Indigenous Social Enterprise Fund

Lessons Learned

March 2016

Indigenous Social Enterprise Fund Partners

With thanks to ISEF partner PricewaterhouseCoopers

Executive Summary

The two-year Indigenous Social Enterprise Fund (ISEF) pilot fund was launched in September 2013 as a partnership between Social Ventures Australia (SVA), Indigenous Business Australia (IBA) and Reconciliation Australia (RA) to provide investment and business support to Indigenous social enterprises. IBA have allocated $1 million for the pilot fund as well as providing annual funding to SVA for two years towards administration, fund management, post-investment support and evaluation.

ISEF was established to support Indigenous social enterprises (ISEs) develop to scale and sustainability through filling an identified capital gap in the market. The investment packages combined grants with an interest free patient loan with flexible repayment terms. ISEF also committed to provide business and investment support to build the capacity of the ISEs to help meet the Fund's eligibility criteria.

Characteristics of Enquiries and Applicants

Throughout the two year pilot, ISEF received 165 enquiries. 15 of these enquiries were considered eligible applicants and were progressed through the due diligence process. All 15 of these applicants required some support to progress their ISEF proposal to an investment decision point. The key pre-investment support areas were in strengthening the business plan and activity focus, articulating the proposition, financial forecasting and modelling and strengthening the commercial capacity of the enterprise. The average duration of this support was five months.

Half of the enquiries to ISEF were from existing non-profit organisations. The leaders of these organisations looked towards enterprise as a way to sustain their social impact, bringing in commercial skills where possible. The other half of the enterprises that ISEF came into contact with already had trading as their primary purpose. This indicates an emergence of young Indigenous social enterprises and entrepreneurs and a preparedness to take on loan financing in early stages of establishment.

The majority of organisations enquiring were small, employing between one and five staff members. The enquiries represented a broad range of business models, with the Arts and Creative, Tourism and Cultural / Community Service sectors the most common.

The investment sought across these 15 eligible applicants ranged from $80,000 to $480,000. Funding was sought for capital expenditure (fit out, vehicle, site improvements), operating expenses (business development staffing, marketing, start-up costs) or a combination of both.

By the end of the pilot, one applicant, Koori Kulcha Aboriginal Corporation, was successful and received an ISEF Investment package of $200,000. Koori Kulcha is an Indigenous tourism and hospitality enterprise providing training and employment to Indigenous youth in event catering, cultural performance, team building workshops and cross cultural awareness. More details about their business model can be found in the Case Studies section at the back of this report.

Learnings from the ISEF Pilot

A number of themes have emerged regarding lessons learned through the ISEF pilot. The themes are considered within the context of the stages of growth of a social enterprise when considered against the ISEF offering and criteria.

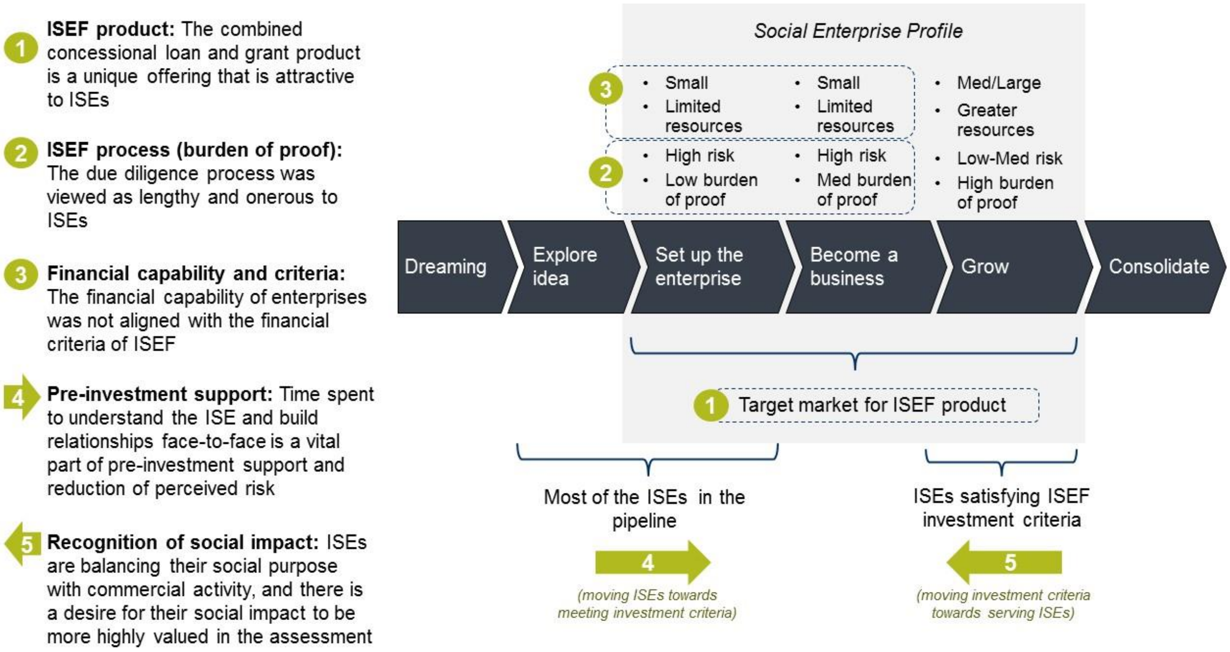


Figure 1: Social enterprise stages of growth and lessons learned from ISEF pilot[1]

The ISEF pilot confirms that the concessional loan and grant product is an attractive offering to ISEs seeking operational scale and achieve self-sustainability. However, those who applied were generally unable to meet ISEF's criteria, as applicants were unable to sufficiently address the commercial lending parameters. Substantial pre-investment support to build the financial capability of enterprises, as well a different product with adapted investment criteria would be better suited to ISEs at this time.

Recommendations for a future approach to supporting Indigenous Social Enterprises

The ISEF Pilot experience has highlighted that there is an appetite in the market for an ISEF-type offering that combines capital with capacity development. However the commercial lending component of the ISEF product is not suited to the needs of the ISEs at this time. Reflecting on the pilot and taking into account the maturity of the sector, SVA has identified three elements to be considered with future initiatives:

1. Risk-tolerant, patient, socially-oriented capital
2. A relationship oriented approach
3. Financial and investment literacy

Overall, the ISEF pilot has revealed that Indigenous Social Enterprises have real drive to grow in such a way that allows them to achieve social impact at the same time as becoming commercially viable. However, the ISEs lacked the business capabilities to be able to access the ISEF product. To assist the ISE sector to grow, a different type of product offering is required, providing capability development to fill the skills gap, more socially oriented flexible patient-capital that offers more risk-tolerance, and longer-term horizons.

[1] This diagram varies slightly from the one that appears in the mid-term evaluation and has been updated to reflect our better understanding of the sector and the lessons learned throughout the second year of the pilot

A. Introduction

This report documents lessons learned from the two-year pilot Indigenous Social Enterprise Fund (ISEF). The fund was launched in September 2013 as a partnership between Social Ventures Australia (SVA), Indigenous Business Australia (IBA) and Reconciliation Australia (RA) with PricewaterhouseCoopers (PwC) providing additional support. IBA provided funding for the capital pool of $1 million and ongoing fund management, which was delivered by SVA under contract to IBA[2].

Objectives of ISEF Pilot

- To support the development of Indigenous social enterprises to scale and build financial sustainability
- To make investments with a view to develop and nurture Indigenous social enterprises to increase their ability to access further capital in the future.
- To fill a capital gap through investment combining grant funding and concessional loans.
- To deploy the capital of $1,000,000 to suitable ISEF propositions, approximately 4-8 ISEF investment packages.
- To test the effectiveness of the ISEF product and model for the investment needs of Indigenous social enterprises
- To document learnings to assist the establishment of a future Indigenous-led fund.

The ISEF Model and Process

The ISEF investment packages combined an interest free loan with a patient period and a grant, with the grant component making up to 50% of the package. As Indigenous social enterprises currently struggle to access traditional finance, the combination package of 0% interest and grant makes it more accessible for the enterprise to build capacity and enable access to further financing options.

ISEF also committed to provide some business and post-investment support to applicants to strengthen their enterprise. This included assessing and strengthening the business model, financial forecasting, legal support, social impact measurement and engaging pro-bono networks where appropriate.

> Following a mid-point review of the pilot and an assessment of market maturity, it was agreed that there would be a shift to more intensive pre-investment support to a small number of applicants to improve their investment propositions and likelihood of successfully accessing ISEF funds.

The key eligibility criteria were financial sustainability; business planning; social impact; leadership/ organisational capacity; governance; and ability to repay the loan component of the investment package (refer to Appendix for detail on each criteria).

An Indigenous Advisory Group (IAG) was established to provide guidance to the pilot, identify Indigenous social enterprises that could benefit from the fund and oversee the transition of the pilot to a permanent, Indigenous-led entity.

The ISEF investment process was structured in five stages: pre-application screening, due diligence including commerce panel, investment committee, investment decision, and post-investment business support (see Figure 2). The Commerce Panel is a group of business experts and pro-bono supporters, with whom the applicants have an opportunity to test their business plan / proposition during the due diligence process. The Panel provides applicants with feedback and recommendations

[2] The annual funding to SVA included administration, fund management, business support and evaluation

on how to strengthen their application. The Investment Committee provides investment recommendations to the IBA Delegate who is responsible for making a lending decision. Investment Committee decisions are reached by consensus of its members, which comprise representatives from IBA, SVA, the IAG, and external experts where necessary.

B. Characteristics of ISEF Enquiries and Applicants

This section presents characteristics of the ISEF enquiries and applicants to give shape to the Indigenous social enterprise sector.

Number of Enquiries, Applicants and Investments

ISEF received 165 enquiries, 15 of which progressed through to applications that were assessed. Five propositions were put to the ISEF Investment Committee, four of which were progressed to the final decision-making delegate at IBA. Two enterprises were approved for investment. One enterprise has drawn down on the investment of $200,000. The successful investee is Koori Kulcha Aboriginal Corporation, a tourism, hospitality and training enterprise located in Bowral, NSW. The other enterprise decided not to draw on the investment of $220,000 due to a change in business operations. Figure 2 indicates the number of applicants and enquiries at each of the stages of the ISEF application process.

	Pre-application screening		Due Diligence including Commerce Panel	Investment Committee	Investment Decision		Post-Investment business support
	1a Enquiry	1b Application submitted	2 Due Diligence (Including Commerce Panel)	3 Investment Committee	4a IBA Delegate	4b Approved for Investment	5 Post-Investment support
Number progressed to each stage	**165**	**22**	**15**	**5**	**4**	**2**	**1**
Number being processed per stage	84		2				
Number exited / closed per stage	59	7 (concept stage)	8	1	2	1	

Figure 2: Progress of applications as at October 2015

ISEF received an average of 16 new enquiries per quarter after the fund was launched. Given the size of the fund and the expectation of a small number of successful investees, the focus of ISEF was on attracting an appropriate pipeline of applicants.

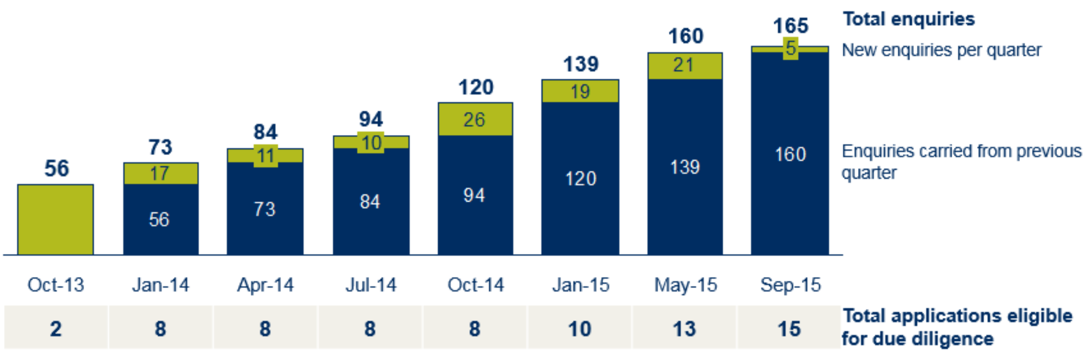


Figure 3: ISEF enquiries and applications by quarter

The average investment sought across the 15 applications was $214,000, ranging from $80,000 to $480,000. Funding was sought for capital expenditure (fit out, vehicle, site improvements), operating expenses (business development staffing, marketing, start-up costs) or a combination of both.

Origin of enterprise

The enquiries and applications to ISEF came from organisations which have broadly been classified into two categories: i) existing non-profit organisations that also operate or are planning to establish a trading activity, and ii) enterprises that were established for the purpose of trading.

Figure 4: Classification of enterprise type

Nearly 50% organisations that approached ISEF are non-profits that were established primarily for a social purpose. The origins of the enterprise are useful to examine, particularly given that the Indigenous social enterprise sector is an emerging one.

Half of the ISEF pipeline are existing non-profit organisations with a history of supporting community development and engaging with social issues affecting Indigenous people. These organisations are primarily social purpose, and have built a business model to wrap around and support this social impact. The history and culture of the organisation stem from the social sector, as do the skills of the management. Commercial skills are brought into these organisations where possible, as part of their diversification or engagement in commercial activities. Scale is not an immediate concern of these enterprises – they want to start with local impact, and grow outwards over time.

The non-profit organisation CEOs do not necessarily fit the conventional definition of a 'social entrepreneur, but are seeking ways to address persistent issues facing Indigenous communities. These leaders have strong community connections and obligations, and negotiate a range of activities that are specific to Indigenous communities such as land rights, community issues and obligations, as well as all the other leadership and management roles of a CEO. They also face additional challenges of government policy and funding changes and short and long term impacts on their communities. They are reluctant to 'jump through more hoops' - a phrase commonly heard in this sector.

On the other hand, half of the enterprises that ISEF came into contact with were established with or expecting to be established with, the purpose of trading. It indicates an emergence of young Indigenous social enterprises and entrepreneurs and an openness to loan financing in early stages of establishment. The leaders of these enterprises tended to be individuals who were entrepreneurial in their approach. ISEF observed that many did not have a track record in business or enterprise and would need support in this area.

Organisations with a non-profit origin were larger and more established, while enterprises established for the purpose of trading were on average both smaller and newer. Within both categories, those that applied were both smaller and newer.

	Enquiries	Applicants
Average profile of orgs with "NFP origin"	*45 paid staff* *18 years operation*	*8 paid staff* *15 years operation*
Average profile of orgs with "enterprise origin"	*13 paid staff* *9 years operation*	*9 paid staff* *2 years operation*

Table 1: Size and age of organisation

Investment Readiness of Indigenous Social Enterprises

Each enquiry that the ISEF team received was classified as being in one of High, Medium, Low or Closed categories according to perceived readiness for loan finance using broad criteria. Only 16% of enquiries were classified as medium or high-readiness for ISEF.

Classification	Characteristics
HIGH	• Some trading history • Business plan / case at advanced stage of thinking (even if not documented) • Piloted the proposition with robust financial projections • Existing organisations with established governance and management structures
MEDIUM	• In the process of developing business case or business plan • Existing organisation with governance and management structures
LOW	• Early stage of developing social enterprise idea • No business plan or business case • Minimal governance and organisational structure
CLOSED	• At a concept stage • Looking for a grant

Table 2: Criteria to assess 'investment-readiness'

The figure below shows ISEF's target market against the pipeline we observed. While ISEF was open to any Indigenous Social Enterprise at the set-up, establishment or growth phases, the ISEF product investment criteria required detailed supporting business information that was often not in keeping with the maturity of a lot of the applicants. ISEFs preferred investees were those enterprises with some trading history or had piloted their proposition, with robust financial projections. Enterprises that could firmly meet these criteria are typically in their growth phase and were not common in the ISEF pipeline.

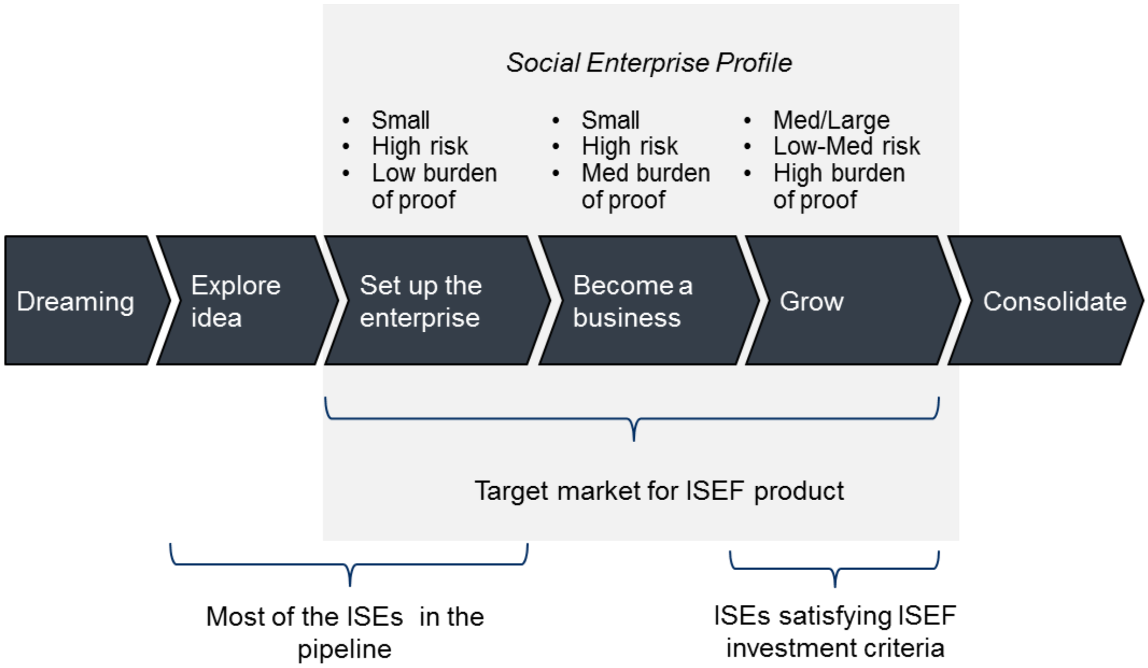


Figure 5: Social enterprise development journey

Further, ISEF observed that there was a capability gap particularly in the financial and business areas which was impacting on their ability to fulfil the loan repayment criteria. As a result, ISEF moved to provide heavier pre-investment support to strengthen this area and help the applicants' progress towards an investment decision point. This was effective in progressing more enterprises to a decision making point. The key pre-investment support areas required were in strengthening the business plan and activity focus, articulating the proposition, financial forecasting and modelling and strengthening the commercial capacity of the enterprise.

The average duration of pre-investment support was five months, with a range from two to nine months. This does not include periods of time where enterprises put their enquiry or application process on hold and returned when they had a stronger or more advanced proposition – six of the 15 applicants returned to ISEF six to twelve months after their initial enquiry. They returned with reasons including additional trading history, a more-developed business model, better timing and capacity within the enterprise, more comfort with the notion of taking a loan, and stronger pipeline of revenue.

It was observed that existing enterprises with non-profit origins were more likely to have a higher investment-readiness rating based on ISEF parameters. This may have been reflective of their more established governance and management structures. Enterprises established to trade were found to be either at concept stage or low-readiness for investment due to insufficiently robust financial history and forecasts for the loan component of the ISEF product. Some ISEF proposals from enterprise at the pre-start up to establishment phase were classified at low readiness due to either their proposition not being fully developed, or insufficient market research.

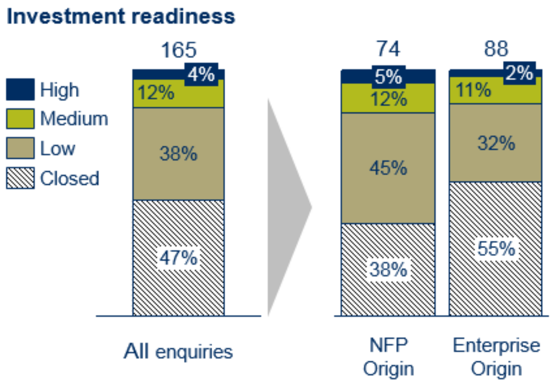


Figure 6: Breakdown of enquiries by investment readiness

Trading Sector of Indigenous Social Enterprises

The enquiries represented a broad range of business models, with enterprises ideas in the Arts and Creative, Tourism and Cultural / Community Service sectors the most common.

Arts, culture and healing are clearly an important social focus of the Indigenous social enterprise sector19% of total ISEF enquiries. However, none of the proposals in the Arts/Creative sectors were categorised as high-readiness for investment.

The ISEF experience indicates that culture and healing are substantial social impact drivers. 10 out of the 15 applicants sought to achieve impact in cultural healing for their own communities or cultural awareness within non-Indigenous communities. While this area did not necessarily relate directly to their commercial streams of work, it is an insight for social investors to recognise this impact area as being particular to Indigenous social enterprises.

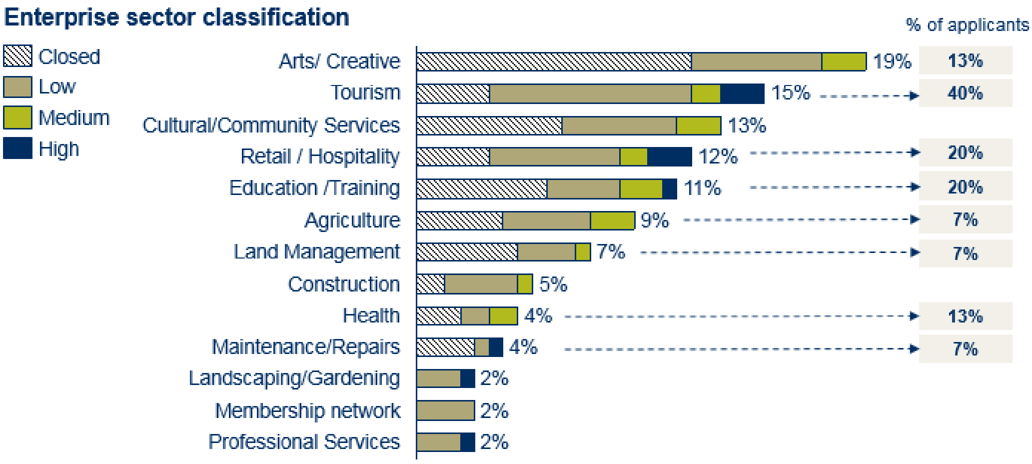


Figure 7: Enterprise sector of enquiries

Size and Age of Indigenous Social Enterprises

The enterprises who enquired with ISEF were wide-ranging in size (measured by number of staff). The largest numbers of enquiries were small, employing between one and five staff members. This group were even more highly represented in the applicant group. We observed anecdotally that the larger enterprises had access to a more diverse range of funding options from government funding, to philanthropic funding to bank lending. As a result, it is possible that the ISEF funding range (roughly $100,000 to $300,000) is attractive to smaller enterprises.

Some enterprises filtered themselves out of the ISEF process after assessing the process as being too demanding with an uncertain chance of success. The smaller applicants determined that they did not have the capacity in-house to proceed with the application. This is discussed in the next section under C) Learnings from the ISEF Pilot.

Enterprises who approached ISEF had been in operation for between 0 to over 30 years. Applicants were generally on the younger end of this range, with 54% of applicants having been in operation for four years or less. A closer look at the applicants enterprise streams indicate that all the applicants, regardless of their age, had been trading for between one and four years in the particular activity reflected on their application.

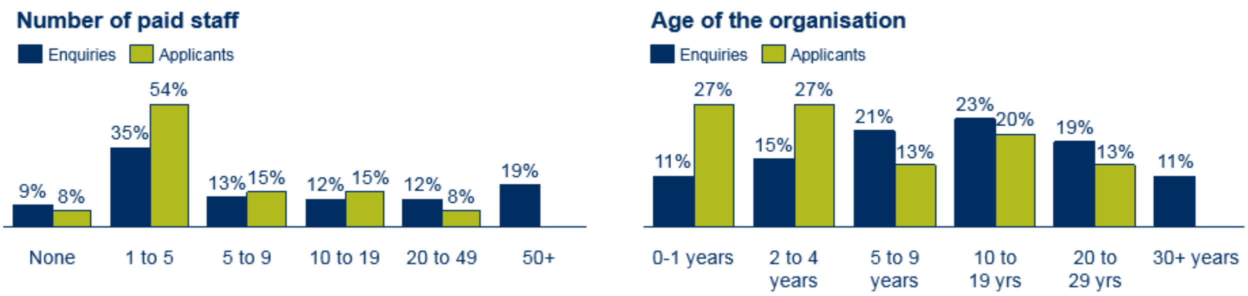
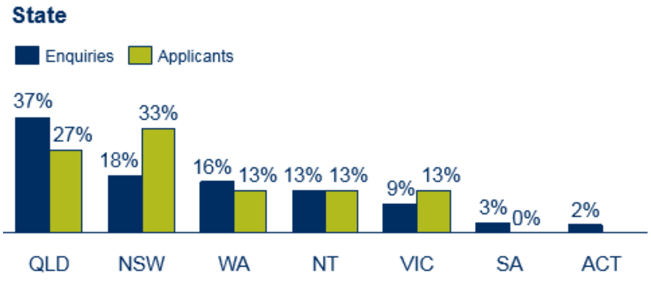


Figure 8: Size of enterprises by staff numbers and number of years in operation

Geographical Spread of Indigenous Social Enterprises

The distribution of interest across states and remoteness was diverse. Enquiries from Queensland and Western Australia were the most numerous. This is most likely due to SVA's history in social enterprise fund and hub development in these states. The largest proportion of applicants, however, was from NSW. This may be related to key ISEF staff being located in Sydney and being able to develop stronger relationships with NSW-based organisations. The ISEF staffing structure through SVA provided local contacts in Melbourne, Brisbane, and Perth to engage closely with applicants in that state.



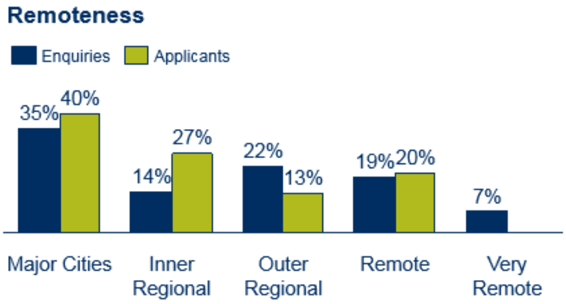


Figure 9: Location of enterprises

Enquiries from Outer Regional and more remote areas (using Census definitions) accounted for over 54% of the enquiries, indicating broad awareness of ISEF nationally. Applicants were more likely to be urban. 67% of applicants were from a major city of inner-regional location, compared to 49% of all enquiries.

C. Learnings from the ISEF Pilot

A number of themes have emerged regarding lessons learned through the ISEF pilot. The themes are considered within the context of the stages of growth of a social enterprise vis-à-vis the ISEF offering and criteria.

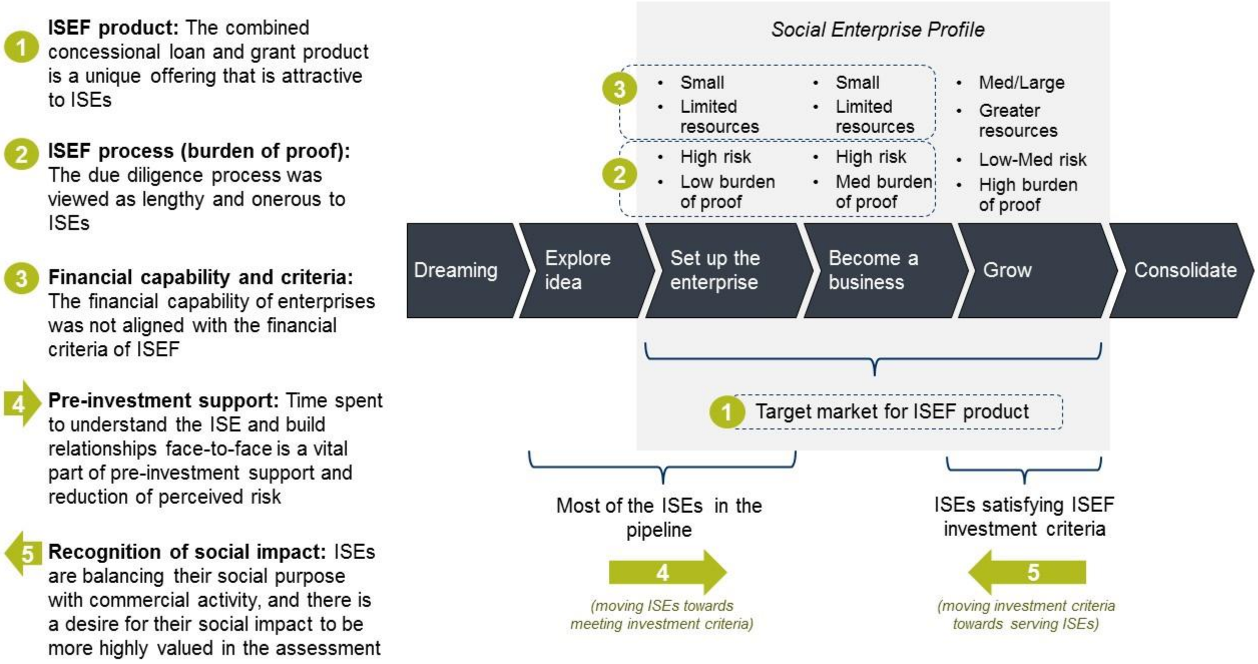


Figure 10: Social enterprise stages of growth and lessons learned from ISEF pilot

ISEF product: The combined concessional loan and grant product is a unique offering that is attractive to ISEs

> *"We wanted to our enterprise to be self-sustainable and not rely on grants. The biggest issue is that they are continually dependant on grants."*
>
> CEO, Indigenous Social Enterprise

The part grant- part loan product is a unique and relevant offering to Indigenous social enterprises (ISEs). The nature of enquiries and applications to ISEF indicate an appetite to move away from being dependant on grants towards financial sustainability. The grant and loan components were ranked highest by applicants as the most important features of ISEF. Although many non-profit enterprises may still rely on grant funding, 93% of the 165 enquiries did **not** enquire with the Fund seeking only a grant.

> *"We felt that we were ready to grow, and needed an enabler. As a charity we had funds, but couldn't throw all our eggs into the one basket and put other programs at risk."*
>
> CEO, Indigenous Social Enterprise

However, many ISEs do not meet the requirements of, and cannot absorb a commercial loan. ISEF was an opportunity for ISEs to develop a loan history and credit rating, and to demonstrate their commitment and business discipline to external parties. The ISEF would have been the first loan for 80% of the applicants. Two applicants had previously taken microfinance and one had taken an equipment loan. The combined grant-loan product is seen as a stepping stone towards commercial finance. When surveyed, they ranked flexible financing options the most important feature of a future fund.

Applicant Survey (10 applicants responded)

What are the most important features of ISEF to you and your enterprise?

Feature	Rank
Grant component	**1**
Interest-free loan	**2**
Social impact orientation	3
Indigenous-specific orientation	4
Non-government positioning	5
Business support	6
Enterprise/business orientation	7
Commerce panel	8
Relationship management	9

What would be the key features of a program that would best support your enterprise to be ready for investment?

Feature	Rank
Flexible financing options	**1**
Grant component	2
Social impact measurement	3
A long term (5-year) approach	4
Philanthropic connections	5
Business Support	6
Indigenous-specific orientation	7
Leadership networks	8
Training courses or workshops	9

Half the enterprises that enquired with ISEF were at the concept or set-up stage. While start-ups might be able to fulfil loan criteria in spite of lacking trading history through strong business planning and projections or having collateral, the start-up ISEs who enquired with ISEF did not demonstrate this. The role of a grant-style injection is of significant value for enterprises at this stage to move into repayable capital over time.

The applications demonstrated that funds for both capital and operating expenditure were of importance to applicants. Seven of the 15 applicants, or 47%, were seeking funding for a combination of capital expenditure and working capital. Seven applicants were seeking purely working capital, usually salaries. One applicant was seeking only capital expenditure.

"We have had capex loans with banks before, but we wouldn't go to the bank for an operational loan."
CEO, Tourism & Retail Indigenous Social Enterprise, Victoria

"The loan was restrictive in the combination of operating and capital expenditure use."
CEO, Tourism Indigenous Social Enterprise, New South Wales

1. ISEF process: The due diligence process was viewed as lengthy and onerous by ISEs

After the first year of the pilot, the ISEF team shifted towards providing more dedicated pre-investment support to the more promising ISEs to progress their applications. However, the process was still viewed as too lengthy by applicants, many of whom did not have the necessary capacity in-house to move through it.

The required business and financial documentation was viewed as onerous by ISEs. Some did not see the need for such detailed due diligence, and perceived an over-emphasis on financial details and evidence particularly when the loan was believed be small.

> *"ISEs were not always familiar with the level of financial information required for the loan component"*
> SVA ISEF staff

Further, the expectations from ISEs in the due diligence process and the investment criteria were not clear to all applicants. Information on the nature and investment of time in due diligence was detailed in ISEF guidelines and provided verbally prior to enterprises entering the process. However, feedback from some applicants indicated that time spent on the application and waiting for the outcome posed a significant opportunity cost, particularly given their limited resources. Two ISEF Investment Packages that were recommended by the ISEF Investment Committee following the due diligence process were not approved by IBA's final decision-maker as the proposals were deemed too high risk under a prudent commercial lending framework.

47% of the applicants come from social sector backgrounds, having greater familiarity with grant applications to fund their social purpose rather than loan-oriented financial due diligence. For 13 of the 15 applicants, ISEF was their first foray into repayable capital requiring iterative financial due diligence. ISEF staff observed that the availability and robustness of business and financial information was limited and was the area requiring the most support.

2. Financial capability vs criteria: The financial capability of enterprises was not aligned with the financial criteria of ISEF

A post-pilot survey of ISEF applicants, the ISEF team and IBA on the strength of each enterprise against the investment criteria (Figure 10), provides some insights into the challenges of conducting the assessments. While each group was broadly aligned on how well the enterprises met the social impact criteria, there is a clear gap between the applicants' perception regarding their own financial viability and the fund's assessment of the same criteria. It is useful to consider how this gap can be closed, such as through clearer communication by the investor as to what they understand financial viability to mean, and sharpening the enterprise's ability and awareness of their own financial viability.

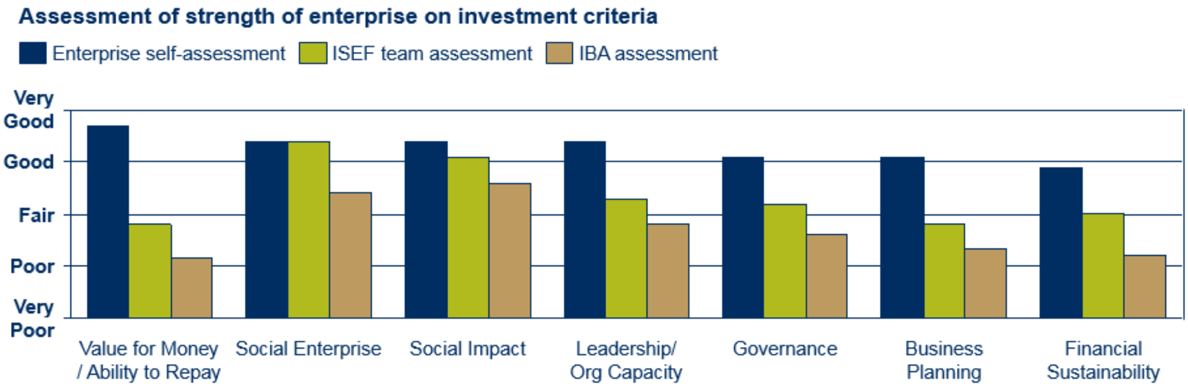


Figure 11: Assessment of investment-readiness

The ISEF Investment package is a loan/grant product administered through IBA. IBA is a commercial lender with legislative and prudent lending responsibilities to uphold. The ISEF investment package considerations regarding risk are therefore framed within commercial lending criteria and 'sound business principles' as the primary driver in making a loan decision. The patient capital loan component was framed from a more commercial perspective as an interest-free loan with flexible repayment terms.

In communicating ISEF, the terminology and the interpretations of "soft / patient capital" were not consistent between stakeholders. This meant that enterprises who made enquiries to ISEF were not always clear on the parameters of the investment package which required a lot of investment on the side of ISEF to explain the product and address any confusion. Usually, ISEF staff found that an initial verbal assessment, including exploring whether the various components of ISEF would suit the enterprise, was effective in reducing confusion on what ISEF offered and expected in return.

The ISE sector, as observed through ISEF may be better suited to patient lending from a more social financing perspective. Acumen Fund, a large social investor, defines patient capital as having the following characteristics:

- Long time-horizons for the investment
- Risk-tolerance
- A goal of maximizing social, rather than financial, returns
- Providing management support to help new business models thrive
- Flexibility to partner with governments and corporations to benefit low-income customers.

On the other hand, financial capability building and education on financing products and criteria can assist enterprises to assess themselves armed with some metrics.

ISEF applicants were found to have limited financial planning capabilities in house, and were under-resourced for the iterative due diligence process of ISEF. The due diligence process took more time and effort than the applicants were prepared for. ISEF required a considered business model and financial projections based on some market testing. However, 62% of the applicants had five or fewer staff, and their financial reporting and forecasting systems and capabilities were found to be limited. Some applicants contracted external consultants to assist with a business plan, others did not have the funds to do so.

> *"I don't think we could have done the business plan that the consultant did. No-one in [small town] could have done it"*
> CEO, Indigenous Social Enterprise

The applicants were interested in strengthening their business through the ISEF funding. Nine of the fifteen applicants included the salary of a business manager or business development manager with the intent of the position making itself sustainable by growing their income streams over a period of time.

> *"The biggest hurdle is applying for loans. Many have never done a loan application, and they don't have the surplus funds to hire consultants to get them to that point."*
> Advisor, Indigenous Social Enterprise

The gap between criteria and capability is also evidenced through contract-based enterprise models. Enterprise models which rely on contract-based work and have short trading history cannot meet the commercial lending criteria which required robust future forecasts. Fee-for-service training and education enterprises have one to twelve month government or corporate contracts. These contracts often have little lead time. Even though enterprises are confident of securing ongoing contracts based on their relationships, their short trading history combined with an unsecured contracts meant they couldn't demonstrate the demand and income required for a load period. As a result, the nature of their business meant many of the ISEs were not able to demonstrate robust financial forecasts.

> *"We realised we weren't going to be able to meet the guidelines – we couldn't prove a 3 year revenue projection because just we don't have these contracts. This is basically not possible in our industry"*
> CEO, Indigenous Social Enterprise

3. Pre-investment support: Time spent to understand the ISE and build relationships face-to-face is a vital part of pre-investment support and reduction of perceived risk

A relationship-based approach was important in strengthening the enterprise capabilities of the ISEs and supporting them through the due diligence process. It also helped to improve ISEFs understanding of the business model, as some ISEs are robust but may not have strongly articulated and documented propositions.

> *"Support is built on trust and relationships. Where there are lots of hoops to jump through it gives the impression that there is no trust there."*
> Managing Director, Indigenous Women in Business

For instance, Indigenous Board membership is difficult in remote areas and governance can seem weak in these enterprises. However, given deeper engagement with some enterprises, ISEF staff observed that this does not necessarily compromise their viability. Applicants that had little separation of Board and staff were considered strong investment propositions regardless hinging on good leadership and management.

> *"It's impossible to find Indigenous people to sit on the Board. Local Indigenous people are already on the Boards of native title organisations, so have a conflict of interest. We think that all staff in the organisation from top to bottom are responsible for governance."*
> CEO, Indigenous Social Enterprise

Time spent developing relationships was critical to supporting ISEs through the process. For example, feedback from the ISEs interviewed revealed that the ISEs that were visited highly valued this on-ground presence. It affected their perception of the effectiveness of the due diligence approach, the average duration was five months (ranging from two to nine months).

> *"The most positive thing was that ISEF staff actually came to visit our regional operations fairly soon after being in contact."*
> CEO, Retail & Tourism ISE, VIC

> *– you can't understand a business from the other side of Australia"*
> CEO, Tourism ISE, WA

Along the same vein, some ISEs did not feel that their model was understood due to the lack of presence of an ISEF representative on the ground. Feedback from some enterprises was that this lack of face-to-face interaction, coupled with the due diligence process and paperwork led to a lack of trust.

The value of face to face interaction, however, disadvantages remote/rural applicants. While ISEF was equipped with a travel budget, the costs of ongoing face-to-face interaction are prohibitive when liaising with remote enterprises. The proportion of applications for ISEF from remote enterprises was disproportionately lower compared with enquiries – 48% of enquiries were from outer regional, remote or very remote enterprises versus 33% of applicants. There were no applications from enterprises classified as "very remote".

> *"Remote organisations are disadvantaged by the DD team not being able to meet at the start of the process, and then regularly for pre-investment support"*
> SVA ISEF staff

Regional and remote enterprises generally expressed difficulty in accessing resources and services required to become investment ready such as business planning support; as well as staff shortages for key governance and administrative positions that would normally strengthen their funding propositions.

Other than in-person interaction, ISEs that had closer interaction with the ISEF team also valued the "peripheral outcomes" of the due diligence process – linkage to networks, review and reassurance of their business model, and injection of new ideas for their enterprise overall. Over the pilot period, ISEF has maintained contact with over a third of the enterprises that have made enquiries and expressed an ongoing interest in the ISEF offering. Support offered includes referring them to a number of other sources of support to assist in the development of their enterprise, providing feedback on their plans, and providing a sounding board. ISEF's networks and cross-referrals have steadily developed as other organisations with interest in the social enterprise sector engage with ISEF. These include direct links to Foundations, lenders, microfinance providers, social impact funds, advisory services, university projects and social enterprise specific support.

The long-term benefits of connecting enquirers to other sources of support cannot be measured through ISEF. However, we have anecdotal evidence that this is valued by enquiring enterprises.

> *"It's just nice when people return your phone calls and take time to listen and give you linkages and other people to talk to"*
>
> CEO, Indigenous Social Enterprise

4. Recognition of social impact: ISEs are balancing their social purpose with commercial activity, and there is a desire for their social impact to be more highly valued in the assessment

Applicants ranked the "social impact orientation" as the third most important feature of ISEF (following the financing product). ISEs, particularly those from non-profit origins, are primarily social purpose enterprises and face challenges in balancing social focus with commercial requirements. The CEOs of these enterprises balance multiple social and commercial issues from community issues on the ground to government negotiations. They seek and value support to traverse the balance between social and commercial priorities – ISEF has facilitated this to some extent with business model strengthening, networks, augmenting governance structures and through the Indigenous Advisory Group.

> *"Decision makers have financial backgrounds and weight this criteria more heavily than social impact"*
>
> CEO, Indigenous Social Enterprise

That ISEF was a social enterprise fund recognising social impact was a key part of its value proposition to the ISEF applicants. Feedback from ISEs is that they desire for their social impact to be more highly valued in the assessment and to have more balanced decision-making that weights their social impact appropriately in the investment decision. As the ISEF product has a commercial loan component, the assessment must also focus on the financial viability of the proposal. The ISEs' desire for social impact to be more highly valued also indicates the need for a different product than the ISEF offering.

These social impact estimates below demonstrate the potential of ISEs to impact key drivers of disadvantage if a suitable capital and support product was available.

> The combined estimated social impact of the twelve strongest applicants, if each was to receive an unrestricted grant or loan of around $190,000, over five years:
>
> - 19 permanent roles (across 9 enterprises)
> - 665 contract roles would have increased stability (across 9 enterprises)
> - 215 trainee roles (across 4 enterprises)
> - 28,000 people would be reached to improve their awareness of Indigenous culture (across 4 enterprises)

D. A Future Approach

The ISEF pilot's experience has highlighted that whilst there is a gap in the market for an ISEF-type offering, there is need for a different product and criteria to be better shaped and more risk-tolerant to meet the capacity and needs of the ISEs the pilot has seen. SVA have identified three elements to be considered in future initiatives to support ISEs to achieve social impact alongside commercial viability:

1. Risk-tolerant, patient, socially-oriented capital
2. A relationship oriented approach
3. Early stage education on investment and financing literacy

1. **Risk-tolerant products and investors**

The ISEF pipeline has demonstrated that the ISEs, particularly those in the start-up or establishment phases, are unable to meet the commercial criteria for loan funding (e.g. sufficient trading history or piloted proposition, robust financial projections, strong business case/plans, sufficient market testing). While pre-investment support and capacity building can help to address this gap, we also reason that commercial lenders are unsuitable as funding providers for this segment of enterprises at this time.

Given the early-stage of the ISE market, **angel investors or venture philanthropists** are more appropriate investors for the patient capital that is needed at this stage. Patient capital that has long time-horizons, is focused on social over financial returns, has high-risk tolerance and is combined with deep management support. Deeper investor education on Indigenous social enterprises will assist in the alignment of risk-return expectations along the social and financial axes.

From a financing perspective, we know ISEs value the loan component of the ISEF model. Considered alongside the difficulty that many of them face around satisfying the due diligence requirements of accessing such a loan, a **staged approach to financing**, which allows for milestone-based loan disbursement, may be suitable. For example, starting with small grants for business plan development and progressively larger loans with less concessional terms as ISEs demonstrate and build capacity to repay. The flexibility of the use of funds for capital or operating expenditure enhances this approach further.

Broadly, investors and funds in the social financing sector need to adopt a different approach to assessing risk. International practices, with longer histories of social financing, identify the need for stronger risk-mitigation tools. In a comprehensive report[3] of social enterprise financing, **process innovations** are seen as fundamental to address bank loan rejections by social enterprises. Since most small enterprises lack proper documentation, specialised institutions have customised the loan appraisal process to undertake new processes such as peer evaluation, reference checks, in-person due diligence, using non-traditional documents for determining credit history and willingness to pay. We have observed the value of this at ISEF and is a valuable take-away for investors in the social financing landscape, working with early stage enterprises. ISEF adopted some of these processes, however most of the proposals still did not satisfy the prudent commercial lending framework.

Patient capital as defined from a social investment perspective is better matched to the early-stage enterprises that are currently delivering **more social than financial return**. The repayable capital component can be increased as enterprises shift up the capital curve to being able to access more commercially repayable capital. Enterprises have consistently communicated their frustration that the financial criteria for accessing ISEF was weighted more than their social impact and felt that investment decisions should weight both criteria equally. Many of the applicants were established to fill a social or cultural need of importance to their community. Given this, and the number of early-

[3] "Beyond Equity: Financial Innovations for Social Enterprise Financing, Deutsche Gesellschaft fur Internationale Zusammenarbeit (GIZ)

stage enterprise found in the ISEF pipeline, it is important to match them to the right kind of capital – equity, patient debt, convertible grants and so on.

ACUMEN FUND has deployed more than USD $70m in businesses delivering critical products and services to the poor. In the past ten years, they have spoken to more than 5,000 social ventures and invested in just 57. Even within that subset, only a small proportion of these are operating at scale. They ask the question[1] "what type of capital at what stage of a company's growth is optimal to help a social enterprise scale"? They posit that in addition to a role for grants, hybrid forms of capital that originate from philanthropic sources - but are structured as debt or equity investments - can position emerging social enterprises to attract investment from commercial sources of capital in the future.

2. A Relationship-oriented Approach

The **effort of ongoing due-diligence,** and the burden this places on the enterprises, can effectively be reduced if there is an ongoing relationship with an enterprise. It is, however, important for social enterprises who are moving towards more commercial operations and seeking capital to be able demonstrate and provide documentation required for a loan. It is also good business practice to establish efficient financial reporting, demonstrating both social and financial outcomes.

Building trust through face-to-face engagement is important as is **visiting enterprises**. Long-term relationships and remoteness of enterprises can make social investment costly – a staged approach would reduce the heavy upfront due diligence and allow enterprises to prove themselves through meeting milestones.

A relationship oriented approach also recognises the **long incubation periods** of Indigenous social enterprises and encourages the return of enterprises as they come closer to investment readiness. (Some ISEF applicants returned 6-18 months after their first enquiry).

Given the ISEF experience of the Indigenous social enterprise pipeline, capital needs to be married with **capability support** to facilitate the achievement of potential social impact combined with commercial viability. The pilot demonstrated the importance of pre-investment support to the ISEs. Pre-investment support should *reduce* rather than add burden to staff, and could include building the enterprise proposition, sharing networks, and working with the enterprise to develop over a number of years.

SOCIAL TRADERS supports social enterprises in Australia, and established a social investment portfolio four years ago to support high potential social enterprises with charitable purposes. $1.6 million has been deployed to date in hybrid capital including $960,000 in patient, unsecured loans. They work with a number of enterprises from early stage incubation and support them with staged capital including grants and sub-commercial interest-bearing loans averaging $150,000. In addition, the organisation also offers business advice for the term of the relationship. They also spend 3-18 months on pre-investment support. Terms of the loan are patient, including repayment holidays of up to three years, and flexible repayments if needed. It may be seven years to enterprise exit. They currently support 11 enterprises, none of which have an Indigenous-focus.

3. Financial and Investment Literacy

Indigenous social enterprises are set up to address a social or cultural need and the majority of staff in small and medium enterprises are from the social sector. Many have never applied for non-grant financing. Investment jargon is a barrier to these enterprises to understanding the key elements of loan-readiness. There is a need for education to improve Indigenous social enterprises' understanding of the elements and purpose of forms of financing, so that they can anticipate appropriate types of capital that will fit different stages of their enterprises' growth. There is also an opportunity to upskill or embed staff to improve the finance, marketing and business capabilities to facilitate financial sustainability.

The large number of concept-stage entrepreneurs and enterprises we saw in ISEF presents an opportunity to instigate investment capability and capital literacy.

E. About the Report

The aim of this report was to capture the lessons learned from the design, implementation and management of the Indigenous Social Enterprise Fund Pilot.

Over the course of a month, a team from SVA Consulting undertook face to face interviews with both successful and unsuccessful applicants, the ISEF team and IBA who worked on the pilot. Further, an online survey was sent out to all ISEF applicants. In total, 11 interviews were undertaken and 19 responses to the survey were received out a total of 23. In addition, the team undertook desk top research into other models currently in operation to pull on experience and best practice.

The insights and recommendations compiled in this report are drawn from the collected data, observations of the key team members, and views from a sample of the enterprises involved during the two year pilot who were interviewed for this report. As the ISEF pilot had only two investment packages approved– one of which was drawn-down - during this time it is important to note that a greater evidence base is required to further validate the observed findings and recommendations.

F. Case studies

Koori Kulcha Aboriginal Corporation

Year Established	2013
Location	Bowral, NSW
Enterprise	Indigenous tourism and hospitality
Staff	1 paid staff
Funding request	$200,000 to refurbish premises to run café, catering and training
Social impact	Employment of 4 permanent, 20 contract and 30 trainee roles over 5 years; cultural awareness reach to 1,000 people

Background
Koori Kulcha Aboriginal Corporation has been borne under the auspices of Your Angel, a registered charity which was established in 2006 by the Koori Kulcha Director, Peter Kazacos. Koori Kulcha is focussed on providing education and employment for Indigenous people through Indigenous cultural tourism, hospitality and training. The enterprise runs ongoing catering and cultural awareness training programs, and piloted an enterprise café in 2012. It operates from Bowral, NSW, a well-known tourism area close to metropolitan Sydney.

The enterprise is currently developing its enterprise tourism offering known as the Koori Kulcha Experience, which trains and employs Indigenous youth to deliver Indigenous team building workshops, cross cultural awareness training, cultural performances, and event catering.

Motivation to apply for ISEF
Koori Kulcha had been planning its enterprise strategy and had written a business plan before applying to ISEF, which they came across while researching grants for Indigenous enterprises. They felt that they were very ready for this type of deal, and to move away from grant finance towards sustainable commercial finance. "*It was time to show a bit a bit of maturity in the way that we're willing to operate. It's a way of saying "trust me we can do this" We want Koori Kulcha to be self-sustainable and not to rely on grants."* The enterprise was also led by a very capable CEO with extensive private sector experience, and its staff were well qualified with backgrounds spanning community development, project management, and small business management.

The funding model offered by ISEF was its biggest attraction – having both a capital and operating expense component was important. *"Often you would have to find separate sources of funds when looking at grants – it is usually for operating expenditure or capital, not both"*. Koori Kulcha received $200,000 of from ISEF (50% grant and 50% loan component) for capital works to refurbish their café premises and to supplement working capital.

ISEF experience and results

Koori Kulcha had been engaging with the ISEF team since March, 2014, and after 12-months of due diligence and pre-investment support, were successful in their application. The key feedback from Koori Kulcha is that the process has been long and inefficient, with sometimes months between contact after information was provided. This timeframe meant that alternative funds needed to be sourced to start the capital works so that the overall project would not be delayed – interim funds were provided by the Your Angel. Koori Kulcha had been anticipating a funding application should take between 3-6 months.

On the other hand, they felt that the ISEF team did "dig deep" into their business plan with the appropriate amount of rigour, and this has given them comfort in their strategy. *"It was good to have someone external look at it – someone who is not looking at it through rose coloured glasses"*. Koori Kulcha also appreciated the tourism industry expertise that ISEF were able to bring to the through the commerce panel.

ISEF worked on strengthening Koori Kulcha's financial modelling, seeding social impact measurement and testing their business plan assumptions to narrow Koori Kulcha's strategic focus.

Focus of ISEF pre-investment support:

Financial forecasting; market segmentation; tightening investment proposition; social impact measurement; commerce panel

Recommendations for a future fund

Koori Kulcha thought that the loan was very restrictive in the proportion of operating and capital expenditure use. Flexible finance options would allow a fund to better cater for specific needs of each enterprise.

While Koori Kulcha's team was well equipped with business experience, Peter Kazacos says that business plan and financial modelling support would be important in supporting earlier-stage Indigenous enterprises. *"Lots of people have a lot of enthusiasm, but not the skills."* For enterprises like Koori Kulcha which have strong private sector experience, the most useful support is industry-specific networks rather than general business consulting.

Support with social impact measurement is also required. While they do have a process for social impact measurement with key metrics identified, it's acknowledged that these will not be as easy to measure as financial returns. *"Support is useful in this area to make it less subjective and more objective."*

Worn Gundidj Enterprises

Year Established	1992
Location	Tower Hill (Warrnambool), Victoria
Enterprise	Retail shop and tour guide enterprise
Staff	13
Funding request	$135,000 for fit-out of shop and hiring of marketing staff
Social impact	Employment of 2 permanent and 10 trainee roles over 5 years; cultural awareness reach to 150,00 people

Background
Worn Gundidj Aboriginal Cooperative commenced operation in 1992 with a mission of providing economic opportunities to Indigenous people through assisting individuals into employment and creating sustainable, Indigenous operated commercial enterprise. Their services include tourism, landscaping, and employment brokerage, and they operate a wholesale native plant nursery in Warrnambool, Victoria.

Prior to 2007, Worn Gundidj was mostly reliant on the government-funded CDEP program to subsidise wages. When the CDEP was decommissioned, the enterprise began to pursue a more commercial model – reflected in the name change to “WG Enterprises” – but maintained the focus and enterprise culture of existing to provide training and employment outcomes to Indigenous people in the community.

Motivation to apply for ISEF
WG Enterprises has a lease arrangement with Parks Victoria to operate the visitor centre in the Tower Hill Park, earning revenue from retail sales as well as tours. This has been operating for a number of years, but in 2014-15 the centre would generate its first operating surplus. With this success, WG Enterprises sought to ensure its future sustainability through some capital investment in internal fittings, as well as in staff training and strengthening existing strategic partnerships in retail, tourism and training.

Seeking capital for its Tower Hill Visitor Centre, WG Enterprises felt the ISEF product, offering a part grant and part loan, mirrored its own motivations – the grant component recognised their social focus, and the loan component pushed them towards financial sustainability and ensured they had some "skin in the game". WG Enterprises already had prior experience with loans – having successfully serviced a bank loan for capital expenditure before – but did not feel that attaining a bank loan would have been possible for operating expenditure.

ISEF experience and results
WG Enterprises first made contact with ISEF in October, 2013. The initial feedback they received regarding their application was that their business plan documentation was not substantive enough. A few months later, they received grant funding through the state government to develop a business plan for the retail and tour operations at Tower Hill, and engaged a consultant. A draft business plan was completed in January 2015 and was used to support their application to ISEF.

Shannon Collyer says that most positive thing the ISEF team did during the process was travelling to Warrnambool to visit their operations, and spending time to understand their enterprise model and social impact focus. *"This doesn't happen in the public sector - usually with government, you have to go to them."* He has also appreciated the "peripheral outcomes" of the relationship – the ISEF team provided useful contacts through their networks, and general ideas and advice on other parts of the enterprise outside of the Tower Hill operations. ISEF focused on strengthening their market segmentation, financial forecasting and tourism advisory/business support mechanisms

However, the due diligence process has taken longer, and has been more time consuming than expected. While WG Enterprises' proposition now meets the criteria of ISEF (its application was approved by the Investment Committee), the application was not approved, a decision reached in September, 2015. Collyer do not believe that the organisation could have developed the business plan themselves, lacking both the in-house resources and capability.
"It is also difficult to find consultants that are practiced in and understand social enterprise".

Collyer says that although they are unsuccessful, it has still been a worthwhile experience. *"We now have some figures, some learnings, and a robust business plan so they can always go somewhere else."* Without financing through ISEF, they may approach a commercial bank for smaller loan, and grow through a slower, staged approach.

Focus of ISEF pre-investment support:

Business case development; staff structuring; social impact measurement

Recommendations for a future fund
Collyer says the most important thing in any program is the ability to visit people on site like ISEF did. This is important to be able to support small rural-based enterprises, who lack the resources to attend events and develop business networks in the cities. *"These organisations may be doing great things in their own communities, and are small but well-equipped and very capable in their field."* Continuing pre-investment support for these organisations is also needed and valued. *"The enterprise and commercial capacity of Aboriginal Communities is growing, and the expertise and support that SVA provide certainly fills a gap and allows for business confidence"*

In terms of loan size, Collyer believes that there is a lot of scope for microfinance. *"There are lots of ideas that are worth trying on a small scale and that don't need a big business plan."* The ability to provide small start-up loans, in the order of $20,000, will support many of these ideas which otherwise may not be realised.

Goojarr Goonyool Aboriginal Corporation

Year Established	2000
Location	Broome, WA
Enterprise	Operation of a campground and marine research base at Pender Bay
Staff	No paid staff; seasonal volunteers
Funding request	$110,000 for campground improvements
Social impact	Economic development of Indigenous land assets and generation of funding for increased conservation and marine research activity

Background
Goojarr Goonyool Aboriginal Corporation is located on the Dampier Peninsula, approximately 2 hours north of Broome, on the cliffs overlooking the southern tip of Pender Bay. During the dry season, whales arrive in large numbers along the picturesque beach and bay area, and the Corporation is well known for their conservation work based around Humpback Whale research. Trading under the name of Two Moons Whale and Marine Research Base the Corporation partners with scientists, researchers and Universities to deliver on the ground research in what is arguably the World's most significant Humpback Whale region.

Goojarr Goonyool's mission is to provide conservation, social, education and economic outcomes for Aboriginal people, and it has been active over the years in promoting the importance of Pender Bay as a conversation area by providing survey data to assist in planning by major tourism and oil, mining and gas operators. However, in considering these long term aspirations, the Corporation recognised the need to introduce some commercial activities that are designed, not as an end in themselves, but as a means to achieving sustainability around the core business of conservation and social outcomes.

Motivation to apply for ISEF
In 2012-13, Goojarr Goonyool developed a business plan with the support of IBA, to upgrade the existing accommodation and campsite facilities that were being used to host visitors including researchers, school and university groups, Indigenous rangers, naval cadets and at risk youth groups. The plan was to open up Pender Bay beach to public overnight and day visitors with facilities that would provide a revenue stream. The added tourism activity would provide economic benefit to allow them to continue their conservation and social work, as well as provide meaningful seasonal activity

to engage people in the area as volunteers. Goojarr Goonyool was referred by IBA to apply to ISEF for the combined loan plus grant product.

ISEF experience and results
Goojarr Goonyool's general feedback on the ISEF due diligence process was that was based too heavily on business theory rather than social outcomes, and that the assessment needed to include a visit to their site and on-ground operations – which was planned, but did not occur. Chairperson Andrew Bowles did not think ISEF used the right approach to understand their operations. *"You can't understand a business from the other side of Australia"*.

ISEF's doubt around Goojarr Goonyool's ability to repay was unexpected to the Corporation, given that it had financial projections, a track record of operating campsites hosting a range of visitors and delivering social outcomes, and was asking for a relatively modest repayment loan amount (of $55,000). The feedback that they needed to invest additional effort to conduct market research around local tourism was considered by Goojar Goonyool as excessive for the size of the organisation and investment. One particular request for information – to speak to their rank and file members to justify the membership fees that were included in the financial projections – was felt by Goojarr Goonyool to reflect a lack of trust in their organisation. During the application, Goojarr Goonyool also faced negative publicity from materials published online which was very harming to their public reputation, and they felt that this compromised ISEF's marketing assessment.

ISEF recommended strengthening the business and tourism capability in the enterprise, and determined that they did not meet the investment criteria. The organisation decided to focus their attention towards remarketing and taking down the online content. They have since proceeded with opening up their campsites to public visitors in the 2015 dry season, remarketed as "Pender Bay Escapes". Although they have not made the site upgrades they would have liked, they have been able to accommodate a substantial number of campers and have received good feedback.

Focus of ISEF pre-investment support:
Market segmentation; face-to-face time understanding their model; assessing their volunteer base for stability

Recommendations for a future fund
Goojarr Goonyool expected the assessment to be more based on social outcomes, and the due diligence taking into account the evidence of social impact as well as financial stability. They believe a social enterprise fund should focus on assessing the "macro" impact of an enterprise. *"There needs to be a broader perspective to addressing modest financial risk, and more emphasis on the evidence provided of social outcomes."*

A future fund also must have the capability to visit enterprises on-ground, to understand local business models. Goojarr Goonyool Aboriginal Corporation was founded by family members, but is evolving away from family-based membership towards a corporation dynamic with recruitment based on skillsets, membership fees and motivation to become activity involved project goals. Its unique strengths and challenges to continue project work that is beneficial to a much wider community cannot always be assessed through mere commercial business theory.

G. Appendix

Investment criteria

Investment Criteria	Description	Examples of Key Considerations
Indigenous owned, non-profit	The enterprise is a non-profit organisation owned by or on behalf of Aboriginal and/or Torres Strait Islander peoples	• Is the enterprise a non-profit or owned by a non-profit organisation? • Are at least 50% of beneficial interests in the enterprise owned or held on behalf of Aboriginal and/or Torres Strait Islander peoples?
Social Enterprise	The enterprise involves trade to achieve a social mission	• Are you selling or planning to sell a good/service in the open market? • Do you reinvest the majority of your profit/surplus into the fulfilment of your mission?
Financial Sustainability	The extent to which the enterprise is operating/has the ability to operate a financially sustainable model	• What are your potential sources of income? • Who are your customers and how much demand is there for your good/service? • What costs will you incur in running your enterprise? • Will your income cover your expenses and loan repayments?
Business Planning	The extent to which the applicant has developed a realistic and practical business plan	• Do you have a business plan developed? • What is your unique selling proposition? • What competition do you/will you face? • How do you/will you market your product? • How do you/will you distribute your product?
Social Impact	The extent to which the enterprise will deliver a social return on the investment through improved social outcomes	• What is the social need your enterprise is trying to address? • How does/will your enterprise address this need? • What quantifiable impact does/will your enterprise have on this social need? • Is there any other organization addressing the same need in your area?
Leadership/ Organisational Capacity	The capability of the entrepreneur/ management team and the capacity of the enterprise to deliver the business plan/project	• Is the social enterprise led by a passionate and capable leader and management team? • What skills/people are required to make your enterprise a success? • Is there currently, or are there plans to achieve in the future, at least 50% Indigenous representation across the Board and management?
Governance	The extent to which the enterprise has appropriate governance structures in place to ensure the success of the enterprise	• Who or what structures are in place to oversee management of your enterprise?
Value for Money / Ability to Repay	The social enterprise has realistic financial projections that justify the organisation's overall social impact.	• What capital is required to start/grow your enterprise? • How does this compare to the social outcomes you are planning to achieve? • Will you be able to repay the patient capital element of the funding package?