



**Sir Harvey McGrath, Chairman of Big Society Capital, and Chairman of Governors of Birkbeck, University of London.**

Good evening ladies and gentlemen

It's a pleasure and honour to be here this evening and support this important initiative.

It's a particular pleasure, not just because I've known Antonio Baltodano since he launched Mercon in the early 1980's in New York City, but more fundamentally because the company is a great exemplar of two causes that I care passionately about - *doing well by doing good* – and unlocking human potential by *supporting access to quality education*.

Let me address each in turn

**Doing well by doing good**

My career has been spent in banking, trading, investment management and insurance, a world of experience that taught me a lot about risk and reward, quite often the hard way.

But over the last fifteen years or so, I have developed a keen interest in how we can harness the most powerful market forces, those of entrepreneurialism, innovation and capital, to help better address the significant social and environmental challenges that we face.

I believe that we are seeing a fundamental shift in the way in which business is expected to conduct itself, and a growing conviction in the business world that doing well by doing good is not just a tag line or slogan but has intrinsic business logic.

There is growing recognition that the paradigm of the last 40 years, the paradigm of Milton Friedman, the distinguished Chicago economist - that the core purpose of business is profit maximisation within the law, and that any negative externalities created by this activity are the responsibility of government or philanthropy to address – is breaking down.

It's breaking down because of our growing awareness of the size and seriousness of the social and environmental challenges that we face, and growing awareness of the cost and consequences of the externalities that business can create.



There is also an increased social consciousness at large, particularly evident in younger people, whose value set is driving decisions about what sort of organisation they might want to work for, what goods and services they will buy and from whom, and if they have savings, how they might want to see them invested.

You all know that consumer behaviour is a major catalyst for change in business behaviours. According to a recent study, 20,000 consumers surveyed across five countries are now choosing brands they believe are doing social and environmental good. For these people, and millions like them, the products and services they buy are expressions of not simply taste but moral values.

And if your business is b-b rather than b-c, this logic still holds for your part in the supply chain.

Investor preferences are also acting as a powerful driver of corporate behaviour change. There is a strong and growing evidence base showing that incorporating a societal purpose is a positive driver of returns, leading investors and investment managers to allocate funds to businesses that demonstrate these credentials.

So, no surprise that according to the Global Sustainable Investment Alliance in its 2018 review, there were some \$30.7 trillion assets managed under responsible investment strategies, up 34% in the prior two years and representing around a third of globally managed assets

Clear evidence that this shift from a Friedmanite philosophy to one of more purposeful business - doing well by doing good - is clearly happening and gathering momentum.

And in this context, I commend Mercon, whose explicit purpose, to build a better coffee world, is central to their long-term strategy, not an add on. Through its sustainable production programme called LIFT, it is improving levels of productivity, delivering positive social and environmental impact and raising the living standards of coffee communities in Nicaragua, Guatemala, Honduras, Brazil and Vietnam.

It does this through provision of training and technical assistance, covering farm business management, climate smart agriculture, best socio-economic practices in alignment with the Rainforest Alliance,; and by providing access to capital and risk management and by



supporting community development, in which of course Seeds for Progress, promoting the provision of quality education, plays a key part.

### **Quality Education**

I am sure that all of us here tonight can attest to the power of a quality education, and its capacity to transform individual lives and whole communities.

I certainly can, from my own life experience, and from the work that I have done in the UK and Northern Ireland.

As we all know, quality education unlocks socioeconomic mobility, empowers people to live more healthy and sustainable lives and is crucial to fostering tolerance and understanding between people, thereby contributing to a more peaceful society.

This is why, the United Nations Sustainable Development Goal No 4 is to provide inclusive and quality education for all, and to promote lifelong learning.

But globally, according to the United Nations, there remains a huge challenge, with 265 million children not in school, and a quarter of these being of primary school age.

And although there has been a steady growth in number of children in school, non-proficiency rates remain disturbingly high. In other words, while programmes to increase enrolment have been moving the dial in terms of attendance, educational outcomes in terms of basic skills of numeracy and literacy are poor.

In fact, the UN estimated that up to 617 million children of primary and lower secondary age – more than 55% of the global total – are lacking basic skills in reading and maths.

And overall, beyond the schools, 750 million adults remain illiterate, two thirds of whom are women.

Much of this is reflected in Nicaragua, where for example, on average students complete only 6 years of school, compared to the Latin American average of 9, and where maths and reading scores also come in below regional averages.

So, the need for a programme like Seeds for Progress is clear, and I have to say I am impressed by it.



It is evidence based and developed with the School of Education of the University of Pennsylvania.

Its focus on improving basic infrastructure – water, classrooms, electricity, and libraries; on improving the quality of teaching through training; on integration of technology; and on improving maths, literacy and life skills – draws on global best practice.

And it is outcome drive.

In the short term these initiatives are improving attendance, the quality of teaching, attainment and opportunity.

In the longer term, with increasing access to high schools and higher education, it is going to transform these coffee communities and help underpin their sustainability.

And its integration into the LIFT programme, and its contribution to building a better coffee world is exemplary – truly doing well by doing good.

Without doubt a cause worth supporting, and I commend it to you.

Thank you.