

Asian Development Bank (ADB)

Social Economy for Poor Communities

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Countries Cambodia (<http://www.adb.org/news/features/search/519>) ; Indonesia (<http://www.adb.org/news/features/search/512>) ; Singapore (<http://www.adb.org/news/features/search/493>)
Subjects Industry and trade (<http://www.adb.org/news/features/search/227>) ; Poverty (<http://www.adb.org/news/features/search/211>) ; Private sector (<http://www.adb.org/news/features/search/204>)

Social enterprises play a vital role in addressing social and environmental challenges in developing countries in Asia and the Pacific.

With a significant number of people living in extreme poverty in Asia and the Pacific, social enterprises, i.e., organizations that pursue social goals through commercial strategies, serve as a vital link to narrow the gap in the region's income disparity.

"Social enterprises harness the power of the market to tackle social and environmental problems in a sustainable, scalable fashion. They may be set up as a nongovernment organization (NGO) or a small business, but they operate like a business rather than a charity while pursuing their socially oriented mission," said Bart W. Édes, Director of ADB's Poverty Reduction, Gender and Social Development Division.

"The power of social capital markets lies not only in having great ideas but the ability for the ideas to meet investments."

- Professor Durreen Shahnaz, founder of IIX and Shujog

ADB supports sustainable and scalable models that combine private sector impact with the goals that are traditionally associated more with operational NGOs. These efforts are very much aligned with the United Nations' celebration of the International Day for the Eradication of Poverty on 17 October 2012, encouraging all to help uplift the situation of poor people around the world.

Impact on Asian poverty

Success stories involving social enterprises abound in Asia and the Pacific. For example, in Cambodia, thanks to Sahakreas Cedac Ltd., five thousand farmer families learned technologies to improve their rice production and build their cooperatives, providing them with links to markets where they can sell their produce. As a result, they are starting to earn higher income and can now afford to send more children to school.

In Indonesia, Kedai Balitaku or KeBal is using "kaki lima", an Indonesian food cart to provide healthy, affordable, and tasty food like the "Bubur Beras Merah" or red rice porridge to poor children in Jakarta. The enterprise has grown to four cooking centers and 22 food carts to help address malnutrition in the area.

Stories like these were shared in the first annual regional Impact Forum held in Singapore in June 2012. The Impact Investment Exchange Asia (IIX), also a social enterprise, organized the forum, while ADB supported some sessions to highlight outputs of an ongoing study on the creation of a platform to connect social enterprises with impact investors to benefit poor communities.

Ideas meeting investments

"The power of social capital markets lies not only in having great ideas but the ability for the ideas to meet investments. The Impact Forum presents the platform in which innovators can meet with investors who are inspired by the social enterprises' vision and bring this vision to a larger scale," said Professor Durreen Shahnaz, founder of IIX and Shujog, a Singapore-based, nonprofit sister organization of IIX that helps social enterprises around Asia to improve their organizational and fiscal accountability and enhance their governance in order to improve their attractiveness to potential investors.

Drawing upon Shujog's expertise, ADB has prepared reports that offer insight into the role of social enterprise in different sectors and developing countries in Asia.

Harnessing the power of the markets, ADB continues to collaborate with partners to strengthen the promotion of social entrepreneurship and impact investing for the benefit of the region's poor.

More stories like this:

- Faster, Better Services for Indonesia's Poor (<http://www.adb.org/features/faster-better-services-indonesias-poor>)

Photo

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More on ADB's work to fight poverty (<http://www.adb.org/poverty>)

ADB Projects: Micro, Small, and Medium-Sized Enterprise Development Project (<http://www.adb.org/projects/43566-013/details>)

Pilot Project on Weather Index-Based Crop Insurance in Bangladesh (<http://www.adb.org/projects/46284-001/main>)

Impact Investment Exchange Asia (<http://www.asiaiiix.com/>)

Shujog (<http://shujog.org/>)