News Release

WORLD ECONOMIC FORUM

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Policy-makers and Entrepreneurs Set Priorities for Social Innovation

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- Social enterprises need economically viable business models
- Governments must support social innovation through a constructive environment
- Existing government structures can provide social innovators with the scale to impact society
- Learn more about the World Economic Forum on Latin America: http://wef.ch/la13

Lima, Peru, 24 April 2013 – Government officials and social entrepreneurs gathered at the World Economic Forum on Latin America in Lima, Peru, agreed that the public and private sector can work together to solve problems through social innovation – and entrepreneurs must create companies that make money at the same time that they do good.

" Solutions must have economically viable business models behind them. There is not enough charity out there, " Jordan Kassalow, Founder and Co-Chairman, VisionSpring, USA, told participants.

Carolina Trivelli Avila, Minister of Development and Social Inclusion of Peru, added that an " entrepreneur making money is the only way to ensure the stability of an invention. " If the business is making money, it will persist through changes in government and will not depend on public sector support, which is often fickle.

Alvaro Rodriguez Arregui, Co-Founder and Managing Partner, IGNIA Partners, Mexico, said government " must change regulations and create an environment in which social enterprises can succeed. " He said such policy requires long-term thinking which is often unappealing to politicians, who prefer to simply distribute favours in return for votes, but it is the only sustainable model. Participants agreed that these policies should include a reduction in bureaucracy, which makes opening businesses and importing necessary goods so difficult; and it should include incentives for private capital to invest in social projects. " Taking risks does not mean being irresponsible. We have to invest in projects that have a chance of changing the world, " Rodriguez Arregui said.

Marcelo Côrtes Neri, Minister of Strategic Affairs of Brazil, said existing government structures offer social entrepreneurs an opportunity to scale up their projects to impact society as a whole. In Brazil, government programmes such as the Bolsa Familia have data about and delivery channels to tens of millions of needy citizens, and several private social projects in Brazil are taking advantage of these structures to reach these citizens. " How to combine private sector ingenuity and public sector scale, this is the challenge, " Côrtes Neri said.

But Kassalow warned that donor and government pressure to scale up projects may lead entrepreneurs to advance immature business models. " Scale is only good when you have a business that is ready to be scaled, " he said. Still, he too agreed that collaboration with government is essential. " It is true for all social enterprises. To have a real social impact, you need the business community and government to collaborate with social entrepreneurs. "

The co-chairs of the meeting reflect the international character of the participants:
Baroness Valerie Amos, Undersecretary-General for Humanitarian Affairs and Emergency Relief Coordinator, United Nations, New York; Global Agenda Council on Catastrophic Risks; **Michel M. Liès**, Group Chief Executive Officer, Swiss Re, Switzerland; **Gérard Mestrallet**, Chairman and Chief Executive Officer, GDF SUEZ, France; **Carlos Rodríguez-Pastor**, Chairman, Intercorp, Peru; **Arne Sorenson**, President and Chief Executive Officer, Marriott International, USA

Notes to Editors

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