

REBUILDING BETTER

with sustainable and inclusive business models

Working document - July 2020

Introduction

The increase in inequalities, the lack of social protection for workers and the lack of investments in public services are among the most worrying evidence of the flaws in our social and economic models. The social contract is clearly coming apart at the seams. COVID-19 is brutally exposing these flaws and further exacerbating them. The pandemic is also revealing our dependency on long and complex value chains for essential goods, such as medicines and protective equipment. And it shows the inherent risks of the dependence of middle and high income countries' agriculture sector on poorly paid migrant workers.

With European governments and the EU making available unprecedented amounts of public funding to save small and large companies, there is widespread expectation that any financial support to large companies through tax breaks, loans and grants be conditional on responsible tax behaviour, commitments to green their operations and not to further increase inequalities between capital owners and those who suffer most from an economic standstill or downturn.

In light of the crisis, its effects and our responses to it, this is the right moment to question the traditional business model, highlight successful alternatives and explore what the EU and Member States could do better in order to support sustainable and inclusive business models which are self-sufficient and profitable and bring social and environmental benefits - rather than being profitable to the detriment of social justice, human rights and the planet.

Acknowledging the EU priority to work towards "An economy that works for people - Working for social fairness and prosperity", this briefing note aims in particular at informing the EU and Member States about the capacity of sustainable and inclusive business models to deliver positive economic, social and environmental impacts in partner countries.¹ Since EU international cooperation increasingly relies on the corporate sector to deliver on its development goals, it is crucial to recognise and act on the fact that people-centered businesses are best-placed to build sustainable economies and societies for all, free from poverty and inequality.

Problematic conventional business models

Conventional business models have developed in a context of lack of regulation of the financial sector, insufficiently regulated mergers and acquisitions and trade and investment liberalisation, all of which are driving competition based on low environmental and social standards throughout global value chains. Those models have **served society very poorly**, bringing environmental degradation, climate crisis, human rights violations and rampant inequalities between and within societies.

The generic term, 'conventional business model', covers many different realities. But the overall problem is that their principal objective is the **maximisation of profit**. Constantly needing to increase profit (and thus dividends to shareholders), business executives cut costs to the point of causing - and building the company on - human rights abuses and environmental exploitation and degradation. Another driver is the perceived need to meet **consumers' expectations** for a low price. The competitive environment generated by the lack of regulation and push for self-regulation and non-binding standards, is driving a race to the bottom, especially for companies that compete almost solely on price. It is this model that has led to the buy-and-dispose consumerist culture that is causing the depletion of the planet's resources and exploitation of people. When a business model

¹ https://ec.europa.eu/info/strategy/priorities-2019-2024/economy-works-people_en

makes it viable to burn unsold, unused garments, or makes suppliers actively disregard fire safety measures – the root cause of the many fatalities of the Rana Plaza tragedy in Bangladesh – it is clearly flawed to its very core.

But these businesses create **jobs**, we hear people counter. True, but the self-employed and micro-enterprises alone have a combined share in total employment of between 80 and 90 per cent in low- and middle-income countries.² And the jobs conventional businesses create are too often of poor quality or societal worth.³⁴ Without ownership or a voice in company decision-making, and with restrictions put on workers' right to organise, workers' interests are usually overlooked. Democracy too often stops when people enter the workplace. Furthermore, without proper connections to the communities they operate in, conventional businesses relocate all too easily for the sake of cutting costs.

While we profoundly oppose the increased **corporate capture of political decision-making**, with businesses threatening to withdraw investments if the regulatory environment is not more accommodating, we hold **governments responsible for not adequately regulating the private sector** and for driving a liberalisation agenda that is particularly enabling for those unsustainable and detrimental business models. Due to a lack of public regulation in the pharmaceutical industry, for example, these companies decide, without oversight or constraint, at which prices they make medicines and vaccines available across the globe.

Defining sustainable and inclusive business models

There are alternative models: sustainable and inclusive business models. They are not new and have already proven their viability and added value to society over some time. Companies of this type are **driven by a social and environmental mission underpinned by values**. This mission is incorporated into the constitution and bylaws, and influences the governance structure of the company so that business decisions and practices uphold the mission (i.e. high social and environmental standards). This means that when these businesses run a profit (which they indeed do), it is not at the expense of their standards, the people with whom they work or trade, or the environment. Furthermore, profits are first and foremost reinvested into the social and environmental mission, or redistributed among the people whom the social mission is supposed to help. They are guided by a longer-term vision.

Sustainable and inclusive businesses are directed by **participatory decision-making and inclusive governance**. Members and/or employees participate actively in a democratic manner, having the right to share their views on key strategic and policy decisions. They can elect staff representatives, who should be accountable, open and transparent and have their interests at heart in the social dialogue with employers. There is diversity at strategic management level, while stakeholders and less represented groups in society can be represented on the board. The cooperative movement goes even one step further, as they deploy a one-member, one-vote model which means that power is not proportionate to wealth (in contrast, in mainstream shareholder capitalism, more shares usually equals more votes). This approach democratises ownership and shifts power to people who are otherwise left out of decisions, including producers, workers, community groups, or environmental and consumer organisations. In other pioneering cases, all stakeholders (workers,

² ILO, Small matters,
https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_723282.pdf

³ https://www.ilo.org/global/research/global-reports/weso/2019/WCMS_670542/lang--en/index.htm

⁴ David Graeber, *Bullshit Jobs: A Theory* (2018)

local community, suppliers in vulnerable situations, etc.) in the business are made shareholders based on the premise that when management decisions impact on them they should have a say.⁵

The description above covers various social enterprises, cooperatives, Fair Trade Enterprises and businesses that operate in the field of the Social and Solidarity Economy (SSE).⁶ Yet sustainable and inclusive business models are not limited only to those. There are sustainable and inclusive businesses that do not identify themselves as social enterprises or as part of the Social and Solidarity Economy, as can be the case for some of the Certified B Corporations that are both mission-driven and inclusively governed.^{7,8} It is also worth noting, that the Social and Solidarity Economy encompasses not only social enterprises and cooperatives but also mutual associations, self-help groups or community currency schemes. The concept therefore goes beyond business models per se. Below we offer four distinct examples of sustainable and inclusive enterprises and show what sets them apart from mainstream businesses (see box 1).

Box 1: Examples of sustainable and inclusive enterprises

gebana

Originating in the Swiss women's movement, *gebana* is a growing Fair Trade company working closely with organic family farmers in Europe, Africa and South America. The turnover of the global network – covering also the subsidiary companies in the Netherlands, Burkina Faso, Togo and Brazil – exceeded EUR 31 million in 2018. It functions like a network linking producers and consumers, allowing the farmers to sell directly to customers in Europe. *gebana* shares its profits equally with employees, customers and investors worldwide. Since 2019, *gebana Switzerland* has shared an amount equivalent to 10% of the final retail price of mango and cashew directly with the producers. Over 2500 family farmers in Burkina Faso have benefited from the more than EUR 120,000 this has provided and the model is set to be extended to other supply chains this year.⁹ The network supports the resilience of companies and farmers connected to it, as demonstrated in 2017 when the subsidiary in Burkina Faso was close to bankruptcy due to a poor harvest and escalating prices. In collaboration with existing and new investors, trade customers and over 2800 individual end-customers, *gebana* managed to save the subsidiary and preserve the local jobs it provided.

SWaCH

In Pune, India, the worker-owned cooperative SWaCH, which is linked to the trade union Kagad Kach Patra Kashtakari Panchayat (KKPKP), has enabled more than 3000 waste pickers (a majority of whom are women from socially disadvantaged groups) in the informal economy to improve their working conditions (e.g. improving occupational safety and health, helping them obtain waste pickers government ID cards), benefit from training and participate in democratic decision-making. In addition to improving workers' livelihoods directly, the cooperative's members also advocate for sustainable waste management and better labour practices.

⁵ See for example *El Puente* (<https://wfto-europe.org/how-fair-trade-innovates-el-puentes-story/>), and *Divine Chocolate Ltd.* (<https://www.divinechocolate.com/divine-difference>).

⁶ Social and Solidarity Economy encompasses organizations and enterprises that: 1) have explicit economic and social (and often environmental) objectives; 2) involve varying degrees and forms of cooperative, associative and solidarity relations between workers, producers and consumers; 3) practice workplace democracy and self-management. SSE includes traditional forms of cooperatives and mutual associations, as well as women's self-help groups, community forestry groups, social provisioning organizations or 'proximity services', fair trade organizations, associations of informal sector workers, social enterprises, and community currency and alternative finance schemes", <http://unsse.org/>

⁷ <https://bcorporation.net/about-b-corps>

⁸ <https://bcorporation.uk/faq-item/what-difference-between-b-corp-and-social-enterprise>

⁹ https://wfto.com/sites/default/files/Business_Models_Report.pdf pp. 7 and 9

Manos del Uruguay

Manos del Uruguay is a Fair Trade fashion producer and brand set up and owned by 12 women's producer cooperatives across Uruguay, each consisting of about 20 women. The mission of *Manos* is to provide livelihoods and personal development opportunities for rural women in Uruguay, regardless of how remote their location. Founded in 1968, *Manos* focuses on high quality hand-woven fashion items, and has consistently achieved sales of EUR 4.5 million per year in the last decade, both through domestic sales and exports. All profits are either reinvested into the business or redistributed to the producers. Three artisan representatives sit on the board of Manos, and are elected by vote at an artisans' assembly.

ELIO Social Laundries

Funded by Caritas, ELIO Social Laundries is a self-sustaining Social Economy Enterprise in the municipality of Šabac, Serbia, that generates funds to be reinvested into targeted social services.¹⁰ ELIO provides opportunities of employment to women from marginalised groups, for example women with partial physical or mental disabilities. The services are also free for people in vulnerable situations, especially for the beneficiaries of the Caritas Šabac home care service. The ELIO laundries not only enable marginalised women to access employment, but also financially support other social services run by Caritas in the region. Besides the social component, this laundry service is environmentally friendly, having made conscious sustainability choices regarding the detergents and machines used.

The aforementioned structural characteristics - of being mission-driven and inclusively governed or democratically directed - free such businesses to ambitiously pursue good practices even when that would limit profits. Exemplary practices include:

- Creating opportunities for marginalised communities or groups in society;
- Ensuring gender equity and equal pay, working conditions and opportunity;
- Building long-term and stable trading relationships;
- Ensuring decent work and living wages, and upholding the ILO conventions and the UN Guiding Principles on Business and Human Rights;
- Providing capacity-building and training for employees, producers/suppliers and their workers;
- Ensuring transparency of supply chains and of the business' positive impact on stakeholders and local communities;
- Promoting freedom of association and combating discrimination on the basis of gender, age, race, social group, political or religious beliefs, etc.;
- Limiting the disparity between the salary of the lowest and highest paid within the business (lower than 1:10 ratio);
- Refraining from aggressive tax planning and tax secrecy, and hence paying their fair share of tax in order to contribute to the societies in which they operate;
- Avoiding corporate lobbying which promotes the externalisation of social and environmental costs.

Box 2: How many sustainable and inclusive enterprises are we talking about?

¹⁰ <https://www.youtube.com/watch?v=dmdF7vX5TtA&index=3&list=PLGcDXXgogQOXv1Rw4KWEVvPbkJy0Q65>

The figures below can help illustrate how widespread some of the actors that fit within this broader category are, but this list is by no means exhaustive:

- Globally 279.4 million people are involved in cooperatives. According to the United Nations Secretary General's report on *Cooperatives in Social Development* (2017), cooperatives have a significant presence in both developed and developing countries with over 3 million cooperatives worldwide.^{11, 12} Cooperative employment constitutes at least 9.46% of the world's employed population, employing more than 100 million people worldwide. **This is 20 percent more than the number employed by multinational enterprises.**¹³
- Within Europe, 2.8 million social economy organisations and enterprises provide jobs to 13.6 million people.¹⁴
- Worldwide, there are 355 Fair Trade Enterprises verified by the *World Fair Trade Organization* (WFTO) covering 76 countries and impacting on approximately 965,700 people.¹⁵ There are 1707 producers' organisations certified by Fair Trade International covering 73 countries and impacting on more than 1.7 million farmers and workers.¹⁶
- There are currently 3393 Certified B Corporations, operating in 150 industries and 71 countries, some of which are also mission-driven and inclusively governed.¹⁷

What solutions can they offer to today's problems?

At the heart of sustainable and inclusive businesses is a human-centered approach that **ensures resilience, sustainability and tackles the multiple dimensions of inequalities** - economic, social, environmental and political. This is what differentiates them from mainstream private sector companies. Since sustainable and inclusive businesses are driven by values, their governance structure ensures **they will not sacrifice the well-being of their suppliers, producers, workers, or the community** where they operate just to increase profits, or to weather a crisis. **Nor will they cut costs by lowering their environmental standards**, as this would lead to increased pollution of the local environment and more emissions, thereby worsening the climate crisis. In such companies, profit is what is left after all involved parties (workers, suppliers, producers, etc.) have earned their fair share – in a green, sustainable and inclusive manner. Since decisions are made in an inclusive and democratic way, underpinned by values, profits are reinvested in the business and the community in which the business operates. There is therefore no urge for the business to exploit people or the planet in order to increase profit margins.

There are indications that sustainable and inclusive businesses are **more resilient**. They adapt more smoothly to crisis situations because they build strong partnerships in their supply chains and involve workers in business governance. Whether we look at the agricultural depression in the 1860s in Germany, the Great Depression in the 1930s in the United States and the subsequent price collapse in Sweden, the reconstruction after the Second World War, or the fall of the Soviet Union, agricultural, savings and credit, electricity and telecommunication, (retail) consumer and other types

¹¹ <https://undocs.org/A/72/159>

¹² <https://www.ica.coop/en/cooperatives/facts-and-figures>

¹³

<https://www.cicopa.coop/wp-content/uploads/2018/01/Cooperatives-and-Employment-Second-Global-Report-2017.pdf>

¹⁴ <https://www.socialeconomy.eu.org/>

¹⁵ <https://wfto.com/who-we-are>

¹⁶ <https://www.fairtrade.net/impact>

¹⁷ <https://bcorporation.net/>

of cooperatives all displayed a strong ability to withstand shocks and could even thrive in times of crisis.¹⁸ More recently, research shows that financial cooperatives have fared far better than investor-owned banks during the financial crisis of 2008.¹⁹ The governance model of these businesses, based as it is on democratic ownership, control and shared benefit, creates the conditions for the resilience and **trust** needed in a crisis. This trust, stemming from the knowledge that laying off staff or selling off parts of the business are strategies of last resort, means that all members of the company mobilise their energy to look out for each other and the business. Some companies following this model, for example, cut their profits and spend their reserves to rescue members, affiliates or suppliers facing difficulties during a temporary crisis.

The current COVID-19 crisis very clearly emphasises the value – indeed the necessity – of this type of resilience, especially for the poorest, most marginalised and excluded members of society. Another added value of sustainable and inclusive business models is therefore that they can **reach out to all members of society across the globe, by promoting equality and inclusive economic development**. Their values of equality and equity are translated in inclusive decision-making, access to services and equitable distribution of surpluses. People who typically don't benefit from equal opportunities, including indigenous peoples, people with disabilities, migrants and refugees, are not only provided with affordable services, but also given the opportunity to cooperate with other partners in communities and engage in social and economic activities aimed at improving livelihoods.²⁰ By putting values at the centre of their business model, they help increase the resilience of these people and their communities, fulfilling the 'leave no-one behind' guiding principle of the 2030 Agenda. The greater the resilience of people most affected by epidemics like COVID-19 or climate shocks, both in social and economic terms, the better society as a whole can get through the crisis with limited negative impacts.

Sustainable and inclusive business models can play a vital role in the transition from today's widespread informal economy and increasingly precarious work to **decent work for all**, creating high quality jobs with universal social protection for workers.²¹ They can facilitate access to finance, resources, technology, support services and markets and negotiate better prices, thereby addressing the power asymmetries that exist in today's markets. By empowering smallholders in the agricultural sector, for example, they can lead the way to a more equitable agro-food system.

Sustainable and inclusive business models can contribute to **women's economic rights** in at least three important ways.²² Firstly, they can increase access to employment and facilitate women's participation in local economies. This is particularly the case for women working in the informal economy, such as home-based and domestic workers, who often choose to improve their livelihoods, enhance their access to goods, markets and services, whilst amplifying their voice, by coming together to work in cooperatives or other people-centered business formats. These models can also enable economic democracy and agency, as their inclusive governance structures serve as spaces for women to engage in decision-making and power-sharing. And thirdly, they can boost leadership and management experience, providing women with opportunities for professional development and skills enhancement. Gender-just energy cooperatives, for example, provide equal access to women throughout the entire energy value chain, reduce workloads by saving costs and time, provide control over energy production and consumption, foster women's empowerment and leadership and together engage for a cooperative gender and energy policy.²³ Research by WFTO in

¹⁸https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_108416.pdf

¹⁹ https://www.ilo.org/empent/Publications/WCMS_207768/lang--en/index.htm

²⁰ http://www.copac.coop/wp-content/uploads/2018/08/COPAC_TransformBrief_SDG10.pdf

²¹ http://unsse.org/wp-content/uploads/2014/08/Position-Paper_TFSSE_Eng1.pdf

²² http://www.copac.coop/wp-content/uploads/2018/03/COPAC_TransformBrief_SDG5.pdf

²³ <https://www.wecf.org/wp-content/uploads/2018/06/EnergyCooperativesONLINEshortversionKopieren.pdf>

2019 shows that a woman working for a Fair Trade Organisation is four times more likely to achieve leadership positions or join a board than a woman working for a conventional business.²⁴

As the incentive to externalise not only social but also environmental costs or to incite overconsumption disappears when companies stop their relentless pursuit of profit, sustainable and inclusive enterprises can support the **fair and green recovery** out of the current crisis. Indeed, there are examples of sustainable and inclusive business models that constantly innovate their environmental practices to live up to their mission. The Fair Trade Enterprise, *gebana* (see Box 1), is built around more sustainable selling practices, like avoiding food waste, unnecessary repackaging and by shipping all except one product by sea. They constantly strive to improve further, through regular capacity-building for the farmers they work with, and different, innovative price structures that redistribute more of the value to the primary producers, without pricing themselves out of the market. They demonstrate that when the primary producers are paid fair, living wages and provided with adequate know-how, they will produce more sustainably and be more resilient to unforeseen events.²⁵

EU commitment to sustainable and inclusive business models

When adopting the **European Green Deal** at the end of **2019**, the European Commission decided to look into new business models which leave no one behind, based on circularity, renting and sharing goods and services.²⁶ The Commission also demands that sustainability be further embedded into the corporate governance framework, *‘as many companies still focus too much on short-term financial performance compared to their long-term development and sustainability aspects.’*²⁷ In April 2020, Commissioner for Justice, Didier Reynders, explained the Commission would foster longer time horizons in corporate decision-making, incentivise sustainable business models and increase corporate accountability for human and environmental harm.²⁸ In addition, European Commissioner for Jobs and Social Rights, Nicolas Schmit, has been tasked to develop a new **EU Action Plan for the Social Economy by 2021**, which should apply coherently to both internal and external policies. A strong social economy that, according to the Commission’s Covid-19 ‘repair and prepare for the next generation’ strategy, *‘can offer unique opportunities to help [those] most vulnerable to return to the labour market’*.²⁹

In line with the Lisbon Treaty, the EU should also ensure that its domestic policies take into account the impact they have on sustainable and inclusive businesses in partner countries.³⁰ Various commitments have also been made to support sustainable and inclusive business models in the **EU’s external action policies**.

The **2014 Private Sector in Development Communication** highlighted the diversity of the private sector, *‘ranging from enterprising individuals to large multinational corporations and financial institutions; from enterprises creating shareholder value to people-centred social businesses, cooperatives and workers and employers organisations’*.³¹ It acknowledges that cooperatives often lead the way in providing decent jobs, sustainable livelihoods and inclusive solutions to social

²⁴ <https://wfto.com/womensday2019/>

²⁵ For more examples of such businesses innovating greener and more sustainable practices, see: <https://wfto-europe.org/wp-content/uploads/2020/05/WFTO-E-Members-Review-2020.pdf>

²⁶

https://eur-lex.europa.eu/resource.html?uri=cellar:b828d165-1c22-11ea-8c1f-01aa75ed71a1.0002.02/DOC_1&format=PDF

²⁷ *ibid.*

²⁸

<https://responsiblebusinessconduct.eu/wp/2020/04/30/speech-by-commissioner-reynders-in-rbc-webinar-on-due-diligence/>

²⁹ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0456&from=EN>

³⁰ Article 208

³¹ <https://ec.europa.eu/transparency/regdoc/rep/1/2014/EN/1-2014-263-EN-F1-1.Pdf>

problems. And it proposes concrete supporting actions such as co-financing market-based schemes for MSMEs to access business support services from local providers, including informal self-help organisations or cooperatives.

Regrettably, the **EU Trade for All Strategy**, adopted shortly after, in 2015, completely overlooks sustainable and inclusive business models. It does, however, aim to promote fair and ethical trade schemes, because that reflects EU consumers' demands and creates more sustainable trade opportunities for small producers in third countries. The **2020 review of the EU's trade policy** to build a resilient and sustainable EU economy after the coronavirus, create global trade opportunities for businesses, in particular SMEs, and improve the level playing field, **offers a unique opportunity to ensure the EU's trade policy addresses the needs of sustainable and inclusive enterprises.**³²

In the **2017 European Consensus on Development**, the EU and Member States set out to promote social enterprises, cooperatives, and women and youth entrepreneurs, to boost the provision of local services as well as inclusive and green business models.³³ Through people-centered businesses, they will promote economic opportunities with decent employment. And they will promote the creation of farmers' cooperatives to address better productivity of family farms, land use rights and traditional farmer-based seed systems. As a strong contribution to the implementation of the 2030 Agenda, they commit to work with the private sector to ensure a higher uptake of responsible and inclusive business models and practices by a wider range of EU companies with supply chains in developing countries, and to promote fair, transparent and ethical trade, including with small producers in developing countries.

In its **2020 proposal for a comprehensive strategy with Africa**, the European Commission and European External Action Service draw special attention to the EU's EUR 222 billion foreign direct investments in Africa to help boost the African economy and private sector.³⁴ It would, however, also be important to determine who should be the recipients of such investments - conventional or sustainable and inclusive businesses - in order to secure sustainable development additionality that benefits everyone. The proposal rightly highlights the importance of decent work opportunities, with social protection and effective social dialogue. It also stresses the need to transition from the informal to the formal economy, and more generally to a sustainable economic model with sustainable and fair value chains, whereby trade should facilitate the adoption of innovative, sustainable business models. **The potential of sustainable and inclusive business to contribute to such a transition, should nonetheless be expressed much more prominently in the run up to the EU-Africa Summit.**

How can the EU and its Member States support sustainable and inclusive business models?

Despite the various commitments made, there is **lack of consolidated information**, beside anecdotal evidence, on how the EU and Member States, at headquarters, delegation or embassy level, have so far supported the growth of sustainable and inclusive enterprises in partner countries. As mentioned above, given the importance of the corporate sector in achieving development goals, it is crucial to recognise and act on the fact that people-centered businesses are best-placed to build equitable economies and societies for all.

We therefore provide an initial list of recommendations whereby the EU could better support sustainable and inclusive businesses. The EU and its Member States should:

³² https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1058

³³ European Consensus on Development, https://ec.europa.eu/international-partnerships/system/files/european-consensus-on-development-final-20170626_en.pdf

³⁴ https://ec.europa.eu/international-partnerships/system/files/communication-eu-africa-strategy-join-2020-4-final_en.pdf

1) Map sustainable and inclusive businesses, assess the context they operate in and help to create an enabling environment for them in partner countries:

- Foster an enabling environment for sustainable and inclusive businesses in partner countries, by raising their concerns or including them where relevant in policy dialogues with partner governments, and by promoting the role that people-centered businesses play in achieving the SDGs.
- Dedicate funding for technical assistance and capacity-building to support governments in partner countries to develop adequate legal and regulatory frameworks that allow sustainable and inclusive enterprises to flourish.
- Actively engage in and support the work of the UN Task Force on Social and Solidarity Economy.³⁵

2) Provide access to finance for sustainable and inclusive businesses:

- EU and Member States' external investment tools such as the EU External Investment Plan, that aim to support private sector actors in partner countries, should primarily focus on supporting sustainable and inclusive businesses that are aligned to and deliver on sustainable development objectives and the Paris Agreement.
- EU external financing instruments such as the Neighbourhood, Development and International Cooperation Instrument (NDICI), national development budgets, development cooperation programmes and Aid for Trade strategies, should promote and engage with sustainable and inclusive business actors in the design, implementation, monitoring and evaluation of programmes, addressing their specificities.

3) Help boost sustainable and inclusive businesses:

- Systematically add a section or pillar on social and inclusive business in all EU-Africa and other similar EU-sponsored Business Summits.
- Take the needs and interests of small-scale and sustainable and inclusive businesses into account when negotiating trade agreements, and be sure to avoid putting them in situations of unfair competition.
- Shape tender processes to favour sustainable and inclusive businesses through public procurement practices and legislation, in the EU and partner countries, for example by applying weighted criteria in tender documents or by showing flexibility when it comes to quantities and lead times, as various contracting authorities in the EU already do.³⁶
- Make sure investment treaties and investors' protection mechanisms do not prevent partner countries from favouring sustainable and inclusive businesses.
- Facilitate cross-border cooperation between different sustainable and inclusive businesses to allow them to expand their business and further increase their resilience.

4) Monitor support to and impact of sustainable and inclusive businesses:

- The monitoring tools of external action instruments of the EU and its Member States should include quantitative and qualitative indicators on support to sustainable and inclusive business models, as well as gather evidence of how the projects funded contribute to the achievement of the 2030 Agenda and the Paris Agreement. The positive development impact for local communities should be prioritised over the financial leverage or the return on investments.

³⁵ <http://unsse.org/>

³⁶ <https://op.europa.eu/en/publication-detail/-/publication/3498035f-5137-11ea-aece-01aa75ed71a1>

- Disseminate good practices on how these actors contribute to sustainable development and how diversifying enterprise models helps to increase economic stability while serving important environmental and social goals.
- Include local, regional and global civil society organisations and networks as partners in monitoring the implementation of EU and Member States' external action instruments and policies.

These recommendations will be further developed, based on ongoing research into EU practices in partner countries.