I'm excited to present to you the Spring 2015 edition of the Social Enterprise Review.

I have been honored to lead a team of astute editors and insightful contributors throughout this process, and am incredibly proud of the work they have produced. The pieces presented here reflect relevant research in important social enterprise trends throughout the world. The executive team of the Review has worked together to ensure that we acquire the strongest writers and team members for the Review, as well as keep the Review's communication channels current. Social Enterprise Institute students and staff have taken all of the beautiful photos included throughout the Review during field studies and international co-ops.

The production of the Review would not be possible without the support of the Social Enterprise Institute of the D’Amore-McKim School of Business and Professor Dennis Shaughnessy. We cannot thank them enough for their support and advice throughout this process. The SE Review team has worked tirelessly to expand the scope of social enterprise and economic development topics researched and written about in this issue of the Review, and believe that the Review is on its way to becoming a leader in undergraduate social enterprise research journals. I’m excited about the future of the Review, and can’t wait to see what comes next.

Happy reading!

Miranda Beggin
Editor-in-Chief
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Recognizing Value: Rural Marketing for South Asian Social Enterprises

Kayla O’Neill

Social enterprise is an exciting place to be in nearly any part of the world, but the sector is growing rapidly in South Asia, and in India in particular. In 2012, more than 89 percent of Indian social enterprises were less than 10 years old and 88 percent of them were in pilot, start-up, or growth stage. (1) Most of these social enterprises are based in one of India’s large metropolises, but three-quarters of them work with rural populations, or both rural and urban populations. But several problems occur when attempting to reach villagers caused by expense due to distance, poor infrastructure, and illiteracy.

Among the marketing solutions to these difficulties are some emerging technologies and unique methods, such as voice social media, localized creative content, rickshaw announcements, and sales distribution networks.

**VOICE-BASED SOCIAL NETWORKS**

Nearly half a billion Indians are illiterate and only 10 percent of rural Indians have access to the Internet. (2) But 40 percent of villagers own mobile phones (primarily feature phones with limited or no Internet), and that number is increasing. The voice-based social network is now taking off as an alternative to the traditional social network. First conceptualized more than a decade ago, a voice-based social network or interactive voice response (IVR) system is a platform that allows you to record your voice with a phone and share the recording with a network of others without the need for Internet connectivity. (3) Networks like Facebook and Twitter, while popular in India, require that their users be able to read, write, and connect to the Internet. Furthermore, much of the most popular and useful content is in English, rather than the local languages commonly used in rural areas (though this is changing – India’s first ever Hindi language Twitter trending topic occurred in February 2015). (4)

Voice-based social networks like Mobile Vaani and Bubbly.net have captured the imagination of many government agencies and social enterprises as a way of reaching people in remote areas. (5) Mobile Vaani has reached more than 800,000 households and has become a voice for rural Indians. Its parent company, Gram Vaani, partners with nonprofits, development agencies, and more to build campaigns that can reach communities and generate feedback in the form of voice recordings.

These new platforms increase access to information for a marginalized population resulting in schools being completed, widows receiving their due compensation, and farmers having the info they need to increase productivity. The tool has seen use by Oxfam International for a campaign against domestic violence and for women’s empowerment. It could be a great promotional opportunity to advertise goods and services to the poor, especially as mobile phones become even more pervasive.

**LOCALIZED CREATIVE CONTENT**

Localized creative content can also be extremely effective. Nonprofit social enterprise iDE (International Development Enterprises) creates films with local actors to promote their solutions and generate awareness about social problems. The film industry is hugely popular among people of all ages, and outdoor screenings are not too difficult to procure.

For any language-oriented advertising, local language use can be critical to not only reach a population, but to be accepted. Additionally, social enterprises based abroad or in urban centers may have a hard time resonating with villagers if their advertising content reflects different values or cultural concepts. Partnering with locals to brainstorm campaigns can prevent poorly orchestrated advertisements.

**BE LOUD: GUERRILLA MARKETING**

Sometimes in order to be heard, you need to think outside of the box. Aravind Eye Care System, a hybrid social enterprise based in Tamil Nadu, uses megaphones to literally be heard loud and clear. Marketers at Aravind Eye Care System found that they could reach low-literacy and, especially relevant in this case, low-vision populations, with announcements spread via rickshaw, a small three-wheeled vehicle common throughout India. They have seen great success in drawing crowds to their village-based eye camps, which provide eye exams to hundreds or even thousands of rural Indians over the course of just a day or two. Farmers and other rural poor get a diagnosis without having to travel, and if they require surgery or other intensive care, the cost of their travel to an Aravind eye hospital is fully subsidized. (6)

While this method is used to reach the blind in Tamil Nadu, this is also applicable to illiterate populations. The method is inexpensive – renting a rickshaw and paying for someone to shout the message and a megaphone through which they can shout.

**SALES DISTRIBUTION NETWORKS & WOMEN ENTREPRENEURS**

At times, there is only a short distance between the messages, goods, or services that social entrepreneurs want to reach the most desolate areas of rural India. Using sales distribution networks and women entrepreneurs is one of the most cost-effective ways of reaching marginalized communities. The potential here is immense. It could be a great promotional opportunity to advertise goods and services to the poor, especially as mobile phones become even more pervasive.
to deliver and the villagers they wish to reach. One solution
to this “last mile supply chain” issue is found in microen-
trepreneur sales teams. These sales distribution networks,
popularized by Grameen Danone, Aparajita, CARE, and oth-
er social enterprises, often utilize door-to-door selling tech-
niques, are often made up of women, and are very effective
in reaching certain rural populations. They represent a great
opportunity to empower women and their families through
job creation and sell goods that are locally produced, hard
to come by, or socially-beneficial.

They have proven effective in the feminine hygiene
market as one example. For many, door-to-door sales are
less intimidating and embarrassing than purchasing these
goods in public, especially from male shopkeepers. The
women salespeople have the twofold duty of educating
other women and girls about the importance of feminine
hygiene and convincing them to purchase sanitary prod-
ucts, rather than fashion their own from rags or other scrap
materials. In a country where just 12 percent of India’s men-
struating females have adopted sanitary pads, instead opt-
ing to use unsafe alternatives, the importance of the health
education component cannot be overemphasized. (7)

There are many areas in which door-to-door sales
orchestrated by social enterprises can provide convenience
and better service. In some regions, however, where gender
roles dictate that a woman’s domain is in the home, these
networks may have trouble finding and retaining women
interested in becoming salespeople, especially if it requires
that they trek long distances from their villages.

PROVIDING AND RECOGNIZING VALUE
As the social enterprise sector continues to grow in
South Asia, the enterprises that will see the greatest success
in creating impact will be those that use marketing best
practices geared toward their target populations. Reaching
the right population, often the poorest of the poor, can be
more difficult than it seems. The risk of marketing to the
wrong demographic means that limited resources, wheth-
er it is microloans, jobs, or eye surgeon expertise, may be
markets in South Asia need to enter with a marketing strat-
egy, and culturally-sensitive marketing that makes use of
popular and emerging marketing channels will be crucial
to success. New platforms like voice-based social networks,
and tried but true methods like streamlined sales distrib-
ution provide value to the villager. More importantly,
these methods engage rural people not just as consumers,
but as people with stories to share and people who can
be trained to take on specialized jobs. The future of rural
marketing exists not just in providing value to villagers, but
also in recognizing the value of the villager herself.

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“just 12 percent of India’s
menstruating females
have adopted sanitary pads”

taken by those whose need for the resources is not as great.
According to Muhammad Yunus, it is important to differenti-
tate between the poor and the non-poor, otherwise “the
non-poor reap the benefits of all that is done in the name of
the poor”. (8)

The management consulting multinational Accenture
claims, “just ‘being there’ is no longer enough to succeed
with India’s rural consumers.”(9) Those wishing to enter rural
A Study of Slums and Urban Poverty Traps

Elena Losada

BACKGROUND

Improving the lives of slum dwellers is one of the most pressing developmental challenges of the 21st century. UN Habitat (2013) estimates that about 863 million people, about 33% of the world’s current urban population, live in slums in Africa, Asia, and Latin America. Slums are overcrowded urban neighborhoods characterized by tenuous dwellings, insecurity of tenure, and inadequate public infrastructure. These informal settlements often lack the following: access to clean water, sanitation facilities or sewers, electricity, garbage collection, health care, police services, public transportation, and emergency vehicles.

Modernization theorists argue that slums are a natural, temporary by-product of industrialization and urbanization. According to modernization theory, poor rural migrants cannot afford decent housing near jobs in the cities and incorporate themselves into substandard slum housing. As they assimilate into the city's economy and their incomes rise, this population will enter the formal housing market. Thus Frankenhoff suggests that “slums necessarily belong to the process of economic growth in a developing country” by acting as “the staging area for migrating poor” as they integrate themselves into cities.

The transitional process outlined by the modernization theory may have been true for temporary slum populations in the United States and European countries during industrialization in the late 19th and early 20th centuries. As these Western countries industrialized and experienced economic growth, slum-dwellers accessed jobs and transitioned into formal housing, and slum neighborhoods disintegrated. Unfortunately, the trends and dynamics of slum populations in today’s developing world do not seem to follow this pattern.

Current projections from the World Bank and UN indicate that today’s slums in Latin America, Africa and Asia are not transitory, but permanent and growing. In fact, it is projected that the entirety of the world’s population growth for the next 50 years will be absorbed into towns and cities in developing regions. Additionally, World Bank research shows that while rural poverty is declining, urban poverty is increasing. The trends even hold true for countries like Brazil, India, China, and South Africa who have experienced sizeable economic growth since the 1980s. Because the phenomenon of slums affects a very large and growing proportion of the world population, it is an area of development economics that warrants extensive research. In order to make informed steps towards reducing slum populations and improving lives of slum dwellers, it is imperative that policy makers know the drivers of slum prevalence.

LITERATURE REVIEW

There is little existing economic research about how policy-makers should address slums in developing nations. The literature that does exist provides no clear answer regarding how economic growth affects slum populations. This is largely due to the difficulty in collecting data because of safety issues for field workers, survey attrition, and high mobility rates of slum dwellers. Researchers lack the metrics to even enumerate slum populations with any degree of accuracy. In recent years, however, there have been more attempts to study the dynamics of slums despite these methodological challenges.

Marx, Stoker and Suri examine the nature of poverty in slums by looking at human capital, investment inertia, and the poverty traps existing in different slum populations. Using macroeconomic data to connect rapid urbanization, economic growth, and an increase in slum populations, they found that the countries that experienced rapid economic growth in the past 20 years were also those that managed to significantly reduce their slum populations. The authors also found that urbanization and slum growth are highly correlated. However, their paper fails to distinguish which type of economic growth is driving fluctuations in slum prevalence.

Fox also examines the existence and persistence of slums through a variety of factors. This study disputes the theory that slum incidence is a transitional symptom of modernization. Fox instead attributes slums to ‘disjointed modernization,’ the idea that urban growth overtakes institutional and economic development. According to Fox, slums are a result of a market failure in three ways: 1) rapid urban population growth is a source of ‘excessive demand’ 2) widespread urban poverty creates ‘defective demand’ and 3) weak institutional arrangements distort investment incentives into slum areas.

Although urban poverty is characterized by geographic proximity to a city, I argue that spatial poverty traps still exist in the slums, creating barriers to employment outside of the slums. Grant explains poverty traps in the context of urban poverty. She looks at urban deprivation in the peri-urban periphery that isolates the poor from infrastructure, services and jobs. Distance between the slum area and the city center, the cost of transportation between these two areas, and the time of commute could all be factors preventing slum dwellers from being employed outside of the slums. However, physical isolation from employment in cities is just one of many factors that may comprise spatial poverty traps in slums. Other factors that might contribute to the persistence of urban poverty in these areas include lack of access to information, lack of services like education and health care, and safety. Governments looking for ways
to improve the lives of their country’s urban poor and reduce slum populations must be aware of which systemic barriers are furthering economic isolation for these slum populations.

RESEARCH QUESTION AND HYPOTHESIS

This study is an attempt to gain insight on the dynamics of slum populations and the sources of poverty traps for slum dwellers. It explores the relationship between a country’s economic growth in terms of Gross Domestic Product (GDP) and the proportion of that country’s urban population that lives in slums, controlling for a variety of other factors that are likely to be strongly associated with the dynamics of slums. Although many of the sources of poverty traps may be difficult to quantify, this analysis includes proxy variables for health, education, infrastructure, and government effectiveness. If, controlling for other factors, economic growth is associated with an increase or no change in the existence of slum population in countries, this would dispute the modernization theory. In other words, it would contradict the idea that a country’s economic growth trickles down into slums, eventually eliminating them.

Before performing the analysis, I expected that an increase in a country’s economic growth alone would not be associated with a reduction in slum prevalence. In other words, I predicted that when the GDP growth of a given country increases, the proportion of the urban population living in the slums also increases or stays the same, but does not decrease. Evidence confirming this hypothesis would support the idea that existing slum dwellers may not be fully benefiting from economic growth in their country due to a poverty trap or lack of investment inertia to the areas of infrastructure, health, information and communication technology (ICT), education, and overall governance.

It is critical to note that while it is likely that infrastructure barriers exist preventing slum dwellers from moving out of the slums, another force is at work. As countries grow more quickly, evidenced by GDP growth, impoverished rural populations migrate to urban areas. This increases the population density in urban areas and, in turn, slum populations. Additionally, some countries experience rapid urbanization without GDP growth due to shocks like war or natural disaster. To control for the various forces of urbanization, I include the percentage growth of urban populations in my analysis.

While past literature gives reason to believe that economic growth may be a driver of fluctuations in slum prevalence, it is important to consider the possibility of the opposite effect: that slum prevalence may be driving changes in GDP. The existence of this effect could be attributed to foregone human capital that occurs when poor live in slums. Despite this reasoning, slums-dwellers represent the poorest portion of the urban population. According to household surveys, slum populations in Chennai contribute only 2% to the productivity of their city while making up 30% of the city’s population. Slum populations expand primarily when rural poor move into urban areas and become urban poor. Their small contribution to the overall economy makes geographic shifts of poor populations an improbable driver of changes in GDP growth. Furthermore, slum neighborhoods tend to be reliant on the informal economy for daily transactions. This type of informal business is not included in GDP growth by definition.

RESULTS

In order to model the effects of economic growth on slum populations, I compiled a country level data set. It contains information on 13 variables for 41 countries classified by the World Bank as developing countries over a span of six years: 1995, 2000, 2005, 2007 and 2009. The main variables included are the proportion of the urban population living in the slums, real GDP per capita, GDP growth rate, Human Development Index, a government effectiveness index, health spending, and other measures of infrastructure (or lack thereof) that may be sources of poverty traps. Other variables include the unemployment rate, the population density, the urban population growth rate, and the GINI coefficient. The large majority of this data
POLICY IMPLICATIONS

Empirical analysis using this dataset finds that an increase in the Human Development Index (HDI) of 0.1 is associated with about an 8% decrease in the proportion of urban population living in slums. In other words, the betterment of health, increased access to knowledge, and improved standard of living (as represented in the HDI) have the potential to reduce slum populations. The government effectiveness index is negatively associated with slum prevalence as well. This is logical: the higher the quality of policy formulation and program implementation, the easier it is for countries to reduce or cap slum populations.

As expected, regression results indicate a positive relationship between GDP growth and slum prevalence thus nationwide economic growth may be related to increases in slum populations. However, analysis with various measures of the income characteristics of a country provide deeper insight about the relationship between economic growth and slum fluctuations. To see if a country’s income growth has had a delayed effect on the prevalence of slums, I explored the relationship between slum prevalence and GDP growth lagged by two and five years. I found an increasingly positive relationship of slum prevalence and lagged GDP growth at two-year intervals as opposed to five-year intervals. This suggests that economic growth is increasing slum populations in the short term but in the longer term, this effect weakens.

Additionally, I explored the way that slum populations fluctuated for countries with different levels of income. Results indicate that for the poorest developing countries, faster economic growth will increase the proportion of slum dwellers. But the relatively wealthier a developing country is, the less its economic growth will increase its slum populations. These results may be related to the two forces that may occur within slums as a country experiences economic growth: 1) rural poor populations move to cities and into the slums in search of economic opportunities; and 2) slum dwellers’ incomes increase and they move to safer, healthier, formal housing. The results from my analysis imply that the poorer a developing country is, the stronger the former effect. On the other hand, the richer a developing country is, the stronger the latter effect.

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The Quest for Social Change in Digital Story Telling: A Critical Evaluation of Hollaback!

Katherine Dumais

Since the creation of the Internet, digital story telling and new media have been integral parts of the feminist movement. From the creation of feministing.org to Crunk Feminist Collective to large scale twitter protests, third wave feminism is based as much on imagined online communities as it is in on the ground activist work. Nowhere has this been more poignant than with the sharing of stories of sexual assault and harassment, exposing stories such as Emma Sulkowicz’s “Carry That Weight”, Angie Epifano’s “An Account of Sexual Assault at Amherst College” as well as a variety of stories from NESCAC Schools and students across the nation. With the emergence of the smartphone, globally, many in the contemporary feminist movement have flocked to the new medium, setting up a preponderance of new story sharing and safety apps, the most high profile of which is Hollaback!. “When feminist icon Gloria Steinem was asked “What women today inspire you and make you feel that the movement continues?” Her response was, ‘Emily May of Hollaback! who has empowered women in the street, literally.” Hollaback! is a movement building social enterprise working in 84 cities, 25 countries and 12 different languages which seeks, through its app and online blog, to create a space in which women and the LGBTQ community can share and address their experiences with sexual assault, creating accountability and support.

Sexual harassment creates fear and insecurity in public space, as well as self-blame and victim shaming from society at large. According to a national survey, sixty-five percent of women reported experiencing at least one type of street harassment in their lifetimes. While the most pervasive form was a verbal assault, “41% of all women [surveyed] had experienced physically aggressive forms, including sexual touching (23%), following (20%), flashing (14%), and being forced to do something sexual (9%).” Hollaback! believes that we can create a world where no one feels targeted on the street due to their gender or sexuality expression. They work to change the framework from victim shaming to a pervasive societal problem, striving to create accountability and grass roots advocacy to change public opinion. Hollaback! is a strong global nonprofit that uses an innovative franchising and fundraising model to create localized solutions across the world. Their innovation, however, can only create partial accountability, and reframing is needed to address the cultural shift they wish to make as a whole.

CREATION OF HOLLABACK!

The founder of Hollaback!, Emily May, moved to New York to study at New York University where she was confronted with a sea of street harassment. Sometimes harassed three to four times a day on the street, she moved through New York with fear and berated herself on what she was doing wrong, trying not to dwell on the harassers’ words to avoid giving them power. She began to question how we could make women feel safe and create accountability, when a woman named Thao Nguyen took a picture of a man who was pleasuring himself across from her on a subway. After being told by the police that they could do nothing, she posted the photo on Flickr and shared her story, leading many different women to come forward with similar experiences. The man was eventually arrested based on their claims. This was the spark Emily needed to create Hollaback! Here was a way women could hold harassers accountable: through online narratives. In 2005, with a group of six friends, she started a blog to collect stories of different types of harassment women and the LGBTQ communities. Growing into an online movement, in 2010, the organization became a non-profit, creating an app from Kickstarter funds, and immediately began to spread their model to other cities across the United States and the world.

BUSINESS MODEL AND THEORY OF CHANGE

Hollaback! is a 501C3 based in Brooklyn, New York with a globally functional app and a franchise model that spans the world. Ihollaback.org aggregates data submitted online as well as on the app. On the app, any person around the world can post an experience or something they saw on the street. Harassment is then broken down into different types, for example: verbal, stalking, homophobic, transphobic, assault, groping, and racist. Users select the applicable type and then submit their story and photos. Others can click “I got your back” or comment on your experience. From the experience of posting, Hollaback emphasizes that the storyteller will feel less alone, bringing awareness, validation, healing and courage. Women feel more confident on the street but also discussing their experiences with others in their lives, with the end goal of creating research, awareness, empowerment and ending street harassment.

While the app aggregates data from around the world, the site is broken down into regional components based on local chapters of the organization. The organization only consists of three staff members, but has a volunteer chapter in each of its 84 cities. Each chapter is run by a diverse set of young people hoping to combat what, for them, is a personal issue. Hollaback! covers the $2,500 dollar costs to create a new website, but after its foundation, ten percent of each local chapters fundraising goes back to
help women who are surrounded and harassed by men. Hollaback! is engaging local people to solve local problems and allowing people to provide their own service by posting their stories. It is the soapbox for women around the world, but also keeps costs low in creating strong research data, accountability systems and culturally specific solutions. Hollaback! has been able to collect over 5,000 stories and create training materials and grassroots programming around the world, all on a budget that reached $300,000 USD just this year.

SCALABILITY AND SUSTAINABILITY

Because after the initial app overhead, adding end users and other chapters of the organization require minimal investment, Hollaback! is adequately sustainable and quite scalable. As chapters expand, advertising about the issue and app use will expand, further fueling knowledge of the issue and involvement in the cause. Scalability is based on the communities’ investment in dealing with the problem of sexual harassment. If the community feels it is a pervasive issue that needs to be addressed, they will use it more or donate to their local chapter. If they feel it is not relevant to their needs, then Hollaback will not take off. In this way, its operational sustainability depends on its relevance in ever-changing communities. Despite its low cost, Hollaback! is limited in funding due to its nature as a donation-reliant nonprofit organization; however, because fundraising for chapter programming is in the hands of the chapter leaders, fundraising is done by local people who understand the regional context around giving. In this way, Hollaback! is not only accessing funding sources with which its headquarters can engage with, but also sources that its community can pitch to globally, opening itself up to a wide variety of funding channels. Most of its donors thus far have been average people with a few dollars to spare, creating a limited ability to expand financially, but demonstrating that it is filling a need and also has the potential to scale.

“just ‘being there’ is no longer enough to succeed with India’s rural consumers.”

While Hollaback! provides an innovative way of empowering women against street harassment, it does not address the core of its issue and does not provide clear metrics for the impact of its work. Street Harassment does not have an easy solution, as even in a public space it drives a culture of fear, victim blaming, and isolation. Hollaback! creates a community amongst those in that situation, creating a culture of empowerment instead of fear. While this is a great innovation, and coupled with their other local advocacy programs, begins to strike out the stigma within street harassment, it creates a false accountability. At best, those who share their story are able to snap a photo, otherwise when they write about their harasser they have no identifying information. The situation is not addressed on the spot, bystanders are not employed, and the harasser is allowed to continue on with his day without repercussions. Because of the sheer amount of stories, the individual’s story will not be seen by more than a few people on the site, reducing the shaming aspect the site was intended to produce. While a great research tool into the state of sexual assault in communities, it does not address what the organization strives to do, stop street harassment, because it does not deal with the population that needs them the most: the harassers.

The organization has no strong metrics to measure its progress. While it can measure how many times women are harassed in a certain area, it can only count those who are using the app and cannot count how many people are not being harassed, as they begin to try and track the change they have made. Despite its claims at creating more confidence on the streets, it has no data to back this up, solely anecdotal evidence. Currently they just measure their impact in how many people are able to “Holla-back” and how frequently the topic of street harassment is mentioned online. It does not factor in on the ground impact, such as the work of the London chapter which has produced concrete results that combat sexual harassment: the chapter created Project Guardian, where 2,000 public transportation police officers were trained to deal with sexual offences and a reporting hotline was created, into a common narrative about impact they are trying to produce. Essentially, creating an unfocused narrative and straying from a clear set of objectives. A stronger way to measure impact, because each chapter has its own specific goals and values, would be the number of strategic interventions, policy changes, or surveys of if and how a specific community feels more knowledgeable on the issue or if perpetrators are held more accountable.

CONCLUSIONS

Hollaback! represents a new kind of solution, one where crowd funding, the franchising of a model into many contexts, and new updates in technology can forge social change in communities globally. While Hollaback’s theory of change in practice does not entirely create accountability or an end to street harassment, it proves that the creation of a community around a social problem empowers those dealing with that problem and creates
solidarity and a drive for change. A paradigm has shifted for the feminist as well as other social movements: True power is not in the people we produce at marches, but the people we can bring together online to create something greater.

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Small Steps to Sweetening the System
Rachel Rimm

As you step into the doorway of your favorite coffee shop, you stomp the snow from your boots and follow your nose towards the counter to order your favorite warm beverage. What could be more perfect on a snowy day? After picking up your latte adorned with a frothy heart and a chocolate bar from the display on the counter, you head over to the corner to get to work. But in the midst of your daily routine, do you take note of the fact that your perfect winter day pick-me-up comes from a place with a winter so far from the cold you know that it is nearly incomprehensible to call it such? Did you notice that the mysterious brown object sitting under the chocolate display is not a “coffee nut” but a dried cacao pod, the origin of the silky smooth chocolate bar you just purchased? Probably not. But you’re not alone.

To the average consumer, the little brown beans that tumble out of the bulk dispenser at the coffee shop signify the origin of their favorite beverage. It is the consumer’s raw material for their morning cup of Joe. Despite having the notion that coffee involves roasting, most consumers never see or interact with the coffee berries in hues of red or green that come before the more popularly displayed roasted version of the coffee bean. Likewise, to most consumers, the chocolate they know and love may as well grow out of the ground with the wrapper on. Learning that it instead comes from a brilliant orange fruit that hangs from the trunks of petite trees, brings wide-eyed wonder and perhaps even a feeling of cognitive dissonance. A consumer might think to himself, “How could I have gone so long without ever knowing how chocolate originated? Or even bothering to look into it?” Alas, this is the consumer experience in the developed world: a ready-to-consume food product available when you want it, where you want it, at a price you are willing to pay. No questions asked.

This convenience is not by accident. The global food system represents an unparalleled feat of efficiency, accessibility, diversity, and preference satisfaction. It allows consumers to access food from all over the globe regardless of the season or the region. The fact that tropical food products such as bananas, pineapples, coconuts, and the like have become such a staple of northern diets (where these foods are actually never in season) is a testament to the immense proliferation and prosperity of this system. But the proverbial “fruits” of the system are not equally accessible to everyone, and the same system that hand-delivers extraordinary benefits to some, dishes out a less satisfying share to most.

Before the proliferation of the modern-day food system, the now quaint and highly desired “farmers market” in so many American cities was simply the norm. You knew the people that grew your food because they were your neighbors. Or even more likely, you grew your own food. Over time, however, the traditional farmers market transformed into family-owned local grocers and specialized food shops, and then ultimately into the massive corporate-owned supermarkets that we are most familiar with today. With each iteration of food retailer, the distance from farm to fork stretched; consumers became physically and cognitively further away from the origins of that which they were consuming.

The ancestry of the food system stems from early colonialism. Early spice trade and the propagation of exportation were the main catalysts of much of the early exploitation of farmers in the developing world. Similarly, the appreciation for scale, standardization, specialization, and efficiency reminiscent to that of the era of Ford’s Model T, further pushed the food system that had been around since the dawn of agriculture towards the more globalized system it is today. Industrialization of agriculture in America continued to spread throughout the early years of the twentieth century and incentivized urbanization and thus migration away from the family-owned, small-scale farming of the past. Furthermore, the food system was influenced hugely by the close of World War II, toting with it the implications of food insecurity, the weakening of rural farm economies, increased negative impacts on labor rights, consequences on health and diet, and the erosion of indigenous culture. In a relatively short time, the norm of food production went from a huge number of small-scale family farms around the world to a comparatively small number of large-scale multinational food production corporations. The system grew rapidly but not without its respective growing pains.

The resulting globalized food system that we are now familiar with is intensely fascinating with its puzzling intricacies and paradoxes. It seems perplexing that a cacao farmer in Côte d’Ivoire can fairly easily access a bottle of Coca Cola at her local shop but has never had the chance to try the literal fruit of her labor in the form of a bar of chocolate. Or that a coffee farmer in Nicaragua rarely sees the brown roasted bean that is popularized around the world, and even more rarely gets a chance to sip a coffee prepared with his beans. Global distribution channels and affiliated economics allow for the free flow of certain products while simultaneously prohibiting the flow of others. This unfairly limits these individuals who are often largely responsible for the very products they cannot reach.

In the life cycle of a coffee product, there are a myriad of steps and processes, and only towards the end does the consumer interact with the product. For example, the processing of coffee goes from growing to harvesting to de-pulping to fermenting to drying to sorting to roasting to quality control to brewing and lastly to consuming. In many cases the consumer’s role begins in the second to last
stage: brewing. But increasingly, even that step is eliminated by the ability to pull out one’s wallet and receive the final product ready for immediate consumption. This lack of involvement and blind consumption is to blame not only for allowing companies to get away with immoral business practices, but also allowing for a reduced perceived value of the product and therefore an increase in overall demand and waste. Perhaps a heightened understanding of the food we eat will not only allow us to enjoy it more, but also lessen the likelihood of wasting it.

It is easy to shake a finger at the consumers who gulp coffee or munch away on chocolate without thinking about what goes on prior to their purchase. But one can reasonably argue that it should not be so difficult for consumers to make more informed decisions. Many large-scale coffee or chocolate companies make it nearly impossible to discover the origins of their products even if the consumer does put in the effort to carry out the research. A visit to the company website of many store-bought coffee brands offers little to no information about the product’s source or agricultural background whatsoever. In many cases, even when the information is there or the company is engaging in progressive business practices, it is not accessible in a convenient, educational form. This is the inauspicious reality for a large number of the most recognized brands in the food industry, causing even those who are curious to learn more to turn away empty-handed.

Fortunately, there are a growing number of coffee businesses, cooperatives, and retailers that are working fervently to bridge this gap. Telling the stories of specific producers, hosting educational events like cuppings and lectures, and developing informative marketing campaigns and effective branding are some of the most successful strategies. Equal Exchange is on the front lines of this movement exhibiting a commitment to fair trade and using effective packaging to make it excessively easy for the consumer to learn more about a product. This innovative cooperative has successfully nestled itself into the existing market-centered commodity exchange while pushing for reform and transformation to a more equitable and sustainable way of engaging in the food system. Equal Exchange sets the standard for a highly functioning, financially profitable body that fits into the current system and simultaneously works to better it. Moreover, many of the groups at the forefront of fighting this system-wide disconnect are making efforts to get the finished products into the hands of the small-scale producers who are responsible for their ingredients. A more successful and self-confident farmer is one who understands her role in the larger picture and takes pride in her contribution. Seeing cacao farmers taste chocolate for the first time is bittersweet; their raw excitement is heartwarming but recognizing the absurdity of the situation is undeniably vexing.

While bringing a chocolate bar to a farmer might not fix the larger systemic issues that face the global food system, initiatives like that of Equal Exchange have the potential to meaningfully fix some of the disparities in the system. It is crucial to mend the smaller connections that are often overlooked in attempts of large-scale problem solving. If consumers continue to prioritize the values of businesses and cooperatives like Equal Exchange, the market will incentivize the better practices. In the end, the market is inherently two-sided. Consumers cast a vote with their dollars, and increasingly the vote has been in favor of producer welfare. Businesses that are most receptive to the desires of their consumers will enjoy not only the most loyal and satisfied customers but also the resulting profits.

Systemic changes are so often what we desire, but they are also usually the most difficult to accomplish effectively. Valuable solutions to large-scale problems often come from community-centered social enterprises such as The Food Project, an organization that employs young adults from diverse backgrounds to work together to grow healthy food, become change-makers in their communities, and build a sustainable food system. In strengthening and bringing justice to our food system, we cannot seek out one large-scale solution. For safe access to the ocean, one must venture through the smaller rivers that run there, rather than jumping headfirst into the waves. These so called “rivers” come in many forms. We can shorten the supply chain by fostering and rebuilding local agricultural networks and community-centered gardening, educating our youth about agriculture and environmental sustainability, continuing to “vote with our dollars” by supporting the businesses whose practices and values align with our own, and moving away from corporations that perpetuate injustice to their producers. There must be a multi-directional push for genuine consumer consciousness and transparency in business practices. Only when there is momentum coming from multiple sources will the giant that is the global food system start to budge. And ultimately, we as consumers are responsible for ensuring that movement is in the right direction.

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The Middle East’s Rising Social Enterprise Sphere

Nina Angeles

INTRODUCTION
Social enterprise has become an increasingly popular yet virtually indefinable field in today's modern world. The most distinguishing aspect of a social enterprise, practicing business principles to promote the social and environmental well being of a targeted community1, has been the predominant theme of defining this field. Though there are several forces that influence the opportunities and limitations of growing a social enterprise space in the Middle East, there are existing institutions that are currently serving the need to economically activate different communities throughout this part of the world. As the region continues to undergo social transformations, an expanded presence of social enterprise institutions in the Middle East could be a powerful solution to the economic challenges the region's "youth bulge" will inevitably face in the future.

As mentioned previously, the term 'social enterprise' has yet to attain a uniform definition across all sources. The lack of a completely absolute definition has seen the rise of faux social enterprise, which has led many to believe the field as illegitimate and eventually futile. Despite the underrepresentation of the Middle East in the growing literature of social enterprise and social entrepreneurship, Arab nonprofits have reconfigured their image to present themselves as social enterprises in response to multilateral institutions, such as the US Agency for International Development (USAID), which have progressively focused more on funding social enterprise initiatives in the region. However, these nonprofits showcase this buzz phrase more so to attract funding rather than to alleviate poverty and other socio-economic contenders2.

PRESSING CONCERNS OF THE REGION
With regard to the existing socio-economic challenges in the Middle East, unemployment ranks as one of the region's most critical concerns to be addressed. Across the literature of economic development in the Middle East, youth and young adults suffer disproportionately from unemployment more so than other age demographics3. In 2012, a quarter of young men and 42 percent of young women between the ages of 15 and 24 were unemployed4. High internal and international migration trends in countries like Syria unintentionally hide significant economic factors associated with youth exclusion5. Though the expansion of education and rapid population growth in the region has cultivated a better-educated pool of human capital than in prior generations, this current youth demographic often cannot find employment consistent with their skills or ambitions. Furthermore, Richards et al. affirm that the educated class is more likely to be unemployed than the uneducated3. According to the World Bank, approximately 100 million jobs need to be created by 2020 in the Middle East in order to close this dangerous employment cavity4.

Despite the rise of a more educated and technologically savvy generation, the region continues to face a number of socio-economic challenges in addition to unemployment. Although school enrollment rates have risen tremendously over the past few decades, high illiteracy and school drop out rates are still prominent in countries like Egypt, Iraq and Yemen, where about 75 percent of the nearly 10 million illiterate youth reside6. Additionally, women's economic participation rates have been ranked among the lowest in the world, and this social exclusion damages the economic potential of the disenfranchised throughout the Middle East1.

Lastly, civil society organizations (CSOs), which play a huge role in transforming social and political action, are often visible targets of oppression in most Arab states as the ruling elite fear their loss of power7. Civil society is one of many vital stakeholders in the social enterprise web. Spengemann believes that a consolidated and empowered Arab civil society has the potential to drive the demanded reforms of Arab Spring protesters into reality8. The lack of mobility for CSOs to freely express and promote change in the region is detrimental to human development. The 2002 Arab Human Development Report reaffirms this point by stating it is the knowledge gap rather than the income gap “that is the most critical determinants of the fortunes of countries”9.

THE SOCIAL ENTERPRISE LANDSCAPE OF THE MIDDLE EAST
With the appropriate institutional actors and individuals willing to dedicate their careers to solve the social and economic problems forecasted to be even more severe in the future, there is significant potential to cultivate a larger social enterprise presence in the Middle East. Though there is much needed research for social enterprise in the Middle East to be carried out, there are estimated to be 78 globally recognized social entrepreneurs operating in the region10. According to Silatech’s "Social Entrepreneurship in the Middle East" report, these social entrepreneurs are characterized by their high levels of education (generally university and post-graduate degrees), their experiences abroad through work, school or personal life and a deep understanding of or personal experiences with the problems they are attempting to solve10. In general, social
enterprise initiatives have been notably pursued in the following sectors: education and skills development, health, community development and civic engagement, economic development and income generation.10

“In the Middle East, youth and young adults suffer disproportionately from unemployment”

Because financial sustainability and a priority of social impact spearhead the social enterprise field, Sosa believes social enterprise institutions will be instrumental in “economic revitalization and social reconstruction”11, most especially the latter. With regard to growing a social enterprise culture in the Middle East, there are many challenges that social entrepreneurs and social enterprises face in scaling their operations, particularly when it comes to the relationship dynamics between key actors and institutions. Abdou et al. discuss the central role of governments in being the primary drivers of economic development and providers of social services. Historically, governments in the Middle East have remained uninvolved in the social enterprise sphere. Abdou et al. suggest a direction toward better and targeted governance as the “youth bulge” inadvertently causes stress on the job market, health care and natural resources. Additionally, effective change and reform will only take place if the government incorporates the voices of other key actors such as civil society, philanthropic actors and the private sector. Policy discourse that encourages appropriate structures to launch start-up enterprises looking to expand or scale up may provide a more conducive environment for social enterprise in the Middle East.10

EXISTING INSTITUTIONS

Although the majority of parties supporting social enterprise and social entrepreneurial initiatives in the Middle East are based in Western countries, the number of regionally based institutions fostering social enterprise is starting to increase. The Synergos Institute, an international nonprofit headquartered in the United States, has been encouraging social enterprise developments in the MENA region through their Alliance for Social Entrepreneurship forum. With Synergos spearheading the effort, the Alliance for Social Entrepreneurship is a three-year collaborative program formed by USAID, Ashoka and the Schwab Foundation designed to grow a social entrepreneurship movement in the Middle East. The Alliance seeks to raise awareness about social enterprise and social entrepreneurship by encouraging an environment that is conducive for the growth and impact of entities in this field.12 Additionally, Synergos supports high-impact social entrepreneurs across the MENA region through their Arab World Social Innovators (AWSI) initiative. To date, AWSI supports 50 social entrepreneurs serving poorly developed communities in Egypt, Jordan, Lebanon, Morocco, Palestine and the United Arab Emirates.13

In Doha, Silatech has become one of Qatar’s leading social initiatives that stimulates job creation and connects young people with employment opportunities. Founded in 2008 by Sheikha Moza bint Nasser, wife of Emir of Qatar, Silatech works with the public, private and civil society sectors to promote large-scale job creation, entrepreneurship and access to capital in the region.14 The nature of Silatech’s work calls for the collaboration of key institutions across the public, private and civil society sectors through their different programs: advocacy of job-creating governmental policies, investment in job-creating small- and medium-sized enterprises (SMEs) and advising corporations on youth-friendly CSR practices.15

CASE STUDY: RUWWAD - AMMAN, JORDAN

The following case example has been chosen for analysis due to its strength as deemed by Northeastern University’s Social Enterprise Framework and for its variation across the different sectors of engagement.

Ruwwad Al Tanmeya was founded in 2005 as the brain child of Fadi Ghandour, serial entrepreneur and founder of Aramex International, who mobilized Aramex and brought together a group of likeminded businessmen. Ruwwad is a nonprofit community development organization whose mission is to serve disenfranchised communities through education, youth activism, and grassroots organizing with help from partnerships across the private sector, civil society, the government and the disenfranchised local communities in which they operate. Ruwwad’s programming is centrally focused on the needs of the communities they work in: Youth Organizing and Education (through the Mousab Khorma Youth Education and Empowerment Scholarship Fund), Child Development and Community Support. The first area of Ruwwad’s operations started in Jabal Al-Natheef, an urban neighborhood located in East Amman, which hosts approximately 75,000 residents.16 Jabal Al-Natheef is a community that has integrated an informal Palestinian refugee settlement which has been unofficially recognized, leaving the area poorly developed.18

In reference to Northeastern’s Social Enterprise Framework, Ruwwad performs exceptionally well in the principles of financial sustainability and replication/scaling. As a relatively new organization, Ruwwad has proved that a reliable influx of financial support from the private sector (i.e. Aramex, the Abraaj Group and Cairo Amman Bank), which traditionally has been considered weak in the Middle East, can effectively grow CSOs that are truly aiming to make an impact in the communities they serve. Unlike the majority of NGOs and CSOs operating in Jordan, Ruwwad does not have to fear the prospect of inconsistent funding. As a primarily privately-funded non-profit in Jordan, Ruwwad’s financial destiny remains and will continue
to be durable with its support from Aramex and individual donors.

Ruwwad’s ability to replicate and scale its operations has developed into several community centers within Jordan and across the region since 2005. In partnership with local communities in Jordan, Ruwwad has a children’s library in Beida, and most recently has established a community center similar to its branch in Jabal Al-Natheef in the Tafeelah governorate of Jordan. In terms of its regional expansion, Ruwwad currently operates in Lebanon, Palestine and Egypt.

In order for the Middle East to grow social enterprise and social entrepreneurship across the Arab world, there are several challenges the region must first address before fully expanding its efforts to cultivate a social enterprise movement. First and foremost, there is a lack of public awareness on what this emerging field is and its potential to improve the region’s economic position. On the whole, there is much needed research to be carried out in order to identify and measure social enterprise developments across the Middle East.

CONCLUSION AND RECOMMENDATIONS

In addition to raising awareness, coordination of multi-stakeholder efforts must be improved if the social enterprise field is to grow in the Middle East. The government, private sector and civil society need to be willing to have a serious dialogue in order to foster a social enterprise space. For example, setting up a regional social investment forum to scale up youth initiatives is one effort that would call upon the government, private sector and civil society to collaborate.

Lastly, bolstering the demand for and culture of social enterprise and social entrepreneurship among youth and communities is crucial to cultivating the social enterprise sphere in the Middle East. Despite the problems the region’s “youth bulge” are facing, they remain optimistic and in general are giving hope to the generations who lost hope living under the authoritarian regimes. Clearly defining social impact in the region and identifying where social enterprise is needed in what communities and how they will benefit are a few methods to promote an environment where social enterprise and social entrepreneurs can sustainably thrive.

People and societies are the ultimate beneficiaries of this field as social enterprise prioritizes meaningful investment with a return of social goods to the public. In reference to Hadidy’s “Reflections on Participatory Development and Related Capacity Building-Needs in Egypt and the Arab Region,” the participatory development dictates the engagement of local communities in decision-making with regard to initiatives sprouting from the development sector. Strengthening these various institutions and connections in the Middle East will allow for individuals and entities pursuing the social enterprise path to collaborate more effectively. Though social enterprise and social
entrepreneurship inherently capitalize on the collaboration among many stakeholders, the people of the Middle East, who “are the real wealth and hope of Arab countries”9, play the most vital role in organizing an active social enterprise space.

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Network of Collective Action: Rehabilitating Slums on an Individual and Community Basis

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THE SLUM ENVIRONMENT: A GLIMPSE AT ANNAWADI

The physical slum communities where individuals live traditionally contain networks of actors, institutions, infrastructure, partnerships, and culture. Annawadi, a unique present-day slum community in Mumbai, India, has been shaped by the combined influence of these intricate networks. In accordance to social, economic, political, and religious values that differ between community members, the slum environment is anything but simple.

In the context of Annawadian lifestyle, ‘community’ has been built in a deep foundation of chaos, lack of opportunity and injustice. The Annawadi slum settlement of Mumbai reflects the realities of many developing cities around the world – these realities include the struggles faced by its members to pursue dignified lives. Pervaded by characteristics of extreme poverty, corruption, and rapid growth, the slum environment is a complex community facilitated by rapid urbanization and inadequate government systems that affects 190.7 million individuals in South Asia alone.

Annawadi is a slum settlement facing severe inequalities, both as a community in the larger context of Mumbai and at the level of its individual members. Corruption is a common thread of Annawadian’s lives – it presents a unique depth of inequality and nature of social issues seen throughout many slum environments. Success and sabotage are simultaneously perpetuated by corruption in Annawadi, leaving impoverished individuals in fierce competition for the very few resources that do exist. As a result, a basic infrastructure for health and economic success is not present in Annawadi.

In order to create a more equitable infrastructure for success in Annawadi, social innovation and the utilization of social enterprises can provide a holistic approach to slum development that lifts its members into a more just and sustainable environment for opportunity. Although Annawadi serves here as a case example of a potential environment conducive to developmental methods of social entrepreneurship, it also represents a much larger reality of slum development in similar areas, among similar communities.

With this in mind, a strategy such as the proposed ‘Network of Collective Action’ can be widespread into communities beyond Annawadi. The idea: a simultaneous implementation of self-development and community development social innovations will provide Annawadians and slums facing similar barriers to success with a ‘Network of Collective Action’ — an impact and values driven method that will assist slum dwellers in breaking down the barriers of poverty and corruption.

THE POWER OF SOCIAL INNOVATION

The Annawadi people, like the majority of slum dwellers, are innately innovative and creative. “Instability fosters ingenuity” when it comes to individuals working past their problems in Annawadi. Despite this ingenuity, Annawadians lack meaningful outlets to pursue livelihoods for themselves and their families.

Humans worldwide have the right to a dignified life and opportunities to rise out of extreme, oppressive poverty. Criteria for a dignified life include these key elements: proper sanitation, access to clean water, public health resources, housing, adequate nutrition, personal security, means to a livelihood and education/literacy. In promoting opportunities for a more dignified life, the power of social innovation and enterprise can prove highly effective. These mechanisms for social change put a strong value on human potential, empowerment of the individual and community, fairness in methodology, and targeted evaluations of impact.

Predominant barriers to a dignified life in Annawadi often connect to a lack of bare essentials for success. Sustainable economic opportunity, which is typically associated with self-sufficiency and the availability to provide a life of dignity for individuals and their families, does not exist in Annawadi. Most slum residents, ranging from trash pickers to political leaders to teachers generally share the sentiment that any chance to participate in the global economic system should (and will) be employed. This results in a “no opportunity too small” mentality amongst these individuals, Annawadians included, further separating them from any real incentive to unite as a common force working towards long-term change in India and its institutions.

Money – and thus any chance at a livelihood in an already resource-deprived community – comes in many small, combined, and desperate efforts for individuals in Annawadi. Individuals compete immorally against other individuals, family financial tensions dominate decisions of
whether children attend school or go to work, and institutions allow bribery to replace the vital services they are expected to offer.

CORRUPTION

Today, roughly 1.2 billion people in the world live on less than $1.25 a day. Furthermore, poverty by the UN definition includes an additional 2 billion people living on $1.25-$2.50 a day. These people, the poorest of the poor, are most affected by corruption as they are forced into paying bribes to receive the most basic human necessities and services. Transparency International’s Control of Corruption Measure reflects perceptions of the extent to which public power is exercised for private gain. India scored a -0.5167 out of a -2.5 to +2.5 range, meaning that the country has a low governance outcome and high levels of corruption. Based on a survey focused on Indian slums, it was found that “three out of every four slum dwellers claimed that they were asked to pay a bribe to receive at least one of the following three public services: distribution of food rations and free kerosene, healthcare and municipal services like public sanitation or waste removal”.

This corruption is experienced on a daily basis as police officials, lawyers, judges, doctors, witnesses, and other individuals demand the Annawadi poor to pay bribes for immoral and unjustified reasons. As Boo explains in Behind the Beautiful Forevers, the Annawadi environment and weak governmental support are not conducive to the fair pursuit or a consistent source of opportunity as the government “nourishes corruption instead of human capability” Corruption, in this desperate context, puts slum residents into debilitating cycles of debt and deteriorates their sense of trust as a community.

Increasing competition for meaningful opportunity via sustainable economic opportunity is one of the first steps to eliminating corruption. Individuals tend to ask for bribes because they are caught in poor economic situations that lack distributive justice. A doctor who is not being paid a living wage is forced into asking for bribes in order to pay for the necessities his or her spouse and children depend on. Furthermore, individuals are typically forced into paying bribes because they either lack knowledge or information that they are in need of.

Tools of social innovation that increase transparency and organization in slums will aid in mitigating corruption by ensuring that individuals have proper records of their assets, personal information and rights. Dimagi is a social enterprise delivering innovative technology to help underserved communities worldwide by increasing accountability and reducing corruption. Dimagi has developed a unique, open source platform that can organize and archive birth certificates, health records, employment information, ownership of property statements, etc. for all slum dwellers. As a part of the Network of Collective Action, Dimagi can directly reduce data loss and the high levels of corruption that occur in slums as a result. The use of innovations like Dimagi will aid in organizing legitimate identity and property rights for Annawadians – a crucial first step in establishing the foundation for a dignified life in slum communities.

SELF-DEVELOPMENT

In order to enable individuals to rise out of poverty and pursue dignified lives, social innovations catered to self-development are needed simultaneously with community development programs. Self-development social innovations are essential to the Network of Collective Action due to the fact that they focus on creating long-term employment and well-founded opportunities to generate income for individuals. These social innovations require a grassroots effort, which empowers slum dwellers on an individual level.

When pursued by individuals, self-development and the creation of a purposeful identity eventually lead to empowerment, self sustained livelihoods, and a stronger commitment to promoting family well-being. In targeting self-development opportunities, both microfinance and microwork provide innovative solutions due to their impactful and replicable nature.

Employment for Mumbai’s slum residents is made difficult due to the complex relationships between the country’s economy and the illegitimate status of slum dwellers as workers, landowners, and individuals of society. While a miniscule percent of slum residents have permanent jobs, many of them find informal and creative ways, such as trash picking or day tasks, to make a living. With the government very nearly ignoring the existence of ragpickers, who constitute over 1.5 million workers in India, these individuals are left without wages, pensions, healthcare, and education for their children - many of the key elements needed to pursue a dignified life. Since many of Annawadi’s residents lack sustainable employment opportunities disconnected from corruption, the implementation of microfinance allows for individuals with survival entrepreneurship skills to thrive and break free from poverty. Microfinance, as termed by Muhammad Yunus, is a women’s empowerment program that uses collateral and village banking to provide income generating loans, insurance and credit to poor borrowers. Pro-poor microfinance institutions, like Yunus’ microfinance model which calls for a 20% APR with transparent borrower policies and pro-poor loan collection methods within Annawadi would allow for the expansion of markets and a generation of ‘clean’ money cycles – a chance to uplift the Annawadi community as a whole.

For those who do not embody the survival entrepreneur ethos, microwork is an equally empowering opportunity. Microwork was coined by Harvard graduate Leila Janah in 2008 as the process of taking large projects and breaking them down into smaller tasks that are easier to accomplish and delegate to bottom-of-the-pyramid workers.

Janah founded Samasource, a microwork organization taking large projects from companies such as Goo-
gle, LinkedIn and Microsoft and breaking them down into smaller tasks that can be completed by underserved workers across the globe for fair compensation. Samasource promotes self-development by providing employment opportunities for rural and urban poor in developing countries. Samasource has great potential to better the lives of slum dwellers and bring them one step closer to dignified lives. Those living within the slum can travel to the outskirts of local cities to access computers connected to the grid, and consequently work for a liveable wage. Furthermore, the ability for a slum dweller to work for a multinational corporation extends a feeling of self-worth and empowerment.

While microfinance and microwork are essentially individual self-development social innovations, they both have the capacity to positively impact entire communities. As individuals begin to provide earnings for their families, families are likely to invest surplus income into their homes and community infrastructure.

COMMUNITY DEVELOPMENT

Community development not only complements individual development, but is also necessary to implement a values-based Network of Collective Action that is focused on the long-term health of slum settlements. While self-development allows for social innovation, community development allows for the replication of social enterprises as an effective way to create quick, yet meaningful change. Additionally, community development encourages innovations and partnerships from enterprises outside of the slum to aid in building an infrastructure for the success of individuals. Ensuring basic access to a human right needed by all Annawadians — personal health and a sense of well-being — will contribute to more dignified opportunities in a community where individuals can collectively strive for goals beyond mere survival. By connecting individuals and ensuring grassroots participation, community development translates overall community success into individual opportunity. Annawadi presents specific community development needs in the realms of sanitation and trash cooperatives.

There are 2.5 billion people that do not have adequate access to toilets or latrines, one billion of whom are forced to defecate in the open public. More individuals die from sanitation disease than anything else in the world — a majority of which can be prevented simply by the use of a toilet. Providing toilets as a community development initiative directly influences personal sanitation and public health. When given to a single family, a toilet will only benefit that individual family. If you give a toilet and secure bathroom area to a community, it benefits dozens of families. Because toilets require significant infrastructure to build and continual maintenance, the amount of capital needed is extremely high. If a toilet is built by a community rather than an individual, the same amount of capital and resources can be generated, with the entire cost of the sanitary system being shared amongst the community.

Sanergy is a social business that has taken a systems-based approach to solving the sanitation problem. The company manufactures Fresh Life Toilets (FLT) — low-cost, high quality sanitation facilities that are franchised and built across villages. Sanergy’s franchise model promotes grassroots social change and individual empowerment, as franchise owners are in charge of collecting waste and cleaning facilities on a daily basis. Sanergy then converts the waste at a centralized facility into organic fertilizers and renewable energy sources.

The franchise model is integral to this sanitation innovation’s success; by allowing the business to scale, there is potential for employment opportunities and sustainable livelihoods for franchise owners and employees. This model promotes self-development at the ownership level and distinct community development, as it provides a sanitary latrine for all slum residents. Because the connection between sanitary means of defecation and overall positive health is palpable, Sanergy is able to promote multiple benchmarks of a dignified life.

In urban India alone, 40 million tons of trash are generated a year and this number is growing by a shocking 2 million tons every year. Sadly, only 25% of this trash is collected by contractors and governments. This rotting waste, seen abundantly in slums, produces methane gas, which is twenty-three times as dangerous as carbon dioxide and contributes to unfit living conditions in slums. Globally, there are estimated to be 15 million ragpickers making only $2 a day on dangerous, insecure work that is devastating to their health. Within the slum community, ragpickers struggle with the poor collaboration of individuals at each level of the industry supply chain — scavengers, pickers, and sorters. Additionally, waste pickers in Annawadi face market volatility in times of global crisis. Due to the fact that roughly 30-60% of solid waste in developing nations is uncollected, and that the collection of this waste is extremely unsafe, many social enterprises have begun to explore the area of waste collection.

Waste Ventures, a nonprofit organization that began operations in India, plans to build holistic waste management services that are grassroots-based, environmentally friendly and financially self-sustaining. By using an innovative model of identifying multiple sources of revenue from waste processing (fees from household collection, selling of recyclables, selling of compost, and carbon credits), Waste Ventures has helped organize and train waste picker cooperatives on methods to increase their income. Not only is Waste Ventures reducing the amount of waste going into landfills by almost 80%, but they have increased waste pickers’ salaries from $1.5-2 to $3 a day. The 2010-2013 Waste Ventures Impact Report gives an overview of the work the organization has done within local communities, for the environment, and for the entire waste sector. Waste Ventures notes that they have helped 332,000 residents safely dispose of their waste in a way that improves the health of their community.
Their report also showcases a grassroots commitment by explaining that products and product repairs, such as a waste cart for improved ergonomics, are 100% locally derived. In addition to claiming a 94% satisfaction rate, Waste Ventures uses its Impact Report to address plans for further research in the areas of income, health and living conditions. This innovative commitment to waste management taps into the potential of individual workers and community health – both necessary to generate dignified opportunities for slum residents.

CONCLUSION

With a call to a Network of Collective Action, slums can be developed as potential engines of growth. Strong barriers to this growth, including perpetual corruption, lack of economic opportunity and health inequities, represent distinct targets for social innovation that can instill dignity and purpose into Annawadian's lives.

An integration of sustainable social innovations into the basic infrastructure of Annawadi's settlement will promote empowerment and creative problem-solving. These values will consequently aid Annawadians and slum residents everywhere as they continue addressing how slum settlements can represent legitimate, rightful communities in an increasingly globalized world. In moving forward, slum communities can invest in social change that more accurately matches their identities, needs and unique characteristics of its many members. A movement towards a healthy, dignified Network of Collective Action within these slums will create a new nature of competition – a chance for individuals to push each other into greater realms of success, not greater pockets of poverty.

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(1) References to the 'Network of Collective Action' will be utilized throughout this analysis to encompass the authors' ideas of a two-way approach to social innovation in the Annawadi slum. This collective approach is believed to foster and support the development of the individual, while also promoting the unification of Annawadians to build a stronger community together. The 'Network of Collective Action' is not intended to be an actual proposal for a specific enterprise or physical entity, but rather a term by which the authors can express the power of multiple actors coming together to mitigate the isolating, competitive, and corruptive nature that has been detrimental to dignified opportunities in the Annawadi slum. (2) Boo, Katherine. Behind the Beautiful Forevers. 2012. (3) United Nations Millennium Development Goals: http://www.un.org/millenniumgoals/poverty.shtml (4) India’s Poor Hurt More by Corruption (5) Dimagi website. (6) “Give Your Voice to the 2.5 Billion People without Access to a Toilet” (7) Invisible Environmentalist: NY Times. (8) Waste Ventures Site. (9) “Waste Ventures : Investing in Startups Powered by Garbage” (10) Waste Ventures Impact Report. (11) Sama-source (12) Transparency International. (13) “A Working Model for Slum Rehabilitation (SSIR)” Accessed November 22, 2014. (14) Housing and Slum Upgrading. (15) Dennis Shaughnessy, Global Social Entrepreneurship Class Lectures, Northeastern University, Fall 2014. (16) Sanergy Website: “The Sanergy Model”
Impact Investing in Nicaragua’s Coffee Industry

Anahi Santoyo

INTRODUCTION

Impact investing is an increasingly popular approach that aims to solve the income inequalities of the world by combining a social intent with financial return. Although it has yet to become mainstream, experts argue that impact investing can lift communities out of poverty while providing economic return to investors. Impact investing has been applied to the coffee industry, an industry that not only has a value of $15.4 billion, but also sustains 26 million people, the majority being smallholder farmers with limited resources [1]. As a country whose economy is highly dependent on the coffee industry, Nicaragua showcases how impact investing can be utilized to reduce its dependency on coffee exports and the cycle of poverty that results.

NICARAGUA AND THE COFFEE INDUSTRY

Nicaragua is the second poorest country in the Western Hemisphere [2]. With coffee as the largest cash crop in the country, responsible for 14% of its revenue exports, Nicaragua’s dependency on agricultural exports has trapped the country in a cycle of poverty [3]. Few opportunities in the country have led Nicaraguans to work in illegal jobs or migrate into neighboring countries. According to a report by the U.S. State Department in 2001, “poverty has driven entire Nicaragua coffee communities to engage in smuggling cocaine from Colombia to the United States” [4]. This is one example of how coffee represents more than just a commodity for many families.

Since the beginning of the nineteenth century, Nicaragua has been economically dependent on its coffee production. This dependency on a single crop has highly affected Nicaragua’s economy due to the fluctuation of the world price on coffee. Though the economy is not dependent upon a single product anymore, the government relies heavily on foreign aid from countries such as Venezuela, which has provided $500 million in aid since 2008 for social programs and government subsidies [5]. Nevertheless, coffee is still crucial for the economy and society of Nicaragua, and continues to be a global product in high demand. Coffee is the second largest commodity in the world after oil and represents more than 50% of exports for many developing countries, such as Burundi, Ethiopia, Honduras, and Uganda. [6] [1]. Globally, 95% of coffee producers are smallholder family farmers and nearly half of them live below the poverty line [7]. Consequently, the coffee market is directly related to global poverty and other issues such as illegal immigration, food insecurity, and harmful environmental practices.

Although coffee is a desired global product, farmers face many challenges when trying to sell their harvest. The three most serious challenges the coffee industry faces today include:

1. Price Fluctuation: The commodity price fluctuates constantly, making it hard for farmers to calculate a fair price for their work or how to cover living expenses after selling their products. Moreover, coffee can only provide income during the three harvest months of the year, generating a huge challenge for producers working the rest of the year.

2. The Middleman: Most coffee producers have little to no information about the market price, making it easy for them to be a target for exploitation by intermediaries, who deceive coffee producers into selling their harvests cheaply.

3. Capital: It is difficult for coffee producers to access capital and credit. As a consequence, producers will not have money to buy the necessary inputs for the next harvest, keeping them in the cycle of poverty. This lack of capital both reduces the ability of coffee growers to scale and also to improve their harvests, resulting in negative effects such as exposure to diseases and a lack of quality control.

Since coffee is a crop that takes three to four years to harvest, it creates a complicated yield for small farmers. Harvesting coffee is labor intensive and requires far more agricultural outputs than other crops. Due to these reasons and market volatility, many farmers have switched to other crops or resort to migration or illegal work. However, it is not always easy to leave the coffee business, especially in Nicaragua where there are cultural, social, and historical reasons for the producers to stick with coffee.

IMPACT INVESTING IN THE COFFEE INDUSTRY

Impact investing is gaining momentum and offering a more sustainable solution for the world’s most pressing issues. In The Power of Impact Investing, Judith Rodin and Margot Brandenburg suggest that, “in recent years, more and more questions have been arising about the nature of capitalism itself and whether its current practice really serves our society and the planet, leading to a shift towards impacting investing [8]. Impact investments intend to deliver social and environmental benefits in addition to financial return. The main characteristic that differentiates this approach from others is the intention. An impact investor actively searches for an investment that will have a social or environmental advantage as well as a financial return.

Impact investing in the coffee industry has revolutionized the way that companies provide loans to small farmers. Coffee cooperatives have historically had trouble accessing loans and credit because they require loans that are too big for microfinance but too small and risky for commercial banks. Instead, impact investing offers a mu-
tually beneficial cycle between a buyer and coffee supplier that provides an alternative to traditional methods of financing. When a coffee farmer sells all of his high quality harvest to a buyer, the farmer earns a higher income since he has a reliable price. Root Capital’s “Improving Rural Livelihoods” study revealed that when a coffee producer sells all of his harvest to the same buyer, the cooperative is able to repay the loans in approximately two harvest cycles. In some cases, buyers even offer to pay coffee farmers prior to receiving the harvest, which is beneficial for the farmers, as they need to pay for all of their business expenses at that point in time.

The loans can be varied, but the most evident and traditional types of loans are long-term and short-term. Each organization has its own definition and requirements for every type of loan but usually short term would be from 18 months to 2 years, while long term would be from 2 to 5 years. Other types of loans, called pre-harvest credit, are used to finance necessary agricultural inputs such as harvesters, trucks, seeds, and more. More specific loans are targeted to clients who need credit for an irrigation system or buying land parcels. It is important to note that the interest rate varies depending on many factors such as country, industry, and timeframe. Although the interest rate needs to be lower than that of a commercial bank in order to serve the coffee producers, it still needs to be competitive enough in order to be accepted by the local economy; otherwise it would have negative consequences on the market.

Organizations that provide impact investing services such as Root Capital, Oikocredit and Alterfin understand that providing cooperatives with a loan is not sufficient to lift them out of poverty. The education level for farmers is low, especially when it comes to business skills. In order for the loan to be successful and repaid, these organizations provide workshops on basic finance, organizational management, sustainable practices and even literacy programs. Another service that these impact investing companies offer to cooperatives is access to the market, as one of the main challenges for coffee farmers is not knowing the value of their product and therefore underselling it. To avoid this, organizations connect producers to the market in order for them to get a better price and a partnership that will secure a long-term buyer. This provides a sustainable selling environment for the coffee producers.

There has been a noticeable, positive impact on Nicaragua’s coffee cooperatives due to the financial services of impact investing organizations. A few examples of successful cooperatives are: PRODECOOP (2,300 members), CECOCAFEN (2,600 members) and SOPEXXCA (650 members), as they all continue to receive either partial or a combination of financial services from Root Capital, Alterfin and Oikocredit International and are able to reinvest in their cooperatives and the education and development of members. Although impact investing has had positive advances in Nicaragua, there are four main areas that are stopping the maximum potential of impact investing in the coffee industry.

GOVERNANCE
One of the biggest weaknesses of the government is the high level of corruption and its economic dependency in other countries and international institutions. In 2013, Nicaragua was ranked 127 out of 177 on the scale of corruption, demonstrating very high levels of corruption similar to Russia and Mali [9]. Furthermore, the Control of Corruption Index and the Open Budget Survey labeled Nicaragua’s government as authoritarian with an economic market controlled by small elites. Moreover, Nicaragua’s economic dependency on Venezuela and Inter-American Development Bank’s (IADB) aid negatively affects impact investment potential since it does not offer a viable investment opportunity. Economic growth slowed between 2013 -14, partially due to decreasing coffee prices worldwide and number of
declining “family incomes has risen from 31% to 40%” [5], causing major challenges for the government.

All of these factors make it harder for impact investing companies to offer quality services and create a positive impact on impoverished communities. In a country with high levels of poverty, impact investing needs the help of the government in order to be efficient. If the government is corrupt, impact investing organizations are left with a risky and often costly situation that reduces their ability to achieve their dual mission of providing social impact and financial return and thereby to attract new investors.

**INFRASTRUCTURE: IMPROVING ROADS**

Nicaragua has a large disparity between the urban and rural areas. With 42% of Nicaragua’s population living in rural areas, infrastructure represents a barrier in the pursuit of poverty alleviation [10]. Within infrastructure issues, poor road development presents one of the biggest concerns. According to the World Bank, only 11% of the roads in Nicaragua are paved. Inadequate road infrastructure represents a major challenge for impact investment organizations, as it decreases the communication between the organization and the coffee producers. This lack of communication, especially in remote areas, also prevents new clients to know about the services. Unfortunately, the people in most need of services are often living in the most inaccessible areas, compromising the scale of impact of these organizations. Secondly, it makes the connection with the market even harder since coffee buyers want accessible products.

**EDUCATION**

The low quality of education in Nicaragua is highly criticized. Neighboring countries such as Costa Rica and Honduras spend almost double their GDP on education, and as a result, many schools (especially in rural areas) have shortages of supplies such as desks and books. Teachers in Nicaragua are also “the poorest paid for their profession in Central America, and are among the poorest paid of all professions in the country” [11]. Low education levels present a challenge for impact investing organizations in two ways. Firstly, low levels of education means that impact investing organizations need to provide more basic training like literacy and finance. Spending excessive resources on these trainings represents additional spending for the organizations and can delay the results of impact investments. Secondly, inadequate levels of education have forced adolescents to pursue better opportunities, leading in many cases to migrating to the capital or neighboring countries such as Costa Rica. In 2013, over 480,000 Nicaraguans migrated to Costa Rica in order to work in cash crops such as coffee [12]. This means that the next generation of coffee producers are leaving their country to work in the neighboring coffee industry, so impact investing organizations must consider the additional risk that coffee businesses that will be lost over the next generation to industry competition in and a migration of Nicaraguan human capital to neighboring countries.

**GENDER EQUALITY: CLOSING THE GAP**

“Women, on average, comprise 43% of the agricultural labor force in developing countries”, and this trend is also seen in Nicaragua [13]. Even though women play an important role in the agricultural industry and in the coffee production, they are discriminated against in many ways. For example, women work longer hours than men but they are paid less (in many cases even unpaid) and have few opportunities to own land [13]. In many cases, cooperative leaders understand the need to support women’s participation in the coffee industry, but they lack the know-how, often resulting in little change. Over the past couple of years, the government of Nicaragua made a commitment to close the gender gap. Nicaragua still has high percentages of teenage pregnancy and rape rate, however, which adds to the existing problem of women lacking a quality education, trapping the family in a poverty cycle with limited options. The productivity levels of the coffee industry are reduced by the lack of opportunities given to female farmers. If “given equal access to resources as men, women could achieve the same yield levels, boosting total agricultural output in developing countries by 4%” [13]. Impact investing companies are attempting to address the gender inequality gap by providing specific programs for women such as training, land acquisition, and opportunities for income diversification activities (i.e. beekeeping, heneering, textiles). However, bearing this task is burdensome for impact investing companies, and desperately needs support from the Nicaraguan government in implementing health education across the country as well as effective punishment for violence against women.

**RECOMMENDATIONS AND CONCLUSION**

Impact investing can be a successful tool for poverty alleviation, especially in the coffee industry, where this model has offered a sustainable solution towards financial inclusion. In the specific case of Nicaragua, the following conditions need to occur in order for impact investing to be a successful tool for poverty alleviation: lowering the levels of corruption and achieving non-economic dependency, improving road infrastructure especially in rural areas, achieving a better quality and access to education, and closing the gender inequality gap. Although impact investing organizations have made efforts to improve these conditions, government efforts to restructure economically, politically, and socially will be necessary to ensure the success of impact investing in improving the Nicaraguan coffee industry.

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INTRODUCTION

The road from communism and socialism to capitalism has been tough for the countries of the former Yugoslavia. Capitalism and entrepreneurship remain relatively new concepts both in theory and in practice for these countries. Almost two decades after a series of bloody, ethnic conflicts that left the nascent countries stripped of economic opportunity and ostracized from the international community, Serbia in particular remains stuck, trapped somewhere between a rejection of antiquated communist principles and a lack of full engagement in the market economy. In this chasm, unemployment, corruption, and a lack of entrepreneurship run rampant.

Despite these roadblocks, opportunity is not absent. A young, educated, and ambitious workforce is slowly mobilizing in pursuit of social innovation and economic development, but they face an array of institutionalized and societal barriers that inhibit economic prosperity and bar them from what is seen as the summit of European economic opportunity: accession to the European Union. Legislative and economic reforms, along with an emphasis on entrepreneurship education will offer a counter-approach to Serbia's cultural-based rejection of entrepreneurship while facilitating economic opportunity and addressing the major social issues that keep Serbia lagging behind its European neighbors.

SOCIOCULTURAL AND HISTORICAL BARRIERS

The general perception towards entrepreneurship in Serbia is not overwhelmingly positive. Over half of Serbia's young people would prefer to work in the public sector rather than start their own businesses because public sector jobs provide more compensation and greater long-term job security. While 69% of individuals between the ages of 18-64 view entrepreneurship as a desirable career choice, only 22.2% of individuals have any intention of starting a business within the next three years. This gap may be attributed to the fact that only 29% perceive adequate opportunity to start a firm where they live, a statistic that dropped by almost 20% in light of the 2008 global economic crisis. The implications of a significant number of sociocultural and historical barriers are evident in Serbia's general perception and practice of entrepreneurship.

Serbia's unwillingness to embrace entrepreneurial aspirations stems from a rocky transition from socialist ideals that discouraged entrepreneurship and the exploitation of the newly open market by corrupt elites. Under the former Yugoslav government, dependence on public social institutions was encouraged, while the socialist state completely dominated the market, leaving virtually no space for the pursuit of entrepreneurial ventures. Furthermore, the economic collapse of Yugoslavia in the early 1990s led to a dangerous contradiction: state dependency for social provisions was still encouraged, but the state was unable to provide, leading to a general distrust of the social service sector with no clear alternative. Today, Serbs cast wary eyes on both the public and private sectors: Serbia ranks 78th out of 175 countries on the Corruption Perception Index, and the commonly held perception is that both sectors are highly influenced by organized crime and bribery.

DIFFICULTY OF DOING BUSINESS

The difficulties associated with starting a business, whether social or primarily profit-centered in nature, is another discouraging factor for potential Serbian entrepreneurs. A survey of Serbian small-to-medium sized enterprises (SMEs) revealed that the most prevalent perceived barriers to starting a business are poor economic conditions, unreliable employees, an indecipherable tax structure, and overregulation. Globally, Serbia is ranked 91st out of 189 countries on the Ease of Doing Business scale – down 14 places from its 2014 position. Although its position on the Starting a Business Index is slightly better (66th out of 189 countries), Serbia has dropped three places from its 2014 rank. In certain categories, such as managing construction permits and paying taxes, Serbia falls virtually at the bottom of the list and is showing little progress; in fact, its rank has dropped harshly due to the removal of expedited processes for tasks such as obtaining construction permits and securing electricity.

The process of obtaining loans and credit is improving slowly, with large banks being the primary provider of capital for Serbian SMEs. However, many policy-related obstacles exist to further development and growth. In a survey of banks engaged in SME lending in Serbia, 88% of banks indicated that the legal and contractual environment was a major obstacle, while 75% indicated that regulations were another. Inefficiencies in bankruptcy protocol as well as contract and collateral enforcements have forced banks to require high collateral, which many struggling SMEs are unable to provide. Furthermore, the bureaucratic costs of obtaining credit are simply unrealistic for many SMEs – between transaction costs, an unstandardized application procedure, and the cost of credit itself, these aspects of the lending process are often detractors in themselves.

UNSupportive LegaL FRAMEWORK FOR SOCIAL ENTERPRISES

Aspiring entrepreneurs and social entrepreneurs in Serbia encounter the same inhibiting factors as their counterparts in other parts of the developing world. A host of legal and bureaucratic woes stunted the growth of an entrepreneurial environment in Serbia, and the social enterprise sector faces the worst of these roadblocks. As of 2012, the only fully recognized legal forms of social enterprise are those that engage with the disabled to provide work

Roadblocks to Entrepreneurship in Serbia
Alyssa Rubin
integration and inclusion services. Semi-recognized forms of social enterprise include cooperatives, citizens’ organizations, and spin-off (or hybrid) non-profit organizations that are partnered with larger firms.

The most popular semi-recognized form of social enterprise is the workers’ cooperative, many of which have begun to develop business models that integrate income-generating activities (IGAs) with larger social missions. Cooperatives account for 79% of all social enterprises in Serbia, and represent a variety of social goals, from the empowerment of women and marginalized minority groups to ecological development and environmental protection. However, these cooperatives are governed by the Cooperative Law of 1989, which treats cooperatives similarly to for-profit enterprises in terms of tax structures and loan programs, in addition to offering very few incentives for the third sector. However, cooperatives generally do fare slightly better than unrecognized social enterprises; cooperatives are a remnant of the former socialist state, which strongly encouraged work for the common good and equal shareholding.

It is unclear where oversight of social enterprises should fall within the Serbian legal framework, but it is clear that it will require coordination among many governing bodies, including the Ministry of Finance and Economy, which oversees all entrepreneurship, the Ministry of Labor, Employment, and Social Policy, and the Social Inclusion and Poverty Reduction Unit. The lack of a clear body of oversight for social entrepreneurship is reflective of the ambiguous place social entrepreneurship still holds both in the Serbian legal system and in the economy.

EDUCATION

As expected, the quality of entrepreneurship education in the post-communist countries of the former Yugoslavia and the Soviet bloc is underdeveloped compared to their Western European counterparts. However, the former Yugoslavia was more inviting to Western ideals of consumerism and capitalism than the countries that fell behind the Soviet Union’s “iron curtain.” Still, the degree to which entrepreneurship was encouraged through education in the socialist state was limited. Today, a number of institutions of higher education in Serbia have expanded business programs to include entrepreneurship education, but the frontier still remains distant. Although six of ten institutions integrated a minor segment on entrepreneurship education in their curricula according to a study of higher education institutions in Serbia, only one offered a post-graduate program in entrepreneurship. The entrepreneurship programs that are offered often rely on theoretical frameworks as opposed to the development of practical skills, including teaching marketing, finance and accounting, foreign languages, and encouraging direct contact with entrepreneurs in the field.

OPPORTUNITIES AND RECOMMENDATIONS
While the aforementioned factors present serious challenges to Serbia's success in social entrepreneurship, many of these issues can be addressed. Relative to the established capitalist economies of Western Europe where many markets have already been oversaturated by competitors and corporations, the potential of Serbia's markets have yet to be maximized. Most promising are opportunities for development in the agricultural sector, Serbia's largest industry. Agricultural cooperatives offer the opportunity to integrate some of Serbia's most disadvantaged populations, including the disabled, marginalized minority groups, and women.

One relatively successful social agricultural cooperative is “Nova Perspektiva,” which operates in the southern Serbian town of Pirot. The cooperative engages in the production of a number of agricultural products and employs approximately fifty members of the cooperative, most of whom are either refugees, displaced persons, or members of marginalized groups, such as the Roma population. Its products are sold in local markets and plans to establish a distribution center are currently in place. A percentage of the cooperative’s profits go to the development of environmental programs, including the cleaning and redevelopment of public space. Its success can be attributed to a high level of initiative among members to foster strong relationships with the municipality. In fact, the cooperative’s achievements have been so notable that it was the recipient of a small EU grant as part of a pre-accession funding program. It is clear that those that promote social enterprise need to develop partnerships within the public sector in order to gain recognition, as well as legal and administrative aid.

Potential entrepreneurs indicate that more government support for SMEs and social enterprises is the single most influential factor in the promotion of a strong entrepreneurial environment in Serbia. Most importantly, the Serbian government can initiate legal reforms that are more conducive to social enterprises. First, a common definition of social enterprise in Serbia should be developed so as to help classify existing enterprises and act as a guide for hopeful entrepreneurs. A government ministry should be created to be the sole overseer of all social enterprise activities and act as an intermediary between the various government agencies that are currently involved in the social enterprise sphere. Furthermore, this agency should initiate legal reforms that foster the growth and development of social enterprises, including procuring capital funds in the form of loans and grants to lessen dependence on large banks that require high collateral. The administrative processes associated with enterprise development should be streamlined and made publicly available.

The further development of entrepreneurship education will serve to better prepare Serbia’s young population for careers in entrepreneurship, as well as simply to expand their skills in innovative thinking and problem solving. Moreover, as the values of entrepreneurship disseminate through academia, the concept will become more widely accepted and nourished. Best practices for stimulating entrepreneurial aspirations through education include facilitating teamwork and real-life simulations, foreign language education, and providing out-of-classroom opportunities for students. The provision of comprehensive education will lead to the creation of more successful enterprises, thus creating a reciprocal relationship between the two.

With an increased priority on entrepreneurship and innovate solutions to social and economic issues, Serbia will be able to better flourish as a capitalist society and as an aspiring member of the European Union, as well as act as an example for countries transitioning into the market economy.

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The Northeastern University Social Enterprise Review is a magazine dedicated to publishing high quality content in the social enterprise space. We engage and inspire the conscious and curious reader by exploring the intersection between business and positive social change.

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