



the **IMPACT** INITIATIVE

A summary of the three-year programme to develop Aotearoa New Zealand's social enterprise sector.



ākina

CENT

Whāia te iti kahurangi ki te tuohu
koe me he maunga teitei.

Aim for the highest cloud so that if you miss it, you
will hit a lofty mountain.

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A partnership for impact

In 2018 the New Zealand Government engaged The Ākina Foundation to deliver The Social Enterprise Sector Development Programme.

The Impact Initiative, as the programme came to be called publicly, was allocated \$5.5m in government funding over three years. It was delivered by Ākina in partnership with the Department of Internal Affairs and with support from the Community Enterprise Network Trust (CENT).

The programme was supported by a Sector Working Group, made up of leaders from Māori enterprise, Pasifika enterprise, social, community and youth enterprise as well as a Cross-Agency Advisory Group of Government officials representing key focus areas of the programme.

The programme ended in March 2021 with the delivery of the targeted recommendations summarised in this booklet and detailed further in a series of white papers. The recommendations have been developed by the programme team with government agencies and with consultation from sector representatives.

PROGRAMME PRIORITIES

1. Understanding and supporting the conditions for a thriving social enterprise sector in Aotearoa New Zealand;
2. Making it clear how social enterprise is contributing to government's economic, social and environmental goals;
3. Working with the Government to articulate what it needs to do to support social enterprises, after the programme.

A quick overview of social enterprise in Aotearoa New Zealand

Social enterprises are impact-led organisations that trade to deliver positive social, cultural and environmental outcomes.

A 2018 BERL report estimated the value of the impact created by social enterprise in Aotearoa New Zealand at \$2.9 billion. The number of social enterprises was estimated at up to 6,600 contributing as much as \$1.7b to GDP.

Social enterprises may be small or large. Some employ hundreds of people. They exist in sectors across the economy like agriculture, hospitality, tourism, technology and innovation, health and waste.

Not all social enterprises identify with that term. Some use other terms like community enterprise or impact enterprise. They may identify primarily as a Māori or Pasifika enterprise. They may consider themselves businesses that are led by impact or purpose.



A message from Ākina

When *The Impact Initiative* was announced in 2018, it represented a renewed government commitment to social enterprise that had been missing for several years.

Running any business is challenging. Running an impact-led business like a social enterprise throws up additional challenges that don't have to exist. Through *The Impact Initiative* we now have a much better understanding of those challenges and how to address them. We have tested and proven the best ways to accelerate the positive impact of social enterprise.

These businesses or enterprises make our lives and our environment better – that's what impact is. We all want them to keep going, to keep growing, and to keep developing the solutions our communities and our whenua need in order to thrive.

Impact has a history in Aotearoa that stretches back to early Māori concepts of enterprise. Today, caring for people and caring for the environment are central to what we value as New Zealanders. This makes social enterprise the natural way to do business in Aotearoa New Zealand.

Thanks to the Government's investment in this programme, the way forward has become clear. We have identified the levers the Government can pull to increase the positive impact of government, and we've identified the targeted changes that will accelerate the development and the impact of social enterprises across the economy.

This programme is only a small part of a much larger journey. The challenge now is to keep going. We urge the Government to build on the investment made to date. Keep the momentum going by working with the sector and the wider economy on projects that progress the implementation of the *The Impact Initiative* recommendations. Positive impact is key to the future of our economy. We need to keep working together to bring that future to life.

We need many solutions to the complex and connected challenges Aotearoa faces. The housing crisis, the mental health crisis, the climate crisis, inequality and poverty – these are not challenges that government alone can solve. It's now up to the Government to lead the way and clear the path so that the organisations working to address these urgent challenges can go further, faster.

Thank you to our partners at the Department of Internal Affairs and at the Community Enterprise Network Trust for your support and your trust. Thank you to all the dedicated experts and remarkable enterprises that have been a part of this mahi.

The Covid-19 pandemic has reminded us of the power of working together. Now is the time to be bold. Whāia te iti kahurangi ki te tuohu koe me he maunga teitei – aim for the highest cloud so that if you miss it, you will hit a lofty mountain.

The work goes on.

Louise Aitken
Ākina CEO

Ben Kepes
Ākina Board Chair

The Impact Initiative

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Three years of The Impact Initiative

Three programme partners

Supported NZ participation at three social enterprise world forums

5

Programme workstreams:

Capability building
Finance & legal
Impact

Social procurement
Sector engagement

106

Social enterprise suppliers certified as ready for social procurement

13

Buyers in the Fwd Buyer Group

\$20b+

Total Buyer Group expenditure

One Aotearoa Social Enterprise Forum

1

One Sector Working Group of representatives

One Cross-Agency Advisory Group of officials from across government

- 5** Significant reports into social enterprise and impact:
- Part of a Larger Whole
 - On the Cusp
 - Transforming our Economy
 - Structuring for Impact
 - The Business of Impact
- 12** Theories of change (or impact models) developed for leading social enterprises
- 25** Impact tools & resources developed
- 8** Hubs partners involved in the Regional Hubs Pilot to test support networks
- 20** Social enterprises supported through two rounds of the Impact Investment Readiness Programme (IIRP)**
- 25x** Average multiple of investment unlocked for IIRP participants, compared to funding provided
- 15** Recommendations to the Government

*** The Impact Investment Readiness Programme provides funding from programme partners The Tindall Foundation, Kiwibank, Foundation North, and WEL Energy Trust. In 2019 and 2020 programme administration was made possible through The Impact Initiative.*

The Impact Initiative

Recommendations

The investment in the Programme has enabled research, testing, and a series of targeted projects and initiatives designed to prove the best ways to tap into and maximise the impact of social enterprises, and of the Government.

There are 15 programme recommendations spread across 5 recommendation areas. Recommendation areas 1, 2 and 3 are about building governmental capability to measure and grow positive impact, which will also have direct flow-on effects for social enterprises.

Recommendation areas 4 and 5 are about creating the conditions for social enterprises and impact-led businesses to thrive.

FIVE RECOMMENDATION AREAS

1. **Social Procurement**
2. **Impact measurement and management**
3. **Impact investment**
4. **Tools and support**
5. **Leadership and connection**

Why progress the recommendations?

To increase wellbeing outcomes in people's lives and for our environment.

To support social enterprises and other impact-driven businesses, including Māori and Pacific enterprises, to thrive.

To support the measurement and growth of the positive outcomes created by government.

To help accelerate New Zealand's recovery from Covid-19 through increased economic activity and employment.



AREA ONE

Social procurement



Using the buying power of government to unlock positive outcomes through government procurement practice and supply chains.

Recommendations

- 1.1 **Develop clear cross-government leadership of social procurement to build momentum in key agencies.**
- 1.2 **Coordinate action across government agencies and support their procurement teams with the development and implementation of broader outcomes within procurement.**
- 1.3 **Put in place effective market connection with social procurement intermediaries to connect with the private/community sector and to grow the market of impact-driven suppliers.**

AREA TWO

Impact measurement and management



Enabling government agencies to effectively measure, manage and grow the positive outcomes that the Government creates.

Recommendations

- 2.1 Build the capability of government funders, buyers and investors to measure, manage and maximise the positive social and environmental outcomes they achieve.
- 2.2 Develop and implement a set of consistent outcome indicators that can be used to measure and improve impact.
- 2.3 Invest in gathering and sharing relevant government data, so that the Government and social enterprises have greater understanding of how social enterprise is contributing to Government goals.
- 2.4 Utilise social enterprise models to achieve Government goals.

AREA THREE

Impact investment



Deliberately investing in funds that generate a positive social and environmental return, and initiatives that support impact-led businesses to seek investment.

Recommendations

- 3.1 Enable coinvestment impact funds to grow a private led impact investment sector.
- 3.2 Fund the delivery of a programme that increases the pipeline of businesses ready to take on impact investment.
- 3.3 Partner with the Centre for Sustainable Finance to enable impact investing in Aotearoa New Zealand.

AREA FOUR



Tools and support

Targeted government support of social enterprises, to enable more social enterprises to get started, access relevant support, and grow their impact.

Recommendations

- 4.1 Support the creation of accessible impact-focussed tools and resources, so that more enterprises can learn how to create and sustain positive impact.
- 4.2 Provide guidance to impact-led businesses and their stakeholders that enables them to use company structures to protect and manage their impact.
- 4.3 Offer targeted funding to social enterprise intermediaries and networks, enabling place-based support and collaboration, to build capability and accelerate solutions.

AREA FIVE



Leadership and connection

Renewing the Government's position on social enterprise by clearly signalling where social enterprise 'fits' within government, alongside continued support for a group of sector leaders.

Recommendations

- 5.1** Give social enterprise a home within government by delegating a government agency with responsibility for social enterprise.

- 5.2** Commit funding and representation to continue a collective of sector leadership organisations tasked with supporting the government to implement the recommendations.

Further reading

All recommendations are further detailed in reports and white papers available in April 2021 at::

theimpactinitiative.org.nz/publications-summary

Social Enterprise Case Studies

Many of the challenges that government seeks to address – such as poverty, housing and climate change – are also challenges addressed by social enterprises. There is a strong alignment between the impact of social enterprise and the policy priorities of government.

The Impact Initiative report *The Business of Impact* seeks to provide an in-depth look at a representative selection of New Zealand social enterprises, and how they trade to create impact. The following examples of social enterprise are some of those featured in the report.

You can find the full report online:

theimpactinitiative.org.nz/publications/the-business-of-impact

Social enterprises are improving wellbeing for whānau



DINE Academy

DINE Academy offers pre-employment training programmes. It is run by a passionate team of hospitality and tourism professionals who want to inspire young people and support their entry into the workforce. DINE runs a 1–2-week boot camp for 15–24-year olds and an annual graduation dinner, which quickly equip young people with work readiness skills, work experience, and confidence.



BBM

A wellbeing and fitness movement. More than 13,000 Māori and Pasifika are supporting each other to lose weight in a healthy sustainable way. BBM members are encouraged to take positive steps and build their mental strength alongside their physical wellbeing, which leads to people enjoying life and experiencing noticeable health benefits, better work opportunities, and a healthy family.



TupuToa

TupuToa runs annual internship programmes of over 200 Māori and Pasifika students to equip them to take up graduate positions in corporate organisations that match their interests. TupuToa is reducing barriers and creating pathways to employment, to ensure corporate Aotearoa is more representative of our country as a whole.

Social enterprises are improving mental health



Oak Tree Devanning

Oak Tree Devanning is part of the Pathway Charitable Trust Group. Oak Tree provides devanning services (unpacking shipping containers), employing ex-offenders for this work. The Trust runs a programme to support employees back into employment. Over time, employees build new confidence, new skills, and a work history, enabling them to progress internally at Oak Tree or move on to employment elsewhere.



Your Corps

Your Corps organises and runs weekend computer gaming events for young people across communities in the South Island. Through gaming events, young people learn new skills, grow connections with other people interested in gaming, and develop a better sense of self. These outcomes lead to increased self confidence and better social connections.



CoLiberate

CoLiberate is responding to New Zealand's mental health crisis through their work with organisations to develop staff-wellbeing strategies, deliver wellbeing workshops and equip people with Mental Health First Responder skills. To date they have trained over 1000 Mental Health First Responders at over 250 organisations across New Zealand.

Social enterprises are reducing waste



Mahurangi Wastebusters

Mahurangi Wastebusters manages two community recycling centres in Warkworth and Wellsford for Auckland Council; it serves 25,000 people with 42% of waste received diverted from landfill through reuse or recycling. The Mahurangi model actively enables behaviour change to reduce waste.



MINT Innovation

Mint Innovation (MINT) is an innovative New Zealand start-up that has designed a world-first process for extracting valuable metals from waste without harming the environment. MINT uses biometallurgy to recover valuable metals including gold from electronic waste from various feedstocks.



All Heart NZ

All Heart enables corporates to redirect, repurpose and reduce their waste while supporting communities throughout Aotearoa and globally. Since 2016, All Heart has diverted 1.8m tonnes of redundant corporate furniture and equipment away from landfill, and redirected it to over 250 community groups. As a result, the community groups have either saved or raised (from selling the equipment) \$4.7m.

Glossary

These terms are used in Programme reports and white papers. These are explanations of common terms rather than concrete definitions.

Impact

The broader social, cultural or environmental change that happens as the consequence of an activity. Impact could be created by businesses like social enterprise, by charities or by government.

Social enterprise

Impact-led organisations that trade to deliver positive social, cultural and environmental impact. They often reinvest their profits to further fulfil their purpose or mission. Not all use this term. Māori businesses that focus on impact may use other terms like whānau enterprise or Pakihi Whai Kaupapa.

Social procurement

Intentionally using procurement as a tool to buy goods, services and works that generate positive social, cultural, economic and environmental outcomes.

Impact investment

Intentionally investing for a social, cultural or environmental outcome as well as a financial return.

Outcomes

The positive or negative changes that happen as the direct result of a programme or an activity, and can occur over the short-term, medium-term or longer-term.

Capability building

The process by which individuals and organisations obtain, improve, and retain the skills, knowledge, tools and other resources needed to run their businesses well.

Social enterprise intermediaries

Organisations that work with social enterprise including community-led enterprise, Māori enterprise and impact led business to build their capability, either through growing knowledge, building connections or practical help.

This summary booklet was produced for the Social Enterprise Sector Development Programme, publicly known as The Impact Initiative.

The Impact Initiative is a partnership between the Department of Internal Affairs on behalf of the New Zealand Government and the Ākina Foundation supported by the Community Enterprise Network Trust (CENT).

To find out more about the programme visit The Impact Initiative website:

www.theimpactinitiative.org.nz



Te Tari Taiwhenua
Internal Affairs

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Produced in March 2021 by the Ākina Foundation
as part of The Impact Initiative.