



Knowledge Exchange Series

The Impact Investing Institute's Knowledge Exchange Series is a series of roundtables providing a platform for mutual learning and practical knowledge sharing between impact investing National Advisory Boards in different countries, to help strengthen impact investing markets globally.

Working with Government to shape transformative policy for impact investing

The Covid-19 pandemic and the growing climate emergency have emphasised the need for innovative approaches to address environmental and social challenges, but the ability of many governments to address these challenges has been limited by the constrained fiscal space in the wake of the pandemic. Impact investing National Advisory Boards (NABs) and other market-builders can use their platforms to work with governments and create an enabling environment for impact investing, to help unleash finance, innovation, and entrepreneurship to solve these pressing issues.

The session on working with Government was moderated by **Sarah Gordon**, CEO of the Impact Investing Institute. The session featured **Cliff Prior**, CEO of the Global Steering Group for Impact Investment (GSG); **Joe Dharampal-Hornby**, Public Affairs and Media Relations Manager at the Impact Investing Institute; and **Raphaëlle Sebag**, Director at FAIR (the French NAB).

Key Insights

- **Seek to echo the language of the government.** When working with policymakers, it is helpful to demonstrate that the work of NABs is aligned with their priorities to make it easier to gain buy-in from Government. For example, one of the current UK government's key aim is to "level up" the country and decrease inequalities between regions. This phrase and broader framing was directly reflected in the Institute's White Paper to scale up institutional investment for place-based impact.
- **Work with other stakeholders to create a unified message.** The more messaging alignment a NAB can achieve among its members (e.g. in terms of policy asks), the more weight it will carry when engaging with stakeholders such as policymakers. Close consultations with members of a NAB's network may also enable to identify and leverage experience and existing linkages with Government.
- **Clearly explain to policymakers what the benefit is.** NABs are at their most effective when they articulate a need to Government and explain how their work fills that need. This is particularly pertinent in a context where governments across the world are confronted with large social and environmental challenges while public finances are strained in the wake of the Covid-19 pandemic.

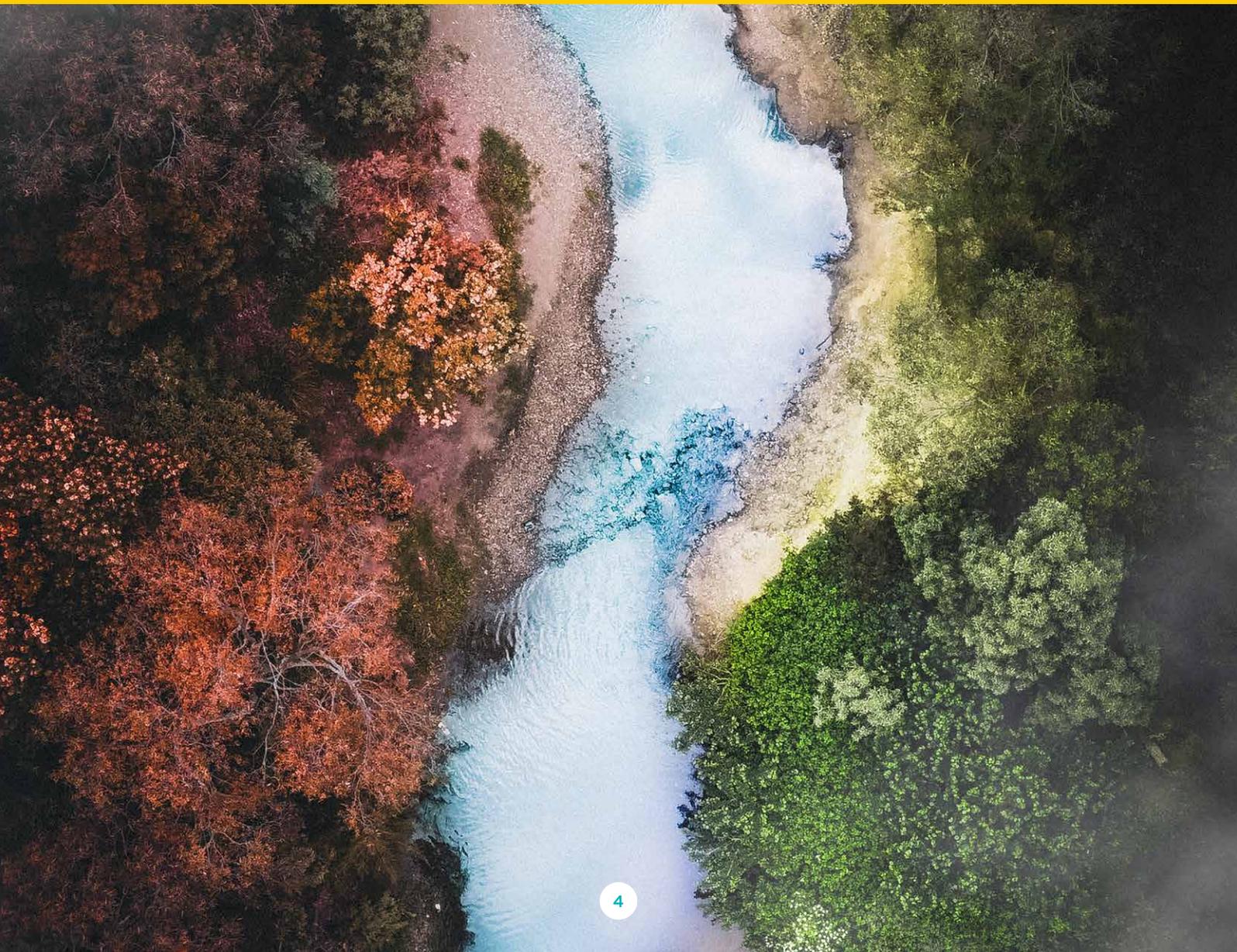
Global Spotlights

The Global Steering Group for Impact Investment (GSG)

The Global Steering Group for Impact Investment (GSG) is an independent organisation catalysing impact investment and entrepreneurship to benefit people and the planet. The GSG currently has 33 member countries plus the EU.

- **Working with Governments is a key priority for over half of the global NABs. There are many NABs from around the world who have successfully engaged with policymakers on projects to grow the local impact investing ecosystem.** Here are just a few examples:
 - **Canada** - The NAB worked with the Canadian Government to commit CA\$ 200 million for a social impact fund.
 - **Zambia** - The NAB is working to structure SME finance facilities with the Zambian Central Bank.
 - **Japan** - The NAB has launched a study group on impact investment with the Financial Services Agency and International Cooperation Agency.
 - **The USA** - The NAB put forward 12 recommendations to build and shape an agenda for impact policymaking to the Biden-Harris Administration, federal regulators and members of Congress.
 - **Germany** - The NAB is working with policymakers towards developing a €50 million impact fund.
 - **Italy** - The NAB has worked on an impact proposal to parliament as part of the Next Generation EU recovery and resilience facility.
- **Finland** - The NAB has worked with the Finnish Government to launch a €100 million outcomes instrument to address social policy priorities.
- **GSG/UK** - The GSG and the UK NAB are co-leading an Impact Taskforce, backed by the UK under its presidency of the G7 to develop solutions for a sustainable and inclusive recovery from the Covid-19 crisis and promote impact-driven economies.
- **There are many tactics and strategies that NABs can use when working with policymakers.**
 - **Long term relationships matter.** It is important for NABs to be helpful to policymakers, including in the areas which might not necessarily be in their core brief. This will help NABs become trusted and reliable allies to policymakers.
 - **Where possible, NABs should try to establish a cross-party caucus and engage legislators across the political spectrum.** In some countries, establishing a cross-party caucus may be highly beneficial. For example, the UK NAB has worked closely with several All-Party Parliamentary Groups.
 - **Build good relationships with civil servants as well as politicians.** There is frequently lower turnover among civil servants than politicians. In most countries, civil servants will be those who provide politicians with advice.

- **Tailor gatekeepers to their particular pitch.** When engaging specific policymakers, NABs should tailor their engagement to the gatekeepers' interests and priorities.
 - **Think locally.** In some countries, NABs will have more traction working with policymakers at a local, province or state level – for examples in the areas of local procurement and commissioning.
 - **Be aware of political cycles.** Politicians may be most receptive to new ideas when an election is nearing and they be looking for manifesto ideas. Equally, when there is a change of government it is imperative for NABs to make themselves known to new policymakers.
- **There are several resources available for NABs on specific topics held by the GSG. For example, there are:**
 - Regular NAB dialogues on specific topics held by the GSG.
 - Policy drop-in sessions.
 - Working groups on specific topics such as results-based finance.



UK - The Impact Investing Institute

The Impact Investing Institute was launched in 2019 with a simple mission: to accelerate the growth and improve the effectiveness of the impact investing market in the UK and internationally.

- **The Institute has recently developed two specific policy proposals.**
 - **Green + Gilt Proposal - The Institute's Green+ Gilt proposal outlines how a sovereign green bond can deliver social co-benefits in addition to environmental outcomes, thereby contributing to a 'just transition'.**
 - › Launched in collaboration with the Green Finance Institute and the London School of Economics' Grantham Research Institute, the Institute have gained the support of over 40 asset owners and investors, representing organisations with assets and assets under management of more than £10 trillion, and influential professional bodies. This strong endorsement demonstrates the growing investor demand for investments that help secure a net-zero carbon future, whilst taking advantage of the opportunities for society that such a transition represents.
 - › Subsequently, the UK government announced a series of sovereign green bonds and has confirmed that these will report on their social co-benefits.
 - › **The Institute has also been appointed as a member of and as the secretariat for the UK Treasury Debt Management Office's new Stakeholder Discussion Forum on green finance.** The Institute is continuing to engage with the government to support the effective implementation of the bonds. The particular focus is on providing an actionable schedule of social co-benefits, starting with jobs and skills to deliver on the net zero agenda while levelling up across the country.
 - › **Following successful advocacy work in the UK, the Institute is internationalising its proposal,** taking it to policy makers in the European Union and around the world via partner NABs. The Institute aims to marry our Green+ bond concept with the EU's Just Transition Mechanism and Just Transition Fund, and advocate for the inclusion of explicit social co-benefits in the EU's Green Bond Standard.

- **The UK Infrastructure Bank (UKIB) – The Institute is part of a working group advising government on the design of the UK Infrastructure Bank.**
 - **The Institute has participated in several roundtables, co-signed letters to the UK Chancellor and co-authored briefing papers on the Bank.** The group **recommends** that the Bank should:
 - › be an independent institution with full banking and borrowing powers;
 - › have sufficient capitalisation appropriate to its mission and functions;
 - › be mission-driven, with a legal mandate to achieve the levelling up agenda and the UK’s climate change mitigation and resilience goals; and
 - › adopt a future-fit definition of infrastructure to fund a wide variety of projects, in terms of location, size, and their stage in the pipeline.
 - The above will require the UK Infrastructure Bank’s governance and operating structures to reflect the whole of the UK, providing its management team with a deep understanding of the local resources and networks available to support local infrastructure.
- **There are several lessons that the Institute has gathered from its engagement with policymakers.**
 - **Make sure your work is informed by the market.** The Institute’s policy positions come from extensive engagement with market participants – this is valued and seen as genuinely helpful by policymakers who may be less directly connected to the market.
 - **Be responsive to political needs.** For example, an emerging critique of the UK government ahead of its hosting of COP26 was that the UK did not offer sovereign green bonds. The Institute, in collaboration with partners, put together a proposal on how the UK could practically issue sovereign green bonds with social co-benefits, which became an effective vector for engaging the government.
 - **Engage with Government consultations.** The Institute recently published a **response** to a consultation held by the UK’s Department of Work and Pensions on the consideration of social factors by pension schemes. This response was a “quick win” in terms of engaging policymakers through a clear avenue.
 - **Be helpful to policymakers.** The Institute looks for ways to engage with policymakers in ways that are helpful to them. For example, when producing publications, the Institute will send them to policymakers who are likely to be interested.

France - FAIR (Financer, Accompagner, Impacter, Rassembler)

In June 2021, the associations Finansol, a major player in social finance, and Impact Invest Lab, an associative platform dedicated to the experimentation and development of social impact investments, joined forces to create FAIR, the French NAB.

- **CF2i Mission**

- From February to December 2020, the High Commissioner for the Social and Solidarity Economy (SSE) and Social Innovation commissioned the Impact Invest Lab (now known as FAIR) to carry out a study aimed at the creation of a market body for impact investing in France.
- This mission brought together three working groups of 73 members in total with varied profiles who worked to achieve the three goals of this project:
 1. Provide elements to allow official recognition of impact investing.
 2. Propose an operational framework to position impact investing in sustainable investing.
 3. Think about tools to develop the ecosystem of impact investing.
- Several findings emerged:
 - › There is a lack of dissemination of the culture of impact investing to stakeholders. There are also associated problems with a lack of knowledge of impact measurement criteria.
 - › There is also a lack of dialogue between stakeholders. There is no suitable market mapping to identify the different modes of existing and available impact funding.
 - › The small size of impact projects is often cited as a barrier to generating interest from investors.

- **The project resulted in 16**

- **recommendations to create the market**

- **body.** The French Ministry adopted these recommendations and gave the responsibility to create this structure to an organisation known as Finance for Tomorrow. Finance for Tomorrow have currently set up four working groups on impact investment to achieve this aim.

- **FAIR has also worked with the French Ministry of the Economy on selecting and structuring social impact bonds.**

- The French Ministry of the Economy has commissioned proposals from the impact marketplace for social impact bonds in France. FAIR is working with the French Ministry to select and structure the projects for the social impact bonds.
- FAIR has developed criteria, using their expertise to assess the proposals and help structure the bonds. 12 projects have been structured, with the expectation of having €70 million in finance for social impact bonds released by the end of 2021.

NAB FAQs

Is it worth employing public policy consultancies?

- Consultancies can offer expertise and often have extensive knowledge and visibility on various drivers of policymaking. It is however important to ensure that retained consultants are able to speak with an authentic voice on behalf of the impact investing ecosystem.

When engaging with policymakers, who should NABs seek to target?

- NABs should seek to engage with individuals in Government who have the ability to drive change, are trusted and are influential. In addition to politicians, it is worth considering engaging with those who advise decision-makers, such as their aides and civil servants.

Resources

GSG

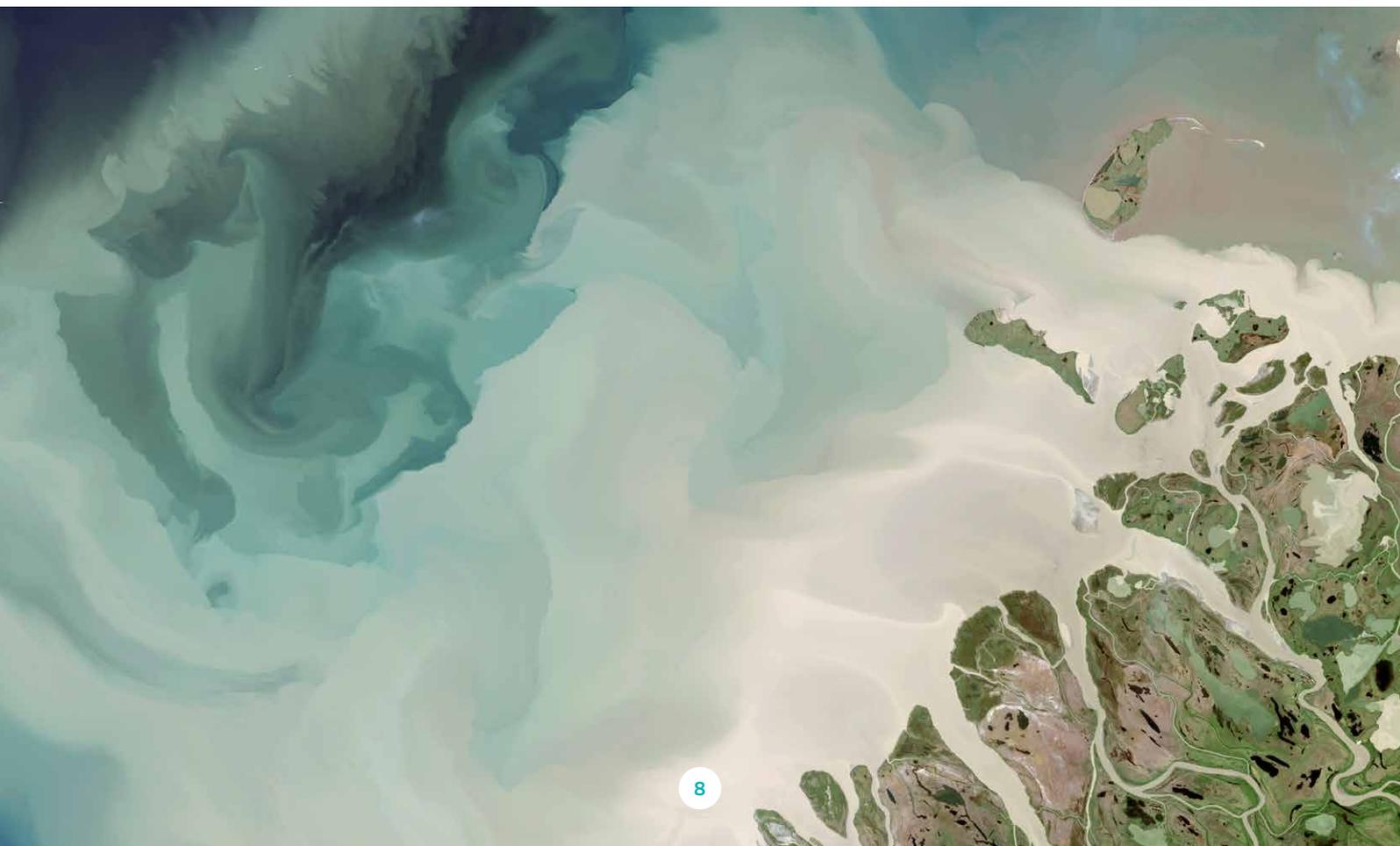
- [Shared Learning Across the NAB Network. Research and Development Knowledge Toolkit](#)

Impact Investing Institute

- [The UK's Green Gilt: Demonstrating the Contribution to Jobs and Levelling Up](#)
- [The UK Infrastructure Bank Investment Principles](#) (developed by E3G in partnership with organisations including the Institute)
- [The Impact Investing Institute's Response to the Department for Work and Pensions' Consultation](#)
- [Responding to the Local Authority Pension Funds All-Party Parliamentary Group \(APPG\) inquiry into 'Responsible investment for a Just Transition'](#)

FAIR

- [The Publication of the CF2i report](#) (in French)





The Impact Investing Institute is an independent, non-profit organisation which aims to accelerate the growth and improve the effectiveness of the impact investing market. Our vision is for lives to improve, as more people choose to use their savings and investments to help solve social and environmental challenges, as well as seeking a financial return.

We drive change through education and awareness raising, providing useful tools and resources, and advocating for supportive policies.

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