5 June 2015

THE SOCIAL INVESTMENT MARKET

THROUGH A DATA LENS

Revealing the costs and opportunities of financing the 'unbankable'

1. Purpose of the EngagedX project to improve infrastructure for pricing social investments

The social investment market has grown significantly over the last 10 years enabling social sector organisations to better access repayable capital. From the launch of UnLtd and CAF Venturesome in 2001 to the establishment of Bridges Ventures in 2002, there have been significant developments that enable a greater number of charities and social enterprises to access the finance needed to create a positive impact on society. There are now over 20 SIFIs across the UK offering a range of investment products to organisations delivering social impact for different beneficiary groups. Although there have been many new Social Investment Financial Intermediaries (SIFIs) coming to market for whom it will take years to develop a track record, organisations like CAF Venturesome, Key Fund and the Social Investment Business have had more than a decade of investment experience.

Despite the recent attention received by the social investment market, very little is known about the financial as well as social performance of the deals made and the market overall. This is compounded by the lack of experience and generally weak understanding of the business models of social sector organisations. Poor availability of comparable historic data translates into market uncertainty and increases the cost of due diligence and transactions costs in the sector. Ultimately, it can unfairly drive up the cost of capital to many of these organisations.

The Social Investment Research Council (SIRC) and RBS Group therefore welcome the findings of the project – the first ever independent data centric study into a key segment of the UK social investment market. Although the segment analysed is not representative of the whole market, it does reveal valuable findings from a key subset. The sample relates to investments that often prioritised the provision of appropriate capital to social purpose organisations over and above the making of financial returns, and it is therefore encouraging to see how many did yield healthy financial returns in addition. Undertaken by EngagedX, the project set out to publish anonymised performance data to uncover the financial characteristics of the deals studied and their risk and return profiles. It follows a pilot run by EngagedX to examine the feasibility of producing standardised transaction level datasets of market activity.

One of the key objectives of the project was to strengthen confidence in the social investment market as a whole, which is a key step in improving access to repayable finance for social enterprises and charities. Moreover it is recognised that building the capacity of SIFIs to improve how they capture and use data is essential to help the market mature. In addition to the datasets produced, valuable lessons were learned during this project that will inform other current and future SIFIs of data reporting best practice and the business system requirements for achieving this.

Social investment is a diverse term, covering investment with blended return expectations, but also commercial expectations (financial return). The data sample included in this dataset was for a high risk portion of the market and the total financial return is negative 9.2%. The wholesale capital providers had a range of motivations and this reflects the varied performance revealed by the data, with some funds having much greater net losses but whose key objectives were to test the principles of the social investment market. In light of the fact that the SIFIs that contributed the data were operating in a new market and during the time of the worst financial crises since the Great Depression, the high level of capital preservation is impressive. The total number of loans that had not defaulted (72%) was exactly the same as the portfolio for the Enterprise Finance Guarantee targeting SMEs. Moreover, comparing the 9.2% 'cost' of this method of achieving social impact to grant funding, for example, the value for money also seems significant. The data and the data collection process also revealed the high level of engagement and customisations that investors offered to make the finance most appropriate for the social sector organisation. This demonstrates a key differentiator of the social investment market.

Three SIFIs – CAF Venturesome, Key Fund and the Social Investment Business – came forward to open up their books and help provide insights into social investment transactions. We thank them for agreeing to be at the vanguard of data transparency and commend them for their industry leadership. The project has been challenging at times and we are delighted therefore that feedback from the SIFIs overall has been positive and that the project has in the first instance delivered value to them. We have include commentary in their own words at the end of this report.

In time it is planned to augment financial performance data with social impact data to more deeply understand the full spectrum of returns generated and the interrelationship between financial and non-financial returns.

2. Key lessons and reflections

The data demonstrates the activity in the social investment market over the last 12 years, 2002 - 2014. A number of key insights have come from the outputs produced by the project:

- **Risk and pricing** - The data sample analysed relates to a high-risk portion of the market by definition. Many of the SIFIs implemented a policy for only considering investment applications for organisations that had been refused finance from mainstream or retail providers. Capital pricing was often on an affordability basis and not always adjusted to the inherent risk of the deal. The combination of these two aspects means that although on aggregate the SIFIs did have a strong appetite for taking on risk, and this is evidenced in a concomitant capital loss rate, however the SIFIs were not able to recoup all of these losses from surpluses on successful deals as is the case in, for example, the traditional venture capital market.

- **Blended return and Implied Impact** - a principal objective of the SIFIs was to focus on deploying repayable capital that created positive social impact. Although the social impact performance has not been analysed as part of this project, it is evident that this investment strategy resulted at times in below market rates of financial return. EngagedX refers to this fade off from market rate returns as the Implied Impact of social investments, this is to differentiate merely poor financial performance from intentional lower financial performance when combined with the intentional creation of social impact. In other words, the Implied Impact is the capital pricing discount that investors are prepared to accept in exchange for positive social impact. Implied Impact is not a measure of social impact per se. It is recommended that the extent of the Implied Impact should infer the level of rigour that might be applied to evidencing social impact so that it can be articulated as a bona fide return on investment as part of a blended return investment model.

- **Motivation and performance** - There was a broad range of financial motivation and risk appetite held by the wholesale capital providers. This was reflected in varied performance, generally with greater net losses on funds that might have been more focussed on testing the principles of social investment and getting the capital working in the market. On balance those that were set up to be more financially sustainable did perform reasonably well. Further analysis and segmentation is recommended based on fund motivation to understand the complexion of the market.

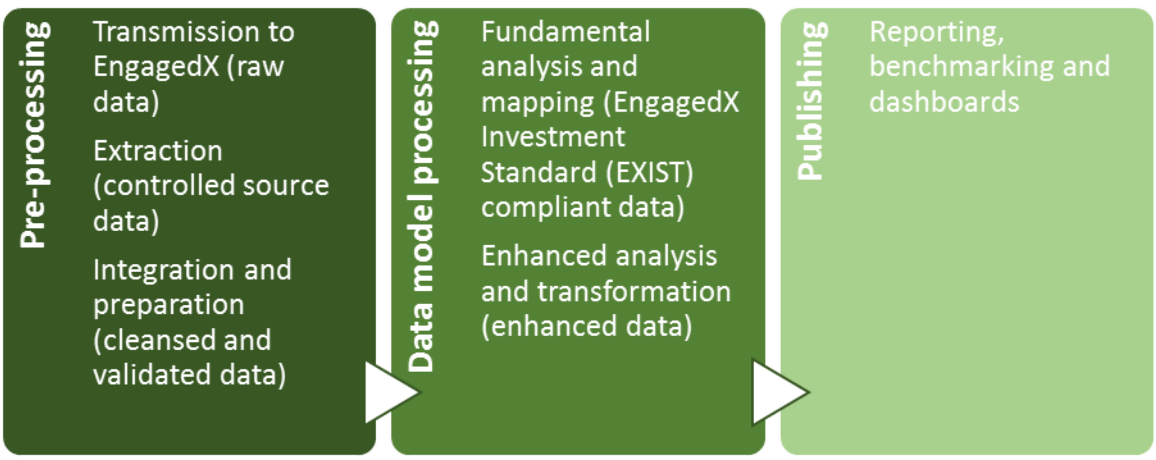
- **Customisation and tailored investment approaches** - A very high level of product customisation was observed as typical in the market. This lack of standardisation can make comparative analysis more difficult, particularly in terms of forecasting the performance for the remaining term of investments. For this reason only closed deals were studied and it was not attempted to provide a yield to redemption forecast for open deals. The high complexity and small size of deals often make it disproportionally more difficult for SIFIs to invest in the appropriate systems to collect and process information on those deals. One of the hallmarks of the social investment market is that investment managers are very engaged in the performance of the investees, viewed both through a social and finance lens. This means that they are more likely to actively work with the investees whilst the investment is outstanding to adjust the terms or conditions of the investments to suit the specific requirement of the investee. This often results in unscheduled interest free periods, repayment holidays or restructuring of the deal in its entirety. This adds to the data system requirements of the SIFIs to manage this high level of change and to keep a record of all this data in a way that will allow these variations to be modelled and analysed after the event.

- **Engaged investor approach and transaction costs** – a general observation from the data reveals how closely and effectively the SIFIs work with their investees in order to make sure that each investment has the best chance of a successful outcome for all involved. This is labour intensive and highlights the tremendous skills and deep understanding that the SIFIs have of their investees. This project did not obtain any specific data on transactional costs or the costs in actively managing the deals. All returns are gross and are not net of costs. Management costs may appear on face value to be disproportionately high when reviewed against the investment size, but the anecdotal evidence suggests this highly engaged approach is key to being a successful social investor.

- **Finally** - the total financial returns of the sample of investments studied is negative 9.2% but it would be disingenuous to interpret this as bad. In light of the points mentioned above, it is impressive indeed that the SIFIs have successfully been able to achieve capital preservation of about 90% (including interest payments and charges). This high level of capital preservation suggests that the social investment market is indeed investable, however the key issue to address in terms of sustainability is that of capital pricing. An ongoing challenge is to reconcile the conflicting requirements of affordability for the investees and risk adjusted pricing for the capital providers. The story told by the data is arguably an optimistic one and provides a very useful basis to better understand the requirement for explicit and implicit subsidy in the market. In time, with greater segmentation and categorisation, it will be possible to form a much more granular picture of which parts of the market need a greater or lesser degree of subsidy. Overall it is hoped that improved data transparency will help the market get better at deploying repayable capital when it is affordable and the appropriate form of capital, thereby allowing better use of the scarce and highly valuable resource of grant funding.

3. Process

The process for developing the dataset involved data collection form SIFIs and data processing to allow publication of the data in a usable format.



EngagedX built a universal data model that is able to process cashflow transaction data received from multiple sources and convert these data into a normative structure that can then be analysed to produce results that are comparable on a like-for-like basis.

The data model incorporates programmatic rules that reflect both generic and SIFI specific business rules required to analyse the source data. The model is in itself a valuable addition to the data infrastructure of the social investment market because it is now possible to more effectively process new and updated data in a consistently reliable way that can produce repeatable results.

Much of the data received was inconsistently structured because until now there has not been an industry standard for communicating machine readable social investment data. Data was also often fragmented and orphaned, often because systems had changed over the years or because the systems in place are not able to handle the complexity of managing social investments. For these two reason, it was necessary for EngagedX to first develop the necessary data handling infrastructure to prepare reliable normative data that could then be used for comparable analysis.

EngagedX has incorporated numerous internal validation checks to ensure a high level of confidence in the final results and is very grateful to the Boston Consulting Group (BCG) who assisted with external validation via nominal spot checks. This was made possible because BCG were appointed separately by one of the SIFIs to undertake a parallel study on one of their funds, which was a significant subset of the overall data submitted by that SIFI.

Additionally a steering group composed of the participating SIFIs oversaw the process.

4. Current data management practices

This was a seminal project in that it required the SIFIs to report financial performance on their investments to a much greater level of detail and rigour than they have before, which was never required by the wholesale capital providers involved at the early stages of the market. The market has grown from effectively a series of social investment pilots in the earlier years towards a distinctive and vibrant industry in its own right. SIFIs also often received wholesale capital from different providers at different times, which means that their reporting requirements changed over time. As a result, historic data has often been structured differently depending on the reporting requirements of the day.

It is important to note that in addition to the datasets produced as direct result of this project, there has been valuable learning generally by the project stakeholders and SIFIs about what good data is within the context of an emerging industry standard for voluntary reporting. The timing of the project coincided with the participating SIFIs (and many others in the industry) reviewing their data systems to greater or lesser degrees. They are exploring the necessary changes and enhancements required to meet the needs of a maturing social investment market that is seeking to attract more commercial capital. This was one of the drivers prompting the project initially and also meant that the project was intertwined in a wider systems change process to modernise and improve the capacity and integration of SIFI’s systems.

This meant that although the SIRC initially conceived the project as a more narrowly defined data research project, it was impossible to disentangle it from what is in effect an industry systems change process of a maturing market. This is one of the primary reasons for the long duration of the project, which was just short of 18 months and why the project stakeholders are keen to share the lessons to enable others to benefit.

One of the major accomplishments of this project, together with the EngagedX pilot that preceded it, was to for the first time convene industry stakeholders to work towards standardised terminology and reporting standards for structuring and formatting the data itself. The EngagedX Investment Standards (EXIST) have been developed to solve this problem and have been made available under a Creative Commons licence. The UK Government has used the EXIST framework for data that it has collated and published separately and the OECD in their report to the G8 acknowledged the EXIST framework as a valuable contribution towards global industry standardisation. Further work is required to evolve this into a fully standardised methodology for more regular and cost effective reporting. The experiences to date go a long way towards understanding how this goal can be achieved.

5. The data

The unit of analysis was at an individual investment level, defined as a single financial facility with its own discrete terms. Each investment may have included one or more draw down transactions, but excludes any grant element. Both equity and debt investments have been included, some but not all of the loans were secured against either a fixed asset, debenture or guarantee.

The participating SIFIs submitted raw cashflow records for a total of 1,041 individual investments. Working closely with the SIFIs, EngagedX was able to identify and extract data relating to 426 completed investments. The remaining 615 investments are either still open or relate to facility types that are not repayable capital, for example grants or standby facilities that have not been drawn down.

Number of investments processed	1041
Number of investments analysed (closed)	426
Number of investments not analysed (currently open, not repayable capital etc)	615
Number of investments that reached natural maturity (full repayment)	302
Number of investments with partial write off	84
Number of investments with full write off	40

Total draw down (capital)	£ 42,091,873.94
Total payments (capital, interest, fees)	£ 38,207,887.35
Total write off (capital)	£ 8,250,712.53

5.1 The dataset output

The dataset can be downloaded as a CSV file from UK Government's open data portal http://data.gov.uk/dataset/engagedx-dataset1-sirc-performance-data-of-social-investment-released-for-first-time/. Below is a brief explanation of the column headings to better interpret the content of the dataset.

Column Heading	**Description**
Capital Write Off Status	Records if the investment had a full write off or partial write off declared against it
Reason for IRR Void	Reason given if the cashflow payment profile is not suitable for calculating an IRR
Total Draw Down	Total amount of capital deployed
Total Payments	Total of all payments, including capital and interest
Total Write Off (Capital)	Total amount declared as written off by the SIFI
Total Payments (Capital)	Total amount of capital payments only
Total Payments (Interest)	Total amount of interest payments only
Total Payments (Fees)	Total amount of fee payments only
Total Early Payments (Before	Sum of the payment made in advance of the first draw down, this could

1st Draw Down)	include arrangement fees or standby facility charges. The IRR calculation cannot accommodate payments in advance of the first draw down so these are removed from the IRR calculation and declared here
IRR % (excl early payments)	Result of the Internal Rate of Return calculation, excluding the early payments above
Annualised Return %	The total return on investment divided by the number of years the investment was outstanding
ROI %	The total return on investment
Write off %	The total amount of capital written off by the SIFI
Period in Mnths	Duration of the investment measured between the date of the first draw and the last cash flow event (typically the final payment or date of write off)
Year of 1st Draw Down	Date when the investment was made, taken from the first draw down

Notes:

- Reliability of results are dependent on the quality of data from the SIFIs
- Recoveries are only included if the SIFI adjusted the write off value to reflect this. EngagedX has not separately modelled windfall recovery of capital after declared write off i.e. to reduce write off amount by recovery
- Some SIFIs have had different policies for write offs, sometimes loans have been converted to a grant and so the capital is no longer repayable, but this has not always been recorded as a write off
- EngagedX has undertaken best endeavours to rejoin fragmented and orphaned data but cannot guarantee 100% success
- The results should be treated as preliminary and may change when data is updated, corrected or the data model improved
- Write off dates are sometimes declared at the financial year end of the SIFI and not when the decision was made, this may skew the reported duration of some investments from first draw down to last write off
- The Internal Rate of Return (IRR) calculation has known limitations. Many of the Investments did not have regular repayment schedules, which means that the reported IRR calculation may appear

misleading. For this reason the reports include an annualised return, which is a more simple calculation and may afford more useful insight that the IRR calculation per se

- More detailed segmentation of the dataset is advisable in due course to enable better comparable analysis. For example, segmentation by fund motivation, product type, security, stage of development of organisation etc. Aggregation of the metadata that would have enabled this level of segmentation did not occur in this phase of research as it was decided that greater value would be derived from focusing efforts first on calculating accurate risk return profiles so that these could be used as reliable foundation for subsequent work.

6. Comparing to other markets

The write off rates across the dataset are comparable with other markets where investors are encouraged to take risks. The investment profiles are not directly comparable, nevertheless it helps position the data outputs from this exercise within a wider context. Below are examples of four financing initiatives for higher risk and earlier stage Small and Medium Enterprises (SMEs):

CDFI lending

Community Development Finance Institutions (CDFIs) are best known for lending to unbankable SMEs. Over the past three years, the average Portfolio at Risk (PAR – 90 days or more in arrears) and write-off rates for the micro and SME market are 16% and 9%, respectively.[1] The write-off rate for the EngagedX dataset on closed social investments is 19.6%, PAR for open investments was not calculated.

[1] http://www.cdfa.org.uk/wp-content/uploads/2010/02/CDFA-ICF-Report-2014.pdf

The Enterprise Finance Guarantee

The Enterprise Finance Guarantee (EFG) is the government loan guarantee scheme to help to provide additional lending to viable small and medium-sized enterprises (SMEs) that lack adequate security of track record for a commercial loan. EFG was launched in January 2009 at the height of the credit crunch. The scheme was targeted at riskier SMEs and had similar characteristics to the lending examined in this dataset:

- Most of the loans were <100,000. From Jan 2009 to Dec 2013 the average loan size was £103,300[2]. The average investment size for the EngagedX dataset on social investment is £98,807.
- The majority of organisations that borrowed through the EFG scheme have a turnover of less than £1,000,000, which anecdotally is comparable to the portfolios of CAF Venturesome, Key Fund and Social Investment Business.

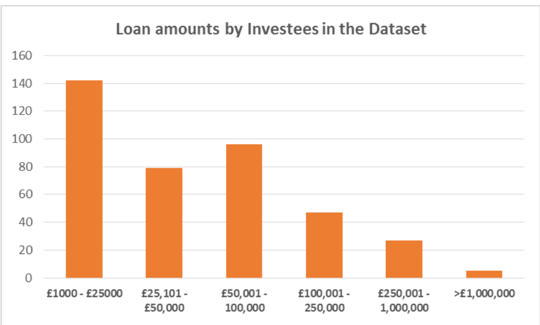
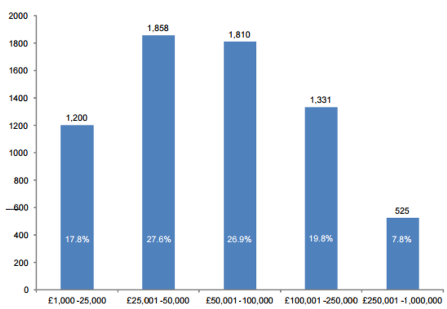


Figure 1 Loan amounts borrowed by EFG participants (2009)



After 3 years of the Enterprise Finance Guarantee Scheme, 28% of the EFG loans had defaulted.[3] This is comparable to 28% of the loans in the EngagedX dataset having some of the investment amount written off.

[2] http://british-business-bank.co.uk/british-business-banks-enterprise-finance-guarantee-backed-lending-33-final-quarter-2013-versus-period-2012/

Funding Circle

Funding Circle is a Peer-to-peer lending service that allows savers to lend money directly to small and medium sized businesses.

Similarly to the EFG scheme, the average loan amount is £60,000 and businesses can borrow up to £1 million. This is comparable to the average loan amount of the dataset which is ~ £89,000.

Funding Circle's portfolio has a range of lifetime bad debt ratios pending on the risk of the underlying businesses with the highest risk businesses estimated to have a lifetime default rate of 11%. The bad debt ratios are summarised in the table below:

	A+	A	B	C	C-	Total
Current bad debt %	0.1%	1.1%	2.0%	2.5%	2.5%	1.4%
Estimated lifetime bad debt %	1.2%	3.1%	4.8%	6.9%	11.0%	4.3%

[4]

High level comparisons with data from CDFIs, EFG and Funding Circle reveal that the financial returns from the SME markets are similar to that of the social sector which is contradictory to some of the anecdotal rhetoric around investments into social sector organisations being higher risk.

[3] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/85761/13-600-economic-evaluation-of-the-efg-scheme.pdf
[4] https://www.fundingcircle.com/statistics

7. Looking to the future

We hope that the legacy of this project will be to inspire more SIFIs to be transparent with their data and to appreciate the value to both them and the sector of voluntary disclosure.

We would like this seminal dataset to be expanded over time to be more representative of the full complexion of deals in the market, ranging from those that prioritise social return on the one hand to those that prioritise financial return other. This will give social investors the necessary access to reliable and anonymised performance data that will enable them to better understand the financial and social risk/return of new investment proposals being assessed. Ultimately, this will enable more accurate risk adjusted pricing of capital as well as better enumeration of capital pricing discounts if and when they are provided.

We view this first published dataset as a successful prototype that can be used as foundation block from which to improve market data overall. The OECD, in their report to the G8[5], highlight the need for enhance data infrastructure to enable the market to grow and reach its potential. We invite social investors and market stakeholders to join this collaboration for improving market data help that can shape a vibrant global narrative.

[5] Social Impact Investment: Building the Evidence Base, http://www.oecd.org/social/social-impact-investment.htm

8. Commentary from the participating SIFIs

8.1 CAF VENTURESOME

CAF Venturesome was one of the first social investment funds to be established in the UK – since 2002, we have sought to support high-impact social organisations with flexible, affordable, repayable finance. Unlike commercial investors, who tend to make a trade-off between financial risk and financial return; we balance the financial risk we take with the expected *social* impact. If an investee has a high expected social impact, then we are willing to take a higher financial risk in supporting it. This approach – combined with our continued focus on supporting innovative social organisations – means that sometimes we expect to make a financial loss.

We are hugely excited to have been involved in this ground-breaking project with EngagedX – we strongly believe that greater transparency about the performance of social investments is crucial to the sector's evolution, and its continued ability to support charities and social enterprises to thrive.

CAF Venturesome provided EngagedX with the data for 144 closed social investments – representing £9.6m of committed funds to social organisations; ranging from loans of under £25k to local community groups, to loans of over £300k to support ambitious social enterprises to expand. Every one of these social investments was a chance to support a social organisation to reach its potential – and, as expected, not all of these social investments were repaid in full. The social investments made a negative net surplus, of -4.9%. CAF Venturesome manages a wide range of social investment funds, which are differentiated by the appetite for financial risk. Reassuringly, our lower-risk funds performed significantly better – indeed, made a small surplus – than the appropriatelynamed Higher Risk Fund (this latter fund was piloted, but is no longer making social investments). There are other interesting cuts of the data, which we hope will be unpicked so that the whole sector can better understand what may drive financial performance in social investments. For example, there are clear differences over time, which reflect the changing social economy – looking at our social investments by year of drawdown, from our initial forays in 2002 the financial performance (measured either by net surplus, or capital write-offs) improves steadily until 2008 (the credit crunch and beginning of recession) at which point financial performance sharply declines, and then recovers slowly to where we are today.

We look forward to discussing our findings – and contributing to the development of social investment as a means of supporting social organisations to thrive.

8.2 KEY FUND

Key Fund is the UK's largest regionally based social investor, operating across the North of England, providing support to more civic and social enterprises than any other comparable lender Key Fund invests in community businesses and social enterprises that would otherwise struggle to survive and grow, delivering an authentic, relevant, ethical and transparent service.

Key Fund offers a relationship based lending approach to our clients, providing 'the right money at the right time'. We understand the unique aspects of the North and the challenges that communities face in the current economic climate. We focus our support in disadvantaged communities; almost 80% of all of our deals last year were in the most deprived 20% areas in England. All of the community and social enterprises that we support have been turned down by a mainstream provider of finance.

The Key Fund uses an alternative finance model which enables our focus to be on creating maximum social impact free from being driven by financial returns to investors, blanket rules, algorithms and credit scores. Instead, we work with our applicants and get to know them, building a relationship of mutual trust. This approach really puts the customer at the centre of the interaction and leads to a positive client experience.

We were keen to participate in this important and ground breaking project with EngagedX and partners. We have provided details on 159 closed investments from a number of contracts with different funding sources and risk expectations with a total of £3,919,460 of capital disbursed. The deals offered ranged from £2,400 - £200,000 with loan investments from the fund were made at a flat headline rate of 6.5%

74 of these loans formed a blended Grant/Loan offer resulting in £339,010 of grants being awarded against those deals. 6 Investments were part of the Community Shares pilot offering and disbursed as equity totalling £179,000.

8.3 SOCIAL INVESTMENT BUSINESS

The Social Investment Business exists to raise and connect capital to achieve the maximum possible social impact in the UK. We work to provide simple finance for extraordinary charities and social enterprises in the form of loans, grants and other investment products.

We are pleased to have been able to participate in this important project. We have provided details on 143 closed investments form a number of our funds, with a total of £28.7m of capital disbursed. Each of these had different objectives which are set out below. Some of these funds had the ability to combine grants and loans in deals. Only loan elements of investments have been considered here.

Futurebuilders:

The majority of the investments managed by SIB in this dataset come from the Futurebuilders portfolio. Futurebuilders was funded by the Government, with responsibility moving from HM Treasury to the Home Office and then to the Cabinet Office. It began making investments in 2004 and continued to do so until 2010. Its goal was to provide capital to support charities and social enterprises to be better able to bid for and manage public service contracts. Futurebuilders was also trying to lead a culture change and persuade the sector to make greater use of repayable finance. Most investments from the fund were made at a flat headline rate of 6% however the fund overall did not have clear return expectations. Originally the fund was designed to allow for repayments to be re-invested in the sector however this provision was removed in 2010 and the portfolio is now being managed out. Deals ranged significantly in size, with the mean at £461,000. Grants were often provided alongside loans but amounted to a small proportion of the total capital deployed. The dataset presented here ignores the presence of those grants and looks only at repayable capital.

The Modernisation Fund:

The Modernisation Fund made investments in 2009 and 2010. Funded by the Cabinet Office, and delivered in parallel to Futurebuilders, the Modernisation Fund offered up to five year interest free loans to charities and social enterprises to help them be more resilient to the impact of the economic downturn. It was focused on helping organisations providing services to those worst hit by the recession. Deals ranged from £30,000 to £500,000.

The Social Enterprise Investment Fund:

The Social Enterprise Investment Fund (SEIF) was set up in 2007 by the Department of Health to invest in social enterprises providing health and social care services in England. The Fund aimed to enhance the role of social enterprise in the provision of health and social care, and in particular aimed to empower local people and front line staff who wanted to form new social enterprises. SEIF made investments from 2007 until 2012 and provided both loans and grants a total of £110m has been disbursed.

Communitybuilders Fund:

A small sample has come from the Communitybuilders Portfolio. Communitybuilders was originally funded by the Department for Communities and Local Government, and in 2011 was endowed to the Social Investment Business Foundation. The fund supports neighbourhood-based, community-led organisations to become more sustainable through a mixture of loans, grants and business support.

The City of London Corporation is a uniquely diverse organisation with three main aims:

- to support and promote the City as the world leader in international finance and business services
- to provide high quality local services and policing for those working in, living in and visiting the Square Mile
- to provide valued services to London and the nation as a whole, including its role as one of the most significant arts sponsors in the UK.

The City of London Corporation is playing a pivotal role in raising the profile of the social enterprise and social investment sector. The City of London's Economic Research programme provides analysis on issues affecting the City. For more information visit www.cityoflondon.gov.uk/economicresearch

The Big Lottery Fund's overarching social investment goal is to play a catalytic role in developing the social investment marketplace. This is based on the belief that social investment offers new financing tools and access to new sources of capital to enable Voluntary, Community and Social Enterprise (VCSE) sector organisations to operate on a more sustainable footing, so they can better provide their services to people and communities most in need.

Big Society Capital is the world's first social investment bank. Big Society Capital was launched in April 2012, with an estimated £600 million of capital, £400 million of which will be from unclaimed assets left dormant in bank accounts for over 15 years, and £200 million from the UK's largest high street banks. Big Society Capital's mission is to develop the social investment market in the UK by investing in social investment finance providers and by acting as a market champion. By improving access to finance for social sector organisations, and by raising investor awareness of investment opportunities that provide a social as well as a financial return, Big Society Capital will be instrumental in connecting the sector to capital markets.

The Cabinet Office supports the Prime Minister and Deputy Prime Minister, and ensures the effective running of government. It is also the corporate headquarters for government, in partnership with HM Treasury, and takes the lead in certain critical policy areas. This includes responsibility for growing the social investment market, helping the voluntary sector succeed and work with the state, and making it easier for people to give time and money to good causes.

Citi, the leading global bank, has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions. Citi provides consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage, transaction services, and wealth management. Citi's commitment to inclusive finance spans the bank's businesses, products, functions, and geographies to capture all of Citi's work connecting previously underserved consumers with the formal financial system and providing the necessary guidance on how to use financial products responsibly. Expanding access is at the heart of Citi's inclusive finance work, which is advanced by linking the core capabilities of every Citi business unit in a shared effort to broaden financial inclusion, achieve economic empowerment and fuel sustainable growth for underserved communities. Key to these efforts is a robust social investment market that directs capital to ideas and solutions that create value for both investors and society.