The role of Government in building the Impact Economy: Lessons from Asia

Tristan Ace, Global Lead Partnerships and Development, Social Enterprise and Creative and Inclusive Economies
Art should make us feel more clearly and more intelligently. It should give us coherent sensations that we otherwise would not have had. But the price of a work of art is now part of its function, its new job is to sit on the wall and get more expensive. Instead of being the common property of humankind the way a book is, art becomes the particular property of somebody who can afford it. Suppose that every worthwhile book in the world cost $1 million - imagine what a catastrophic effect on culture that would have.

- Robert Hughes, Art critic
Conceptual clarity

- Social Innovation
- Social (Impact) Entrepreneurship
- Social Enterprise
- Social Finance
Conceptual clarity

The ideas, beliefs, values, behaviours and skills that drive change

The *organizational models* and *financial instruments* that implement change
Conceptual clarity

The ideas, beliefs, values, behaviours and skills that drive change

The organizational models and financial instruments that implement change

Systems, Power and Structural change
Ideas, models, discourses, frames, inspirations, focused on structural change

Market Orientation
Organizations, projects, social movements that enact social innovation

How change happens?
Social businesses, profit-with-purpose, impact-enterprise, responsible business
the organizational models that deliver social change

How change is resourced (financed)?
Micro-Finance, Impact Investment, Blended finance, Venture Philanthropy, Social Impact Bonds (SIBs), Payment by Results (Social Outcomes funds)
A snapshot of policy developments in Asia

India: 2% CSR Law and social entrepreneurship referenced in the Enterprise Law
Impact Investors Council and National Advisory Board (NAB) for Impact Investment established

Pakistan: The launch of the Centre for Social Entrepreneurship under the Ministry of Planning

Viet Nam: Revision to the Enterprise Law (article 10)

Myanmar: Proposal approved to establish an Inclusive Business and Impact Investment working Group

The Philippines: The PRESENT bill (Poverty reduction Through Social Enterprise) In progress
Social Entrepreneurship included in the organic law in the ARMM

Sri Lanka – establish cross government working group on social enterprise

Thailand: Social Enterprise Promotion Act approved by Cabinet 2019


AVPN Asia Policy Forum Launches in 2014

British Council UNESCAP partnership Feb 2017

Hong Kong: The Social Innovation and Entrepreneurship SIE Fund launched in 2013

Korea: The Social Enterprise Promotion Act 2007 and the Establishment of a National Advisory Board (NAB) for Impact Investment 2017

Indonesia: Developing an Entrepreneurship Bill, including social enterprise and announced UNDP partnership to unlock social finance towards achieving SDGs

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New forms of ‘Impact’ Business

Impact First

- Yunus Social Business movement
- Community Interest Company (CIC) (UK)
- Social Enterprise Article (Vietnam)

Social Business

Social Enterprise

Impact Enterprise

Profit With Purpose

- Fairtrade Movement
- Inclusive Business Action Network
- UN Global Compact

Inclusive Business

Responsible Business

Certification of Social Enterprise in Malaysia

The Korean Social Enterprise Promotion Act (Certification)

The Thai Social Enterprise Promotion Act (Certification)

B-Corp (Certification) (Global)

OECD Guidelines for Multinational Enterprises

www.britishcouncil.org/society/social-enterprise
Thai Social Enterprise Promotion Act

ANY LEGAL ENTITIES COULD BE CERTIFIED TO BE A SOCIAL ENTERPRISE IF COMPLIED TO SE CRITERIA

1. SOCIAL OBJECTIVES
2. >50% OF REVENUE FROM TRADING EXCEPT NON-DIVIDEND SE
3. SUSTAINABLE PROCESS [FAIRTRADE/ENVIRONMENTAL FRIENDLY]
4. <30% DIVIDEND
5. REGISTERED AS LEGAL ENTITIES
Malaysian Social Enterprise Accreditation

Social Enterprise Accreditation (SE.A)

The SE.A intends to certify the status of social enterprises to help them access greater support and opportunities to grow.

Through the accreditation process, an organization that is recognized as an Accredited Social Enterprise will be listed on SE.A MED online platform that provides customers and public with access to information on SEs more efficiently.

Benefits derived from SE.A

Accredited SEs receive the following benefits:

- Get listed on a public directory which enables potential customers to access information about Social Enterprises.
- Included in the Buy-for-Impact campaign to encourage public and private involvement in social procurement.
- Get access to other funding and support – over time, MED and other agencies will provide a range of additional support for accredited SEs subject to prescribed conditions.
- Join a network of Malaysia’s leading social enterprises – with events, networking and other opportunities to collaborate and learn.
Social Enterprise trends in Asia

**The Philippines**
- Rapid growth since 2010
- 44% led by women
- Innovating faster than SMEs

**Sri Lanka**
- 38% launched in the last 10 years
- 31% led by women
- Optimistic about growth 70% predict growth next year

**Malaysia**
- 66% launched in the last 5 years
- 54% led by women
- 55% under the age of 40

**Indonesia**
- 40% led by Women
- Over 60% of Leaders under 35
- 62% focus on a local community

**Bangladesh**
- 20% led by women
- Focused on the issues that matter (Education is the biggest SE sector)

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**Bangladesh**
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Growing part of the economy
- 11,000 in Sri Lanka
- 150,000 in Bangladesh
- 342,000 in Indonesia
- 164,000 in The Philippines
- 69,000 in Malaysia
$2.5t annual finance gap to achieve SDGs

Based upon Rittel and Webber (1973)
TOTAL GIVING IN CHINA

US $ (billion)

2009: 6.0
2010: 10.5
2011: 12.7
2012: 13.3
2013: 14.3
2014: 15.9
2015: 18.2
2016: 21.9
2017: 23.4

Source: Annual Report on China’s Philanthropic Developments 2009-2010

#ChinaPhilanthropy
#中国慈善
Social Finance Spectrum

-100% Social Value
- $250b Impact Only

0-5% “Blended” Social and Financial Value
- $2t Impact First

3-9% Financial Value
- $300b

Market Rate% Profit Maximizing Businesses
- $20t Finance First

-100% to 0-5% Social Value

Not-For-Profit Charities
- Reliant On Donations

Social Enterprises
- Some Trading Revenue
- Breakeven From Trading
- Profitable: Surplus Reinvested

Profit Maximizing Businesses
- ‘Profit-with-Purpose’
- Profit With ESG Screen

0-5% to 3-9%

Social Enterprises
- Programme Related Investment
- Mission Related Investment

3-9% to Market Rate%

Profit Maximizing Businesses
- Impact Investment

Impact Investment to Market Rate%

$250b to $20t

Social Value to Financial Value

Social Finance
- Venture Philanthropy

Grants

Programme Related Investment

Mission Related Investment
The growth of “Social Value” investing in China
Case Study: *Educate Girls* utilising a social impact

- **UBS Optimus Foundation**
  - Investor financing project implementation

- **CIFF**
  - Outcome payer paying for enrolment and learning outcomes

- **Educate Girls**
  - Service provider

- **IDinsight**
  - Outcome evaluator

- **Dalberg Global Development Advisors**
  - Process Evaluator
Educate Girls’ Development Impact Bond (DIB)

The World’s First DIB in Education Surpasses Both Its Target Outcomes by achieving...

- 160% of the total learning target
- 116% of the total enrolment target
Government Definition of social value:

Social Value seeks to maximise the additional benefit that can be created by procuring or commissioning services, above and beyond the benefit of merely the services themselves.
New Economies – case studies

BGV / Bethnal Green Ventures

Government Outcomes Lab

Global Innovation Fund

Impact Investment: The Invisible Heart of Markets

Impact Management Project

Impact Investing Institute
Find out more:

Follow our social enterprise programme on Twitter @SocEntGlobal

Sign up for our social enterprise newsletter

http://www.britishcouncil.org/society/social-enterprise