellbeing. Social entrepreneurs are positive about the future, with 85% expecting their turnover to increase in the coming year.

Yet one of the greatest challenges for these social entrepreneurs, according to the research, is access to capital. During *Pioneers Post*'s visit to Addis we talked to several entrepreneurs who relied on family money, volunteer time and loans from friends rather than anything more formal.

SOCIAL ENTERPRISE IN ACTION IN ETHIOPIA

WHIZ KIDS WORKSHOP

Founded by primary school teacher Bruktawit Tigabu, this social enterprise brings educational TV shows, radio programmes and books to the homes of children across Ethiopia. The most well-known is Tsehai Loves Learning, a TV show for three- to six-year-olds featuring an animated giraffe.

JERUSALEM CHILDREN AND COMMUNITY DEVELOPMENT ORGANISATION (JECCDO)

Originally a charity set up in 1985 to support Ethiopia's orphans after the famine, the organisation's director Mulugeta Gebru (left) is now exploring social enterprise to bring in new income streams.

SABEGN

A shop filled with handmade handbags and wallets plus photography, artworks and other artisan products provides a sales space and support for first-time sellers, while a leather workshop at the back creates employment for local young people. Sisters Elsa and Eyerulsalem founded this enterprise in Addis after being inspired by their mother's approach to providing employment for everyone.

TEMSALET KITCHEN

Three young women established this Addis Ababa-based restaurant and catering company in 2015 to provide training and employment for vulnerable women. Its menu – which features traditional Ethiopian as well as global dishes – attracts local office workers as well as passing travellers.

Read more about Ethiopia in our Global Perspectives Collection online at pioneerspost.com

"I want to live here, in Ethiopia": Tebita Ambulance founder Kibret Abebe (centre, with check jacket) proudly introduces paramedic students to visiting journalists in June

Lack of support and advice services is also a problem. And, in addition to the practical problems of communications and power that *Pioneers Post* witnessed, some entrepreneurs told us about bureaucratic difficulties where licences or certain permissions would not be explicitly refused, but constantly delayed. It's no surprise, therefore, that Ethiopia ranks 159 out of 190 in the World Bank's Ease of Doing Business survey 2019; worse than average for sub-Saharan Africa, although better than neighbouring Somalia and Eritrea which fill the index's last two places.

"In Ethiopia, social entrepreneurs are setting up despite the system," says Higgins. "Ethiopia is not resource-rich in terms of availability of funds for feasibility, ideation and so on. There's a lack of infrastructure." And, he adds, there's less social procurement which (in spite of various hiccups) benefits some social enterprises operating in richer economies.

Kibret and his co-founders at Social Enterprise Ethiopia want to see big improvements for social enterprise. They want legal recognition for the concept as well as specific government policies. Working with the British Council, which has been supporting social enterprises in Ethiopia since 2015, practical support is being provided and relationships are being developed with the government, a task that has been frustrated by frequent changes in ministerial briefs over the past 18 months.

There are other organisations too which are playing a supporting role. These include Reach for Change, an incubator which has had a base in Ethiopia since 2015 supporting social enterprises that work with children. In Addis, xHub offers work space along with business support to aspiring social entrepreneurs. And Renew is an Addis-based impact investment firm founded by an American couple.

Although the most recent research from the Global Impact Investing Network shows that most impact investment in East Africa is focused on Kenya, it identifies Ethiopia's vast but underdeveloped market as a significant opportunity for impact investors. Talks have begun between Ethiopia and the Global Steering Group for Impact Investment to establish the country's own National Advisory Board for impact investment, bringing it in line with other more developed nations.

WILL SEWF BE THE CATALYST?

Many people hope that the Social Enterprise World Forum will be a catalyst for change in Ethiopia. It's not just about the final event in October, but the momentum that's created before, during and afterwards. The *Pioneers Post* team visited Addis in June to not only report on existing social enterprises, but also to introduce local journalists to the concept of social enterprise – this included a study trip to Tebita Ambulance's HQ – as well as to deliver communications training to Ethiopian social enterprises to help them make the most of the publicity opportunities that the Social Enterprise World Forum will bring.

Peter Brown, the British Council's director for Ethiopia, believes that now is the right time for Ethiopia's social enterprises to take off. "The winds of change are blowing across the mountains of Ethiopia," he told the social entrepreneurs and journalists attending the training in June. "And there's an opportunity for social enterprises to make a real contribution to Ethiopia's change."

As government interest in social enterprise has waxed and waned in recent months, there's a hope that the Social Enterprise World Forum will help the people at the top really recognise the important role that social enterprise could play in Ethiopia's upward trajectory – by providing jobs at the same time as tackling social problems on the ground.

Ethiopia's social entrepreneurs have got their sights set high. "With the many challenges we face as a country, organisations that focus on both generating revenue and creating social impact can be great catalysts for the transformation and development of our country," says Melat. "With social enterprise, we can build a more equitable Ethiopia."

And Kibret wants to see support from the highest level. "At Social Enterprise Ethiopia we want to have a louder voice," he tells the visiting journalists. "We want a policy for social enterprises to be treated in a different way. The only thing now is how can we really convince the prime minister?"

The journalists move out to the courtyard to watch Tebita's paramedic students demonstrate how to remove an injured man from a car crash. Afterwards, they all pose, grinning, for a group photo with Kibret – smiling the most broadly – in the centre. This man seems to have convinced his media guests that social enterprise can change Ethiopia for the better – we look forward to seeing how his enthusiasm is echoed at October's Social Enterprise World Forum. ■

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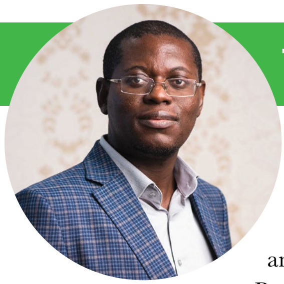
THE YOUNGEST CONTINENT

As all eyes turn to Ethiopia for this year's Social Enterprise World Forum, we look beyond the host country for a taster of what's happening across Africa



THE ENTREPRENEURS

Ghanaian entrepreneur **Bright Simons** is founder and president of mPedigree, which tackles counterfeiting by enabling customers to verify medicines with simple mobile technology. Now working on three continents, the business has expanded to new fields including agro-chemicals and cosmetics, and by end of 2019 plans to operate in 12 African countries.

PP: What are some of the challenges of running a social business in those African countries where you work?
BS: The most striking feature is the sheer weakness of formal state welfare systems, and the pure abundance of informal welfare arrangements. Since few truly transformative social enterprises can function completely outside the public regulatory and welfare systems, this imposes a massive burden: social enterprises have to expend meagre resources, time and energy on acts preparatory to their mission, instead of the mission itself.

What has changed since you started?
The emergence of impact investment and shifts in behaviour among traditional global philanthropic bodies and intergovernmental agencies are slowly addressing at least one of the three main constraints: material resources. However, for African-led and run initiatives, there's still a huge amount of prejudice that blocks access to these resources. But slowly, "ecosystemic" thinking is attaining legitimacy. Government agencies and large third sector players are partnering to support small, social mission organisations. Those collaborations can move the needle in areas of systemic social change.

Where do you see opportunities for social enterprise in Africa?
Most African countries are run by elites who can't differentiate between conventional NGOs and social enterprises: the idea of profitable ventures focused on large-scale systemic change in complex social domains simply doesn't compute. The biggest opportunity therefore is demonstrating how programmes can cut the cost burden on governments while delivering effective services or addressing needs that neither the private sector nor the state has any real experience dealing with. Distributed green energy provision, for example, in East Africa shocked government actors to move renewable energy policy from rhetoric to action, and ministers now reference the organisations behind such shifts in their speeches.

What have you learned about expanding your business across borders within Africa?
Despite better traction towards integration, some processes remain extremely high-touch and "local knowledge-intensive". Talent management, for instance, or dealing with government officials. It is still quite challenging to build inter-institutional trust since personal relationships remain at the core of even the most formal programmes. It is widely known that email is "a bad idea" for instance – not only largely ineffective, but also almost corrosive to building interpersonal trust. Expanding across Africa works only if for each country one can build an initial team strong on interpersonal relationships.

FIVE MORE ENTREPRENEURS TO LOOK OUT FOR:

- Bethlehem Tilahun Alemu, **Sole Rebels** (Ethiopia): sustainable footwear brand and 'the Nike of Africa'
- Maryana Iskander & Nicola Galombik, **Harambee Youth Employment Accelerator**, (South Africa): has connected unemployed youth with 100,000 jobs or work placements
- Jehiel Oliver, **Hello Tractor** (Nigeria): smart tractors for hire – an 'Uber for farmers'
- Samir Ibrahim, **SunCulture** (Kenya): affordable, solar-powered irrigation tech
- Sonkita Conteh, **Namati** (Sierra Leone): a global movement of grassroots legal advocates

Africa is home to over 1.2bn people, 60% of whom are under 25 years old, making it the world's youngest continent. By 2030, it's estimated that one in five people on the planet will be African.
Source: World Economic Forum

THE INVESTORS

Elias Masilela is a trustee at the Global Steering Group for Impact Investment (GSG) and chair of the Impact Investing South Africa National Advisory Board. He is also the executive chair of DNA Economics, a consultancy, and commissioner of the 1st & 2nd National Planning Commission.

PP: How developed is impact investing within sub-Saharan Africa?
EM: Impact investing is less embraced here on the African continent, where it is most needed. Most investors and businesses here are responding to ESG [Environmental, Social and Governance] requirements, dictated elsewhere, rather than doing it because they believe it's the right thing to do – and good for their long-term bottom line. Only the large and well-resourced pension funds seem to have fully embraced impact investing, because they have taken a long-term view. The Government Employees Pension Fund in South Africa was the trailblazer: a privately-run fund that invests across the continent in education, health, affordable housing, transport and communication. Funds in Nigeria, Botswana and Kenya have followed suit since then.

What's the potential for impact investing? Where are the opportunities?
Doing impact investing on the continent is a very easy decision if you have the conviction and the capital – all you need to do is look at the SDGs and think: what do I like here, what do I have the capacity to contribute towards? Investors should look at areas that will have a 'crowding-in' effect for the rest of the private sector, and at countries which have predictable policy support from government. Success is only going to be achieved if the investment environment is right.

Impact investing can be the next 'Marshall Plan' for Africa. A lot of the failings on the continent were premised on bad leadership and inadequate policy design. We need a new mechanism that allows us to serve society better, and impact investing is that vehicle.

"Impact investing can be the next 'Marshall Plan' for Africa"

What are the risks of private investors stepping into areas of government responsibility?
When I talk of the right investment environment, I also talk about sound policy and regulation. If private suppliers come into the environment only for profit at all cost in the shortest possible time, which we've seen with some, then we have a problem. We need the government to stay as the watchful eye and the trusted regulator, looking after the consumer. There will be problems. But you do not destroy a good design simply because there was an error – you correct it. Correct the greed that drives this bad behaviour.

The GSG is an independent group catalysing impact investment and social entrepreneurship. Ghana, Kenya, Zambia, Nigeria and Ethiopia are all currently setting up national advisory boards, the first stage of affiliation with the international network. In 2020, the GSG's annual impact summit will take place in South Africa.

BOOMING BUSINESS

400 companies in Africa (nearly 200 in South Africa) boast of $1bn or more of annual revenue. *Source: McKinsey & Co*

WHO'S INVESTING IN AFRICA – AND WHERE?

Among 266 respondents to the Global Impact Investing Network's 2019 Annual Survey – who collectively manage US$239bn in impact investing assets – almost half are investing in sub-Saharan Africa. It's the second-most popular region of investment, after the US and Canada, and 50% of respondents planned to increase their investment activity in the region this year. South Africa has historically attracted the most capital in sub-Saharan Africa, according to GIIN. As of 2015, Nigeria, Zambia and Kenya have also received significant capital.

GROWING NETWORKS

The African Venture Philanthropy Alliance was formed last year – a pan-African network for social investors that aims to replicate the success of its predecessors in Europe (EVPA) and Asia (AVPN). It's still seeking startup funding, but, according to executive director of AVPA East Africa Nancy Kairo, at least 100 organisations in her region have committed to joining. While there may be some overlap with GSG activities, Kairo says the aim is to complement rather than compete: "The need is so great across Africa… there's space for all of us."

The ultimate goal of AVPA is to see more African money flowing to social issues, and less dependency on outside funding – a "paradigm shift," but one Kairo believes is just a matter of time. "Philanthropy is actually in our DNA – in every family someone is helping someone else with their education or medical bills – it's just not very structured or institutionalised." Most big firms have a CSR programme or foundation, and citizens increasingly want governments and businesses to be more socially responsible.

THE SUPPORTERS

THE TONY ELUMELU FOUNDATION

Nigerian businessman Tony Elumelu (founder and chair of investment company Heirs Holdings) set up a foundation in his name in 2010. The largest African philanthropic initiative devoted to entrepreneurship, it has committed $100m over ten years to fund, mentor and train 1,000 African entrepreneurs each year. Each selected business gets $5,000 of non-returnable seed capital. While the programme is open to commercial businesses of all kinds, the Foundation's mission is inspired by Elumelu's own philosophy of 'Africapitalism' – a belief that Africa's private sector can and must play a leading role in the continent's development. The Foundation expects that the 10,000 start ups and young businesses selected will ultimately create 1m new jobs and add $10bn in revenues to Africa's economy.

THE BERTHA CENTRE

The Bertha Centre for Social Innovation and Entrepreneurship is the first academic centre in Africa dedicated to social innovation and entrepreneurship, and a leading institution globally in this field. It was established at the University of Cape Town's Graduate School of Business in late 2011, in partnership with the Bertha Foundation, a family foundation. It has integrated social innovation into the university's general business school curriculum, awarded over R7m (£380k) in scholarships to students from across Africa, and provided 38 student-led ideas with seed funding. Its research programme aims to build an evidence base of African-centred social innovation and systems entrepreneurship.

THE SOCIAL ENTERPRISE ACADEMY

The Social Enterprise Academy has had an Africa base since 2012, and now supports hubs through a licensing model in South Africa, Rwanda, Malawi and Zambia, as well as delivering programmes in other countries. SEA programmes include helping Malawian nonprofits to transition to more entrepreneurial, less donation-reliant business models, and a learning programme for creative social entrepreneurs in South Africa. The organisation is also looking to encourage South African corporates – who are expected to dedicate 1% of net profit after tax to social causes – to back social enterprises in addition to NGOs.

DATES FOR THE DIARY

- October 2019: Impact Capital Africa - Lusaka
- October 2019: Social Enterprise World Forum - Addis Ababa
- October 2019: Africa Impact Investing Leaders Forum - London
- December 2019: Impact!Africa Social Entrepreneurship Summit - Nairobi
- February 2020: Sankalp Africa Summit - Nairobi
- July 2020: East Africa Impact Investment Summit
- mid-2020: Tony Elumelu Foundation Entrepreneurship Forum
- late 2020: GSG Impact Summit - South Africa

HUBS RISING

They may not always call themselves social enterprises, but Africa's tech ventures often target outcomes like financial inclusion, improved healthcare or access to education.

The rise of the tech scene is reflected in growing numbers of hubs set up to support them with physical workspace, networks, training and sometimes funding. There are at least 600 active tech hubs across Africa, according to GSMA / Briter Bridges – a significant jump since early 2018, when there were just 442. Nigeria and South Africa top the list (85 and 80 active hubs respectively).

Meanwhile, the connect.hubs initiative recently compiled a directory of 200 hubs specifically focused on supporting creative and/or social enterprise, in 10 southern African countries – most created within the past 10 years. It's estimated that many more exist in that region alone.

POLICIES FOR SOCIAL ENTREPRENEURSHIP

South Africa is furthest ahead in this field, with the country's first social economy policy in 'green paper' format, and expected to be finalised by the National Department of Economic Development in March 2020. The milestone may also encourage other African governments to follow suit: most have some way to go. **Ghana** has a draft policy but it has yet to be approved; the network body, Social Enterprise Ghana, who helped develop it, has shared experience with counterparts in **Kenya** and in **Ethiopia** interested in doing something similar.

SOME MORE CHAMPIONS

Other social enterprise supporters working in multiple countries include: Acumen, Ashoka, BiD Network, British Council, Challenges Group, Hivos, Impact Hub, Reach for Change, Shona, Transformational Business Network, Youth Business International, Yunus Social Business...

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TIME FOR A (SUPPLY) CHANGE?

Even with growing momentum behind using procurement for good, securing public sector contracts is elusive for most social enterprises. Can a startup help?

ANNA PATTON

Last year, the UK public sector bought a whopping £284bn worth of goods and services from external contractors. Yet – despite efforts to put greater weight on social value in selecting providers – securing such contracts is still tricky. Partly, they're not always easy to find: government opportunities over a certain value must be published on its Contracts Finder site, but tenders from others such as housing associations don't always appear there, and nor do those of a smaller size.

But there are multiple reasons that this area is "incredibly tricky," says Sam Scharf, director of community investment at Orbit Group, a housing association. Social enterprises often lack visibility, and may struggle to scale or lack capital. Meanwhile, public bodies are risk-averse and "very price-directed."

These challenges were further highlighted in research commissioned by Orbit last year and carried out by Beth Pilgrim (pictured opposite), Aoise Keogan-Nooshabadi and Verena Wimmer, as part of the Year Here programme, a social innovation fellowship. Among their findings: 70% of social enterprises said bidding for public contracts was too expensive, time-consuming and complex for them.

So the trio set up Supply Change, which aims to help public bodies easily find pre-vetted social suppliers. The site doesn't publish tenders – "buyers don't want another portal to post opportunities," says Pilgrim – rather, the goal is to give social enterprises better visibility.

LEVELLING THE FIELD

Why, then, separate them from mainstream competitors? Pilgrim argues it's necessary to level the playing field and almost offer social enterprises "an unfair advantage". The team have discussed integration with existing procurement portals, so that buyers could do everything in one place – which is "feasible but can be costly": ensuring adequate demand and choosing the right websites would be crucial.

In its current form, what distinguishes Supply Change from the existing Buy Social directory? That works fine as a search tool listing Social Enterprise UK members, says Pilgrim, but it doesn't include the detailed information a public body would need, and which Supply Change's vetting offers. "The public procurement manager would still have to do their own due diligence, and we think that's where they'd likely drop off and not follow through." Next year, Supply Change also wants to add information on social value – likely informed by the current government consultation in this field – to business profiles.

Supply Change incorporated last August as a private company limited by shares (current shareholders are Orbit, Bromley By Bow Centre, Year Here and the three co-founders). Pilgrim says they chose this

How does Supply Change work?

- Social enterprises submit an expression of interest, which Supply Change reviews, then requesting further information such as references or articles of association.
- Supply Change creates a profile that displays trade area, credentials and social impact. Current categories are cleaning, catering, office supplies, grounds maintenance, waste management, furniture, manufacturing, facilities management. Suppliers can add up to three client references.
- Buyers can search according to location, sector, impact or contract size, and request an introduction via the website.
- Supply Change supports the pair if needed, for example attending initial sales meetings or helping prepare quotations.

How much does it cost?

Buyer fees currently range from £2,000 to £4,000 per year, depending on turnover. Suppliers can join for free until 2020, when there will be a tiered membership fee (likely in the hundreds of pounds). In the future, the company may switch to a commission-based model, taking a percentage of the contract value.

structure to allow for further investment, and therefore scale – but that a social mission, increasing the revenue and impact of social enterprises, is written into its governing articles as a primary purpose.

The site launched in June, in the same month that Orbit announced financial backing of £25,000: £17,000 equity for a 5% stake, and the remainder in grant funding. The capital is largely funding staff and web development costs. Valuation was difficult at this early stage, so Supply Change applied similar terms to the £17,000 investment previously secured through its participation in Bromley By Bow Centre's Beyond Business programme in 2018. While Bromley By Bow is more of a silent investor, Orbit staff speak to the team weekly and will join the startup's soon-to-be-formed advisory board.

Why did the housing association get involved? Orbit already invests £4m a year into communities to improve people's lives. But it's also a target customer for the startup, wanting to use its own supply chain for good, says Scharf. Orbit's average procurement spend is around £350m a year: Scharf was not able to put a figure on how much of this flows to social enterprises, though he said they work with "a number" of them "both directly and within our supply chain," with plans to "purposefully" seek more social suppliers.

As for investing: Scharf says the decision was partly about the product being "valuable in the market and potentially very successful" (though he emphasises that the aim is less about making money, more about backing something that could benefit the sector). But it was also because of what he calls "an internal play" at Orbit to invest more than grant money in organisations, and therefore have more of a "stake in making them a success". The investment follows last year's creation of the Community Impact Partnership, a £3m fund set up by Orbit and three other housing associations to provide unsecured loans and grants to charities, social enterprises and community businesses.

FUELLING GROWTH

Andrew Daly, who leads on corporate partnerships at Social Enterprise UK (of which Supply Change is a member), personally backed the startup at a live crowdfunder. "Any initiative that can get buyers to look at social enterprises is valuable," he says.

Social Enterprise UK itself is behind a much bigger social procurement drive: its Buy Social Corporate Challenge is encouraging companies to collectively spend £1bn on social suppliers, and it's also working with software giant SAP to get social enterprises onto a digital marketplace that channels £2trn in business-to-business commerce each year. A key point of this initiative is bringing social enterprises to where buyers already are. But while SAP's platform is also used by public sector buyers, the focus for its partnership with Social Enterprise UK is business-to-business trade; it looks unlikely to compete with Supply Change for some time.

So far, Pilgrim says Supply Change has "a pipeline of 30" interested suppliers; the aim is to get 50 on board by year end, plus at least five buyers (alongside Orbit, the UK's largest housing association Clarion Housing has signed up for a pilot phase). By year end Pilgrim, the full-time CEO, hopes her two part-time colleagues can go up to five days a week. By end of 2020 – following hoped-for investment – they are targeting 15 buyers and 100 suppliers.

The platform's success will clearly depend on the team's ability to convince new buyers to come on board. A key goal now is securing additional founding partners: those who can take up a £4,000-level membership and support the company's development. That will also allow Supply Change to take on suppliers working outside just those geographical regions where Orbit works.

There's another, potentially significant, market: the huge private firms that implement public contracts but subcontract elements of these to smaller organisations. Supply Change is already talking to some major names in construction. Pilgrim says: "There's already been quite a lot of work done in [the construction and the built environment] industry around working with social enterprises, so it would make sense to capitalise on that."

The timing may play in their favour. "It feels like there's a lot of momentum behind social procurement," says Daly, who says that starting such conversations with corporates seems to be getting easier. Indeed, of the 21 firms now signed up to the Buy Social Corporate Challenge, six joined since April.

But it's still very early days for the startup. And while social suppliers for back office services like providing office supplies or ground maintenance are fairly low-risk, Scharf says the more complicated areas require "more market engineering, not just a bit of visibility and brokering". Furthermore, while assumptions of social enterprises as less business-savvy than commercial competitors are "just not true," Scharf does acknowledge that balance sheets can be "an issue" – one that has come up in Orbit's own procurement processes, along with things like the size of the contract in relation to that of the supplier.

He is pragmatic, though, about slow progress in a field that is "ridiculously difficult" and "a tough space for innovation". In this sector, he reflects, "we work too much in the utopian. Sometimes you've just got to just edge your way, break bits off as we go." ■

EVPA SPOTLIGHT

Experts from the European Venture Philanthropy Association (EVPA) select headlines from among their 300 members in recent months – and tell us why they matter

A basic skills group course with We Are Digital

SI2 FUND INVESTS IN DIGITAL INCLUSION

WHAT:
SI² Fund (Belgium), an impact-first investment fund that helps scale innovative social businesses, has backed We Are Digital, a UK-based company that tackles digital and financial exclusion by upskilling vulnerable people with limited technological skills.

HOW MUCH:
SI² Fund provided equity funding (plus expertise and access to its network) as part of an investment raise totalling £1.5m. Other investors were Triplepoint, Ascension Ventures, Wayra UK and Clearly So.

WHY IT MATTERS:
Some 44% of Europeans lack basic digital skills, a problem that has so far been tackled much more by charitable initiatives than through social investment. We Are Digital has developed a successful business model to address this: governments, corporates, banks and housing associations buy training courses on behalf of their customers and other beneficiaries (those at risk of social exclusion). The new funding will be used to hire staff and upgrade technology to strengthen and scale services in the UK and beyond.

si2fund.com

DOEN PARTICIPATIES AND OTHERS INVEST €2M IN SUSTAINABLE SKIN CARE

WHAT:

DOEN Participaties (Netherlands), the investment company of the DOEN Foundation, VenturesOne, and a family office based in The Hague are to invest in Naïf, a sustainable body and skin care brand that contains no chemicals, parabens, microplastics or allergens in its products, and that is targeting zero waste by 2021. The Dutch brand is currently sold in 12 countries.

HOW MUCH:

A total equity investment of €2m, which will enable Naïf to develop new products and expand its online sales.

WHY IT MATTERS:

Naïf has big ambitions, aiming to grow ten-fold in the next five years. DOEN Participaties – which has invested in innovative sustainable and social startups for 25+ years – wants to see the company become a successful example of an environmentally sustainable business in the personal care and beauty sector.
doenparticipaties.nl

VODAFONE INSTITUTE SUPPORTS TECH VENTURES EMPOWERING WOMEN

WHAT:

F-LANE (Germany) is a seven-week accelerator for digital impact ventures focusing on female empowerment, run by the Vodafone Institute with Impact Hub Berlin and the Social Entrepreneurship Akademie. Five ventures from Ghana, India, Nigeria, UK and Germany were selected in this latest round.

HOW MUCH:

The programme includes financial startup assistance (around €12,000 each). Most startups in the previous four cohorts have since raised investment – in some cases up to €4.5m.

WHY IT MATTERS:

F-LANE is one of the few accelerators focused on technology and female empowerment, helping to promote women's participation in education, the workforce, entrepreneurship, leadership and digitalisation. By nurturing a pipeline of ventures in this field, the programme helps them get to impact and financial sustainability more quickly.
vodafone-institut.de

ACUMEN SUPPORTS BUSINESSES TACKLING PLASTIC & POVERTY

WHAT:

Plastics for Change (India), Regenize (South Africa), and So+ma (Brazil) were selected as winners of the first Acumen-Unilever Social Innovation Challenge on Plastics, which supports business models that manage plastic waste and promote more sustainable livelihoods.

HOW MUCH:

Seed funding of $25,000 was awarded to each business. The three winners – selected from 90+ entries – also get remote coaching from Unilever experts.

WHY IT MATTERS:

Acumen is tackling a global challenge by supporting local businesses, but also drawing attention to the link between plastic and poverty. Worldwide more than 15m people earn an income as "waste pickers", often shunned from society, exploited by middlemen, and at risk of injuries and infections. So, Regenize for example (pictured right) aims to expand plastic recycling by professionalising collection services and providing workers with tricycles and uniforms. It hopes to create 145 permanent jobs within three years.
acumen.org

IT'S A TRUST THING

In this latest edition of his Guv'nor column, ***Bob Thust*** *speaks to a pioneer from Birmingham about how we should ditch traditional approaches, challenge preconceptions and not try to define what kind of 'diverse' person we are happy with on our boards*

We've built everything based on no trust – if we are going to change anything we have to build from a different starting point," says Immy Kaur, the remarkable co-founder of Impact Hub Birmingham.

I'm interviewing her for this latest Guv'nor column and we're talking about what good governance could or perhaps should look like in a world facing increasingly urgent challenges of rising inequality and existential threat. It's an interview I've wanted to do for some time given Immy's pioneering work and straight-talking approach.

At first glance Impact Hub Birmingham appears to be a collaborative workspace for social purpose people and organisations (part of the international Impact Hub network). Yet that misses the point – their mission is 'to help build a fairer, more equal and just city' and that means they are constantly shifting to create a sustainable business model to deliver against that goal. Indeed, while the mission remains, the Impact Hub itself will be closing at the end of this year – more on that later.

Her point about having built a system without any reliance on trust goes right to the heart of the governance challenges I've been writing about in previous columns. What she is referring to is not just legal structures and the board, but an entire model built on formally constituted organisations with traditional hierarchies supported by standard systems, processes, checks and balances. "Most of what passes as good governance offers no individual agency, no liberation – it leads to people feeling disillusioned, clocking in and clocking out. It doesn't encourage people to take personal responsibility or personally invest," she argues. "It starts from assuming the worst in everything and everyone, and mitigates for that, rather than designing for the best possible outcome, and assuming the best in everyone."

I share that in my experience good governance cannot be reduced to a set of well-designed processes and organisational charts – it relies on strong and shared values, the quality of relationships. That means every organisation needs to have its own unique approach which moves as the people change, as the world changes. "Yes, absolutely," she nods, "but when you are fighting to find a new path that recognises this it's not easy to put this on a simple piece of paper for funders or partners – people want straightforward solutions and keep advising or compelling you to sit within their preconceived idea of how it's always been done."

I wonder whether as a society we tend to value systems and process too highly – and whether that is in part a result of our patriarchal society which may value more traditionally 'masculine' command and control approaches? "I think that's possibly true, but the whole thing goes much deeper than that – we live in an entire system built on mass extraction, exploitation and

oppression. We have a colonial legacy that leads to deep mistrust on all sides about intentions – what we actually have even in the social sector is an approach to governance which, for all the warm words and nice values statements, is built along the same lines. In the end this serves to perpetuate the same problems rather than tackle the urgent issues."

We talk about our own experiences with various boards and how all too often board roles are seen as opportunities to grandstand in the name of 'giving back'. "Those people that say they are taking these roles on in order to give back, most likely means they have taken too much in the first place," she says.

Immy also points out that boards are often used as a means to extract free labour rather than to add value to governance – which we agree is especially problematic when it applies to black or brown people, or others with lived experience of social injustice reinforcing as it does the exploitation narrative: "There is this basic idea that marginalised voices have tonnes to learn from all the opportunities that can be provided by being on a board – from training to exposure, so why wouldn't they want to join? Yet, many outstanding leaders of colour, for example, are shifting economic paradigms, saying 'no' to business as usual, developing bold new frameworks and ways of organising. So, what I find happens is they aren't welcome because they don't appreciate the opportunity, or a typical board meeting doesn't create the experimental space to imagine new ways of doing things but follows 'standard' rules so creates a space where people can feel ignored, small or in some way lesser. So, power re-asserts itself by policing what sort of 'diverse' person it is happy with on its board – one that is grateful, challenges a little but not too much. In order for this to really change, this sort of power dynamic is going to need to radically change."

This chimes with many people I've spoken to and many board rooms I've experienced over the years. If we aren't prepared to challenge this, to change the dynamic and the rules, is it any wonder we have such a diversity problem in the social sector?

I raise the topic of conflicts of interest and how that too can be used to justify the need for a distant board of professionals, rather than a more diverse group of people directly involved in the work (this has come up again and again in my recent work, explored in more detail in the podcast "Agenda Item One: Fish and chips on the porch"). "That is an issue I've experienced, too," says Immy. "You want people at every level that have skin in the game – you can always buy in professional distance, but that direct engagement in the mission is vital. If they don't have that then what are they doing there?"

I'm keen to explore the experience of governance with the Impact Hub itself. Around 18 months ago the Hub was asked to conduct a governance review as a condition of funding from the Barrow Cadbury Trust. Initially, the usual suggestions were made about bringing in more professional experience, reviewing the legal model and tightening internal risk management. It was suggested that a governance expert be brought in to support that process. "You often get an automatic response from funders who want you to fit into a box they can easily understand because they don't want to do the work to try and reimagine what it could look like," says Immy. "For me tackling this stuff isn't just incidental to or an enabler to the core mission, it is absolutely part of creating the kind of system we want to see – so I didn't want to just assume that a usual approach was right for us."

To their credit the Barrow Cadbury Trust listened and provided the Hub with funding that allowed them much greater freedom to explore governance than was originally considered. In the end it was not so a much a review as a process of co-creation between staff and stakeholders over a period of months, supported by a design agency called We Are Snook: "We were able to involve everyone right from funders, key stakeholders, the board, senior leaders and staff using our core values as a means to deeply explore our approach – who made what kind of decisions, how they were made, what information we all needed to fulfil our roles and responsibilities."

The result went much wider than a traditional review might have, helping to introduce a range of new tools that everyone could use – one example being a 'decision wheel' which included questions agreed together that anyone could use to explore a new idea or project proposal and assess not only its mission alignment but implications for finances, risk management, accountability and oversight. "At first there was some confusion and resistance – people just weren't used to taking or being given personal responsibility," says Immy. "But in the end the outcomes and tools we created were understood and adopted much more readily than if they had been imposed from the top down. What's more, they were designed to actively reinforce our values, not work against them. When we got new people to go through those values they truly understood their power and authenticity."

Immy is at pains to point out that all of this does not make her 'anti-governance' or 'anti systems' and process. She says: "We do need proper processes and protections, we do need robust legal systems especially as we grow – and society as a whole needs them to prevent institutional racism, as just one example," she says. "It's just that they alone are not the whole story – especially if all we do is cut and paste from what has always been done." She also points out that she isn't necessarily arguing against hierarchy: "Community ownership, for example, can also have its down sides – it can take time and money, which you probably don't have, can be easily be overtaken by different agendas, can itself lead to risk aversion." So, I ask, what is the answer?

"I'm not sure there is a simple answer. What I am sure of is that we can't just keep doing what we've always done. We need approaches to governance that

Power re-asserts itself by policing what sort of 'diverse' person it is happy with on its board – one that is grateful, challenges a little but not too much

reconnect with people, that aren't just about traditional organisations but are about the mission."

The point about not just being traditional organisations interested me, especially because Impact Hub itself has decided to close at the end of this year and move towards something new called Civic Square. "We've taken the decision because in part we could see many £100,000s we have spent going straight to landlords based abroad with very little interest in what is happening in the city," she says. "Our conversations with so many of our stakeholders led us to believe that it was time to make a deeper, smarter and more long-term investment of our collective time, energy and resources. The mission remains, the connection to our values is still there – that's what's important and because of how we have approached running and governing the Impact Hub, closing down and starting afresh in this way has felt much more possible and natural."

Reflecting on this, I tell Immy that I can't see many traditional boards that have been so closely attuned to the mission or look this far beyond the aim of self-preservation.

"We need real focus and investment at every level so we can work together to reimagine what governance looks like," she says. "In the end a system is just a collection of stories we tell ourselves – so it's time we start telling a different story, one that begins with mission, with values and with trust, rather than a lack of it."

It's an important and powerful message, don't you think? ■

Bob Thust is co-founder of Practical Governance, seeking to find ways to organise that unleash social impact rather than constrain it. He was interviewing Immy Kaur, co-founder of Impact Hub Birmingham and director of Mission Birmingham.

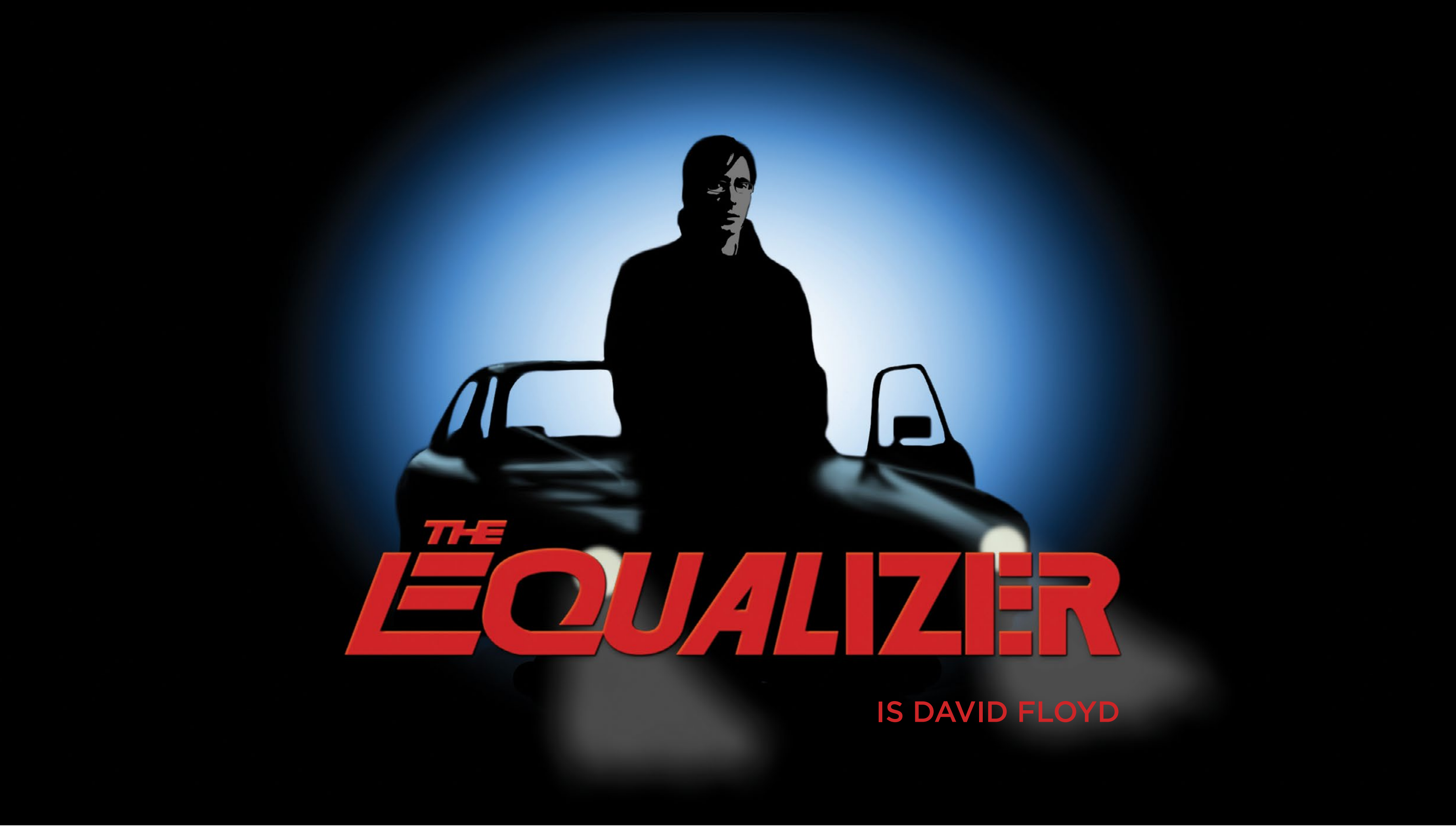
WE'D LOVE TO HEAR FROM YOU!

We want to give this space over to hear directly from people grappling with some of these challenges and from voices all too often not heard. Is that you?

This column is part of a series including a podcast that seeks to explore how governance can be exciting, liberating and progressive – one that unleashes social impact rather than constrains it.

To do this we believe we need more honest, real-life stories that don't sugar coat the challenges but also offer ideas, hope and inspiration to others.

If you'd like to take over the column as a guest writer or take part in a podcast (with as much free support with logistics, ideas and editing as you'd like from us) we'd love to hear from you. Send over your ideas to: bob@practicalgov.co.uk



LOSS LEADER? HYPE, HUBRIS AND HUMILITY IN UK IMPACT INVESTMENT

Has the UK lost its leadership position on impact investing? Does it actually matter? If the new Impact Investing Institute is to retake the lead for the UK, it will first need to establish the direction it wants to lead in, points out ***David Floyd***

This autumn sees two of the UK's most prominent impact investing talking shops merging into a single talking megastore with the launch of the new Impact Investing Institute. The Institute will bring together the UK National Advisory Board on Impact Investing (NAB) chaired by Sir Harvey McGrath and the Implementation Taskforce on Growing a Culture of Social Impact Investing in the UK chaired by Elizabeth Corley.

So far the new Institute has been very effectively PR'd with positive coverage in the *Financial Times* and *Investment Week*, among others. In July, it announced its first CEO – former *Financial Times* journalist Sarah Gordon.

It seems likely that a key role for the Institute will be to restore the UK to its coveted position as a world leader in impact investing following the disastrous claim in a 2017 NAB report that "in recent years, some of the big leaps forward have happened elsewhere".

The UK has long been proud of its esteemed role in the global impact investing landscape.

In their 2011 report 'Lighting the Touchpaper', authors Adrian Brown and Will Norman noted: "With the establishment of Big Society Capital and the development of new products such as social impact bonds the UK is leading the world."

This early report acknowledged that impressive rhetoric existed alongside a less impressive reality, noting: "Total social investment in 2010/11 was £165m which is tiny when compared with other sources of finance available."

After that, though, politicians were always on hand to crush even the slightest hint of humility or nuance in the message. The apex (or nadir) of UK impact investing self-confidence came with the June 2013 G8 summit when the then Prime Minister, David Cameron, announced that after making social investment a success in the UK he was going to "sell it all over the world".

A highlight of the summit was Cameron's hubristic trumpeting of the launch of "the world's first Social Stock Exchange" (SSE), an initiative that does more than any other to illustrate the gap between fantasy and reality in UK social investment – and not just because of Cameron's ignorance of the fact that another social stock exchange, the Singapore-based Impact Investing Exchange, had launched several years previously, in 2009.

The SSE was originally conceived as a secondary market for social investments but eventually became a consultancy service for socially-focused businesses seeking investment. While not a bad thing in itself, this was a big disappointment given that the SSE had received over £4m worth of mostly public or philanthropic grants and investment to support its bid to take social investment into public markets. While the prime minister had claimed we were the first country to have a social stock exchange, we were in fact just the first country to have an organisation called the Social Stock Exchange.

"Will this have any relevance at all for charities and social enterprises?"

Fortunately, not all UK claims to social/impact investing leadership have been as misleading as that one. The UK did have the first social impact bond – and has supported more of them than any other country – and we did have the first social investment wholesaler in Big Society Capital. Opinions are divided on how useful these interventions are but they are unquestionably important to the development of social/impact investing as a sector.

However, in recent years 'the world' has been catching up and, in some cases, going past us.

Elizabeth Corley's first Taskforce report in 2017 warned that the UK was trailing behind France, Italy and the US in attitudes to sustainable investment. While in November 2018, the Canadian Government launched a Social Finance Fund with $755m to spend over 10 years.

If the Institute is going to reestablish the UK's leadership, it will need to work out what direction it wants to lead in. Based on the previous work of the Taskforce, it seems likely that some of the key aims will be around bringing impact to the mainstream by seeking to influence pensions regulation and promoting a shift from ESG to investment with a more specific focus on positive impact.

The question is whether this will go beyond warm words to actual change to the kind of investment that's available to mainstream businesses seeking to do social good – and whether this will have any relevance at all for charities and social enterprises.

Another question is what the launch of the Institute means for Big Society Capital. Some of us have previously raised the issue of a potential conflict of interest between BSC's dual role as wholesaler finance organisation and social investment 'market champion'. While no one doubts the honourable intentions of all involved, BSC is hardly well placed to take an objective view on whether or not the market still needs a wholesale finance organisation.

It will be interesting to see if the Institute seeks to take a more independent view on the development of the market and whether it attempts to play a role in ensuring that social organisations can get the right money to develop and grow their businesses.

Not for the first time, the UK is taking a leadership role in social/impact rhetoric. We are the first country to have an Impact Investing Institute – with staff and resources. As in the past, we'll now find out whether there's a connection between doing something first and doing it well. ■

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.

IS BIG SOCIETY CAPITAL A BIG PROBLEM?

In spite of all the hype around social investment, only a tiny proportion of the UK's social enterprises and charities have made use of it. If things are going to change, Big Society Capital must rethink its role, says Richard Litchfield

Although there's much praise of social investment in the UK, in reality it isn't actually a very significant funder. Despite its enormous potential, this type of finance remains comparatively underutilised by the charities and social enterprises it was intended for.

By way of comparison, the third sector took up around £730m of social investment in the year ending 2017, but £22bn in grants and donations during the same period.

Moreover, Big Society Capital estimates that 1,100 charities and social enterprises accessed social investment in 2017. This is an impressive increase from the early days, though this represents a take-up by less than 1% of third sector organisations annually and a much smaller percentage still by the broader social sector (which NCVO estimates at over 400,000 organisations).

So why is this? Charities and social enterprises regularly make two complaints to us at Eastside Primetimers: first, about the price of the finance and second, the length of the investment process (from enquiry to getting the money). They have good points about both, but I'm going to focus here on price as it's the biggest lever to increase the attractiveness of social investment to a wider market.

The problem is that healthier organisations will find social investment rates uncompetitive (housing associations and leisure trusts are good examples and are able to borrow more cheaply on capital markets or from banks); while those who cannot access mainstream finance will struggle with affordability and may not be able to meet payments which are usually between 8 and 10%.

> *"I'm convinced that price is a bigger deterrent than is commonly accepted"*

For over a decade, Eastside Primetimers has been helping charities to raise finance and, like others, I've developed a well-honed patter to justify the cost of capital and benefits of social finance (of which there are many). However, I'm convinced now that price is a much bigger deterrent than is commonly accepted. It's very hard to say how many organisations are put off by the cost, but we find that the rates surprise nearly all our clients. How many more charities would take on social finance if the rates were lower?

High interest rates create other unintended consequences. We commonly find that organisations will make an informal loan enquiry, and then go back to the drawing board, search for grants and alternative financing alternatives, before, as a last resort, returning to social investment. This additional time is potentially catastrophic – projects are delayed or cancelled – and it embeds inertia into charity management. Some organisations, after delaying too long, then start raising finance from a position of weakness rather than strength.

So why is the cost of social investment so high to investees, and can anything be done about it?

A quick look at the business model of social investors explains how they need to charge sufficient interest to repay the interest on their capital as well as covering their own overhead costs and any loan defaults or deferments.

Big Society Capital is the largest provider of capital to charities and social enterprises in the UK and, in its role as social investment wholesaler, usually distributes funds to social investors at the top end of 4 to 5%. Consequently, each social investor needs to add a similar mark-up to cover their own overheads, resulting in a charge for borrowers of about 8 to 10%. Whatever the changes in base

BIG SOCIETY CAPITAL: QUICK FACTS

Funds under management (currently invested): £526m
Total annual revenue: £6.4m
Administrative expenses: £6.4m
Staff: approx 60, of which one-third are part of the investment team
Current investment themes: Homes, Places, Early action

Social investment portfolio
Income (interest, dividends, fees received): £2.9m
Unrealised investment loss: -£6.0m

Treasury portfolio
Income (interest): £3.5m
Investment losses: -£587k

From BSC 2018 Financial Statements

ARE THE GOAL POSTS MOVING?

Big Society Capital's five strategic goals are to support and invest in innovative models that use social investment to:

1. Enable those in most need to live in affordable, safe and secure homes.
2. Strengthen communities in disadvantaged areas to build local solutions that improve people's lives.
3. Help improve people's lives by tackling problems at an earlier stage.

and

4. To build and sustain a successful social investment market.
5. To grow BSC's impact, effectiveness, sustainability and reputation.

interest rates, there is not much wriggle room for social investors, many of which are running very lean operations.

So should BSC be charging 4 to 5%? I think now is the time to challenge this. I'm not convinced that the sector is stable enough and the financial products attractive enough to justify both the wholesaler (Big Society Capital) and retailers (social investors) making commercial returns. And why should the wholesaler be aiming to make a commercial return, given that it was founded with a windfall of dormant assets intended for the good of the social sector?

Perhaps, then, it's a practical requirement because Big Society Capital needs to generate sufficient income to cover its own overheads. In Big Society Capital's 2018 annual report, it reported an income of £6m from lending to social investors (excluding a write-down of the portfolio) and used this to cover the salary costs of its 60 staff.

We estimate that this income is set to increase in future years in excess of £10m as its funds under management become fully invested (this analysis excludes the effect of the changing value of the portfolio from year to year). The size of Big Society Capital's staff team far outweighs the size of any frontline social investment fund, raising the concern of mission drift. Does it base its staffing requirements on operational needs, or has the growing financial envelope encouraged the organisation to raise the horizons of its imagination? (Which is, of course, fine if it can be justified.)

Many people at Big Society Capital and other commentators, like myself, argue that blended finance is the answer – providing a blend of subsidies and loans to make finance cheaper and/or more patient. Ironically, though, so long as Big Society Capital is funding the market at 4 to 5%, then there is limited scope for this. As an example, the Access Foundation has been working hard to structure its Growth Fund investments as blended products for smaller organisations. And yet the average interest rate it achieves on these investments is 7.3%, according to the Access Quarterly Dashboard for the first quarter of 2019, which is not much different from the norm for other types of social investment.

To be clear, I don't have a problem with the fairness of rates. There are good arguments about current terms reflecting the risk of investments. Social investment is certainly not exorbitant.

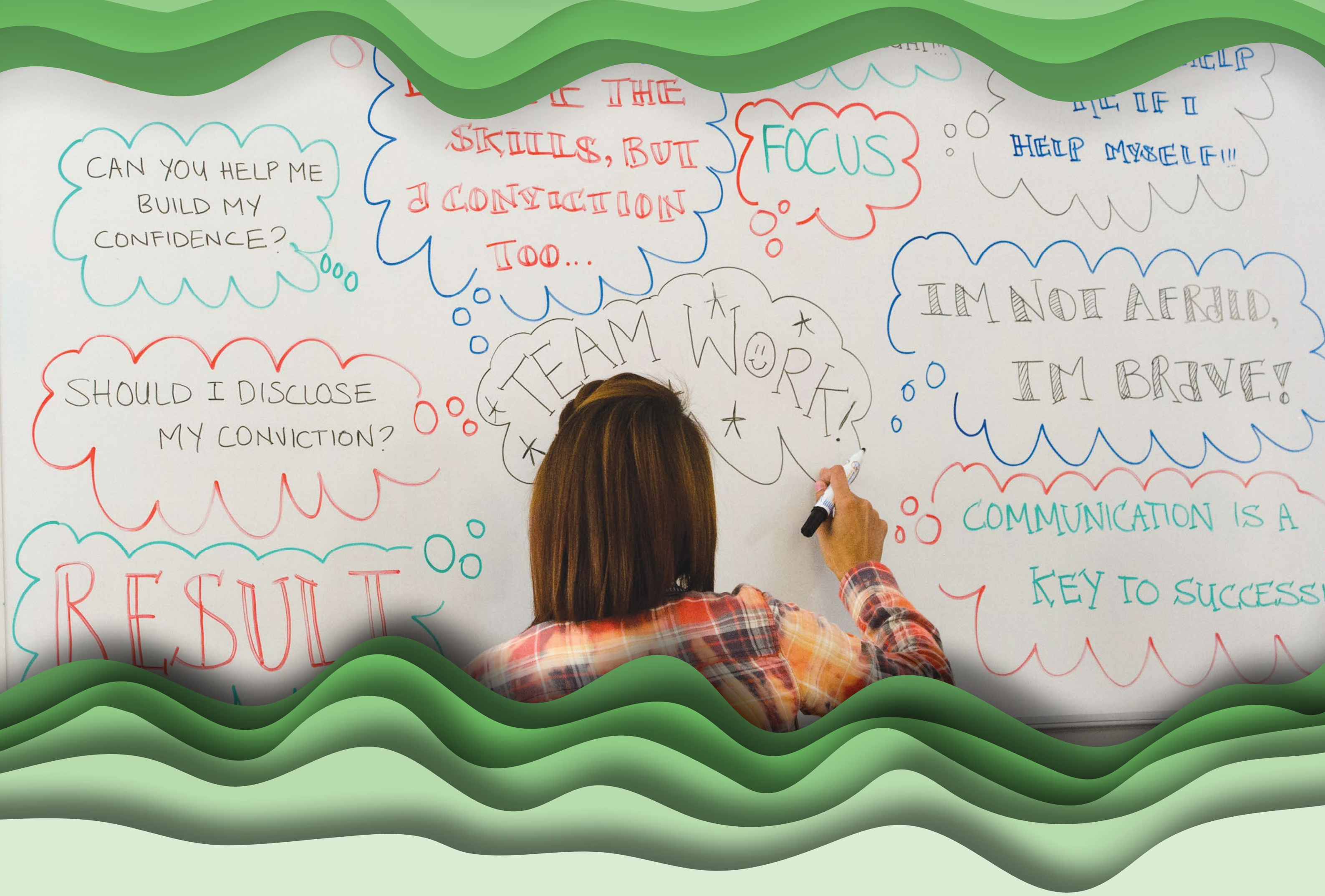
My point is a pragmatic one, because, despite an increase in loans in recent years, social investment is making only small inroads. The frustration is, frankly, that we haven't got further in the eight years that Big Society Capital has been shepherding new capital into the sector.

There are different possible solutions. Most radically, Big Society Capital could choose to scale right down and simply act as an accountable body holding capital which is passed on with a small admin charge to capitalise social investment firms. Alternatively, it could focus on its original mission as a wholesaler. This would require a smaller team than today and the organisation could, say, halve its expected returns and ask social investors to pass on the savings to their investees. Would this turbo-charge the attractiveness and take-up of social finance? I think it might.

As Big Society Capital has an effective monopoly on the supply of social investment capital in the UK, it can make decisions that have a system-wide impact. At the moment, it is, unfortunately, part of the problem, not the solution – and almost every social investor I speak with will say this privately.

We must open up the debate about what capital is needed and how it can be supplied more cheaply. Without a fundamental change in approach, I fear that Big Society Capital will fail to live up to its mission of transforming social investment. ■

Richard Litchfield is CEO of social sector consultancy Eastside Primetimers.



PRACTICAL SOCIAL ENTERPRISE

HIRING STAFF WITH CONVICTIONS: WHERE SHOULD YOU START?

Expanding your recruitment pool to include ex-offenders can bring multiple benefits, but getting started can be daunting. Top tips from a charity with ten years' experience of placing women with convictions in secure jobs

KUSUM RAVINDRANATH

A 2016 survey among entrepreneurs showed that over a third would consider hiring individuals with a criminal record. There's little data available on the attitudes of social entrepreneurs, but based on those we've spoken to, it's likely they'd be at least as willing, if not more. However, even if many of them see hiring talent with convictions as a powerful path to social inclusion, the process itself can still be a bit of a myth.
Below are some tips learned from our decade of experience in helping women with convictions into jobs.

IT WON'T HAPPEN BY ACCIDENT

Don't expect to come across your new employees by chance.

At Working Chance we run employability events, where our candidates can do mock interviews with entrepreneurs and recruitment managers. A fair share of those who come along say they've never met an ex-offender before.

This is hardly surprising: most of our clients don't apply for jobs unless it's through us, because of the fear of rejection. The demands listed on a job advertisement are intimidating to most of us – imagine also knowing that you have to declare your worst offence. As a result, many individuals with a criminal conviction remain underemployed, at best. The former business strategist is now happy to be the receptionist at a friend's office, just to avoid facing the questions of potential employers.

The underemployed are the more fortunate of course: for most individuals with a conviction, stigma and fear of rejection mean it can take years to build the confidence and perhaps also the skills to find any form of sustainable employment.

So, finding talent needs to happen through strategic partnerships.

If you're committed to finding people who may have past convictions, your best bet is to partner with a specialist organisation who will be able to provide you with CVs, as well as advise you on the process around recruitment. You'll be able to access a carefully selected pool of candidates, and get advice throughout the process – on things like what to expect from a candidate's disclosure of their conviction, how to obtain the information you need at interview, or how to best support your new employees. You can also find out more about hiring prisoners eligible for release on temporary license (ROTL).

The Exceptionals (theexceptionals.org) lists UK-based organisations that either hire people with convictions, or help support them into jobs.

Recently we placed a candidate into a £37,000 per year position

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SOCIAL IMPACT + BUSINESS VALUE

Meet Bola. A native South African, she escaped traffickers only to end up homeless in London. She took up employment as a support worker, by forging a false identity – which led to a three-month custodial sentence.

Hiring someone like Bola is not only about the difference it would make to her and her family, and the long-term benefits of a restorative society. It's also strategically valuable, because it brings fresh insights to your business. If you work in certain kinds of service provision, having someone on your team with direct, personal experience of this is invaluable – and something that no university credentials can replace. Employees like Bola reduce the 'social distance' between the services your social enterprise provides and the providers themselves. It ensures that your service delivery is user-focused, targeted and as effective as possible in tackling social challenges like poverty, deprivation, isolation and many others.

And, if you're operating in a sector with high turnover, it's worth knowing that individuals with a conviction tend not to frequently jump jobs, because there's often a genuine desire to commit to work, build a career and gain a sense of security that they may have never had a chance to experience beforehand.

BE PREPARED TO BE SURPRISED

Just recently we placed a candidate into a £37,000 per year position as a corporate liaison manager. While it is true that 13% of people in prison have never had a job, and 47% have no qualifications, it's worth remembering that others may have exactly the skills you need.

Again, The Exceptionals directory, mentioned above, will show the breadth of sectors that are hiring individuals with convictions.

WHY IT'S ALL WORTH IT

Reoffending costs the UK taxpayer £15bn each year. Our results at Working Chance prove time and again that restorative recruitment is an effective tool for rehabilitation. Last year the government acknowledged that sustainable employment significantly reduces re-offending rates (the risk of re-offending by a Working Chance client is less than 4%). Despite this, only a quarter of those leaving prisons have a secure job to go to. If more employers took on individuals with a conviction, it would create a more diverse workforce and thereby a more inclusive society.

Hire just one individual with a conviction, and in many cases it will mean keeping a family out of the care system for generations, helping to break a cycle of poverty and crime. That in itself is worth investing a bit more time in understanding how to engage with this underused pool of talent. ■

Kusum Ravindranath is strategic partnerships advisor at Working Chance, a recruitment charity working exclusively for and with women leaving the criminal justice system.

WHY SCALING DOESN'T (ALWAYS) MEAN GROWING YOUR SOCIAL ENTERPRISE

Changing the world means scaling impact, not increasing the number of enterprises or even growing your own reach. Spring Impact's Joe Kallarackal shares strategies for smarter thinking about scale

Scale has long been a buzzword in the social sector. But it remains elusive: the reach of many high-impact projects and services remains small, as social problems grow faster than their ability to deliver support.

Alongside, 'scale' seems to have become synonymous with growing and sustaining an individual organisation, increasing its reach and developing new services to address funder priorities and 'keep the lights on'.

This misses the point. To change more lives – whether by tackling homelessness, criminal justice or food poverty – we need to transform how we scale impact. This requires a more strategic approach focused on helping mission-driven organisations to tackle the true size of the problem they ultimately want to solve.

Women learning about the power of their own potential in a Street Business School classroom

STAY IN LOVE WITH THE PROBLEM

Although it may sound lofty, the solution to this is to 'stay in love' with the problem itself. Keeping this end-goal in constant focus ensures that the impact an organisation seeks, and how that will be sustained at scale, is the foundation for all its work. All our support for clients at Spring Impact builds from this starting point.

Retaining this unwavering focus, along with developing a strong scale strategy, helps founders or CEOs to stay fixed on finding a sustainable route to address the problem. In turn, this avoids 'mission drift' – diverting towards activities which might grow and sustain an organisation for its own merits, but don't allow it to have longer lasting impact.

Taking this approach also means funders can have more confidence that their investments are supporting longer lasting change.

INNOVATE FOR IMPACT

One organisation that has flourished as a result of adopting this type of strategic clarity is Street Business School (SBS), a social enterprise based in Uganda that supports women to lift themselves and their families out of poverty through entrepreneurship training.

Five years ago, the programme's impact was strong, but it was unclear how it could move from reaching a few hundreds to tens of thousands of women.

When we worked with SBS to evaluate its approach, it concluded that it could better address poverty at scale by concentrating on building the entrepreneurial capacity of women through NGO partners that shared its vision. In other words, it adopted a social franchise model.

To date, SBS has trained and supported 66 partner organisations in 13 countries to deliver the programme in their local communities, allowing women to achieve an average of 211% increase in income within two years of graduating.

Taking an impact-led approach like this can help social enterprises move beyond solving immediate organisational problems and identify the short- and medium-term steps needed to achieve their ultimate goals.

This was the experience of UK-based Alexandra Rose Charity, which had reached hundreds of people with a pioneering voucher scheme enabling low-income parents with young children to buy fresh produce at local markets. Keen to address the full scale of food poverty across the country, it started to explore options for replication. However, after evaluating this strategically, it realised that to do so sustainably it should focus first on making a deeper impact in its current operating areas to develop the insights needed for replication.

This decision positioned it well for scale, through a new strategy that creates thriving local food economies by proving the market for healthy food exists and stimulating supply from local businesses. By strengthening its processes it has improved its capacity to run projects, and today the charity reaches thousands across London, Liverpool and Barnsley and is aiming to scale into more locations in the future.

FOUR PILLARS OF A SCALING STRATEGY

None of this, of course, is easy – particularly for social enterprises and charities facing overwhelming demand, lean teams and restricted budgets. This is why in 2016 we partnered with the National Lottery Community Fund to develop the Scale Accelerator, a tailored programme that helps mission-driven organisations (like Alexandra Rose Charity) to gain the strategic skills to make their ambitions a reality.

The process of defining a scale strategy is hugely valuable, but it does require a significant time investment (our accelerator takes nine months and we tend to stay in touch with participants for at least a year afterwards). However, there are four key components that we advise any social enterprise looking to scale to consider:

Alexandra Rose Charity's vouchers enable parents to buy fresh produce from local markets – and has grown its reach from about 350 families to around 1,200 since 2017

1. **Problem definition:** Be clear about the problem you're looking to address. What's causing it? How is it changing, and how might it manifest in different geographies and contexts that you want to focus on? Understanding this can both help you define your role in addressing the issue – your mission – but also help identify how your model may need to change as you scale.
2. **End game:** Think about how impact will be sustained when at scale. Will your service be needed? If so, who can implement the different elements? Where will funding come from? What will your role be – continuing to deliver the service, convening key partners, building others' capacity?
3. **Impact goal:** Set an ambitious but clear target for the medium term. What is the specific change you're seeking to make? Who are you trying to serve and where? What's the size of change within that timeframe? This goal will help you track progress towards your ultimate objectives and will better help you assess new opportunities – are they contributing to this impact goal, or taking headspace and focus away from it in the longer term? It can also help you to understand which of your different activities need to be scaled in order to achieve this.
4. **Scaling routes:** Having defined the above, it can help to clarify which of the different routes to scale may be most appropriate. There can be indirect routes like campaigning, policy change, creating a social movement. Or more direct routes, like spreading an innovation to new places, increasing penetration in your current areas, developing new services and products to meet unmet needs, or replicating a particular approach or service through others.

These four pillars should be the basis for planning in the short term, identifying what types of partnerships need to be developed, how systems and processes might need to change, the key skills needed in a team and what funding is needed to make it happen.

A clear strategy is just the start; inevitably plans will evolve. What shouldn't change, though, is staying laser-focused on the problem and the ultimate impact desired. As more social enterprises embrace this impact-led approach, more change-maker organisations will scale effectively, and more lives will undoubtedly change for the better. ■

Joe Kallarackal is a director at Spring Impact, a global non-profit that supports funders and social innovations to scale their impact through consultancy, research and advocacy.

DAY IN THE LIFE

JUDAH ARMANI

Judah Armani is the founder of Public Service, a design company, and In House Records, a record label whose songwriting, management, recording, producing and performing is all done by prisoners

The morning begins at around 7.30, checking my plan for the day. That might be at home or on the move if I'm going to London, to a prison, or to a talk. I moved to Brighton about eight years ago. It's not only beautiful and by the sea, it's also the only part of the UK that's green, politically.

I grew up in a super middle-class part of west London. The area was privileged, but my school wasn't, so you grow up with a much more balanced understanding of inequality.

I homeschooled my own children. The 21-year-old now has his own successful social enterprise, helping young people to learn barista skills. The 20-year-old is a sous-chef; the 16-year-old has just finished her GCSEs and has been accepted into a college.

From 8.30 or 9, I'll crack on with the day. Creative things, administrative things, relationships – that's pretty much the day, whether it takes place in a prison, a corporate, an art college, or the co-working space I use in Hove.

I try to get to the prisons at least once a month. When I first started out with In House Records, it was so important to connect with the guys in prison. Now we're in six prisons, it's impossible to connect with every single one. What I can do is connect with my 12 staff who visit the prisons. If my staff see me popping in they know it's not going to be a heavy conversation. I shouldn't be steamrollering their delivery sessions... it's really making sure they're ok.

It's almost 14 years that I've been involved in social change, and more and more I realise I actually don't create social change at all – my work is about creating the space for change to happen.

The best part of the day is when you develop this exchange of ideas, when there's a co-creative vibe. And the toughest thing is being good at maintaining relationships. I think this is fundamentally the most important craft we have as humans – how do we nurture and grow relationships with people?

I'll easily sit down at 8 or 9pm, and realise I've not eaten all day. But it's a habit that's really difficult to get out of. I might go to my son's restaurant in the evening, but I'll take a book – it'll be a great meal but I'll also be reading and learning. I can't remember the last thing I read that was fiction: I tend to read about either criminology or design. Cinema has been a revelation over the last few years – I don't really care what film it is, it's almost like I'm on holiday for 90 minutes. It's great: no phone signal, it's dark, it's quiet. And it's incredible what you can get inspired by, just by dropping yourself into a place.

I'll try and stop the work I'd planned by about 8pm. But because we work in the prison service there will be last minute things – if they're urgent I'll carry on till whatever time.

We played Latitude arts festival this year – the first act to play a major UK festival without ever having released music. That felt like a super achievement. And we're recreating In House outside of jail – we're going to be starting In House studios in King's Cross and Camberwell, predominantly for those at risk of things like gangs or knife crime. The sessions will be delivered by our graduates – guys who've gone through the programme. The ambition is to take a methodology that's really about intervention, and to test and tweak it for prevention. So it brings a full circle of using something that connects with the soul – like music, relationships – to create social mobility. ■

In House Records won the NatWest SE100 Award for Trailblazing Newcomer in 2019 – watch our film about the business on pioneerspost.com.

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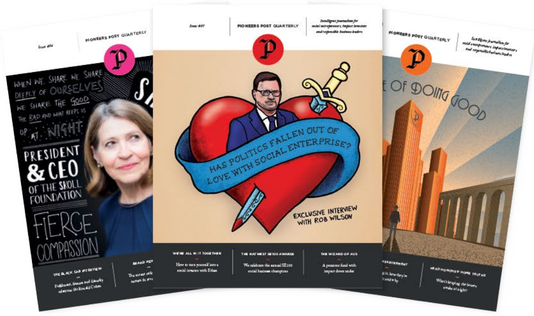

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