



# **Social Enterprises and the SDGs**

## ***Policy options***

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# A brief introduction to United Nations ESCAP

## United Nations Economic and Social Commission for Asia and the Pacific (ESCAP):

- Regional development arm of the United Nations for the Asia-Pacific region.

### Geographical scope:

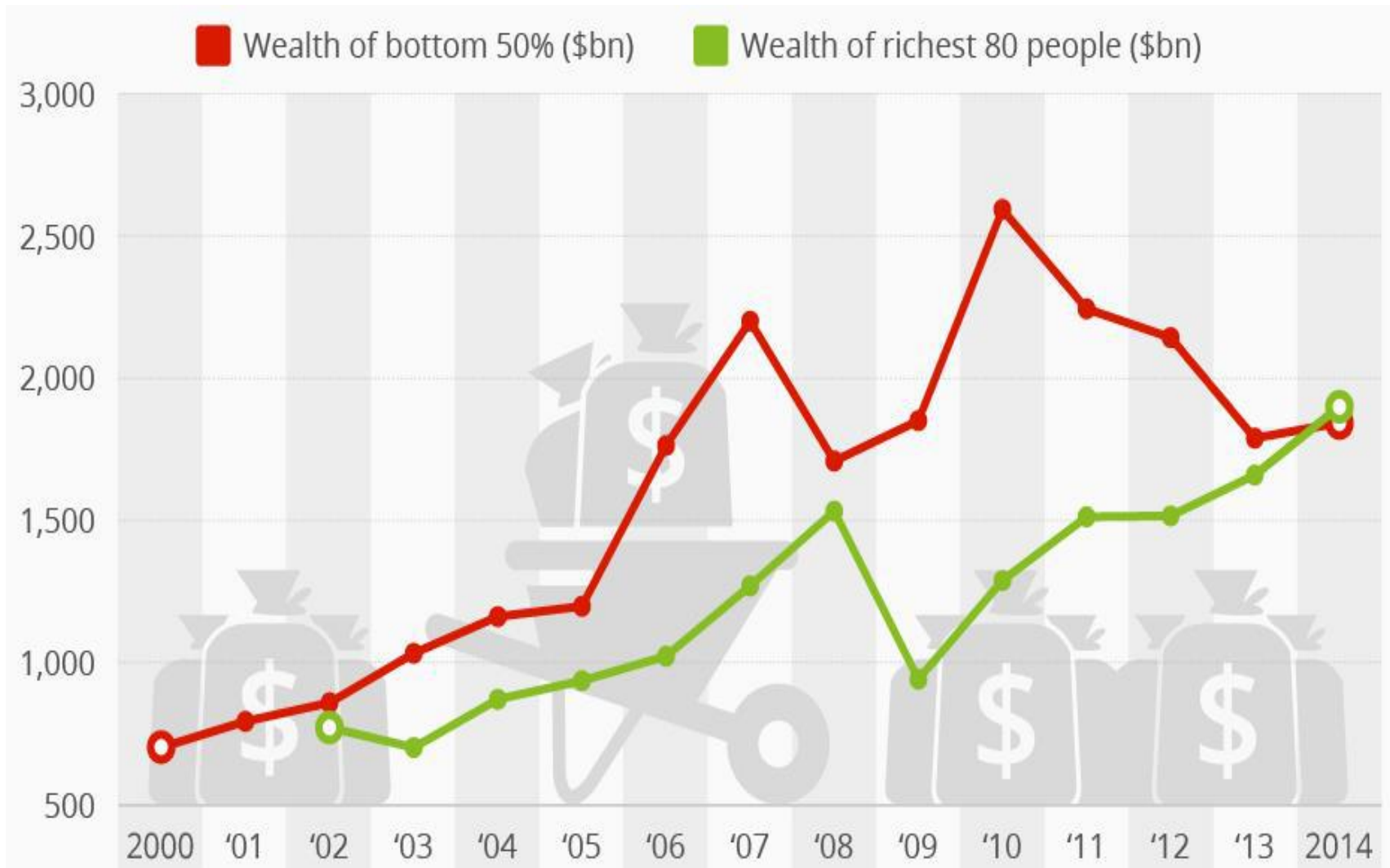
- from Turkey (west) to Pacific island nation of Kiribati (east), and
- from the Russian Federation (north) to New Zealand in the (south),
- 4.1 billion people (2/3 of the world's population)



### ESCAP provides:

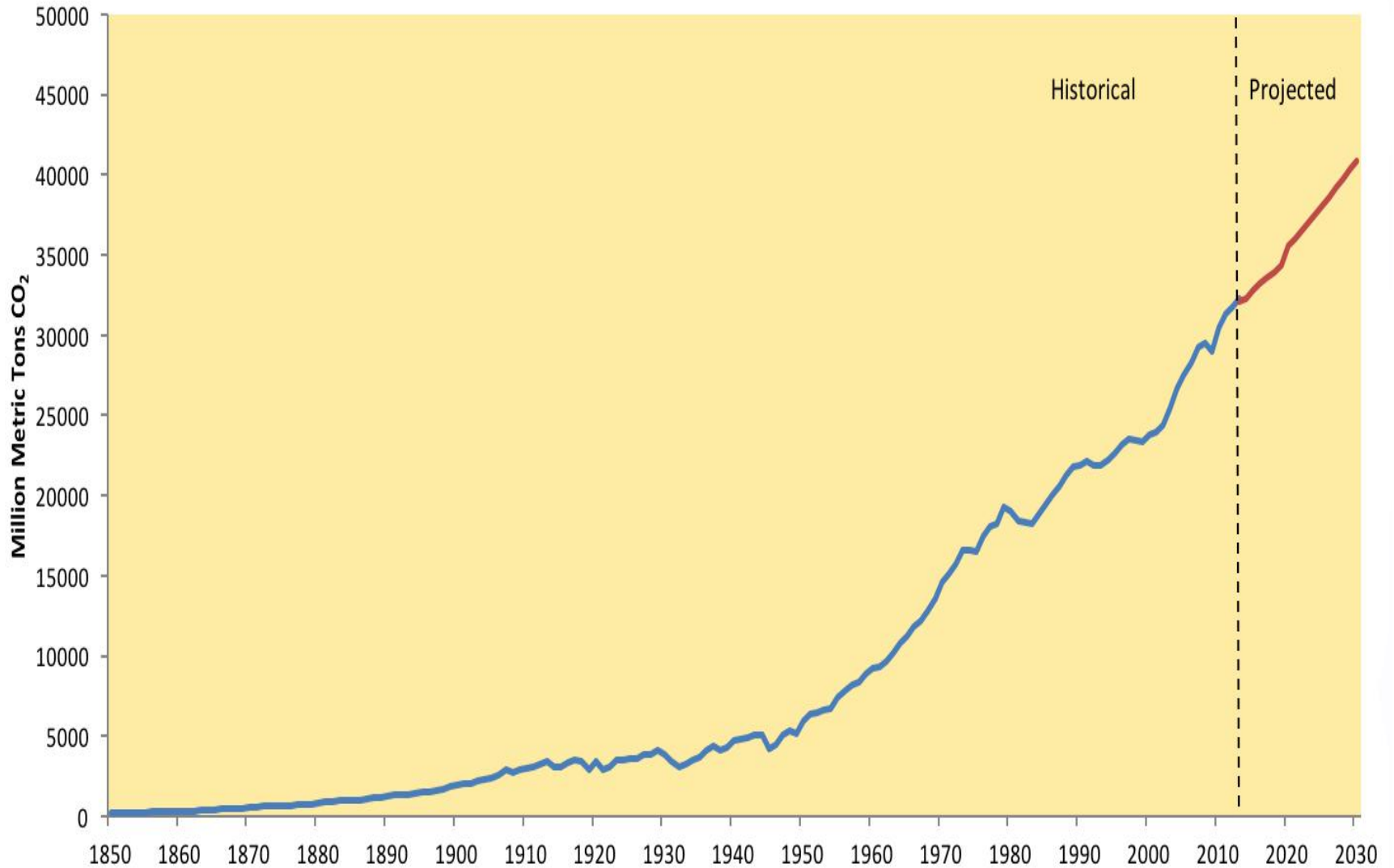
- **Research and analysis** and translates these findings into policy dialogues and recommendations
- **Knowledge sharing and technical assistance** in the implementation of these recommendations
- **Forum for its member States** that promotes regional coop. and collective action, assisting countries in building & sustaining shared economic growth & social equity

## World's 80 richest people have same wealth as poorest 50%



Sources: Oxfam, WEF, Forbes

# Global Carbon Dioxide Emissions 1850 to 2030



Source: Centre for Climate and Energy Solutions



# SUSTAINABLE DEVELOPMENT GOALS

**1** NO POVERTY

**2** ZERO HUNGER

**3** GOOD HEALTH AND WELL-BEING

**4** QUALITY EDUCATION

**5** GENDER EQUALITY

**6** CLEAN WATER AND SANITATION

**7** AFFORDABLE AND CLEAN ENERGY

**8** DECENT WORK AND ECONOMIC GROWTH

**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE

**10** REDUCED INEQUALITIES

**11** SUSTAINABLE CITIES AND COMMUNITIES

**12** RESPONSIBLE CONSUMPTION AND PRODUCTION

**13** CLIMATE ACTION

**14** LIFE BELOW WATER

**15** LIFE ON LAND

**16** PEACE, JUSTICE AND STRONG INSTITUTIONS

**17** PARTNERSHIPS FOR THE GOALS

SUSTAINABLE DEVELOPMENT GOALS

***Innovation policy for sustainable development needs to go beyond the economic imperative to include social justice and environmental protection***

## ESCAP's STI Work

- **STI think tank:** Publication, reports, policy papers on a diverse range of topics including innovative finance, social innovation, and frontier technology for sustainable development.
- **Policy development:** We advice governments on STI policy for sustainable development.
- A platform to facilitate **inter-governmental STI cooperation** for example digital trade agreement.

# STI policies required to meet ambitions of the Sustainable Development Goals

- Social enterprises and impact investment
- Inclusive innovation
- Policies for the 4<sup>th</sup> Industrial Revolution



# I. SOCIAL ENTERPRISES & IMPACT INVESTMENT



**In Asia, small and medium-sized enterprises comprise 96% of all enterprises, employ 62% of the national labor force and contribute 42% of gross domestic product**

# I. SOCIAL ENTERPRISES & IMPACT INVESTMENT



## Policies supporting social enterprises in Asia Pacific

- **Republic of Korea's - Social Enterprise Promotion Act in 2007**  
Provides social enterprises with **business services, subsidized rents and reduced taxes**
- **Seoul Metropolitan Government - Social Economy Policy & Social Enterprise Support Plan**  
A **comprehensive plan** that supports social enterprises through **business services, public procurement, education, incubation, social economy zones**
- **Thailand - Social Enterprise Promotion Act**  
Provides **tax relief for businesses establishing social enterprises**
- **Malaysia - Social Enterprise Blueprint**  
Various policy measures incl. **teaching social entrepreneurship in nat'l education systems**
- **India - Entrepreneurship Policy Framework**  
Focus on **social entrepreneurship education** through courses delivered by universities & academic institutions
- **Pakistan - Centre for Social Entrepreneurship**  
Will function as an **incubator for social enterprises**

# I. SOCIAL ENTERPRISES & IMPACT INVESTMENT



## Seoul Metropolitan Gov. - Social Economy Policy & Social Enterprise Support Plan

A comprehensive plan that supports social enterprises

Strategies	Description
Expand the no. of social enterprises	<ul style="list-style-type: none"><li>- Designating &amp; managing preliminary social enterprises</li><li>- Providing financial support for the growth of social enterprises</li><li>- Consulting on social economy &amp; management skills</li><li>- Nurturing best social enterprises</li><li>- Academy on social economy</li></ul>
Increase procurement for social economy products	<ul style="list-style-type: none"><li>- Expanding procurement of social economy products</li><li>- Providing support for entering into the private market</li><li>- Online shopping platform for social economy products</li></ul>
Expand financing	<ul style="list-style-type: none"><li>- Restructuring Social Impact Bond</li><li>- Revitalising Social Impact Bond Projects</li></ul>
Expand local infrastructure for social economy	<ul style="list-style-type: none"><li>- Establishing Social Economy Master Plan (2017-2021)</li><li>- Systematize public-private coop. governance of the social econ.</li><li>- Support mechanisms city wide &amp; at the borough level</li><li>- Creating service spaces for social enterprises</li><li>- Specialized social economy zones</li><li>- Fashion cluster in Sungsu borough.</li></ul>
Strengthen nt'l & int'l advocacy & networking on social economy	<ul style="list-style-type: none"><li>- Strengthening int'l cooperation on social economy</li><li>- Organizing a social economy week</li><li>- Supporting the revitalization of fair trade</li></ul>

# I. SOCIAL ENTERPRISES & IMPACT INVESTMENT



## Seoul Metropolitan Gov. - Social Economy Policy & Social Enterprise Support Plan

### Impact on achieving the SDGs

Key outputs	SDG outcomes
Local employment created related to the social economy doubled from 9,300 in 2012 to 17,400 in 2015	
Number of social enterprises increased from 718 in 2011 to 3,501 in 2016	
Public procurement of products from social enterprises increased in value from \$10.2 million in 2011 to \$75.6 million in 2016	
218 social enterprises provided social services to 1.6 million people in 2013-14	
25 boroughs are developing & implementing pgmes to address their specific social & economic issues which are being addressed by SE org.	
Provided 359 social housing units for marginalized groups in 2015 through the Social Investment Fund	
The Social Economy Policy Planning Committee, consisting of civil society, city officers & city council members, creates coop. mechanisms for private-private & private-public partnerships	
Global Social Economy Forum founded in '13 to stimulate int'l coop in social econ.	

Source: ESCAP, forthcoming

# I. SOCIAL ENTERPRISES & IMPACT INVESTMENT



## Seoul Metropolitan Gov. - Social Economy Policy & Social Enterprise Support Plan

### Success factors

1. A cooperative governance model that has encouraged private and public stakeholder participation throughout the whole policy cycle
2. Creating social economy zones
3. Fostering an ecosystem for the social economy
4. Expanding public procurement of services and products provided by social enterprises

# I. SOCIAL ENTERPRISES & **IMPACT INVESTMENT**



## Context

The cost of solving the world's most critical problems runs into the trillions, including an estimated **US\$2.5 trillion annual funding gap** needed to achieve the Sustainable Development Goals (SDGs).

Private capital is urgently needed to fill this gap -> **impact investing**

*Impact investments are investments made in to companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return.*

*Impact investments can also be defined as investments in marginalized entrepreneurs and businesses*

# I. SOCIAL ENTERPRISES & **IMPACT INVESTMENT**



## Trends

The mainstream private sector is engaging in social enterprise and investment

While investment in social enterprises in the region has largely been led by foundations and donor agencies, we are seeing an emerging movement of government action

# I. SOCIAL ENTERPRISES & **IMPACT INVESTMENT**



## Impact Investment in Social Enterprises in Asia Pacific

- **India: Impact Investors Council**
- **Thailand: National Taskforce on Social Impact Investment** incentivizes impact investment through **tax reliefs**
- **Seoul Metropolitan Government: Directive** encourages **public procurement of goods and services from social enterprises**
- **Malaysia: Social Outcomes Fund** will **fund projects** that assist marginalized communities
- **Republic of Korea: Social Impact Bond** to help children in welfare institutions to return to their families through home care and education - private organizations invest in public services for financial rewards, which they obtain only **if the projects are successful**
- **India: Corporate Social Responsibility Law**



# I. SOCIAL ENTERPRISES & **IMPACT INVESTMENT**



## The British Council and United Nations ESCAP partnership

supports policy makers to formulate and implement effective policies to foster social entrepreneurship and impact investment



### Studies

- Activist to entrepreneur: The role of social enterprises in supporting women's empowerment in Pakistan (forthcoming)
- Philippine Social Enterprise Survey (forthcoming)



Sharing lessons learnt  
from various policy  
mechanisms  
encouraging **social  
investment, including  
in social enterprises**

## **INNOVATIVE FINANCING FOR DEVELOPMENT IN ASIA AND THE PACIFIC**

**Government Policies on Impact Investment  
and Public Finance for Innovation**

Forthcoming, will be available  
online: [www.unescap.org](http://www.unescap.org)

## II. INCLUSIVE INNOVATION



- Science, technology and innovation (STI) are a critical mean for the achievement of the SDGs
- STI is also a source of inequality and exclusion:
  - When developing countries do not adequate STI capabilities
  - When research systems & technologies do not respond to the basic needs of more vulnerable groups
  - When women, people living in poverty, older generations, other disadvantaged groups cannot benefit from technological advances & can not fully participate in innovation processes
  - When the socio-economic & environmental impact of exponential technologies is not fully understood and considered

## II. INCLUSIVE INNOVATION (cont.)



### Multiple policy options for promoting inclusive innovation

- **Whole of government** approaches that support inclusive innovation policy processes and outcomes, in terms of:
  - **Inclusive participation** in the formulation, implementation and evaluation of STI policies
  - **Measuring** impact the social, economic and environmental impact of STI policies
- **Targeted STI policies and mechanisms** that allocate specific financial, human and institutional resources to support problem solving R&D, appropriate technologies and social innovations
- Programmes that enable women, people living in poverty, older generations, other disadvantaged groups **access and use of technologies**
- **Assessing the socio-economic and environmental impact of exponential technologies**

## II. INCLUSIVE INNOVATION (cont.)



ESCAP's forthcoming work on inclusive innovation policies:

- Conceptual note
- Advice on inclusive innovation policies / strategies
- Review conceptual note based on policy experience
- Community of practice
  
- Participatory approaches – your views will be important
- Measuring socio-economic and environmental impact

# Key Messages

Social enterprise & impact investment have the potential to solve economic, social and environmental challenges. There is a growing movement in Asia.

Government's in the region are starting to implement policies and strategies to support this agenda.

Science, technology and innovation are both a means and a challenge to inclusive innovation.

Your ideas are important!

- Which public policies are required to support social enterprises and meet the ambitions of the SDGs?
- What are critical areas for ensuring science, technology and innovation policies are inclusive?

# ESCAP's support

- Sharing effective practices from across the region.
- Developing national social enterprise and impact investment strategies
- Providing technical and legal support for policy making and legislation



**Thank You**

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