Think Global Trade Social

How business with a social purpose can deliver more sustainable development.

BRITISH COUNCIL
SOCIAL ENTERPRISE UK
with support from WORLD BANK GROUP

Foreword

2015 is a pivotal year for our planet and people. Whilst we have made some progress in achieving our development goals for the new millennium, the challenge is growing.

Inequality has become a defining issue of our time – the poorest people on the planet must not be forgotten. And no longer can we ignore climate change and the environmental risks to our civilisation.

Aid alone cannot be our response. Global sustainability and the nature of the economy will be shaped by entrepreneurship and the terms on which we create and do business with each other. To address the underlying causes of the challenges we face we have no other option but to get down to action.

Across the world, people are realising that the principles and practices of social business and social enterprise - doing business with social or environmental purposes, reinvesting wealth, ensuring openness and co-operation - can offer inspirational models to create the right kind of economy.

Putting social and environmental purposes in the driving seat of business is the only way to ensure an equitable and sustainable economy for the 21st century.

Muhammad Yunus
Nobel Laureate Professor

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Chair of the International Development Committee of the European Parliament

September 2015

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Introduction

This report makes the case for the important role that social enterprise and business with a social purpose can play in driving sustainable and inclusive development, tackling inequality, and helping to address some of the biggest challenges targeted by the UN's Sustainable Development Goals (SDGs).

Published ahead of the UN's adoption of the SDGs, a pivotal event that will set the world's development agenda for the next 15 years, this report considers our considerable achievements and substantial failures in meeting the previous set of global targets, the Millennium Development Goals. It has become increasingly clear to policymakers and others that our biggest challenges now are interconnected and that addressing income inequality lies at the centre of the problems.

We need more practical means to meet our ambitions. Global trade, investment and business activity are our most powerful drivers of economic transformation and social change. So social enterprises, which trade for a social or environmental purpose, offer a business model to help achieve our shared objectives for more equitable and sustainable development. Social enterprises focus on the poorest people on the planet, work to improve our environment, shape and shift markets for the better, share the benefits of growth more equitably and embody greater business transparency and accountability. They respond to market opportunities to deliver affordable and high quality services to the most disadvantaged, responding where others are failing through transformative and financially sustainable innovations. Like other businesses, social enterprises create revenues, jobs and profits but their main objective is to create social value and transform lives for the better.

Many politicians, policymakers and institutions across the world are starting to see this potential in social enterprise. But the new SDGs look set to understate the critical role of business, of responsible trading, social entrepreneurship and social enterprise. Understanding of the contribution of business with a social purpose to economic development remains limited. So here, we present recommendations for a range of global actors to harness the potential of business with a social purpose in delivering our common social and environmental goals, to develop policy frameworks and practical actions.

We need to think global and trade social: this is a means to deliver.

The Challenge for this New Millennium

At the end of the last century, the leaders of 189 countries from around the world came together to agree the Millennium Development Goals. These broad and ambitious goals were set to be achieved by 2015; then a distant point in the future by which time poverty would be eradicated, environmental sustainability would be secured and humankind would have realised our ambitions for a more just and prosperous existence.

15 years later, much progress has been made. Many countries have achieved a significant number of the goals, hundreds of millions of lives have been transformed and our collective quality of life has improved. The UN points out that since the millennium, we have seen "the fastest reduction in poverty in human history: there are half a billion fewer people living below an international poverty line of $1.25 a day. Child death rates have fallen by more than 30%, with about three million children's lives saved each year compared to 2000. Deaths from malaria have fallen by one quarter."[1]

But in many respects, we have failed. Extreme poverty has at least halved[2] but over 1 billion people still live in poverty. Universal primary education has not been achieved.[3] Women around the world still face massive disadvantage. Child mortality rates have reduced but the goal of reducing under-five child mortality by two-thirds will be missed.[4] Progress on maternal health has been relatively slow and has reversed in some cases.[5] In 2010, 33 million people were estimated to be living with HIV[6] and in some areas, tuberculosis is still as prevalent as it was in 1990.[7] CO^2 emissions are around 50% higher than in 1990.[8] Global partnerships for development have been strengthened but while aid to Africa has increased, for example, this remains far short of commitments[9].

[1] http://www.un.org/sg/management/pdf/HLP_P2015_Report.pdf
[2] http://www.worldbank.org/en/publication/global-monitoring-report/report-card/twin-goals/ending-extreme-poverty
[3] http://www.un.org/millenniumgoals/2015_MDG_Report/pdf/MDG%202015%20rev%20(July%201).pdf
[4] http://www.un.org/apps/news/story.asp?NewsID=45843#.VemO7mBRFMs
[5] http://www.un.org/millenniumgoals/maternal.shtml
[6] http://www.who.int/hiv/pub/progress_report2011/global_facts/en/
[7] http://www.who.int/mediacentre/factsheets/fs104/en/
[8] http://edgar.jrc.ec.europa.eu/news_docs/jrc-2014-trends-in-global-co2-emissions-2014-report-93171.pdf
[9] http://www.euractiv.com/sections/development-policy/europe-africa-fall-short-development-goals-308999

Interconnected Challenges & the Rise of Income Inequality

So the vision of 15 years ago has not been fully realised. As we've wrestled with the tasks we set ourselves, it has become ever more impossible to ignore how these challenges are interconnected and a product of our complex global system. Poverty is clearly linked to hunger and maternal health, for instance. As are conflict, migration and climate change. None of these challenges exist separately from the others and none will be solved in isolation.

It has become apparent that at the heart of these challenges lies the issue of inequality. The injustice of *income inequality* has risen up the agenda of policymakers, international institutions and academics over the past decade, let alone among those who fight it first-hand every day.

The World Economic Forum identified *income disparity* as its number one global risk for three successive years.[11] The Asian Development Bank have recently reported growing inequality across Asia as the biggest threat to the region's stability.[12] Earlier this year, the IMF published *Causes and Consequences of Income Inequality: A Global Perspective* in 2015, which concluded that "Widening income inequality is the defining challenge of our time." Christine Lagarde, head of the IMF says that "In too many countries, economic growth has failed to lift these small boats, while the gorgeous yachts have been riding the waves and enjoying the wind in their sails.[13]"

So what is happening to income equality? The World Bank describes how, "Since the late 1990s, income inequality, measured by the Gini coefficient, has increased in roughly half of the developing countries with available data, and decreased in the other half.[14]" In a 2014 report, the Asian Development Bank set out over how "from 1990 to 2010, the average annual growth rate of gross domestic product (GDP) for developing Asia reached 7%" while, at the same time "Growth and poverty reduction have, however, been accompanied by rising inequality in many countries. Of the 28 economies that have comparative data between the 1990s and 2000s, 12 – accounting for more than 80% of developing Asia's population in 2010 – experienced rising inequality.[15]"

The World Bank also points out that nearly three-quarters of the world's poor people now live in middle-income countries, which makes the challenge of living on less than dollar a day even harder[16]. So poverty and inequality do not have a nationality, as inequality within countries is often rising. It is not *developing countries* which define the challenge, rather, our focus is shifting to inequality within economies.

Evidence also suggests that inequality holds back growth. The IMF's research says that "Raising the income share of the poorest 20% of the population increases growth by as much as 0.38 percentage points over five years. By contrast, increasing the income share of the richest 20% by 1% decreases it by 0.08 percentage points."[18] Similarly, in May 2015, the OECD published a new report called *In It Together: Why Less Inequality Benefits All*, which described how growth "has disproportionally benefited higher income groups while lower income households have been left behind. This long-run increase in income inequality not only raises social and political concerns, but also economic ones. It tends to drag down GDP growth"[19].

So while we have experienced significant global economic growth over the past few decades, this has failed to deliver greater income equality, which in turn has held back further growth. This prevents us from meeting the interconnected social and environmental challenges we hold in common. The poorest people on our planet, through their financial circumstances are less free to make choices to improve their own conditions in terms of education, health and so on. A *rights based model of economic development* and Amartya Sen's conception of *Development as Freedom* may have been lauded by many in theory, but in practice, these freedoms are still off limits for millions of people around the world. Here is a sort of *economic democratic deficit*.

As a consequence, more and more people are questioning our established economic models and instead, casting their nets for alternatives which can achieve more sustainable and equitable development. We need more inclusive and democratic models of economic development. If we are to deliver against ambitions for more equal access to healthcare, education, food and other essentials, then we must surely consider how economic inequality is holding us back.

> "Tackling growing inequality, in rich and poor countries alike, has become a defining challenge of our times...Our post-2015 objective must be to leave no one behind."[10]
>
> - UN Secretary General, Ban Ki Moon

Café Direct

Cafédirect was created in in 1991 by Oxfam, Traidcraft and others. It was the first coffee brand in the UK to carry the Fairtrade mark and is the UK's first 100% Fairtrade drinks company, selling coffee, tea and hot chocolate. The business had a transformative effect on the Fairtrade movement as the first Fairtrade product to be sold in a supermarket in the UK. It is now one of the largest coffee and tea brands in the UK.

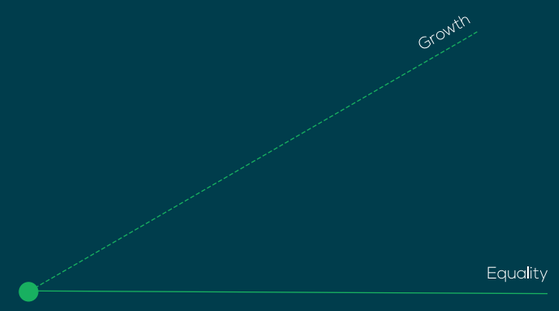
Cafédirect works with dozens of coffee, tea, and cocoa producers across a range of countries, paying above market prices to battle economic inequality. Most of these small farmers have shares in the business and are active members of the enterprise. On top of this 'social premium', Cafédirect reinvests over 50% of its profits – millions of pounds – to strengthen these grower businesses and communities. Cafédirect also works to strengthen farmers' access to training and education and supports partners to develop co-operative and community-led models to enhance energy efficiency and combat deforestation.

www.cafedirect.co.uk

[10] http://www.un.org/sg/statements/index.asp?nid=7842
[11] www.weforum.org
[12] http://www.adb.org/documents/adb-annual-report-2012
[13] https://www.imf.org/external/np/speeches/2015/061715.htm
[14] elibrary.worldbank.org/doi/pdf/10.1596/9780821397572_CH05
[15] http://www.adb.org/sites/default/files/publication/156318/adbi-wp463.pdf
[16] www.worldbank.org/en/publication/.../ending-extreme-poverty-cont
[17] http://data.worldbank.org/indicator/SI.POV.GINI?page=2
[18] http://www.theguardian.com/business/economics-blog/2015/jun/21/so-much-for-trickle-down-bold-reforms-are-required-to-tackle-inequality
[19] http://www.oecd.org/els/soc/OECD2015-In-It-Together-Chapter1-Overview-Inequality.pdf

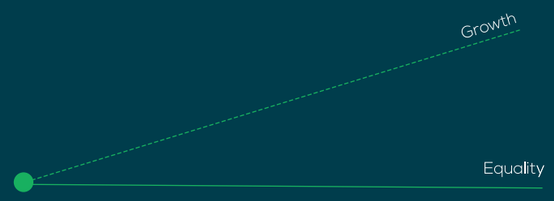
Income Inequality and Growth

Income inequality as measured by the GINI coefficient has changed little in many counties and has often increased, despite staggering growth in many parts of the world over the past decade. The proceeds of growth are not being distributed equitably.[17]



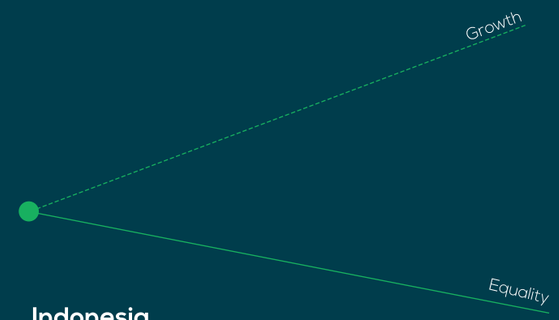
India

India form 2004 to 2011 grew at an average 8.24% per year income inequality worsened by an average 0.09% per year over the same period



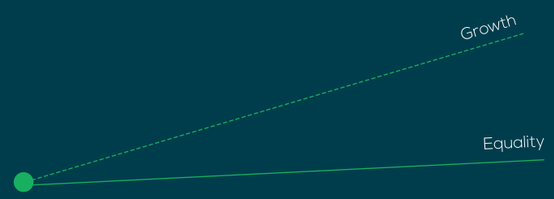
Morocco

Morocco from 2001 to 2007 grew at an average 4.65% per year while income inequality worsened by an average 0.12% per year over the same period



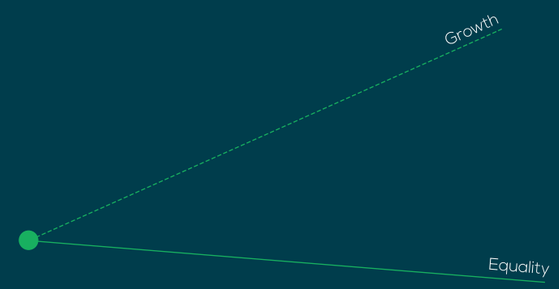
Indonesia

Indonesia from 2002 to 2011 grew at an average 5.62% per year while income inequality worsened by an average 3.14% per year over the same period



Thailand

Thailand from 2002 to 2010 grew at an average 4.51% per year while income inequality improved by an average 0.77% per year over the same period



Nigeria

Nigeria from 2004 to 2010 grew at an average 6.57% per year while income inequality worsened by an average 1.25% per year over the same period

The Ambition Now

In September 2015, global leaders will gather together in New York to describe the challenges facing the world and to set ourselves new, ever more ambitious goals. These new *Sustainable Development Goals* will include numerous targets and indicators, setting the agenda for UN member states over the next 15 years. Later in the year in Paris, at the 2015 Climate Change conference in December, leaders will reconvene, this time looking to achieve a legally binding, universal agreement to keep global warming below two degrees.

These new goals must surely learn from the experience of those set at the beginning of the millennium. External critics and insiders alike have suggested the Millennium Development Goals (MDGs) did not focus enough on tackling inequality and sustainable economic development. One of the UN's own reviews of the MDGs, for instance, concluded that they "did not focus enough on reaching the very poorest and most excluded people... Most seriously, the MDGs fell short by not integrating the economic, social, and environmental aspects of sustainable development... People were working hard – but often separately – on interlinked problems."[20]

So emerging from the multi-annual, multilateral, multi-layered process of negotiations to draw up the news SDGs, we are already seeing among the 17 goals and 169 targets:

- Greater **ambition** - to *end* poverty, for instance
- A greater focus on root **causes** of global challenges
- A more **universal** approach encompassing the more developed countries alongside the developing world
- A greater focus on reducing **inequality**, within countries as well as between them
- More holistic **integration of economic, social and environmental considerations**, reflecting the interconnectedness of the challenges we face
- Focus on **inclusive and sustainable** economic growth

But as well as this shift in emphasis, the SDGs and subsequent actions should respond to our collective failure to meet the last set of ambitions, which was no fault of the nature, scale or scope of the goals themselves. Artiur Rahman, Governor of the Bank of Bangladesh describes how "the conventional short term business cycle focused monetary and financial policy approaches are failing to address the longer term needs of inclusivity and environmental sustainability."[21] Many African countries have been pushing in negotiations for greater emphasis on *economic transformation*. Others have been arguing for a more significant role for business in global partnerships for sustainable development. So greater attention must be given to some of the *proven and practical means and mechanisms* for achieving whole systems changes which can drive more sustainable development, the focus of the next section of this report.

[20] https://sustainabledevelopment.un.org/index.php?page=view
[21] www.thefinancialexpress-bd.com/2014/09/28/58582/print

AFRIpads

AFRIpads is a social enterprise in Uganda which responds to the challenge of girls in the developing world falling behind in school as a result of missing up to 5 days a month of school during their periods. The business trains women to sew and sell washable, reusable cloth sanitary pads as a sanitary, eco-friendly and cost-effective menstrual hygiene solution, enabling women to stay in school or go to work with confidence.

AFRIpads is based in the village of Kitengeesa in rural Uganda and employs over 100, mainly female, employees. The business runs a number of factories producing over 30,000 AFRIpads a month and has now helped over 500,000 girls and women around the world. AFRIpads are sold in other parts of Africa and by NGOs and international relief agencies, as well as by individual byers in Uganda. The business has become a global supplier of reusable menstrual kits and is empowering women and girls around the world.

www.afripads.com

The Means & the Money

When it comes to the means of supporting international development, many people's minds turn immediately to aid. This **aid** includes a wide range of development assistance of which Official development assistance (ODA) is one important part. ODA is defined by the OECD's Development Assistance Committee as "concessional funding provided by its members to support the welfare and economic development of an agreed list of developing countries"[22].

The target of spending 0.7% of gross national income (GNI) on ODA was first adopted in 1970 and the international community has reiterated on several occasions the intent to fulfil their ODA commitments but has often fallen short. Today, the United Kingdom is the only country in the top five largest donors by volume of ODA to have reached the 0.7% target[23]. The UN's 2013 report into the current arrangements for development partnerships stated that "Aid remains an important source of development finance, and the international community should reaffirm and set clear timelines for achieving its official development assistance (ODA) targets, especially for countries with special needs. Part of these external resources should be geared towards increasing the capacity of developing countries to mobilize domestic resources, while also promoting good governance and combating capital flight.[24]"

In 2013, ODA stood at $134.8 billion in 2013, the highest level ever recorded[25]. For some countries, aid remains critical. For example, the total reported ODA to Liberia in 2011 exceeded government expenditure[26]. In Rwanda, the value of ODA was equivalent to 80% of total government spending[27]. Yet, perhaps counterintuitively, aid is currently shifting away from the poorest countries. As the UN describes it, the "trend of a falling share of aid going to the neediest sub-Saharan African countries looks likely to continue"[28].

As the same time, calls are growing stronger for greater *co-operation* and enhanced collaboration among the ODA community. Jonathan Wong from the UK's Department for International Development (DfID) describes how "DfiD has traditionally used competition as a driver for innovation...Now the intention is to form interesting collaborations"[29] The European year for Development also puts emphasis on co-operation, describing how "The development landscape has seen the traditional donor-recipient relationship give way to a world of co-operation, mutual responsibility and mutual interest."[30]

[22] devinit.org/global-aid-trends-need-know
[23] www.oecd.org
[24] www.un.org/en/development/desa/.../glob_dev_rep_exec_sum2013.pdf

While ODA is worth $134.8 billion, the scale of global **trade** is in a completely different dimension. Global GDP is worth €75 *trillion*[40] per year and global trade in goods and commercial services is worth $23 trillion[41]. The ODI summarise how this economic activity is far more significant to development than flows of aid, "Developing and emerging economies have been driving global growth over the past decade and it is this, not ODA, that has been the main driver of poverty reduction at a global level."[42] Developing countries now account for around 50% of the world merchandise trade. As the UN says "Trade remains the most reliable and productive way of integrating into the global economy and of supporting the efforts of poorer countries to become less aid dependent."[43] The European Union also emphasise the distinction between aid and development cooperation. "Humanitarian aid aims to save people's lives and addresses their basic needs in crisis situations. Development cooperation supports countries over the medium and long term so they can overcome poverty and grow sustainably."[44]

So it is our economic system which creates the winners and the losers, positive and negative impacts and shapes the ability of individuals and communities to thrive. Trade, not aid is the single biggest driver of access to critical goods and services from power to water and food and education. Trade, enterprise and business are by far the most critical drivers of local opportunity and global prosperity and therefore must be at the heart of plans to deliver more sustainable and equitable development. Again, the EU points out that the "private sector provides some 90 per cent of jobs in developing countries, and is thus an essential partner in the fight against poverty."[45]

Global trade depends in part on global flows of finance, capital or **investment**. $5 trillion is held in sovereign wealth funds and global foreign direct investment (FDI) in developing economies is worth almost $800 billion per year, again putting ODA in some perspective[47]. Developing countries invest $1 trillion every year in infrastructure and developing country debt payments are £500 million each year[48]. But ODA is just $134.8 billion .

International institutions are increasingly waking up to how this investment might be better harnessed to support more sustainable and equitable development. World Bank Group President Dr Jim Yong Kim says, "We'll unlock private sector investment...we'll aim to mobilize not just billions of dollars to end extreme poverty. Instead, we'll mobilize trillions of dollars.[49]"

[25] http://www.un.org/millenniumgoals/2014%20MDG%20report/MDG%202014%20English%20web.pdf
[26] devinit.org/global-aid-trends-need-know

Piketty: Gains from Trade and Inequality

In 2014, Thomas Piketty's investigations into Capital in the 21st Century gained remarkable global attention, praise and some criticism. Whatever the merits or flaws in his econometrics and his methodology, it was his central hypothesis that captured imaginations. In short, Piketty put forward the simple idea that if the rich are getting richer faster than the world is getting richer then inequality will rise.

Piketty's simple idea suggests that if we want to ensure that inequality doesn't inexorably rise in future, then we need to recalibrate the balance between returns from capital and growth. Or in other words, the financial benefits of wealth creation must be shared more equitably between providers of capital and the rest of the world.

This means a greater focus on who profits from the distribution of gains from trade. The UN points out how "the gains from trade have been spread unevenly both geographically and over time with a bias in favour of richer countries" as well as expressing concern about "the growing influence of TNCs on the distribution of gains from trade".[46]

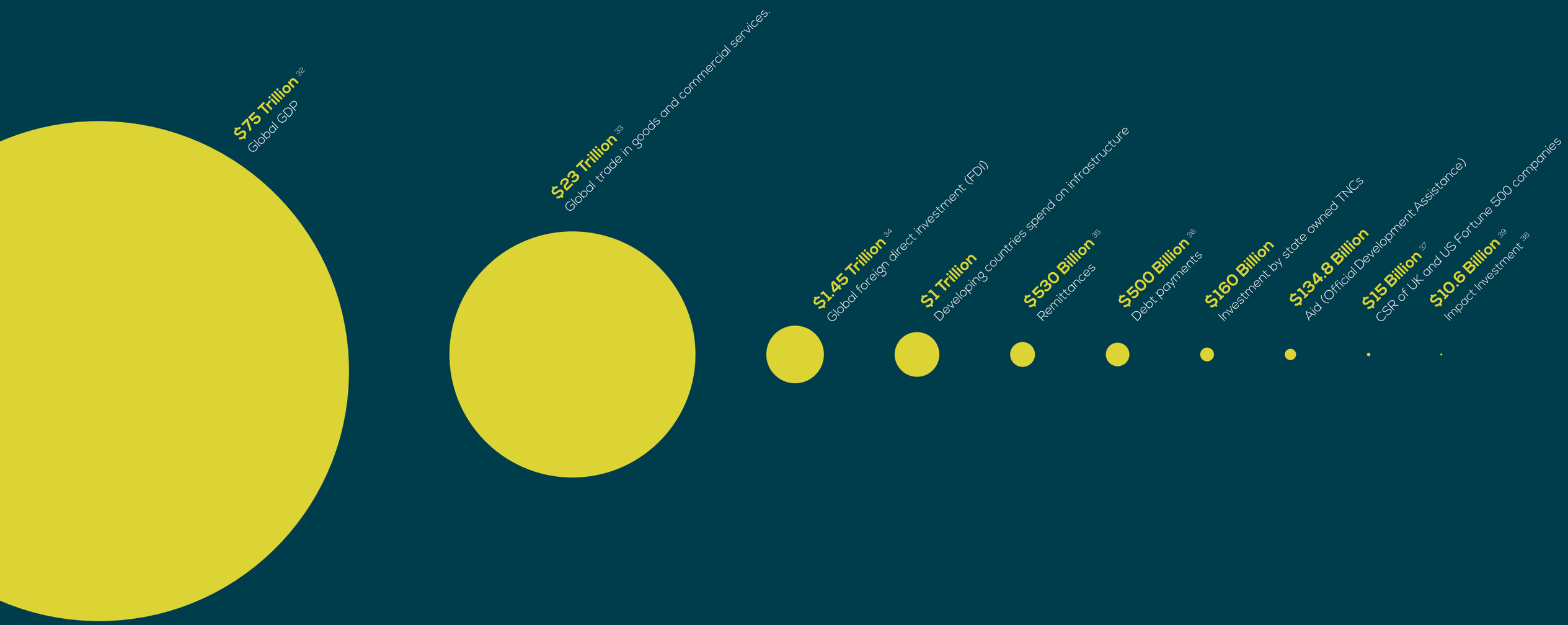
So to address inequality we need to consider, and ultimately rebalance, the terms of engagement between trade and investment, between the rich and the poor, between large and small businesses, and between developed and developing economies.

[27] http://devinit.org/wp-content/uploads/2014/03/Global-aid-trends-ODA.pdf
[28] http://www.oecd.org/newsroom/aid-to-developing-countries-rebounds-in-2013-to-reach-an-all-time-high.htm
[29] http://www.theguardian.com/global-development-professionals-network/2015/apr/14/collaboration-not-competition-could-this-be-the-future-of-development?utm_content=bufferc5764&utm_medium=social&utm_source=twitter.com&utm_campaign=buffer
[30] https://europa.eu/eyd2015/en/content/about-2015
[40] http://databank.worldbank.org/data/download/GDP.pdf
[41] https://www.wto.org/english/news_e/pres14_e/pr721_e.htm
[42] http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/7905.pdf

[43] http://www.un.org/en/development/desa/policy/untaskteam_undf/thinkpieces/22_thinkpiece_trade.pdf
[44] http://ec.europa.eu/echo/partnerships/european-and-international-cooperation/european-year-development-2015_en
[45] europa.eu/rapid/press-release_IP-14-551_en.htm
[46] www.un.org/en/development/desa/policy/.../22_thinkpiece_trade.pdf
[47] unctad.org/en/pages/PressReleaseArchive.aspx?ReferenceDocId=2714
[48] http://www.worldbank.org/en/news/press-release/2014/10/09/world-bank-group-launches-new-global-infrastructure-facility
[49] www.worldbank.org/en/news/.../financing-the-future-of-development

The Relative Scale of Global Financial Flows [31]

The relative scale of global trade, investment, remittances, aid, debt, CSR activity and impact investment sheds some light on the means and mechanisms we have at our disposal for delivering more sustainable and equitable global development.



[31] Images may not be exactly to scale and relative scales of circles may be illustrative only.
[32] http://databank.worldbank.org/data/download/GDP.pdf
[33] https://www.wto.org/english/news_e/pres14_e/pr721_e.htm
[34] http://unctad.org/en/PublicationsLibrary/wir2014_en.pdf
[35] econ.worldbank.org
[36] http://data.worldbank.org/sites/default/files/gdf_2012.pdf
[37] http://www.ft.com/cms/s/0/95239a6e-4fe0-11e4-a0a4-00144feab7de.html#axzz3asBChleK
[38] JP Morgan Social Finance and the Global Impact Investor Network (GIIN) (Saltuk et al., 2013)
[39] http://www.thegiin.org/binary-data/2014MarketSpotlight.PDF

NB: All figures are from 2013 unless otherwise stated.

Meanwhile the UN point out the potential – "only 2% of the $5 trillion in sovereign wealth fund assets has so far been invested in sustainable development projects."[50] The EU describe how "The strategic use of grants allows the Commission to leverage additional development finance for infrastructure investments… Scaling up of blending in cooperation with development finance institutions also facilitates the involvement of the private sector as a source of finance.[51]"

The World Bank estimates that in terms of just infrastructure alone, "an additional $1 trillion to $1.5 trillion of annual investment in low and middle income countries will be required through 2020 to meet the infrastructure demand from industry and households."[52] The World Bank's 2015 Development Committee communiqué argued that "Achieving the sustainable development goals… will require a "transformational vision that combines all potential sources of financing, including official development assistance, public and private sources of funds."[53]

Investment may increasingly be directed towards the developing world. But it can also be targeted at initiatives which explicitly aim to boost enterprise, equality and sustainability, and which add wider social or environmental value. The UN push the case for closer links between investment flows and purpose, arguing that "financing strategies and commitments, lending policies and sectoral action plans, both at the domestic, regional and international levels, must be linked to specific goals and targets."[54] In May 2015, US Secretary of State John Kerry announced that he would convene a global Impact Economy Forum, focused on clean energy investments and climate change. The forum will discuss and promote the impact that green investment can have in the fight against global climate change.[55]

Meanwhile, other financial flows are emerging which render aid even less significant in delivering sustainable development.

- **Taxation** *within* developing countries is on the up, enabling greater opportunities for supporting development domestically and for addressing inequality within countries. While trade liberalisation has greased the wheels of global economic development – "80%of imports from developing countries entered developed countries duty-free and tariffs remained at an all-time low[58]", tax takes within national economies are rising – the ODI point out that average tax ratio rose from 23% in 2000 to nearly 29% in 2011."[59]
- **Remittances** tripled in nominal terms between 2001 and 2010[60] reaching $530 billion in 2012 or four times the value of ODA. The average remittance transfer fee is more than 8%[61], suggesting that such fees alone are worth 3 or 4 times the value of global social impact investment.
- **Illegal capital flight** through misappropriation of funds, tax evasion, corruption, transfer pricing, and smuggling capital was estimated to be worth just short of a trillion – $991 billion – in 2012[62], around eight times the value of ODA. Somewhere between $21 and $32 trillion of assets are estimated to be held in off-share tax havens[63].

Social Impact Investment

In the last 10 years in the UK, the US, other G7 countries and elsewhere around the world, we have seen increasing enthusiasm for the power and potential of social / impact investment.

The Report of the High-level Panel of Eminent Persons on the Post-2015 Development Agenda refers to this potential, "Social impact investors show that there can be a "third way" for sustainable development – a hybrid between a fully for-profit private sector and a pure grant or charity aid programmes. Because they make money, their efforts can be sustainable over time. But because they are new, neither business nor charity, they do not fall neatly into traditional legal frames. Some countries may need to consider how to modify their laws to take better advantage of this sector."[56]

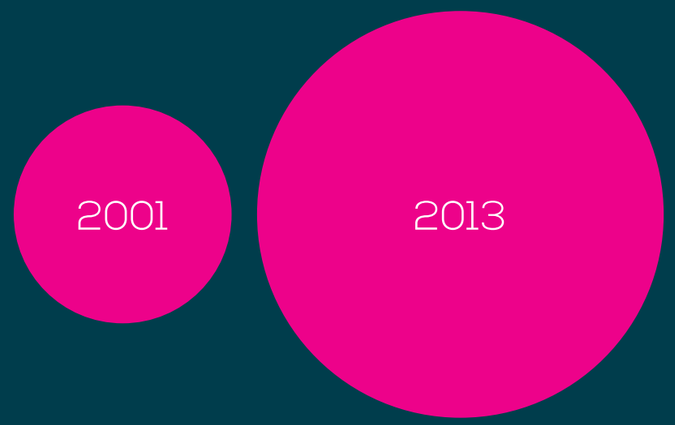
Yet it is still early days. The latest data from the Global Impact Investing Network (GIIN) estimates global activity at just $10.6 billion in the last year[57], relatively tiny in context of other investment flows. Funds are still starting up, deal flow is sometimes only trickling through and some Social Impact Bonds are encountering teething problems. Meanwhile, while microfinance has been credited with 'lifting millions of people out of poverty', it has also earned significant criticism for perceived overreliance on subsidy or for not reaching the very poorest.

There is clearly an inspiring idea at the heart of social impact investment and one worth pursuing – that finance can be harnessed and directed to achieve greater social impact. Some models, built around community shares, peer-to-peer lending and crowdfunding have grown significantly in just a few years. But there is still a long way to go before these models can make a transformative contribution to addressing our global challenges.

[50] http://www.un.org/sg/management/pdf/HLP_P2015_Report.pdf
[51] http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:52014DC0263
[52] http://www.worldbank.org/en/topic/publicprivatepartnerships/brief/global-infrastructure-facility-backup
[53] http://www.worldbank.org/en/news/feature/2015/04/18/financing-the-future-of-development
[54] www.un.org/en/…/policy/…/21_thinkpiece_financing_development.pdf
[55] http://www.state.gov/r/pa/prs/ps/2015/05/242712.htm
[56] http://report.post2015hlp.org/digital-report-chapter-2.html
[57] http://www.thegiin.org/binary-data/RESOURCE/download_file/000/000/662-2.pdf
[58] www.undp.org/content/undp/en/home/mdgoverview/mdg…/mdg8.html
[59] http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/7905.pdf
[60] http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/7905.pdf
[61] http://www.theguardian.com/global-development/2014/aug/18/global-remittance-industry-choking-billions-developing-world
[62] www.gfintegrity.org
[63] http://www.reuters.com/article/2012/07/22/us-offshore-wealth-idUSBRE86L03U20120722

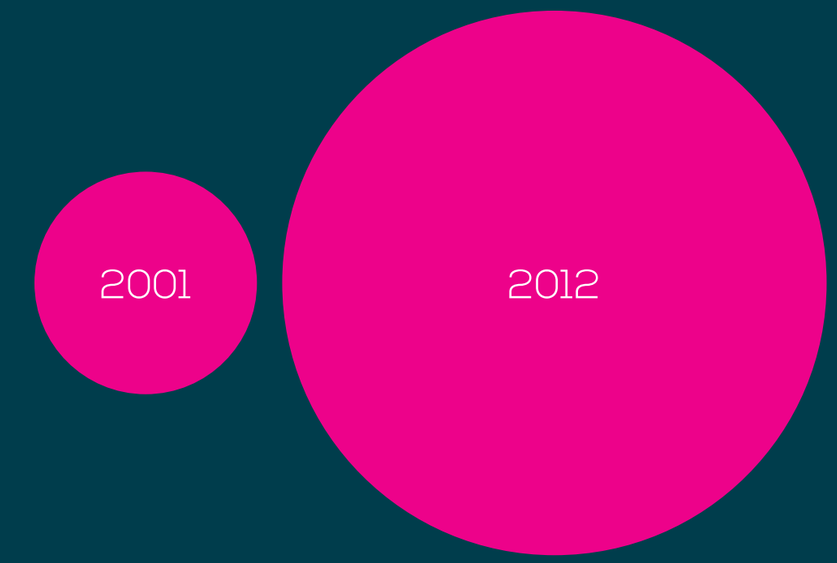
Changes in the Scale of Global Financial Flows

Over the last decade, global GDP has doubled, FDI has tripled and remittances are 5 times bigger than they were. Over the same period, aid flows have increased by just 50%. In Middle Income Counties, ODA / GDP ratios nearly halved during the 2000s, whereas tax revenues, FDI and workers' remittances have all seen an upward trend[64]. Low-income countries, however, remain much more dependent on ODA.



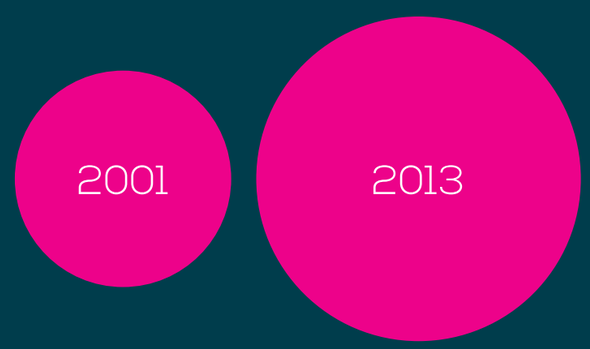
FDI

FDI flows to developing economies tripled from $226 billion in 2001 to $778 in 2013[65]



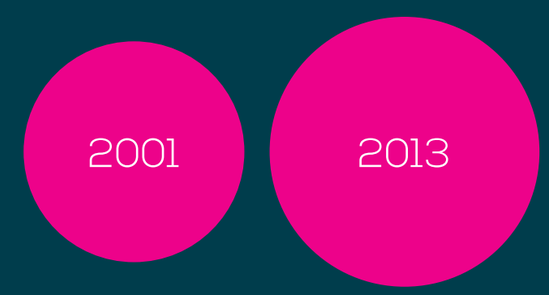
Remittances

Remittances more than five times bigger from $89.8 in 2001 to $530 billion in 2012[68]



Global GDP

Global GDP more than doubled from $33 trillion in 2001 to $75 trillion in 2013[66]



Aid

Aid has increased by around 50% from $83 billion in 2001 to $134.8 billion in 2013[67]

[64] http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/7905.pdf
[65] http://unctadstat.unctad.org/wds/TableViewer/tableView.aspx?ReportId=88
[66] http://wdi.worldbank.org/table/4.2
[67] http://www.oecd.org/newsroom/aid-to-developing-countries-rebounds-in-2013-to-reach-an-all-time-high.htm
[68] http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/7905.pdf

NB: All figures art current prices

The Response

The dawn of a new development era provides a unique opportunity. Reflecting upon the above – our failure to meet the development goals for the new millennium, the interconnectedness of the new emerging goals, and the rise of income inequality as a defining challenge of our time – we can identify six principal challenges. This time, if our new goals for more equitable sustainable development are to go beyond aspiration to delivery, then we need to harness practical market-led means, mechanisms and models which respond directly to each of these six lessons.

The challenges:	This demands practical economic models which:
1. This is no longer, if indeed it ever was, about developed vs. developing countries. Instead, it is about transforming the lives of the **poorest people** on the planet.	→ 1. focus on the **very poorest and most disadvantaged** and address inequality.
2. **Climate change** becomes ever more important. While there is much consensus that we can no longer ignore the threat of environmental catastrophe, we urgently need more practical action, mechanisms and concrete changes.	→ 2. take greater responsibility for **the environment**.
3. While aid is important, it pales into insignificance in the context of **global trade, enterprise, investment**, private sector business activity and other global financial flows.	→ 3. operate within and **shape markets and trading patterns,** fundamentally rebalancing our economic system to improve lives and manage our resources more responsibly.
4. The terms of engagement in trade and investment matter. **Who benefits from wealth creation** defines patterns of equality.	→ 4. reinvest wealth where it is created on more equitable terms, **sharing the proceeds of growth** more equally, recycling and adding rather than extracting value.
5. **Co-operation** has an important role to play alongside, and sometimes instead of competition.	→ 5. harness and enshrine **greater co-operation.**
6. **Transparency and accountability** can protect assets and wealth, build trust and protect against corruption, fraud and capital flight.	→ 6. embody and inspire a radical shift in **transparency and accountability.**

Thankyou

Thankyou was founded by 19 year old Daniel Flynn and some friends in 2008. From starting out selling bottled water products in Australia, it has grown to encompass three different brands – Thankyou Water, Thankyou Food and Thankyou Body Care, selling over 46 distinct products. When you buy from Thankyou you help fund development projects across the world. The Thankyou range is stocked in thousands of locations across Australia and it has been described as the "Apple of the Fast Moving Consumer Good Industry" according to one industry insider.

The enterprise is owned by, and donates profits to the Thankyou Charitable Trust. This means there are no external investors or shareholders expecting a share of profits. It also means development projects are attracting new money towards a good cause rather than competing for aid and donations from a finite pot of money.

www.thankyou.co

Karuna Trust

Karuna Trust has been delivering health and development programmes for over two decades In India, reaching over a million people.

The Karuna Trust's partnership model was originally developed to bring together public infrastructure and funding with the village community – through a new social enterprise accountable to a Village Council – to deliver healthcare, often in remote areas. The state handed over poorly performing Primary Health Centres (PHCs) to Karuna Trust to professionally manage and deliver operations and health care services. Much of its income comes from the state, subject to effective performance management of services which the public sector was struggling to deliver itself.

The model has since developed to include medicine, eye care, telemedicine, dental care, mental health and more, evolving from narrow health projects to wider sustainable development. The Trust has also developed mobile health clinics and in 2002, introduced a new, enterprising model of community health insurance which not only covers costs of healthcare but also transport and compensation for loss of wages.

www.karunatrust.com

This means business. This means market-based solutions to global problems.

This means business with a social and environmental purpose: business which is reinvesting profits, businesses which are inspired by a spirit of co-operation and businesses which are transparent and accountable for their actions.

This means **social enterprise**.

Social enterprises are often defined as businesses which have a clear social or environmental commitment; which generate the majority of their income through trade; principally reinvest profits in their mission; are accountable and transparent; and which have participative or democratic governance or ownership. Indeed, the defining characteristics of social enterprise respond directly to the six imperatives outlined above.

This is a model where social mission sits at the heart of a business, pursuing purposes which combine prosperity, people and planet. Critically, social enterprises work to address inequality, sharing the gains from trade more equally while generating growth, jobs and wealth.

Of course, there is a spectrum here. Social enterprises come in different shapes and sizes. Beyond a tightly defined community of social enterprise which, through their legal and governance structure, meet all the defining characteristics above, there exists a broader family of businesses with a social purpose. Millions of individual entrepreneurs and family businesses are driven by a social mission. Sometimes people work together through co-operative structures while charities or NGOs may be moving to more entrepreneurial models. Meanwhile, ethical businesses, social ventures and responsible private businesses are seeing the gains to be made in a genuine values-led approach. B Corps are taking off, the idea of profit with purpose is gaining traction and talk of more responsible or inclusive capitalism is on the rise. All businesses have the potential to deliver greater social value.

An inspirational group of social enterprises will not on their own deliver our collective goals. Social enterprise is not the answer. But the idea of business with a social purpose – the idea of social enterprise – can be the heroine who carries the narrative we need. Social enterprises and businesses with a social purpose are increasingly being recognised as credible and necessary practical economic models to enable us to deliver our goals for the coming decades.

Through the financial, environmental and social value they create as they trade, these businesses are making a positive difference to millions of lives around the world every day. But they do more than that – businesses with a social purpose offer wider inspiration. By demonstrating that business can *do well by doing good*, these enterprises are influencing wider markets and the terms of trade for companies more widely. They show that trade can be fair; supply chains can be ethical; employees can be treated well and empowered; customers can be valued and included; governance can be more democratic; businesses can be more responsible environmental citizens; and by doing business this way – that profits can be shared with communities. This is a means to deliver.

The Rise of Social Enterprise

Is social enterprise really being recognised as a critical vehicle for delivering our common goals?

Yes.

Across the globe over the past decade we have seen a significant shift in the awareness of the power, contribution and potential of social enterprise. And while the rhetoric of more responsible or more inclusive capitalism soars, the reality of social enterprise is deeply grounded. Many politicians, policymakers and institutions are starting to see this for themselves. Global institutions, European bodies, Asian and African policy shapers, business leaders, donors and others are waking up to the alignment between the bottom up work of social enterprises in villages, towns and cities and the lofty ambitions of global leaders.

Globally, international organisations are turning their attentions to social enterprise. Diego Angel-Urdinola, Senior Economist at the World Bank explains how "Social enterprises today are not a big game changer in income inequality, but they can be." A recent World Bank study reveals that some social enterprises have shown the potential to lift the revenues of poor households faster than those of the average household - thus contributing to lower inequality. The Bank is also testing models of Community-Driven Development (CDD) very much in the spirit of social enterprise, working with the Government of the Philippines, the Australian Department of Foreign Affairs and Trade, and the Asian Development Bank.

The recent UN Financing for Development conference in Addis Ababa hinted at how policymakers and politicians are starting to recognise the power of social enterprise. The Outcome Document from the event reported that "Private business activity, investment and innovation are major drivers of productivity, inclusive economic growth and job creation. We acknowledge the diversity of the private sector, ranging from micro-enterprises to co-operatives to multinationals. We call on all businesses to apply their creativity and innovation to solving sustainable development challenges." Importantly, the report went further, "We welcome the growing number of businesses that embrace a core business model that takes account of the environmental, social and governance impacts of their activities, and urge all others to do so. We encourage impact investing, which combines a return on investment with non-financial impacts. We will promote sustainable corporate practices, including integrating environmental, social and governance factors into company reporting as appropriate, with countries deciding on the appropriate balance of voluntary and mandatory rules. We encourage businesses to adopt principles for responsible business and investing..."[69]

The UN Research Institute for Social Development has recently been advocating for the inclusion of peer to-peer models, ethical banks, co-operatives and other forms of social and solidarity enterprises as mechanisms that can promote accelerated income growth amongst the poorest segments of the population. Meanwhile, the Social Enterprise World Forum and the Mont Blanc *International Forum of Social and Solidarity Economy Entrepreneurs* have been growing in strength.

Within the **EU** institutions, recognition of the potential of social enterprise has also been growing. The European Commission's recent *Social Business Initiative* formalised support for social enterprise at the heart of the institutions. Now the EU's strategy for development says "Co-operatives, social enterprises and other forms of people-centred business are often leading the way in providing decent jobs, sustainable livelihoods and inclusive solutions to social problems."[77] The strategy aims to "support the replication and scaling-up of successful inclusive business models and innovative, market-based solutions to development problems" and argues that the EU's support for the private sector should be guided by principles including a focus on "employment creation, inclusiveness and poverty reduction", an approach that acknowledges the private sector is highly diverse and includes "people-centred social businesses, cooperatives and workers and employers organisations" and which sees opportunities through "untapped potential to create business opportunities for local entrepreneurs through programmes that adopt market-based approaches"[78]. Linda McAvan, MEP and Chair of the European Parliament's International Development Committee agrees, "The private sector is not just big business. We have to widen the debate... We have to find different models of doing business... I think social enterprise responds to that and I am very pleased that the British Council is investing in it and I think our big institutions need to invest in it as well."

In **Asia**, the social enterprise sector has started to earn institutional support at the country level. While social businesses in Bangladesh such as Grameen and BRAC have a long and proud history of trading with a social mission, elsewhere governments are getting behind the sector:

- In India, the Minister for Science, Technology and Earth Sciences, Dr Harsh Vardhan has spoken of "putting our hearts and souls into this movement... We want to promote it to the maximum level. "
- In Singapore, the Ministry of Social and Family Development have developed support and advice for social enterprises with guides to setting up, a directory and more. In Thailand, the Government have created a Social Enterprise Office as an executive authority to deliver a social enterprise masterplan.
- In Vietnam, the new 2014 Enterprise Law introduced a legal definition of social enterprise, and the Government promised to "encourage, support and promote the development of social enterprises"[79].
- In Myanmar, Professor Aung Tun Thet, Economic Advisor to the President of Myanmar goes even further, "The private sector is an engine of growth but we need a different type of private sector which is responsible."
- In Malaysia, the Prime Minister Najib Razak launched the Malaysian Social Enterprise Blueprint, recognising that the "role of social entrepreneurship in promoting sustainable and equitable economic growth has been a focus of many governments around the world... The Government recognises the potential of social entrepreneurship in not only addressing our country's pressing issues but in also redefining how business should work."[80]
- Social enterprise has been on the agenda for at least a decade in South Korea, where the 2006 Social Enterprise Promotion Act defined social enterprise for the first time, laying the foundations for future policy frameworks to build upon.

A recent European Parliament study made the case for the potential contribution of social enterprise in **Africa**, pointing out how the wider social economy "is increasingly attracting the interest of policy makers and scholars alike, thanks to its capacity to tackle key social and economic issues. While the importance of the Social Economy has been recognised by the EU, its role in supporting local development in other continents is still widely overlooked. This study reveals that the Social Economy is a growing segment of the African economy, and that it substantially contributes to improving the wellbeing of local communities[81]." The European Economic and Social Committee say that "the social economy is a major, world-wide phenomenon which is distinguished by its capacity for innovation, dynamism, flexibility and resilience, including in severe crises, and by its ability to include all population groups, particularly the poorest and most marginalised, in all societies... in Africa it is a deep-rooted part of traditional systems of mutual support and collective and community enterprise, which often become co-operative enterprise or the most varied forms of mutual enterprise.... the social economy can play a decisive role in gradual development and transformation of this standard of living and work... and make a decisive contribution to Africa's social and economic development.... therefore in interests of the EU, as primary world donor, to get involved in this international initiative."[82]

Sometimes private **business** is itself is leading the way. Paul Polman, CEO of Unilever has been a vocal advocate of business as a powerful force for social change, arguing that "It only takes a handful of sizeable companies to reach a tipping point and to transform markets.... I have long believed that economic development pursued through responsible business is the best way of bringing people out of poverty... And more than ever we are ready to do our part."[83] Polman and his B Team colleagues argue that business is critical to delivering the SDGs, "Business must go further, redefining its responsibilities and terms of success, embracing the need for equitable opportunities, fair returns to work and respect for the environment alongside profit and growth."[84]

Meanwhile, international **donors** are also seeing the power of social enterprise. ODI, in their report into why donors support social enterprise, conclude that donors are turning to social enterprise to intervene where the market fails, for inclusive and sustainable growth, for cost effective socially and environmentally desirable outputs and for innovative solutions which can be scaled.

Finally, in the **UK**, the Government, Social Enterprise UK and the British Council are experiencing ever greater demand from overseas to learn about the UK experience of social enterprise. In particular, of social investment and the introduction of a new Social Value Act which places a duty on public budget holders to consider how billions of pound of taxpayers money can deliver wider, long-term, social value. Justine Greening, UK International Development Secretary describes how "Enterprises are the vital ingredient for economic growth... and enterprises that have a double bottom line, where financial return is achieved in lockstep with development impact, demonstrate a new approach to doing business – doing good, while doing well."[85]

Peter Holbrook, Chief Executive of Social Enterprise UK and Chair of the Social Enterprise World Forum sums up the rising movement, "Market based solutions are having a dramatic and long-term sustainable impact. We are seeing a global movement emerge."

> "The social economy is a great UK success story"
>
> - UK Prime Minister, David Cameron

[69] http://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf
[77] http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52014DC0263
[78] http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52014DC0263
[79] http://www.theguardian.com/sustainable-business/2015/mar/31/its-not-charity-the-rise-of-social-enterprise-in-vietnam
[80] https://www.digitalnewsasia.com/digital-economy/malaysia-unveils-social-enterprise-blueprint
[81] http://www.europarl.europa.eu/RegData/etudes/etudes/join/2014/433787/EXPO-DEVE_ET(2014)433787_EN.pdf
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[84] http://www.theguardian.com/sustainable-business/blog/b-team-business-responsibility-inclusive-prosperity
[85] https://www.gov.uk/government/speeches/g8-impact-investment-event

The Scale of Social Enterprise

Some critics - and even some advocates of social enterprise - dismiss its potential contribution to sustainable economic development on the basis that it is too small or too niche. Yet this perception ignores a rich vein of evidence.

The G8 Social Impact Investment Taskforce, for example, report that "Social sector organisations already account for more than 5% of GDP in several countries, including Canada, Germany, the UK and the US. In some countries, they employ more than 10% of the workforce." Indeed, social enterprise, co-operatives and other social sector organisations account for very significant sectors of the economy across many countries of the world.

In some parts of the world, critics have suggested that social enterprise is often an elitist endeavour, pursued by those lucky enough to have the financial wherewithal to experiment with such models. Again, on the contrary evidence collected in Social Enterprise UK's State of Social Enterprise Report 2013 shows that in the UK:

> Social enterprises are very heavily concentrated in the UK's most deprived communities. 38% of all social enterprises work in the most deprived 20% of communities in the UK, compared to 12% of traditional SMEs.

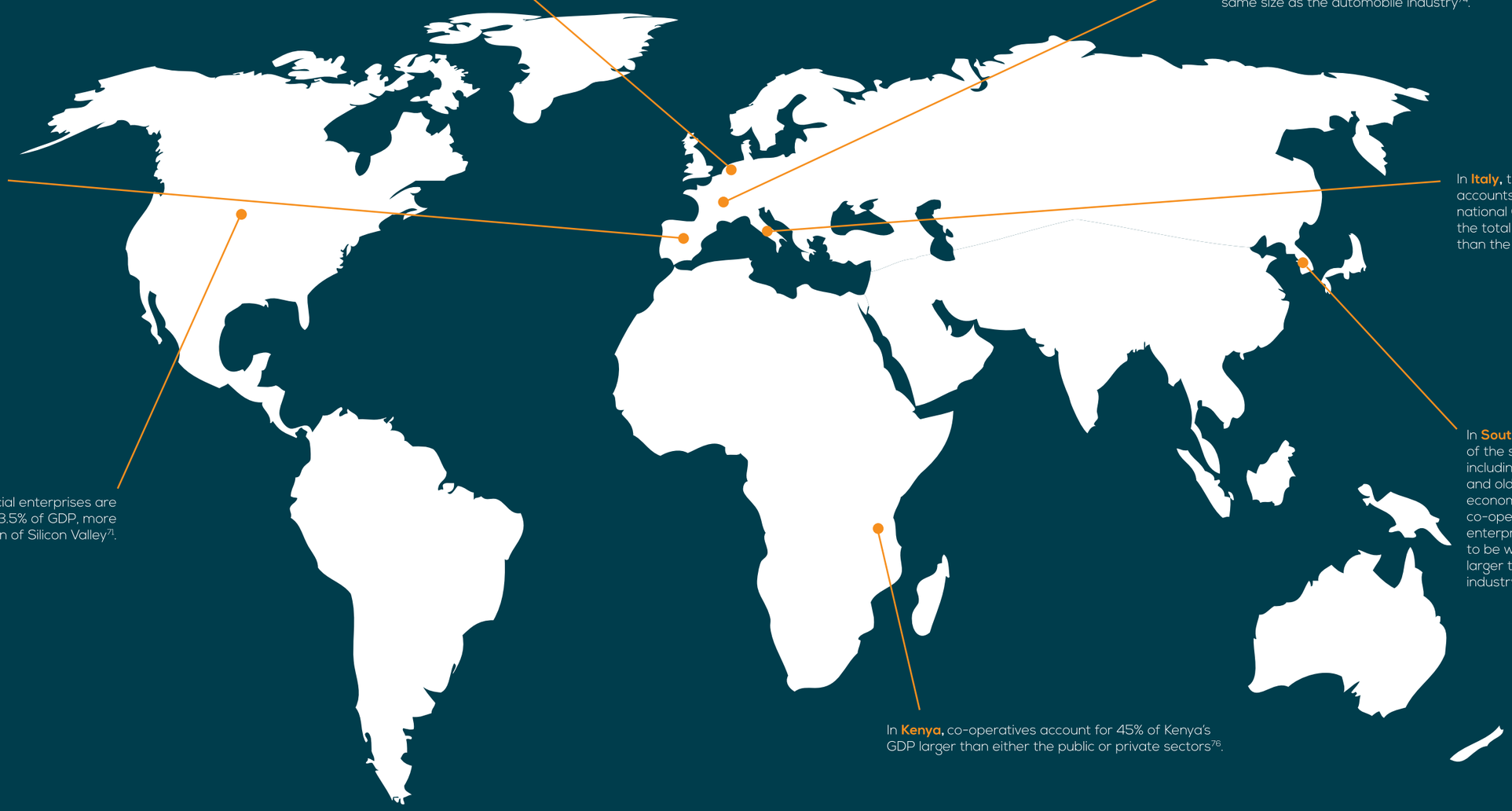
Social enterprises are far more likely to be led by women than mainstream businesses. 38% of social enterprises have a female leader, compared with 19% of SMEs and 3% of FTSE 100 companies.

28% of social enterprise leadership teams have BAME directors. Only 11% of SMEs report having directors from a BAME background.

In the **Netherlands and Belgium,** 'nonprofits' account for 15.9% and 13.1% of employment respectively, higher than the café and restaurant sectors.[72]

In **France,** the social economy represents 10% of GDP or more than the entire agriculture industry and in Germany around the same size as the automobile industry[74].

In **Spain,** the social economy accounts for over 20% of employment and the Mondragon co-operative alone turns over upwards of €10 billion, more than the entire fishing industry[70].



In **Italy,** the social sector accounts for 15% of national GDP and 10% of the total workforce more than the wine industry[73].

In the **United States**, social enterprises are estimated to represent 3.5% of GDP, more than the contribution of Silicon Valley[71].

In **South Korea,** the size of the social economy, including both newer and older types of social economy organisations, co-operatives and social enterprises, is estimated to be worth 3% of GDP, larger than the car industry[75].

In **Kenya,** co-operatives account for 45% of Kenya's GDP larger than either the public or private sectors[76].

[70] HYPERLINK "http://www.mondragon-corporation.com" www.mondragon-corporation.com and http://www.eurofish.dk
[71] http://www.huffingtonpost.com/ben-thornley/social-enterprise_b_2090144.html
[72] HYPERLINK "http://www.thezeromarginalcostsociety.com" www.thezeromarginalcostsociety.com
[73] http://www.socialimpactinvestment.org/reports/Impact%20Investment%20Report%20FINAL[3].pdf
[74] http://ec.europa.eu/internal_market/conferences/2014/0116-social-entrepreneurs/docs/140210-europolitics_en.pdf
[75] http://www.reliess.org/centredoc/upload/SocialEconomy_KoreanCaseStudy_FinalRevision_201309_.pdf
[76] ica.coop/en/co-op-facts-and-stats

Conclusions

Social enterprise offers an inspiring model and mechanism to help us achieve our shared objectives for more equitable and sustainable development. This is a means to deliver.

The latest draft of the SDGs has 17 goals and 169 associated targets. **Yet it fails to reflect the critical role of business** at all, let alone that of responsible trading, social entrepreneurship and social enterprise. There is one reference to micro, small and medium sized business. While welcome, this reveals a broader problem: the SDGs pick out one characteristic of enterprise – size – while at the same time failing to reflect how businesses may be aligned with the goals themselves. The SDGs risk missing a critical trick – businesses of all sizes can play a pivotal role in delivering our common social and environmental aims if driven by those purposes.

There is one other relevant reference in the latest draft – target 12.6 encourages "companies, especially large and trans-national companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle". If we fail to expect any more than this, then, we can expect to fail. As Pope Francis puts it in his recent Encyclical, "To seek only a technical remedy to each environmental problem which comes up is to separate what is in reality interconnected and to mask the true and deepest problems of the global system."[86]

So while the UN Global Compact, Global Reporting Initiative (GRI), and the World Business Council for Sustainable Development (WBCSD) have come together to identify Key Performance Indicators (KPIs) that can help track businesses' contributions to the SDGs, it is not evident that business is expected to contribute. The ODI suggest that while there have been conversations on how the private sector can best be involved in any global development framework, these discussions "tend to be fairly broad and general. So far, there have been very few specifics on how private sector actors can actually contribute to the post-2015 agenda, or how the design and delivery mechanisms of future goals could help shape private sector behaviours, where relevant…"

A number of diverse commentators have bemoaned this hole at the heart of the SDGs:

- The ICA and ILO say "The United Nations should recognize the role of cooperatives in the realization of sustainable development by including cooperatives in the indicators, targets and funding mechanisms for the Sustainable Development Goals."[87]
- Jonathan Wong of DfID said in Milan recently that "We need to support social entrepreneurs wherever they are if we are to meet the Sustainable Development Goals."
- Diego Angel-Urdinola, Senior Economist at the World Bank makes his point in even more concrete terms, "The UN, OECD, World Bank and regional banks… maybe as a whole we are investing about $100 million per year to promote social enterprise. If we compare that to what the World Bank gives to traditional enterprise, which is maybe $19 billion per year, then we see a financing gap… we are not doing enough."

The SDGs look set to ignore the contribution of social enterprise and it may be too late for this to change. But it is not too late to act.

"Business is a noble vocation, directed to producing wealth and improving our world. It can be a fruitful source of prosperity for the areas in which it operates.[89]"

- Pope Francis

[86] http://w2.vatican.va/content/francesco/en/encyclicals/documents/papa-francesco_20150524_enciclica-laudato-si.html
[87] http://ica.coop/en/publications/co-operatives-and-sustainable-development-goals-brief
[88] http://www.un.org/en/development/desa/policy/untaskteam_undf/thinkpieces/21_thinkpiece_financing_development.pdf
[89] http://w2.vatican.va/content/francesco/en/encyclicals/documents/papa-francesco_20150524_enciclica-laudato-si.html

Recommendations

In this year which will define an era, we need to consider the foundations of our whole economic system. No longer can we just tinker at the margins. To deliver, we need to change the terms of the economic game. We need to **think global and trade social**. We need to shape and shift markets and rebalance the terms of trade across the world. We need to promote and support the development of social enterprise and create the conditions under which conventional businesses will adopt more environmentally and socially responsible behaviour. To this end, we recommend:

1. Even at this late stage, it may not be too late for the Sustainable Development Goals – a "plan of action for people, planet and prosperity" – to identify the potential for business with a social purpose to deliver our common goals.
2. As the focus shifts to delivery of the SDGs after September, politicians and institutions must consider how social enterprise can help turn rhetoric into reality and ambition into action. As plans, mechanisms and timeframes for delivery are presented i.e. at the High Level Panel Forums in 2016 and 2017, these must include specific reference to social enterprise and business with a social purpose.
3. The G20 and others should build on and learn from the experience of the 2013 G8 Global Impact Investment Taskforce, going beyond finance to focus on developing all enablers of social enterprise, including market reform, procurement, business support, governance, reporting and legal frameworks.
4. International organisations and financial institutions should review their investments, programmes and policies to ensure that the billions of pounds at their disposal is being best harnessed to deliver more equitable and sustainable development.
5. International organisations such as the UN should provide support to strengthen and develop the global infrastructure acting to promote business with a social purpose, such as the Social Enterprise World Forum, the International Co-operative Alliance, the UN's Social and Solidarity Economy, the GIIN, the Mont Blanc International Forum of Social and Solidarity Economy Entrepreneurs and others.
6. Donor agencies should better co-ordinate their efforts in supporting social enterprise. They must also more closely monitor how funds which are channelled through business can be more effectively leveraged to deliver enhanced economic, environmental and social value.
7. Governments around the world should recognise their responsibilities as market shapers and shifters. Governments can put in place policy frameworks to support more socially and environmentally responsible business practice, recognising the current gaps in this area across many countries. Policy frameworks could include:
   - reviewing and creating appropriate incentives through their tax, procurement and regulatory regimes for business to behave with greater social and environmental responsibility.
   - further research into and measurement of the contribution of social enterprise to GDP, innovation, jobs, equality and opportunity and social capital.
   - greater transparency in business behaviour to enable customers, investors and others to make more informed socially conscious decisions
   - higher levels of awareness raising into the power and potential of social enterprise
   - the adjustment of, or creation of appropriate legal forms for entrepreneurs seeking to deliver social and economic outcomes in tandem
8. The principle of social value in procurement can be adopted not only by federal and state governments but also by international institutions and donor agencies, as well as more widely across the business community.
9. Governments should also co-operate internationally to, in the UN's words, "have regional, international and global partnerships in taxation and subsidies could advance an international understanding of environmentally sustainable and development-oriented taxation."[88]

Social Enterprise UK is the national membership body for social enterprise. Its members come from across the social enterprise movement: from local grassroots organisations to multi-million pound businesses. SEUK undertakes research and policy work, conducts campaigns, builds networks, brokers support and raises the profile and awareness of social enterprise. It was the driving force behind the Social Value Act becoming legislation and continues to work with Government to develop this legislation, the originator of the Buy Social campaign, the producer of the most credible research on social enterprise, and has unparalleled reach through the largest database and directory of social enterprises in the UK. SEUK also undertakes training, consultancy and research with partners from around the world in an effort to build the markets for social enterprise and to raise the visibility of what they are collectively achieving.

SEUK also works to help grow the global social enterprise movement, through engaging with international partners to promote social enterprise, sharing examples of best practice and building awareness of the role social enterprises have to play in tackling global challenges. It hosts overseas delegations who want to find out more about social enterprises in the UK and sends representatives abroad to take part in conferences and policy discussions. SEUK takes a lead in steering the direction of the Social Enterprise World Forum and works together with the British Council to represent the UK social enterprise sector overseas.

The British Council is the UK's international organisation for educational opportunities and cultural relations. We are on the ground in six continents and over 100 countries, bringing international opportunity to life.

We support the development of social enterprise in the UK and around the world through our Global Social Enterprise programme. Launched in 2009, the programme provides social entrepreneurs and NGO practitioners with access to training, consultancy and investment opportunities to scale up their activities. We also work with policy leaders to create an enabling environment for social enterprise; promote social enterprise education and academic collaboration; and develop social enterprise approaches to international development.

Our work draws on UK experience and expertise and is delivered with a range of UK and international partners. It creates tangible opportunities for UK social enterprises and other sector organisations to collaborate with overseas counterparts and expand their international networks.

This supports positive social change, inclusive growth and sustainable development, while also sharing learning, building trust and creating opportunities between the UK and other countries.

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