Highlights from the Sustainability Innovation Exchange

May 2016

GLOBESCAN

Cranfield
UNIVERSITY

Amazing day...I think we all want this as a permanent Green Economy Hub (Jeremy Robinson, Active Earth Investment Management, UK)

On 25 May 2016, Cranfield University and Globescan hosted a unique event. The Sustainability Innovation Exchange was a day of online discussions between people from a diversity of nations, sectors and experiences. The objective was to share ideas about how to develop better policies to encourage governments, businesses and individuals to take action and to work together to develop sustainable innovations in order to support sustainable living.

Thank you to all those who took part and so generously shared their ideas and passion. This report celebrates the highlights, and reports on the key insights and suggestions from this fast paced and inspiring consultation on policy for sustainability innovation. The full discussion, including the resources shared by the participants, is still available to view at: www.globescanforum.com/sie

Many of you said you'd like to continue the conversations you started with others in the Exchange, so we've set up the Sustainability Innovation Exchange LinkedIn group so you can stay in touch with each other, and keep up to date with the progress of the project. www.linkedin.com/groups/8541583

Prof David Grayson   Caroline Holme
Cranfield University   GlobeScan

150 people from

40 countries

6 x 60 minutes of topic discussions

2 x 30 minute plenaries

1,700 unique comments

The Cycle of the Sustainability Entrepreneur
A Summary of the Discussions by Topic

Co-creating policies with different actors beyond the usual suspects, debating options, trialling, evidence, and sharing successes and pitfalls are all helpful. We need easy access one-stop shops for citizens and innovators to find ways to participate
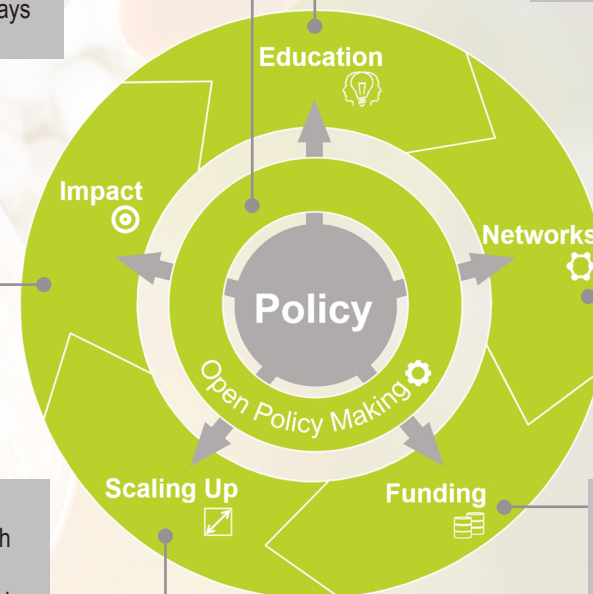
We need shifts in our education systems to enable sustainability innovation: including from formal to informal structures, and from standardised, test-driven learning to learner-centred programmes

Networks are valued in all forms, with a preference for human interaction, and networks which are value- and purpose-driven. Their coverage is patchy, governments can help

To some extent, what gets reported gets managed. Ask blue-chips to report formally on a range of non-financial measures, but don't overload SMEs. Prizes and positive stories have an influence

Education

Impact

Policy

Networks

Open Policy Making

Scaling Up

Funding

Collaboration is considered a good thing generally, and increasingly with unusual partners (NGOs and other parts of civil society); however, deriving a common mission/purpose is vital. Government can play a role in creating markets that make this happen

Governments have a part to play in enabling funding for sustainability innovation, but are not good investors themselves. Better and more consistent tax and investment incentives – for entrepreneurs and both corporate and individual investors – are needed

Next Steps...We will share your insights in face to face discussions with policymakers in October. You can keep up to date with our progress and continue the our conversations by joining the our Sustainability Innovation Exchange LinkedIn group: www.linkedin.com/groups/8541583

Overarching themes

Embedding Culture Change

Changing our society so that innovations which deliver improved social and environmental outcomes are valued, prioritised and celebrated. The ways and means to achieve this change were discussed throughout the day:

- Adopt a positive attitude to experimentation and learning from failure
- Legal vehicles which promote and privilege businesses with purpose
- Metrics for innovations' positive non-financial outcomes which help prioritise and fund them
- Tax reliefs, credits, gamification and secondments into government to encourage citizens to engage with policy development and sustainability innovation

I think serious money has to be put into creative communications from the government that promote the impact of citizen voice in policy and show great sustainability innovations that came from piloting/testing/experimenting/collaborations. Give the people irrefutable proof that all of this matters, has already made a difference, can make a bigger difference in the future.

Elizabeth Dove

Collaboration

Multiple, and often diverse, stakeholders engage with each other to drive sustainability innovation – and the more radical and complex the change involved, the more collaboration is needed. Having mutual respect and understanding, and agreeing a common mission and purpose is vital. This theme had multiple strands across our topics rooms:

- Networks for sustainability entrepreneurs to learn from each other and scale ideas
- Blue chips collaborating with users and entrepreneurs to drive innovation
- Opening up policy design to a broader set of 'unusual' stakeholders

A"sandpit" process brings an inter-disciplinary team of experts and enthusiasts into a room to throw around ideas. I want more sandpits! Today was a bit like a sandpit - a bit messy and chaotic and fun - and hopefully some brilliant future collaborations will emerge!

Emma Macdonald

Measuring Value

Being able to articulate the environmental and social value of an innovation, in a way that is broadly understood and accepted by society, is central to encouraging sustainability innovation. Criteria for these metrics were discussed across topic rooms:

- Metrics that are specific and relevant to the purpose of a specific enterprise, but it can be shown to what extent they contribute to top down (national, EU, UN) objectives and targets
- Metrics that allow for prioritisation between opportunities as well as measurement
- Metrics that are visible and widely communicated

I've been looking at the 'for benefit' incorporation status that some companies like KickStarter and Toms have adopted in the US. It's allowing them to enshrine many of their sustainability principles into the obligations their company has. It goes beyond financial performance and (voluntarily) ties them to a set of measures that value their impact on society as a whole.

Owain Cleary

Innovating Policy Making

Recognising that the inherent tension between our current conception of policy (regulation, standards, certainty) and innovation (experimentation and diversity) means that we may also need to change the nature of policy itself in order to support sustainability innovation. Success cases of innovations in the policy making process include:

- Involving stakeholders in policy development: Open policy making (or 'Open Ministry')
- Using policy to 'nudge' individual behaviour or to 'create' or 'nudge' a market
- Encouraging experimentation and testing in policy-making (test-learn-adapt-share); finding ways to make policy evidence-based yet agile

The problem with policies is that they seek uniformity and standardization. Sustainability innovation needs experimentation and diversity. We therefore need policies that encourage emergence and innovation, something that public authorities seem not to be comfortable with.

Arnold Smit

Policy recommendations and examples by topic

Participant recommendations and case examples

Education

- Adopt sustainability and innovation in school education, preferably optionally but with credits/benefits for students who participate
- Support educators to teach sustainability innovation and develop skills in children that help them to engage with and understand context, critical analysis and systems thinking by unlocking rather than stifling their creativity
- Adopt sustainability and innovation formally and informally in Higher Education: e.g. France's La Rochelle Business School www.esc-larochelle.fr/eng/Areas-of-expertise/Sustainable-Development-and-CSR/Institute-for-Sustainability-through-Innovation and Finland's Tiimiakatemia organisation www.tiimiakatemia.com/en
- Establish grant-giving foundations to support development of innovative sustainability curricula and teaching resources

Pie chart: 53%, 17%, 7%, 23%

- Requiring schools to run innovation programmes for children
- Higher education funding more dependent on compliance with programmes like PRME
- Tax incentives for business mentoring sustainability entrepreneurs
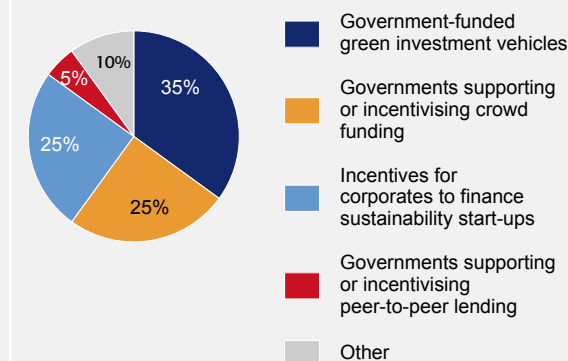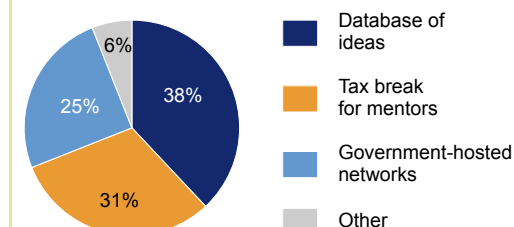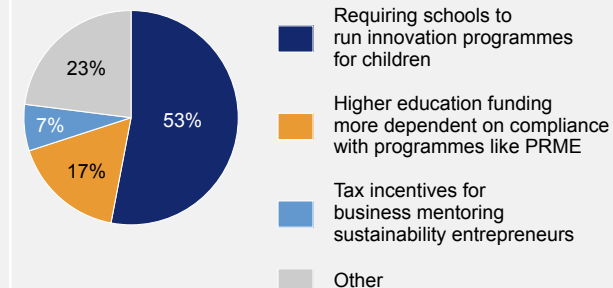- Other

Networks

- Promote informal sustainability innovation networks, which systems theory and our participants' experience suggest are effective
- Build on participants' positive experiences with start-up business hubs, university collaborations and incubators. Follow up one-off face-to-face events by developing information virtual networks
- Offer opportunities for conversation with government e.g. UK's Whitehall Industry Group www.wig.co.uk and German Council for Sustainable Development, to complement independent networking
- www.Impacthub.net works to support sustainability innovation globally by linking and supporting members both virtually and at physical hubs.
- The UK's Knowledge Transfer Network www.ktn-uk.co.uk connects large and small companies, government agencies and research organisations, with tech hubs and startups, public funding bodies, VCs and private investors, to drive innovation

Pie chart: 38%, 31%, 25%, 6%

- Database of ideas
- Tax break for mentors
- Government-hosted networks
- Other

Funding

- Explore options to support crowdfunding as a useful mechanism to match sustainability entrepreneurs with funding, albeit recognising the risk involved and the lack of mentoring or other support contingent with the funds - "blind money."
- Provide advice to potential crowdfund investors, e.g. US Securities and Exchange Commission www.sec.gov/oiea/investor-alerts-bulletins/ib_crowdfunding-.html and UK Financial Conduct Authority www.fca.org.uk/consumers/financial-services-products/investments/types-of-investment/crowdfunding
- Incentivise investment in sustainable activities through e.g. tax credits, but ensure that it's driving new investment, not just greenwashing existing R&D
- Offer Green Bonds as a more secure alternative for investors: www.icmagroup.org/Regulatory-Policy-and-Market-Practice/green-bonds
- Support corporate venturing as a positive source of finance as long as Intellectual Property of entrepreneur can be protected: e.g. www.leagueofintrapreneurs.com/toolkits
- Move towards a financial system which takes a longer-term view, including government policy so that incentives can embed and take effect, however financial sustainability needs to also be a priority for sustainability entrepreneurs. Finance Innovation Hub an example of a successful government-supported finance solution: www.financeinnovationlab.org

Pie chart: 35%, 25%, 25%, 5%, 10%

- Government-funded green investment vehicles
- Governments supporting or incentivising crowd funding
- Incentives for corporates to finance sustainability start-ups
- Governments supporting or incentivising peer-to-peer lending
- Other

*votes were on policy suggestions put to participants by Cranfield

Policy recommendations and examples by topic

Participant recommendations and case examples

Scaling-Up

- Open source university IP for entrepreneurs to take to market
- Recognize governments' role in incentivizing demand as well as supply e.g. shared promotion with sustainable businesses or aids to promotion such as awards for suppliers, plus tax allowances to support demand www.watertechnologylist.co.uk
- Use measures of innovativeness to facilitate scaling up and collaborations: e.g. UK's Community Innovation Survey www.gov.uk/government/collections/community-innovation-survey
- Support networks involving NGOs and civil society, partnerships with universities and corporate collaborations (cross-sectoral) as primary routes to successfully scaling up, despite their inherent challenges. Common mission and IP protection are vital. e.g. networking between 8000 participants at Hong Kong RISE Tech Conferences www.riseconf.com
- Knowledge Transfer Partnerships via Innovate UK www.gov.uk/government/organisations/innovate-uk is an example of government facilitating scaling up (need for this to continue when Innovate UK merges with UK Research Councils)
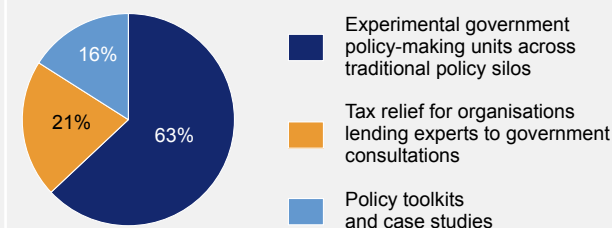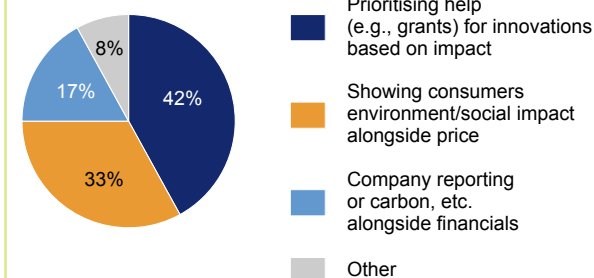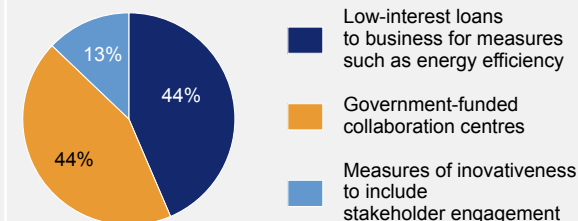
Impact

- Join up policy across government departments at national and EU levels
- Require light touch reporting for SMEs to reduce barriers to market entry and growth; support prizes that help share best practice cases
- Mandate corporates to report on a range of non-financial metrics (e.g. Green Investment Bank , or Nordic Investment Bank, or UK mandatory GreenHouse Gas reporting) as a single standard for ease of comparison (like ISO standards)
- Build 'transformational' metrics that go beyond outputs to outcomes and impacts. This is hard, but important to avoid unintended consequences e.g. UK's Transformational Index www.thetransformationalindex.org
- Use models which include measures for Input, Output, Outcomes, and Impact e.g. dl-copenhagen.weebly.com/impact-assessment-tool.html
- Prioritise the highest-impact innovations by drilling down from sustainable development goals, or using modelling approaches. e.g. EMAS (Eco Management and Audit Scheme) reporting www.emas.org
- Government TO report regularly (every 3 years) between now and 2030 on how they are contributing to achievement of the Sustainable Development Goals

Open Policy Making

- Provide platforms to give access to wider participation, whether to provide input to proposed policies e.g. citizenlab.co, UK's www.Represent.me, or to remove financial barriers to participation in politics e.g. US's www.crowdpac.com/about
- Join up government departments to avoid duplication and to maximise learning e.g. Denmark's www.mind-lab.dk/en
- Use the snowball approach to reach a broader range of 'unusual' stakeholders
- Provide easy access one-stop shops for citizens and innovators to find ways to participate – making use of technology to reduce time needed
- Consider 'gamification' to encourage participation
- Consider secondments for citizens into government
- Examples in practice include Citizen Juries e.g. jefferson-center.org/citizen-juries , Open Policy Initiatives youtube/KqmgsUQjr20, Trialling and Piloting schemes

Policies voted as having the most potential impact on sustainability innovation*

Scaling-Up
- 44% — Low-interest loans to business for measures such as energy efficiency
- 44% — Government-funded collaboration centres
- 13% — Measures of inovativeness to include stakeholder engagement

Impact
- 42% — Prioritising help (e.g., grants) for innovations based on impact
- 33% — Showing consumers environment/social impact alongside price
- 17% — Company reporting or carbon, etc. alongside financials
- 8% — Other

Open Policy Making
- 63% — Experimental government policy-making units across traditional policy silos
- 21% — Tax relief for organisations lending experts to government consultations
- 16% — Policy toolkits and case studies

*votes were on policy suggestions put to participants by Cranfield

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