

TRANSITIONS WITHIN THE ECOSYSTEM OF CHANGE

Willie Cheng



The ecosystem paradigm provides a framework to understand and influence the forces of change facing the nonprofit sector. In this extract from the forthcoming book, “The World That Changes The World: How philanthropy, entrepreneurship and innovation are transforming the social ecosystem,” Willie Cheng describes the social ecosystem framework, its change enablers and macro-trends.

We live in an age of transition.

The big transition, which has been playing out for decades, has been the move to a global knowledge economy. Momentous events have rippled alongside this shift: the fall of communism, the rise of capitalism and the growth of civil society. In turn, smaller transitions such as changes in a currency’s value and society’s values may be felt more immediately in our daily lives. Yet, in many ways, all these smaller waves of change are really part of the larger ones.

To place these transitions in context, it is useful to have a framework to anchor ourselves, to be able to understand the forces of change and to determine how we can respond to them.

One such useful framework is derived from biology. Framed by the study of living organisms, the term “ecosystem” describes a self-sustaining community of inter-dependent organisms interacting with one another in their local environment. The beauty of the ecosystem paradigm is the way it applies systems thinking to a complex environment.



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For our purposes, an ecosystem is defined as a system whose members benefit from one another's participation via symbiotic relationships. And just as systems can comprise sub-systems, an ecosystem can comprise sub-ecosystems which interact with, and benefit, each other. Thus, the ecosystem of a country is composed of three interdependent sub-ecosystems: the enterprise ecosystem (the private sector), the state ecosystem (the public sector) and the social ecosystem (the people sector).

In a sense, the social ecosystem has a unique role relative to the other two: Its function is to fill the gaps and pick up the pieces left behind through the

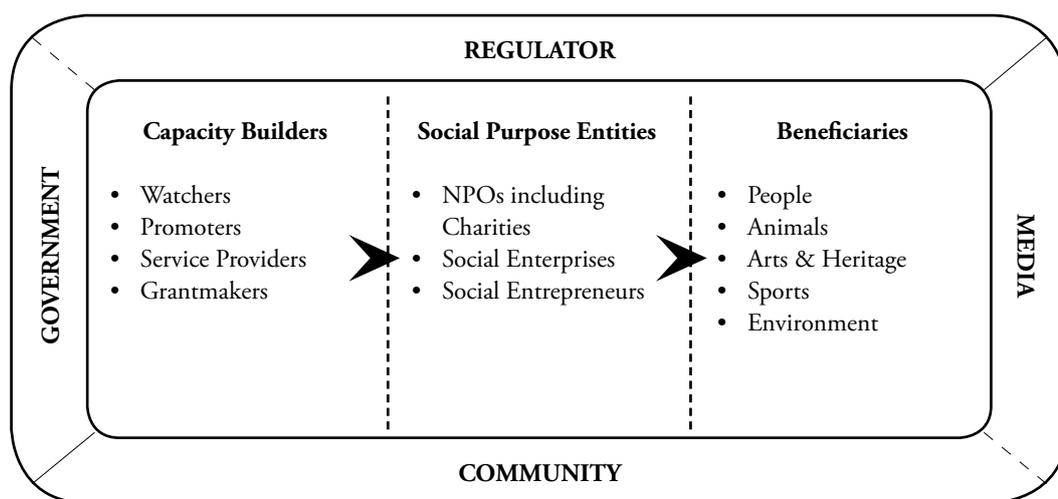
misdeeds or negligence of the state and enterprise ecosystems. It is indeed, the ecosystem of change - change to a better society and change for a better world.

THE SOCIAL ECOSYSTEM

By applying an ecosystem approach to the social sector, we obtain a holistic and integrated perspective of how the different players can and should interact with one another to create a more effective sector and a better world.

Below is a picture of what the social ecosystem and its players might look like:

THE SOCIAL ECOSYSTEM



At the core of the social ecosystem are the social purpose entities that seek to positively impact their beneficiaries and the capacity builders that facilitate the missions of these social purpose entities.

Social purpose entities describe the organisations and individuals who seek to change society for the better. The organisations go by labels such as nonprofit organisation (NPO), nongovernmental organisation (NGO) and civil society organisation (CSO) which are used quite interchangeably.¹ CSOs that qualify for tax-benefit status are called charities.² Social enterprises are a new form of hybrid social-business organisations.³ Individuals working in the sector include the social workers, activists and a new breed

of heroes called social entrepreneurs. In essence, social entrepreneurs effect systemic, large scale social change through innovative approaches.

Capacity builders, as the name suggests, are the intermediaries that help build the capacity of the social sector. Intermediaries are needed in any marketplace although their form differs in each market. For the social sector, there are the watchers who provide analysis and monitoring of the performance of the CSOs; the promoters who seek to grow and develop CSOs and the sector; the service providers⁴ who provide the myriad services that CSOs need to function; and the grantmakers who aggregate donations and make grants to the CSOs.

The prevailing culture of the social ecosystem is based on the notion of “doing good.” With the focus on helping others and improving society, good feelings often result for all the participants in this common mission. Flowing from this feel-good notion of doing good are practices and values that have come to be associated with the relative shortcomings of the social sector, when compared to the other two sectors.

Around the core players are the community (individuals and corporations who volunteer their time and expertise and donate money), the media and the government who collectively provide the resources, support and scrutiny to ensure that the core players function as intended. The government plays multiple roles in the ecosystem: as regulator, funder, promoter and player.

CHANGE IN THE ECOSYSTEM

The diagram of the social ecosystem shows neat and well-circumscribed compartments housing the different players of the ecosystem. A more representative depiction would have been an animated video that shows the dynamism of interactions as players push and influence each other within each component and across components of the ecosystem. Indeed, the shape and the nature of the ecosystem continue to morph even as we discuss it.

That “change is the only constant” is a truism of our age. But what is also increasingly recognised in today’s world is that the speed of change is accelerating. So it has been with the transitions which the social ecosystem and its players are experiencing.

Several key factors have enabled and driven these changes in the social sector in the last two decades:

- Culture
- Leadership
- Technology
- Social Finance

The prevailing culture of the social ecosystem is based on the notion of “doing good.” With the focus on helping others and improving society, good feelings often result for all the participants in this common mission. Flowing from this feel-good notion of doing good are practices and values that have come to be associated with the relative shortcomings of the social sector, when compared to the other two sectors. These include, for example, a penchant for hand-outs, a lack of accountability and a lack of pace and drive.

The importance of culture from a change perspective is its impact on the nuances of the participants’ behaviour. In most human endeavours and organisations, culture

often accounts for a strong resistance to change. Such resistance may perhaps be less so for CSOs because the social sector is about change and is less bogged down by monolithic organisations and rigid practices. In recent years, noticeable changes have seeped into some of the social sector’s cultural traits: There has been a push for less donor dependence, greater accountability and higher performance on the part of social organisations.

Strong leaders can drive the cultural and other changes needed. In his studies on enduring “great” organisations, Jim Collins concludes that the best possible impact on organisations and society is achieved by having enough “of the right people on the bus, especially the right bus drivers.”⁵

The last few years has seen a debate on whether there are enough bus drivers, or what is known as the “leadership deficit” of the social sector. A 2006 report by the Bridgespan Group identified the need for some 640,000 new senior managers for the US nonprofit sector, an increase of 2.4 times the current pool, within a decade.⁶ This led Collins to conclude that the number one constraint to the effective growth of the nonprofit sector will be the ability to attract, retain and develop enough of the right leaders.⁷

Solutions to the leadership deficit have been proposed and worked on. These include increasing capacity and capability through new sourcing models (e.g. idealistic youths and sector-shifters), understanding and catering to generational shifts and providing educational and developmental support to nonprofit leaders.⁸ What is significant is that the forces of globalisation, innovation and technology are allowing for much greater leverage than before for social change. And many leaders are emerging from within, as well as from the fringe of the social sector to respond to these leveraged opportunities to create transformational social change.

Today, technology is probably the most powerful driver of change, especially disruptive transformational change; but while the social world has benefited from the use of technology, it has generally lagged behind in its adoption compared to the other sectors.

Four clusters of technology have the greatest potential to transform the social world in the future: environmental technologies, in particular, clean energy (solar power, wind power and hydro power) and clean water; health and medical technologies which have significantly improved mortality rates and the quality of human living; robotics which help the disabled and aged to function at an optimal level of physical, mental and social well being; and “infocomm” technologies – the combination of computing, information technology and communication technologies – which have enabled the information age and an interconnected globalised world.

Unfortunately, technology also has its ugly side, and can create social injustices even as it fixes them. At the end of the day, technology is but a tool that must be properly harnessed for the social good. To maximise its value, the application of technology must be integrated with considerations of organisational strategy, the operational process and people management.

Finance remains a critical resource for CSOs even if they generally make do with as little as they can. Traditionally, their financing needs have been provided through a mix of “free” money by way of donations, grants and sponsorship, revenue from the provision of products and commercial loans where possible and appropriate. In recent years, new creative ways and vehicles have emerged to fund and even to seek the financial sustainability of CSOs and their ventures.

Many of these new financial options – such as programme related investments, social bonds and quasi-equity – are a combination of grants, debt and equity instruments, adapted from the financial industry but offered at near or below market rates.

To assure financial sustainability and in some cases, to provide employment to their beneficiaries, CSOs have also set up businesses. These social enterprises will have more financial options for their capital and operating needs as they generate revenue and thus allow capital to be returned to lenders and investors.

On the horizon are several financial innovations that will further transform the social finance field and the social sector. There are several initiatives around the world to set up social stock exchanges – pioneered in Brazil – and which can lead to secondary social markets.⁹ Technology-enabled platforms for aggregated giving such as KIVA¹⁰ and the aggregation

of long term, growth capital by the likes of the Edna McConnell Clark Foundation will increase the level of philanthropic resources.¹¹ Socially responsible investing and impact investment products have transitioned from being of interest to only a select few, into the mainstream. Investors and investees are coming under pressure to account for their work and new performance metrics are being developed to ensure this.

As the forces of culture, leadership, technology and finance impact the different players of the social ecosystem, the players impact each other as well. Collectively, this has amounted to a much larger transition: the transformation of the social ecosystem. Lester Salamon calls it a “veritable global associational revolution,”¹² John Elkington talks of an emerging “new economic order,”¹³ and Bill Drayton sees the citizen sector as “the most vital, fast-growing sector because it’s become entrepreneurial and competitive.”¹⁴

Taken together, these shifts suggest three macro-trends for the social ecosystem as a whole:

- The rise of global civil society and its attendant issues
- The acceleration of social change through innovation
- The fusion of ideas, models and practices of the social and private sectors.

GLOBAL CIVIL SOCIETY

Civil society is on the rise globally. There is widespread agreement on this point even though there is not a great deal of clarity about how big civil society has become.

The Johns Hopkins Comparative Nonprofit Sector Project which looks at the scale of nonprofit activity across the world, shows an aggregated US\$1.9 trillion in annual operating expenditure, 48.4 million full time equivalent jobs and about 4.6 percent of the economically active population for the nonprofit sectors in 40 countries.¹⁵ In relative terms, the study indicated that if the nonprofit sector were a country, it would be the fifth largest in the world. It also found that the average annual growth of the nonprofit sector was nearly double the growth of the total economies of five major countries.

Estimates of the total number of CSOs worldwide range from 3 million to 10 million.¹⁶ Most operate within national borders. However, increasing numbers are operating across borders. The likes of Médecins Sans Frontières, Oxfam and World Wildlife Fund have made their mark and are growing in strength

Transnationals have often been the targets of international CSO activity. Campaigning against Nike sweatshops, Pepsico's venture in military-controlled Myanmar and Nestle's marketing of breast milk substitutes are examples of civil society players taking on powerful corporate conglomerates and forcing changes to their business decisions which the CSOs consider detrimental to society at large. There are also CSOs such as CorpWatch that investigate and expose corporate violations of human rights, environmental damage, fraud and corruption around the world.

and influence globally.¹⁷ The Union of International Associations (UIA) has more than 21,400 active international CSOs in its register, up from 15,100 a decade earlier.¹⁸

CSOs worldwide are networking and working on common agendas. The UIA reported over 11,000 international meetings held in over 250 countries in 2008.¹⁹ One of the most prominent meetings is the World Social Forum, a rival convention to the annual World Economic Forum in Davos.²⁰ The World Social Forum takes on different formats each year. At its height, it drew more than 150,000 participants from 135 countries involved in 2,500 activities. Other global forums are also being established for specific segments of the nonprofit world such as for social entrepreneurship (World Skoll Forum), social investments (Social Capital Markets) and volunteers (International Association for Volunteer Effort World Volunteer Conference).²¹

As global civil society grows in number and strength, it is flexing its muscles. In 1998, global civil society actors working in unison successfully killed the Multilateral Agreement on Investment (MAI), a draft agreement being negotiated by the Organisation for Economic Co-operation and Development countries.²² The MAI ostensibly sought to ensure a more systematic and uniform approach between states on international investments. However, CSOs argued that MAI would threaten human rights, labour and environmental standards and the least developed countries of the world. As a result of intense lobbying, several countries withdrew from the negotiations. The international campaign was celebrated as the first-ever successful mass-activism campaign to utilise the internet to gather information and communicate among activists.

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taking on powerful corporate conglomerates and forcing changes to their business decisions which the CSOs consider detrimental to society at large.²³ There are also CSOs such as CorpWatch that investigate and expose corporate violations of human rights, environmental damage, fraud and corruption around the world.²⁴

Notwithstanding its growing base and power to improve the world, global civil society is not without its own set of problems. It has always faced, and will continue to face, the challenges of limited resources and working against the status quo and vested interests. It often finds itself having to depend on governments and enterprises for funding and support even as it seeks to change them.

What's more, some of the issues that global civil society are facing - the rich/poor divide, motivation and accountability - are, ironically, the same issues it champions against the state and enterprises in society at large.

The much talked about rich/poor divide also besets the CSO world. International CSOs are overwhelmingly concentrated in the developed world, exercising their power on local CSOs and the developing world. Indeed, international CSOs from the developed world have been variously accused of compensating themselves well with aid funds, poaching talent from the developing countries and serving the "imperialistic agendas" of the developed world.²⁵

The motivation for civil society should be generosity and altruism. Charity scandals and cases of CSO misconduct have led to the questioning of their values and agendas. Added to this, we have businesses and governments that seek to impose their values and approaches on the CSOs.²⁶

While civil society has been vociferous in its push for accountability by governments and companies, it has, in turn, been accused of not practising what it preaches. The generally smaller size and



voluntary nature of CSOs and their work often means less structure, organisation and discipline compared to governments and companies. Questions have arisen over the effectiveness, transparency and value of their work.²⁷ In recent years, voices of concern on CSO accountability have become louder. In 2004, for example, NGOWatch was established to highlight “issues of transparency and accountability in the operations of CSOs and international organisations.”²⁸ In a sense, NGOWatch mocks the “watch-style” NGOs that merely monitor the actions of corporations and governments.²⁹

SOCIAL INNOVATION

Innovation can accelerate change. It has been the driving force behind much of the changes we see in today’s world. Its power to scale change is such that many businesses and governments have pursued innovation as a primary means of attaining their next level of economic growth.

The social sector has also generated and implemented many world changing “new ideas that meet unmet social needs.”³⁰ These include distance learning, fair trade, citizen ecological movements, microfinance and human rights advocacy.³¹

More significantly, social innovation has become a mini-industry of sorts within the social sector. Organisations such as the Young Foundation³² and the Lien Centre for Social Innovation are dedicated to fostering the cause of social innovation. The industry is nascent but vibrant with players coming together in networks. The Social Innovation Exchange fosters mutual learning alongside joint initiatives such as a Global Academy for Social Innovation.³³ As the industry develops, we are also seeing the creation of dedicated social innovation incubators which provide funding, mentoring and hands-on implementation

support for new ideas. Also emerging are “social Silicon Valleys” where related institutions involved in social innovation are co-located.³⁴

The interest created by the social innovation industry has led governments and grantmakers to provide large scale funding and to create initiatives and programmes that contribute to the industry and foster social innovations. Innovation tends to occur at the intersection of disciplines and sectors. The participation of the private and public sectors in social innovation will see the development of more as well as better ideas for social change. Systemic change – the ultimate goal of social innovation – is usually also dependent on collaboration and changes in all sectors of the economy.

Thus, inasmuch as social innovation is about accelerating social change, these developments in the social innovation industry and increasing cross sector collaborations are leading to the acceleration of social innovation. In other words, what we are seeing is the acceleration of the accelerator of social change.

FUSION

The three interdependent sectors of the economy – the public, the private and the people – have traditionally coexisted but functioned quite separately, each with its own purpose, basis and culture. Of late, the three sectors have become increasingly fused, particularly between the social and private sectors.

This fusion takes place at several levels.

At a basic level, it takes the form of the copying and adaptation of ideas, models and practices, primarily from the corporate world to the nonprofit world. Since the dawn of foundations and professional

The highest level of fusion can be achieved by the integration of the social and market economies. A key focus of the social economy has been the poor and needy at the “bottom of the pyramid” (BOP). This group represents, in global terms, nearly three billion people who survive on less than US\$ 2 per day. Yet, this socio-economic group has largely been ignored by big businesses because it is perceived to not be able to afford even the basic necessities and has to depend on handouts from governments and donors.

grantmaking, CSOs have been increasingly become more attuned to the need for transparency, accountability and measurable outcomes.

In recent years, successful businessmen-turned-philanthropists such as Bill Gates, Jeff Skolls and Mario Morino have pushed the envelope on the use of business and market approaches in the social world.³⁵ The term “philanthrocapitalism” first coined by author Matthew Bishop to describe this phenomenon, loosely covers a gamut of models and approaches including social enterprises and venture philanthropy.³⁶ Venture philanthropy seeks to apply venture capital tools and approaches to CSOs. The new forms of social finance covered earlier in this article are also being pushed by these neo-philanthropists.

Perhaps a more subtle aspect of this sector fusion is the cross-pollination of thinking that is seeping into and slowly altering the cultures of the social and market economies. Certainly, it is accepted that the social economy is not always efficient and that the adoption of business principles will lead to increased accountability and reduce waste. It is also recognised that a modicum of enlightened self-interest can create the incentive structures needed to increase the sector’s performance.

For the market economy, the campaigning by social activists for compassion for the poor, the disadvantaged and the environment, has found increasing resonance. A new and growing demographic of the consumer market has been identified as LOHAS (Lifestyles of Health and Sustainability) customers. Even as businesses debate the basis and merits of corporate social responsibility (CSR), its rate of acceptance and uptake is growing. The financial crisis of late 2008 has increased the willingness of corporate leaders to do well by doing good. Hopefully, the reflections and reforms following the crisis will help corporate leaders understand that their long term interests lie in a balanced, enlightened approach towards all stakeholders. In turn, capitalism is reshaped, and for the better.

A report by Volans³⁷ concludes that the paradigm shift towards a more equitable and sustainable future is already underway in the larger world. It highlights that a new generation of innovators, entrepreneurs and investors is accelerating the changes for delivering scalable sustainable solutions to the world. The report identifies 50 pioneers of this “Phoenix Economy,” a mix that includes not only outstanding social purpose organisations, but also mainstream commercial companies and even government bodies. More significantly, the report collates a set of concerted actions that governments, business leaders and educators can take to rapidly achieve this “new economic order.”

The highest level of fusion can be achieved by the integration of the social and market economies. A key focus of the social economy has been the poor and needy at the “bottom of the pyramid” (BOP).³⁸ This group represents, in global terms, about 2.7 billion people who survive on less than US\$2 per day.³⁹ Yet, this socio-economic group has largely been ignored by big businesses because it is perceived to not be able to afford even the basic necessities and has to depend on handouts from governments and donors. However, microfinance, pioneered by Grameen Bank in the late 70s, has shown that adapting the right business model for BOP customers can, in fact, make serving the poor a viable business.⁴⁰ Today, microfinance is a vibrant industry that economically empowers many in the developing world who would otherwise have been excluded from mainstream financial services. The model is now even being adapted for developed countries.⁴¹

In the past few years, a growing group of academics, market practitioners and social entrepreneurs has actively pursued “inclusive capitalism” whereby organisations sell goods and services to low-income people while embracing poverty alleviation strategies to improve their nutrition, health care, education, employment or environment.⁴² Muhammad Yunus of Grameen Bank, for example, has created a joint-



venture social enterprise with the multibillion-dollar commercial yoghurt maker, Groupe Danone.⁴³ The mission of Grameen Danone Foods is to bring affordable nutrition to malnourished children in Bangladesh using fortified yoghurt.

Ashoka: Innovators for the Public, the world's largest global community of social entrepreneurs, is taking a proactive and scaled approach to similar social-business opportunities. Its Hybrid Value Chain model leverages the Ashoka network to bring together players from both sectors to collaborate in creating new products as well as new industries that can serve low-income populations at an unprecedented scale.⁴⁴ For example, Ashoka brokered a commercial partnership between Amanco, a leading multinational water system company and two of its Ashoka Fellows who work with small farmers in Mexico. The 35 million smallholder farmers in Mexico earn less than US\$2 per day, but they can double or triple their income with irrigation technology. Before Ashoka came onto the scene, only twelve percent of agricultural land was irrigated. Amanco reengineered its products and business model to produce affordable irrigation technology to create a new and profitable market for itself. The CSOs involved were the key market enablers who promoted and mobilised the

farmers. They earned a commission on sales that covered their operational expenses while helping to advance the CSOs' social programmes.⁴⁵

FORWARD THE ECOSYSTEM OF CHANGE

In summary, the social ecosystem framework can be a useful tool to shape the changes in the social sector. Only by first understanding the players, the change enablers and the trends in the social ecosystem, and then influencing the role, motivations and behaviour of the different players, can policy makers, sector leaders and indeed all of us, seek to move this ecosystem forward.

As noted earlier, the social ecosystem is uniquely positioned as the catalyst of change for the state and enterprise ecosystems. Its role is to change the wider world for the well being of all living on this planet.

Yet, even as players in the social ecosystem seek to change the larger world, they must realise that they need to cope with the change drivers and trends occurring in their own sector. In other words, the ecosystem of change has to change itself for the better – at the same time as it goes about its mission of changing the rest of the world.

¹ There are some nuanced differences in the labels. The term "NGO" emphasises that the organisation is non-governmental. Some NPOs can be governmental in that the government is funding them primarily and/or all or some of their office bearers are appointed by the government. The label "CSO" also suggests that the organisation is non-governmental. Also, most NGOs and CSOs are nonprofit but some can be for-profit, for example, if they were social enterprises; whereas NPOs, as the name suggests, are clearly non-profit in nature.

² In the US, charities are simply called nonprofits or, using the terminology of the US Internal Revenue Service code, Section 501 (c) (3) organisations.

³ Social enterprises are hybrid organisations that seek to make profits while delivering their social missions. They may be constituted as NPOs/CSOs/NGOs or as commercial entities. Some jurisdictions have created a legal form for such organisations: the Community Interest Company (CIC) in the UK and the Low-profit Limited Liability Company (L3C) in the US.

- ⁴ Service providers can be regular commercial or nonprofit organisations providing the services. Some of the services like office support and accommodation are generic to organisations from any sector. Other services such as consulting and fundraising support are specific to the sector or have to be tailored to it.
- ⁵ Jim Collins is the bestselling co-author of *Built to Last: Successful Habits of Visionary Companies* (Harper Business, 2004) and author of *Good to Great: Why Some Companies Make the Leap and Others Don't* (HarperCollins, 2001). He has written an accompanying monograph to the latter, *Good to Great and the Social Sectors: Why Business Thinking is Not the Answer*.
- ⁶ Tom Tierney, "The Leadership Deficit," *Stanford Social Innovation Review* (Summer 2006).
- ⁷ Jim Collins, "The Who Thing," *The Nonprofit Sector's Leadership Deficit: Commentaries* (The Bridgespan Group, March 2006).
- ⁸ Frances Kunreuther & Patrick Corvington, "Next Shift: Beyond the Nonprofit Leadership Crisis" (Baltimore, MD: Annie E. Casey Foundation, 2007). Also several of the commentaries in "The Nonprofit Sector's Leadership Deficit: Commentaries" (The Bridgespan Group, March 2006) highlight various solutions.
- ⁹ Other social stock exchanges either already exist or are being planned in South Africa, Portugal, Canada, London and Kenya. See Brazil's Social and Environmental Stock Exchange (BVS&A), <http://www.bovespasocial.org.br/institucional/home.aspx>; South Africa's Social Investment Exchange (SASIX), <http://www.sasix.co.za>; Portuguese Social Stock Exchange, www.gulbenkian.pt/section154artId2022langId2.html; Canada – Green Stock Exchange, <http://www.greensx.com>; London Social Stock Exchange, <http://www.rockpa.org/Page.aspx?pid=455> and the Kenya Social Investment Exchange <http://www.ksix.or.ke>.
- ¹⁰ Kiva facilitates micro-lending by individuals to small businesses via the internet. <http://www.kiva.org>.
- ¹¹ Other groups raising growth capital include New Profit, Sea Change, the Nonprofit Finance Fund and Growth Philanthropy Network. Edna McConnell Clark Foundation, Capital Aggregation Project, <http://www.emcf.org/how/growthcapitalpilot/index.htm>.
- ¹² Lester M. Salamon, S. Wojciech Sokolowski and Associates, *Global Civil Society: Dimensions of the Nonprofit Sector, Volume Two* (Kumarian Press, in association with the Johns Hopkins Comparative Nonprofit Sector Project, 2004).
- ¹³ John Elkington, Alejandro Litovsky & Charmian Love, *The Phoenix Economy: 50 Pioneers in the Business of Social Innovation* (Volans Ventures, London, 2009).
- ¹⁴ "Interview between Bill Drayton and Michael Febek," on the occasion of the Essl Social Prize award ceremony at the Weiner Hofburg, May 4, 2010, http://www.esslsozialpreis.at/uploads/media/Interview_Drayton-Fembek_engl.pdf.
- ¹⁵ The data cited in this paragraph is taken from the Johns Hopkins Comparative Nonprofit Sector Project, a study of nonprofit activity across some 46 countries of the world. The data provided is the latest update available from website and presentations by the institute. The figures cited in this paragraph are as of 2008. Note that the data does not always refer to the 46 countries due to limitation of the data in some countries. The aggregate data to depict the scale of activity is for 40 countries and the comparison of average annual growth rates is for 5 countries (US, Japan, Canada, Belgium, Czech Republic). See <http://www.ccss.jhu.edu/index.php?section=content&view=9&sub=3>. For the book, see Lester M. Salamon, S. Wojciech Sokolowski and Associates, *Global Civil Society: Dimensions of the Nonprofit Sector, Volume Two* (Kumarian Press, in association with the Johns Hopkins Comparative Nonprofit Sector Project, 2004).
- ¹⁶ The President of the Center for Alternative Development Nicanor Perlas estimates that there are over 3 million NGOs in "Civil Society - The third global power," *Info3*, 2001. There are 8 million .org registrations in the Public Interest Registry, not taking into account the number of .net and .edu which could be CSOs; we should also bear in mind that there will be .org registrations which are not purely CSOs, <http://www.pir.org/news/pr/2010/25years>. Author Dr. Timothy Schwartz mentions 10 million CSOs in his blog, "How to save the NGO sector from itself," http://open.salon.com/blog/timotuck/2010/03/10/part_i_how_to_save_the_ngo_sector_from_itself#_edn15.
- ¹⁷ Médecins Sans Frontières, www.msf.org; Oxfam, www.oxfam.org; World Wildlife Fund, <http://www.wwf.org>.
- ¹⁸ Union of International Associations, <http://www.uia.be>. Data is based on the year 2007/2008 and is available at <http://www.lse.ac.uk/Depts/global/yearbook07-8.htm>.
- ¹⁹ Union of International Associations, "UIA International Meeting Statistics for the year 2008," press release by Joel Fischer, June 2009, <http://www.uia.be/sites/uia.be/files/documents/statistics/press/press09.pdf>.
- ²⁰ World Social Forum, <http://www.forumsocialmundial.org.br>.
- ²¹ World Skoll Forum, <http://www.skollforum.com>; Social Capital Markets or SOCAP, <http://www.socialcapitalmarkets.net>; IAVE World Volunteer Conference, <http://www.iave.org>.
- ²² Nicanor Perlas, "Civil Society - The third global power," *Info3*, 2001; Stephen Kobrin, "The MAI and the Clash of Globalizations," *Foreign Policy*, Fall 1998.
- ²³ Nike sweatshop: <http://depts.washington.edu/ccce/polcommcampaigns/Nike.htm>, <http://www.globalexchange.org/campaigns/sweatshops/nike/>; Pepsi venture in Myanmar, http://www.thirdworldtraveler.com/Boycotts/Hx_PepsiBurmaBoy.html; Nestlé baby milk boycott, www.babymilkaction.org/pages/boycott.html.
- ²⁴ CorpWatch, <http://www.corpwatch.org>.
- ²⁵ References on rich/poor divide (some authors allude to the north/south divide) and NGO imperialism: Alejandro Bendaria, NGOs and Social Movements: A North/South Divide? (Civil Society and Social Movements Programme Paper Number 22) (United Nations Research Institute for Social Development, June 2006); James Petras, "NGOs: In the service of imperialism," *Journal of Contemporary Asia*, Volume 29, Issue 4, 1999, <http://www.neue-einheit.com/english/ngos.htm>; Joseph Mudingu, "How Genuine are NGOs?" *New Times*, August 7, 2006, <http://www.globalpolicy.org/component/content/article/176/31491.html>.
- ²⁶ See discussion in the section "Fusion" below regarding philanthrocapitalism and the impact of business values on and applying business approaches to the CSO world. The readings on NGO imperialism discussed how western governments use NGOs to effect their agendas in the developing world.
- ²⁷ References on accountability: Jem Bendell, *Debating NGO Accountability* (UN Non-Governmental Liaison, August 2006); "Civil Society Accountability: 'Who guards the guardians?'," a speech by Kumi Naidoo, CEO of Civicus at the UN on April, 3, 2003, <http://www.gdrc.org/ngo/accountability/ngo-accountability.pdf>; Jon Entine, "Why 'progressives' oppose NGO transparency," *Ethical Corporation Magazine*, August 2003.
- ²⁸ NGOWatch was launched by the American Enterprise Institute for Public Policy and the Federalist Society for Law and Public Policy Studies, two influential and well-funded think tanks serving the US administration, <http://www.ngowatch.org>. Jim Lobe, "Bringing the war home: right wing think tank turns wrath on NGOs," *Foreign Policy in Focus*, 13 June 2003, for background on formation of NGOWatch.
- ²⁹ Examples of such watch groups are <http://www.ombwatch.org>, <http://www.judicialwatch.org>, <http://www.corpwatch.org>, <http://www.transnationale.org>.
- ³⁰ "New ideas that meet unmet social needs" is the Young Foundation's broad definition of social innovation. See Geoff Mulgan with Simon Tucker, Rushanara Ali and Ben Sanders, *Social Innovation: What it is, why it matters and how it can be accelerated* (Oxford Said Business School, 2007).

- ³¹ The world changing social innovations identified here and several more are listed in Geoff Mulgan with Simon Tucker, Rushanara Ali and Ben Sanders, *Social Innovation: What it is, why it matters and how it can be accelerated* (Oxford Said Business School, 2007).
- ³² The Young Foundation, <http://www.youngfoundation.org>.
- ³³ SIX, <http://socialinnovationexchange.org>.
- ³⁴ Incubators include Social Fusion, <http://socialfusion.org>; CAN Mezzanine, <http://www.can-online.org.uk/>; The Hub, <http://www.the-hub.net> and Launchpad, <http://launchpad.youngfoundation.org>. The first social Silicon Valley is the Social Innovation Park in Bilbao, Spain. Allison Benjamin, "Small is Powerful." *The Guardian*, January 7, 2009; Gorka Espiau, *The New Social Silicon Valley* (DenokInn, 2010), http://www.euclidnetwork.eu/data/files/resources/the_social_innovation_park.pdf.
- ³⁵ Bill Gates: Bill & Melinda Gates Foundation, <http://www.gatesfoundation.org>; Carol Loomis, "The global force called the Gates Foundation," *Fortune*, 25 June 2006; "Crafting partnerships for vaccinations and healthcare – The Bill & Melinda Gates Foundation," Global Giving Matters, December 2003-January 2004 feature, http://www.synergos.org/globalgiving_matters/features/0401gates.htm; Jeff Skolls: Skoll Foundation at <http://www.skollfoundation.org>; Tom Watson, "Skoll at Oxford: A Changing Time for Philanthropy," on Philanthropy, April 2, 2007 at <http://www.onphilanthropy.com>; Mario Morino: Venture Philanthropy Partners at <http://www.vppartners.org>; "Venture Philanthropy: Leveraging compassion with capacity," an address by Mario Morino for the Northern Virginia Technology Council, March 2001, <http://www.efooting.org/NewSite/documents/MorinoInstitute03.08.01.pdf>.
- ³⁶ Matthew Bishop & Michael Green, *Philanthrocapitalism* (Bloomsbury Press, 2008), <http://www.philanthrocapitalism.net>. A summary of what is covered under the umbrella of philanthrocapitalism can be found in Willie Cheng, "The market and the social economy: can the twain meet?" *Social Space* 2009.
- ³⁷ John Elkington, Alejandro Litovsky & Charmian Love, *The Phoenix Economy: 50 Pioneers in the Business of Social Innovation* (Volans Ventures, London, 2009).
- ³⁸ The term and concept of BOP has been popularised by authors such as CK Prahalad, *The Fortune at the Bottom of the Pyramid* (Wharton School Publishing, 2005) and Stuart L. Hart, *Capitalism at the Crossroads: The unlimited business opportunities in solving the world's most difficult problems* (Wharton School Publishing, 2005).
- ³⁹ Global Issues, "Poverty Facts and Stats." <http://www.globalissues.org/article/26/poverty-facts-and-stats>.
- ⁴⁰ The model of microcredit pioneered by Muhammad Yunus, founder of Grammen Bank and recipient of the 2006 Nobel Peace Prize is as follows: a group of five villagers is loaned a very small sum of money and the whole group is denied credit if one person defaults. <http://preview.tinyurl.com/aboutgrameenbank>.
- ⁴¹ Microfinance references: Microfinance Gateway, <http://www.microfinancegateway.org/p/site/m.>; Julian Evans, "Microfinance's midlife crisis," *Wall Street Journal*, March 1, 2010; Nimal Fernando, *Microfinance Industry: Some changes and continuities* (Asian Development Bank, May 2007), *Industry Insight: MicroFinance* (Cygnus, September 2008).
- ⁴² While the term, "inclusive capitalism" has been used earlier, it was popularised in recent times by CK Prahalad and Allen Hammond, the Vice President of Special Projects and Innovation at the World Resources Institute, an environmental think-tank. See Allen Hammond & C.K. Prahalad, "Selling to the Poor," *Foreign Policy*, May 1, 2004.
- ⁴³ Reaz Ahmad, "Grameen teams up with Groupe Danone to set up food plant," *The Daily Star*, Vol 5. Num 636, March 13, 2006; "Grameen Danone Foods Launched," *Grameen Dialogue*, April 2006, <http://www.grameen-info.org/dialogue/dialogue63/regularff2.html>.
- ⁴⁴ Ashoka, <http://www.ashoka.org/hvc>.
- ⁴⁵ Valeria Budinich, et al, *Hybrid Value Chains: Social innovations and development of the small farmer irrigation market in Mexico* (Ashoka, 2009).