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Philanthropy Impact

Inspiring Philanthropy and Investing for Impact

MAGAZINE

SDGS – DRIVING SOCIETAL PRIORITIES: LEADING TO A JUST SOCIETY

THIS ISSUE: SOCIAL INVESTING WITHIN THE SDG CONTEXT

THE FINAL ISSUE OF A THREE-PART SERIES

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Vision A world where individuals and families engage in philanthropy and social impact investment, supported by professional advisors.

Mission Growing philanthropy and social investment and encouraging impact investing by developing the skills and knowledge of professional advisors to (U)HNWI (Private Client, Wealth Management, IFAs, Tax, And Legal Advisors) about philanthropy and social impact investment.

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Chief Executive and Editor: John Pepin
Co-Editor and Director of Membership and Development: Zofia Sochanik
Co-Editor and Communications and Events Manager: Rachele Menditto

Philanthropy Impact, Two Temple Place, London WC2R 3BD, United Kingdom

T +44 (0)20 7407 7879

www.philanthropy-impact.org

@PhilanImpact

linkedin.com/company/philanthropy-impact

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The purpose of the magazine is to share information about philanthropy and social impact investment in a domestic and international context. We welcome articles, letters and other forms of contribution to philanthropy in Philanthropy Impact Magazine, and we reserve the right to amend them.

Please contact the Editor at editor@philanthropy-impact.org

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EDITORIAL

SOCIAL INVESTING WITHIN THE SDG CONTEXT

RENNIE HOARE – WWW.HOARESBANK.CO.UK

Over the next decade, there are some huge challenges facing humanity. These range from societal issues, such as embedded poverty and inequality, to the looming climate crisis. To tackle these myriad important causes will take considerable mobilisation and coordination of resources. We will need to find new partnerships and huge pools of capital. The UN Sustainable Development Goals (SDGs) represent the best set of tools for making this happen.

The 17 SDGs are, by their nature, global: they were adopted in 2015 by all UN member states. This grouping of just under 200 countries gives the SDGs the chance to break out of parochial silos, while the internationally recognised set of priorities provides a backdrop for much more consistent global coordination.

The SDGs also present an opportunity to tie together disparate actors. In the UK, the public sector, the private sector and the charity sector can use the SDGs to show when they are all operating in a similar space. This means the innovative insights of the charity sector stand a far better chance of being linked with insights from other actors with similar objectives. Inside our own charitable trust, the Golden Bottle Trust, considering the SDGs as part of our grant-making process has allowed us to move away from simply allocating finance to charitable causes and bring into play the full resources our business has to offer.

For example, SDG 10 (reduced inequalities) is an objective of both the bank and our charitable trust (we are particularly focused on improving access to the financial services industry). Using that shared framework has generated powerful opportunities for collaboration. Internships, for example, have proven an effective 'bridge' between initiatives such as interest-free loans to refugees and the bank's commitment to increasing diversity of thought. The same symbiotic benefit is apparent with SDG 13 (climate action): as the bank moves towards becoming net carbon neutral, the Golden Bottle Trust's growing expertise in seagrass and peatland should be increasingly helpful.

Increasingly, we are also seeing the power of the SDGs in directing resources for investment. To address the 17 critical issues for the planet identified by the UN, we will need the SDGs to take root in standard investment practice (this is vital if we are to exploit the potential of a global framework to its fullest extent). We are now getting to a point where we can assess whether an investment makes a meaningful contribution to, or blocks the achievement of, one of the goals. Viewing each investment decision through this lens will allow more funds to flow towards projects, companies and initiatives who are working to solve the world's problems.

The implications for philanthropists and charitable trusts are profound. We should all be using the SDGs across both grants and investments. This will allow us to find new partnerships, ensure that all of our resources are aligned to achieving positive change, and give us a fighting chance of turning this decade of challenge into a decade of success.

RENNIE HOARE – PARTNER & HEAD OF PHILANTHROPY – C. HOARE & CO.

Rennie joined C. Hoare & Co. in 2016 and was invited to join the partnership in 2018. The six partners are all 11th generation descendants of the bank's founder and carry unlimited liability.

Rennie is also Head of Philanthropy, leading what is done by the family, the bank – and customers to support charitable giving and social impact projects. This includes the bank's donor advised fund, The Master Charitable Trust.

Rennie came to C. Hoare & Co. from T. Rowe Price where he was responsible for relationships with institutional investment consultants in the UK and Europe. Before that, he spent time at Threadneedle and at Guinness Asset Management. He graduated from the University of York with a BA Hons in Politics and holds the Investment Management Certificate.

Rennie is the chair of Philanthropy Impact and the trustee of David Nott Foundation and particularly enjoys his mentoring of the next generation of philanthropists.

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Cancellations received in writing 5 working days prior to the event will receive a full refund. It is regretted that cancellations made after this time will not receive a refund.

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Philanthropy Impact is a UK charity, focused on inspiring philanthropy and impact investing. Our mission is to grow modern philanthropy and social investment and encourage impact investing by developing the relevant skills and knowledge of professional advisors to ultra high net worth individuals.

This course is intended for wealth advisors as well as lawyers and other professional advisors with an interest in suitability issues and ESG investing

IMPACT MEASUREMENT AND MANAGEMENT: ARE WE DOING ENOUGH TO REACH THE SDGS?

MICHAEL REYNOLDS – WWW.AUBINIMPACT.COM

Any organisation that wants to contribute to the Sustainable Development Goals (SDGs) will need to assess its results for accountability to stakeholders and for learning about what works, what doesn't and why. While impact investors and philanthropists universally agree on the importance of measuring and managing impact results, they increasingly demand deeper insight into impact performance.

SUSTAINABILITY OF IMPACT

The 2030 Agenda for Sustainable Development and its universal SDGs are being used to guide impact investors and philanthropists. They also act as a framework for impact measurement and management. Sustainability is clearly at the heart of the Agenda and Goals. But sustainability is not just a goal against which success can be measured, it is also a core part of the impact measurement and management process itself. In this sense, it relates to the sustainability of the impact achieved.

Using sustainability as a criterion for assessing results, the Organisation for Economic Co-operation and Development (OECD) has defined it as "the extent to which the net benefits of the intervention continue, or are likely to continue." Similarly, the impact measurement and management literature uses "impact preservation" as the measure of influence beyond its initial results. The idea is the same; once you have achieved results at a specific point in time it is not enough to stop there but to continue to assess if your efforts are still having an impact.

Importantly, the Development Assistance Committee (DAC) definition includes the possibility of assessing whether the results are "likely" to continue depending on the timing of the assessment – this may involve analysing the actual flow of net impact or estimating the likelihood of net impact continuing over the medium and long term. Moreover, impact interventions are seldom on a linear path and performance will depend on the point at which they are measured.

Assessing sustainability includes an examination of the economic, social, environmental and institutional capacities of the systems needed to sustain net impact over time. Crucially, it involves analyses of resilience and risks. The COVID-19 pandemic is an extreme illustration of how pathways to impact can be disrupted, but there are more examples that occur locally or regionally, such as natural disasters or conflict, plus a myriad of context-specific factors that could affect contribution to the SDGs.

MICHAEL REYNOLDS

"TO LEAVE NO ONE BEHIND MEANS REACHING THE POOREST OF THE POOR AS WELL AS COMBATING DISCRIMINATION AND INEQUALITIES."

The multidimensional nature of sustainability means that it is achieved from the interaction of a complex set or factors. Contextual factors such as the strength of a country's social safety net, the maturity of its financial system or the capacity of government will influence whether risk can be mitigated and whether the results of an intervention are likely to be sustainable. An impact investment or development project may address the most important part of a specific challenge, for example to get children back into school, but there will be other factors that will also determine success that are not covered. Critically, the key to sustainability or preservation of impact is to ensure that the issue of sustainability is considered in project design and adaptions are made throughout implementation.

LEAVING NO ONE BEHIND

Sustainability is not the only 2030 Agenda consideration that needs to be taken into account when considering success. When UN Member States approved the 2030 Agenda, the idea of "leaving no one behind" (LNOB) was set as the central, transformative promise of the agenda. To leave no one behind means reaching the poorest of the poor as well as combating discrimination and inequalities. Impact measurement needs to go beyond what works and why, and include assessment of who is benefiting. LNOB requires tracking progress and monitoring disparities and inequalities between groups and individuals over time.

Such a process needs disaggregated data to identify who is being excluded or discriminated against, how and why. Yet huge data gaps still exist in terms of geographic coverage, timeliness and the level of disaggregation required for SDG monitoring. Moreover, given the complexity of the processes that determine inequality and discrimination, a focus on LNOB requires much more than quantitative indicators to determine if impact is really reaching those most left behind.

REPLICATION AND SCALING-UP

In measuring success, it is clear that we should go beyond assessing impact at a point in time to also assessing the sustainability or likely sustainability of impact. If we are using the 2030 Agenda and SDGs to guide us, we should also look at who is being impacted by the work and how this affects inequality. But is it enough?

The United Nations 2020 Sustainable Development Goals Report showed that even before the COVID-19 pandemic, progress towards the SDGs remained uneven, and although some gains were visible, change was still not happening at the speed or scale required to meet the Goals by 2030. Now, due to the COVID-19 pandemic, the chances of meeting some key targets may diminish further. In September 2019, when the UN Secretary General called on all sectors of society to mobilise for a Decade of Action to achieve the SDGs, the task was considered a major challenge; it now looks daunting.

If the goals are to be met, we need to increase the impact of every intervention through facilitating the scaling-up and replication of what works. This can be supported through rigorous learning and then sharing lessons and ideas, through advocating for space for these ideas to flourish, and through encouraging others. This is not to say that all successful efforts can be replicated or scaled up; it is too simplistic to believe that some efforts will work in other contexts. The utility of lesson-learning comes from identifying what the context-specific factors are and what could be used and adapted to other contexts. Learning is at the centre of impact measurement and management, and many philanthropists and impact investors already follow this approach. So let's include these efforts to facilitate scaling-up and replication as part of our measurement of success, and raise our ambitions to meet the SDGs by 2030.

DR MICHAEL REYNOLDS – FOUNDER, AUBIN IMPACT

Michael is a development economist with 30 years' experience working with international development organisations. Formerly a senior evaluator for the United Nations Development Programme and the World Food Programme, Michael has led, conducted, managed and supported independent evaluations in over thirty countries. He established Aubin Impact in 2020 to help identify and understand the results of work supporting the 2030 Agenda and the Sustainable Development Goals. Aubin Impact will conduct independent evaluation of development programmes and validate the results of private impact investments.

THE PROMISING RISE OF THE SOCIAL STOCK EXCHANGE

SUZANNE BOWLES – WWW.CATTAILSTRATEGY.COM

Levelling the playing field for the participation of social and environmental businesses

Catalyst 2030, a global movement of social innovators with an aim to achieve the Sustainable Development Goals (SDGs), claims the financing shortfall to achieve them is massive – upwards of US$2.5 trillion annually. Systemic change is needed in areas of finance, metrics and legal systems to gain access to the minimum 10 per cent of global capital needed to put sustainable development into real practice.

Within this discussion, a new ethos of transformation capital is emerging, with visibility on existing Ecosystems for Financing Transformation (EFT). The Social Stock Exchange model has emerged in recent decades as a means to accelerate and amplify access to financing for social sector and social impact initiatives. This innovation in infrastructure (Goal 9) will help support responsible production (Goal 12) while making moves toward ending poverty (Goal 1)

A conventional stock exchange is an infrastructure that sets rules for the transaction and holding of capital, as well as how issuers can raise capital and make their listings. The basic concept is simple: someone who needs capital can float their needs on the market and raise money. Rules exist about the issuance of the securities, who can invest and how these securities can be pooled, divided and sold. But suppose we applied a social impact twist to help us achieve the SDGs?

A March 2021 report commissioned by the Indian Social Stock Exchange Working Group compared seven active Social Stock Exchanges (SSEs) with different structures and designs depending on "the maturity level of financial and philanthropic ecosystems, the participation of the corporate sector in social and environmental development, and the government's role in regulating the social sector."

DIMINISHING POTENTIAL OF CONVENTIONAL MARKETS

In the US and Britain, there is a growing sense that the conventional stock market's potential as a transformative engine is diminishing. Opportunities to invest locally, or in social or environmental initiatives, are few and limited in integrity. In 2020, stock markets in the US accounted for over 54 per cent of world stocks. As of 2019, less than one-third of lower income families were participating in the stock market, compared with about 70 per cent of upper-middle-income families and more than 90 per cent of families in the top 10 per cent of income distribution. The stock market offers meaningful investment offerings that appeal to and work for the wealthiest Americans. (Federal Reserve)

SUZANNE BOWLES

New technologies such as user-friendly apps, online brokerage support and no-commission investing in the stock market are attracting a new demographic of investors who are often younger, web enabled, move small amounts and think about investing differently. The number of people participating in crowdfunding is rapidly on the rise, suggesting that people are taking their passion for investment to more tangible platforms that speak to values beyond profit. According to Statista, crowdfunding raises US$17.2 billion on a yearly basis in North America alone. Statista projects a compound annual growth rate of 14.7 per cent for the next four years.

SSE models may present an option to level the playing field for the participation of social and environmental businesses in the stock market.

PROJECT HEATHER

Tomàs Carruthers is the founder of Scotland-based Project Heather, a reinvigorated effort that he launched in Britain at the request of David Cameron and which was shut down due to Brexit. Project Heather will relaunch in the third quarter of this year and recall the provincial stock markets of 18th and 19th century Scotland with a new, international twist. Carruthers predicts two years until break-even.

"We would like to collaborate with other initiatives to crowd in social entrepreneurs and investors to ensure money is going to the right place. The setup and strip down costs of financing social entrepreneurship are incredibly high; a social entrepreneur can spend literally all of their working day trying to find money for their enterprise."

A true Scotsman, Carruthers reminds us that Adam Smith had, "...a very strong sense that there were moral actors as well as consumers or investors in the growing industrial economy."

For the soon-to-be active Scottish SSE renaissance, Carruthers asserts there must be gender, social and environmental rules. A venture or enterprise must make public a theory of change, involve beneficiaries, publish their impact every year and effectively become the kinds of entities we need to achieve sustainable impact. And the threshold for being a qualified investor must be lowered considerably and democratised, as well as made accessible to non-monetary forms of wealth held by community-level beneficiaries.

INDIA'S SOCIAL STOCK EXCHANGE

Nagaraja Prakasam is an influencer behind the recent excitement of the SSE model in India. He is a man of many hats: farmer, teacher, author, angel investor, featured by Forbes as a social investor engineering social change, and a partner at Acumen. In 2016, Prakasam wrote an article in Forbes wondering about the current equity model's ability to solve serious problems and recommending that the Securities and Exchange Board of India create an exchange to raise 50L to 100 Crores in one place.

At Acumen, Prakasam saw the Wall Street narrative of profit maximisation corrupt social impact efforts, and that investors still believe saving and making money translates directly into greater social value. He maintains that social entrepreneurs lack a new story and as a professor, he is trying to develop the next generation of actors.

"I give this example of Bill Gates to my business students: why isn't he sitting in a seven-star hotel enjoying his money? He wants to come to Bihar in India and work with the tribals. I tell them, you want to help the tribals too, so why don't you do that when you are running your company? Why wait?"

Early in the 20th century, philosopher Khalil Gibran said "Work is love made visible." That would be the ideal. The conventional finance system can alienate people from participating in the most joyful and beloved activities of the economy — including experiencing how their unique contributions add value. When removed financial structures eclipse local systems it becomes harder to return value to the cultural and indigenous value creators. This is referred to as extraction.

ADDRESSING CULTURAL VALUE

Prakasam wants to find systems solutions that address cultural value within the new Indian SSE. He considers traditional weavers who often work for pennies of the dollars their designs are sold for. "I am telling them 'You are making a preventive measure against carbon. If we calculate the carbon sequestration of 30 million weavers in India, how much do we have in carbon credits? Compared to a person in New York, you are richer. We can calculate the carbon credits of a thatched roof house to a high rise in London and New York. I call them preventative climate change agents and believe there is a way to return that value to them."

The Indian Working Group on the SSE envisions a model set to a common purpose where social innovators can access support from investors of all stripes. It will offer new financial and fundraising instruments for social businesses, nonprofits and social venture enterprises in the form of coupons, grants, debt equity, to allow social entrepreneurs to pick up the pace on demonstrating what is possible.

This exciting new trend shows that we may soon have a global network of Ecosystems for Transforming Finance (EFTs) — a Goal 9 triumph! Collaborating in depth to put values back into our economies at scale — realising Goal 12 at all levels of production, and accelerating gains for the greater good and all the other goals with emphasis on Goal 1, No Poverty!

SUZANNE BOWLES – CHIEF STRATEGIST, CATTAIL STRATEGY

Suzanne Bowles is Chief Strategist of Cattail Strategy, a firm that advances systems-change philanthropy, and a founding member of Catalyst 2030. Suzanne brings together people and communities who seek transformation through connection and has spent decades supporting strategic and resource development for grassroots systems change organisations.

“THE POINT IS, EVERYONE HAS A UNIQUE VANTAGE POINT AND POSITION OF INFLUENCE THEY CAN BRING TO THE TABLE. HOW TO DO THIS BECOMES THE NEXT CORE CONSIDERATION.”

KEY INSIGHTS FOR DECISION-MAKERS, PHILANTHROPISTS AND SOCIAL IMPACT INVESTORS STRIVING TO ACHIEVE THE SDGS

ALEXA MACLEAN – WWW.PHILANTHROPYADVISORS.ORG

Navigating the landscape of social impact, particularly when it comes to humanitarian and development contexts, is no simple task. Each actor brings their own experience, insights and interests. The Sustainable Development Goals (SDGs) were created as a response to the shortcomings of the Millennium Development Goals (MDGs) which, in many ways, did not fully integrate different actors across the public and private sectors. The SDGs are a blueprint for achieving 17 interlinked goals for a ‘better and more sustainable future for all’ by 2030.

The first thing to always ask is *why. Why engage? Why now? Why there? Why me?* This three-letter word should be the guiding compass of how to define and design all SDG activities. Understanding why is what helps us recognise where each person or organisation adds value, creating a strong strategy reflects that – whether they are a compassionate individual, a hedge-fund manager, the head of an SME or all of the above. The point is, everyone has a unique vantage point and position of influence they can bring to the table. *How* to do this becomes the next core consideration.

THE MEDICI EFFECT

There is a tendency when trying to achieve social impact to seek out the experts and follow them blindly without understanding where they each fit in and how what they do *not* know can actually be a springboard for new ideas and ways of working. ‘The Medici Effect’ as coined by Frans Johansson, best describes this notion that different ideas, concepts and cultures *together* can create the bedrock for innovation. Goal 17 of the SDGs, *Partnership for the Goals*, embodies the need for cross-cutting collaborations based on shared values and mutual trust between public and private actors and across sectors, whether they be health, education, finance or protection. Decision-makers, philanthropists and social impact investors should align their competencies in their SDG activities and ensure they are working in harmony with what exists and works as well as bringing additional value.

It is important to remember *who* it is that the engagement seeks to serve and make sure that every decision made considers their perspective, their needs and acts in alignment to what they want. Being closer to the field, making more visits and conducting thorough qualitative evaluations ensures that activities are aligned with the beneficiaries.

ALEXA MACLEAN

THE VALUE-CHAIN APPROACH

When deploying capital, whether through an investment or a grant, a value-chain approach is helpful to understand how the SDG activity will sustain itself in the long run. The value-chain approach can be applied to different types of outcomes: products, services and software. In the field of social impact, the most common type of outcome is services; the approach can be used to create and offer comprehensive health

facilities, sustainable business models, refugee camps, and many other things. Education-related projects are a common illustration of the value-chain approach – if an investment in education is being considered, it helps to think about how the students will arrive at school, where the supplies will come from and how education fits and is valued in the local culture. One might see that there is no road to get to school, supplies are not available in local markets and education is a low priority for the local community who favours income generating activities. The SDG activity requires a multitude of factors to be considered in order for it to be truly beneficial. The value-chain approach is what allows clients to create truly impactful and sustainable activities in line with achieving the SDGs.

"FOCUSING ON LOCAL MARKETS ENABLED A REDUCTION IN TRANSPORTATION COSTS AND ENSURING LONG-TERM PARTNERSHIPS BETWEEN PRODUCERS AND VENDORS."

One way to integrate the value-chain approach is to include local resources across activities, such as the local private sector, entrepreneurs or through local development institutions. Decentralising activities and favouring local actors is the key to ensuring that the activities you are supporting outlive your engagement and are impactful. A good example is the World Vision Armenia Local Value Chain Development (LVCD) project model: the LVCD's goal is to develop local capacities in Armenia to help beneficiary producers design a sustainable source of income based on their strengths and the local environment. The value-chain approach here focused on the engagement and interactions between the beneficiary producers and the local markets, because this step of the chain lacked dynamism and experience from the beneficiary producers' side. Focusing on local markets enabled a reduction in transportation costs and ensuring long-term partnerships between producers and vendors.

The most important thing to remember is that there is no "one size fits all" approach to achieving the SDGs. Each context is unique and every activity should consider the system, people and goals it serves.

ALEXA MACLEAN – CONSULTANT, PHILANTHROPY ADVISORS

Alexa is an international development professional focusing on public-private partnerships across a number of sectors including health, livelihoods and clean energy. She has a strong interest in innovative financing models in humanitarian contexts. As a Consultant at Philanthropy Advisors, Alexa has managed a number of clients in evaluating their programmes and developing new strategies for resource mobilisation and capacity building, including the Global Logistics Cluster, the World Food Programme, the United Nations Children's Fund, the World Bank and the WHO Foundation.

SUSTAINABLE INVESTING: FROM ESG INTEGRATION TO IMPACT INVESTING – A CORPORATE CASE HISTORY

HEATHER MAIZELS – WWW.CHARLESRUSSELLSPEECHLYS.COM

WHERE ARE WE?

As advisors and lawyers to businesses and entrepreneurs, as well as investors managing their own portfolios and business families with a long history of activity in social projects, we have a wide perspective on the range of issues that fall within the spectrum of ESG to impact investing. This perspective – and our own commitment as a firm to be sustainable in what we do and to use our capabilities and connections to work with our clients to achieve their sustainable aims — is fundamental to our own purpose as responsible advisors.

Whilst the whole ESG and social impact area has seen growing activity for many years, the global challenges of the pandemic have clearly driven more individual, family and business sentiment towards responsible strategies, and responsible investing, with more investing for purpose to address inequality and environmental challenges. As we see the visible impacts of climate change, and hear success stories of businesses driven by sustainable values, sustainable products, using solutions which solve sustainable problems, interest and activity grows. There is no doubt that this landscape has encouraged businesses to do more than merely comply with regulatory ESG demands, and for investors to seek investments which reflect their own values and desire to use their capital and connections for good purpose and impact.

At Charles Russell Speechlys, we have the deepest conviction that as advisors to businesses and investors we have a responsibility to be advisors for change within businesses, and to harness private capital to address world challenges in a way which makes sense for each client and suits their motivation and overall ambition. In this role, we try to have as many conversations as we can and provide our clients with the means to integrate sustainable frameworks into their strategies with specialist legal services and relevant connections, whether our clients want to address the challenges within their own businesses, or make direct or indirect investments in sustainable businesses and philanthropy projects.


HEATHER MAIZELS

GOING BEYOND ESG COMPLIANCE

During the past year, we have seen transformational change in what people have wanted to do and the speed at which they have wanted to get it done to secure the outcome that motivated them. The trend we see is for more businesses to recognise their responsibilities and to go beyond ESG compliance to achieve more, and at speed, in line with their own sentiment and the expectations of stakeholders. And, for families to know exactly what they want to do on their own journey towards sustainable investing – whether through family philanthropy in sustainable projects, or through investment partnerships where they can provide operational knowledge and connections, and perhaps due diligence, for the people and projects envisaged.

For some, the answer lies in transforming a family business, where our experience of advising families with conflicting expectations is drawn upon for harmonious and sustainable solutions. Some recognise the challenges that their operations bring in terms of their own ethics and wish to do better for their employees, customers and suppliers, as well as the community that they serve. This may require a change of roles, new capitalisation and the separation of the business of the enterprise from the business of the family, which is not always acceptable or doable. It may well be the time to sell.

Here we manage the business sale to a worthy buyer with the capacity and capability to fund the transformation and behave in a responsible way, leaving the family to diversify into a range of new opportunities which may resonate more with the thinking of younger family members.

INVESTING IN WHAT MATTERS

We have seen families investing in new businesses based on sustainable production or sustainable solutions. Investing directly in these businesses with a purpose that matters to the family, and which has a good prospect of a fair return, is a more attractive journey than transforming the family business. These deals are hard to find and difficult to access, and where we can, we will make relevant connections and source specialist analysis and industry experts to enable our clients to build over time a portfolio of sustainable investments. We also use our legal capabilities to set up new sustainable businesses for ambitious entrepreneurs who want to take advantage of the surplus private capital and new green funding, designing arrangements which include investing alongside charities, community groups and local bodies.

Where a family business is sold, or a client receives capital from an asset sale, inheritance, or maturing investment, and the proceeds are destined for investment managers, are they likely to be shown sustainable strategies, including specific funds designed for measurable impact? And what is the position of the advisor? For me, as a lawyer rather than an investment manager, its crucial to understand who does what and to look closely at the credentials of both, but the question for the client is always, "What are you aiming for?" – mindful that the client wants choice, but not confusion. Clients are concerned with "greenwashing" and comparative measurements of return, both of which need to be better addressed to promote the integrity of sustainable investments and potential social impact.

We know that as activist and wider sentiment grows for companies to comply with good business practices, businesses invariably want to pre-empt conflicts and do more – but this may not be easy. Boards have to balance shareholders' interests, and not all shareholders take the longer-term view necessary to adapt business practices and change behaviours. At the same time, individual board members are aware of their own accountability and the impact of fallen share values on their own remuneration – and perhaps future employability.

BALANCING INTERESTS

CEOs are increasingly working to address conflicts and balance interests with better investor communication and time lines for change aligned to financial projections. This is harder when boards do not know who their shareholders are.

But institutional shareholders are known and increasingly want to see ESG and sustainable strategies adhered to, and if they are not, then to see a clear plan to do so. They will publicly announce their withdrawal when a company continues to exhibit bad practices, or refuse to invest in new offerings for ESG reasons – as we saw with the recent IPO of Deliveroo. But there are other examples, like Danone and AstraZeneca, where sustainability and social purpose did not meet the investors criteria. We saw Danone's CEO exit, and increasing pressure put on AstraZeneca's CEO, who was driven by saving lives rather than short-term high returns. The message is always the same: you have to balance interests in achieving worthy outcomes.

At Charles Russell Speechlys, we are on our own sustainability journey, grounded in our determination to do the right thing and to generate long-term value for our clients, our people, our communities and our natural environment. Like many of our clients, we are challenging ourselves and striving to do more, recognising that reaching our own responsible business goals will take time and investment.

ACHIEVING SUSTAINABLE OBJECTIVES

As I look across the firm, I see colleagues advising companies and institutions on ESG and sustainability, advising entrepreneurs and investors on new sustainable projects, and advising rural estates on new environmental enterprises. We are also advising the professionals and executives whose own wealth and reputation will suffer if they run bad businesses, the international family offices who want to invest safely and in a sustainable way, and the trustees whose authorities to invest and investment mandates need changing to accommodate new practices. There can be no doubt that our work with all our wide-ranging clients to achieve their sustainability objectives is fundamental to our purpose as a well-rounded and commercially successful law firm.

Sustainable investing means different things to different people, but as we see new wealth created from businesses in new green energy or eco-products, or new health care delivery systems which administer medicines to more people more quickly, we share client success stories. We share our experience and connections wherever we can to build further client understanding and engagement, working with the investment community and the philanthropy community and all responsible client advisors to bring people and opportunities together for a shared sustainable future.

HEATHER MAIZELS – SENIOR ADVISOR, CHARLES RUSSELL SPEECHLYS

Heather's career spans US investment banking, private banking and wealth management at Barclays, where she led the UK private bank and instigated client philanthropy, and continued to promote philanthropy from the Advisory Board of Barclays Wealth. Heather later joined a private investment office advising entrepreneurs with foundations, and a global charity. Heather joined Charles Russell Speechlys three years ago — a firm recognised for its leading position with private wealth clients who are often at the vanguard of new business initiatives, and increasingly focused on sustainable enterprises and investments — bringing her philanthropy understanding and experience in governance and risk management to clients across the firm.

A founder Trustee of the Institute of Philanthropy, former Trustee of the Oxford Law Foundation, and development board member of the National Gallery, as well as a member of the Advisory Circle of Judge Business School Cambridge, Heather's associations include family foundations instigating new sustainable projects, and a range of arts charities.

A law graduate from Girton College, Cambridge, Heather trained as a barrister and lives with her husband in Little Venice, West London, surrounded by books and a growing collection of European drawings and modern British Art.

"IN RESPONSE TO INVESTOR DEMAND, THE FINANCIAL SECTOR IS ALSO HELPING TO MAKE SDG-ALIGNED IMPACT INVESTING MAINSTREAM, WITH COMPETITIVE HIGH-PERFORMING ESG FUNDS THAT PRIORITISE BOTH IMPACT-FIRST AND FINANCE-FIRST RETURNS."

CONSIDERATIONS FOR DECISION-MAKERS, PHILANTHROPISTS AND SOCIAL IMPACT INVESTORS IN ACHIEVING THE SDGS: A US PERSPECTIVE

RICHARD FEINER - SPS.COLUMBIA.EDU/FACULTY/RICHARD-FEINER

RICHARD FEINER

The Sustainable Development Goals (SDGs) agreed in 2015 by world leaders require "all of society" commitments that can move beyond traditional public/private models toward truly integrated collaborations, where all stakeholders — philanthropic funders, nonprofits and NGOs, community-based organizations and academia – are co-equal partners with the public and private sectors in setting and implementing the change agenda. Despite high-level agreement on the aspirational values embedded in the SDGs, the UN Secretary-General admits that cross-sector partnerships are not producing collective impacts at the speed and scale required to meet current 'Decade of Action' 2030 targets.

WHY IS IT SO DIFFICULT?

Why is meaningful and sustained collective action to achieve the SDGs so difficult to achieve? Beyond the significant logistical and managerial challenges of cross-sector collaboration, the model of many initiatives in the US fails to recognise the strategic and competitive advantages of the all-society stakeholder perspective. The private sector often continues to see SDG pledges through a corporate social responsibility/CSR lens; as non-core extraneous activities, rather than as strategic business roadmaps. And too often, US philanthropy continues to operate as a reactionary agent to address failures of government and the marketplace, rather than as a pro-active, equal collaborative partner with the public and private sectors for increased social and financial well-being. Both approaches undervalue the potential of philanthropy and the nonprofit sector – our capacities, networks, knowledge and funding sources – to de-risk collective engagement and to build the trust for connected action.

There are examples of impactful cross-sectoral SDG-aligned initiatives, many within the global health space, especially in response to COVID-19. The Accelerating COVID-19 Therapeutic Interventions and Vaccines (ACTIV) initiative unites government agencies with the pharmaceutical industry, philanthropy and nonprofits (via product development partnerships, which are cross-sectoral collaboratives in their own right) to create and ensure access to new health technologies (vaccines, treatments and diagnostics). In response to investor demand, the financial sector is also helping to make SDG-aligned impact investing mainstream, with competitive high-performing ESG funds that prioritise both impact-first and finance-first returns.

LEADING IN COLLECTIVE ACTION

Philanthropy can leverage these examples and assume a stronger role in maintaining the 2030 Agenda as an indivisible whole, where partnerships maximise synergies, mitigate trade-offs and ensure that embedded values are at the forefront of collective action. To support the case for the private sector – that the SDGs are the platform to achieve strategic business goals, and that cross-sectoral partnerships are the pathway towards competitive advantage – philanthropy should lead in all-of-society collective action, starting with pledges by US foundations to engage all their assets towards mission-aligned SDGs. 'Total asset management' of intellectual, human resource and financial capital includes foundations (and donor-advised funds) heeding current calls, in response to COVID-19, for higher mandatory payout rates. Similar calls can be made for SDG-aligned programmes.

By taking steps to be a more essential, distinctive player in the economy and the commercial mainstream – rather than an isolated, protected island – philanthropy could do much to help overcome the systemic bifurcation that separates it and the nonprofit sector from traditional capital markets. Actions such as the Ford Foundation's recent successful issuance of US$1 Billion in 30- and 50-year social bonds (to enable an increase in their annual grant payout) should lead to greater use of other impact finance tools to complement grantmaking. Programme-related and mission-related investments, social success notes and other models currently being tested can further mainstream philanthropy as part of economic/market systems. Together with progressive individual donors, who increasingly marry their investment portfolios with their philanthropic intentions, and the public sector's adoption of pay-for-success tools such as social impact bonds, philanthropy can work to further leverage impact mechanisms to advance blended finance approaches that help de-risk public and private sector engagement, leading to more cross-sector collaborations at scale.

NONPROFITS AND PHILANTHROPY

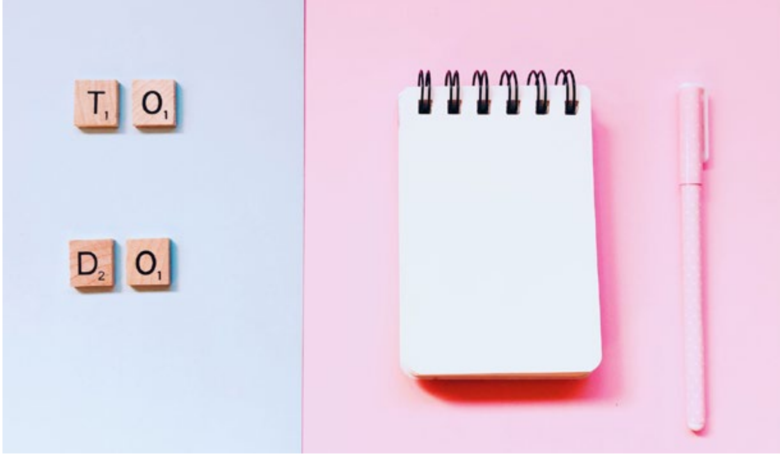
Nonprofits are the trusted, essential partners of philanthropy, helping to bring together cross-sector actors and launch specific SDG initiatives that have the "absorptive capacity" for blended finance pledges and other types of social impact "intentional" investment. More than just management expertise, nonprofits have the flexibility and the on-the-ground experience and networks to formulate, implement and monitor effective and sustainable initiatives that blend three necessary and reinforcing levers for SDG-aligned collaboration: global action to secure leadership and resources; local action to advance an enabling public policy (governance and regulatory frameworks); and community action (public opinion) to build momentum.

As a Monitor Group/Acumen report states, philanthropy is the essential but often overlooked catalyst that unlocks the impact potential of inclusive business and impact investing. Accordingly, philanthropy and nonprofits are an essential catalyst for SDG collaboration and should work with public and private sector stakeholders to frame collective actions that ensure that "money and mission" work in tandem and that "fit-to-purpose" investments benefit all partners and lead to the delivery of the promise of the SDGs. Otherwise, the UN calls for all people to make the Global Goals their own will fall on deaf ears, with cross-sector partnerships regarded as at best self-limiting and, at worst, self-promoting and exploitative. Progress to date will suffer what the WHO fears regarding the COVID response: a "cycle of panic and neglect" where there is a rush of collaborations during a crisis only for them to disappear when the crisis recedes and to start again from scratch when the next crisis appears.

RICHARD FEINER – ADJUNCT PROFESSOR, NONPROFIT MANAGEMENT

Richard Feiner is adjunct lecturer in the Nonprofit Management programme at Columbia University, New York City. He is a member of the G20 Health & Development Partnership, a coalition that advocates for health security commitments from G20 donor countries. Richard also serves as philanthropy advisor for the US Coalition on Sustainability and SustainChain, a technology platform that accelerates collective action to achieve the SDGs.

"TODAY, PHILANTHROPY ENCOMPASSES A BROAD SPECTRUM OF ACTION. PRIVATE RESOURCES ARE BOTH FINANCIAL AND NON-FINANCIAL, INCLUDING VOLUNTEERING AND ADVOCACY."



DEVELOPING TRUST: HOW PHILANTHROPY CAN SUPPORT THE WORLD'S TO-DO LIST

MICHELE FUGIEL GARTNER – WWW.MFGCHANGE.COM

The UN Sustainable Development Goals (SDGs) are the compass guiding us towards a more sustainable world. They have been called the "World's To-Do List", galvanising cooperation between governments, corporations and philanthropists. While impressive progress has been made on some of the SDG targets, others remain at risk, backsliding from progress made before the global COVID-19 pandemic.

Philanthropy cannot achieve the SDGs on its own. Financially, philanthropic gifts are but small drops in the bucket compared to government funding. However, philanthropists using their private resources – time, treasure and talent – for public purposes are essential partners in achieving social progress. Today, philanthropy encompasses a broad spectrum of action. Private resources are both financial and non-financial, including volunteering and advocacy. Financially, a range of activity comprises modern philanthropy: from grantmaking to impact investing to environmental-social-governance (ESG) screens. One of the most significant challenges facing philanthropists is not where to give their private resources but how to do so.

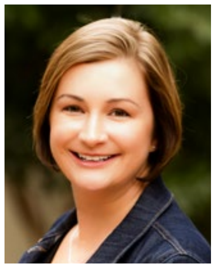
Philanthropy is also criticised for being too autonomous and without democratic accountability. Wielding great power and responsibility, philanthropists can make decisions independently, and they are not elected to their philanthropic positions. As philanthropic advisors, we have an opportunity to connect our philanthropists with the World's To-Do List and to help shape how the distribution of private resources occurs. Making progress against the SDGs requires a trust-based approach.

TRUST-BASED PHILANTHROPY FOR SDG PROGRESS

Over the past few years, amidst the polarisation of politics, the disparity of social justice and a global health pandemic, trust-based philanthropy approaches have gained interest across charities and philanthropists. At the heart of these approaches is the desire to address the power dynamics ingrained within philanthropic giving. One example of these efforts is the Trust-Based Philanthropy Project (US). This project has articulated six key principles for philanthropists putting trust-based philanthropy into action:

1. Give multi-year unrestricted funding
2. Do the homework
3. Simplify and streamline paperwork
4. Be transparent and responsive
5. Solicit and act on feedback
6. Offer support beyond the cheque

These six key principles offer a laudable and practical framework for making philanthropic gifts under a trust-based banner. These principles inspired the Council on Foundations (US) to launch the COVID-19 Pledge, asking funders to take actions, including providing flexibility to their grantee partners, reducing reporting requirements and listening to partners. Nearly 800 signatories have joined this pledge to date. Through these principles, philanthropists signal a willingness to act in a trust-based manner and use these actions to consider their power and their responsibility.



MICHELE FUGIEL GARTNER

However, these trust-based suggestions are not new. For many years, nonprofit organisations have advocated for similar actions from their philanthropist donors – flexible funding, operating grants, long-term commitments, less bureaucracy. Previous terms, such as grassroots philanthropy, engaged philanthropy, and venture philanthropy, have included actions such as those listed above. The implementation of all or any of these actions could signal the development of trust. However, these principals are not trust in and of themselves; they are proxies for trust.

The challenge with proxies is that the actions may not be sustainable over time if genuine trust-building activities have not been undertaken. Some research suggests that engaged approaches might start out looking like trust, using terms such as partnership and collaboration, only to devolve into micro-managing and over-involvement. Likewise, traditional philanthropic cheque-writing might signal some of the most trust-worthy activity. Mackenzie Bezos' 2020 giving of over US$6 billion in "unsolicited and unexpected gifts given with full trust and no strings attached" left the philanthropic field stunned by its apparent simplicity.

THE ADVISOR'S ROLE: LINKING TRUST-BASED ACTIONS TO TRUST-BASED MOTIVATION

Philanthropy has always required trust. The giving of private resources requires trust to let go of these resources. Even the term, trust, is used to describe the charitable giving vehicle in many jurisdictions. Advisors have a crucial role to play between donors and the nonprofit sector – this role is more than just funneling money from one place to another. Advisors are responsible for both helping donors make their gifts and listening to what the field needs.

German philanthropist Ise Bosch comments upon this responsibility in her transformative philanthropy approach. Donors need to develop relational capacities, engage on personal levels, seek personal exposure and be transformed. In her book, *Transformative Philanthropy*, she advocates this transformational approach as "transforming power relationships" where the donor is part of the transformation. Advisors sit between the power and responsibility of donors and the implementation of philanthropic giving.

Making progress against the SDGs, the advisors' role is more critical, more active than ever. The nonprofit sector has shared the trust-based actions they would like donors to take. Advisors can support the longevity of proposed trust-based actions by engaging donors in exploring their trust-based motivations:

- How do you build trust within your company? Within your family? With peers? With the public?
- Where have you been successful at building trust?
- Have you ever felt that another person or organisation did not trust you? How did that feel, and how did you negotiate that relationship?
- What are your expectations for building trust with another person or organisation? Are these expectations different for charities compared to for-profit businesses? If so, why might that be?
- What additional information do you need that would help build your trust for your philanthropic giving?

Trust is built through a looping and cyclical process – with each positive action, trust builds incrementally over time. Expectations, risk and vulnerability must each be addressed within the trust-building process. Whether ambitious or modest in their philanthropic goals, advisors can help donors initiate and sustain the trust-building process. The responsibility of the advisor is trust management, not only Trust management. From this perspective, trust-based philanthropy supports both social change and donor transformation.

As advisors, we must interrogate contemporary philanthropic trends, the phrases we use with our clients and the giving frameworks we provide. Previous concepts or approaches can be rebottled or seen from new perspectives. New generations of donors want to feel connected to the newest research and the latest styles of giving. However, we must also be cautious of terminology painting one style of philanthropy as trust-based by following a particular action set, allowing other styles to be categorised as non-trust-based inadvertently. Solving the World's To-Do List requires a deep and sustained practice of trust-building. Trust is not just a tactic; it is a personal value and motivation. Advisors can ensure that motivations meet with actions offering a holistic trust-based philanthropy approach.

MICHELE FUGIEL GARTNER – CHARTERED PHILANTHROPY ADVISOR & RESEARCHER

Michele is an experienced advisor within the nonprofit and philanthropic sectors, specialising in private/family foundations and social entrepreneurship. She is an instructor in nonprofit management with Mount Royal University, Calgary, Canada. Currently, Michele is conducting doctoral research on the foundation professional at the University of St. Andrews, Centre for the Study of Philanthropy & Public Good. This research is complemented by the provision of advisory services for women and next-generation philanthropists through www.mygiving.is. She obtained her Chartered Advisor in Philanthropy© designation in 2016.

"THE FIELD WE PERSONALLY KNOW BEST (SOCIAL, HEALTH AND COMMUNITY SERVICES), IS LITTERED WITH EXAMPLES OF APPARENTLY WELL-DESIGNED PROGRAMMES THAT HAVE FALTERED."

IT AIN'T WHAT YOU DO, IT'S THE WAY THAT YOU DO IT

DEBORAH GHATE – WWW.UKIMPLEMENTATION.ORG.UK, WWW.COLEBROOKECENTRE.ORG.UK, WWW.COLEBROOKESOCIALCONSULTING.CO.UK
AND TOM JEFFORD – WWW.FPMCIC.COM

Implementation science and practice, effectiveness and the SDGs

The UN's 17 Sustainable Development Goals (SDGs) give us a blueprint for social action and investment as well as a framework for thinking about and measuring impact. But try Googling or searching for 'implementation' on the SDG website and you won't get far.

For us as implementation professionals, this feels familiar. Most people have an intuitive understanding that 'implementation' is about making things happen – translating high-level goals into something workable and effective. Yet we're often struck by how few of those working in social change make reference in their work to implementation science and practice (ISP). Yet ISP is incredibly relevant. A thriving and growing field, ISP is the science (or more properly, sciences) of delivering effective and sustainable social initiatives. ISP is a rigorous multi-disciplinary field of academic and practice enquiry that tests and analyses implementation methods, techniques and strategies, and builds theory and evidence about how we can implement services for people and communities right, first time and repeatedly.

We all know that achieving impact requires more than well-directed funding. Experienced people working in the delivery of social programmes will tell you that of course there is a core set of principles that make for effective (and cost-effective) implementation. These include consultation, planning, monitoring, evaluation and so on. Some will speak of logic models, theories of change, monitoring systems, randomised controlled trials. It sounds like we all know what we are doing. But do we? A favourite saying of implementation professionals is that *the effort of implementing effective interventions far outweighs the effort of designing them.*

HERE'S WHY

The field we personally know best (social, health and community services), is littered with examples of apparently well-designed programmes that have faltered. Good programmes are built and tested and show good results. But when transported to new settings, often they disappoint – sometimes very expensively. For example, a few years ago an evidence-based parenting support programme for vulnerable first-time mothers known as *Nurse-Family Partnership* in the US was introduced to England by central government at considerable expense and with considerable fanfare. After an expensive trial, it failed to demonstrate better outcomes than the usual services provided by local primary health care workers. This wasn't the first time this had happened, nor was it the last.

So widespread is this phenomenon that there's even a formal name for it, the 'crisis of replication'. The reason – as implementation studies have shown repeatedly – is that although successful


DEBORAH GHATE


TOM JEFFORD

projects may well have become part of the local scene and the bandwidth of the local service offer, that didn't happen by magic, and it didn't happen fast. It is often only after years of struggle, hard won arguments, shifts in the local politics and determined, value-driven leadership. They may have rooted their success in specific local circumstances, serendipity, a meeting of minds and common values. It turns out that disassembling, rebuilding and managing a new project in the image of the original in a new setting isn't that easy. Understanding the limits of how far a 'proven' model can be adapted to a new setting without corrupting the core elements or active ingredients that made it effective and functional in the first place is a significant test for implementers.

"FOCUSING ON LOCAL MARKETS ENABLED A REDUCTION IN TRANSPORTATION COSTS AND ENSURING LONG-TERM PARTNERSHIPS BETWEEN PRODUCERS AND VENDORS."

And that's before we even talk about the explicit and implicit 'resistance to change' often found within the existing systems into which innovations are introduced. Human and community services are not like the McDonald's restaurant that arrives on a low loader to be plumbed-in on a pre-cast concrete base. You might think, "We already know this!" But how often do we see funded initiatives that assume they can just slot into an existing system and then find themselves struggling to gain traction? To reach full potential, even manualised 'off the shelf' programmes require craft, core skills and a facilitative environment, supported by skilled systems leadership. These factors – especially the facilitative environment – vary significantly from one setting to another. This has been shown repeatedly by studies of the transportation of juvenile justice programmes from the US into the UK and Northern Europe, for example.

BRIDGING THE GAP

Formal implementation knowledge and evidence, applied in practice, gives us a bridge across the gap from ideas to outcomes. This can help avoid waste and can accelerate impact. Yet in our experience, surprisingly few organisations (or funders) have thought about how this learning can be blended with existing experience to support effectiveness and sustainment of new initiatives. Still fewer have taken steps to employ *implementation* (not management) professionals to stand shoulder to shoulder with providers to use this learning for support and troubleshooting in real time.

The implementation sciences are centrally concerned with sustainability. Over time, a combination of careful independent, interdisciplinary and multi-method research blended with practice wisdom acquired in the course of 'doing' social change are clarifying the principles of lasting effectiveness across widely varying contexts and sectors. These principles are critically relevant to the SDGs, as they are to any social change effort, and are also deeply salient for anyone advising or supporting impact investors. Drawing from health and social sciences, community development, environmental sciences, psychology, economics, behavioural science, complexity and systems science, and from business and management studies, they can provide the solid foundations to buttress investment and innovation.

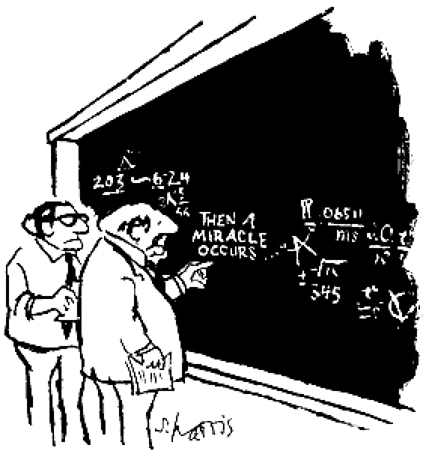
For example, some of the insights talked about most at the moment include:

- **The importance of systems-thinking at all times.** ISP is helping us to think about the outer context for social change initiatives, how it can block or enable success, and how it can be leveraged for impact.
- **Understanding that implementation is a complex process, not a single event.** ISP has clarified the stages that characterise the typical trajectory of change initiatives. It has emphasised how the stages are recursive, how interactions and emergence in complex systems affect planning and management, and is refining tools for rapid cycle testing to help keep up forward momentum.

- **Co-create and co-design wherever possible**, and privilege local cultural, social and political intelligence at all times. That innovation can go against the grain or disturb existing patterns, but this has to be done intelligently, sensitively and with preparedness to go back to the drawing board if things start to falter badly. Humility is the watchword.
- **Observe and test repeatedly**, throughout the process, even when resources are tight, and use data intelligently. Measure implementation outcomes (what's changed in systems, organisations and teams) as well as outcomes for beneficiaries so that whether 'it' works or not, we'll understand why.
- **And perhaps most importantly, the vital importance of supporting the implementation process with more than money.** Effective implementation needs active, sleeves-rolled-up support from people on the ground who both understand implementation evidence and principles, and who know the work in hand. For change initiatives at scale, the gold standard must be training up such teams at the local level. Not only can they provide that magic ingredient that makes change happen, but when they move on, they take those skills and apply them in new roles and new initiatives, building local capacity.

INVESTING IN ISP

Of course, there is much more to be said. Implementation studies and their findings have proliferated in the past decade and cover a huge range of factors that influence the effectiveness of programmes. There are now numerous frameworks and models, although still a relatively small supply of those trained active support professionals we'd like to see spread through every system in every country. For that, the field of ISP itself needs more investment.



"I THINK YOU SHOULD BE MORE EXPLICIT HERE IN STEP TWO."

Implementation insights help us understand why well-intentioned and well-resourced change initiatives misfire. They help us to be more explicit about what goes on in the black box of a complex social change process. Paying attention to ISP when investing effort or funds in any kind of social change initiative is the scientific equivalent of financial or legal due diligence – without it, claims to future effectiveness and sustainability are just claims. At the UK Implementation Society, we'd like an 18th SDG to be added to the list: *Effective, evidence-informed implementation for every new initiative.*

"IMPLEMENTATION INSIGHTS HELP US UNDERSTAND WHY WELL-INTENTIONED AND WELL-RESOURCED CHANGE INITIATIVES MISFIRE."

DEBORAH GHATE, D.PHIL - CHAIR, UK IMPLEMENTATION SOCIETY

Deborah chairs the charitable membership organisation, UK Implementation Society, that supports the development and spread of implementation knowledge and know-how to improve services for people. Deborah also directs the nonprofit Colebrooke Centre for Evidence and Implementation in the UK and has recently launched Colebrooke Social Consulting, providing evidence-based advice and services to the philanthropic and service-providing sectors.

TOM JEFFORD, PROF. DOC - VICE-CHAIR, UK IMPLEMENTATION SOCIETY

Tom is joint CEO of Family Psychology Mutual CIC, a social enterprise specialising in evidence-based interventions for children, adolescents and families.

Image Credit: ScienceCartoonsPlus.com

HARNESSING THE TOOLS OF CAPITALISM AS A FORCE FOR GOOD

BETHANY LARSEN – WWW.CHARMIMPACT.COM

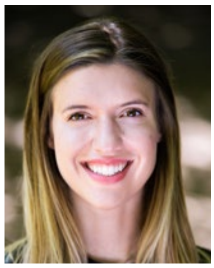
How philanthropy can mend an inequitable financial system: a case history

> *"PEOPLE ARE CHOOSING PRODUCTS THAT MAY BE MORE EXPENSIVE BUT ARE MORE SUSTAINABLE AND SUPPORTING COMPANIES THAT HAVE A SOCIAL OR ENVIRONMENTAL MISSION AT THEIR CORE."*

Global social and environmental challenges, such as those outlined in the UN's Sustainable Development Goals (SDGs), have typically been within the purview of the public sector. However, these problems have become too large and too complex for the public sector to handle alone. There is still an estimated US$2.5 trillion funding gap per year to reach the SDGs by 2030, and that kind of money is not coming from the public sector. According to the OECD's Trends and insights on development finance report 2019, annual overseas development assistance has totaled in the range of US$150 billion since 2017. In contrast, total global assets under management topped US$100 trillion in 2019 and are expected to reach US$150 trillion by 2025. Therefore, we need innovative solutions that can unlock capital from the private sector if we want to ensure a prosperous and sustainable future for us all.

Fortunately, times are changing and the lines between profit and purpose are becoming increasingly blurred. People are more aware of the impact of their financial decisions and are starting to vote with their wallets. In a 2019 Accenture survey, 72 per cent of respondents reported buying more environmentally friendly products today than five years ago, and 50 per cent said they would pay more for products that were designed to be reused or recycled. People are choosing products that may be more expensive but are more sustainable and supporting companies that have a social or environmental mission at their core. They are also holding institutions accountable, advocating for divestment from harmful investment products such as big oil and gas, and demanding more sustainable investment options for themselves.

While the tides are turning on the individual level, it has taken philanthropic institutions longer to realise their potential and the role they have in reshaping how the world does business. Many impact leaders are reluctant to get involved in the private sector, particularly when it comes to investing, as they are concerned they might perpetuate global wealth inequalities. This risk is absolutely real and not to be taken lightly. However, drawing a sharp distinction between profit and purpose leads many to overlook the potential to harness capitalist structures to accelerate social and environmental impact. Philanthropic participation in for-profit investments will be critical in both unlocking private wealth to address the SDGs and ensuring this wealth is channeled in a way that builds markets that are just and equitable.



BETHANY LARSEN

OUR CHALLENGE

The solutions to these massive global challenges are built from the ground up. As Scottish social activist and conservationist Patrick Geddes said at the turn of the 20th century, "Think Globally, Act Locally". To illustrate the importance of philanthropy in unlocking private wealth at the grassroots level, we would like to use Charm Impact, an impact investing platform that crowdsources debt for clean energy startups in developing markets, as a case study.

Charm sits at the intersection of private investment and philanthropy. The platform uses a blended finance approach, blending each loan with subordinate debt provided by philanthropic organisations that de-risks loans for investors and keeps the interest rates affordable for borrowers. Charm is trying to solve what is known as the 'pioneer gap' in early-stage financing, which refers to the lack of available funding for companies that are too large for microfinance but too small for traditional investment. These companies are led predominantly by local entrepreneurs, women and people of colour, all of whom are overlooked consistently by investors.

Though Charm is focused on clean energy, this problem is not unique: the pioneer gap persists across all sectors and geographies. The reason that entrepreneurs in developing economies find it so difficult to access the funding they need to grow their businesses is that local financing options either charge severe interest rates (20%+ p.a.) or require enormous amounts of collateral that young companies do not have. Most early-stage impact investors have minimum investment sizes of around £350k but still are not interested in investment sizes of less than £1m-£2m; it simply does not make sense to them from a cost or time perspective.

The result is that the vast majority of funding is going to large, foreign-owned companies. In 2020, the Global Off-Grid Lighting Association found that 75 per cent of investment in off-grid energy went to just three companies. This is incredibly problematic, not only in terms of the questionable health of a market with limited competition but also in terms of the socioeconomic inequities that are being perpetuated in a market dominated by foreign companies. Clearly, Adam Smith's 'invisible hand' cannot be left to its own devices if we wish to live in a just world.

THE NEED FOR BLENDED FINANCE

In the investment world, decisions are all about risk and return. Does the potential return make sense given the risk of losing some or all of the investment? Charm operates in a high-risk investment environment, providing loans to very early-stage companies that are testing new business models in new markets. There are a variety of risks to consider, ranging from internal management capabilities to external regulatory and macroeconomic fluctuations. This is why most financing options that are available for these companies are so expensive. As stewards of other people's money, financial institutions must ensure that they are taking precautions to protect their customers and pricing their products accordingly.

Blended finance can be transformative in creating investment products that are affordable. Blended finance, quite simply, is the combination of multiple types of capital (e.g. grants, private investment, guarantees, etc.) into one investment. It often starts with an initial, concessionary investment from a philanthropic capital source that is then used to catalyse further private investment.

"FINANCIAL RETURNS ARE IMPORTANT BUT FOR OUR DONORS THE SOCIAL IMPACT THEIR FUNDS ARE GENERATING IS JUST AS IMPORTANT."

For example, in a £100k loan, a philanthropic organisation might contribute £50k towards a subordinated debt/first-loss facility. If the loan were to default down the line, that concessionary facility would take the first loss. By taking on the initial risk, that philanthropic capital provider is then able to herd in the remaining £50k from private investors who would have otherwise considered the investment too high-risk to participate. This also helps reduce the price for the borrowers. Without philanthropic participation, that loan may be priced at 20 per cent interest per annum, but after blending in the philanthropic capital, it might be reduced to 10 per cent. Investors are appropriately rewarded for the risk they undertake while borrowers are not suffocated by extortionate interest rates. Philanthropists, once repaid, can use that capital to catalyse further investments, multiplying the reach and impact of their money: it's a win-win-win scenario.

Charm is encouraging people to add a third dimension to the risk-return paradigm: impact. In addition to weighing the financial risk and reward, each investment decision should also take into consideration the impact on both people and planet. That said, the

potential to create impact cannot negate the need to price-in financial risk. Impact can be priced alongside financial risk, but just because a project is high impact does not necessarily mean it should be free or even sub-market. The proliferation of sustainable, profitable businesses is a prerequisite for achieving positive impact at scale. Therefore, it is crucial that these loans are commercial, rather than grants.

Philanthropy, as the most risk-tolerant form of capital, can be used to incentivise private funds to enter high-risk markets. This creates options that reduce enterprises' long-term reliance on grant capital so they can unlock traditional financing and compete in an international arena against multinational corporations. It also comes back to the macroeconomic shifts that we as a society need to make in order to achieve the SDGs. We must find ways to create positive change that also make commercial sense in order to unlock the scale of capital we need to tackle these complex global challenges.

Blended finance can make investments affordable and commercial. It can channel investment into geographies and founders that have been historically overlooked by private markets, building local economies and promoting equitable access to finance. It can unlock hoards of untapped private wealth to advance global social and environmental goals by making it financially viable to invest in purpose-driven projects. Through blended finance, philanthropic capital providers have the opportunity to not only extend the reach and impact of their money, but also to drive the transformation of an unjust capitalist system into one that actively protects people and the planet.

BETHANY LARSEN – CO-FOUNDER, CHARM IMPACT

Bethany co-founded the impact investment platform Charm Impact, which crowdsources loans for clean energy startups in developing markets. Prior to Charm, Beth worked as the Director of Development for a health nonprofit organisation in Kigali, Rwanda. She then received the Pershing Square Graduate Scholarship to complete a dual masters at the University of Oxford, where she focused on social entrepreneurship and impact finance.

I'M A NEW PHILANTHROPIST... ARE THE SDGS FOR ME?

PHILIP REED – WWW.WITHERSWORLDWIDE.COM

At first glance, the sustainable development goals or SDGs are a very attractive option for philanthropic support. And indeed with more scrutiny, that initial view often proves to be well-founded. Their source – the UN – could hardly be more authoritative; the 17 goals can be relied upon to be well and fully thought through, representing a blueprint for solving (or at least trying to solve) the most pressing challenges facing the planet and all who live here. I won't run through all of the goals now, but you can find a wealth of information on the UN's SDG page.

For the philanthropist just setting out on their journey, supporting the SDGs is attractive partly because they represent an increasingly well-trodden route, and an access-point to a ready-made global community. When you're promoting the SDGs, people will understand your objectives and, very often, be ready to get on board without too much persuasion. There are also plenty of people experienced in this area who can help you along the way, for example Rockefeller Philanthropy Advisors or Charities Aid Foundation.

The SDGs can also give a decent opportunity for impact measurement. That can be a bit of a dark art with a lot of philanthropic work, and the goals in themselves do not necessarily provide a rock-solid framework – they're high-level aspirational statements – but as presented by the UN, they're backed up with clear research and data to help guide your work, and give you something against which to assess progress.

LEGAL LIMITS

So far, so excellent. But, as I'm a lawyer, I hope you'll understand if I mention a couple of the legal challenges that philanthropists can face when working in the SDG space with charities in England & Wales. Particularly, I'm going to comment on charities' legal purposes and on the approach that they can take to investment. Together, these somewhat limit the extent to which donors can direct charities freely in the application of their gifts.


PHILIP REED

First, the objects. Fundamentally, charities exist to advance their purposes as set out in their governing document, whether that is a trust deed, articles of association or something else. And that's really all they can do. So a charity with objects solely for operating a school, say, can't start running a university on the side. Apart from such work being outside the charity's powers and likely involving a breach of trust, the Charity Commission (more police officer than friend these days...) is ready and waiting to investigate, warn and censure.

If sustainable development is the overall objective, the relevant charity's purposes need to be framed carefully (There's some guidance on the subject here). But as well as advancing the SDGs *en masse*, charities can work to advance just one or more of the goals, say the prevention and/or relief of poverty; so, as a philanthropist, you might support a range of charities with different objects, each of which hits one or some of the 17 goals. It's really up to you. Whatever approach you take, the key point is to understand the objects of each charity you want to work with, to see if they really fit with what you want to achieve, or if they're going to cause a problem. It is possible that you will find a charity just isn't able to work in exactly the way you want it to, or on quite the projects and issues that you had in mind, due to the constraints of charity law.

DOING YOUR HOMEWORK

The second issue comes up in the context of investment and charity trustees' associated duties. Some philanthropists make very generous gifts to help to endow charities, protecting them against future shocks. The terms on which such gifts are given

"SOME DONORS, PARTICULARLY IN THE CASE OF VERY SUBSTANTIAL GIFTS, ALSO TAKE AN ACTIVE INTEREST IN HOW FUNDS ARE INVESTED AS WELL AS HOW THEY ARE ULTIMATELY SPENT."

is almost always something on which to take advice, but some general comments may be helpful. The starting point with gifts to charity is that they should be 'pure bounty', or to put it another way, they should have no strings attached. Apart from anything else – like tax considerations – charities prefer that sort of gift because it means unrestricted money that they can deploy in furthering their charity's objects as the trustees see fit. But that's not the only way to work, and there can be great benefit for both sides where a really engaged philanthropist works with the charity to craft a specific, more tightly defined purpose, whether legally binding or not, for the funds they are contributing. Some donors, particularly in the case of very substantial gifts, also take an active interest in how funds are invested as well as how they are ultimately spent. Environmental, social and governance (ESG) factors obviously come into play here, but the SDGs can too, where, for example, part of the investment strategy is to encourage the adoption of relevant standards by investees. If this is an area you're interested in as a philanthropist, it is worth having some awareness of the framework within which charities can invest.

Happily, case law from the early nineties tells us that charity trustees are able to take ethical considerations into account when making their investment decisions and though the law in this area is set to develop further[1], that position will continue.

That usually means using a negative or positive filter to reflect relevant values when investing, in a way that is consistent with the objects. Going further, charities can also invest in a more directly mission-related way, by making 'programme-related' investments, with the objective of a direct charitable output rather than, or sometimes in addition to, a financial return. These are areas in which it is entirely legitimate for donors to engage with charities, as they seek to maximise the impact of their gifts.

In short, the SDGs are a wonderful avenue for philanthropic work. They're understood, respected and important. But – at least so far as working with English and Welsh charities goes – it is worth doing your homework before choosing your partner organisations. Get it right at the outset, and the effectiveness and impact of your giving will be all the greater.

PHILIP REED – PARTNER, CHARITIES AND PHILANTHROPY TEAM, WITHERS LLP

Philip advises charities, not-for-profits and philanthropists on a wide range of charity law and related issues. This includes governance and strategic matters, mergers and restructuring, establishment and registration, trading and their relationship with non-charitable subsidiaries, tax, fundraising and regulatory issues.

[1] *See details of the Charity Commission's consultation on its new guidance, here: https://www.gov.uk/government/consultations/charity-responsible-investment-guidance; Also see Butler-Sloss v Charity Commission (2021)*

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SUPPORTING SOCIAL ENTREPRENEURS IS INTEGRAL TO SUPPORTING SOCIAL CHANGE: A US PERSPECTIVE

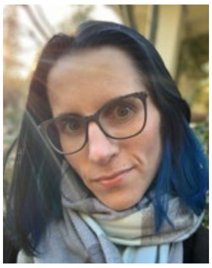
EMILY O. WELTMAN – WWW.COFLOWCO.COM

As a consultant and brand strategist who advises leaders about their mission-driven businesses, I know the importance of walking the walk. For brands to succeed, purpose and people matter now more than ever. Brand and people experts like Simon Sinek, Brené Brown, Raj Sisodia, Ai-Jen Poo, and Idil Ahmed concur: leaders have to “Start with Why.” It’s cheesy and overused for a reason, it’s true. Social entrepreneurs know this more than most other business leaders. Your WHY must guide you, all day, every day.

Running a purpose-led business with clear social brand values isn’t easy. Getting one off the ground is even harder. Micro, Small, and Medium Enterprises (MSMEs) have experienced barriers to funding; they often have no safety net due to systemic inequities. Getting funds takes time away from running the business. Bandwidth is a huge challenge. Hiring a grant writer or getting certified are more cumbersome processes. Startups simply don’t have the time and resources.

We need to break down the barriers for solopreneurs, small businesses, and startups to seed money. Do we really need more data proving the business case for diversity, equity and inclusion (DEI) or for going green? We are measuring success by different metrics, ones that align perfectly with the SDGs. This is where social entrepreneurs have an edge. We are already focused on “People and Planet” first. We plan our businesses beyond how much money we can make and how fast we can grow because our goal is solving a societal issue, like SDG 5 – Gender Equality.

To solve societal issues, we have to centre those who are “doing the work”. This is why we must get support to small businesses and startups with DEIB (Diversity, Equity, Inclusion and Belonging) built into the company’s DNA from the get-go. If you lead with a social mission, then you are going to embed DEIB into the company’s foundation: every policy, practice and product. In order to achieve the SDGs, we must include smaller social entrepreneurs who are already solving the Future of Work today.



EMILY O. WELTMAN

BIG BUSINESSES ARE MAKING SMALL PROGRESS

Big companies aren’t moving fast enough to meet the needs of a post-pandemic workforce or to create equality, especially in areas where we lost so much ground. As economists point out: “The clock is ticking on holding companies accountable for delivering the SDGs.” They may have DEI policies in place (finally) to address systemic inequality, but policy doesn’t equal progress. Declaring a need for inclusion at work is different than having it. Acknowledging you have 5 per cent Black employees and zero diversity in leadership while setting up a fund for Black women to train them in tech is a step, but it is too little, too late for Big Tech to be fixed with training initiatives.

At this rate, it would take decades for the BRT and other Fortune 500 companies to catch up. We’ve known systemic racism was a problem in business for decades, and that gender equity was a need in corporate leadership too. Those of us who use the SDGs are also tapped into research and accountability studies, but we are already creating systemic change because we know what is needed.

Millennials “want proof” that a company is building a Business for Good. Social entrepreneurs who guide their businesses by ethics and the SDGs are a good investment in the Future of Work. For a newer generation of employees, “diversity and inclusion in the workplace aren’t a preference. They’re a requirement.” Millennials are taking note of which companies are still run by mostly white men. They continue to call out the DEI-washing when they see it. Millennials, like Black Lives Matter or Gender equality activists, are fighting for a more inclusive future.

In many ways, social entrepreneurs model their work after grassroots organisations. When marching for justice, if there is someone more marginalised than you, you don’t forge on ahead. You go back or wait for them to catch up before crossing the road. How can we ensure meeting Goals 5, 8, and 10 without ensuring we double back for small businesses?

Women owned and black, brown, indigenous and latinx owned small businesses as well as the vast swath of essential workers didn’t have the luxury to “pivot” like other startups. Teachers, childcare and healthcare providers couldn’t simply change their mindset or switch gears. Add to this the mental load, children at home, lack of clients or supplies or commercial rent or rent at all… these setbacks leave many without the resources to “power through.” In the US, incomes and businesses may finally begin to snapback with this latest round of stimulus and vaccine rollouts. But, by and large, the ones who had no safety net, often those from marginalised backgrounds, won’t be so fortunate.

Diverse employees and founders are underrepresented within big companies, which is why DEIB expertise can often be found outside in smaller businesses and startups. These innovators are already negatively impacted by lack of funding and the problems compound. Those working with marginalised groups, such as Black-owned businesses, often discount or work pro bono in order to help their ideas come to life. Instead of focusing on P&L alone, we spend our time helping people. We often give our last dollar to mutual aid because we understand the struggle. Social entrepreneurs and mission-driven startups are building companies with

values that are essential for an inclusive, equitable and thriving society. But, we can’t do it alone.

BUSINESS FOR GOOD IS NOT SUSTAINABLE WITHOUT SUPPORT

Social entrepreneurs were not making that much money to begin with. We knew it would be tough to scale without support. If you are focused on **People and Planet** first, finding funds for your social enterprise start-up is tough. The speed and steps at which funding gets to startups is inherently biased, favouring those with generational wealth and privilege. Finding support is time-consuming, and expensive. Grant applications take weeks and the funds take even longer (if you are lucky enough to win that roulette wheel).

How can new founders create businesses “for Good” by Leading with Purpose if they can’t pay the bills? How can entrepreneurs and small businesses contribute to and achieve Goal 8 (Better Workplaces) & 10 (Reduced Inequalities) without funding? Purpose and passion can only get you so far. The idea that you just need to pull yourself up by your bootstraps has long been debunked. Without generational wealth or family to lean on, zero CARES Act money, and no PPP loans because you didn’t qualify, there is no safety net and there is no bouncing back.

> *“THOSE WORKING WITH MARGINALISED GROUPS, SUCH AS BLACK-OWNED BUSINESSES, OFTEN DISCOUNT OR WORK PRO BONO IN ORDER TO HELP THEIR IDEAS COME TO LIFE.”*

Without being driven to scale or serve stakeholders to the NASDAQ, we tend to not make huge profits right away. Solving systemic racism or climate change doesn’t have a quick answer. Profits are small because likely we haven’t made one yet. Women entrepreneurs don’t pay themselves for years. But it is not because we don’t have the vision or the values to achieve a seismic shift. It is because we are only human. We have limited physical and mental bandwidth, and we already push that to the limit. We are relegated to bootstrapping admin support or automation software if we are lucky.

Most founders from marginalised backgrounds work day jobs to keep insurance and food on the table. Their own businesses are labours of love… but that doesn’t make them any less marketable. Our ideas are viable and the return on investment is there, but we have no way to create our inclusive dream team or equity-driving prototype.

We are simply wearing too many hats. Without the ability to hire support staff or pay ourselves, we are stuck.

IMPACT INVESTORS CAN SPEED UP SOCIAL PROGRESS

If you are an innovator or investor with resources (ie. capital), how are you using your privilege to support other startups with fewer resources? Can you partner with someone or kick work to someone you'd normally consider competition? Can you reach out to one of the 20 SDG small business groups or accelerators and give directly to entrepreneurs and organisers with a few phone calls? Grants or investments don't need to be big. Imagine if you gave out 10k to 100 founders vs. 1 million to one Silicon Valley start-up?

In order to create an inclusive Future of Work, we need to inject more voices and more perspectives. We need to include early-stage idea-makers and talk to solopreneurs, who are a huge portion of MSME. Big business leaders like the BRT are failing to meet this moment; social entrepreneurs were made for it. But, we need investors to take a chance to stay in the game. The return on investment may not be as fast as a tech company's exit; social entrepreneurs are too passionate to exit anyway, as a big IPO is not our primary goal.

Current philanthropy leaves social entrepreneurs out of big funding initiatives. There are huge missed opportunities to fund innovations from marginalised communities because they are lacking a 501c3 designation for their organisations. It is time to rethink "qualifications" as well as risk in funding. The speed and rigidity of the regular grant cycle are incongruent with the pace of social innovation. We need to help communities and under-represented innovators now, to ensure a better future. Every major economist and SDG research hub will tell you, supporting mission-driven businesses is essential for a post-pandemic recovery. One question remains: what can you do to transform the world and create an equitable and inclusive society? If you accelerate cash flow to social entrepreneurs and MSMEs, we have a much better chance to achieve the SDGs. Individually we are small, but together we make a big impact.

EMILY O. WELTMAN – FOUNDER, COLLECTIVE FLOW CONSULTING

Emily is a writer, inclusive tech advocate, educator, designer, social entrepreneur, and the founder of Collective Flow Consulting. coFLOWco is a certified women-owned small business that advises startups and solopreneurs on embedding social justice into the foundation of workplace culture and measuring impact from day one. With business development, content strategy, and operations grounded in economic empowerment, gender equality and racial justice, coFLOWco co-creates new policies, practices and processes for companies defining the "Future of Work." Emily and her team are ***"Leading with Purpose"****...because the patriarchy isn't going to fix itself.*

Emily is a signatory of the UN WEPs, and a member of Catalyst 2030 and Women's Funding Network. She is a graduate of the 50 Women Can Change the World: Journalism 2020 cohort from Take the Lead, and is working on her first book about social entrepreneurship as a vehicle to shift the narrative on who defines "The Economy".

"COMPANIES THAT PAID DUE ATTENTION TO THEIR STAKEHOLDERS' LONG-TERM INTERESTS WERE MORE LIKELY TO THRIVE THAN THOSE FOCUSED EXCLUSIVELY ON SHORT-TERM PROFIT MAXIMISATION."

FINANCING THE SDGS

MAXINE ALLISON, CLAIRE BENSON AND FELICITY JONES – WWW.SDGCHANGEMAKERS.TODAY

Collaboration and partnerships are key

We are in the middle of a sustainability revolution, and an impact revolution in global investment – as Sir Ronald Cohen explains in his book *Impact: Reshaping Capitalism to Drive Real Change*. So why are we struggling to achieve the UN's Sustainable Development Goals, adopted by 193 governments in 2015 and in fact backsliding?

Globally, the finance for sustainable development is available. Gross world product and private sector finance is estimated by the World Bank Databank, 2017, to be over US$ 80 trillion. In 2019, the finance gap to achieve the SDGs was estimated to be between US$2 trillion and US$4 trillion per annum up to 2030.

LACK OF PURPOSE-LED LEADERSHIP

The UN's 17 Sustainable Development Goals (SDGs) give us an agreed framework to set, measure and report on our economic, social, environmental journey to 2030. Globally though, there is a problem, and the problem appears to be a lack of purpose-led leadership, collaboration and ability to channel available finance towards projects and innovations which would help to achieve the SDG targets.

Back in April 2019, the UN Secretary-General, the President of the General Assembly and the President of the Economic and Social Council emphasised the importance of unlocking more and better-aligned private capital for SDG advancement. Yet it was clear in February 2021's OECD Blended Finance Impact Week that inequities in the global finance system were meaning capital was still not reaching those most in need.

However, the impact of COVID-19 on the world's markets and value chains has shown us business as usual does not work anymore, and to survive we need to radically transform our relationship with the natural world and our business models.

While governments and the public sector will continue to play a key financing role, there is a much wider scope – and need – for the private sector and in particular SMEs to engage in and help close the SDG funding gap.

ALL BUSINESSES GREAT AND SMALL

Driven by intelligent financing, collaboration and knowledge-sharing to develop innovative services and products, businesses of all sizes and structures could play a transformative role in solving the problems described in the 17 SDGs.

To close the gap, responsible leadership and regulatory reform at national and global levels is necessary. However, mobilising investment in the SDG sectors while maximising investment impact and minimising the risks, does not need to wait for all the jigsaw pieces to be neatly fitted into place. Whilst driving capital to where it is needed most, and addressing the issues in the finance system which drive inequalities is happening, it needs to accelerate, and it needs to become mainstream.

The ambition and the challenges of achieving the SDGs by 2030 can seem both inspirational and overwhelming and the need to coalesce efforts has only been reinforced with the COVID-19 pandemic and backsliding on SDG achievements.

MAXINE ALLISON

CLAIRE BENSON

FELICITY JONES

Thankfully, and in line with the calls from the UN and others to forge a multi-sectoral collaborative approach, we are seeing the emergence of a diverse set of actors, large and small, donors and investors, NGOs, social enterprises, SMEs and larger corporates, who are both required and inspired to play their part together.

MAKING PURPOSE CENTRAL

However, several systemic issues remain around the embedding of SDGs, including understanding how they relate to localised priorities. There is a fundamental need to move beyond philanthropy, fundraising for a local or international charity, or an employee volunteer day, to make purpose central to business models rather than a bolt-on initiative to pursue sustainability.

The SDGs are our collective yardstick for what needs to happen. But we need to have a common language that philanthropists, corporates, NGOs, SMEs, social enterprises, charities and governments all understand.

As SMEs make up 95 per cent of the private sector business and economic activity in both developed and developing countries, they are critical partners in achieving the Goals, whether an SME start-up in Africa, an infrastructure SME in the Netherlands, an Indian community organisation, a Latin American social enterprise, or a B Corp SME in New Zealand. All are naturally designing and delivering impact consistent with the SDGs as a core part of their work, but often need access to finance or investment to bring their sustainably focused, innovative ideas to fruition.

The OECD estimates that in some emerging economies, including the informal sector, SMEs can contribute up to 90 per cent of the GDP, and as drivers of innovation they are major contributors to the SDGs if provided with access to capital and global value chains.

Supporting SMEs to understand the SDG framework, to align themselves with it, and to ensure that the strategic decisions they take in their work are informed by this ready-made north-star of sustainability and impact, is key for success.

"We need to support those who are *delivering* impact to use SDG-aligned impact tracking as much as those providing the resources. We then need to activate and empower those delivering that impact to make it visible to donors and investors who say they are in search of the 'deals'," says Felicity Jones, Co-Founder of SDG Changemakers.

The scale of that market and the coalescence around SDG-alignment for investment makes this a critical connection point for proactive purpose-focused organisations across sectors. The latest GIIN Annual Investor Survey conservatively estimates the value of impact investment assets at over US$715 billion, up over US$200 billion on the previous year. Taking a broader focus on the rise of ESG assets, this is projected to rise to US$53 trillion, a THIRD of global assets under management.

The further up the spectrum, the stronger the core focus is on intentionality. And this is becoming increasingly mainstream – to intend to do good rather than simply minimise harm. This creates new openings for organisations driven by purpose who can illustrate their impact and who have a vision and roadmap to drive change.

Felicity continues: "In our work supporting (mostly African) NGOs and SMEs through our social enterprise arm, we realised that while we were advising clients to become fluent in SDGs to monitor their impact, few were routinely doing this and there were also a deeper set of issues (including digital literacy) but also opportunities."

VISIBILITY THROUGH SDG MONITORING

For example, a UK micro-charity, Beyond FGM, and their linked Kenyan community organisation and social enterprise typifies the example. A small grassroots organisation, they could not invest in fundraising or communications, nor were they really tracking impact using the SDGs. In a nutshell they were invisible to donors, investors and resource partners. However, they have a scalable model of community engagement, demonstrable need and are exactly the sort of organisation donors and partners say they want to invest in. By applying SDG monitoring, and expressing the value of their work clearly using these metrics, the organisation is now more visible to those impact investment partners whose missions align.

Focusing on SDG 17 *Partnerships to Achieve the Goals* is crucial to unlock the impasse of resource flow between global players and the critical SMEs and community-led organisations on the ground.

As Professor Steve Kempster of the Lancaster Leadership Centre says: "business has the very real potential to use its assets (or capitals) to enhance communities, society and humanity. It just needs leadership commitment and some ideas to move that commitment into action."

MAXINE ALLISON – DIRECTOR, SDG CHANGEMAKERS

Maxine is a branding and design expert working with clients spanning the corporate and charity sectors in the UK and Europe. She is passionate about helping every organisation, whatever its size, present itself with credibility and clarity.

CLAIRE BENSON – DIRECTOR, SDG CHANGEMAKERS

As a director-level strategist and coach, Claire supports businesses & not-for-profits in understanding their purpose, aligning their business goals and delivering on their strategic objectives while adding value to society through linking to the UN's 17 Sustainable Development Goals.

FELICITY JONES – DIRECTOR, SDG CHANGEMAKERS

An expert in diversifying funding for UK and international charities, Felicity now supports NGOs and social enterprises globally to understand their competitive positioning and to secure the resources they need to deliver and measure their impact.

> *"IMPACT INVESTMENT IS NOT BUILT FOR THOSE WHO OFTEN HAVE THE MOST POTENTIAL TO GENERATE IMPACT OR EVEN PROFIT. IT IS DESIGNED FOR THOSE WHO LOOK AND SOUND 'THE PART'."*

THE VITAL ROLE OF PHILANTHROPY IN CREATING AN EQUITABLE SOCIAL INVESTMENT MARKET

DAVID BARTRAM – WWW.UNLTD.ORG.UK

Combining the social purpose of charity with the sustainability of profitmaking (investable) business, social enterprises can play a vital role as the UK embarks on its pandemic recovery. However, the funding landscape for these businesses is often too much of a challenge, and the lack of a clear pathway means that the journey from grant funding to impact investment is often a bumpy ride. That is particularly the case for those enterprises being led from marginalised backgrounds.

Impact investment is not built for those who often have the most potential to generate impact or even profit. It is designed for those who look and sound 'the part'. if we are going to enable social entrepreneurs to create meaningful change, we need impact investment to remove its systemic barriers. Only then will we enable social entrepreneurs to play what can be a major role in supporting the UK's COVID recovery and addressing several the Sustainable Development Goals (SDGs), such as reducing inequalities, creating decent work, and generating economic growth.

We cannot, nor do we want, the majority of social enterprises accessing vital capital being those led by those in positions of privilege and power. However, that is how the market has been developed. Too much has been designed outside-in, attaching commercial fund models and products onto the market, excluding social entrepreneurs who, as a result of their own lived experience are best placed to create lasting change. For us to drive maximum social impact we need to design a market that reduces inequalities and creates pathways for entrepreneurs who identify as BAME or LGBTQI+, those with disabilities and those from a less privileged socioeconomic background.

UNDERSTANDING BARRIERS

If we are to create a more equitable and impactful impact investment market, we must first understand the barriers that diverse leaders face when accessing the growth capital they require. UnLtd (the largest supporter of social entrepreneurs in the UK) has carried out research in partnership with Shift (service design and market research organisation) to better understand the structural barriers diverse founders face when accessing investment. We found that the market has been designed in a way that perpetuates the vast inequalities that exist. For instance:

- The products used (predominately early-stage debt) are not accessible for large parts of the market. Debt is far more accessible for founders and businesses with already held assets, from wealthy backgrounds, or for those able to take more of a risk with their venture. There are also various religious and cultural barriers that prevent many entrepreneurs from taking on debt.
- The market is designed for the educated and privileged few (particularly white, privileged men investing in white, privileged men). This manifests itself in the eligibility criteria, the language used and the lack of support available when thinking about and taking on investment (the assumption that every entrepreneur and founder has access to financial modelling and business-planning advice) again excludes a huge part of the potential impact investment market.

DAVID BARTRAM

To address these systemic inequalities, we not only need to develop accessible financial products, offering flexible, patient and risk-bearing capital, but we need to help identify high-impact, diverse social entrepreneurs, and help them navigate the system. From outreach and engagement strategies to the support that is provided pre-and post-investment. All aspects of impact investment need to be designed with the explicit aim of dismantling the barriers diverse founders face when accessing investment for their social business.

> *"COVID-19 HAS DRAMATICALLY EMPHASISED WHERE THE UK IS FALLING DOWN ON THE SDGS."*

Philanthropy has a vital role in getting this right. As with anything else new and ground-breaking, changing a system needs resourcing. What we take for granted: ingrained investment management processes; traditional investment products; and limited and traditional business support will need to be built upon and constructed in a way that places diverse entrepreneurs at the centre of everything.

INVESTING IN DIVERSE SOCIAL ENTREPRENEURS

We have long since heard about the need for blended capital to ensure we are creating the right impact investment products, but we need to go further than that. Philanthropy can help fund the additional support that will enable diverse and less-privileged social entrepreneurs to succeed in the investment market, and it can lead the way on identifying best practice that will ultimately lead to changes at the commercial end of the investment market.

On the back of the research carried out with Shift, UnLtd have formed a partnership with Big Issue Invest (FCA-regulated fund manager) and Shift to design a fund that is actively seeking to break down and address the challenges diverse-led social businesses face when accessing impact investment. The Growth Impact Fund will put equity and inclusion at its heart by:

- Identifying high impact social entrepreneurs with barriers to progressing in the current investment market (50 per cent will be BAME and/or disabled).
- Provide blended capitol over an extended period from early-stage grants to patient long-term equity and equity-like investments.
- A technical assistance package including one-to-one business advisory, access to pro bono support and access to networks.

We are entering discussions with bold philanthropists and investors to provide the blended finance needed to fund the different layers of this fund, from outreach and technical assistance, all the way up to the patient investments. The structural change we hope to create will result in more diverse social entrepreneurs with the most potential to deliver impact being able to get to a point of business sustainability and ultimately growth.

COVID-19 has dramatically emphasised where the UK is falling down on the SDGs. Not just around *addressing Inequalities* (SDG 10), but also *Poverty* (SDG 1) and *Hunger* (SDG 2), as we have seen in the ongoing debate around school dinners, *Decent work and economic growth* (SDG 8), *Sustainable communities and cities* (SDG 11) — the list goes on. Social entrepreneurs have a major role in helping us address these issues as we recover from the effects of the global pandemic; they just need the support and infrastructure to help them succeed. The Growth Impact Fund will provide over £20m of capital to at least 60 such social entrepreneurs, enabling the creation of over 85,000 jobs and over £240 million of social value created in the UK.

DAVID BARTRAM – DIRECTOR, UNLTD

David joined UnLtd, The Foundation for Social Entrepreneurs, in May 2013 and took over as a Director in 2018. Having started his career in consultancy with McKinsey & Company and subsequently Lloyds Banking Group, he found himself craving a career with purpose. As Director of Delivery & Investment, David drives UnLtd's investment work, and leads on partnerships and the development of the support model to social entrepreneurs.

ACT LOCALLY – A CASE STUDY ALIGNING TO THE SDGS

RACHEL MCGRATH - WWW.NCF.UK.COM

It was at an international conference in Glasgow for community foundations that the penny dropped about the UN's Sustainable Development Goals (SDGs) and Northamptonshire Community Foundation's role. 'Think Global, Act Local' sums up the *raison d'etre* of what we do. We subsequently met as a network supported by the European Community Foundation Initiative in February 2020 generously hosted by the CCLA investment offices in London. The commitment and momentum to embed the SDGs into our collective vision, activity and work was born for UK-based community foundations. Some were already on the journey.

Then the COVID-19 pandemic hit and the immediate focus was partnership working with the National Emergencies Trust to raise and distribute funds through place-based civil society in our respective locales to ensure local communities were safe and well during a public health crisis. Since that time, millions have been distributed to over 12,000 community groups and small charities to tackle poverty, reduce hunger, promote good health and wellbeing, ensure quality education and reduce inequalities.

The SDGs were put on hold only temporarily; UK Community Foundations (UKCF) had applied successfully for funding via the Charles Stewart Mott Foundation to embed the goals into our community foundation network. While it may have seemed counter-intuitive to some, a number of community foundations continued to pursue this strategic work in addition to delivering crucial emergency funding to support place-based community resilience. As a network, we kept the conversation going about our respective plans and work around the SDGs.

COMMUNITY CONVERSATIONS

RACHEL MCGRATH

At NCF we recognised also the urgent need to keep our donors engaged and the groups we fund on their behalf; and so, amidst a pandemic, we set up a series of community conversations online to address each SDG, to highlight the good work already happening and to identify local challenges and gaps bringing together philanthropists, funded charities and other changemakers and influencers to discuss local solutions and their vision for 2030 in Northamptonshire. Doing so helped connect us all in seeing beyond this public health crisis and recognising the work ahead, beyond COVID-19.

Our first community conversation on tackling SDG 1 *No Poverty*, resulted in a local business Bambino Mio setting up a donor-directed fund to help tackle financial hardship for low-income families. The conversations are also helping us build an action plan towards an initial local United Nations Charter for Northamptonshire. We are also working with the University of Northampton and Northamptonshire Health and Wellbeing Board to deliver a symposium to raise awareness and a call to action around the SDGs for all main local sectors: public, private and charitable.

There is much work to be done. UKCF are facilitating a series of peer-to-peer learning webinars for UK-based community foundations to learn from each other about how to build the goals into all important areas of work: strategic and organisational alignment, impact investment, granting and evaluation, partnerships and convening, communications and knowledge sharing and needs analysis. We have a pathway of good practice we can navigate thanks to international community foundation networks such as those in Canada having already paved the way in this activity.

"OUR INITIAL AND MOST VITAL COMMITMENT IS TO COMMUNICATE THE GOALS TO A WIDER AUDIENCE WITHIN OUR LOCALITY."

INDIVIDUAL GOAL CHAMPIONS

And this is no PR exercise; the substance is in a true adoption of the vision, which means everyone being on board. In Northamptonshire, we have accorded each of our staff and trustees a specific goal to champion. They are having regular meetups with their respective ambassador 'pilot' and in doing so re-shaping the dynamic and relationship between board members and employees.

Some of the bigger challenges will be around longer-term impact investment and ensuring that it is not just grantmaking that bears the fruit of contributing to the goals but also the strategic placement of endowment funds to reassure donors and fundholders that their generous donations are also contributing to the change we need to see to achieve a sustainable future come 2030. We already have leaders in our respective field of community foundations doing this work, including in Scotland and Northern Ireland Community Foundations, and we will learn from their approaches.

There are also the conversations to be had with existing and prospective fundholders about realigning their place-based community investments in an ethical investment portfolio and enabling them to raise their giving aspirations in a local setting with the collective global effort in mind.

IMPACT ASSESSMENT

Last but certainly not least is the substance of granting and evaluation to ensure relevant key indicators are evidenced to highlight the work being done by place-based civil society to steadily work towards these goals. UKCF has an updated impact assessment framework we will launch in 2021 and which we will align outcomes to measure change on the ground. These will help inform our donors and generosity givers of the work their cash in the community is doing to tackle head-on the greatest challenges of our lifetime.

Community foundations are a small but important part of the jigsaw to work towards the goals. Their efficacy also largely depends on national and local governmental policy and the adoption of the goals within other main sectors.

The pandemic has taught us all an important lesson about the need to work in partnership and collaborate more in order to tackle the significant challenges that face us now and in the future. Our initial and most vital commitment is to communicate the goals to a wider audience within our locality. By making the SDGs a common and shared language, we can break down barriers and power dynamics that have traditionally set apart respective sectors in their contractual and working relationships.

As a place-based funder, we have recognised the need to take more risks during the international emergency of the past year. Whilst maintaining due diligence and funding integrity, we have also recognised the need to shift more power to the communities we fund and we will continue to do so. In the words of anthropologist Margaret Mead: "Never doubt that a small group of thoughtful, committed citizens can change the world; indeed, it's the only thing that ever has."

RACHEL MCGRATH – DEPUTY CEO & GRANTS DIRECTOR, NORTHAMPTONSHIRE COMMUNITY FOUNDATION

Rachel has worked in the charitable sector for over 20 years, specialising in grantmaking, philanthropy and community leadership activity, including establishing Northamptonshire Food Poverty Network. She has previously tutored on and supported the design and content of a Foundation Degree in Managing Voluntary and Community Organisations for the University of Leicester. Rachel is also currently a trustee for the Matchgirls Memorial Charity.

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- Each delegate is also offered a 1-hour follow-up consultation with our CEO, John Pepin on course completion

Example of donations from UHNWI without professional advice: **£19,000**

Example of donations from UHNWI with professional advice: **£335,000**

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Cancellations received in writing 5 working days prior to the event will receive a full refund. It is regretted that cancellations made after this time will not receive a refund.

Philanthropy Impact
Inspiring Philanthropy and Investing for Impact

Philanthropy Impact, Two Temple Place, London WC2R 3BD, United Kingdom

E: info@philanthropy-impact.org | **T:** +44 (0)20 7407 7879

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