

Common Call Continuum Fund Theory of Change

The Common Call Continuum Fund will be a bespoke, holistic package of finance and support for Black-led Charity and Social Enterprises (CSEs). The fund will offer 'joined up' processes, bringing together existing and new supporters of 'sustainable enterprise', to align efforts to help Black-led CSEs become business ready with access to a wide range of external funding sources including social investment.

The Common Call Continuum Fund is centred on systems theory and the pecking order theory of business finance. Systems theory will enable us to understand the components and dynamics of CSEs systems in order to interpret problems and develop balance intervention strategies with the goal of enhancing *goodness of fit* between individuals, CSEs and their communities. Our systems approach will put local voices in the lead and build on local strengths (rather than focus on problems). The approach will be intentional and adaptable about collaborating across organisations and different stakeholders.

Secondly, the fund uses pecking order theory to determine the funding requirements of CSEs at different stages of their development. Pecking order theory suggests that CSEs will have 'pecking order' preference of funding starting with largely internal funds then moving on to obtaining external funding sources. In other words, the typical CSEs would have a funding lifecycle of first using self-funding and grant funding, followed by subsidised debt followed by market rate debt and finally equity. The interconnectedness and substitutability between different sources of finance are crucial to financing the continuous development of CSEs.

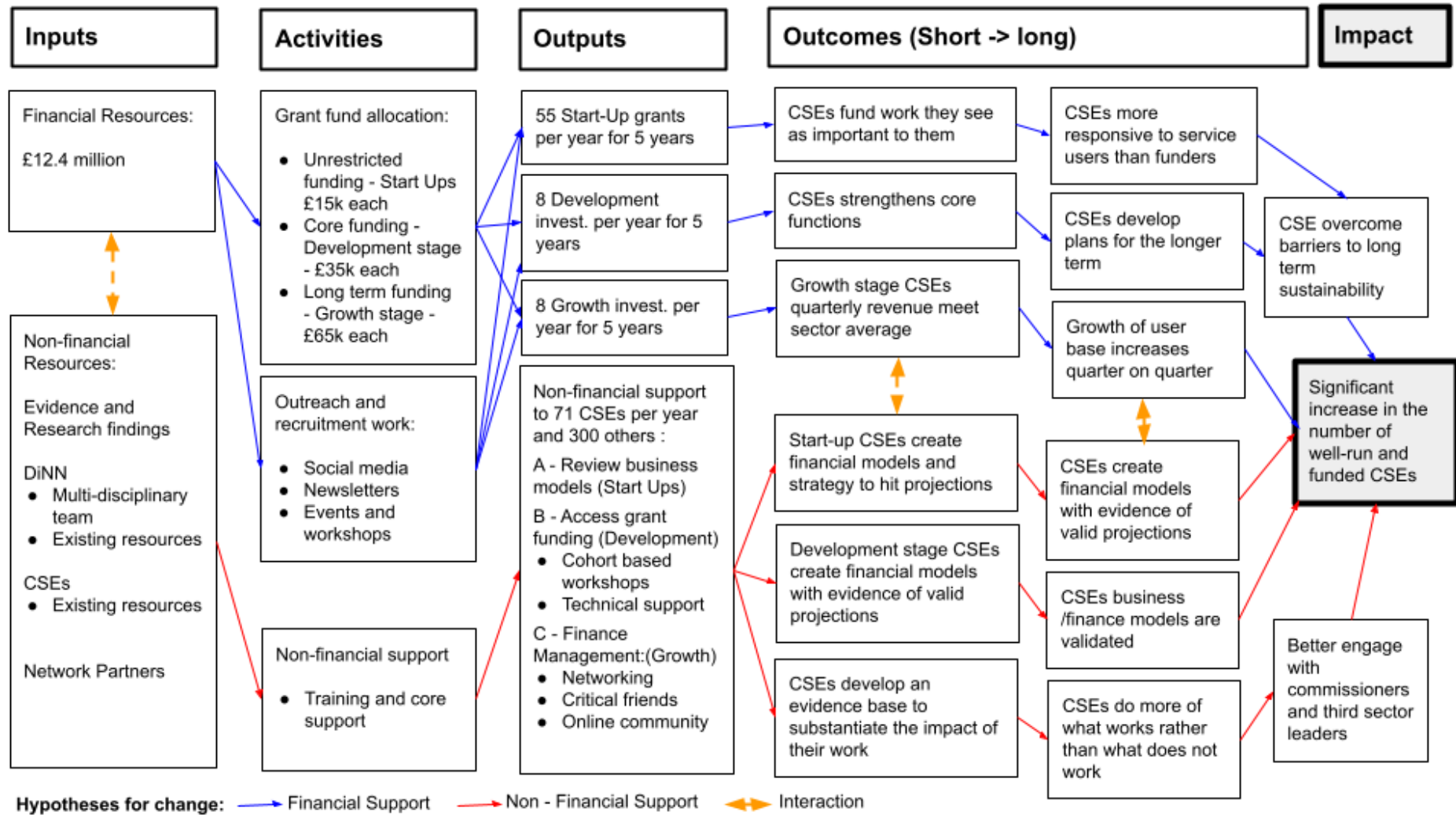
This theory of change focuses on the impact on CSEs rather than on end users. This higher level theory of change goes beyond just funding direct service delivery through supporting CSEs to become more efficient and effective at achieving a single goal. It includes capacity-building work with grantees; fund pilot projects in the ideas that prove CSEs' work and can then be scaled up; provide flexible funding to help CSEs be more responsive to user needs; and/or provide long term funding to enable longer term planning.

The target audience for this fund is Black-Led CSEs deploying market-based solutions, but which struggle to access available social investment because:

- They either mistrust or do not understand the language of "investment" (with founders typically being from communities under-represented in any type of investment, including social investment)
- They typically require skills training to consider how much investment they need and in what form is most appropriate and affordable
- They are often "early stage" with a limited track record of revenue generation
- They often lack assets
- Their business models follow a "low and slow" growth path
- They typically generate low margins
- They are vulnerable to external and internal risks, which are exacerbated by a lack of corporate governance

Provided below is a detailed presentation of the types of inputs, activities, outputs, desired outcomes of the common call continuum fund as well as hypotheses for change, to aid programme design. The assumptions on which the project is based are also provided. The theory of change will serve as the foundation for programme planning, management, communications, evaluation and future fundraising.

Theory of Change



Assumptions	Enablers or Inhibitors
<ul style="list-style-type: none"> ● Unrestricted funding enables more innovation among grantees and ensures the success of more projects and programmes. ● System change is possible in the short to medium term. ● More funders active in the CSE space will improve the prospects of positive and sustainable social change. ● CSEs with path dependent grant funding have a preference for social investment sources of finance over other forms of repayable finance. ● Grant and support is viewed as helpful rather than an unnecessarily complex relationship. ● Power dynamics between funder and grantee are managed appropriately and enables DiNN to take an <i>honest broker</i> role. 	<ul style="list-style-type: none"> ● Levels of engagement with the programmes - building relationship, sharing experiences and experimenting with new ideas ● Entrepreneurial orientation - autonomy, risk taking, innovativeness and proactiveness ● Learning orientation - disposition of grantee to learn programme content ● Organisational culture and style of leadership.