



MELBOURNE
MICROFINANCE
INITIATIVE

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The IMPACT Review.

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UWA
CONSULTING
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Outline

The IMPACT Review is an **annual** digital publication that celebrates our university and external partner network. The aim of the review is to explore the different ways in which we are working to achieve common good in the business and social impact space.

The idea is simple: each edition has a specific theme to guide content submissions. This inaugural edition of the IMPACT Review will focus on **Shared Value** as its primary theme. Future editions will focus on other thematic areas, including:

- Microfinance
- Economic development
- Financial inclusion
- Impact investing
- Education
- Diversity
- Business ethics
- Pro-bono consulting
- Poverty alleviation
- Sustainability

We have asked universities and external partners to give us an in depth look at a project, initiative, event or think piece, related to the edition theme **Shared Value**, which is changing the business and/or social impact space in Australia, New Zealand or the wider Asia-Pacific region.

This publication is geared toward educating and empowering students to develop business skills in order to tackle important global issues. In addition, we want to showcase the work of universities and organisations that we are proud to partner with during the year.

Shared Value

The central premise behind creating shared value (CSV) is that business performance and the health of the communities around it are mutually dependent. In recent years business has been criticized for its narrow approach to value creation and focus on profit generation. However, the corporate sector is challenging this view by focusing on the well-being and growth of communities by influencing positive change in social, environmental, and economic spheres.

This edition will focus on how business and society can work together to create ‘shared value’ — generating economic value in a way that also produces real value for society by addressing global challenges and advancing social progress.

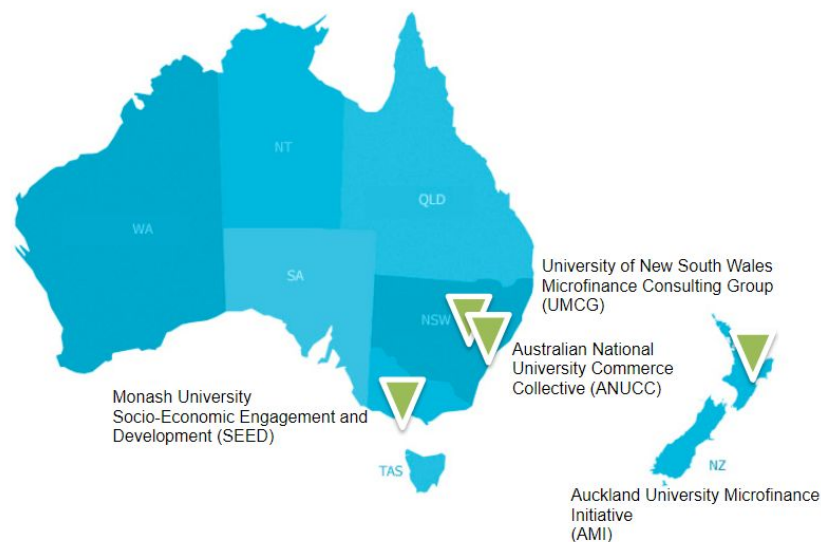
Contributors

Universities

- Auckland University
- Australian National University
- Monash University
- University of Melbourne
- University of New South Wales

Partner organisations

- Corrs Chambers Westgarth
- Impact Investment Group
- NAB
- Project Lantern



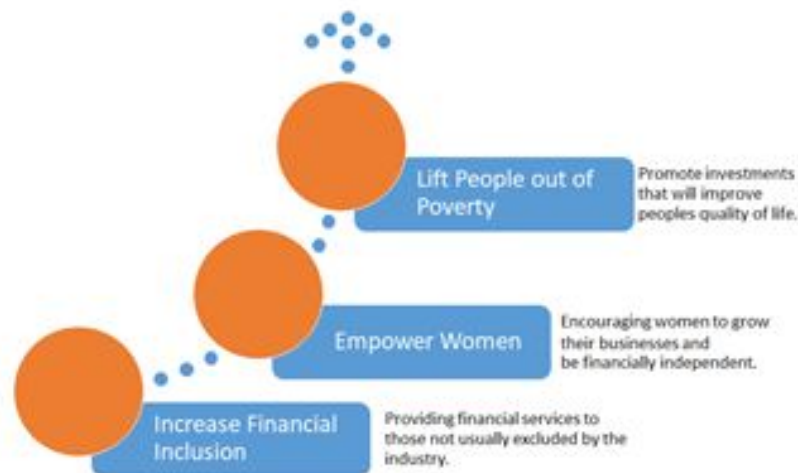
2017 Initiatives Project - JVOFI

By Maddy Coco (2017 Initiatives Team Leader of MMI)



“Create resilient communities nurturing their environmental capital, harnessing their spirit of cooperation and enterprise and helping alleviate poverty - ensuring a legacy of sustainability for future generations.”

These are the founding principles of JVOFI, a Not-For-Profit Microfinance Institution focused on sustainability and community development in the Philippines. JVOFI oversees approximately 13 loan officers and 20 administrative staff across Baguio City, La Trinidad and Bauang. In 2017, MMI engaged a team of 5 student volunteers to consult for JVOFI and continue their long-standing relationship and shared ambition to maximise client value culminating in greater dispersion of financial development and independence across the community.



Impact investing and Microfinance are not typical subjects taught at university, yet the concepts fall at the forefront of global discussions with the success and tangibility of their results proving well evidenced.

Upon arriving at our first training and induction day, I was greeted by four new faces and a Project Charter describing the primary challenge we would face together throughout the year:

Identify underlying factors contributing to reduced annual market share and profitability and recommend changes to solve this issue.

From the outset, we were launched into group discussions analysing supporting and opposing arguments for Microfinance and cultural differences in developing nations, all helping to develop an understanding that would guide us through meetings with our JVOFI clients and the approaching Project Trips.

As the winter break loomed closer, one intended Project Trip turned into two, composed of our 5 consultants plus additional MMI volunteers. Collection of primary and secondary market data across economic parameters (supplied by MICP and University of Melbourne research papers), competitor analysis (structures of competing loan products and inactive client survey's), JVOFI analysis (structure of the current product offering and active client surveys) and loan officer surveys took place in the Philippines.

Beyond the raw data collection, MMI consultants were able to collect 'Case Studies' and personal stories from the primary retail, agricultural, services and manufacturing clients that allowed us to better assess how decisions were being made and where value may be able to be derived in the future.

Before long, semester 2 had begun and idea generation between team members was accelerating towards the final presentation, inspired by an understanding of who the micro businesses and individuals were, that would be positively affected by our recommendation.

With the support of AT Kearney consultants who guided us in developing our product recommendations, covering loan terms, initial loan amounts, maximum increase amounts per cycle, repayment schedules, interest rates, eligibility criteria, grace periods and penalty policies, we concluded our project with a final client presentation. A team of individuals who had met only 7 months earlier, we had unified our ideas on how to interpret Project Trip data, appropriate recommendations, use basic financial modelling to demonstrate potential monetary benefits of implementing recommendations and establish a plan to integrate the solutions into the future strategy of JVOFI.

We faced a number of challenges along the way, including how to account for measurement errors in collected data, data collection bias', language barriers and how to isolate and quantify the financial effects of making changes. Developing a vocabulary for mitigating uncertainties and using conservatism when making estimates in addition to a mixture of consultancy and financial advisory skills, such as learning on the job and teaching yourself where gaps appear, proved imperative.

The motivation this project provided me towards university studies by gaining an appreciation of how concepts can be applied to real organisations and people to consequently make a difference to their lives was enormous. To learn about, assess and help guide decision-making in an MFI located overseas was an invaluable learning and development opportunity, that has widened my understanding of financial products as a powerful tool for social impact. I look forward to watching in the coming years as the use of microfinance products develops and ultimately, changes global economies for the better.



Humility, Honesty and Pagodas

By Shara Lim (President of Monash SEED) and Darren Rajit (Vice President of Monash SEED)

Learnings from 4 years in Cambodia

There's a certain vibrancy to Cambodia. The sort of youthful vigour and energy that latches onto your heart and makes you fall in love with the place. Scratch the surface of some elders and you'll find that the scars of the Khmer Rouge run deep, but there's more to Cambodia than a shared cultural fabric that stretches back thousands of years.

4 years ago, Monash SEED stayed on a homestay with a family in Thnal Dach, a small village not far from Siem Reap. When we were there, we identified opportunities for co-creating an international development program that would tackle financial and economic inclusion in the village. The first of our trips aimed at building financial literacy skills began in balmy Phnom Penh in 2014.

Since then, twice a year, we sent a small group of volunteers to Thnal Dach, to help deliver capacity building workshops and assess the needs of the community. The original content of our workshops has shifted over time, but the intent has always been to co-create solutions with the community, be humble and intellectually honest with our undertakings, and learn from a vibrant culture that has so much to teach us. Over the years we've successfully delivered both English education and financial literacy programs to Thnal Dach, along with improving access to clean water in 2015. With projects as ambitious as our Cambodia Impact Trips, it's inevitable that we'll continue to experience peaks and troughs along the way.

It's now 2018, and we feel there is no better time to take stock of the project. We interviewed previous Cambodia trip members to reflect on what we have learned, in the hope that sharing our experiences can help others recognise the challenges international development involves.

Here are some of the insights we gained:

#1: Expectations must be managed

The objective of these trips is visible impact, even if only to a limited degree. It is to be of assistance, which hopefully leads to a sense of personal fulfillment. Yet when we asked our team members whether there was any of either, we were met with shrugged shoulders and an air of silence.

"Overall, I felt it was a good trip..." one of our members began hesitantly.

When discussing the trip in detail, we discovered that during the trip, all team members shared a sense of uncertainty, experienced a mismatch of expectations, and felt powerless in the

presence of strong cultural barriers and entrenched poverty. They all mentioned feeling unprepared, overwhelmed and confused – emotions they only really came to terms with, much later.

Generally speaking, expectations can redefine our experiences of events. In the sustainable development field however, expectation management on both sides is instrumental to creating positive impact. Unmet community expectations can quickly lead to gradual disillusionment. In this atmosphere, defensiveness and mistrust can develop towards future foreign aid. In future, we hope to set expectations as clearly as possible in the beginning. We have found that without drawing clear lines, boundaries are too easily broken.

#2: Dependency is harder to recognise than you would think

In the beginning, the foundation of the Cambodia Impact Trip was our project partner, who acted as a gatekeeper to the community. He translated for us and identified the community projects we needed to work on. Over time however, it became increasingly unclear what impact this was having, particularly as his actions seemed inconsistent with community needs. It was also unclear whether his perception of us was as people who wanted to offer genuine assistance, or foreigners wanting to catch a glimpse of the community.

By the time of our latest trip in January, team members identified that preserving a relationship with our project partner and serving the needs of the community were mutually exclusive goals. This threw into question the foundations of what we were trying to achieve, and left us struggling to redefine our trip objectives.

#3: Defining the problem is the hardest part

Offering assistance is impossible without a clear idea of the problem. Yet attempting to define the problem, without extensive professional help, in a time-constrained program run by university students, was perhaps overly ambitious.

Team members raised concerns about the inaccuracy of research done and the prevalence of misinformation, due to intercultural barriers and miscommunication. During the last trip, local children were being taken out of school, where English was taught by qualified teachers, to attend English classes run by SEED. Relying on the information given to us by our project partner, we were unaware a new law had been passed in Cambodia, allowing primary school children to learn English.

Responding to perceived community needs without understanding the nuances, meant that positive social impact could no longer be the objective. In future, we hope to properly characterise tensions and conflict between project partners, Monash SEED, and the community, before taking action on what we perceive to be the problem.

#4: Continuity and focus is essential

In development, setting precedents and building upon previous work is essential to create tangible change. However, sending trip members twice a year without proper handover structures in place, along with the nature of working with university students, meant that overlap was inevitable and progress was stunted.

Should this project continue, we hope to establish clear objectives that flow from year to year. Focusing on solving a single problem well, however small, would likely be far more meaningful than solving none at all.

Helping people is complicated. But admitting that something doesn't feel right or isn't working, is part of learning how to make a difference. We have a responsibility to use the right vehicles to create social impact. At times, this means putting aside precedents and our own emotional investment to critically evaluate our actions.

So, we've brought our Cambodia trip to a halt. We have redirected our team members' efforts into considering exit strategies, partnerships with NGOs or creating a research-focused trip with professional assistance. The foundations are there, and we're working on it, but we're still figuring it out.

It really comes down to this: Monash SEED aims to create social impact. And we are reassessing Cambodia, because we refuse to compromise on that.



5 Things We Learned From Starting A Youth-Led Social Impact Initiative

By Asanga Seneviratne (Co-Founder of Project Lantern)

Avocado fries seemed like a peculiar combination of an Australian brunch craze and twist on the time-honoured potato fries. I can't tell you how it tastes but can guarantee that the flyer promoting it provided a fantastic makeshift notepad to scribble down the initial foundations of what would become Project Lantern. I would never have thought that over burgers in the middle of SWOTVAC would be the starting place for a small organisation dedicated to engaging, enabling and supporting young people in creating real social change. Buzzword filled mission statements aside, turning an emotional conversation about my co-founder's upbringing into a number of growing projects has taught us a lot about transforming ideas into action.

Whilst we're still developing and learning every day, we wanted to share some of the key lessons we've picked up over our journey and hope they are valuable in pursuing your own social change initiative.

1. Understand The Landscape

There are countless moments when we were hit with great ideas and it is easy to get caught up in the excitement and charge full steam ahead in getting an idea off the ground. However, there is so much that can be gained from taking a moment to understand the landscape of the problem that you are trying to address and the individuals and organisations that are already working towards developing a solution both locally and globally.

I can guarantee you that there will be at least one person working towards solving the problem you are focusing on. Upon hearing my co-founder's story of growing up with much less than I had my immediate reaction was to setup a mentoring program for students from disadvantaged communities. In response, he raised that there was already a great program doing just that, but they were short of volunteers for their programs. Having seen the disconnect between friends at high school and university that wanted to make an impact with their time and skills but didn't know how, the idea of the opportunity platform that would connect them with organisations in need of support was born. It would have been easy to be caught up in the excitement and rush into building the platform itself but there was much to be gained from slowing down and exploring what was already out there.

Through our initial research we found a number of platforms that existed aiming to achieve something very similar to ourselves including an Australian initiative called YO-LID (Youth Opportunities in Leadership, Innovation and Development). It turned out I knew one of the co-founders through my work with the Foundation for Young Australians and after a few incredibly insightful discussions she was gracious enough to give us the go-ahead to take over and re-brand the platform. This was an invaluable boost in launching the platform giving us an initial audience of over 2000 young people across Australia and the world. If we hadn't been actively seeking to understand the landscape of the issue we are trying to address, we would have never had this amazing kickstart.

A great quote that stays with me and I think sums this concept well was from a discussion with Ndidi Nwuneli, founder of LEAP Africa. She said, "it is amazing what you can accomplish if you do not care who gets the credit". When talking about social problems in particular it's easy to get clouded by the ego of starting our own project but there is so much to be had in collaborating with others first. This is something we continue to focus on today with a collaborate first attitude for everything we do.

2. Spread Your Mission & Get Some Help

Even if you think you have the best idea in the world, tell people about it that care or who might be interested. There's no point keeping things close to your chest because you think someone might steal the idea - it's nigh on impossible that anyone is going to take your idea and run away replicating it. Talking to people about your idea is the best way to get feedback and develop it better, especially in the social change space.

Advice from other podcasters was instrumental in reminding us that we didn't need fancy recording equipment or a recording studio to get started which was the catalyst for kicking off Season 1 of the podcast. It is also a great way to get some help with resources or individuals that people suggest connecting with. Particularly given that we are working on social causes, it is important to remember that we are all working on a social problem and a collective effort is going to lead to a more robust solution for those we are trying to help.

3. Know Your Purpose & Write It Down

As your idea continues to evolve it's bound to go through many iterations, the most important thing to making sure you don't get lost is knowing your purpose both on a personal level and as a wider organisation. There will be moments where you will need to make some tough decisions or unsure in what way to proceed. Often in these moments, it is where I and the broader team would refer back to our underlying purpose which would always give us clarity and understanding of what to do next. For example, midway through Season 1 of the podcast we had the opportunity to interview some high-profile older guests but turned down the opportunity. It was a tough decision to knock back what would of have been stellar reach in the short-term but we came back to our initial purpose with the podcast. Our goal was to showcase young people leading change who often did not have the platform that their older and more established

counterparts had. In this situation, referring back to our purpose, helped justify the tough decision of forgoing some enormous short-term reach in favour to staying true to our own selling point.

4. Seek Support & Be Loyal To Your Early Supporters

Don't be shy in reaching out to people and organisations to support your idea. Most importantly make sure that you go above and beyond in giving back to your early supporters. Those first few individuals or organisations that have your back will mean the world to you and be crucial in building a foundation for your ongoing success.

It's hard to get those early supporters so make sure they feel valued and listen to their early feedback since that will be instrumental informing how your initiative develops. For us, knowing that there were at least a handful of people who were listening to every one of our episodes when we started and getting something out of it was motivation enough to carry us through to the end of Season 1.

5. Embrace Rejection

Whilst this may be an age-old adage that you need to 'learn and grow from your mistakes', when you're starting a new initiative the most important thing to remember is to be able to take rejection head on because there's no doubt you're going to face it. Despite how committed you may be to your own cause and solving the problem at hand, there will be countless instances where you will hear the word 'thank you but no thanks', never get replies to your emails and get your applications get knocked back.

To recount the number of times that this has happened to us would easily fill a number of pages of this publication. This is something that is bound to happen but for every rejection make sure to seek feedback and remind yourself of your purpose and why you set out to do what you did. We promise if you keep learning, stay true to your purpose and committed to the cause, you will see the fruit of your work eventually and see it grow.

If you have any advice of your own or want any support in pursuing your own social change initiative, feel free to get in touch anytime at asanga@projectlantern.com.au – we're more than happy to help!

You can find out more about Project Lantern's work and its Lantern Podcast focusing on youth-led social impact at projectlantern.com.au

Social Impact Bonds: Saving Governments a Pretty Penny

By Jeremy King (Former Partner & Chairman for Pro Bono & Community at Corrs Chambers Westgarth)

Social Impact Bonds (**SIBs**) are a novel way to finance the delivery of social services. Developed in the UK, they are now used across the globe – 108 SIB projects have been launched across 24 countries with nearly \$400m in capital raised.[1]

The ins and outs

There are myriad social problems that governments continually struggle to address. Given that traditional models of social service provision appear ineffective at solving wicked problems, SIBs attempt to address social disadvantage by bringing together the public, private and charitable sectors.

SIBs allow for organisations to deliver service contracts, funded by the provision of up-front private investment. As a means of repaying those investors, the relevant governmental agency then begins paying for those services according to carefully measured levels of performance and the consequential cost savings achieved.

Under this model, private investors replace government in providing up-front funding to service providers - normally not-for-profit organisations (**NFPs**) - to deliver community programs. Government only pays for the ongoing costs of the program which includes regular repayments to the private investors.

The state of play (Australia)

SIBs have been piloted in a number of Australian States. State Governments in New South Wales, Queensland and South Australia have all procured SIBs and those programs are in the process of delivering returns to investors. In Victoria, the State Government is currently procuring two pilot SIB projects.

Investor returns

To get a SIB off the ground in Australia, material upfront investment is required. Given the scale of regulation and investment required to kick-start such a project, wholesale or sophisticated investors have been the primary source of funding for SIBs.

For an investor, the rate of return is directly linked to the performance of the program. From a documentation perspective, this is achieved through a payment mechanism which requires a transparent and impartial evaluation and assessment of outcomes. Further, the terms of the bonds themselves contain the usual terms of a debt instrument: the purpose to which funds may be applied, payment of interest (including any deferral and capitalisation of interest), repayment

of principal, warranties and covenants, and whether the investors have recourse to assets other than moneys received from government.

One of the key focuses of developing a SIB is ensuring that the commercial terms of the bonds are attractive to more than just philanthropic or socially benevolent investors. It has therefore been necessary to engage with credible NFPs whose track record in providing the required services, and balance sheet strength, inspires investor confidence.

Current SIB structures

The mechanics of Australian SIBs have typically seen investors subscribe for bonds issued by a special purpose entity (**SPE**). The SPE is the vehicle through which the SIBs are issued; it is responsible for entering into agreements with the relevant State government and investors, and is ultimately the entity that pays any returns.

This structure works well for a SIB that involves only one governmental agency or department. It is, however, less well-suited to instances where a high level of cross-departmental collaboration is required. A SIB seeking to mitigate the adverse impact of family and domestic violence, for example, would need to involve departments of health, education, corrections, justice, children's services and treasury. Further, only bigger and better-resourced NFPs can engage with this current model given the overheads – and contractual assumption of risk – that are associated with the establishment of such an SPE.

Another way forward?

While SIBs are still in their infancy in Australia, there are theoretical ways in which a SIB could be structured so as to integrate both numerous governmental agencies and smaller NFPs. For instance, by having a co-ordinating intermediary, or a collective of participants subscribing for equity in an intermediary SPE rather than a single NFP owning a single SPE, there may be an enhanced capacity for the 'intermediating SPE' to raise funds for multiple programs while permitting multiple governmental agencies and service providers essentially to "bid" into the intermediating SPE.

While this structure poses questions about the relationship of the SPE investors, organisational structure, governance and risk, none of these are insurmountable if stakeholders take a sophisticated and coordinated approach to help resolve them.

[1] Social Finance UK, 'Social Impact Bonds reach global mass: 108 projects launched in 24 countries' (Media Released, 30 January 2018), 1.

NAB: Generating Shared Value Through Banking

By Bilal Ibrahim (Finance officer at MMI)

Shared value is a relatively new corporate philosophy brought to the mainstream by Professor Michael Porter and Professor Mark Kramer of the Harvard Business school. In this school of thought, businesses are viewed as vehicles for social change that can empower the community and enhance societal wellbeing. More importantly, business and social interests are not viewed as mutually exclusive but rather interdependent; only by working together can they maximise value for the entire community.

The problem with CSR and philanthropic endeavours today is that they are usually disconnected from the core business activities, hence they are often secondary considerations. This is where the shared value approach differs. This strategy considers socially conscious policies a core part of the business strategy. It proposes that by reconceiving products and markets, redefining productivity and enabling local development from a sustainability or social benefit perspective, an organisation can develop a competitive edge. Therefore, a business can simultaneously achieve positive social outcomes and enjoy business success by cornering lucrative markets.

Over the past few years, MMI's principal corporate sponsor, NAB has pioneered this corporate philosophy and has generated significant value for the community. Through its Green Bonds Initiative and Natural Value Program, NAB has been able to significantly contribute to Australia's fight against climate change and environmental degradation.

Figure 1 Shared Value Approach



Green Bonds Initiative

Green bonds are loans, usually attached with tax credits and benefits, that are earmarked specifically for environmentally friendly projects. These bonds help finance clean energy projects and other environmental projects such as low carbon buildings. In 2017, the global green bond market was worth over US\$120 billion and is estimated to grow to between US\$130 to US\$180 billion as demand for environmentally sustainable projects continues to increase.

In 2014, NAB became the first bank to bring a Climate Bond Standards certified green bond to market raising A\$300 million to finance wind and solar assets throughout Australia.

In March 2017, NAB became the first bank to issue an offshore green bond raising EU 500 million to fund solar, wind and low carbon transport infrastructure in Australia and UK. More recently, in February 2018, NAB offered a A\$300 million green bond tranche in its Residential Mortgage-Backed Security (RMBS) transaction. This will go towards providing mortgages to a number of residential properties that meet the Climate Bonds Standards criteria for low carbon buildings. Overall, since 2014, NAB has issued 7 more Australian green bonds valued at AU\$ 2.5 billion. It aims to expand its portfolio of green bonds to \$20 billion by 2025 in a commitment to accelerate Australia's move to more sustainable sources of energy.

The NAB green bond program exemplifies how the shared value approach can be used to further both business success and societal wellbeing. The clean energy market will continue growing in Australia and around the world. Bloomberg New Energy Finance projects global renewable investment to reach US\$ 11.5 trillion over the next 30 years. Australia's renewable investment is projected to reach US\$ 138 billion by 2050, with 90% of Australia's energy projected to be from renewable sources. By adopting a shared value perspective, NAB was able to secure a prominent position in a very lucrative market and pave the way for green energy investment in Australia.

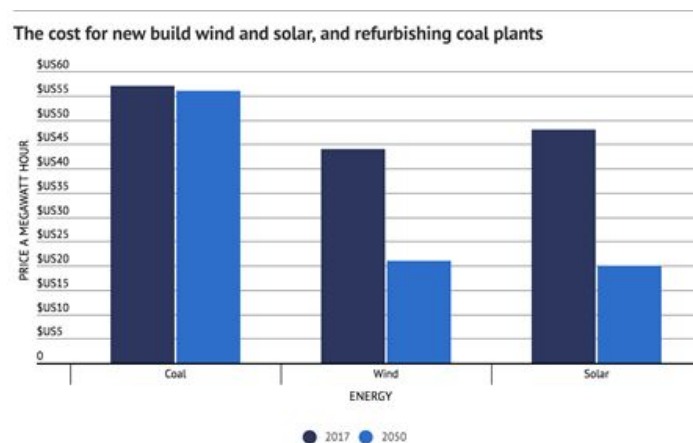


Figure 2 Increasing investment in renewables
Source: Bloomberg New Energy Outlook 2018

Natural Value Program

Environmental degradation poses a grave threat to sustainability of food, water and other resources essential for human life. The risks that degradation of natural capital creates are especially prominent in agriculture businesses. However, because of the interdependent nature of natural farmers and business owners, they often found it difficult to consider these risks.

Using the shared value principles, NAB was able to identify an opportunity for a service that they could provide their agricultural business customers. By better understanding the interdependencies between various types of natural capital, NAB could advise their clients on how to invest in a sustainable manner as well as better assess natural capital risks in businesses.

NAB partnered with CSIRO to better understand the relationships between different types of natural capital. By combining these insights with their understanding of business risks, NAB was able to generate additional value for both its business and for farmers across Australia. Furthermore, these principles proved to be applicable to a wide array of segments across NAB's portfolio.

The Natural Value Program enabled NAB to develop unique products that rewarded farmers who adopted sustainable practices. For instance, with the support of Clean Energy Finance Corporation (CEFC), NAB provides a 0.7% discount on energy efficient equipment financing. This discount applies for investing in sustainable irrigation systems, solar PV, building upgrades, lighting upgrades, processing line improvement and much more. By providing businesses the financial capital to invest in sustainable technology NAB has been able to deliver a robust framework for identifying and mitigating natural capital risk.

As you can see, the shared value philosophy provides organisations a powerful tool for improving their business and improving the community. NAB's successful implementation of shared value has paved the way for other business to adopt a similar strategy to achieve both social and business outcomes in the future.



Charity Trivia Night

By Lanyu Zhang (Vice President at the ANU Commerce Collective)

In early May 2018, the ANU Commerce Collective held a Charity Trivia event to promote the concept of shared value. University students from all faculties were in attendance and entry into the event was by gold coin donation, with all proceeds being donated to The Smith Family.

The Smith Family is a national, independent children's charity that aims to provide 'a better future for young Australians in need'. Furthermore, the charity recognises the importance of 'financial literacy', and that individuals who are the least 'financially literate' are - young people, aged 25 and under. As a result, The Smith Family aims to run programs that are designed to educate young Australians to help them gain financial skills and develop long-term savings habits.

As a business society, the ANU Commerce Collective embraces The Smith Family's vision that financial literacy should be promoted at all levels in society. We strive to provide university students with financial workshops and events that broaden their financial knowledge to give students the ability to make informed judgments and effective decisions about the use and management of money at our Charity Trivia event, attendees embarked upon a two-hour adventure, racking their brains to solve the society's expertly crafted trivia questions which ranged from a variety of different topics, but mostly involved a financial element to them.

Aside from the friendships that were formed and nuggets of financial information that we learnt, as an attendee I felt especially honoured to be a part of this event due to the positive impact that my contribution will have in support of the Smith Family's wonderful work.

Thinking back to my past four years at university, commerce societies have rarely held social impact focused events. Therefore, I along with many of my peers eagerly look to them for opportunities that will allow us to open pathways to career opportunities that are outside of the traditional career paths. This view can also be applied across the university; university students in general are often too focused on activities that will support their academic careers that they forget to consider how they may also make a positive impact on their community.

With the Charity Trivia night, the ANU Commerce Collective is helping students like myself come to the realisation that university should be more than just academic development; we should be using our time to give back to the community and develop ways that produce long term change in the community. Regardless of whether I end up aiding in the area of financial literacy, the ANU Commerce Collective's Charity trivia night has instilled a drive in me to make a change.



Envisioning a Socially Responsible Future

By Keeha Oh (Director of Marketing at the Auckland Microfinance Initiative)

Corporate social responsibility is a maxim preached by many corporations in the modern business context. Naturally, the concept of 'corporate social responsibility' has trickled into university curriculums. Students are presented with this stakeholder theory with a halo on its head and dollar signs hinting that goodwill translates into profit. However, students require a more practical means to understand that corporate social responsibility is more than just about profit maximisation. This is a key principle upon which the Auckland Microfinance Initiative (AMI) was founded.

AMI is a student-led charitable organisation which seeks to empower young people to create social impact. One of AMI's core initiatives is to offer students at the University of Auckland opportunities to consult real organisations, both domiciled in New Zealand and beyond. AMI typically partners with organisations which seek AMI's pro bono consulting services for a purpose that benefits the wider community. Unlike its name suggests, these consulting projects are not just limited to providing or advising about microfinance.

In 2017, a team of AMI consultants engaged with Progressive Cooperative Credit Society Limited ("Progressive Cooperative"), a mid-size cooperative bank operating in Northern India. The Chief Executive Officer of Progressive Cooperative approached AMI with the goal of reaching out to faith-based charities in New Zealand and Australia and providing them with the means of setting up a cooperative bank and a free banking software. The gap that AMI would fill was identifying which cooperative banking model would be the most appropriate and outlining the legislative requirements to establish such a cooperative bank in New Zealand or Australia. Over roughly 6 months, the project team liaised with Progressive Cooperative to identify credit unions as the most appropriate model and produce a comprehensive guide on how to establish a credit union in New Zealand and Australia. As at the beginning of 2018, these guides were provided to various charities in Auckland and Sydney.

The Progressive Cooperative project is just one of the many that AMI has conducted with the aim to benefit international communities and facilitate creation of shared value. AMI consultants and project partners collaborate with the ultimate purpose of delivering value to the community, whether that value may be the means to establish a credit union, information about household debt, conducting market due diligence, or so on. On the other hand, these project opportunities are a quid pro quo practice. Through consulting real organisations, students are able to gain real business experience and indulge in seeing real impact on the community.

Above all, members of AMI are enabled to realise the theories about corporate social responsibility into real experiences. They are encouraged to maintain social impact at the forefront of their consciences as they consider how best to deliver value to the project partner, for the community. The aim is not profit maximisation or brand reputation. The experiences that AMI provides instils a sense of community responsibility in its student members. AMI offers these opportunities to students with the vision that our future business leaders will retain an untainted sense of corporate social responsibility as they move forward in their careers. AMI will continue to pursue its mission to create shared value between students and the community in the hopes that the future business industry will continue to promote socially responsible business practices.



On Changing Perspectives and Doing It “Live”

By Darren Rajit (Vice President of Monash SEED)

Monash SEED is the largest social welfare club at Monash University. We exist to empower students to achieve social impact through mediums of social enterprise and microfinance.

“You’ve changed my outlook on life and introduced me to a sector I never knew existed.” - Incubator 2017 Participant

Quotes like that are the reason for why we exist, and why our Incubator program was conceived. We love doing cool stuff, and more importantly, we love seeing our peers go out there, take risks and chase their visions.

SO, WHAT IS INCUBATOR?

Incubator is a wholly student-led and student run social enterprise pre-accelerator program. It exists to inspire and help build student-led start-ups dedicated to achieving social and environmental impact. Our theory of change is simple, to:

- flood Melbourne’s startup ecosystem with fledgling startups dedicated to solving social and environmental problems, and in doing so, shift the needle in terms of what Melbourne’s entrepreneurial culture can look like
- mobilise a student body on the power of entrepreneurship to solve the world’s greatest problems
- inspire other students to develop their own ideas, at a stage of their life where they still have the energy and passion to do so
- raise awareness of the social sector in Australia and allow students to consider careers somewhere off the beat track.

Every year, through a competitive application process, we put a call out to the student body, searching for passionate young people dedicated to solving a problem that they deeply care about. We select the best ideas and the teams with the vision to match it, and through 9 weeks of masterclasses and workshops we guide them through a crash course on entrepreneurship, social impact measurement and articulating their theory of change. In the meantime, we perch them on the proverbial precipice, push them off and tell them:

“Just do it. We believe in you.”

At the end of the program, they pitch their business idea to a panel of judges for a chance for a purse of \$1000, and a private networking dinner with a curated selection of Australia's foremost social impact luminaries.

WHAT DID WE LEARN?

In the space of 9 weeks, we launched 4 start-ups, tackling issues ranging from data analytics for farmers in India, to tackling orphanage tourism in the developing world, to helping children in hospitals grappling with chronic conditions make their transition back to school. Here's some of them: Inpat and Journey Across Borders (our eventual winner). Throughout the year long process in designing and executing the program, here's some of our reflections:

1. ENTREPRENEURSHIP IS EXPERIENCED NOT LEARNED.

We fundamentally believe in the power of entrepreneurship in bringing about a better world.

There's a whole host of resources out there that can give you the tools and knowledge, but none of the good you envision will come about, if you do not allow yourself to be vulnerable and dive head first into it. How else can you learn about something without doing it live?

2. SOCIAL AND ENVIRONMENTAL PROBLEMS EXIST FOR A REASON.

Let's face it. Start-ups are hard. Start-ups that try to disrupt the status quo and solve a social or environmental issue, even more so. The big problems such as global warming, pollution, poverty, and equality are unfathomably complex. That might seem incredibly obvious, but as we and our participants found out, one does not truly appreciate the magnitude of the challenge until one is in the trenches, apprenticing and falling in love with the problem.

But perhaps that's why these are the problems that inspire and capture our collective imaginations. These are problems that have been around since humanity has existed, and maybe it speaks more about the human condition than we might care to admit. Which is why so many of us are inexorably drawn to lend a hand in fixing them.

3. SOCIAL IMPACT IS A MINDSET

Social impact as a concept can be nebulous sometimes. There seems to be this pressure to have a pet issue to be passionate about, but we learnt over the course of the program that it's more about a switch in perspective. It's looking at the world through the lens of: "What can I give the world?" instead of the other way around.

Many of our participants came in with an idea with perhaps a shallow understanding of the issue that they were tackling. They came out of the end with a more nuanced opinion and a greater curiosity to explore the big problems out there. We've learnt so much from the cohort, and it was a true privilege seeing changes in perspective occurring before our eyes. Failure with start-ups is expected, but mindsets are built to last, and really that's all we ask and hope for.

Impact Investing with Ingrid Van Dijken

By Ned Efe (Vice-President of Operations at MMI)

This article features a conversation with Ingrid Van Dijken, Chief Operating Officer and Head of Investor Services at Impact Investment Group, a leading Australian impact funds manager and co-investor. The group focuses on the asset classes of commercial real estate, renewable energy infrastructure, and venture capital, and is driven by an investment ethos that seeks not only financial returns, but positive social and environmental impact also.

Social and environmental responsibility is not the first thing that comes to mind when you think about the finance industry and investing. For some proportion of investors, and no-doubt for some corporations in society, the bottom line remains the cardinal factor that informs decision-making, with profit and returns to shareholders being the carrot on the end of the stick of capitalist incentives. Popular culture and recent history has reminded us of the greed and irrational exuberance that is often associated with the world of finance, and especially in Australia with the ongoing enquiry into the conduct of our large financial institutions, the reputation of the industry for doing good is somewhat lacking.

Recent trends in investor priorities show signs that this narrative is changing. 2018 started with a bang – that bang being the annual letter to S&P 500 CEOs by Larry Fink, the Chairman and CEO of Blackrock, a US-based asset manager with \$US6.3 trillion under management. Fink outlined the importance of redefining the purpose of corporate entities, and made the case that “society is demanding that companies, both public and private, serve a social purpose”. With the private sector now increasingly being relied upon to address social and environmental challenges, there is increasing pressure on companies to be more sustainable and mindful of their impact on society and the environment.

These developments have been in the making for several years with the rise of impact investing, a form of investing that seeks to achieve both competitive financial returns, as well as a positive impact on society. Whereas investing and philanthropy may have traditionally been regarded as polar opposites, an impact-based approach allows investors to align their values with their investment portfolio, and see no sacrifice in financial performance. This means investing in companies that not only perform strongly, but also achieve certain standards for disposing waste products responsibly, for giving back to local communities, and for establishing effective corporate governance practices. In other words, the ‘ESG’ – environmental, social, and governance, - are a common set of factors that are becoming increasingly important to investors today. The philosophy is captured well in the words of Sappho: *wealth without virtue is no harmless neighbour, but a mixture of both attains the height of happiness.*

I sat down with Ingrid Van Dijken, Chief Operating Officer and Head of Investor Services at Impact Investment Group to discuss these developments and the reasons why she became involved in this space, and to hear her advice for students who are about to enter the initial stages of their career.

On the topic of the recent growth of impact investing, Ingrid reinforces the idea that there is a growing desire for people to “do good” with their investments:

“There is a growing appetite from investors to invest in organisations that they can monitor and understand, and that have a high level of transparency with cost and investment structures. There seems to be a genuine intention of investors, to do something good in this world; impact investing combines these two factors – of doing good and making a return on your dollar as well. This is a concept that now appeals to a lot of people, especially after the crisis we have been through [in 2008].”

We also spoke about the common misconception that there is an apparent trade off between performance and impact. Ingrid elaborates:

“At this stage in our IIG journey we create investments that have a competitive financial return, because we are trying to prove these past years that you can have commercial returns, while doing something good at the same time. We don’t really want to generate below par investment returns, which can be seen as an implied form of venture philanthropy. Whilst there is a market for these types of investment, we focus at this point in our journey on competitive returns. We may well be exploring these types of options at another point.”

So, what type of impact does Impact Investment Group focus on? Primarily, the Group focuses on social and environmental factors. The same level of scrutiny is applied to measuring impact, as with the analysis that is done to evaluate the financial merit of an investment:

“The due diligence that we do is the same as any other investment firm. We analyse the transactions that come our way, and if we feel that the story isn’t commercially strong enough, we walk away. If we think that it is a compelling offer, we apply the same level of due diligence from an impact perspective... when we tick the box on both financial and impact, that is when we go ahead with our work. This impact is then continually assessed over the life of the investment, being reported to investors on a quarterly basis, and in an annual report issued in September.”

On the other end of the spectrum, large financial institutions are beginning to meet growing investor demand for impact-focused products also. Blackrock’s ‘Impact’ fund, as well as TPG’s \$US2bn ‘The Rise’ fund which includes musician-turned-investor Bono as a co-founder (interestingly enough), are examples of how impact investing can be brought to scale fairly quickly. However, there is still some time before impact investing becomes mainstream, and the millennial generation will be key to realising this goal:

“I think, and hope, that [millennials] will be the generation that will make this mainstream. In your generation, there is a difference in the way that you think about money and investing, compared to when I was brought up, and when my parents were brought up. I am hopeful because impact investing has the capacity to get to scale; you can apply an impact lens to basically any asset class. It is not restricted to any one asset class.”

The data is convincing on this point. Millennials are 3 times as likely to choose an employer based on ESG performance, and 76% see investment decisions as a way to express their social, political and environmental values, according to the Morgan Stanley Institute for Sustainable Investing.

So, perhaps it is the desire to do work that is more meaningful, that is the reason why many more people are becoming involved in this space. Ingrid shares the story of how and why she left a traditional career in finance to work at Impact Investment Group:

“I was 43 at the time, so that gives you a bit of an idea of the age difference between us here. So that was, at that time, my 4th employer. I made the move because I came to a point in my career where I wanted to do something a bit more meaningful and deeper than just looking continuously at returns and profitability for clients. I had worked at that time for 5 years for a big Australian bank, that I loved. I very much enjoyed working there. But when this opportunity came, I thought it was very interesting, because it was more meaningful work. I very much trust the people that set up this business, and I could take a risk, as I was 43 with experience in the financial industry. I also saw, clearly, the value and the potential of impact investing.”

Following on from this, I asked Ingrid what her advice would be for students who are looking to start a career in the financial services industry, and who would want to get involved in impact investing some time in the future:

“I think that when you are in the beginning of your career – whether it be finance or any other field – you need to get a very good foundation; you need to understand the importance of systems and processes, how organisations run effectively, what drives them, and how they are being managed. That sense, or knowledge [of businesses], is something that you get via a proper training, which is usually offered by larger organisations, but not exclusively.

Larger organisations can have many flaws, like any organisation, but they can also have a lot of advantages, and I am not talking purely from a learning perspective. You have such a diversity of expertise around you and the opportunity to learn via different experiences, which I think is very good for young minds like yourselves. That is something that is hard to get when you start working in a firm like ours, which was very much a start-up a few years ago. So, I would suggest in the beginning of your careers that you just learn. Learn and absorb. The more you learn universal concepts, the better it is... You can deliver much more value when you have learned and have been properly trained.”

Although challenges remain ahead, it is clear that the mindset of many investors is changing towards one that achieves a better balance between values and profits, with more ready to look beyond financial returns. For students looking to do something impactful in their career, the takeaway is that joining a large organisation need not be seen as an undesirable path. Change can come from within, and the learning and development opportunities available will equip you with the skills to do something meaningful later, should you choose to do so.



Lessons from Morgan Koegel

By Naomi Smith (Team Member at Project Lantern)

Project Lantern is a podcast about young people trying to 'change the world' and trying to understand what that actually means. For their first episode Yaz Naji and Asanga Seneviratne of Project Lantern sat down with Morgan Koegel is the former CEO of One Girl, a Charity which aims to educate 1 million girls.



“I owe it back to the world to be better, and do better” – Morgan Koegel

No matter how many times I listen to the Morgan Koegel episode there always is something new that I can learn. Koegel's passion completely captured my attention for an hour. Her insights forced me to reconsider career pathways and misconceptions I had about working in the non-for-profit sector.

Morgan Koegel was the CEO of One Girl. A charity which partners with local organisations in Sierra Leone and Uganda to: provide scholarships for girls to continue their education, fund projects to improve school facilities, and support girls in starting their own businesses. Recently, you may have seen One Girl's 'Give Up Your gifts' campaign appear on your Facebook feed. Or you may have participated in their 'Do It In A Dress' campaign during high school or at university.

At the centre of these successful charity was Koegel – a young, some would say inexperienced, twenty-five-year-old. There is nothing about her journey which, as she would put it, endorses “the done thing.” Her success is a result of rejecting traditional career pathways in favour of something you truly care about. The phrase ‘Do what you love’ may sound too idealistic for everyone except your old school career guidance officer, but Koegel is a testament to that mantra especially when it comes to social impact.

Koegel talks about getting caught up in following traditional career pathways while at Law School. Like everyone else she applied for all the top tier firms, believing in a narrow view of success. She describes finding herself sitting, “high-up in an office in Collins street,” and thinking, “this is not what I imagined for myself.” As an economics student surrounded by second year internship fervour this was a timely message that forced me to refocus.

It is easy to lose sight of what we care about because we are sold a specific narrative of what success looks like at University. A career in social impact can be daunting as it is not something that universities market or encourage. When it comes to taking risks, backing yourself, your capabilities, and your passions is key. In applying for the CEO position at One Girl Koegel was one of the youngest candidates, but this did not make her experiences irrelevant. Her age was a strength as One Girl’s main donors are females aged between fifteen and twenty-five years. For many of us, if our age or capabilities are not a barrier, we think it’s not feasible to pursue a career in social impact. Koegel describes many friends whose plan was to work in the corporate sector and then go do the thing they love. Or people believing that if they are not hurting anyone then it does not matter. Those justifications ignore the damage that our privileged life styles have on the rest of the world. Koegel makes the excellent point that if everyone lived a developed lifestyle we would need more than one planet;

“You didn’t start at a net neutral position, if you’re living a developed lifestyle, you owe it back to the world”

This moral obligation perspective that Koegel gives is difficult to swallow. In the developed world we are not held accountable for how our lifestyles negatively affect others. Although confronting her perspective makes sense. As a privileged individual I am profiting off the poverty of others and because of this I have an obligation to give back. Contributing back to society is not just a ‘nice’ thing to do, it is the right thing to do.

People listen to podcasts for different reasons - for relaxation, pleasure, and information. But many people listen to podcasts because they challenge conventional ways of thinking and acting. Rarely do I listen to a podcast and immediately feel that I need to re-listen to that episode because I could still learn so much more, but that is exactly how I felt after listening to Morgan Koegel’s story.



Grameen Immersion Internship Program

By Sandra Ma (Marketing Director at UNSW Microfinance Consulting Group)

UNSW Microfinance Consulting Group (UMCG) has traditionally placed a heavy focus on providing students with a holistic understanding of microfinance through a 9 - Week Management Consulting Program, internal and university-wide case competitions and various networking events throughout the year.



UMCG Board of Executives and Directors with industry professionals (Jessica Souza, Michelle Lie, Angela Li, Stuart Ho, Kate Schade, Kelvin Li) at UMCG Internal Case Competition 2018.

In 2016, UMCG offered students an international microfinance internship through the Grameen Intern Immersion Program in the Philippines. This proved to be a great success as students gained hand- on experience in consultancy and was able to see the impact of education and financial assistance in alleviating poverty.



UMCG Members in the Philippines completing the Grameen Intern Immersion Program in 2016.

As a society that is strongly driven by philanthropy and is continuously exploring new avenues to create real social impact and value for financially - constrained local communities, UMCG partnered with Thrive Refugee Enterprise to create an exciting and new Thrive Refugee Enterprise Program in 2018. Under this program, students will be given the opportunity to gain industry exposure as a consultant and create positive impact on the local community.



David Ghatarchi

David Ghatarchi came from Iran in 2012 as a refugee leaving behind persecution from the Iranian regime. His fiancé joined him soon after. The adjustment to life in Australia was somewhat difficult for a variety of reasons including language and cultural differences.

In Iran, David worked as an accountant but found his qualifications were not recognised in Australia. With this in mind and a strong desire to work, he learnt English and began to investigate small business opportunities.

David's wife saw a story about Thrive in the media and encouraged him to reach out. Assistance was provided by Thrive in the form of a business plan, cash flow statement and finance to help him grow his Jim's Mowing franchise.

David prides himself on working hard and providing excellent customer service which has resulted in his business flourishing. Jim's Mowing offers him a flexible job which fits into his lifestyle and allows him quality time with his family. David credits Thrive with changing his life by helping him achieve his goals of becoming a successful business owner.

Success story of a refugee client who reached out to Thrive to help him grow this franchise in Australia.

Working in groups of 3 - 4, students analyse and revise business plans and consult refugees on becoming financially independent and establishing or growing their own business. This program will be running over 10 weeks across the semester and during this period, UMCG aims to provide students who are not already part of our 9 - Week Management Consulting Program with ongoing support and workshops. Here, industry professionals from leading companies including KPMG and Westpac will mentor these students and equip them with the skills and knowledge that will be invaluable as a consultant.

An information session for the Thrive Refugee Enterprise Program was recently held at UNSW and UMCG was delighted to have seen more than 150 enthusiastic students interested and attend. The number of applications are expected to continue rising, especially as our team aim to bring greater awareness to this remarkable initiative, via Facebook, email and other platforms. Unfortunately, positions will be limited, so the competition to join this program will be tough. However, we hope to provide students across all years and disciplines, who are genuinely interested in giving back to the community, with the opportunity to join the program.



UNSW students, interested in the Thrive Refugee Enterprise Program, attending the Information session earlier this semester.

Although proving difficult to analyse the initiative’s success to date, as the program has yet to officially begin next semester, UMCG aims to regularly evaluate the performance of students and hold meetings with the clients, industry mentors and Thrive Refugee Enterprise representatives. Already, 80 volunteers from the Australian community have helped create entrepreneurship opportunities for more than 368 refugees and lent \$1.1 million dollars to launch and grow these businesses. With each group of UNSW student consulting one refugee client every semester, we are excited to see these numbers grow as the students face real business problems and create real impact on the lives of others.



Statistics provided by Thrive Refugee Enterprise.

Beyond the consultancy skills and knowledge that students will develop throughout the program, UMCG hope to facilitate a positive work environment which fosters strong friendships and trust where they feel comfortable to reach out to one another and their mentors for assistance. We also aim for students to establish rapport with their refugee clients as it makes their experience more enjoyable and can motivate them further to create.

About Us

The Melbourne Microfinance Initiative (MMI) was established in 2010 with the aim of creating social impact through the provision of pro-bono consulting for not-for-profit microfinance institutions. We seek to inspire and empower students through both our events and consulting projects, to develop their skills and knowledge so that they may be used for the betterment of society.

Over the past 8 years, MMI has grown significantly in both prominence and size with a strong presence at the University of Melbourne. With a combination of high quality events and varied consulting projects, MMI continually strives to create impact through promoting financial inclusion in communities with the use of professional skills.

Each year, MMI impacts communities through the provision of a range of consulting services including social impact assessment, market expansion and training for non-for-profit Microfinance institutions across countries such as Australia, Philippines, Indonesia and Nepal. Through these services, MMI aims to promote the effective and efficient delivery of financial services to underprivileged communities that lack access to traditional and mainstream financial services.

MMI believes that effective social change requires not only passion, but a high degree of competence and professional skill. Hence, the quality of our impact is reliant on our ability to recruit top calibre students at the University of Melbourne and the provision of professional training both internally and with the assistance of our sponsor and partner organisations.

Further through the range of events we run each year, MMI seeks to develop the skills of the student community while promoting the importance of social impact and financial inclusion. Through these events we hope to create impact through the empowerment of students, and encouraging them to consider the importance of social impact in their lives and future career.

We are proud to launch our inaugural Impact Review with the contribution of our partner organisations and hope this publication can fuel interesting discussion and progress in the social impact space. We hope you enjoyed the read.

Sincerely,
Darren Lee



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