Sustainable development, innovation, social enterprise and public policy

Dan Gregory, Geneva, 2nd November 2016

Think Global Trade Social

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

BRITISH COUNCIL

SOCIAL ENTERPRISE UK

with support from

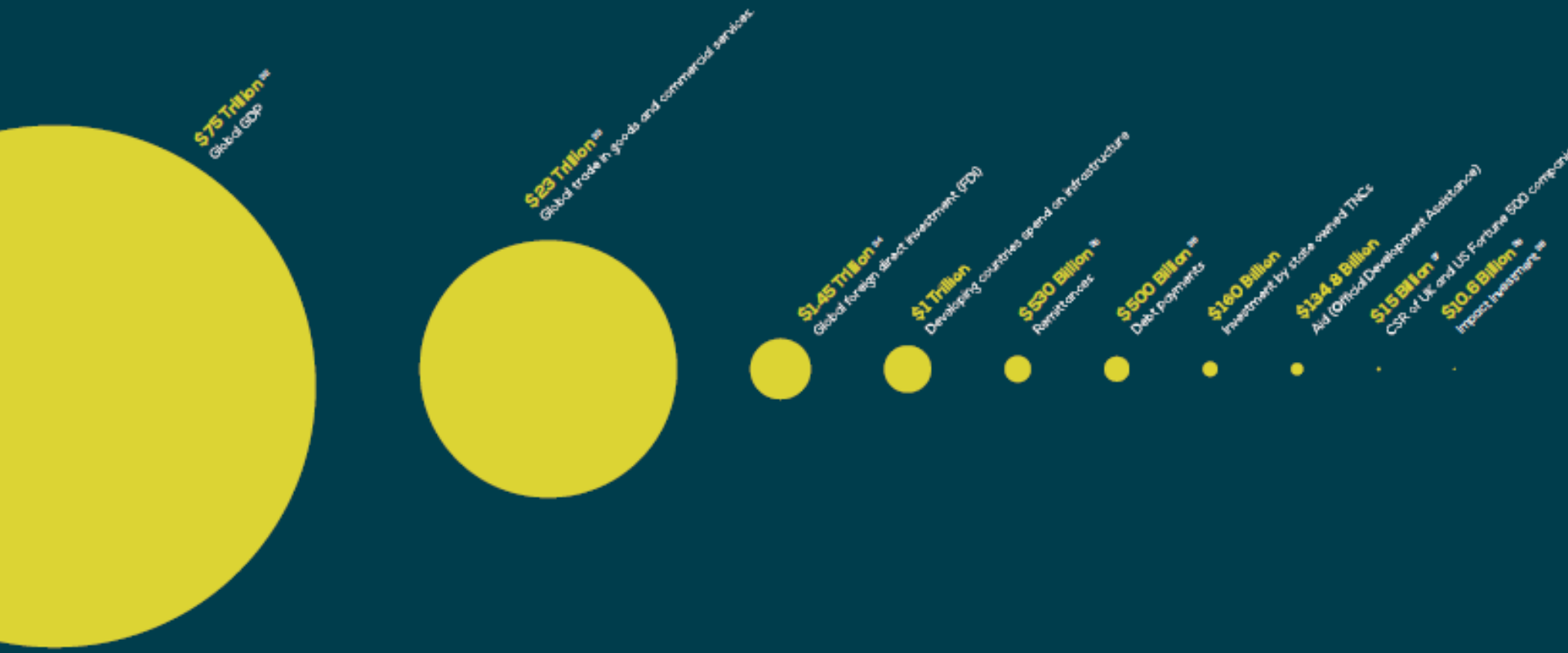
WORLD BANK GROUP

INEQUALITY

IMF, ADB, WEF, UN, World Bank, etc…

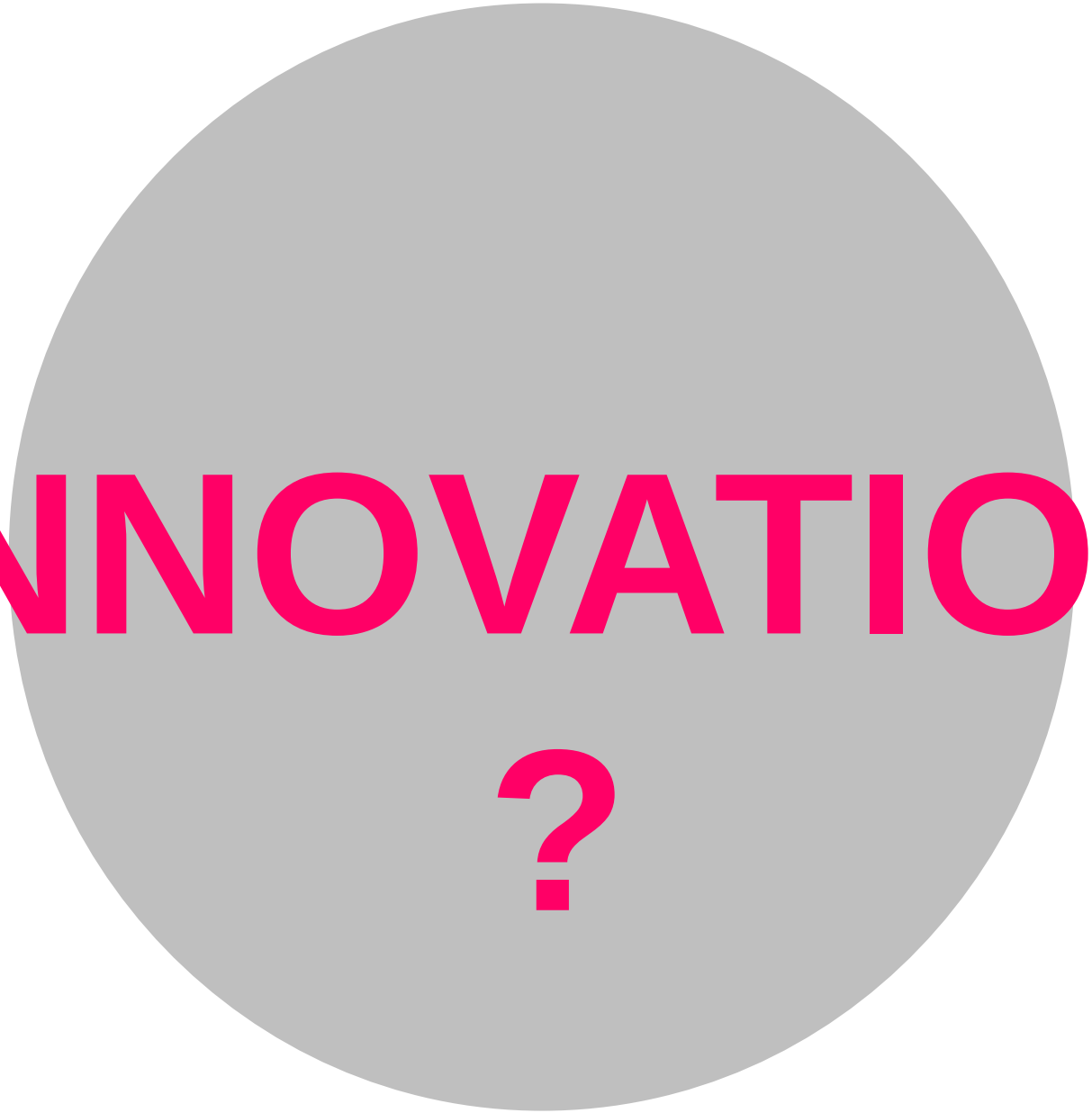
The Relative Scale of Global Financial Flows [illegible]

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.



[illegible]

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.**


INNOVATION
?

“The all-innovating and self-empowering jargon currently in vogue might disguise a dangerous inattention to structural inequalities”

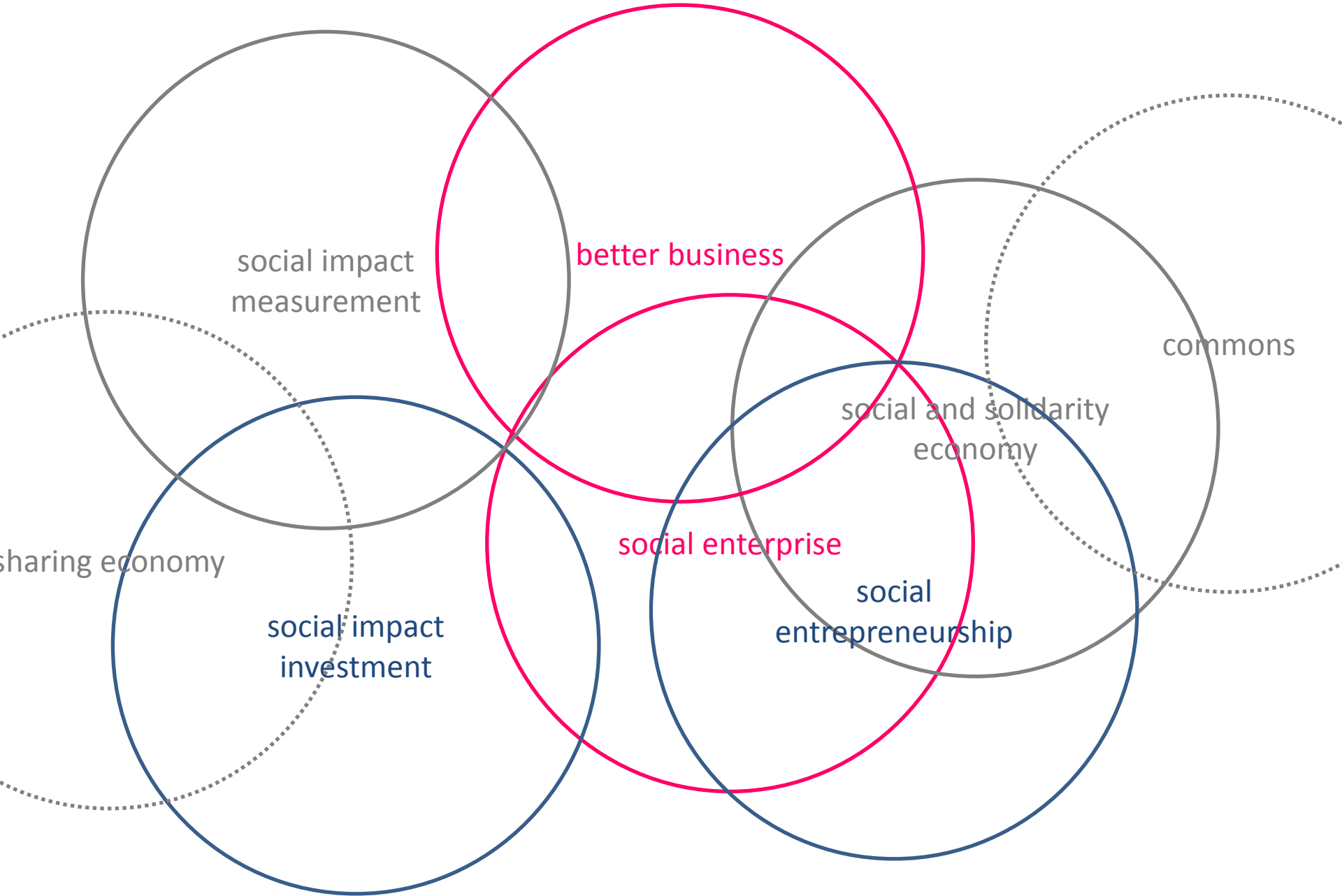
Ferragina

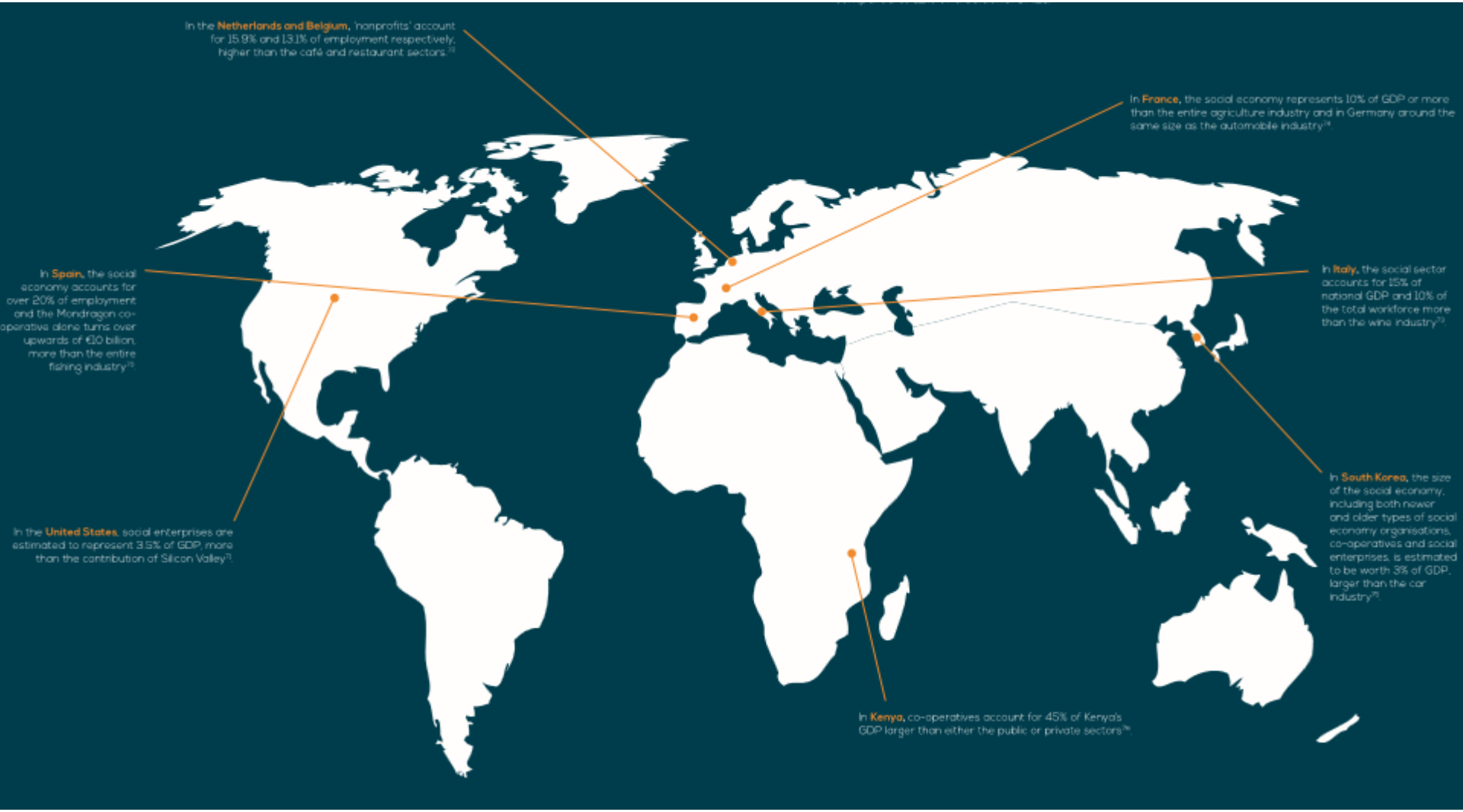
“The first and most universal characteristic of the social innovator is a profound ignorance, and often a violent abhorrence, of political economy”.

Sargant’s *Social Innovators and their Schemes, 1858*

SOCIAL
ENTERPRISE
!

Diverse but overlapping communities and agendas



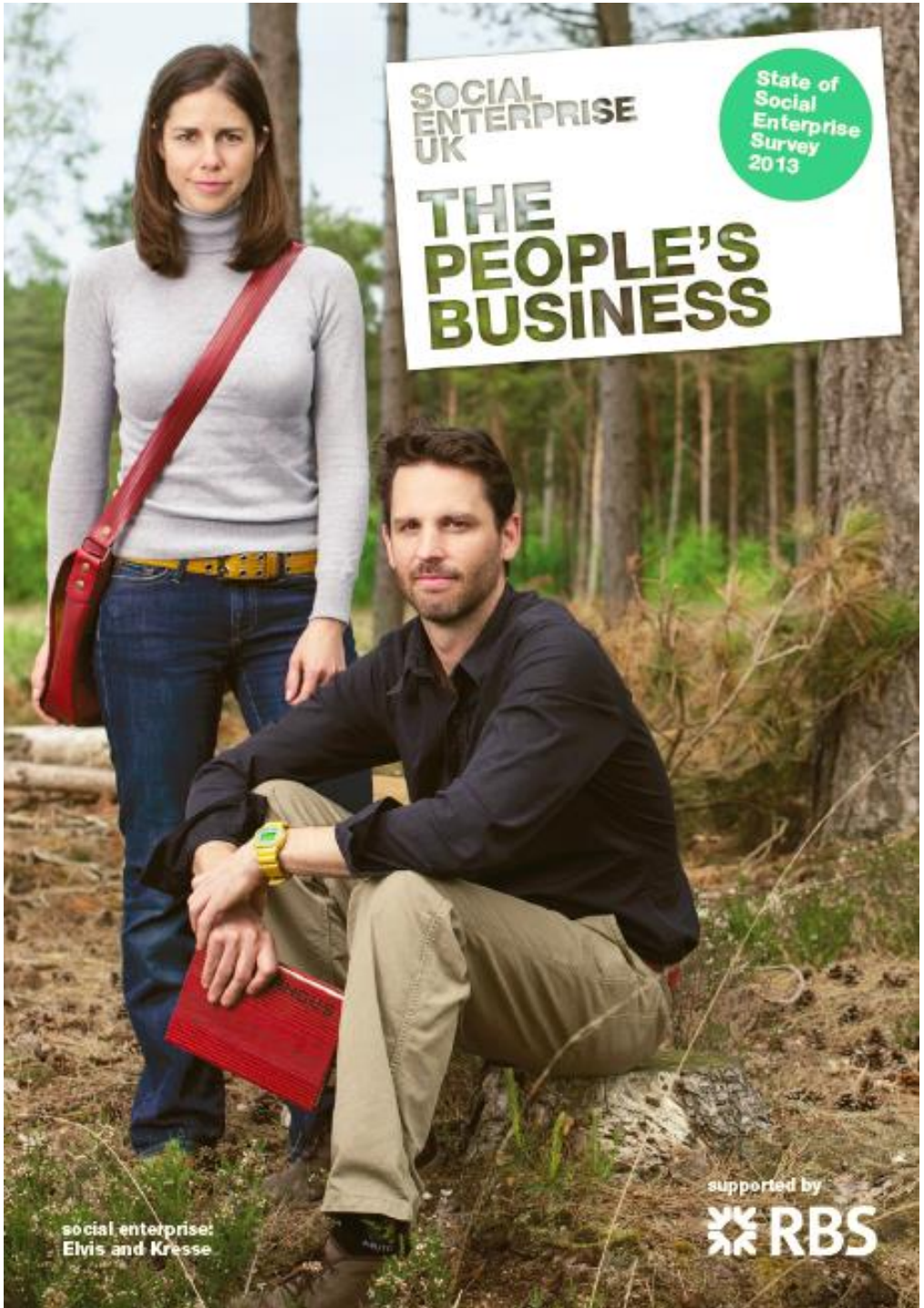

In the **Netherlands and Belgium**, 'nonprofits' account for 15.9% and 13.1% of employment respectively, higher than the café and restaurant sectors.[72]
In **France**, the social economy represents 10% of GDP or more than the entire agriculture industry and in Germany around the same size as the automobile 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[73]
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[73].
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].

ISSUE
WORKING NOT BEGGING

KUAPA KU

CTPlus
WX57 NZM

HIGH STREET
NEW YORK


SOCIAL ENTERPRISE UK
State of Social Enterprise Survey 2013
THE PEOPLE'S BUSINESS
supported by
RBS
social enterprise: Elvis and Kresse

STATE OF THE SECTOR

- Proportion of social enterprises that are three years' old or less is 35% – more than three times the proportion of start-ups compared with SMEs (11%).

- 31% working in the most deprived communities in the UK

- An inclusive and diverse leadership:
  - 40% of social enterprises are led by women;
  - 31% have Black Asian Minority Ethnic directors;
  - 40% have a director with a disability.

- 41% of social enterprises created jobs in the past 12 months compared to 22% of SMEs.

- Paying fair: The average pay ratio between social enterprise CEO pay and the lowest paid is just 3.6:1, compared to 150:1 for FTSE CEOs

STATE OF THE SECTOR

- Proportion of social enterprises that grew over the past 12 months stands at 52% while only 40% of SMEs reported an increase in turnover

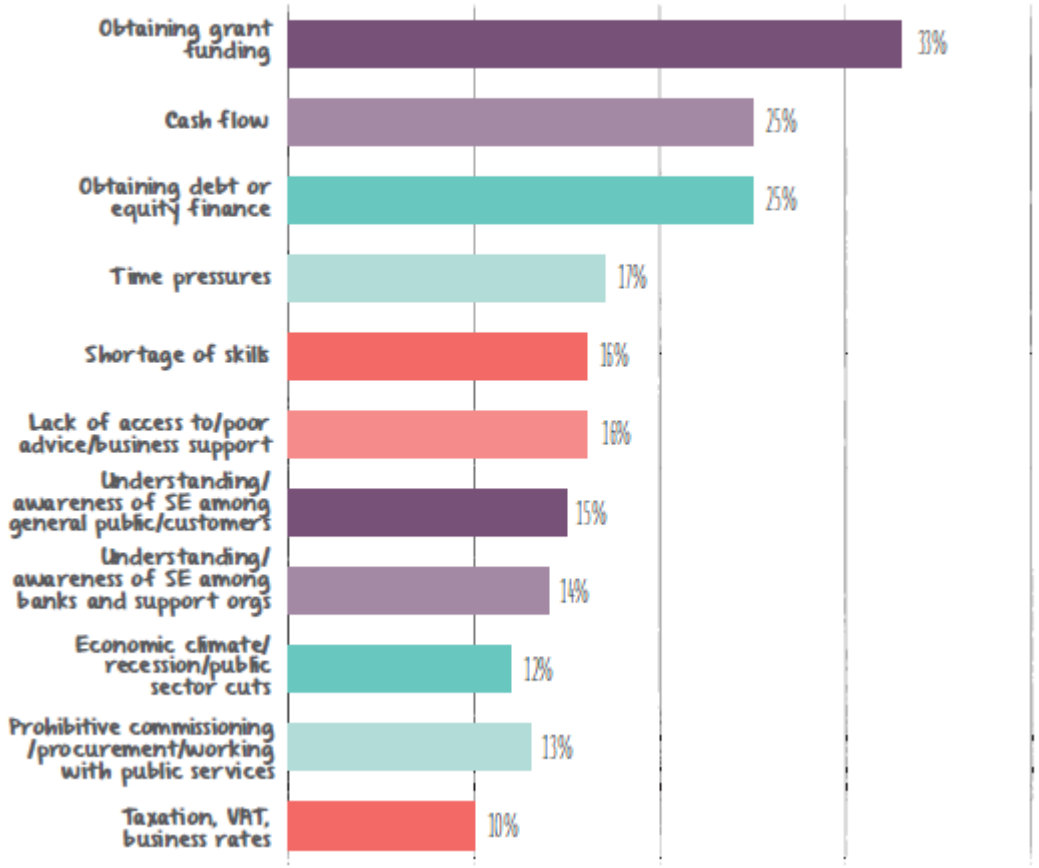
- Social enterprises introducing a new product or service in the last 12 months has increased to 59%. Among SMEs it has fallen to 38%.

- Proportion of social enterprises that export or licence has grown to 14%

- 41% of social enterprises created jobs in the past 12 months compared to 22% of SMEs.

UK start-up challenges

Figure 21: Top 10 barriers experienced on start-up



Nudge

BIG
SOCIET
CAPITA

school for
social
entrepreneurs

UnLtd

PUBLIC SERVICES (SOCIAL VALUE) ACT 2012

A brief guide

COMMUNITY
INTEREST
COMPANIES

NEW 30% TAX RELIEF FOR SOCIAL INVESTORS

SOCIAL INVESTMENTS
offer a profitable return, but the **money** is also being **used** to **make a difference**

NEW TAX RELIEF
could generate **£480m** in social investment over 5 years

SOCIAL INVESTMENT
grew by **22%** to **£202m** in **2011/12** and continues to **grow**

SOCIAL ENTERPRISES
contribute **£55bn** to the **economy** and **employ** over **2 million people**

82% of **SOCIAL ENTERPRISES** reinvest their profits locally

SOCIAL ENTERPRISE
AMBASSADORS

LESSONS?

- Political leadership
- Sector collaboration and expert technical support
- Architecture of government
- Overemphasis on investment?
- Cross party consensus vs. ideology
- Patience and learning!