Inspiring Social Entrepreneurship; Lessons from Asian Models of Support

Winston Churchill Memorial Trust - Travel Fellowship Report
Alan Johnson 2012 Fellow
The Winston Churchill Memorial Trust

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1 http://www.wcmt.org.uk/

2 http://www.wcmt.org.uk/about/who-are-we-funding-of-travelling-fellowships-and-bursaries.html
My thanks extend to all individuals and organisations that supported my research. I would like to thank all those who offered their time to me and generously shared their experience and wisdom, and to those who offered advice and friendship during my travels.

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Itinerary

The travel itinerary included the following cities used as bases in each country:

- Tokyo, Japan
- Bangkok, Thailand
- Siem Reap, Cambodia
- Luang Prabang, Laos
- Hanoi, Vietnam

It should be noted that this itinerary developed from that of the original application which included only visits to Japan, Thailand and Vietnam. This itinerary includes visits to two countries, Cambodia and Laos, which were not included in the original itinerary, and were added as a result of research, local knowledge and recommendations during my travels.

Local knowledge was used to identify relevant examples of social entrepreneurs, social enterprises and support agencies to visit whilst in each country. Subsequently my itinerary commonly included a 5 or 6 day stay in each country base, followed by a number of short visits to surrounding areas. I was also fortunate enough to be able to take the advice of the Trust’s guidance for Fellows, and include one or two days’ leisure/rest at most venues, to see the environment, the culture, to sight-see, and to take some much needed rest (something I heartily recommend to future Fellows).
About the Author

I am Alan Johnson; author of this report.

I am a qualified Ecologist and Environmental Manager and Member of the Institute of Ecologists and Environmental Managers (IEEM). Having spent several years working in urban regeneration and anti-racism initiatives, I moved to a position managing grant funds and other programmes within the Merseyside Social Enterprise Initiative. The programme included innovative grant/loan/management packages, which were ground-breaking at the time, and have since been replicated across the UK.

I founded and currently manage an independent Research and Development Consultancy, Symbiont Consulting Ltd, which focuses primarily on delivering a range of support for social entrepreneurs and support partners across public, private and third sectors.

In recent years I have worked with and for social entrepreneurs and social enterprises, have designed and developed new support programmes and raised and/or affected over £100 million investment into the sector in the UK. I delivered the first School for Social Entrepreneurs’ ‘Environmental Entrepreneurs’ programme and was instrumental in establishing the Liverpool Transnational Unit supporting local groups to access opportunities in Europe. I have established partnerships supporting social entrepreneurs across the EU and am currently working towards establishing social entrepreneur support initiatives in Asia.
In the fifteen years or so that I have worked and volunteered within the 'third sector' I have seen massive changes in the way the sector operates, in the nature and extent or opportunities open to the sector, and in the demands placed upon third sector organisations. The reduction in the availability of grant funding, along with the additional demands associated with delivering grant-funded activities, means that additional stress is being placed on 'traditional' voluntary/community group models (and to some extent the traditional charity models) as they are encouraged to move towards more enterprising models of self-sufficiency.

Recent Government policies such as the Open Public Services White Paper, Cabinet Office July 2011 are increasingly opening up public sector opportunities to social enterprises. The Policy essentially opens up services that were previously delivered exclusively within the public sector, to a range of different models which should be driven by "what is best for the users of services and by employees as co-owners of the business". The paper suggests that options could include wholly employee-led, multi-stakeholder and mutual joint venture models. In essence, this policy, for better or worse, opens up huge potential for delivery by the social enterprise sector in the UK.

The emergence of social enterprises as a force within the UK over the past 20 or so years has been impressive, with the Government's 2009 State of the Social Enterprise Sector estimating a total of 62,000 social enterprises in existence across the UK. Indeed this figure has been muted to be greatly underestimated, with figures ranging up to 234,000 cited (Lyon, Teasedale and Baldock 2010).

The reader may note that I have quickly and without explanation, started to consider 'social enterprise' as opposed to 'social entrepreneur', and there is good reason for this, as the two terms are often closely linked, and it is a common misconception to consider a social entrepreneur only as a person who establishes a social enterprise. It is important for the reader to comprehend 'my' understanding of each term, to subsequently comprehend how the WCMT Fellowship affected 'my' thoughts and opinions.
Social Entrepreneur definition:

There is much debate as to what constitutes a 'social entrepreneur'. Martin and Osberg (2007) offered the following definition of their understanding of a social entrepreneurship as:

1) identifying a stable but inherently unjust equilibrium that causes the exclusion, marginalization, or suffering of a segment of humanity that lacks the financial means or political clout to achieve any transformative benefit on its own;

2) identifying an opportunity in this unjust equilibrium, developing a social value proposition, and bringing to bear inspiration, creativity, direct action, courage, and fortitude, thereby challenging the stable state’s hegemony;

3) forging a new, stable equilibrium that releases trapped potential or alleviates the suffering of the targeted group, and through imitation and the creation of a stable ecosystem around the new equilibrium ensuring a better future for the targeted group and even society at large.

This definition, whilst extremely useful, is rather unwieldy and possibly confusing for the layperson, however, if we split the term into its basic components then we may be able to define the term a little easier.

It is fair to say that the concept of the 'social' aspect may be readily understood as some activity that benefits society (and/or the environment). We may debate the relative extent of benefit or impact, however, the concept is relatively simple to understand.

The term 'entrepreneur' has different meanings in common understanding, and commonly involves some innovative commercial activity. However, if we hark back to the literal French translation as 'one who undertakes' then we can begin to see how social entrepreneurship does not necessarily lead directly to the establishment of a social enterprise, but is much broader than this.

Ashoka, a global network of social entrepreneurs, describes social entrepreneurs as follows:
Social entrepreneurs are individuals with innovative solutions to society’s most pressing social problems. They are ambitious and persistent, tackling major issues and offering new ideas for wide-scale change.

This definition widens the term to be able to include individuals who may not establish a new ‘enterprise’, but who may influence change and positive impacts in many ways. Similarly, the Skoll Foundation, a global foundation investing over $342 million in social entrepreneurial activities since 1999, describes a social entrepreneur as follows:

- Distinct from a business entrepreneur who sees value in the creation of new markets, the social entrepreneur aims for value in the form of transformational change that will benefit disadvantaged communities and, ultimately, society at large.

For the purpose of this report, I have assumed the following description of a social entrepreneur, as cited by the Skoll Foundation:

- ‘Society’s change agents: creators of innovations that disrupt the status quo and transform our world for the better’.

Social Enterprise definition:

There is much debate as to what exactly and specifically defines a social enterprise, as there is currently no legal definition, yet there are many different legal business models, along with unincorporated organisation models, that would commonly be accepted as a social enterprise.

A commonly accepted definition of social enterprise was developed by the Department for Trade and Industry in 2002 as:

‘A social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.’

Whilst this may be a useful, if a little broad, definition, it does not mention commonly held characteristics of social enterprise such as democratic governance, transparency of operation and accountability to stakeholders.

Different legal business models may be accepted by certain organisations as a social enterprise, yet rejected by others. The eligibility for any social enterprise to receive support, particularly publicly-funded support, often therefore depends on the legal business model of the organisation.
A simple example of this confusion may be illustrated by the model of a Community Interest Company (CIC) that is Limited by Shares with the shareholders being individuals. CICs were established by the Government in 2005 and to describe them in simple terms they were introduced effectively as a ‘brand’ for social enterprises, with each new CIC having to pass a ‘community interest test’ to ensure that their aims are ‘social enough’, and having a built in asset lock to protect assets for community benefit. CICs however, also have the ability to accept investment and deliver financial returns, and to have individual shareholders to whom dividends on profits may be delivered (capped at an appropriate level). Certain grant-giving and support agencies will accept any CIC as a social enterprise and therefore eligible for support, others would reject a CIC limited by shares outright as ineligible.

To simplify things, and for the purposes of this report, we may say that social enterprises share four common characteristics:

- They have social and/or environmental aims and objectives
- They have the ability to, and aim of, generating income through trade
- They have common or democratic governance
- They do not distribute profits to shareholders
Rationale

To effectively understand the outcomes of my study, it is important that the reader should understand my default position and the drivers behind my study.

My Default Position

As a manager of public funds, it has been hurdle criteria for 99% of all organisations I have been able to support, that they be democratically governed and are non-profit distributing.

In basic terms, I have been entrusted to deliver State coffers to support organisations helping disadvantaged individuals, groups and communities, and in doing so to ensure that taxpayer monies DO NOT end up in the pockets of private individuals. To this extent, the legal model adopted by each social enterprise applying for support is of huge importance, as it effectively becomes the first hurdle criterion rendering the organisation ineligible or potentially eligible for support.

This default position has somewhat pervaded and driven my working life for many years, and has therefore influenced the nature of the support I have provided. Alas, this may also mean that I have neglected, or at worse, rejected, social entrepreneurs aiming to deliver positive social outcomes under an ‘ineligible’ business model.

Drivers Behind Research

Current and emerging Government policy is leaning towards the delivery of public services by social enterprises (for better or worse), however, there is no legal definition of ‘social enterprise’ meaning that the door may be effectively open or a range of private organisations to deliver public services.

Harking back to my default position, I would have viewed this as a definite ‘no-no’, however, in recent years I have encountered a number of private (profit distributing) enterprises that have had positive impacts on disadvantaged individuals and communities, and indeed on the environment.

As social investment or venture philanthropy becomes more popular, with private investors investing in social initiatives and receiving financial returns, the requirement for democratic governance and non-profit-distributing status appears to be becoming less important, begging the questions do we need new models for social initiatives (of which social enterprise may be a subset), and is my default position (and thereby my support offered) outdated?
Aims

The following Aims are taken from the original application to the WCMT:

My aims are simple, to broaden my understanding of how other cultures deliver support to social enterprises, to widen my knowledge, to thereby enable me to pass on that knowledge to UK-based social enterprises. Although I have a great deal of experience in the UK, in both urban and rural settings, and have studied how support is delivered in UK island settings, I am aware that my experience in only UK (and Europe) based - I think I have much to learn from other cultures. I supported the establishment of the Liverpool Transnational Unit to support voluntary groups in Liverpool access EU partnership/working opportunities. I aim to do similar on a worldwide scale for social enterprises; this visit would enable me to make strong contacts to enable this to become reality.

My application for the WCMT Travelling Fellowship was inspired following the hosting in Liverpool of a visit of Professors and PhD students from Meiji University in Japan. The visitors came to Liverpool to see how the City had built its international reputation as ‘Social Enterprise City’ and what it was all about. Whilst hosting visitors, I learnt a little about the Japanese ‘academic’ methods of support for social entrepreneurs, and was intrigued by visitors’ interest in the ‘grass roots’ approach that I was taking to inspiring and supporting social entrepreneurs.

I was informed by my visitors that there were completely different approaches across Asia, both to what a social entrepreneur was (and indeed what constituted a social enterprise), and how the state, private, public and third sectors supported and affected them. I researched the area for some time while building my WCMT application, and developed a range of contacts through email and telephone. I was fortunate enough to be accepted onto the attendee list at theigenius Asia Social Entrepreneur Conference 2012, around which the timing of my travels were based.
Key Study Outcomes

In line with the Aims of the study, I had anticipated a number of key outcomes that I wished to achieve through the study visits, these included:

- Firsthand experience of how social entrepreneurs are delivering positive impacts in different regions
- A basic understanding of the scope of social entrepreneur activity in different regions, the issues and barriers faced, and opportunities and potential for social entrepreneurs
- A practical insight into different support mechanisms for social entrepreneurs in different regions. How is support delivered to social entrepreneurs, what works well and what doesn't work so well, and what lessons can be learned for the sector in the UK
- An appreciation of different models of delivering social (and environmental) impacts, and how/whether these models could be replicated in the UK

Disclaimer

This report is not intended to be an academic research report, therefore very few citations and references are included. Rather it is a personal account of some of the more inspirational and enlightening visits and experiences during my Travel Fellowship. Many of the opinions included in this report are the personal views of interviewees and social entrepreneurs I spoke to, and the overall aim of the report is to highlight the things that I learnt as an individual that I feel may be transferred to practitioners in my area of work in the UK.
Study Visits

Japan

Key visits included:

Meeting with Yuichiro Nakagawa, Professor of Economics, Kubo Yoshichika, PhD student, Hitashi Tateishi, Weathernews Inc, Tokyo, and Ryoko Nakagawa, Meiji University, Tokyo.

The group welcomed me warmly to Tokyo, having previously answered several questions about SE support in Japan via email over previous months. Kubo also kindly forwarded travel and accommodation options, and suggested potential meetings and visits to optimise my time in Tokyo.

Meiji University main building
Meiji University delivers a range of Business Administration and Commerce programmes at both undergraduate and post graduate level. The University has incorporated the topic of social enterprise into its core delivery to business/commerce students via a range of methods including lectures from visiting organisations including Account3, who in 2009 delivered lectures entitled ‘Social Enterprise – a tool for Driving Change’.

The University encourages higher level research into the field of social entrepreneurship through its PhD programmes, including research conducted by Rosario Laratta et al in their 2005 paper ‘Japanese Social Enterprises: Major Contemporary Issues and Key Challenges’. The University aims to support the development of socially beneficial enterprises in practice and in 2003 the University established the Intellectual Property Headquarters for the Promotion of Social Collaboration (IPHPSC). The project aims to capitalise on the University’s research and delivers a business incubator to support enterprises borne from the research conducted at the University, where the activities of those enterprises are deemed to be socially beneficial. The University also collaborates with and supports the development of private businesses that will have positive impacts on the economy and local communities via their Social Collaboration Project.

Universities in Liverpool offer similar courses in social entrepreneurship and social enterprise including full MA programmes along with 3-day short courses such as ‘Social and Community Enterprise in the Big Society’. In a similar manner to Meiji, Liverpool Hope University has established a Centre for Social and Ethical Enterprise (SEED Centre) which aims to recognise the differences between mainstream businesses and social and ethical enterprises, and offers a range of research, teaching, network and enterprise start up support.

The results of conversations with University teaching staff and students identified a clear understanding of the benefits of social enterprise to the community and to society in general; this might be expected given the interests of those individuals primarily resting within the realm of social enterprise. The definition of social entrepreneur, whilst agreeing broadly with the commonly held UK definition, appeared to be applied and appreciated more widely in society in Japan than commonly recognised in the UK. For example, the IPHPSC at Meiji through its Ubiquitous Shopping Precinct Project, has invested in a GPS-based mobile phone service called iConcierge that effectively scans the local commercial environment surrounding a user’s location, to recommend a range of leisure, retail and lifestyle opportunities. Whilst in the UK this may be commonly considered as an effective marketing policy on behalf of those enterprises registered with the service, at the University it is clearly considered to be a valued social service to both the individual user and the local business community.
Perhaps the most valuable lessons learnt from my time with University representatives were that the classification of a socially beneficial service may well be a lot broader than our traditional concept in the UK, and that co-operation between third sector organisations and private ‘for profit’ enterprises can be effectively fostered and supported to deliver social benefit.

**Juon Network, Tokyo.**

Kasumi Takayuki runs the Juon Network, a social enterprise delivering a mixed economy environmental enterprise. The Network manages a series of previously State owned forests which it manages for environmental preservation, for cultural cultivation, and to tackle the balance issues of over and under-population by connecting people in urban and rural areas in Japan. The business model includes products such as natural pencils, pens and other woodcraft items, along with forestry training and experience days, primarily for urban dwellers.

The organisation was established in 1998 by a cooperative made up of several university members, as such, the organisation has a certain amount of financial and political clout from the start. Over 35% of income is derived from membership support, including the local authority and large private companies e.g. Coca Cola, via their CSR efforts. The organisation also benefitted from the research and information resources and capabilities of the university.

On interviewing Kasumi, it became clear that a long held belief of mine, and apparently a common misconception amongst westerners, was incorrect. I had long believed, and indeed had been told by a resident of Tokyo, that there was a negligible third sector in Japan, and that the Japanese culture did not readily accommodate the concept of the sector. Whilst it may be said that this assumption held true up to two decades ago (Reimann, K. 2009), recent years has seen a proliferation of third sector organisations (NGOs) in Japan. Changes in Japanese legislation have supported the growth of the sector in a top down manner. Kasumi informed me that there was an extremely strong and blossoming third sector in Japan, but there was an imbalance due largely to the formal recognition of third sector organisations and the benefits that recognition may bring. The figures quoted to me were that there are approximately 43,000 NGOs in Japan but only approximately 250 of these are certified by the Government (despite the Government’s efforts to open up the certification process).
With Kasumi Takayuki

It became apparent that, unlike in the UK, there are considerable hurdles to leap to gain formal recognition. In the UK it is relatively simple for any group to become recognised as a third sector organisation. In its simplest form an interest or community group my become recognised as an ‘unincorporated organisation’ by defining a body of governance (commonly a management committee), adopting a set of rules (commonly a constitution) and opening a bank account in the name of the organisation. More formal yet still simple options are to register as a Company (commonly a Company Limited by Guarantee). It appears that the process is not as straightforward in Japan, and that the complicated nature and extent of the ‘red tape’ renders this an unachievable goal for the vast majority of smaller third sector organisations. As a result of this, over 99% (according to my Japanese colleague) of third sector organisations are not formally recognised and subsequently do not benefit from the opportunities recognition brings. This is an issue of some importance, as increasingly Japanese policy is being influenced by the third sector; it would appear that under the Japanese ‘Dual Civil Society System’, organisations that are economically significant have considerable influence on national policy, particularly in areas of aid and development (Hirata, K. 2002).
Kasumi informed me that Juon Network was able to gain formal recognition due to the support of the university, which supports a range of business needs including finance and human resources. I was also informed that programmes of ‘free support’, that are so common in the UK, are rare in Japan, however, because of its status, Juon was able to gain support from TVAC which is a local authority supported public/private hybrid organisation. Kasumi felt that although intermediary organisations do exist in Japan to support social entrepreneurs e.g. TVAT, Nippon NPO Center, this support is extremely rare and difficult to secure for most social entrepreneurs.

**Eco-League, Environmental Social Entrepreneur Programme, BumB Tokyo Sport, Tokyo.**

My host in Tokyo, Kubo, understood that my educational background is in ecology and environmental management, and that I was currently pioneering a programme supporting environmental social entrepreneurs to start up new enterprises. Kubo took the incredibly generous steps of registering me to observe and participate in a weekend workshop programme for young environmental entrepreneurs, and to act as my translator for the duration of the weekend workshops.

The workshop programme was delivered by Midori Kitahashi, of Eco-League a member of the Japan Youth Ecology League, who was kind enough to give me her time for a one to one interview, as well as put up with my lack of Japanese speaking skills during the workshops themselves.

The workshops were delivered to a group of 14 young people, the majority of who were currently university undergraduates. Workshop delivery included a mix of theory and practice, incorporating case studies and speakers from a range of environmental NGOs.
The delivery methods themselves reflected quite closely the informal, bottom-up approach that I was adopting in the UK, and is indeed common amongst group entrepreneur support sessions in the UK. However, the approach to funding the training delivery was rather different to approaches commonly used in the UK. The two day workshop was funded entirely by students themselves, each paying fees at an equivalent rate of approximately £120 for the weekend programme. In my experience, and through subsequent basic research, this approach to funding is not common in the UK, certainly amongst undergraduate students. The programme was highly valued by students, a situation all too commonly different in the UK where there tends to be a high drop-out rate for enterprise programmes.
Delivering a session on the second day, relating to business planning, in particular, to environmental social enterprise planning.

There are around 200 member organisations offering youth activities in Japan based around environmental issues. Organisations and activities are not supported financially by the Government, and the majority of activities are either funded by students themselves or conducted on a voluntary basis. Around 2000 young people per year take part in Eco-League activities, ranging from a Campus Climate Challenge, to Bicycle caravans, an Eco Business Contest and volunteering on a range of enviro-social projects.

Eco-League takes very much a bottom-up approach to supporting potential social/environmental entrepreneurs, there are however other organisations in Tokyo, such as A SEED Japan (Action for Solidarity, Equality, Environment and Development) who work with the Government, private enterprises and NGOs to support socio-environmental projects and organisations.
An interesting comment was made by the presenter, Suni, of Humanband Japan, a project aimed at commemorating and supporting victims and their families of the Earthquake disaster of March 2011. Suni does not like the expression 'social entrepreneur' and much prefers 'changemaker', as she strongly feels that society's problems (including environmental issues) cannot be solved by business alone. This is an extremely interesting and relevant point of view, given that the current UK policy is to address socio-environmental issues through private enterprise.

Additional Visits

Additional visits in Japan included visits to a range of social enterprises and NGOs to experience their facilities and speak to their staff, including the Hiroshima Peace Park Museum and Information Centre, Iwatayama Monkey Park, Arashiyama Bamboo Grove. I was also able to Visit to Tokyo's Korean Town, to experience the cross support mechanisms of various small enterprises, family businesses and entrepreneurs in an ethnic minority community.
Thailand

iGenius Asia Social Entrepreneur Summit

The Asia Summit played a pivotal role in the development of my research trip, enabling me to meet a wide range of social entrepreneurs and support agencies, and cram an incredible amount of consultation into a short space of time.

iGenius is a global network of social entrepreneurs spanning all sectors, scales of enterprise and levels of maturity, with members in over 200 countries. The network offers a range of support services including networking, events, training, financial advice, advocacy and conferencing.

The Asia Social Entrepreneur Summit was held in Bangkok in March 2012 and included representatives from 15 Asian countries and the UK. The format of the summit included social entrepreneur survey results and feedback, discussions of key issues and challenges facing social entrepreneurs, how best to support social entrepreneurs, case studies from social entrepreneurs, and a series of seven challenges.

The Summit included a range of presentations from:

- Chris Gibson, Country Director, Thailand,
- Dr Kriengsak Chareonwongsak, Chair, Social Enterprise Institute, Thailand,
- Sunit Shrestha, Change Fusion, Thailand
- Penny Low, Social Innovation Park, Singapore
- Vincent Rapisura & Edwin M Salonga, SEDPI, Philippines

With case studies provided by:

- Peredur Evans, Director Programmes, British Council, Thailand
- Ari Sutanti, Judiciary Project Officer, British Council, Indonesia
- Huang Ke, V-Roof Project, China
- Orapin Sinamonvech, The Kokoboard Company, Thailand
- Roberto Christomo, Seed Core, Philippines
The Summit enabled me to join in with Asian social entrepreneurs and support agencies and to gain an understanding of the issues, challenges and opportunities facing social entrepreneurs in Asia. The Summit included a range of facilitated activities from which I was able to solicit firm results. Perhaps the most interesting results were the issues and threats identified by Asian social entrepreneurs being very similar to those faced by social entrepreneurs in the UK, however the range of opportunities identified for social entrepreneurship in Asia appeared to be far wider than in the UK (based on my own experience of facilitating similar group exercises, and my knowledge of the breadth of the sector in the UK).

An extremely valuable outcome of attending the Summit was the local knowledge I was able to gain from participants at the Summit, both during formal activities, of an evening, and in the days following the Summit when a range of participants were kind enough to host me for visits. I was encouraged to visit social ventures in Cambodia and Laos en route to Vietnam by several social entrepreneurs and support agency representatives, as I was told that I would experience different approaches in the two countries. I decided to take up this advice, amended my travel
schedule to include travel to and stays in Cambodia and Laos, and this turned out to
be one of the best decisions I made on my travels.

I was able to meet and interview several participants and presenters to discuss their
social entrepreneurial ventures, the environment in their countries and regions and
the different types of support available to them as social entrepreneurs. Interviews
that yielded notable information included:

**SEDPI**

Social Enterprise Development Partnerships Inc is a support and investment agency
offering a range of training programme to social entrepreneurs across the business
management spectrum including investment and finance management, measuring
and managing performance (business and social), enterprise planning amongst
other topics. The organisation also manages microfinance investments and trains
microfinance institutions (MFIs) in the effective management of micro investments for
disadvantaged communities.

On interviewing the two Founder/Directors present, the investment model employed
by SEDPI was explained to me. The organisation accepts private investment, to then
invest in profitable micro businesses (e.g. family businesses, community enterprises)
where those businesses would not otherwise be able to attract investment. SEDPI
(and associated MFIs) will invest in a range of micro enterprises including private 'for
profit' enterprises, where there is a clear social or environmental benefit. The
organisation has managed to deliver valuable micro finance investments into acutely
disadvantaged communities to improve the lives of residents, support regeneration
and environmental improvements, whilst delivering impressive financial returns for
private investors.

This model of micro investment is interesting as it is less common in the UK, where
financial investments for social ventures are predominantly delivered by grant or trust
funders or Community Development Financial Institutions (CDFIs), which commonly
distribute public funds thereby limiting the range of ventures that may be invested in
(commonly they must be non-profit distributing organisations). CDFIs and grant
funders also tend to be limited in the level of investment they may deliver (it is
common for there to be minimum levels of investment above the level we would call
micro finance) and in the range of sectors and activities they may invest in (e.g. EU
funds cannot widely be used to support retail activities).
Seed Core

Seed Core is a social enterprise that manages the Islands Cacao Company (ICC) in the Philippines. The Founder, Roberto Christomo, explained how the organisation was established following the realisation that The Philippines, although a huge exporter of cacao, actually imports cacao and chocolate products for consumption by Philippine residents. Many communities in The Philippines experience acute disadvantage, poor housing conditions, high levels of unemployment and low household incomes.

Roberto recognised the there was an opportunity to support local communities and individuals to improve their lives through the establishment of a fair trade style enterprise, producing and exporting cacao beans. The company has strong ethical and social values and is rigorous in its selection of buyers.

The company delivers sustainable employment to workers from local communities, delivers a realistic living income for families, and delivers excellent environmental performance in terms of sustainable crop production and minimising worker travel miles.

Cabbages and Condoms

The visit to Bangkok also enabled me to visit and experience a range of social ventures including Cabbages and Condoms, a commercial restaurant offering high quality locally sourced foods. Profits from the restaurant are used to finance educational activities to raise awareness of sexually transmitted diseases, unwanted pregnancy, and the benefits of using condoms. The enterprise primarily targets the most disadvantaged communities in the area, where awareness tends to be poor.

The enterprise clearly targets three key markets; the tourist market, local residents and business people, and socially minded diners. The enterprise is overt in its awareness-raising of sexually transmitted disease and of methods of protection and safe sex. Statues and pictures made from condoms are displayed around the restaurant, as are garlands and decorations. I found this approach to be both refreshing and effective, and couldn’t help but feel that UK-based organisations may tend to miss out on such effectiveness due to the perceived sensitive nature of the topic.
Cambodia

My visit to Cambodia was not pre-arranged and I therefore did not have the opportunity to select and engage with social entrepreneurs and support agencies prior to my arriving in the area. I was however, recommended a number of social enterprises to visit, including the Landmines Museum and War Museum in Siem Reap, and was able to conduct a little desk-based research in advance to identify potential visits.

During my visit to Cambodia I was fortunate enough to visit a wide range of more traditional social enterprises, a number of social micro businesses, and state supported micro business support facilities.

Cambodia Landmines Museum

The Museum is located approximately 8 miles outside of the city of Siem Reap and was founded in 1997 by Aki Ra, a former child soldier under the Khymer Rouge. The facility includes a fully functioning museum and visitor centre, with educational presentations, talks and displays, and also provides a home for a number of child amputees, themselves victims of landmine injuries.

The museum operates on a mixed income ‘charitable company’ basis (to give it a loose UK comparison), receiving donations from visitors and sponsors, as well as charging entrance fees for visitors and generating income from the sale of books, educational materials and souvenirs. From the centre, three separate organisations/projects are delivered, The Landmine Relief Fund, Vietnam Veterans Mine Clearing Team and the Cambodian Self Help Demining.

Staff and Directors at the Museum were kind enough to offer me a tour of the facilities and interviews to probe the operations of the facility, the background and issues encountered in establishing the organisation, and the ongoing issues and challenges. Individuals were also candid in their opinions regarding the current lack of support from the state for social ventures, particularly in semi-rural areas, and the lack of understanding of the importance and relevance of cultural social enterprises in an expanding tourist region where there is an increasing number of Western visitors.

The success of the Museum is worth highlighting as it was established without support from the state or independent support agencies; it is the achievement of a committed social entrepreneur with social reform in mind. Indeed, the land that the facility stands on was cleared of landmines with volunteer support and frighteningly inappropriate equipment.
Cambodia War Museum

The War Museum, or Civil War Museum as it is also known, runs along similar lines to the Landmine Museum, however it is located closer to the heart of the city and has more of a 'mainstream' feel to it. The Museum covers the South East Asia War (1961-1973) and includes exhibits such as military aircraft and machinery, firearms, mines etc. The Museum also covers the period of conflict from 1975 to 1979 when the country was under Khymer Rouge rule and has stark reminders of the uniquely horrific nature of conflict in Cambodia including blood-stained bayonets used for the slaughter of infants.

The Museum was founded in a slightly different manner to the Landmine Museum, being given the equivalent of local authority support and subsidy during its establishment. At present the Museum generates income through the charging of fees for visitor entry, and through the sale of education materials and souvenirs.

A monument to the victims of the Khymer Rouge rule
I was able to interview management and staff at the Museum and discovered that they took more of a commercial tourist-facing approach to their operation. Although the organisation itself aims to educate the local community about the horrors of civil war, the primary income driver is the increasing Western tourist market and as such, services tend to be tailored to this market.

![The site of an excavated mass grave of over 30 victims of the Khymer Rouge rule, around which the museum is built.](image)

It is somewhat uncomfortable, to say the least, to be shown the site of a mass grave where over 30 bodies were discovered (within the grounds of the Museum), also to be forced to hold a three-sided, blood-stained bayonet that was used to catch infants after they were tossed into the air. As I was conducting research, I was taken behind the scenes at the Museum and shown artefacts and materials that are considered unfit to be shown to the visiting public. The Museum is extremely effective in highlighting the horrors of the Civil War, and its importance to the local community cannot be underestimated.
Siem Reap Art Centre

The Art Centre is a recent development built on the site of a traditional market at Watdammek Village, along the banks of the Siem Reap River. The development is firmly aimed at the growing tourism market and was supported through finance from the Bank for Investment and Development of Cambodia, which is a commercial bank that invests in social and regeneration projects as well as more mainstream commercial activities. The bank also supports a range of community/social ventures such as sponsoring the Mekong Youth Football Tournament each year.

The Arts Centre provides units, at subsidised rates, for a range of small social ventures, including local village producers selling handmade products, whose profits are returned to the village. The Centre also houses social enterprises supporting specific social causes. The Centre is also home to performances from charitable groups including amputee music bands and performers injured during the civil wars, conflicts or by landmines in post-conflict times.

The Centre is not only a vibrant ‘tourist trap' but it also a fully functioning social venture hub which portrays strong social education messages relating to poverty reduction, fair trade, anti-sweatshop conditions and anti-conflict.

An awareness raising poster; commonly displayed by ethical businesses in Siem Reap.
Cambolac

I was able to interview the founder of Cambolac, a small independent social enterprise based at the Arts Centre. The enterprise offers fair trade employment opportunities to individuals from local villagers who are living in conditions of poverty. The enterprise creates lacquered gifts such as trinket boxes, pictures, artworks etc, utilising sustainable materials. In employing local villagers, the enterprise fosters a sense of industry within the village, where villagers each play different roles in production. Of course, the main driver is to create a sustainable income stream to reduce poverty for the most disadvantaged within the community.

Cambolac wares on sale at the Siem Reap Arts Centre
Chong Kneas Floating School

The School is located close to the Chong Kneas floating village on the Ton Le Sap Lake and is permanently housed within the lake itself. The school provides a range of educational and health/wellbeing activities for children from the village, and also provides a permanent home to orphans (known as street children) from villages on the land alongside the lake.

The school in financed through sponsorship, fundraising and donations, and like many social ventures in the region, has evolved to capitalise on the income generating potential of tapping into the tourism market. Although geographically somewhat out of the way of the main tourist attractions, the school has created a commercial niche for itself to be included as an essential item on the regular tourist agenda in the area.

The school is supported via a volunteer programme whereby volunteers, largely 20-30 year old Western volunteers will pay a fee (I was informed this was around £80 per week) to support the maintenance and upkeep of the physical resources, and to teach English and other subjects to the children. A visit to the school is an emotional journey in itself, passing rural villages both on land and floating on the lake, which have precious few facilities and exist in conditions of abstract poverty. The experience of entering the school itself is highly emotional and although the warmth of the children may be slightly manufactured for the visitor experience, the effect is resounding, and donations for the upkeep of the school are ensured.
I do not intend to appear cynical in my description of my experience visiting the school, quite the opposite, rather I aim to emphasise the commercial savvy of the social enterprise in capitalising directly upon the extremely limited resources available to them. The school makes full use of volunteer support, and capitalises commercially on the opportunities afforded from the ‘visitor dollar’. Both appear wholly effective given the circumstances, and provide valuable income for the delivery of essential social services to acutely disadvantaged children. Interviews with staff and volunteers afforded me a peek behind the visitor-facing facade of the school where I was able to experience the teaching methods and obvious successes, but also to learn about the financial model and the importance of capitalising on the few months each year when visitor income may be secured.

*With pupils of the Chong Kneas Floating School*
The Preahatit Community Development Organisation of Cambodia is a small community development organisation based in a village 9km from Siem Reap. The organisation provides a range of education and vocational training activities for children living in poverty, along with a range of leisure, health and wellbeing activities. The organisation, like many others in Cambodia, takes advantage of its location on the 'tourist trail' to gain the majority of its income from passing and visiting tourists via donations.
Individual Social Entrepreneurs and Unregistered Groups

I was able to interview an ex-child soldier under the Khmer Rouge regime, who is now a social entrepreneur and spoke about his work, and the work of many other ex-soldiers, in the regeneration of the communities ravaged by the civil wars. There are a large number of unregistered organisations, trading in civil war memorabilia, both original and recreation, that support individuals and communities affected by the wars.

An informal network of support and interdependence clearly exists between these unregistered groups, where, as I was informed, they are able to source recreation items in bulk, and are also able to sell more valuable finds from a central point, largely to the Western or Chinese markets. This informal network appears to facilitate the exchange of support between groups and also promotes a spirit of cross-pollination of trade, with groups recommending others within the network for trade, especially with foreigners, as opposed to competing for this trade against each other.
Laos

My visit to Laos, as with Cambodia, was something recommended to me by a fellow social entrepreneur, and as with Cambodia, I did not have pre-arranged hosts to visit. Having only a few days available to visit social entrepreneurs in Laos, I travelled to the most readily accessible area, Luang Prabang, where I was informed I would find a plethora of social entrepreneurs capitalising on the visitor trade. I had previously known of established social enterprises in Laos such as Bokeo Social Enterprise, an organisation working to find and deliver innovative solutions to poverty in rural northern Laos.

Laos, or Laos People's Democratic Republic, to use its formal name, is a single-party socialist republic (communist) country that was previously a French protected area under French Indochina. The country has a wealth of natural resources including mineral wealth, forestry and rice production, however, there industries also bring increasing environmental concerns including deforestation. The main contributors to the Laos economy include the export of minerals, increasing export of timber, and an increasing tourism trade.

Luang Prabang, the region I was able to visit, is a former French colony lying on the Mekong River. The region is increasingly being exploited for timber but by far the most significant and increasing activity is the growth in tourism in the region. Visitor numbers to the region have boomed in the past decade, following the area's designation as a UNESCO World Heritage Centre.
Social entrepreneurs I was able to interview in the area informed me that their enterprises were benefitting from two major current developments:

**Urban Development:** I was able to visit a number of small urban development projects supported by the French government, linked to the UNESCO World Heritage Status of the area. The urban development is aiming to restore some of the historically significant architecture of the colonial period, along with improving physical access, and providing interpretative materials and resources.

*A restored building using traditional Laotian building techniques*
Eco Tourism: The Mekong Tourism Development Project is a Government initiative that is promoting 'responsible tourism' in the region. The Luang Prabang region appears to have established itself as a centre for eco tourism. With support from the Government, the area has established a range of eco tourism projects, capitalising on the area’s rich environmental resources, and aiming to limit the negative impact of increasing activities such as deforestation, which present an immediate and long-term threat to the environment.

A traditional village scene along the Mekong River, highlighting the natural beauty of the area
Local Authority impact on the development of social entrepreneurs

The on-going developments in improving the physical environment of the city, along with the sector specific focus on eco tourism has created an environment where social/environmental entrepreneurs may prosper.

A range of community based tourism (CBT) projects have emerged, some based in the city and some in rural areas, but all feeding back positive impacts into communities and/or the local environment. These projects are linking the valuable tourist attractions e.g. Kuang Si Waterfalls, to local villages. The economic benefits of eco tourism to the area are being spread from the city to remote villages, where a lack of resources, and high levels of poverty are rife.

A CBT delivering environmental improvements and providing local employment.

As evidenced in Cambodia, there appears to be a strong spirit of support and cross-pollination between different eco tourism ventures, to maximise the economic benefit to all, rather than to compete for maximum individual benefit. An example of this would be an eco tourism agent I interviewed in the city, who organises a range of eco tourism activities, from elephant day experiences, to trekking days and white
water rafting experiences. Each experience includes environmental and cultural interpretative information, guided physical activities, along with visits to cultural sites such as Hmong villages. During the visits to villages, tourists experience the daily life of a rural villager, and are encouraged to purchase homemade items such as local spirits, textiles etc. This type of activity benefits social entrepreneurs in the city, through the creation of a vibrant eco tourism 'scene', benefits local entrepreneurs in the market adjacent who become an integral element of the 'scene', creates employment opportunities for local guides, drivers etc, and delivers a crucial economic lifeline to rural villages.

_textile products manufactured and for sale in a rural Laos hill village_
Socio-political and economic system impact on social entrepreneurs

My visit to Laos afforded me the advance opportunity of look at how social entrepreneurialism may be promoted and supported in a Communist country (something that was planned for my visit to Vietnam under my original itinerary). It is fair to say that I was more than confused as to how the socio-political regime in a Communist state would facilitate the development of social entrepreneurs and their enterprises.

Laos proved to be an extremely interesting study visit in that the local communities appear to pull together strongly to fulfil a common aim. The specific common aim in question could be support for an impoverished rural community, support for a local orphanage, or indeed support for the community as a whole. An impressively large proportion of the private enterprises (for personal profit) I was able to visit in Luang Prabang, be they shops, artisans, travel agencies or restaurants, each had a beneficial cause that they would sponsor through the gifting of a percentage of profits. Some would donate profits to a local orphanage, some to a local school, others to a specific social enterprise e.g. a women’s textile company in a rural ethnic village.

I am not a student of politics, sociology nor economics, and it is difficult for me to define how and why I was extremely impressed with the informal support given to social and environmental entrepreneurs in Laos, and to individuals and communities in need. Perhaps it is best to illustrate to the reader, how my brief insight into the culture in Laos may, in my opinion, facilitate this support. I was to learn that typical Laos meals are served to the whole group (e.g. family, village), with all foods served at once. Food is placed in the middle of the room, with no individual portions set aside, and individuals share the entire meal. There is no concept of ‘this is for you and that is for me’, everything is shared; all resources are common. Indeed I was later to learn that the words for ‘yours’ and ‘mine’ are the same in Laos, and there is no word for individual.

When interviewing one social entrepreneur, and questioning him on what makes this informal support so successful, he described the phenomenon as ‘not Communism, but Communalism’. I was indeed impressed!
Vietnam

My visits in Vietnam included pre-arranged visits to social entrepreneur support organisations in the nation's capital Ha Noi, followed by visits to individual social enterprises and community support organisations in the capital, and visits to a number of small social ventures and eco-tourism organisations.

British Council, Vietnam and Centre for Social Initiatives Promotion

The British Council in Ha Noi supports a range of community development activities as well as specifically supporting social entrepreneurs. My host and the Manager at the Council, Gam Tran, talked me through the range of support offered by the Council. Support to social entrepreneurs is offered primarily through the Council's support for the Centre for Social Initiatives Promotion (CSIP), however they also offer a range of support including language skills and education.

The British Council supports CSIP, which works directly with potential social entrepreneurs, by offering training and capacity building for CSIP staff through direct support along with commissioned support from consultants from Social Enterprise London (SEL). I visited CSIP subsequently and interviewed Chi Dao Hue, Senior Programme Officer at CSIP.

The partnership between the British Council and CSIP offers a range of support to potential and existing social entrepreneurs including the Social Entrepreneurs Support Programme, a mixed programme of support including technical, legal, communications and networking assistance to establish and expand social enterprise initiatives. CSIP also offers small start up grants of up to 7k for new start organisations, with larger development grants of up to 30k for established organisations. Innovative measures pioneered by CSIP include 'problem sharing' sessions via their SE Club, where social entrepreneurs may gather to share experiences, thereby highlighting issues with the aim of finding common solutions.

A number of issues facing social entrepreneurs in Vietnam were highlighted, including a lack of business support, the absence of an appropriate legal structure for social enterprises (to enable tax/rate relief), along with a general lack of funding and finance for social initiatives. The majority of social initiatives in Vietnam are supported through sponsors and donations, and there is an increasing potential for large private organisations to contribute through Corporate Social Responsibility initiatives.

The British Council and CSIP aim to support the development of the sector in Vietnam through not only direct support to entrepreneurs and enterprises but also...
through lobbying, awareness raising and advocacy to increase the recognition of social enterprises and the value of their contribution to society.

The Asian Venture Philanthropy Network (AVPN)

The Network is active in Vietnam, and supports a range of social ventures through a mixed package of support including finance, business support and networking. The model is outlined below, and includes a range of core support activities common across Asia and Europe.

**Venture Philanthropy Core Model**

![Diagram of the Venture Philanthropy Core Model]

The Network operates an innovative member (investor) model, with members ranging from private equity managers, private banks, wealth managers, corporations (through CSR) universities and government bodies. This model is another example of private sector support marrying with the public sector to support private sector social entrepreneurs, a model yet to be widely accepted in the UK.

The AVPN model, incorporating private investment, enables a wider range of organisations to be supported, to both raise financial investment into the sector and also directly support social activities. This model enables private sector organisations to receive support where they contribute financial benefits to the sector, even where social activities are not directly delivered; again, a model yet to be widely accepted in the UK.
VP supports full spectrum of Social Organisations

Venture Philanthropy

Impact Investing

Impact Only

Impact First

Finance First

Charity: grant-dependent
Charity: grants and trading revenue
Social Enterprise: <75% trading revenue
Social Enterprise: break-even
Social Enterprise: profitable, reinvest surplus
Socially-driven Business: distribute some profits
Business: Sustainable business practices
Business: allocate % profit to charity
Business: mainstream company

Organisations can create “blended” social and financial value

Key driver: Create social value

Key driver: Create financial value
Chan Thien My

Established in 1996, Chan Thien My (The True- The Good - The Beautiful) is an independent social enterprise delivering a range of employment and training opportunities people disabled through the legacy of Agent Orange use during the Vietnam War. The organisation trains disabled people in a variety of arts and craft skills to produce high quality art for purchase primarily through the tourist trade, but also supplying private individuals and businesses in Vietnam.

*Outside Chan Thien My workshop and showroom, Ha Noi*
I was able to visit the company's fine art workshop and salesroom and interview staff and trainees. The organisation aims to support individuals in their development, enabling them to lead meaningful lives, but also to raise awareness of the impacts of chemical uses in conflict zones, including the defoliant Agent Orange. The organisation has received direct support from the Government, including the equivalent of UK business rate relief, along with business support and advice. Like many social ventures in Asia, the organisation secures support from private social investors and corporate organisations via CSR.
Conclusions and Lessons Learnt

If the reader cares to re-read the title of my report and the aims of my Travel Fellowship, they may grasp that I had intended to visit innovative social entrepreneur support agencies, identify clear models of best practice, and return home with a suitcase full of shiny new tools for my arsenal that I could seamlessly apply to my work in the UK. This simply did not happen, and on reflection it was rather naive of me to think it was possible.

Support agencies apply a range of bespoke techniques and models to suit the entrepreneurs they are working with, the specific circumstances they face, the socio-economic and political environment in which they operate, and the tools and resources available to them. Whilst I did pick up a range of new support methods, for instance group management and inspiration techniques, these are day-to-day, practical techniques, akin to new spanners in a plumber's toolbox. I will disseminate these techniques to my colleagues, but they should not form the main body of this discussion.

My Fellowship afforded me far greater rewards than simply day-to-day working tools, the Fellowship opened my eyes to broader ways of working, to overcoming barriers in new ways, to seeing the benefits of different political systems, and perhaps most beneficial of all, to question my own preconceptions and my ways of working. What follows therefore is not a list of 'lessons learnt', nor is it a brochure of best practice, rather it is meant as a discussion, perhaps even a personal diatribe, outlining the things I' found surprising, things I' found effective, and whether some or all of these concepts may be applied in the UK for the benefit of society.

Social entrepreneur vs. social enterprise; do we need a new definition?

At the beginning of this report I stressed the issue of definitions and the debates that continue in the UK. In South East Asia this continual debate does not appear to exist, at least not with the same voracity.

In the UK, a large portion of the investment into social enterprises comes via public monies, and because of this, we exclude many enterprising initiatives due to the nature of the enterprise’s business model, in that it may be profit-distributing or may not have common governance. Similarly this situation exists with key investors such
as the Lottery along with a range of charitable and private trust funds and other grant-making bodies.

The situation appears to be rather different across South East Asia, where private investment (venture philanthropy) appears to be the major investment model. Where this latter model exists, there is no real requirement for a strict definition of social enterprise, and a range of private (profit distributing) and hybrid enterprises are delivering fantastic social impacts. The key individuals behind such enterprises are widely considered to be social entrepreneurs, and there is no real desire to brand or label the enterprise as a social enterprise, it is simply an enterprise. The system appears to work well, deliver positive social impacts, and the drive to deliver financial returns appears to encourage financial sustainability.

The relatively firm model of a ‘social enterprise’ has therefore been necessary in the UK, however, given the limited availability of grant and public funds and the emergence of alternative investment models, one has to question whether we are ‘missing a trick’ and it is time to revisit our standard model.

**Could we support profit-distributing models of ‘social enterprise’ in the UK, and if so, could we support them with public and charitable funds?**

As previously stated, the potential benefits to society that may be delivered through profit-distributing, private enterprises would appear to be considerable, yet in the UK we draw away from supporting such ventures with public funds. This throws up a quandary; we consistently refuse to support profit-distributing enterprises delivering social benefit unless they fit our relatively firm (yet often different depending on who defines it) model of social enterprise, yet as a nation we support a range of private enterprises without compunction (e.g. Jaguar Land Rover received £80 million in October 2012).

If we allow public funding to support ‘profit distributing’ enterprises, then can we make ourselves comfortable with this for social entrepreneurs (feathering private individuals’ nests with public funding ring-fenced for disadvantaged individuals and communities)? Is this something we should seek to do; is it a simple task, perhaps negligible some might argue? Would it entail a major mind shift across the social enterprise sector, indeed, would it bring about the end of the social enterprise sector, as what would make social enterprises distinct from ‘ordinary’ enterprises? Perhaps it would lead to a greater focus on the end product, the social impact itself, which is in fact the most important element, rather than the model of delivery.
In 2005 the Government introduced a new company model, the Community Interest Company (CIC), which amongst other things, was intended as a 'brand' for social enterprise. Under Schedule 3 of The Companies Act 2004 however, a CIC may be limited by shares and may distribute profits to shareholders who may not necessarily fall under the CIC’s community of benefit (or disadvantage). Although these dividends are capped at approximately 35% of annual profits, essentially this type of CIC is a private, for-profit company. Currently this type of CIC would not be eligible to receive many types of business support and investment aimed at the social enterprise/third sector; perhaps it is time for investors to review this policy?

Interestingly, Liverpool Hope University uses the term Social and Ethical Enterprise (SEE), while the Social Investment Business, the successor management agent of Futurebuilders in which the Cabinet Office invested over £125 million, has recently started to use the term 'Social Venture' to describe the type of organisation they are looking to invest in; perhaps the shift is already happening?

**Can we encourage private venture philanthropy?**

The concept of private investment in social enterprises, as previously stated, is alive and thriving across South East Asia, and is delivering both financial and social returns. Global investors such as Venture Philanthropy Network (VPN) has successfully supported social enterprises and entrepreneurs, making valuable financial investments, and delivering financial and social returns across South East Asia, yet the model has struggled to break into the social investment market in Europe. Small independent fund manager/investors such as SEDPI have proven that private social investments can succeed on a micro level as well as a macro level, so why is the model so rare in the UK? Perhaps the answer lies in issues that I have already alluded to, in historical issues such as the tradition of grant-making and the strength of the traditional/mainstream third sector. Perhaps the answer lies in the dissolution of the social enterprise concept and sector, to employ a crisper, all-encompassing ‘social venture’ sector? Conversely, perhaps a clearer divide between non-profit-distributing social enterprises and profit-distributing philanthropic business is all that is required? Whatever the answer is, the fact that we are clearly ‘missing a trick’ in the UK remains, and while it does then we are passing over opportunities to support disadvantaged individuals, groups and communities.
Can we develop more themed clusters?

Although not a ground-breaking idea, the concept of themed clusters of social enterprises appears to work well in tourist regions in South East Asia. Dedicated facilities such as the Siem Reap Arts Centre, which provides subsidised rental units and facilities for social enterprises and social entrepreneurs, and 'encouraged' clusters such as the preponderance of eco-tourism agencies in Luang Prabang are clearly providing valuable social impacts for the disadvantaged communities they serve?

The clustered nature of the Siem Reap Arts Centre and Luang Prabang's eco tourism agencies delivers impacts for the local communities on several levels. Not only do these clusters encourage tourism, they also offer an opportunity to raise the profile of social and environmental issues and threats affecting these communities. In utilising shared resources, the local authorities are encouraging social enterprises to come together for the common benefit, the result being that smaller (undoubtedly less profitable) enterprises are able to remain sustainable, whilst also delivering employment and support for disadvantaged individuals and communities.

Perhaps the most effective result of clustering is the cross-pollination of enterprises that these structures encourage. For instance, as a visitor to the Siem Reap Arts Centre one is ushered seamlessly from social enterprise to social enterprise by the social entrepreneurs themselves, from a craft shop trading in goods created from recycled materials by local orphans, to entertainment delivered by victims of landmines, to food grown sustainably by impoverished local villagers. This is clear evidence of the Local Multiplier 3 model in action, something we are still to promote effectively in communities in the UK.

Clustered enterprise hubs (or zones) exist in many forms in the UK e.g. Liverpool Digital, however, they commonly support high end growth businesses, and have little specific focus on social enterprise. Smaller social enterprise centres and hubs do exist in the UK, however, they tend to be clustered in an aim to support shared central costs, rather than as a promotional tool.

Craft Town Scotland is a community led initiative supporting a range of craft-based enterprises and initiatives in the town of West Kilbride in North Ayrshire. The initiative, managed and delivered by a social enterprise, has utilised European Union investment to develop a range of resources and support to encourage the influx of craft businesses to deliver a sustainable trade base for the town. This example, whilst still somewhat in its infancy, is already delivering a range of positive impacts for the community including local employment, local inter-trading, and environmental
improvements to the community. It is this themed development that perhaps offers the greatest potential for social enterprise clustering.

**Can we encourage philanthropism in private enterprise to invest in local social causes?**

It is common in the UK for larger enterprises to have Corporate Social Responsibility (CSR) policies and procedures, often involving the delivery of support and/or finance to local social initiatives. Barclays for instance, has a Citizenship programme delivering support to social initiatives at home and abroad.

In Cambodia, Vietnam and particularly in Laos, it is common for businesses to sponsor a local social initiative and donate a percentage of their profits to this cause. Information regarding the social cause and support initiatives is commonly displayed in shops and restaurants, with addendums commonly posted on menus. Support initiatives may include charities, social enterprises or simple donations to causes.

This simple type of support appears to be extremely effective in SE Asia and if delivered in a sensitive manner, in appropriate circumstances, may have huge potential in the UK. Perhaps this particular type of support may deliver the best results at themed or tourist destinations.

**Political regime and historical context.**

It is perhaps outside of the remit of this report to discuss the benefits and dis-benefits of various political regimes, and politics in general is not an area that I feel particularly confident to discuss with any authority. However, my simple observations and experiences during my travels, and in speaking to social entrepreneurs and support agencies, did leave a strong impression regarding the relevant benefits of the different regimes I encountered.

As I have outlined earlier in this report, I experienced impressive cross-support between social entrepreneurs, particularly in Laos and Vietnam. Both of these countries have Communist governments and from my basic knowledge of economic systems, have what might be described as free market economies. It had interested me, prior to my travels, as to how these two systems would function with regard to social entrepreneurship. In practice, the model appears to support social entrepreneurship extremely effectively.

As I have stated, I do not attempt to attribute the success and influence of social entrepreneurs in these regions directly to the socio-political regimes they operate
within, but perhaps something may be gained from the Laos Constitution which provides for the ‘creation of unity and equality among diverse ethnic groups’ in the Country and from the Country’s social protection policy. Similarly, perhaps we can gain something in the UK from the common law in Laos driven by the Country’s Communist ethos along with the historical context of its close-knit villages, as described to me by one social entrepreneur I interviewed, as being that of ‘What is my place in society and what can I do for the state’. It appears to me that a common ethos such as this may be the greatest positive change we could make to support social entrepreneurship in all its forms, to reduce inequality and address disadvantage within our UK society.