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European NGO confederation for relief and development

cooperatives
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**Fair
Trade**
ADVOCACY OFFICE

ABOUT CONCORD

CONCORD is the European Confederation for relief and development NGOs.

Our members are:

28

National Platforms

25

Networks

04

Associate Members

which represent over 2,600 NGOs supported by millions of citizens all around Europe. Our Confederation brings development NGOs together to strengthen their political impact at the European and global levels. United, we advocate for Europe-wide policies to promote sustainable economic, environmental and social development based on human rights, justice and gender equality. We also work with regional and global civil society allies to ensure that EU policies are coherent in promoting sustainable development in partner countries. More at: concordeurope.org

ABOUT THE FAIR TRADE ADVOCACY OFFICE

The Fair Trade Advocacy Office (FTAO) speaks out on behalf of the Fair Trade Movement for Fair Trade and Trade Justice with the aim to improve the livelihoods of marginalised producers and workers in the South. The FTAO is a joint initiative of Fairtrade International, the World Fair Trade Organization and the World Fair Trade Organization-Europe. We envisage a world in which justice and sustainable development are at the heart of trade structures and practices so that everyone, through their work, can maintain a decent and dignified livelihood and develop their full human potential. More at: fairtrade-advocacy.org

ABOUT COOPERATIVES EUROPE

Cooperatives Europe is the voice of cooperative enterprises in Europe. On behalf of its:

84

member organisations

from

33

European countries

across all business sectors it promotes the cooperative business model in Europe. Its members represent 141 million individual member cooperators owning 176,000 cooperative enterprises and providing jobs to 4.7 million European citizens – a force for economic growth and social change. More at: coopseurope.coop

ABOUT THIS REPORT

The European Union (EU) and its Member States should actively contribute to reshaping the economic system so that it benefits everyone and respects planetary boundaries. Sustainable and inclusive businesses – with ambitions going beyond profit to include participatory governance structures and clear environmental and social impact – can help lead the way. Within Europe, they are getting increased recognition and support. But the EU and its Member States could more strongly support sustainable and

inclusive businesses across the globe to reach their full potential through development cooperation, investments, trade and economic diplomacy. With this report, CONCORD, FTAO and Cooperatives Europe want EU and Member States' decision-makers to understand the potential of sustainable and inclusive business models and to take action, by promoting a more enabling environment for current and future businesses, providing targeted political and financial support.

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SUSTAINABLE AND INCLUSIVE BUSINESSES AROUND THE WORLD



Burt's Bees

USA

A certified B Corporation producing natural beauty products in the USA.
p. 34



Patagonia

USA

A certified B Corporation producing outdoor clothing in the USA.
p. 35



Manos del Uruguay

Uruguay

An artisan-led fashion producer, fair trade enterprise and brand made up, and owned, by 12 women's producer cooperatives across Uruguay.
p. 18



Fundación Creaciones Miquelina

Colombia

A high-performance outdoor garment manufacturer based in the high Colombian Andes.
p. 33



Revolusolar

Brazil

A community-based non-profit organisation working towards becoming an energy cooperative that produces, researches and manages renewable energy in local communities.
p. 16



Gebana

Switzerland

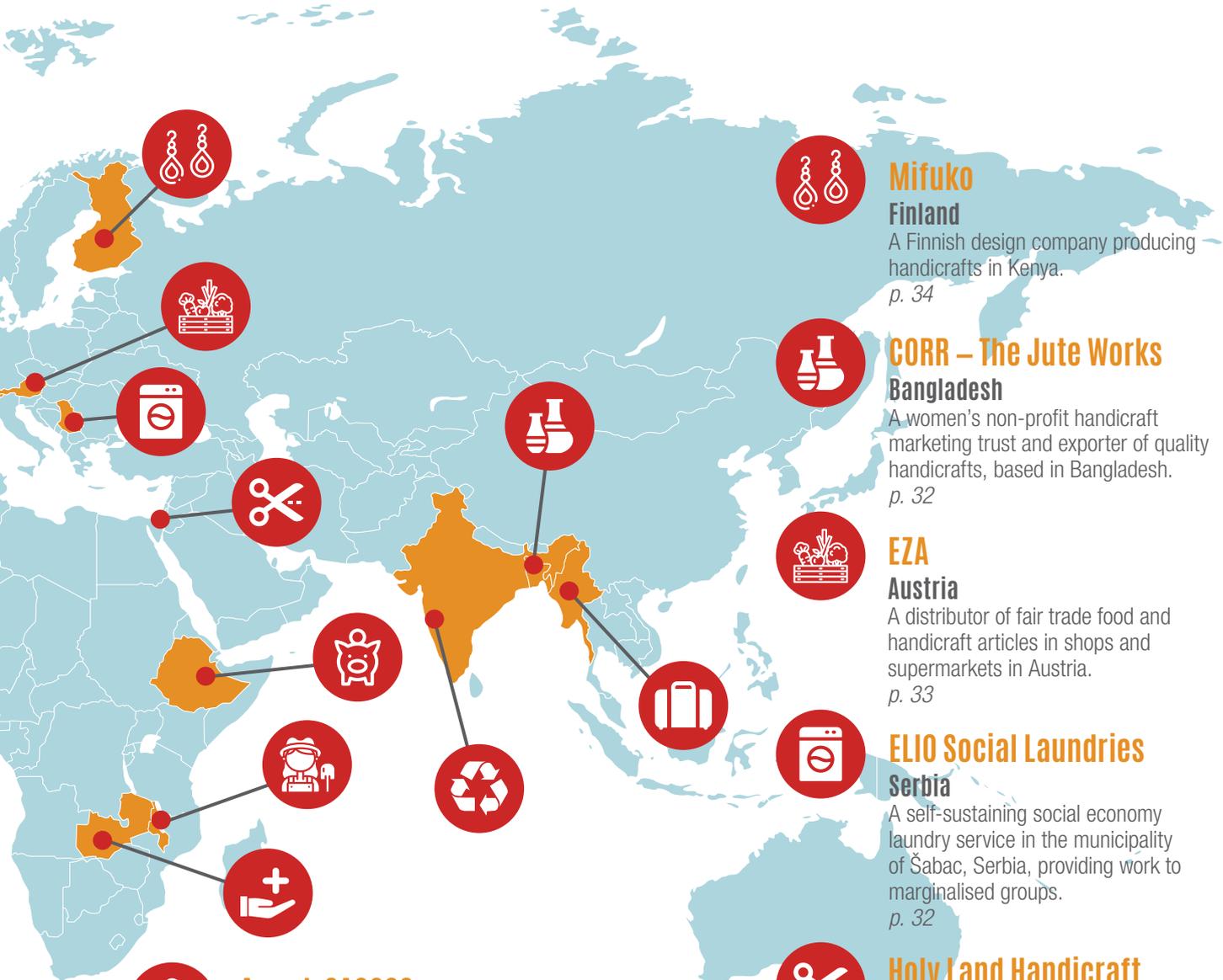
A fair trade company working closely with organic family farmers in Europe, Africa and South America. Gebana specialises in wholesale trade of fair trade products.
p. 16



Cresaçor

Azores, Portugal

Provides economic-financial consulting services for sustainability and autonomy, particularly for micro-enterprises in the Azores archipelago of Portugal.
p. 32



Awach SACCOS
Ethiopia

An Ethiopian community-based cooperative that mobilises saving and creates access to credit and asset building using relevant technology and consideration of social governance aspects.
p. 17

Coalition of Women Farmers
Malawi

A agroecology coalition of 300,000 women farmers, advocating for women farmers' land rights across Malawi and sharing new practices with fellow women farmers through seed fairs and learning visits.
p. 32

Live Well
Zambia

An impact-driven social business, that helps underserved rural and peri-urban communities to access health products in Zambia.
p. 15

Mifuko
Finland

A Finnish design company producing handicrafts in Kenya.
p. 34

CORR – The Jute Works
Bangladesh

A women's non-profit handicraft marketing trust and exporter of quality handicrafts, based in Bangladesh.
p. 32

EZA
Austria

A distributor of fair trade food and handicraft articles in shops and supermarkets in Austria.
p. 33

ELIO Social Laundries
Serbia

A self-sustaining social economy laundry service in the municipality of Šabac, Serbia, providing work to marginalised groups.
p. 32

Holy Land Handicraft Cooperative Society
Palestine

A network of producers who own workshops, facilitating the marketing of their articles inside and outside the Bethlehem area in Palestine.
p. 33

SWaCH
India

A worker-owned cooperative, based in the Indian city of Pune, focused on waste-pickers.
p. 13

Intrepid Travel
Myanmar

A travel agency and partner to the Community-Based Tourism Initiative in Myanmar.
p. 14

EXECUTIVE SUMMARY

The **European Union's international partnerships, development cooperation, trade and economic diplomacy** strategies all refer to the **important role that the private sector plays** in achieving sustainability and poverty reduction objectives. Yet in practice, this is often translated into policies to support trade and investment by European companies in European Union (EU) partner countries, with the assumption that this will trickle down and create decent jobs. Further, little attention is paid to the fact that most of these companies have prioritised maximising the extraction of resources or exploiting cheap labour for the sake of a limited number of shareholders and investors over generating long-term positive societal and environmental returns in the country concerned.

The need to adopt tailor-made policies to support opportunities for micro, small and medium enterprises (MSMEs) and their local ecosystem is well recognised by EU policies. Yet **size is not the only factor differentiating one company from another**. Understanding how a business shares its benefits, negotiates prices with suppliers, or includes stakeholder representatives in its decision-making and governance structures, are key elements to determine whether the business can really be counted as a partner to build more resilient, fair, sustainable and inclusive economies worldwide, or whether sustainability and inclusivity are mere sugar-coating.

This report makes the case for sustainable and inclusive businesses, including their ecosystems, as key qualitative partners for the EU in its external action. Firstly, sustainable and inclusive businesses are driven by a social and environmental mission underpinned by values, incorporated into the constitution and bylaws of the company. This allows them to create, rather than capture, value. Secondly, they are directed by participatory decision-making and inclusive governance, thereby shifting power to people who are often left out of business decisions affecting them, such as employees, producers, community groups or environmental and consumer organisations.

According to the European Commission (EC), there are 2 million social economy enterprises in Europe, representing 10% of all businesses in the EU, employing over 11 million people – about 6% of the EU's employees.¹ The EU already uses **various definitions and internal EU policies** to support sustainable and inclusive businesses, such as cooperatives or fair trade enterprises. However, support for these enterprises is **patchy in the EU's international cooperation and largely missing in EU policies aiming to promote commercial relations between economic actors in the EU and partner countries**.

This report illustrates, with concrete examples, how a focus on **sustainable and inclusive business models (SIBMs)** can **help the EU advance on its various objectives**, whether creating decent work opportunities, in particular for young people, empowering women, reaching out to more marginalised people or contributing to the ecological transition. By working closely with existing sustainable and inclusive businesses and putting in place policies to ensure future generations of entrepreneurs have the tools to design, from the outset, their new businesses to achieve societal and environmental objectives, instead of satisfying the huge pressure to extract short-term return on investment by shareholders, capital investors or private pension funds.

It also shows that the EU and its Member States, and various partner countries, have already taken some actions to support SIBMs. Yet sustainable and inclusive businesses **continue to face specific challenges**, preventing them from achieving their full potential: a lack of awareness, a non-conducive legal and regulatory framework, insufficient access to financial and technical support as well as learning and exchange gaps. By increasingly engaging with the private sector in its international cooperation, without addressing these challenges, the EU de facto disadvantages SIBMs compared with conventional business models, which results in an uneven playing field.

The report offers **concrete recommendations** for the EU and Member States to: support awareness-raising, information exchanges and participation in policy dialogues in partner countries; provide access to finance that specifically supports sustainable and inclusive businesses; support the uptake of SIBMs by entrepreneurs in partner countries; ensure trade and investment agreements support SIBMs; build strategic diplomatic relations enabling collaboration and peer learning between European and partner country sustainable and inclusive businesses; ensure monitoring of EU instruments and policies to support sustainable and inclusive businesses; promote SIBMs including at relevant multilateral fora; and strengthen the external aspects of domestic EU entrepreneurship and SME policies.

The purpose of this report should not be confused with the much-needed legal, regulatory, policy and institutional reforms to **mainstream sustainability and corporate accountability across all businesses**. This report aims to show that it would be logical for the EU to support uptake of SIBMs side by side with other policies to demand sustainable and responsible behaviour from all businesses.

¹ EC, *Social economy in the EU*. https://ec.europa.eu/growth/sectors/social-economy_en

INTRODUCTION



Global climate change strike - No Planet B. Nuremberg, September 2019, Photo by Markus Spiske

Staggering levels of inequalities, aggravated by the lack of investment in public services and universal social protection, expose the flaws in our social and economic models. This goes hand in hand with an erosion of trust in governments.² **The social contract is clearly coming apart at the seams.** The COVID-19 crisis, further exacerbating these problems,³ has revealed our dependency on long and complex value chains for essential goods, such as medicines and protective equipment. To top this off, it has laid bare the clear connections between the exploitation of natural resources, the loss of biodiversity and the increasing likelihood of further pandemics.

Around the world, **numerous businesses are responsible for human rights abuses and environmental harm.** There are significant gaps in the legal framework and mechanisms in place to hold companies accountable for the human rights and environmental impacts of their operations. Voluntary measures have proved to be vastly insufficient. New legislation is therefore urgently needed to establish clear, robust and enforceable cross-sectoral requirements on business enterprises, including financial institutions, to respect human rights and

the environment and to carry out due diligence. While we fully support the call for mandatory due diligence legislation in the European Union (EU), the scope of this report is different. It does not address the process companies should follow to deal with human rights risks.

We are looking at the **business model** itself, that is the way the company is governed and managed. In light of the crisis, its effects and governments' responses, including the desire to 'build back better', this is the right moment to question the sustainability of traditional business models, to highlight successful alternatives and to explore what the EU and Member States could do better to support **sustainable and inclusive business models (SIBMs)**. Why? Because inclusive and sustainable businesses have strong potential to contribute effectively to all the dimensions of sustainable development (economic, social, environmental and governance), in Europe as in partner countries. They are self-sufficient and profitable, while contributing to society in social and environmental terms – rather than prioritising profits at the expense of people and planet.

² OECD, *Trust in Government*. <https://www.oecd.org/governance/trust-in-government.htm>

³ CONCORD, *Responding to COVID-19: Forging a path to an equitable future*, 8 May 2020. <https://concordeurope.org/2020/05/08/forging-a-path-to-an-equitable-future>



*Wind energy, a landscape (Costa Rica)
Photo by Sara Vicari and Andrea Mancori / aroundtheworld.coop*

Box 1: State of the Union Address by European Commission President Ursula von der Leyen, September 2020⁴



“[COVID-19] laid bare... the limits of a model that values wealth above wellbeing... It brought into sharper focus the planetary fragility that we see every day through melting glaciers, burning forests and now through global pandemics... [P]eople want to move out of this corona world, out of this fragility, out of uncertainty. They are ready for change and they are ready to move on... Europe is determined to use this transition to build the world we want to live in. And that of course extends well beyond our borders. The pandemic has simultaneously shown both the fragility of the global system and the importance of cooperation to tackle collective challenges.”

In line with the EU priority to work towards “An economy that works for people – working for social fairness and prosperity”⁵ and the European Green Deal,⁶ this report aims to inform the EU and its Member States about the capacity of sustainable and inclusive businesses in partner countries to deliver positive economic, social and environmental impacts, just as they do in the European market. **As aid budgets dwindle, it is crucial to recognise and act on the fact that in the private sector category, people-centred businesses are best-placed to help build sustainable economies and societies for all, and to help reduce poverty and inequalities.** By no means does this report encourage privatisation of public services. When sustainable and inclusive businesses fill gaps where governments fall short, it is a consequence of inaction or privatisation and the ultimate aim should remain publicly delivered public services.

SIBMs have a **human-centred approach** that fosters resilience and sustainability, while tackling the multiple dimensions of inequalities – economic, social, environmental and political. This differentiates them from conventional business models, which have taken advantage of the lack of regulation in the financial sector, insufficiently regulated mergers and acquisitions, trade and investment liberalisation and self-regulation and non-binding standards. Conventional businesses are competing based on low environmental and social standards throughout global value chains, which has led to a race to the bottom in developing countries. Traditional business models have served society poorly: built on an economic growth model, they depend on and encourage the buy-and-dispose consumerist culture that is causing the depletion of the planet’s resources and exploitation of people.

⁴ EC, *State of the Union 2020*. https://ec.europa.eu/info/strategy/strategic-planning/state-union-addresses/state-union-2020_en

⁵ EC, *An economy that works for people*. https://ec.europa.eu/info/strategy/priorities-2019-2024/economy-works-people_en

⁶ EC, *The European Green Deal*, 2019. https://ec.europa.eu/info/sites/info/files/european-green-deal-communication_en.pdf

WHAT DO WE MEAN BY SUSTAINABLE AND INCLUSIVE BUSINESS MODELS?

COMMON FEATURES THAT ENABLE SUSTAINABLE AND INCLUSIVE BUSINESSES TO REDUCE INEQUALITIES

Structural characteristics: they are...

driven by a social and environmental mission

inclusively governed

led by a long-term vision



They benefit people and the planet by ...

creating decent work opportunities

empowering women and youth

reaching out to marginalised people

contributing to the green transition

The purpose of this report is not to create a new **definition** of SIBMs. Actually, the EU has various policies that already define some of the best-known examples of SIBMs, such as social economy,⁷ social enterprises, cooperatives⁸ and fair trade.⁹ Regardless of their different accents and whether or not they are formally recognised by the EU, SIBMs share some **typical characteristics**.

First, companies of this type are **driven by a social and environmental mission underpinned by values**. This mission is incorporated into the constitution and bylaws of the company and influences its governance structure so that business decisions and practices uphold the mission. This means that profit is not made at the expense of their values, the people with whom they work or trade, or the environment. **There is value creation rather than value capture**. Furthermore, profits are first and foremost reinvested into the social and environmental mission or redistributed among the people whom the social mission is intended to help. The companies are guided by a longer-term vision. Value is redistributed in a more equitable manner.

Second, SIBMs are noted for their **participatory decision-making and inclusive governance**. Members and/or employees can actively participate, in a democratic manner, having the right to share their views on key strategic and policy decisions. Their governance goes beyond requirements set out in national laws. For example, elected staff representatives should be accountable, open and transparent and put employee interests at the heart of the social dialogue with employers. There is diversity at strategic management level, while stakeholders and marginalised groups in society can be represented on the board. The cooperative movement goes one step further still, and deploys a one-member, one-vote principle which means that members share equal voting rights regardless of the amount of capital they put into the enterprise, so power is not proportionate to wealth (by contrast, in mainstream shareholder capitalism, more shares usually equal more votes).¹⁰ This approach democratises ownership and shifts power to people who are otherwise left out of decisions, such as producers, workers, community groups or environmental and consumer organisations. In other pioneering cases, all stakeholders (workers, local community, suppliers) in the business are put on an equal footing with shareholders, giving them a say when management decisions are taken that impact them.

⁷ EC, *Social economy in the EU*. https://ec.europa.eu/growth/sectors/social-economy_en and ILO, ILO Regional Conference: “*The Social Economy – Africa’s Response to the Global Crisis*”, 19–21 October 2009. https://www.ilo.org/wcmsp5/groups/public/---africa/---ro-abidjan/documents/publication/wcms_166727.pdf

⁸ EC, *Cooperatives*. https://ec.europa.eu/growth/sectors/social-economy/cooperatives_en

⁹ EU, *Contributing to Sustainable Development: The role of Fair Trade and non-governmental trade-related sustainability assurance schemes*, Communication from the Commission to the Council, the European Parliament and the European Economic and Social Committee, 2009. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A52009DC0215>

¹⁰ International Cooperative Alliance, *What is a cooperative?* <https://www.ica.coop/en/cooperatives/what-is-a-cooperative>; *Guidance Notes to the Co-operative Principles*, 2015. <https://www.ica.coop/sites/default/files/basic-page-attachments/guidance-notes-en-221700169.pdf>

These structural characteristics – of being mission-driven and inclusively governed – free sustainable and inclusive businesses **to pursue good practices ambitiously**, even when that would limit profit. Such practices may include creating opportunities for marginalised communities or groups in society, limiting the

disparity between the salary of the lowest and highest paid within the business, or refraining from aggressive tax planning and tax secrecy, instead paying their fair share of tax in order to contribute to the societies in which they operate.

SUSTAINABLE AND INCLUSIVE ENTERPRISES IN NUMBERS: A SNAPSHOT

These figures help to demonstrate how widespread some of the actors are that fit in this broader category. This list is by no means exhaustive though.

279.4 million people



Globally, **279.4 million people** are involved in cooperatives. According to the UN Secretary-General's report, *Cooperatives in social development* (2017), cooperatives are significantly present in both developed and developing countries, with over **3 million cooperatives worldwide**.^{11,12} Cooperatives employ at least **9.46% of the world's employed population – over 100 million people**. This is **20% more** than the number of people employed by multinational enterprises.

13.6 million people



According to the EESC, **2.8 million social economy organisations and enterprises in Europe** – which is **10% of all businesses** – provide jobs to **13.6 million people**.¹³



3,608 Certified B Corporations

There are **3,608 Certified B Corporations**, operating in **150 industries and 74 countries**. B Corporations are legally required to consider the impact of their decisions on their workers, customers, suppliers, community and the environment.¹⁴

1.8 million farmers and workers



Worldwide, there are **1,707 producers' organisations** certified by Fairtrade International, covering **73 countries** and impacting almost **1.8 million farmers and workers**.¹⁵ There are **355 fair trade enterprises** verified by the World Fair Trade Organization, covering **76 countries** and impacting around **965,700 people**.¹⁶

11 UN, *Cooperatives in social development: Report of the Secretary-General*, 2017. <https://undocs.org/A/72/159>

12 International Cooperative Alliance, *Facts and figures*. <https://www.ica.coop/en/cooperatives/facts-and-figures>

13 European Economic and Social Committee, *Recent Evolutions of Social Economy - Study*, 2017. <https://www.eesc.europa.eu/sites/default/files/files/qe-04-17-875-en-n.pdf>

14 Certified B Corporation. <https://bcorporation.net>

15 Fairtrade International. <https://www.fairtrade.net/impact>

16 World Fair Trade Organization, About us. <https://wfto.com/who-we-are>

THE SOLUTIONS THEY BRING

Sustainable and inclusive businesses can play a vital role in the transition from today's increasingly precarious work to **decent work for all**, creating high-quality jobs. They are among the largest employers in countries in the Global North and South.¹⁷ By organising workers in the informal economy, small-scale producers and marginalised people in various forms of associations and cooperatives, they can facilitate access to finance, resources, technology, support services and markets and negotiate better prices and income, thereby addressing the power and information asymmetries that exist in today's markets. By empowering smallholders in the agricultural sector, for example, they can lead the way to a more equitable agri-food system. Issues of labour standards and rights at work often feature prominently in sustainable and inclusive businesses thanks to their participatory decision-making and workplace democracy. Solidarity microfinance institutions and self-help groups facilitate access to resources essential for starting and developing income-generating activities.

Youth often face interlinked challenges in starting up their own businesses. Social entrepreneurship can reduce some of the challenges associated with conventional business forms and aligns with the increasing trend of youth being more socially and environmentally aware. For example, many social entrepreneurs work collectively to generate innovation and pool resources and thus reduce the individual economic risks associated with starting up a business; they build safety nets around their businesses and intended social impact.¹⁸

Sustainable and inclusive enterprises can contribute to **women's economic rights and women's empowerment** in at least three important ways.¹⁹ First, they can increase access to employment and facilitate women's participation in local economies. This is particularly the case for women working in the informal economy, such as domestic workers and waste-pickers. These women often choose to improve their livelihoods, enhance their access to goods, markets and services – while amplifying their voices – by coming together to work in cooperatives or other people-centred business formats, such as SWaCH (see Box 2). Second, these models can also enable economic democracy and agency,

as their inclusive governance structures serve as spaces for women to engage in decision-making and power-sharing. And third, they can boost leadership and management experience, providing women with opportunities for professional development and skills enhancement. Gender-just energy cooperatives, for example, provide equal access to women throughout the entire energy value chain, reduce workloads by saving costs and time, provide control over energy production and consumption, foster women's empowerment and leadership and together engage for a cooperative gender and energy policy.²⁰ Research by the World Fair Trade Organization in 2019 shows that a woman working for a fair trade organisation is four times more likely to achieve leadership positions or join a board than a woman working for a conventional business.²¹ The Community-Based Tourism Initiative in Myanmar through Intrepid Travel (see Box 3) uses part of its profit for a community development fund, where decisions on fund usage are made by the 45 women representing their villages.



Box 2: SWaCH – India

In Pune, India, the worker-owned cooperative SWaCH, which is linked to the trade union Kagad Kach Patra Kashtakari Panchayat, has improved the livelihoods of over 3,000 waste-pickers, most of whom are women from socially disadvantaged groups, in the informal economy. SWaCH has enabled the women to improve their working conditions (by, for example, improving occupational safety and health, helping them obtain waste-picker government ID cards), to benefit from training and participate in democratic decision-making. In addition to improving workers' livelihoods directly, the cooperative's members also advocate for sustainable waste management and better labour practices.²²

17 UN Inter-Agency Task Force on Social and Solidarity Economy, *Social and Solidarity Economy and the Challenge of Sustainable Development*, 2014. http://unsse.org/wp-content/uploads/2014/08/Position-Paper_TFSSE_Eng1.pdf

18 UN Department of Economic and Social Affairs, *Unlocking entrepreneurship opportunities for youth could lower unemployment and bring social benefits*, news: 2 July 2020. <https://www.un.org/development/desa/en/news/social/2020-world-youth-report.html>

19 Committee for the promotion and advancement of cooperatives, *Transforming our world: A cooperative 2030 Cooperative contributions to SDG 5*, 2018. http://www.copac.coop/wp-content/uploads/2018/03/COPAC_TransformBrief_SDG5.pdf

20 Women Engage for a Common Future, *Energy cooperatives: Comparative analysis in Eastern Partnership countries and Western Balkans*, 2017. <https://www.wecf.org/wp-content/uploads/2018/06/EnergyCooperativesONLINEshortversionKopieren.pdf>

21 World Fair Trade Organization, *#WomenLeaders to #BalanceForBetter*, 2019. <https://wfto.com/womensday2019>

22 SWaCH. <https://swachcoop.com>



*Women getting materials ready to receive tourists in their community, Myanmar.
Photo by Intrepid*



Box 3: Intrepid – Myanmar

Intrepid Travels, a travel agency, is a partner to the Community-Based Tourism (CBT) Initiative in Myanmar. Intrepid channels visitors via package tour deals to the CBT, passing on part of the profit generated to the CBT to fund its running costs and a community development fund. While Intrepid sends the majority share of visitors to the CBT, they also encourage their travel partners to send guests too. The CBT was established by ActionAid Myanmar, an international NGO, through donor funds in 2016. The objective was to provide alternative livelihood opportunities to complement sustainable agricultural activities. ActionAid continues to manage the CBT operations along with community members. Now 45 female committee members represent each village, helping to run CBT operations, lead the village development plan discussions and make decisions on the use of the community development fund.

The model aims for long-term, socio-economic impacts – providing decent jobs and wages, increasing women's earning capacity and improving family income. A Community University has been established – funded by income from external customers. This provides skills development for the local communities and students and learning/resource centres for agriculture and climate change. The community development fund has generated enough income to help the four village communities build roads and libraries, and set up electricity poles and cables. The environmental footprint and life cycle of products used is considered in the design and running of the facilities – from the installation of solar lamps to composting organic waste and recycling. Organic aloe vera soap, sourced from the villages, is also used to minimise toxic water waste.

Sustainable and inclusive businesses can often **reach out to the most marginalised people**. They engage people who typically cannot benefit from equal opportunities, including indigenous peoples, people with disabilities, migrants and refugees. Various sustainable and inclusive enterprises not only provide them with affordable services, they also give them the opportunity to cooperate with other partners in communities and engage in social and economic activities aimed at improving livelihoods. By putting values at the centre of their business model, they help increase the resilience of these people and

their communities, fulfilling the guiding principle of the 2030 Agenda for Sustainable Development, to leave no one behind. The greater the resilience of people most affected by epidemics like COVID-19 or climate shocks, both in social and economic terms, the better society as a whole can get through the crisis with limited negative impacts.



Woman health entrepreneur working in rural area, Zambia.
Photo by Live Well



Box 4: Live Well – Zambia

Live Well recruits, trains and supports a network of Community Health Entrepreneurs to promote basic healthcare and to sell health-impact products in underserved communities in rural and peri-urban areas in Zambia. In the 1970s, Zambia adopted a free healthcare policy for all citizens. But the government struggles to reach the entire population, in particular in

far-flung rural areas, and facilities are often under-resourced and under-staffed. Live Well addresses a real need at household level, by raising awareness of health issues and increasing access to non-prescription health products that can be lifesaving. Alongside this, Live Well provides Community Health Entrepreneurs with entrepreneurial opportunities and a self-generated income in communities with high unemployment rates.²³

As the incentive to externalise not only social but also environmental costs or to incite overconsumption disappears when companies stop their relentless pursuit of profit, sustainable and inclusive enterprises can support a **fair and green recovery** out of the COVID-19 crisis. Indeed, there are examples of sustainable and inclusive businesses that constantly innovate in their environmental practices in order to live up to their mission. The fair trade enterprise, *Gebana* (see Box 5), is built around sustainable selling practices, like avoiding food waste, unnecessary repackaging and by shipping all except one product by sea. It constantly strives to improve further, through regular capacity-building for the farmers it works with, and different, innovative price structures that redistribute more of the value to the primary producers, without pricing themselves out of the market. It shows that when primary producers are paid fair, living wages

and provided with adequate know-how, they will produce more sustainably and be more resilient to unforeseen events. Another example is *RevoluSolar* (see Box 6) a community-based non-profit organisation that produces, researches and manages renewable energy in local communities in Brazil and aims for energy independence and a democratic renewable energy transition.²⁴

²³ Live Well. <http://livewellzambia.com>

²⁴ For more examples of such businesses innovating greener and more sustainable practices, see: World Fair Trade Organization, *2020 Members Review*, 2020. <https://wfto-europe.org/wp-content/uploads/2020/05/WFTO-E-Members-Review-2020.pdf>



*Organic farmers in the project Gebana
Photo by Gebana*



Box 5: Gebana – Switzerland

Gebana is a Swiss fair trade company working closely with organic family farmers in Europe, Africa and South America. Gebana specialises in wholesale trade of fair trade products, working with farmer families worldwide to deliver their organic food directly to consumers in Europe. By forming value chains spanning from family farmers to customers in the most direct way possible, it aims to optimise its social and environmental added value, creating jobs in the country of origin and investing with a long-term perspective.²⁵

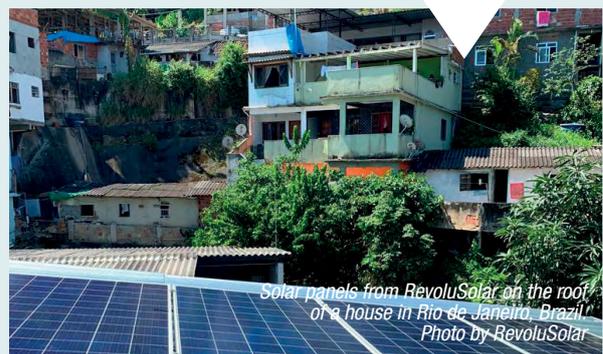
Gebana shares its profits equally with employees, customers and investors worldwide. Since 2019, Gebana

Switzerland has shared an amount equivalent to 10% of the final retail price of mangos and cashews directly with the producers. Over 2,500 family farmers in Burkina Faso have benefited from the more than €120,000 this has provided and the model is set to be extended to other supply chains over the course of 2020. The network supports the resilience of companies and farmers connected to it, as demonstrated in 2017 when the subsidiary in Burkina Faso was close to bankruptcy due to a poor harvest and escalating prices. In collaboration with existing and new investors, trade customers and over 2,800 individual end-customers, Gebana managed to save the subsidiary and preserve the local jobs it provided.



Box 6: RevoluSolar – Brazil

RevoluSolar is a community-based non-profit organisation working towards becoming an energy cooperative that researches, produces and manages renewable energy in local communities based in Rio de Janeiro, Brazil. It aims for energy independence and a democratic renewable energy transition. Its business strategy is responding to risks and opportunities presented in the solar energy sector, with a value proposition that considers benefits to the whole of society. The project has social, economic and environmental benefits for the community, empowering people who have experienced social exclusion by becoming energy producers. RevoluSolar has established partnerships to give scholarships to community members to take part in professional and technical training in solar



*Solar panels from RevoluSolar on the roof of a house in Rio de Janeiro, Brazil.
Photo by RevoluSolar*

panel installation. Its sustainable practices and inclusive governance allow it to do business while avoiding eroding natural resources for generations to come, and allow social classes previously excluded from the energy system to become protagonists by including them in the decision-making of the organisation.²⁶

²⁵ Gebana. <https://www.gebana.com/en>

²⁶ RevoluSolar. <https://revulusolar.com.br>

THE CHALLENGES THEY FACE IN PARTNER COUNTRIES

To create the conditions enabling sustainable and inclusive enterprises to thrive, support to the private sector should be targeted, rather than general. Sustainable and inclusive business leaders and civil society have highlighted the following challenges.

Lack of awareness

Sustainable and inclusive businesses are challenged by the general lack of awareness among EU decision-makers, decision-makers in partner countries and the general public. Often people simply do not know or are unable to distinguish between different characteristics of business models. This is linked to a lack of diversification within formal and informal education. Previous research by the European Economic and Social Committee has demonstrated that knowledge and understanding of the role of social economy models is considered to be low.²⁷

Part of the problem is the very nature of how economics and business studies are taught in schools and universities. Based on a business education model that dates back to the 1950s, the curricula do not prepare business school students to understand and address the complex environmental and societal challenges of today.²⁸ Education on the diversity of business models, as well as traditional and non-traditional forms of media engagement and communications, could help to raise awareness of SIBMs and their benefits to the economy and society, to achieve greater recognition among the general public.

To achieve this, better data on SIBMs is needed. Lack of availability of data or capacity among sustainable and inclusive businesses to collect and store information leads to challenges around their definition, recognition and impact measurement. Developing up-to-date and reliable statistics with the support of relevant organisations is needed, based on commonly agreed characteristics at EU, and even international, level.

Non-conducive legal and regulatory frameworks

The poorly developed legal frameworks that regulate and encompass SIBMs in many countries bring challenges that are both internal and external. Externally, a lack of supportive laws at regional and national levels, alongside overly complex or fragmented sectoral legislation, can mean that sustainable and inclusive businesses are prohibited from operating in certain sectors or may face legal barriers to entry. Internally, there may be a lack of support and guidance for business development

to facilitate the growth of these businesses. When these enterprises are not adequately protected in a specific legal framework, they may also be treated unfairly in more general areas of the law, such as taxation, access to credit or funding, or labour law, or may not be eligible for the same incentives and financial benefits that conventional companies are.

The research shows that legal and regulatory frameworks are a significant challenge for the economic actors interviewed. A key example is the Ethiopian community-based cooperative Awach SACCOS (see Box 7), which would like to see a legal revision that would permit its registration as a cooperative bank. EZA, a distributor of fair trade products (see Annex 1) active in several countries, highlights that strict EU regulations clearly affect its suppliers. Sometimes these effects are positive, for example by helping suppliers to improve the health and safety conditions of workers, but other times they may be negative, such as when they lead to increased costs or reduced market access.



Box 7: Awach SACCOS – Ethiopia

The first member of the International Cooperative Alliance from Ethiopia, Awach SACCOS, is a community-based cooperative. Its mission is to improve socio-economic conditions by mobilising saving and creating access to credit and asset-building using relevant technology. Key objectives include facilitating fair credit, entrepreneurship through education, encouraging business to address environmental protection and social governance aspects, and reducing poverty through youth and female job creation. Awach SACCOS is improving the livelihood of more than 25,000 people – almost half of whom are female – through creating access to loans.²⁹

²⁷ EESC, *Recent Evolutions of the Social Economy in the European Union*, EESC study, 2017. <https://www.eesc.europa.eu/sites/default/files/files/qe-04-17-875-en-n.pdf>

²⁸ Peter Tufano, A bolder vision for business schools, *Harvard Business Review*, 2020. <https://hbr.org/2020/03/a-bolder-vision-for-business-schools>

²⁹ Awach SACCOS. <http://www.awachsacc.com/english/content/company-profile>



Rural women weaving in the cooperative Manos del Uruguay, Uruguay.
Photo by Manos del Uruguay



Box 8: Manos del Uruguay

Manos del Uruguay is an artisan-led fashion producer, fair trade enterprise and brand made up and owned by 12 women's producer cooperatives across Uruguay. It exists to serve these producers, prioritising the mission of providing livelihoods and personal development opportunities for rural women in Uruguay.

Profits are reinvested or redistributed to benefit the producers. Environmental impacts, the circular economy of supply chains, and product life cycles are considered by repurposing unused yarn and maintaining a small-scale supply chain. This model also considers the longer-term, optimised impact of its value creation. The Manos cooperative created the first kindergartens in Uruguay, providing childcare and creating improved educational opportunities for the artisans' children.³⁰

Unlevel playing field

An adequate legal and regulatory framework links to a third challenge for many sustainable and inclusive businesses, which is the lack of a level playing field. A level playing field ensures fair and equal treatment between different enterprise types. However, sustainable and inclusive businesses find themselves at a de facto disadvantage with conventional businesses. The main challenges include situations of unfair competition, such as state aid or public procurement, in which they cannot compete with companies that may keep costs for consumers down by externalising social and environmental costs, or that extract value throughout the entire value chain. Over time, this can impact the size of the sector as the competitive disadvantages prevent sustainable and inclusive enterprises from achieving further market share, despite their positive global stewardship. Patagonia (Annex 1) cites market share as a major challenge to a sustainable and inclusive business.

Challenges also arise from relations between social and solidarity economy actors and states, market actors and institutions. Collaborative and active partnerships with these actors are required to ensure that sustainable and inclusive businesses are at the table to discuss and contribute to the relevant policy processes. However, there are insufficient channels and fora for the effective participation of sustainable and inclusive actors in policy processes. Furthermore, trade agreements with third countries or regions may put SIBMs in situations of unfair competition or neglect the needs and interests of small-scale sustainable and inclusive businesses. Insufficient efforts are undertaken to consider SIBMs in investment treaties and to give priority to genuinely sustainable investment strategies that redress imbalances in global trade.

³⁰ Manos del Uruguay. <https://manos.uy/about-manos>

Insufficient access to financial and technical support

Another very prevalent challenge is insufficient access to financial and technical support. Financial support is primarily linked to adequate access to capital for sustainable and inclusive businesses, which is often required at crucial points in a company's life cycle. It is critical to ease challenges such as the high cost of credit for smallholders and for micro, small and medium enterprises (MSMEs), because of poor repayment terms, interest payments and charges, as well as inadequate start-up capital or the availability of loans for medium to longer-term financing. In many countries, there are prohibitive access requirements that particularly hamper women, youth and at-risk people from pursuing entrepreneurial and innovative projects. Many people lack access to financial services in poor or hard-to-reach rural areas. Access to capital is one of the most prevalent and important challenges for many businesses, with previous research suggesting that 77% of large cooperatives see it as one of their highest priorities. The challenges of raising capital are enhanced for business models which commit to inclusive ownership structures that are decoupled from the ownership of shares and equity, such as cooperatives. Supporting the ecosystem in building financial inclusion with a variety of actors is key.

In addition to financial support, technical support is a challenge closely linked to the success of SIBMs. Investment and financial support can boost a business and drive technological development, while the correct technical support can improve capacity where organisations may lack the necessary knowledge or experience in their activities. One example discussed in Annex 1 is Cresaçor in Portugal, which urges the EU to make various improvements in its support, including reduced project approval times, improved conditions in the scope of microcredit (such as increasing the financed amount and extending the amortisation period), a greater number of areas of activity that

are covered by funding, and less bureaucratic processes for microcredit activities. In other cases, challenges highlighted - for example by fashion producer Manos del Uruguay (see Box 8) - include the lack of support to enable investments in new technology to ensure more efficient production processes. Both the availability and eligibility of financial and technical support for SIBMs are viewed as critical challenges that can be overcome through institutional and political action at the European level.

Learning and exchange gaps

In a context of lack of awareness and knowledge, fostering learning and exchange is another pressing challenge. Certain SIBMs, such as cooperatives, incorporate learning and exchange into the business model, while others may use it for specific goals and objectives or to support business development. This may be in the form of education and training for teams, exchanges and visits for staff, or digital tools and platforms for online learning and digitalisation. Learning and exchange can generate several important benefits, including greater productivity, improved capacity and better synergies both within organisations and externally with partners. Organisations that do not incorporate learning and exchange into everyday activities may stumble on additional challenges such as staff retention. As discussed in Annex 1, Burt's Bees highlights that its biggest asset is employee engagement, with employee activity being crucial in building a sustainable business model, as well as making a difference to customers and communities.

Further examples of organisations noting that learning and exchange is particularly important were found in Ethiopia and Colombia. In these countries the interviewed sustainable and inclusive businesses highlighted that funding and support to increase capacity-building for the continuous education of their teams would be helpful for their business to thrive.



Hands weaving, photo by Aditya Wardhana

EU EXTERNAL SUPPORT TO SUSTAINABLE AND INCLUSIVE BUSINESSES



*EU flags at the EC Berlaymont building, Brussels
Photo by Guillaume Périgols*

The EU takes a **mixed approach** in its external policies for promoting SIBMs. As already described, social and solidarity economy, cooperatives, inclusive business models and fair trade are the most defined terms in this field. Policy analysis and discussions with EU policy-makers made it clear that there needs to be a stronger policy framework to support SIBMs: they should be explicitly mentioned in the external action toolbox of the EU and its Member States.

As the EU's main external policies are implemented bilaterally, **actions vary substantially across regions and countries**. While its support to SIBMs is more developed in its cooperation with the Neighbourhood, Asia and Latin America regions, it takes a more enabling environment approach and focuses on MSMEs more broadly in its cooperation with Africa.

Private sector development in partner countries

The EU has increasingly used **development assistance to support the private sector's contribution to development**. This continues to be considered key to advancing the 2030 Agenda, despite the growing and worrying evidence about impacts on human rights and inequalities. Focusing on

leveraging private finance can also entail risks, diverting Official Development Assistance (ODA) away from other uses critical to reduce poverty and inequalities. To help engage the private sector in financing for development, new mechanisms have been established for blended finance (the combination of concessional public finance and non-concessional private finance).³¹ This section discusses several of the **policies and mechanisms** that exemplify this trend and determines how SIBMs have been supported by EU external policies on the private sector.

Overall, the EU has identified several areas to support private sector development in partner countries, as well as European investments in those countries: the policy, legal and regulatory framework; private sector development support; access to finance; and policy dialogue. The actions are aimed at general partner country private sector development, with the EU focusing on support to MSMEs and the informal sector.

Specific SIBMs are often referenced and recognised as part of the overall private sector measures, but overall do not benefit from tailored support.

³¹ CONCORD, *AidWatch 2018: EU Aid: A broken Ladder?* 2018.
https://concordeurope.org/wp-content/uploads/2018/10/CONCORD_AidWatch_Report_2018_web.pdf

International cooperation

The main policy document that guides the EU's engagement with the private sector through international cooperation is the **private sector in development Communication** of 2014.³² It highlights the diversity of the private sector, “ranging from enterprising individuals to large multinational corporations and financial institutions; from enterprises creating shareholder value to people-centred social businesses, cooperatives and workers and employers organisations”. Both this Communication and the 2017 **European Consensus on Development**, which provides the framework for the EU's international cooperation policy, acknowledge that cooperatives, social enterprises and ‘other forms of people-centred businesses’ often lead the way in providing decent jobs, sustainable livelihoods and inclusive solutions to social problems.³³ This is a clear step towards the EU acknowledging the importance of SIBMs. The Consensus on Development also committed the EU and Member States to promote social enterprises, cooperatives and women and youth entrepreneurs, and to boost the provision of local services as well as inclusive and green business models. However, no concrete actions were identified to actually support SIBMs over conventional business models. Two exceptions to this are the Consensus’ commitment to promote new business models, which, without clear definition, can be interpreted in various ways, and the Private Sector Communication’s commitment to support inclusive business models aimed at enhancing poor people’s economic opportunities.

The main focus of support is towards **MSME development, formalisation of the informal sector and other forms of support towards operators and workers in the informal economy**. Our research indicates that the EU does not pay attention to the business model nor to the governance dimension when it supports private companies through its development cooperation. There is a focus on the capacity to leverage private investments in partner countries in blending and guarantee instruments, and on the expected social and environmental impacts of interventions. However, these impacts are often not substantiated and ignore the need to reinvest profits generated in the local economy and communities. The EU may end up subsidising investments which generate profits for shareholders in Europe, adding to the financial flows from developing to developed countries.

Concrete support to SIBMs happens mainly at the bilateral level. For example, S.P.R.I.N.G, a project funded under the Development Cooperation Instrument, aims to strengthen rural cooperatives in Iran by offering capacity-building, developing a new mechanism for consultation and developing an innovative development strategy. Sustainable and inclusive business networks that provide support to their members, such as social enterprise and cooperative associations, have also been supported. They are able to submit project proposals in non-private sector-specific instruments.

Economic diplomacy

The **Global Strategy for the EU's Foreign and Security Policy**, 2016, which describes the shared vision for international cooperation, migration, trade, investment, humanitarian aid and diplomacy, does not mention SIBMs or other aspects relating to a certain type of business model.³⁴

In the **2017 Reflection paper on harnessing globalisation**, the Commission called for a more integrated and proactive European economic diplomacy, improving the coherence of external policies and tools to foster growth and jobs in Europe and becoming more efficient in pursuing our economic interests abroad.³⁵ The EU, Member States and financial institutions such as the European Investment Bank coordinate in order to decide priorities for each country concerned, ranging from ensuring macroeconomic stability to supporting key economic and social reforms, addressing market access barriers, enabling better access to opportunities created by trade and investment agreements, and promoting strategic pan-European commercial projects to engage in setting international standards. The EU works in 120 countries and the European External Action Service claims to have over 1,000 current joint priorities for the EU and its Member States that are “of EU economic interest”. These are identified in country action plans. However, this list is not made public, so it is impossible to assess if SIBMs or supporting their enabling environment are mentioned or prioritised.

The **2018-2020 Partnership Instrument programme** aims to boost trade, investment and business opportunities for EU companies to improve access to third-country markets. Several of its interventions on climate change, energy, resource efficiency and circular economy, environment, sustainable urbanisation and other policy areas also had parallel business cooperation components.³⁶ But there are no references to SIBMs.

32 EC, *A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries*, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, 2014. <https://ec.europa.eu/transparency/regdoc/rep/1/2014/EN/1-2014-263-EN-F1-1.Pdf>

33 EC, *The New European Consensus on Development ‘Our World, Our Dignity, Our Future’*, Joint Statement by the Council and the Representatives of the Governments of the Member States Meeting Within the Council, the European Parliament and the European Commission, 2017. https://ec.europa.eu/international-partnerships/system/files/european-consensus-on-development-final-20170626_en.pdf

34 EEAS, *Shared Vision, Common Action: A Stronger Europe A Global Strategy for the European Union's Foreign And Security Policy*, 2016. https://eeas.europa.eu/sites/eeas/files/eugs_review_web_0.pdf

35 EC, *Reflection Paper on Harnessing Globalisation*, 2017. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52017DC0240&from=EN>

36 EC, *Partnership Instrument: Multi-annual Indicative Programme for the period 2018–2020*, 2018. https://ec.europa.eu/fpi/sites/fpi/files/C_2018_4001_F1_ANNEX_EN_V1_P1_982367_en.PDF



*COPRORIZ-Ntende, a cooperative of rice farmers (Rwanda)
Photo by Sara Vicari and Andrea Mancori / aroundtheworld.coop*



Box 9: Transformational EU–Africa economic cooperation

Post-colonial economic indigenisation processes across Africa aimed to take back control over economic sectors and development. From the 1980s until today, these efforts have been countered by neoliberal structural adjustment and trade liberalisation demands. Today, Pan-Africanism calls on Africans to once again lead their economic development processes and own their vital economic sectors, instead of foreign investors. The Pan-African approach and African Renaissance are firmly embedded in the African Union Agenda 2063,³⁷ aspiring to structurally transform economies to create shared prosperity. Political economic thinking put forward by Africa’s political and economic leaders like Ujamaa in Tanzania, Ubuntu in South Africa, or Afri-Capitalism in Nigeria, promote a more human-centred economic approach based on self-determination, social value and collectivism.³⁸

Pan-African civil society movements call on those in power to urgently realise these Pan-African aspirations. They plead for locally driven inclusive economic development that respects human rights, gender equity and workers’ rights. They call on the business community to show more public spiritedness and on governments to support the growth of community-owned assets, in order to build African economies that benefit everyone.³⁹ They ask for a Pan-African post-COVID-19 response that creates an enabling environment for people and movement-led economics, such as cooperative and solidarity economics.⁴⁰

The common denominator is that all these actors demand more from businesses: to foster solidarity and create wealth for communities at large. Acknowledging the potential such businesses can play for their societies more generally, the EU should support this movement through its partnership with Africa and help create links with like-minded economic actors in Europe.

Trade

The **EU Trade for All Strategy** (2015) included, for the first time in an EU trade strategy, a section on “fair and ethical trade schemes”.⁴¹ Among other things, the EC committed to promote, through the EU Delegations, fair and ethical trade schemes to small producers in third countries and to use the free trade agreement implementation structure to promote the uptake

of such schemes. Five years on, while various EU Delegations have taken proactive initiatives, such as a project on fair and ethical trade between the EU and Brazil, funded under the EU Partnership Instrument, we could not find evidence of any fair and ethical trade project that has been supported under the implementation of free trade agreements so far.⁴²

³⁷ African Union, *Agenda 2063: The Africa We Want*. <https://au.int/en/agenda2063/overview>

³⁸ Edozie, KR, “Pan” Africa Rising The Cultural Political Economy of Nigeria’s Afri-Capitalism and South Africa’s Ubuntu Business, 2017. <https://www.palgrave.com/gp/book/9781137595379>

³⁹ Africans Rising, *A Vision for Africans Rising – The Rationale for a Pan-African Movement*, 2016. <https://www.africans-rising.org/vision>

⁴⁰ *African Feminist Post-COVID-19 Economic Recovery Statement*, 2020. <https://www.africans-rising.org/african-feminist-post-covid-19-economic-recovery-statement>

⁴¹ EC, *Trade for all. Towards a more responsible trade and investment policy*, 2015. https://trade.ec.europa.eu/doclib/docs/2015/october/tradoc_153846.pdf

⁴² IBF International Consulting and EU, *Supporting the development of fair and ethical trade between the EU and Brazil*. <https://drive.google.com/file/d/1GB1VeiahxYA3d-TbCm8VgFHuw4KMS0oS/view>

There is a specific focus under the updated **EU Aid for Trade Strategy**, recognised in the 2017 European Consensus on Development, to support fair and ethical trade in partner countries as well as ensuring sustainability as part of companies' core strategies.⁴³ It is regrettable that there is not wider recognition of SIBMs. The Aid for Trade annual progress report for 2018 and 2019 has a chapter dedicated to fair and ethical trade, listing examples of EU support to sustainable and inclusive business practices in partner countries, coming from different instruments across EU external action (the Development Cooperation Instrument, the European Development Fund, the Partnership Instrument, SWITCH, the European Instrument for Democracy and Human Rights), as well as examples of bilateral Member State initiatives to support sustainable and inclusive business and entrepreneurship practices. It is not clear what assessment or indicators are used to determine if these examples fall under the correct definitions. Furthermore, there is no stated weighting compared with other Aid for Trade categories, with only sporadic mention of statistics, funding amounts and impact. This makes it hard to assess the quality and quantity of this type of support to fair and ethical schemes.

Looking forward, the draft negotiated text of the **ACP-EU partnership agreement** clearly states that economic transformation will focus on diversified economies, value addition, and integration of value chains with a focus “on sectors and industries with high value adding and high decent job creation potential”.⁴⁴ This may hopefully offer a chance to redirect and focus support to SIBMs that have a clear added value when it comes to creating decent jobs and promoting social dialogue.

Private sector financing instruments

Whereas the previous section shows the EU has in theory recognised the importance of the different models considered SIBMs, this section will discuss to what extent these recognitions are reflected in **specific measures and funding instruments**.

The main external action instrument providing private sector support is the **External Investment Plan** (EIP). It comprises the European Fund for Sustainable Development (EFSD) guarantee instrument and blending (pillar 1), combined with technical

assistance (pillar 2), and efforts to improve the investment climate through using the EU's economic policy dialogue and budget support negotiations to encourage regulatory reform and support dialogues (pillar 3).⁴⁵ The EC would like to see its pilot EIP, launched in 2016, expanded to become a key cornerstone of EU development cooperation with all its partner countries, going beyond its current focus on Africa and the EU Neighbourhood regions under the 2021-2027 Multiannual Financial Framework (MFF).

The EC considers social entrepreneurs as important to support under the **MSME financing window**, which was merged with the agricultural window. The investment window intends to “reconcile demand and supply of financial products by covering a wide spectrum of services for different unserved or underserved clients in risky markets”.⁴⁶ There are different areas of focus per region. For sub-Saharan Africa the emphasis is on micro-enterprises (to a large extent household and micro-enterprises in the informal sector) and on formal SMEs which have no or very limited access to finance at reasonable terms and conditions, with special attention being given to financial institutions and proposals targeting women-owned MSMEs and young entrepreneurs. But there is no reference to SIBMs. The Neighbourhood region is more descriptive, with reference to social entrepreneurs. Priority will be given to “inclusive initiatives offering high sustainable development impact (including job creation, youth and women empowerment) [and] fostering a transition towards inclusive low-carbon climate-resilient economies”.⁴⁷ A results framework will be developed to monitor impacts achieved, but for now, they already propose the scaling up of innovative and more inclusive business models (including social enterprises and cooperatives) as one of the outcomes that interventions should contribute to. Under this window, there have been five guarantees granted to a number of development finance institutions (DFIs) (the African Development Bank, Agence Française de Développement, European Bank for Reconstruction and Development, European Development Finance Institutions, European Investment Bank and International Finance Corporation) but none of the top-line descriptions allude to a focus on SIBMs even though their priorities match the added value that sustainable and inclusive businesses can bring. According to the latest EFSD Operational Report, this investment window eats up 50% of total approved guarantees,^{48,49} Of the blended finance approved by the end

43 EC, Trade for all. *Towards a more responsible trade and investment policy*, 2015. https://trade.ec.europa.eu/doclib/docs/2015/october/tradoc_153846.pdf

44 This is still a draft text (the final agreement is expected to be published in early 2021): *Evolving Draft of the New OACPS-EU Partnership Agreement*, 2020. <https://drive.google.com/file/d/1RLm1IMAUHS7zicfTkJc0j5-PQnjAofQY/view>

45 EC, *Strengthening European Investments for jobs and growth: Towards a second phase of the European Fund for Strategic Investments and a new European External Investment Plan*, Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank, 2016. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52016DC0581&from=EN>

46 EC, *European Fund for Sustainable Development (EFSD) Guarantee: Investment Window - MSME Financing*. https://ec.europa.eu/eu-external-investment-plan/sites/devco-eip/files/efsd-guarantee-window-msme-financing_en_0.pdf

47 EC, *European Fund for Sustainable Development (EFSD) Guarantee: Investment Window - MSME Financing*. https://ec.europa.eu/eu-external-investment-plan/sites/devco-eip/files/efsd-guarantee-window-msme-financing_en_0.pdf

48 This figure takes into account the 2020 revisions of guarantee allocations in response to the coronavirus pandemic targeting a much greater proportion of the guarantee at support for small businesses.

49 EC, *The European Fund for Sustainable Development - Operational Report 2019, 2020*. https://ec.europa.eu/eu-external-investment-plan/sites/devco-eip/files/documents/201016_efsd_op_report-_final-_ldef.pdf

of 2019, 18.9% was invested in MSME development (7.9% in Sub-Saharan Africa and 34.1% in the Neighbourhood region). Sustainable and inclusive businesses might also get dedicated funding in some of these other investment sectors.

Although cooperatives are recognised in the EFSD regulation and subsequent policy documents, there is **no information** about whether any cooperatives were supported through the EFSD. More could clearly be done to support the inclusion of SIBMs in this instrument. The **EFSD Operational Reports** mention some funds or technical assistance and financial instruments that will supposedly promote the development of social enterprises, or offer targeted financial and technical support to farmer cooperatives.⁵⁰ But it is impossible to say whether that actually happened and to what extent.

Turning to the **Sustainable Business for Africa Platform**, dialogue with trade unions, cooperatives and other stakeholders, is mentioned as something that the regular structured dialogue process with the business community and the government, led by the local EU Delegation, can build on. Sustainable and inclusive businesses such as cooperatives are therefore not seen as part of the business community involved in structured public–private dialogue.

Some interviewed EC officials predict that taking guarantees into regions such as **Latin America** and Asia will ensure that more bankable projects are found that support SIBMs. EU officials explained that it is more difficult for sustainable and inclusive businesses to propose projects that DFIs and the EU deem ‘bankable’, that is, providing a sufficiently high return for DFIs to be interested. Impact investments, defined as investments made in companies, organisations and funds with the intention to generate measurable social and environmental impact alongside financial return, were also mentioned as interesting models for both regions to explore.

The EC should **encourage DFIs to support SIBMs** when they get a guarantee agreement under the EFSD. Adding SIBMs explicitly as a policy objective gives a clear legal basis to encourage DFIs to increase the focus on SIBMs in their portfolios. To support greater focus on SIBMs, the eligibility criteria could be enhanced to include the social and environmental mission and inclusive governance. In this way, the EC can provide a more attractive price for the guarantee if the DFI fulfils the criteria; EC officials refer to this as the EFSD ‘policy discount’. It is clear that if profits are re-injected in the members and the local economy, the return for investors may be lower. This is precisely why those private sectors instruments need to prioritise support to local SIBMs – as opposed to conventional business models that often prioritise returns for foreign capital investors or shareholders and thus create significant outflows from developing countries that development assistance should not encourage.

The **technical assistance pillar of the EIP** aims to better prepare and promote projects so they attract more investment.⁵¹ The EC wants to do this with the help of a project web portal, structured dialogue with the local and European private sector, facilitated local public–private dialogue and capacity building for private sector representatives. There is, however, no reference to SIBMs specifically. This is also lacking in the third **EIP pillar aimed at improving the business environment and investment climate** in partner countries through economic and social policy dialogue with, and training for, partner governments.

A second instrument through which the EU is supporting the private sector is **SWITCH to Green**, the umbrella programme of EU international cooperation for the green economy. It builds on the SWITCH regional programmes in Asia, the Mediterranean and Africa as well as complementary initiatives such as the Partnership for Action on Green Economy. One part of the programme focuses on supporting MSMEs to adopt sustainable consumption and production practices.

Monitoring and evaluation of EU instruments

One way to measure whether and how successfully the EU is supporting SIBMs, is by ensuring that EU development results reflect this focus. Another way to check how much the EU financially supports SIBMs is by monitoring aid flows benefiting SIBMs with the help of OECD Creditor Reporting System (CRS) codes. Without such measurement, simply name-dropping in policy documents without clear criteria, indicators and obligations does not show real commitment.

In line with its **2018 revised Development Results Framework**, under SDG 8, the EU aims to contribute to increasing and sustaining the number of jobs, strengthening the investment climate, improving access to finance and vocational training and helping economic actors to adopt quality schemes. But for these interventions to have a broader, longer-lasting impact and make the most of the interlinkages between different SDGs, the EU should raise its economic cooperation ambitions by better targeting its support and adding qualifying measures. These measures could include decent jobs where people can participate in and feel ownership over business decisions, increased access to finance and an investment climate that enables and does not work against SIBMs, vocational training that empowers women and young people to set up their own sustainable and inclusive business, or the number of sustainable and inclusive businesses able to adopt quality schemes for sustainable and inclusive goods and services with the EU’s help. This is partially reflected in the monitoring of SDG 12, where the EU aims to increase the number of MSMEs applying sustainable consumption and production practices with EU support. But the EU does not seem to have the necessary indicators and data to be able to monitor this across the board.

⁵⁰ EC, *What we’ve done so far*. https://ec.europa.eu/eu-external-investment-plan/about-plan/progress_en

⁵¹ EC, *Strengthening European Investments for jobs and growth: Towards a second phase of the European Fund for Strategic Investments and a new European External Investment Plan*, Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank, 2016. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52016DC0581&from=EN>



*Toudarte, a women's cooperative producing argan oil (Morocco)
Photo by Sara Vicari and Andrea Mancori / aroundtheworld.coop*

The 2019 **Annual Report on the implementation of the EU's instruments for financing external actions in 2018** used the revised results framework for the first time.⁵² It however just mentions a few programmes to demonstrate progress for SDGs 8 and 12.

Another way to check how much the EU financially supports SIBMs is by **monitoring aid flows** benefiting SIBMs with the help of **OECD CRS codes**.⁵³ The business-related codes look at support to business policy and administration, privatisation, business development services and responsible business conduct. This could in our view be complemented by supporting sustainable and inclusive businesses as leaders for change going beyond responsible business conduct. The OECD developed CRS codes to support Aid for Trade categories, but they are too broad to track specific quantitative data on Aid for Trade support to SIBMs or even support to fair and ethical schemes.

To ensure effectiveness of ODA, results and aid flows should be closely monitored, even if these go through financial intermediaries such as the European Investment Bank. And the findings should be reflected in the EU's various progress reports to guide decision-making. Since there is not much public information on tools monitoring the development results of the EIP, questions remain as to whether this framework is used to evaluate the EU private sector investment instruments. There is also limited information regarding the indicators monitoring the outputs, outcomes and impact of COVID-19 interventions.

EU Member States' external action support to sustainable and inclusive business models

Some EU Member States are leading the way by **including SIBMs in their development cooperation strategy**: for example, in **Spain**, social economy actors have been involved in discussions to create the four-year development cooperation strategy alongside NGOs, universities, trade unions, businesses and experts. Their goal is to ensure there is support for social economy actors in partner countries – not to create business connections, but as a transfer of knowledge.

Other Member States and regional governments have also **supported SIBMs through their cooperation with partner countries**. For example, in 2014 France and Morocco made a declaration of intention for cooperation between the Moroccan ministry responsible for the social and solidarity economy and the French ministry responsible for consumer affairs. Its purpose is to intensify high-level bilateral exchanges on support to and strengthening of professional capacity, particularly those of executives in the social and solidarity economy.

Meanwhile, **Italy** is supporting cooperative development in the occupied Palestinian territory including through policy, advisory and capacity-building support with key national stakeholders. This has been a major programme of the International Labour Organization (ILO) since 2008. In 2017 this culminated in the development and adoption of a National Cooperative Sector Strategy and legislation in the occupied Palestinian territory (law 20/2017) in line with ILO Promotion of Cooperatives Recommendation, 2002 (No. 193).

⁵² EC, *2019 Annual Report: On the implementation of the European Union's instruments for financing external actions in 2018*, 2019. <https://ec.europa.eu/international-partnerships/system/files/devco-annual-report-2019-en-web.pdf>

⁵³ OECD, *DAC and CRS code lists*. <http://www.oecd.org/development/financing-sustainable-development/development-finance-standards/dacandcrscodelist.htm>

The **Flemish Government** in Belgium, though a small donor, has been seen as a catalyst in supporting the building of a strong social and solidarity economy in South Africa (€25 million over five years). The strategic focus used to be on job creation through SME development and agriculture, and is now climate adaptation and creating an inclusive green economy. The government organically decided to focus on the social economy and social entrepreneurs because it had built good partnerships already in the social economy, there was no other donor working in the area yet, and it would be catalytic funding not requiring large investments, but with large potential impact. The government decided to build a holistic programme aligned with South Africa's country strategy, that provides various forms of finance and supports business school research, private sector development and policy. A draft policy is with the cabinet to be signed off at the end of 2020, with a definition of social economy (ILO definition) and a very broad definition of a social enterprise. The other success was not focusing impact on the number of jobs the government would create. The focus was rather on the qualitative impact. This focus on the effect on the wider community and environment is harder to measure but much more impactful. Interestingly, this focus in South Africa does not reflect what is happening in Flanders, as Flanders' social economy scene is also still in development.

However, often EU Member States' approaches mirror some of the same **flaws** found in the European approach. In **Italy** for example, the legislative framework has in fact impeded the expanding and innovation of possible projects that would support SIBMs. The development cooperation legislation was revised in 2014 – when 'new actors' were recognised. Article 26 now includes cooperatives, alongside NGOs and universities, as not-for-profit organisations. This unfortunately prevents them from generating revenue through their projects or accessing funding made available for for-profit enterprises under article 27, where calls for proposals thus far have been met with few qualitative and innovative applications. The situation in the EU is less extreme considering the EU has recognised cooperatives and other SIBMs as private sector actors and as part of civil society. But despite this recognition sustainable and inclusive businesses are also having difficulty accessing private sector support as discussed earlier. In France, there are individually supportive programmes, but this is a piecemeal approach rather than coming from an overall strategy. This is similar to the EU, where support for SIBMs is scattered and does not seem to stem from a coherent strategy.

Box 10: EU partner countries' support to sustainable and inclusive business models

Rwanda



The Government of Rwanda has put in place a conducive environment for the development of the cooperative movement in recognition of its contribution to attaining national development goals for economic and social transformation. The institutional framework for the cooperative movement in Rwanda is designed to enable cooperatives to operate efficiently, effectively and sustainably. Both the National Policy on Cooperatives of 2018 and the Law No. 50, 2007 on cooperatives recognise them in line with the values and principles proclaimed by the International Cooperative Alliance. The 1994 Genocide had a severe impact on Rwandan society, including cooperatives. Since 2005 the Government of Rwanda has been putting in place measures to revamp and revive them, such as establishing a task force in charge of promoting the cooperative movement.⁵⁴

Ecuador



Under the Constitution of the Republic of Ecuador, the Popular and Solidarity Economy Law recognises popular and solidarity economy organisations as the engine of the country's development and aims to ensure a good functioning and accountability of these types of businesses, including cooperatives. Indirectly, this sector involves more than 250,000 people in Ecuador. It is state policy to promote the popular and solidarity economy, with various ministries and public institutions actively promoting it, including a dedicated superintendent for the popular and solidarity economy. On 7 November 2013, Ecuador and France signed a ministerial agreement to promote cooperation between the two countries in the realm of the solidarity economy and fair trade.

⁵⁴ More information and legal framework analyses of many other countries can be found on coops4dev.coop

EU DOMESTIC SUPPORT TO SUSTAINABLE AND INCLUSIVE BUSINESSES

*Altri Orizzonti by Jerry Essan Masslo, a cooperative supporting the social and economic integration of migrants through agriculture (Italy)
Photo by Sara Vicari and Andrea Mancori / aroundtheworld.coop*

It is not the aim of this report to describe in detail how the EU has helped support SIBMs in Europe, nor do we claim markets around the world operate in exactly the same way as the EU does. But it is important to paint a picture – to understand how far, to what depth and through which political backing, these types of business models have been supported in Europe. This will enable a clearer analysis of what has happened and what is needed to ensure at least the same attention and political support is carried in the EU's external action.

The current initiatives of the Commission to stimulate the development of social entrepreneurship and social and eco-innovation and build an enabling environment for social economy in Europe find their origin in its 1989 Communication on 'business in the social economy sector: Europe's frontier-free market',⁵⁵ in the Social Business Initiative of 2011,⁵⁶ and in the recommendations of an Expert Group on social

entrepreneurship⁵⁷ and the Communication 'Europe's next leaders: the Start-up and Scale-up Initiative', both adopted at the end of 2016, with clear intentions to expand support to environmental activities, going beyond a social focus. Their main priorities were to increase the visibility and recognition of the social enterprise business model.

Access to finance

Under the 2014-2020 MFF, there are several EU financial instruments that support social economy enterprises, such as the microfinance and social entrepreneurship axis of the **Employment and Social Innovation programme (EaSI)**, which promotes investment in social economy projects as one of its priorities.⁵⁸ There are also pillars for social enterprises and social and eco-innovation under the European Regional Development Fund,⁵⁹ the European Social Fund,⁶⁰ Horizon

55 EU, *Official Journal of the European Communities*, C 332, 31 December 1990. <https://eur-lex.europa.eu/legal-content/EN/HIS/?uri=CELEX:51990AC1046>

56 EC, *Social Business Initiative. Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation*, 2011. <https://ec.europa.eu/transparency/regdoc/rep/1/2011/EN/1-2011-682-EN-F1-1.Pdf>

57 GECES, *Social enterprises and the social economy going forward*, 2016. https://ec.europa.eu/growth/content/social-enterprises-and-social-economy-going-forward_en

58 EU, *Regulation (EU) No 1296/2013 of the European Parliament and of the Council of 11 December 2013 on a European Union Programme for Employment and Social Innovation ("EaSI") and amending Decision No 283/2010/EU establishing a European Progress Microfinance Facility for employment and social inclusion*. Official Journal of the EU, 2013. <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:347:0238:0252:EN:PDF>

59 EC, *European Regional Development Fund*. https://ec.europa.eu/regional_policy/en/funding/erdf

60 EC, *Promoting Social Enterprise*, European Social Fund. <https://ec.europa.eu/esf/main.jsp?catId=531&langId=en>

2020⁶¹ which supports research for social or eco-innovation⁶² LIFE⁶³ for environment and climate action and Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME)⁶⁴ for competitiveness of enterprises and SMEs. As part of the European Social Entrepreneurship Fund⁶⁵ a label was introduced that identifies funds focusing on European social businesses – this included a specific definition. However, the uptake of this fund type was minimal and the regulation was amended in 2017 to expand the definition and broaden the “positive social impact of the qualifying investment” from “social impact on marginalised and vulnerable groups” to “services and goods generating social return”.

InnovFin,⁶⁶ under the European Investment Fund, supports financing for investments in research and innovation to companies that are ‘impact-driven enterprises’.⁶⁷ The Impact Investing Initiative that is part of this instrument aims to promote an investment approach whereby social and/or environmental goals are intrinsic to the strategy of financial intermediaries and investments will target enterprises offering entrepreneurial solutions to societal issues and generating benefits to society alongside economic value creation. Another example under the Fund is the Social Impact Accelerator: a fund created in 2015 with the European Investment Bank group that targets social enterprises.

As part of the 2021-2027 MFF, the EU has launched the European Green Deal’s Investment Plan – the Sustainable Europe Investment Plan⁶⁸ that “will target climate, environmental and social investments, the latter as far as they are related to the sustainable transition”. The InvestEU Programme – EU Investment Fund 2021-2027,⁶⁹ is part of this and uses an EU budget guarantee to crowd-in other investors. This fund merges 14 financial instruments, including the European Fund for Strategic Investments, EaSI Microfinance and Social Enterprise Guarantees and others which leverage financial support to the social economy. While the previous MFF included measures to develop the social economy, it is still unclear what will be

developed through this MFF. The aim is to mobilise €650 billion over seven years, with a target of 40% to be climate investments targeting infrastructure and innovative projects – similar to the target in the European Fund for Strategic Investments. The regulation will encourage all projects under InvestEU to undergo ‘sustainability proofing’. However, there is some criticism of the fund proposal,⁷⁰ in that the sustainability targets are focused only on infrastructure investment, with little explanation as to how sustainability will be ensured. The fund will mainly be implemented through the European Investment Bank, which has pledged to dedicate 50% of its operations by 2025 to climate action and environmental sustainability.

Research, networking and interregional collaboration

There is support provided for policy research and networking: the Better Entrepreneurship Online Tool⁷¹ was created by the OECD and the EC, together with relevant stakeholders in social enterprise. It looks at seven action areas that are critical to the social enterprise ecosystem: the social entrepreneurship culture; the institutional framework; the legal and regulatory frameworks; access to finance; access to markets; skills and business development support; and impact management, measurement and reporting. The EU supports the European Network for Social Enterprises and Impact Driven Leaders, Euclid, which has members from 21 countries.⁷²

The European Social Economy Regions pilot was launched in February 2018.⁷³ This aimed to raise awareness and set up functional networks of social economy stakeholders at regional and local level with EU support, including encouraging the collaboration between social economy and traditional enterprises. Building on the success of this pilot, a new call for proposals was launched in April 2020 under the COSME programme.⁷⁴ It aims to enhance interaction and improve collaboration between existing social economy networks and stakeholders at regional and local level, and to boost

61 EC, *Horizon 2020*. <https://ec.europa.eu/programmes/horizon2020/en>

62 EC, *Eco-innovation Action Plan*. https://ec.europa.eu/environment/ecoap/about-action-plan/union-funding-programmes_en

63 EC, *LIFE programme*. <https://ec.europa.eu/easme/en/life>

64 EC, COSME. Europe’s programme for small and medium-sized enterprises. Internal Market, Industry, Entrepreneurship and SMEs. https://ec.europa.eu/growth/smes/cosme_en

65 EU, *Regulation (EU) No 346/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds*, Official Journal of the EU, 2013. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0346&from=EN>

66 European Investment Bank, *What InnovFin products are available and who can benefit from them?* <https://www.eib.org/en/products/blending/innovfin/products/index.htm>

67 European Investment Fund, *EFSl Equity Instrument Addendum to the indicative Annex II to the Open Call for Expression of Interest introducing the new Impact Investing initiative*. https://www.eif.org/what_we_do/equity/efsi/call/Addendum_innovfin_impactinvesting.pdf

68 EC, *Commission Communication on the Sustainable Europe Investment Plan, 2020*. https://ec.europa.eu/commission/presscorner/detail/en/fs_20_48

69 EC, *What’s next? The InvestEU Programme (2021-2027)*. https://ec.europa.eu/commission/priorities/jobs-growth-and-investment/investment-plan-europe-juncker-plan/whats-next-investeu-programme-2021-2027_en

70 *Climate Action Network Europe, Future EU investment package falls short of climate ambition*, press release: 16 January 2019. <http://www.caneurope.org/publications/press-releases/1724-future-eu-investment-package-falls-short-of-climate-ambition>

71 OECD, *The Better Entrepreneurship Policy Tool*. <https://betterentrepreneurship.eu>

72 Euclid Network. <https://euclidnetwork.eu>

73 EC, *The European Social Economy Regions 2018 Pilot*, Internal Market, Industry, Entrepreneurship and SMEs, 2018. https://ec.europa.eu/growth/content/european-social-economy-regions-2018-pilot_en

74 EC, *Social economy missions, 2020*. <https://ec.europa.eu/easme/en/section/cosme/cos-sem-2020-4-01-social-economy-missions>

interregional learning between social economy stakeholders (public and private sector), thereby contributing to a gradual building of a social economy community.

So what lessons can be drawn?

A pattern emerges among the different policies and funds within the EU: namely, that although there are many policies, funds and activities that support certain types of SIBMs, the EC in the past has mostly highlighted the social objectives and less so the environmental part of the mission. The environment and climate priority is gaining much more traction with the EU Green Deal and this trend is also clear in the proposal for the 2021-2027 MFF, which is most welcome. It will be important, though, to make sure a balance remains to ensure both social and environmental outcomes are kept high on the agenda and synergies are sought. A more worrying pattern is the tendency to neglect the other structural characteristic of SIBMs, namely inclusive governance, in the instruments in internal policies, just as it is neglected in external policies. This is equally important as the social and environmental mission of the enterprise and future EU policies should duly take into account that characteristic of SIBMs, which makes them a promising actor in the fight against inequalities.

Despite these gaps, internal EU policies can inspire future external policies. The fact that there are specific funds for the social economy under the Investment Plan for Europe (‘Juncker Plan’) is a key difference between the EU’s internal and external policies. This is notable, because the EIP is modelled on the Juncker Plan, but, sadly, such specific funds were not included in the EIP. Creating specific funds or investment windows for sustainable and inclusive businesses can help alleviate the challenges they face such as accessing finance. It is also a recognition that SIBMs have particular potential for community-led and human rights-based development, as well as for reducing inequalities. Their own specificities and challenges require tailored policies and instruments: a one-size-fits-all approach cannot be applied to all actors in the private sector.

Opportunities ahead

This report has identified some of the challenges that sustainable and inclusive businesses face in EU partner countries and how EU external policies are not adequately addressing them. However, the new EU political priorities exemplified by the European Green Deal and the Economy that Works for People could provide opportunities to enhance EU external policies.

For example, when adopting the European Green Deal at the end of 2019, the EU noted the importance of fostering new business models able to contribute to the just transition and a circular economy. The European Green Deal also stated that sustainability should be further embedded into the corporate governance framework of European companies, “as many companies still focus too much on short-term financial performance compared with their long-term development and sustainability aspects.”

Linked to this, European Commissioner for Justice, Didier Reynders, explained that the Commission will table legislative proposals in 2021 related to sustainable corporate governance and human rights due diligence. These will aim to foster longer-time horizons in corporate decision-making, incentivise sustainable business models and increase corporate accountability for human rights and environmental harm. Although nothing new for sustainable and inclusive businesses, which are already championing these goals, those moves have been long-awaited and are welcome. They should contribute to ensuring some of the distinctive features of SIBMs become mainstream, and to partially levelling the playing field. They should also increase demand for international business partnerships with sustainable and inclusive businesses. Many elements proposed under the EC’s renewed sustainable finance strategy could contribute to driving investments towards sustainable companies and activities, while hopefully discouraging investments in unsustainable activities through a brown taxonomy and building an improved playing field for sustainable and inclusive businesses.

In addition, European Commissioner for Jobs and Social Rights, Nicolas Schmit, has been tasked with developing a new EU Action Plan for the Social Economy by the end of 2021. Aimed at enhancing social investment, supporting social economy actors and social enterprises to start-up, scale-up, innovate and create jobs, it will focus on the social economy in Europe⁷⁵ but will also include proposals for a coherent approach in external policies.

These upcoming initiatives show that the EU is taking note of the added value that SIBMs have brought and continue to bring to key EU priorities such as the Green Deal and an Economy that Works for People. The EFSD (replaced by the EFSD+ in the 2021-2027 EU budget) should prioritise SIBMs for private sector support in the EU’s external action.

⁷⁵ EC, *Commission Work Programme 2021: A Union of vitality in a world of fragility*, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, 2020. https://ec.europa.eu/info/sites/info/files/2021_commission_work_programme_en.pdf

RECOMMENDATIONS FOR THE EU AND MEMBER STATES



International partnerships and development cooperation

To support awareness-raising, information exchanges and participation of sustainable and inclusive businesses in EU policy dialogues in partner countries, the EU and its Member States should:

- Facilitate cross-country learning to generate and disseminate knowledge of policies conducive to SIBMs and the institutional and political contexts that facilitate such policies.
- Ensure sustainable and inclusive business actors are part of EU Delegations' and Headquarters' dialogues with the private sector.
- Provide adequate information and training to EU Delegation staff through technical assistance and cooperation with local sustainable and inclusive business networks.
- Allocate EFSD+ funding for technical assistance (pillar 2) and capacity-building (pillar 3) to support governments to develop adequate legal and regulatory frameworks that allow sustainable and inclusive enterprises to flourish.
- Include sustainable and inclusive businesses in public-private dialogues on investment climate improvements.
- Set up a structured dialogue with Member States in order to define common approaches to international cooperation policies supporting SIBMs.

To provide access to finance that supports sustainable and inclusive businesses, the EU and its Member States should:

- Orient external investment tools such as the EFSD+ to prioritise sustainable development impact aligned with the Paris Agreement over financial leverage or return on investment.
- Articulate criteria to support SIBMs and ensure that DFIs are incentivised, for example, by adding SIBMs as a policy objective of the EFSD+, to ensure proposed investment programmes have a significant number of sustainable and inclusive business beneficiaries.
- Ensure that DFIs, including the European Investment Bank, replicate the internal market guarantee instruments designed for social enterprises, as part of their proposals to use the EFSD guarantee instrument. However, instead of focusing only on social enterprises, they should focus on sustainable and inclusive businesses more broadly as outlined in this paper.

- Promote, engage and address the specificities of sustainable and inclusive business actors in the design, implementation, monitoring and evaluation of programmes, addressing their specificities in the EU external financing instruments such as the Neighbourhood, Development and International Cooperation Instrument, national development budgets and development cooperation programmes, including Aid for Trade strategies.

To support the uptake of sustainable and inclusive business models by entrepreneurs in partner countries, the EU and its Member States should ask their Delegations and Embassies to:

- Map the challenges and experiences faced by sustainable and inclusive businesses in partner countries to better understand the nature of the challenges that arise from both the internal dynamics and the external relations of these enterprises with states, market actors and institutions.
- Support awareness-raising campaigns with students and future entrepreneurs, with specific attention to women and youth.
- Support the establishment of structures to coach entrepreneurs who wish to set up a business and advise them on the various legal forms and financing mechanisms for sustainable and inclusive businesses, involving local sustainable and inclusive business networks to this end.
- Promote SIBMs by giving them a dedicated section in the project web portal announced under the technical assistance pillar of the EIP which would build on the experience gained from the European Investment Advisory Hub and the European Investment Project Portal.



Trade and investment

To ensure trade and investment support SIBMs, the EU and Member States should:

- Include measures to support SIBMs in the 2021 Trade Strategy.
- Ensure that EU trade agreements systematically include measures to support not only small and medium enterprises but also sustainable and inclusive businesses and their start-ups.

- Pay particular attention, when conducting sustainability impact assessments, to the impact of contemplated trade and investment provisions on sustainable and inclusive businesses, both in Europe and in partner countries. Review provisions that put them at disadvantage or generate unfair competition with conventional business enterprises.
- Make sure investment treaties and investors' protection mechanisms do not prevent partner countries from favouring their local sustainable and inclusive businesses.
- Add a component or pillar on SIBMs in all EU–Africa and other EU-sponsored business fora, the Sustainable Business for Africa Platform and other similar initiatives.



Economic diplomacy

To build strategic diplomatic relations enabling collaboration and peer learning between European and partner country sustainable and inclusive businesses, the EU and its Member States should:

- Set up SIBM missions. These should comprise a mix of high-level political and business meetings between the EU and a specific third country. Experience could be used from the EU circular economy missions⁷⁶ to third countries.
- Support inter-company pitching and matchmaking sessions between sustainable and inclusive businesses and clusters based in the EU and those in partner countries.
- Facilitate cross-border cooperation between different sustainable and inclusive businesses to allow them to expand their business and further increase their resilience and the sharing of best practice. Recognise sustainable and inclusive business networks as hubs for long-term dialogue between enterprises.
- Support (and help create) more opportunities for more best practices to emerge – this could be achieved by promoting business partnerships between EU-based sustainable and inclusive businesses and such enterprises in partner countries.



External aspects of EU entrepreneurship and SME policy

To support networking and trading relations between sustainable and inclusive businesses in the EU and partner countries through domestic entrepreneur and SME policies, the EU should:

- Make SIBMs a core constituency of EU-funded domestic programmes aimed at supporting international

matchmaking among businesses and stimulating innovation; expand the geographic scope to cover more countries in the Global South to allow the vibrant SIBM community in those countries to become potential trade and sourcing partners for EU companies.

- Enable sustainable and inclusive businesses in the EU to network and find sustainable and inclusive trading and sourcing partners in partner countries by adding this dimension to the next edition of the 'European Strategic Cluster Partnership for Going International' under the European Cluster Collaboration Platform, an action of the Cluster Internationalisation Programme for small and medium enterprises of the EC.



Monitoring and reporting

To ensure monitoring of EU instruments and policies to support sustainable and inclusive businesses, the EU and its Member States should:

- Include quantitative and qualitative indicators on support to SIBMs in the monitoring tools of external action instruments and gather evidence on how the projects funded contribute to achieving the 2030 Agenda and the Paris Agreement, as well as reducing poverty and inequality.
- Include local, regional and global CSOs and networks as partners in monitoring the implementation of external action instruments and policies.
- 'Tag' all projects aimed at supporting SIBMs and dedicate a specific section in annual progress reports to SIBMs, including in the EU's annual Aid for Trade report.⁷⁷



Global agenda

To promote sustainable and inclusive business models also at relevant multilateral fora, the EU and its Member States should:

- Put the topic of SIBMs on the agenda of relevant global meetings, such as the G20, the World Economic Forum, the Spring meetings of the International Monetary Fund and World Bank Group and the UN Economic and Social Council (ECOSOC) High-level Political Forum.
- Engage in the discussion on the UN resolution on the social and solidarity economy, at the initiative of the UN Inter-Agency Task Force on Social and Solidarity Economy, by promoting the acknowledgement of the specificities and potential of sustainable and inclusive business models.

⁷⁶ The circular economy missions and other outreach activities are part of the EU's economic diplomacy as acknowledged in the Council conclusions 'More circularity – Transition to a sustainable society', adopted on 4 October 2019.

⁷⁷ EU, *EU Aid for Trade Progress Report 2019*, 2019. <https://op.europa.eu/en/publication-detail/-/publication/0b52b2e0-e8e3-11e9-9c4e-01aa75ed71a1>

ANNEX 1: INSPIRATIONAL SUSTAINABLE AND INCLUSIVE BUSINESSES FROM AROUND THE WORLD



ELIO Social Laundries

Funded by Caritas, ELIO Social Laundries is a self-sustaining social economy enterprise in the municipality of Šabac, Serbia, that generates funds to be reinvested into targeted social services. ELIO provides employment opportunities to women from marginalised groups, for example women with partial physical or mental disabilities. Its services are also free for people in vulnerable situations, especially beneficiaries of the Caritas Šabac home care service. The ELIO laundries not only enable marginalised women to access employment, but also financially support other social services run by Caritas in the region. Besides the social component, this laundry service is environmentally friendly, having made conscious sustainability choices about the detergents and machines used.



CORR – The Jute Works

CORR (Christian Organization for Relief and Rehabilitation) has set up the Jute Works (CJW), a women's non-profit handicraft marketing trust and exporter of quality handicrafts in Bangladesh. At present, this fair trade organisation is made up of 212 artisan groups with 5,941 artisans (92% women) in 33 districts. CJW is one of Bangladesh's largest exporters of handicrafts and represents artisans in 154 home-based workshops with the aim of empowering rural women through handicraft production, animal husbandry and small job creation projects, providing job training and leadership skills. CJW has received the National Export Trophy (an award from the Bangladeshi government) for exporting handicrafts 13 times, the President's Award for Industrial Development 2017, and the International Grand Prix for Commercial Quality EUROPE-88.

Its mission is capacity building of marginalised people – especially women, persons with disabilities and indigenous people – ensuring trade justice, market access and improved living standards. Governance is both inclusive and diverse, with the cooperative groups organised according to the by-laws of the group and the Board of Trustees ensuring women and artisans participate in the management and decision-making.



Cresaçor

Cresaçor provides economic-financial consulting services for sustainability and autonomy, particularly for micro-enterprises, in the Azores Region of Portugal. Its mission is to promote solidarity, economy and community development, supporting the values of cooperation, identity and sustainability, with special focus on people, culture and environment. Its general objectives include increasing access to education, training, jobs and microcredit, and supporting the creation of solidarity economy initiatives.

Cresaçor attributes certain results gained to operating as a SIBM, including efficiency in the use of resources, capacity for innovation, exploration of alternative business ideas and the creation of economic stability. A large part of the projects developed by Cresaçor and Incentive Systems in the Azores Region are financed by the EU, which means certain criteria are required. In these projects, Cresaçor seeks to promote social inclusion and develop sustainable practices. The EU funding supports incentives for investment and the possibility of obtaining financing. As a result of this support, Cresaçor has increased job creation, value creation and wealth. Tourism, agriculture and fishing are the priority areas requiring further EU support.

It would welcome various improvements to EU support, including: reduced project approval times, improved conditions in the scope of microcredit (increasing the financed amount and extending the amortisation period), increased areas of activity covered by funding, and reduced bureaucracy of processes.⁷⁸



Coalition of Women Farmers in Malawi

The Coalition of Women Farmers in Malawi (COWFA), a partner of ActionAid Malawi, brings together 300,000 women farmers from across the county. As a response to inappropriate public support and the failure of synthetic nitrogen fertilisers and chemical pesticides subsidised or distributed by the government to support conventional agriculture, COWFA champions agroecology. New practices are shared with fellow women farmers through seed fairs and learning visits. COWFA pleads with the authorities for extension services focusing on agroecology and for the effective implementation of women farmers' land rights. It uses collective marketing and bargaining approaches to secure greater market access for its members. It also trains its members on violence against women and set up a help system as women's economic rights are intrinsically linked to their bodily integrity.

⁷⁸ European Microfinance Network, *Cresaçor*. <https://www.european-microfinance.org/organisation/cresacor>

COWFA operates as an NGO but is working on becoming a formal national cooperative for women farmers. In a cooperative, women farmers would be able to shoulder costs and complement each other's skills to optimize returns. Obstacles in establishing the cooperative include: women's needs for capacity building before set-up and continuous training after set-up; COWFA's need for machinery, warehousing, financial support and technical support to set up as a cooperative; distance – since the women operate nationwide (in all districts). The intention is therefore to have one central operating unit at national level, and establish satellite units in the targeted districts/regions.



EZA

EZA has distributed fair trade products in shops and supermarkets across Austria since 1975. Products include food and handicraft articles from 48 countries in Africa, Asia, Latin America and the Near East. Its most important product is coffee, accounting for 41% of total turnover. EZA sees its model as an SIBM, due to having a holistic approach that integrates social, economic and ecological sustainability. Inclusivity is demonstrated by inclusion of marginalised producers, diverse marketing and export organisations, fair trade importers, sellers and consumers within its value chain and business model. EZA tries to build networks from regional to global levels. To be recognised as an SIBM, EZA expects criteria and codes of conduct to be in place, ensuring serious engagement.

The organisation is challenged by the requirement to balance financial needs across internal and external stakeholders with product prices acceptable to clients, demands of local market trends and EU regulations along with necessary innovation and product changes, and the need to compete with 'less ethical' organisations that are perceived as sustainable and inclusive businesses, but are not full fair trade models. As a result of the SIBM approach, EZA has innovated and seen increasing demand from new products that connect the consumer more closely with the cause, for example fair trade and organic coffee, produced by women for female empowerment. There are other examples, all with integrated sustainability principles. EZA's fair trade suppliers are sometimes affected by strict EU regulations that help to improve their health and safety, but create new challenges for workers and producers. Others can be negative, for example the EU Organic Regulation that will increase the cost of organic certification for trading partners and small producers and may hinder market access for organic products in the future.⁷⁹

⁷⁹ EZA. <https://www.eza.cc/eza-english>

⁸⁰ World Fair Trade Organization, *Creating the New Economy: Business models that put people and planet first*, 2020. https://wfto-europe.org/wp-content/uploads/2020/01/Business_Models_Report_.pdf



Fundación Creaciones Miquelina

Miquelina is a high-performance outdoor garment manufacturer based in the high Colombian Andes. Its vision is to reduce poverty and unemployment among Colombian women affected by civil conflict. The founders and Steering Committee are committed to prioritising its social mission. Profits are reinvested in equipment and donations are made to associated projects, including a housing cooperative, canteen, nursery and training facilities.

One of the major challenges Miquelina faces is a lack of public awareness of its existence. It cites areas where it could benefit from increased support as public awareness creation, advice on available support and ongoing employee training.⁸⁰



Holy Land Handicraft Cooperative Society

The Holy Land Handicraft Cooperative Society (HLHCS) was established as a means of countering the deterioration of the local handicrafts industry caused by the political situation, which had begun by the late 1970s. The cooperative started encouraging coordination between local independent producers and business people, establishing joint projects and facilitating cooperative problem solving. The idea was to build a network of producers who own workshops, facilitating the marketing of their articles inside and outside the Bethlehem area. The cooperative strives to alleviate local poverty, decrease unemployment and increase income, sustaining at the same time the handicrafts industry to save the traditional heritage. The cooperative, a member of the World Fair Trade Association, aims to create opportunities for economically disadvantaged producers by paying them fair prices. By improving incomes via fair pricing, HLHCS provides local people with stability and a reason to believe that emigration is not the solution.

Within its operations, HLHCS prioritises good working conditions and environmental practices of its members. It is the only organisation in the occupied Palestinian territory working to improve workshop conditions and installing instruments which reduce pollution. Decisions are made by a board, with input provided by non-members and proposals usually shared with the administration team. In terms of workforce selection, HLHCS considers capability above gender, but local traditions imposed on women remain, reducing gender diversity. Unlike some of its artisans, being a sustainable and inclusive business and part of a fair trade organisation has meant having customers who are also part of ethical organisations. During the coronavirus pandemic, these relationships have protected HLHCS from the risks of cancellation of orders and payments, as their customers hold similar values on human rights and ethics.

HLHCS is challenged by competitors producing cheaper imitations of its crafts, as well as the ongoing issues presented by the political situation in the occupied Palestinian territory. Priority areas where the EU can support HLHCS are in improving the standard of living and promoting peace in the occupied Palestinian territory, and it believes the EU is doing a good job here. An area of improvement is around the rate of change of EU initiatives. For HLHCS, change is good, but embedding changes can take up to two years in its culture, therefore the changes need to be sustained for longer to realise their benefits.^{81,82}



Mifuko

Mifuko is a Finnish design company producing handicrafts in Kenya such as baskets, jewellery and bags. It boasts a supply chain that is completely transparent. By investing into improving its online platform, it has enabled consumers to engage more with the artisans. Aside from a regular and decent income, a key aspect of innovation is in the working conditions and practices to adapt to the context of the local community. Mifuko allows artisans to work from home, determining their own shift patterns. It makes payments directly to the artisan groups who then share it with the producers (that is, without intermediaries that increase costs) and shares materials directly with the artisans to ensure they avoid otherwise day-long travelling time. For some people, working with Mifuko is now their most important source of income. Young women from rural families have been able to return to their home villages from big city slums because of the work provided by Mifuko. The women can now buy products and services from others in their villages, benefitting the whole community.

Mifuko has not yet had the capacity to research the way in which the EU could support it but gave examples of the initiatives provided by the Finnish government; this offers financial assistance for researching business opportunities, and a matchmaking service connecting operators in Finland and developing countries.⁸³



Burt's Bees

Burt's Bees (a certified B Corporation) has been producing natural beauty products for 25 years, sourcing natural ingredients and committing to create a natural environment for pollinators to prosper and live. Its business philosophy is based on the 'greater good': benefit the people, the planet and make profit. Burt's Bees has also committed to create a better environment for wild bees, populations of which have massively declined in recent years. It invites people to plant flowers or 'adopt a beehive'. Respecting nature is at the core of Burt's Bees' philosophy. It packages all its products in recyclable materials, has land-fill free operations and is carbon-neutral. Burt's Bees has reviewed its supply chain, with 99% of its manufacturing suppliers having completed a third-party responsible sourcing self-assessment. It has introduced circular economy models to its business – whereby packaging (in the USA) can be collected by mail for end-of-life recycling at no cost to the consumer while also raising money for their favourite charity.

On social impact, Burt's Bees set up the Greater Good foundation to support non-profit initiatives. The brand also gives back to the communities it sources its raw products from, by supporting access to water, safeguarding women and children's rights and promoting biodiversity. Burt's Bees provides mandatory sustainability training to all employees, aiming to give them a broad view of global sustainability issues and take that knowledge into their homes and communities. Employees spend up to 30 hours a year training in the areas of environmental stewardship, social outreach, natural wellness and leadership. The company is aiming to have zero waste, use 100% renewable energy and 100% biodegradable packaging by 2020, and to achieve leadership in energy and environmental design certification for all of its buildings. Employee pay is based, in part, on sustainability metrics as well as traditional measures, such as profit. The company also matches employee donations to charity and supports volunteering by staff.

Burt's Bees has inclusive practices involving and incentivising employees in shaping its sustainability programme. It sees its biggest challenge as employee engagement – as it believes that employee activity is crucial in building a sustainable business model but can also make a difference to customers and communities. Burt's Bees is interested in helping employees think in terms of lasting change, and believes this is often overlooked as an impact of a sustainable business.

81 Bethlehem Handicraft Platform. *The Holy Land Handicraft Cooperative Society*. <https://bethlehemhandicraft.org/members/hlhcs/>

82 World Fair Trade Organization, *Creating the New Economy: Business models that put people and planet first*, 2020. https://wfto-europe.org/wp-content/uploads/2020/01/Business_Models_Report_.pdf

83 Mifuko, Social impact. <https://mifuko.com/pages/social-impact>



Patagonia

Patagonia is a family-owned, for-profit US company (certified B Corporation) producing outdoor clothing whose strategic goal is to make high quality products for its customers and at the same time minimise the environmental impact of its products beside its profit motive. It is known for its strong record of environmental and social stewardship. It is famous for putting profit over purpose and demonstrates many features of a SIBM within its core values and how it runs its operations. While many companies are adopting environmental and socially responsible practices, for over 45 years, Patagonia has been an industry leader in sustainable practices, environmental activism and advocacy for public lands protection. Product manufacture considers repairability, to limit ecological impacts with goods that last for generations.

Values of transparency and equality inform decisions that are favourable for the planet, which leads Patagonia to review its supply chain to reduce the environmental harm its products cause. In addition, it offers services for customers to reuse, repair or return items – adopting a circular economy approach. For almost 40 years, Patagonia has supported grassroots environmental groups working on solutions for the climate crisis and is connecting individuals with grantees. Employees use their roles in the sports community to drive positive social and environmental change or can take paid work secondments to environmental groups. Patagonia also co-founded and adopted its ‘self-imposed Earth tax’ – 1% for the planet. When recruiting, it hires the person who’s most committed to saving the planet. It has an on-site childcare centre run by bilingual teachers trained in child development. As a result of this initiative, 100% of women return to work after childbirth, creating the capacity to establish gender equality. About half of its leaders are women. To address diversity in future workforce planning, Patagonia partnered with the Greening Youth Foundation, which is helping to bring black and minority ethnic people into its internship programme.

The challenge for Patagonia is to expand its market share to promote and then measure ‘good growth’ based on a more sustainable future where consumption is reduced, prices are higher for lasting reusable goods and technological innovation reduces manufacturing impacts.^{84,85,86,87}

84 <https://www.patagonia.com/core-values>

85 <https://www.patagonia.com/activism>

86 <https://crm.org/articles/patagonias-customer-base-and-the-rise-of-an-environmental-ethos>

87 <https://www.newyorker.com/business/currency/patagonias-anti-growth-strategy>

ANNEX 2: INTERVIEWED AND PEER REVIEW EXPERTS

CONCORD, the Fair Trade Advocacy Office (FTAO) and Cooperatives Europe want to express their appreciation to all the interviewed experts who enriched our thinking for this report with their valuable insights. However, any inaccuracies are the responsibility of CONCORD Europe, FTAO and Cooperatives Europe.

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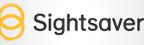
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LIST OF ABBREVIATIONS

ACP	African, Caribbean and Pacific
CBT	Community-Based Tourism (initiative, Myanmar)
COSME	Competitiveness of Enterprises and Small and Medium-sized Enterprises
COVID-19	Coronavirus SARS-CoV-2
CSO	Civil society organisation
DFI	Development finance institution
EC	European Commission
EFSD	European Fund for Sustainable Development
EIP	External Investment Plan
EU	European Union
Euclid	European Network for Social Enterprises and Impact Driven Leaders
G20	Group of Twenty
ILO	International Labour Organization
MFF	Multiannual Financial Framework
MSME	Micro, small and medium-sized enterprise
NGO	Non-governmental organisation
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
OECD CRS	OECD Creditor Reporting System
SDG	Sustainable Development Goal
SIBM	Sustainable and inclusive business model
SME	Small and medium-sized enterprise
UN	United Nations

OUR MEMBERS

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<p>GLOBAL FOCUS Danish CSOs for Development Cooperation</p>	 <p>AKÜ</p>	<p>fingo</p>	 <p>COORDINATION SUD</p>	 <p>VENRO ASSOCIATION OF GERMAN DEVELOPMENT AND HUMANITARIAN AID NGOs</p>	 <p>Hellenic Platform for Development</p>	 <p>HAND</p>
<p>Dochas The Irish Association of Non-Governmental Development Organisations</p>	 <p>Network of NGOs in campo per lo sviluppo e l'emergenza CONCORD ITALIA</p>	 <p>LAPAS WWW.LAPAS.LV</p>	 <p>Lithuanian National Non-Governmental Development Cooperation Organisations Platform LITDEA</p>	 <p>Cercle de coopération des ONGD DU LUXEMBOURG</p>	 <p>SKOP Solidarjėta u Koperazzjoni</p>	 <p>PARTOS</p>
 <p>ZAGRANICA</p>	 <p>ONGD PORTUGUESA</p>	 <p>FOND Federacia Organizacjo laj Nigromenton per la Socio de la Financo</p>	 <p>Ambrela Platform for Development Organisations</p>	 <p>SLOGA SLOVENIAN GLOBAL ACTION</p>	 <p>COORDINADORA ESPAÑA</p>	 <p>C&NCORD SWEDEN</p>
 <p>bond</p>	<p>NETWORKS</p>	 <p>actalliance eu Formerly APRODEV</p>	 <p>act:onaid</p>	 <p>ADRA</p>	 <p>care</p>	 <p>caritas europa</p>
 <p>cbm together we can do more</p>	 <p>ChildFund Alliance</p>	 <p>CIDSE together for global justice</p>	 <p>eucord European Christian Organisations for Humanitarian Development</p>	 <p>GNDR Global Network of Civil Society Organisations for Disaster Reduction</p>	 <p>Habitat for Humanity Europe, Middle East and Africa</p>	 <p>humanity & inclusion</p>
 <p>IPPF International Planned Parenthood Federation European Network</p>	 <p>ISLAMIC RELIEF</p>	 <p>LIGHT FOR THE WORLD</p>	 <p>OXFAM International</p>	 <p>PLAN INTERNATIONAL</p>	 <p>Save the Children</p>	 <p>Sightsavers</p>
<p>solidar</p>	 <p>SOS CHILDREN'S VILLAGES INTERNATIONAL</p>	 <p>Terre des Hommes International Federation</p>	 <p>wecf</p>	 <p>World Vision</p>	 <p>WWF</p>	<p>ASSOCIATE MEMBERS</p>
 <p>ALDA European Association for Local Democracy</p>	 <p>ea ea EUROPEAN ASSOCIATION FOR THE EDUCATION OF ADULTS</p>	 <p>EUROPEAN PARTNERSHIP FOR DEMOCRACY</p>	 <p>NRC NORWEGIAN REFUGEE COUNCIL</p>	 <p>With the support of the European Union</p>		

