

SECOND SEAL CONFERENCE and ISEA REGIONAL ASSEMBLY
“Social Enterprise: Addressing Inequality for a Just Economy”
A Learning Exchange on SE Impacts and SDGs

Inspirational Message from Oxfam

1. Introduction

Distinguished guests, convenors and participants to the Second Social Enterprise Advocacy and Leveraging (SEAL) Conference, “Selamat Pagi,” or a pleasant good morning to you all! First, I would like to convey our apologies that the original speaker for Oxfam, Mr. Budi Kunkuro, the Country Director of Oxfam in Indonesia, is unable to join us today because of another important meeting in Bangkok. As his alternate representative, I am deeply honored to join you on this gathering of leaders and advocates of the social enterprise sector in Asia.

To be honest, giving an inspirational message is a very daunting task. I just hope that after reading

For the past 70 years, Oxfam has been working with the world’s poorest people. Time and again we are told what poor people need – more than anything else – it is a stable income so they can provide the basics for their families. Obviously, we have not yet succeeded on this, so a key question for us is “what does it take to work differently to make our impact matter to poor people – to lift them out of poverty for good and for it to be sustainable, inclusive and transformational? Once upon a time, we in the development sector believe that ‘if you teach a man to fish, you can feed him forever.’ As we all know, this is already an inappropriate response due to a number of reasons: 1) the stock of fish in the river may decline or even gone due to climate change; 2) A rich landowner may take control of the riverbanks, stopping fishers from using the river. Powerful business people may start overfishing using illegal nets; and 3) The market for fish may crash. Cultural norms may limit who can actually fish. The materials needed to build a boat may be unaffordable. And of course this seemingly obvious statement rarely applies in a simple way as the fisherman is may be a fisherwoman.

So pervasive poverty remains our biggest challenge and this is exacerbated by the impacts of climate change and inequality, thus making the future increasingly unpredictable and is forcing us to think in different ways to address this issue. In Oxfam, we are interested in transformational change for people living in poverty. This means ensuring that women and girls, as well as men and boys, have agency to make their own choices and exert their rights. It means a world in which poor people have voice and influence and can actively pursue productive education, social change and livelihood opportunities. Transformational change I believe is one of the shared aspirations that we have with ISEA since our partnership in 2012.

1. Our biggest challenge: the gendered nature of poverty and inequality in Asia

Oxfam recently released four important reports on inequality. The first report, which came out ahead of the World Economic Forum in 2016 highlighted the gap between the rich and the poor that is reaching new extremes, where only 8 men own the same wealth as the 3.6 billion people who make up the poorest half of humanity. Earlier, Credit Suisse revealed that the richest 1% have now accumulated more wealth than the rest of the world put together, while the wealth owned by the bottom half of humanity has fallen by a trillion dollars in the past five years. So an economy for the 1% is just the latest evidence that today we live in a world with levels of inequality that we may not have seen for over a century. It is an inequality crisis that is out of control. So, for the economy of the 99% to catch up, we need to narrow the gap between rich and poor and for a fundamental change in the way we manage our economies so that they work for all people, and not just for the fortunate few.

Our second report zeroes in on the state of inequality in Indonesia, exposing that in the past two decades, the gap between the richest and the rest in Indonesia has grown faster than in any other country in South-East Asia. The four richest men in Indonesia now have more wealth than the poorest 100 million people. Inequality is slowing down poverty reduction, dampening economic growth and threatening social cohesion. The third report calls for the Asia region to address the rising inequality where an estimated 500 million people remain trapped in extreme poverty, most of them women and girls, despite the reported prosperity achieved over these past years.

But what does inequality look like for women in Asia?

For women across Asia, access to decent work and a living wage represents a fundamental pathway out of poverty. On average in Asia, women earn between 70 and 90 percent of what men earn. There are several reasons for this: 1) Women are disproportionately concentrated in the lowest paid roles and in informal work. 75 percent of women's work in Asia is in the informal economy, without access to benefits such as sick pay or maternity leave; 2) Pervasive gender inequality means that women's work is devalued, and women are less likely to be empowered to claim their labour rights; and 3) Women also carry out around 2.5 times the amount of unpaid care work that men do, and globally this work is worth around \$10 trillion a year. Women's economic empowerment is a critical factor in achieving gender equality and in supporting wider development goals. It offers one entry point into women's empowerment, which also includes social and political dimensions. To achieve it, not only must more women have opportunities to take up paid work, but the quality of jobs available to them must improve – along with their rights and decision making power.

2. Transforming economies to work for the poor and women

Against this grim backdrop, how should we work differently to make the economy work for the poor?

Oxfam believes that unless markets are disrupted and power is rebalanced, our programme intervention will have no meaningful and transformational impact. In our experience, there are four areas that we focus on to disrupt market systems and rebalance power:

1. Supporting producer organisations: Effective POs (such as co-operatives and collectives) can empower small-scale producers through economies of scale, increased influence in output and input markets, and strength in numbers. Oxfam assists POs to build the market power of producers, and encourages them to take progressive measures to ensure equal participation and benefits for women producers.

2. Supporting new business models: Enterprises such as specialised intermediaries and service providers often fill an important gap in markets for smallholders. They allow a poorly organised producer base (smallholders) to connect to sophisticated and modern input and output markets. They also provide support in product quality control, processing, and access to inputs. While this role can be performed by POs themselves, which operate at the primary-tier, it is often more effective for it to be performed by a separate enterprise operating at a second level (i.e. serving multiple Pos). To be successful, enterprises must adapt to be commercially efficient, but also empower smallholders, including women, by helping them become more competitive and able to access more lucrative formal markets. It is also important for development programmes to work with existing firms to get them to deal more fairly and transparently with smallholders. This is where social enterprises could play a pivotal role to support smallholders and women.

3. Making pre-commercial investments: Many marginalised people lack the assets and skills necessary to use markets to lift themselves out of poverty. Providing pre-commercial investments to such individuals and groups is often necessary to allow them to participate meaningfully in markets. Providing assets and training for women is a core part of Oxfam's work.

4. Giving marginalised groups a voice in governance and investment: Where regulations and public investment address the needs of small-scale and female producers, this can bring new producers into the market and level the playing field for women. Oxfam supports marginalised groups in dealings with governments, helping them to access public pre-commercial investment in technologies such as irrigation. It also works to influence policies that have an impact on women, such as those covering land rights.

But let me now focus on the second area – new business models - where we see the importance of social enterprises.

More than ever, we need for diversity of business models

Businesses are emerging around the world that show it is possible to prioritize a broader range of stakeholders, and purposes, than just returns investors. These range from employee and farmer ownership, to hybrid ownership structures and fair trade businesses, to social enterprises and cooperatives. Divine Chocolate and Cafe Direct are two such examples, where the cocoa and coffee farmers own a share of the company and have meaningful representation on the board. It goes beyond transactional relationships with farmers, as power and value are deliberately shared with farmers in more equitable way. Such models ensure that the business is owned and managed in the best interests of those farmers, which also includes commercial success. Farmer-owned processing in agriculture (e.g. KTDA tea in Kenya) and worker-ownership of electronics factories and brands (e.g. Huawei in China) are also bucking the trend, and channelling more of the value generated by the business to their farmers and workers. Meanwhile, mission-led businesses like Fairphone are demonstrating that business governance models can be shaped to prioritize a mission other than profit maximization for investors, which in Fairphone's case is to "bring a fair smartphone to the market – one designed and produced with minimal harm to people and planet".

One such business model that is fair and more distributive is a social enterprise. It is a business structure that incorporates impact on the poor beyond simply economics and has the potential to create sustainable livelihoods and economic empowerment for smallholder farmers, particularly women.

3. The role of social enterprises in promoting women's economic empowerment

What is our women's economic empowerment agenda in social enterprises? Women's economic empowerment is fundamental to women's ability to move out and stay out of poverty. As we seek to change economic systems (thinking, practices, roles and policies) that systematically discriminate against women. But WEE is more than a question of material resource It is also fundamental to women's ability to enjoy all other human rights. It is vital that they are able to participate in decision-making and development; to enjoy decent work for decent and equal pay; to reduce and share heavy care responsibilities and to resource and sustain local actions and networks for change.

This past year, we have seen the unprecedented interest of different sectors on women's economic empowerment in global, regional and national level platforms, alongside the growing force of social enterprises in the region. This is an area where we had built partnership with ISEA and significantly advanced the work around the development of the Benchmarks for Transformational Partnerships on WEE (BtP on WEE or simply the gendered benchmarks).

Key to the growth of social enterprises that empowers women is to work with organizations like ISEA not only in the promotion of the benchmarks, but also integrating WEE in your business and social agenda. We hope this conference will inspire rich discussions and bridge partnerships to further advance women's economic empowerment in the social enterprise sector.