

Innovations and social entrepreneurship: a powerful alliance

Social entrepreneurs play an important role in supporting the implementation of innovations to help the rural poor. By combining innovative ideas from individuals with investments from public, private, and civil society organisations, social entrepreneurs can create social change that guides rural institutions towards their goals.

“Never before in history has innovation offered promise of so much to so many in so short a time” – In the first part of his career, Bill Gates, famous entrepreneur and chairman of Microsoft, dedicated his innovative ideas to speeding up the personal computer revolution. Now, with the Bill and Melinda Gates Foundation, he is taking his entrepreneurial approach to “bringing innovations in health and learning to the global community”.

Social innovation – new strategies, concepts, ideas, and organisations that meet social needs – and social entrepreneurs – that recognise a social problem and use entrepreneurial principles to organise, create, and manage a venture to make social change – are promising approaches to rural development. By combining innovative ideas from individuals with investments from public, private, and civil society organisations, social entrepreneurs can create social change that guides rural institutions towards their goals.

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■ Three roles for social entrepreneurs

To implement innovations that can benefit the poor, three kinds of social entrepreneurs are needed: policy, programme, and business entrepreneurs.

Policy entrepreneurs well versed in policy processes are needed to expand successful local programmes into large-scale national programmes with a wider impact on poverty. Bringing about significant changes in policy at national or global levels requires change agents at the highest levels of decision-making, influencing policy-making in multi-lateral aid agencies, guiding national

systems towards specific strategies, or creating a local policy environment that enables other types of social entrepreneurs to be effective.

Programme entrepreneurs are instrumental in designing and implementing innovative programmes funded by development partners, national governments, and non-governmental organisations (NGOs). They can address local problems with innovative global solutions to reduce poverty and hunger.

Through institutional innovations such as promoting gender equality, more programmes can be offered to strengthen women's business skills.



Photo: J. Boethling

Social business entrepreneurs use business principles to implement social innovations. Business leaders who are successful in their field can bring their business acumen to bear in solving social problems – for example, a commercially successful physician who organises fellow doctors to provide health services to the rural poor at zero or minimal cost. Instead of seeing poor people as victims or a burden to society, social business entrepreneurs recognise them as potential consumers of their products and services. With little financial help or training, some poor people can be business-oriented social entrepreneurs.

■ Development impacts: three types of innovations

Different types of entrepreneurs can implement different types of innovations. Social policy entrepreneurs can help formulate and implement policy innovations, which deliver new policies and programmes to the entity adopting them. They can use their entrepreneurial skills to introduce technological innovations, which comprise technologically new products and processes and significant technological improvements in products and processes, that address social issues; and they can bring about institutional change by implementing institutional innovations, which redesign the roles, relationships and governance structures required to bring participants together in productive endeavours, and policy innovations.

The Table illustrates the nine success stories that document how policy, programme and business social entrepreneurs in different countries can respond to social challenges with

Policy innovations that provide social safety nets to the poor are being implemented by more and more social entrepreneurs around the world.

Mapping of rural innovation in social entrepreneurship

		Type of entrepreneurship		
		Programme entrepreneurship	Business entrepreneurship	Policy entrepreneurship
Nature of innovation	Technological innovation	Making farming profitable for poor farmers: H2Sol.	Energy through enterprise: E+Co	Free antiretroviral drugs: HIV/AIDS policy in Uganda
	Institutional innovation	Political representation and property rights: Progress for Rwandan Woman	Banking for the Poor: Grameen Bank	Kuthambakkam Village: Building good governance from the local level up
	Policy innovation	Village volunteers as agents of change: Tanzania's Iringa region	Entrepreneurship in rural development: Waldviertel management	Social safety nets for the poor: Mexico's Progresa

innovative policy, technological and institutional solutions. Each is introduced in turn.

Technological innovation and programme innovation. José Roberto Fonseca makes farming profitable to poor

farmers in Brazil's Northeast region. With the project H2Sol, he makes use of solar energy to amplify access to water and develop irrigation micro-systems, which permit agricultural production without wasting water. He is transforming the mentality of rural



Photo: Bilderbox.com

communities, accustomed to assistance programmes, by encouraging programmes that include community associative activities to share expenses and experience and the creation of social micro-companies that receive tax exemption, thus increasing their competitiveness. By employing a methodology that has the potential to be adapted to any region, José foresees H2Sol expanding with a 100-per cent rate of growth each year.

Technological innovation and business entrepreneurship. E+Co is a social investment enterprise that helps social innovators make clean energy investments that can reduce poverty and protect the environment. It combines technological innovations in the renewable energy sector with strong local leadership by social business entrepreneurs. E+Co finds great entrepreneurs, helps them establish clean energy businesses, and then invests. E+Co's innovative business model provides lasting

solutions to climate change and affordable energy and poverty in developing countries (www.eandco.net).

Technological innovation and policy entrepreneurship. In Uganda, a combination of strong government leadership in the fight against the HIV/AIDS epidemic – encouraging policy entrepreneurship – and innovations in the manufacturing of cheaper generic antiretroviral drugs, have contributed to a decline in the number of people living with HIV/AIDS in the country, and Uganda being used as a model of successful governmental policies against the HIV/AIDS epidemic.

Institutional innovation and programme entrepreneurship. In 2003, the New Constitution in Rwanda granted women a minimum 30 percent representation in all decision-making organs of the state. The new constitution also granted women the right to ownership and inheritance of land and prop-

erty. These institutional innovations favouring gender equality have led to increases in programme entrepreneurial programmes to train existing and potential women entrepreneurs. Programmes from the Center to Support Small and Medium Enterprises (CAPMER) regularly target women-owned businesses. Women now head 42 percent of enterprises and comprise 58 percent of enterprises in the informal sector.

Institutional innovation and business entrepreneurship. In Bangladesh, the removal of regulatory barriers in the banking sector allowed individuals to form microfinance groups. Today, the seemingly simple social innovation of helping poor rural women and men in Bangladesh to access small-scale, group-based loans through microfinancing continues to be a major poverty reduction strategy in rural Bangladesh, and far beyond.

Institutional innovation and policy entrepreneurship. In 1993, the Government of India passed the 73rd constitutional amendment supporting the rule of administrative bodies at the community level, or *panchayat raj*. This institutional innovation led to Rangaswamy Elango leaving his lucrative chemical engineer job in Chennai, India, to return to his village, Kunthambakkam, as a social policy entrepreneur to establish foundations for bottom-up development and good governance. He initiated improved local self-governance and community-controlled development in his village, leading to significant achievements in development – providing basic infrastructure and services for the village. Capacity building occurred not only in the village, but also across the state of Tamil Nadu and beyond, as other village leaders are being trained at the Panchayat Academy, which brings leaders from across the nation to Kunthambakkam to learn from the village's experiences and take back lessons to their own villages.

Social entrepreneurship and innovation: recommendations for rural development

To ensure that not only Bill Gates, but any other social entrepreneur has the necessary skills and resources to implement a good idea in the developing world, there are three main ways in which social entrepreneurship and innovation can be encouraged and supported.

Firstly, programme, technological and policy innovations have the potential to significantly improve living conditions for the rural poor – but only if there are appropriate numbers of social entrepreneurs to implement such innovations. The design of cost-effective methods to expand their number and improve the environments within which they operate effectively would greatly enhance the capacity to address developing-country poverty and hunger problems at local, national, and international levels. Building capacity for social entrepreneurship among poor people themselves and connecting them with financial markets could transform poor societies.

Secondly, although successful, many social entrepreneurship projects are largely isolated, typically developed as local interventions that target a limited geographic area. While such interventions make a difference in people's lives, their impact may not be sufficiently large to lift millions of poor people out of poverty and hunger. Such endeavours are simply not supported by the necessary capacity to scale up and scale out. Through approaches such as those used by Ashoka Changemakers, social innovations that benefit the rural poor need support from NGOs, national and international governments, and multinational organisations to be scaled up.

Finally, even if there are sufficient social entrepreneurs, and they have the funds to implement innovations, inappropriate and stifling bureaucratic processes can stop innovations from being implemented. Local and national governments should revise their constitutions and institutions to ensure that they facilitate social entrepreneurs to implement innovations that will help their countries' poor.



Entrepreneurial skills can be used to introduce technological innovations – for example mini hydro power stations to generate energy.

Policy innovation and policy entrepreneurship. A good example of a policy innovation is Mexico's PROGRESA (Skoufias, 2005). It provides a social safety net to the poor through the implementation of an antipoverty programme that combines education, health, and nutrition interventions in one package, and improves the capacity of families to pull themselves out of poverty. Such programmes are now being implemented by social entrepreneurs around the world at a rapid rate (e.g. Bangladesh's *Food-for-Education*, Argentina's *Trabajar*, Brazil's *Bolsa Familia*, or Chile's *Programa Puente-Chile Solidario*).

A full list of references can be obtained from the author.

Zusammenfassung

Der Beitrag zeigt anhand zahlreicher Beispiele auf, wie soziales Unternehmertum in verschiedenen Bereichen – auf Politik-, Programm- und Unternehmensebene – die Umsetzung technologischer, institutioneller und politischer Innovationen gefördert hat. Auf der Grundlage dieser Beispiele zieht er Schlussfolgerungen für die ländliche Entwicklung; auch zeigt er, wie wichtig die dauerhafte Unterstützung sowie die Verbreitung von sozialem Unternehmertum und von Innovationen für die Länder des Südens sind.

Resumen

Mediante el uso de ejemplos, este artículo ilustra el modo en que tres tipos diferentes de empresarios sociales – dedicados a políticas, programas y empresas – han apoyado la implementación de innovaciones tecnológicas, institucionales y políticas para ayudar a los pobres rurales. A partir de estos ejemplos, el autor extrae lecciones para el desarrollo rural y subraya la importancia del apoyo continuo y de la ampliación de escala de los empresarios sociales y la innovación en el mundo en desarrollo.

Policy innovation and programme entrepreneurship. In Tanzania's Iringa region, the initiation of a government led process to review and re-formulate strategies and policies related to nutrition led to a systematic inquiry into the causes of malnutrition (Kavishe 1995). An innovative idea to identify village volunteers and train them to monitor child growth – as part of an integrated nutrition programme – helped to reduce infant mortality and child malnutrition substantially and soon became a model for addressing problems of malnutrition in children and women in Tanzania and beyond.

Policy innovation and business entrepreneurship. In 1982, the provincial government of Lower Austria appointed Adolf Kastner to head Waldviertel Management, which presents a rural policy innovation which has encouraged business entrepreneurship and job creation in the Waldviertel Region and has been used as a model of rural development at an international level. Waldviertel Management has since grown to a team with 100 employees that provide rural *Know-How* and create and support projects with about 10 million euro profits that are an important rural employment generator.

Photo: J. Boethling