

Opening session: **How social entrepreneurship can help us achieve sustainable social progress**

Intervention by *Mr. Angel Gurría*, Secretary General, OECD

Eminenze,

Eccellenze,

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Speakers,

Signore e Signori,

mi fa particolarmente piacere presenziare a questo evento, che l'OCSE ha organizzato con il CNEL, che ci ospita in questa prestigiosa sede, e con il Pontificio Consiglio della Giustizia e della Pace.

From recovery towards sustainable growth and social progress: what role for social entrepreneurship?

This is a very timely meeting. It is taking place only a few weeks after two important OECD events: the OECD Forum, devoted to *The Road to Recovery: Innovation, Jobs and Clean Growth*, and the Ministerial Council Meeting, *From Recovery to Sustainable Growth*.

The world economy is beginning to emerge, but recovery is fragile and slow, and unemployment is likely to remain high for quite some time. We certainly do not want a world returning to “business as usual”: we need to rebuild trust. The OECD maintains that what is needed is inclusive growth, in which social sustainability is embedded. The declaration adopted by OECD member countries during the recent Ministerial Council Meeting, made clear that “Prosperity, integrity and transparency are the keystone of an economy which commands the support and confidence of the people and serve their needs and aspirations”.¹ These are essential elements to move towards a different capitalism, an ethical one, which will ensure that people live in a *stronger, cleaner and fairer society*. Businesses have a role to play in achieving this. As stated by the Declaration: “the governance of companies should promote respect for the rule of law, board accountability and equitable treatment of shareholders and appropriate co-operation with stakeholders”.²

The OECD has been working for decades to build sound, reliable and multilaterally-agreed principles and standards for business ethics, such as the Guidelines for Multinational Enterprises, the Corporate Governance Principles, the Guidelines for State-Owned Enterprises, and the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. It is currently working with key stakeholders to revisit some of these instruments, in particular the Guidelines for Multinational Enterprises, to make them more effective and relevant.

This is also the broader framework where our work on social entrepreneurship and corporate social responsibility has been undertaken. It is an integral element of the wider, ongoing reflection on transparency, responsibility and ethics in the economy. OECD analysis has demonstrated that social entrepreneurship is one key tool to embed integrity and responsibility in our economies and societies. It

¹ Declaration on propriety, integrity and transparency in the conduct of international business and finance (adopted at the Council Meeting at Ministerial Level on 28 May 2010), C/MIN(2010)3/FINAL.

² Declaration on propriety, integrity and transparency in the conduct of international business and finance (adopted at the Council Meeting at Ministerial Level on 28 May 2010), C/MIN(2010)3/FINAL.

does so by placing people at the centre of economic undertakings, recognising a responsibility towards society, and ultimately by seeking to realise collective well-being as a pursued objective.³

The OECD has made a strategic contribution to the development of social entrepreneurship. It was the first international organisation to systematically explore the field and to provide a definition of social enterprises. In 1999 the OECD LEED Directing Committee endorsed a definition of social enterprises⁴ that has informed debates in many OECD countries, as well as inspiring some national laws on social enterprises such as in the United Kingdom, France and Italy, which have taken into account the main elements of the OECD definition. Currently the OECD is assisting the Slovenian Government in the preparation of its law on social entrepreneurship. We have been pathfinders.

Thanks to the increasing awareness that the OECD has helped to build, many countries are now looking at the important role of both social entrepreneurship and the social economy in addressing challenges. The OECD has been directly working with member countries, including France, Korea and Poland, to help foster and support social entrepreneurship. Such support, which has included non-member countries, has been through capacity building seminars and conferences, but also reviews with specifically tailored recommendations for individual governments.

What is the evidence for the sector?

Social entrepreneurship often goes hand in hand with social innovation, which seeks to improve people's lives by promoting social change. Social innovation has also been at the heart of OECD concerns and permeates the OECD Innovation strategy. Through its Forum on Social Innovations⁵, the OECD was the first international organisation to define it; something which is now inspiring the EU Commission to give social innovation high visibility in the 2020 Lisbon strategy.

Social entrepreneurship contributes to inclusive growth by reducing unemployment, poverty and social exclusion, particularly amongst disadvantaged and vulnerable groups. By giving on-the-job training to ethnic minority women; re-integrating former drug addicts or ex-offenders into the labour market; providing welfare services to single parents; and offering healthcare services to low income households, for example, social entrepreneurship plays an important role in building sustainable, inclusive economic and social progress.⁶

In several OECD countries, and beyond, a new wave of 'social venture capitalists' is emerging; leading entrepreneurs such as Bill Gates, Georges Soros and Sir Ronald Cohen, are devoting not only financial resources but also their entrepreneurial skills to foster entrepreneurship and creativity in distressed urban areas.

Far from being a phenomenon "*à la mode*", social entrepreneurship, in its various forms, today represents a consolidated, growing trend in most countries. For example, in the UK in 2010 1.2 million people, or 3.2% of the working-age population could be classified as social entrepreneurs⁷ whilst in Italy it

³ Noya, A. (ed) (2009), *The Changing Boundaries of Social Enterprises*, OECD, Paris.

⁴ OECD (1999) *Social Enterprises*, OECD, Paris.

⁵ <http://www.oecd.org/cfe/leed/forum/socialinnovations>

⁶ Examples of social entrepreneurship initiatives can be seen in "Social Entrepreneurship and Social Innovation", *SMEs, Entrepreneurship and Innovation*, OECD, 2010.

⁷ www.london.edu/assets/documents/facultyandresearch/GEM_UK_2006_Social_Entrepreneurship_Monitor.pdf

was estimated that in 2009 there were 15 000 social enterprises employing 350 000 employees, serving 5 million users and with an economic turnover of EUR 10 billion.⁸

Ongoing OECD work highlights the way in which social enterprises need an enabling environment with a legal framework and fiscal policies. An interesting example recently discussed at the OECD LEED Directing Committee is the Social Impact Bond launched by the UK. It was an occasion to assess how such an enabling institutional framework is essential to help the demand and the supply of social entrepreneurship find their way and meet. In effect, good social entrepreneurship initiatives need the support of sustainable sources of finance. The work of the OECD is a contribution to our efforts to set the institutions right.

The OECD will continue to fulfil its commitment to assist governments in placing ethics and values at the heart of business and markets place. The declaration on Propriety, Integrity and Transparency is complemented by two major OECD projects, which I have made a priority for our programme of work during the next biennium. I refer here to the horizontal project on “gender equity” and the project on “measuring progress”. The latter will comprise, among other tools, the development of new approaches to assess the impact and effectiveness of social enterprises.

Next year the OECD will celebrate its 50th anniversary and this will also be an occasion to reaffirm the social dimension of our economies. We will address the issue of social entrepreneurship in the OECD strategy to combat unemployment and poverty in member and non member countries. Within the framework of our enhanced engagement dialogue with global players and the G20, we will focus on supporting the social economy, social enterprises, and civil society more generally to help address the social impact of the crisis.

Eminenze,

Signore e Signori,

Permettetemi di concludere queste riflessioni augurando a tutti i partecipanti a questo importante evento un proficuo dialogo. Permettetemi inoltre di ricordare quanto sostenuto dal Premio Nobel per l’Economia Amartya Sen nel suo libro su “Etica ed economia”. E cioè che l’impoverimento dell’economia è dovuto al suo allontanamento dall’etica. E’ compito di tutti noi, oggi, capire come riavvicinarle!

La nuova imprenditorialità sociale è dunque una luce di speranza che va riconosciuta e valorizzata.

Grazie

⁸ www.irisnetwork.it