Social Business and Society

CSA Leadership Forum

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A social business combines the mission of a charity with the business acumen of a for-profit business. Unlike a charity, it generates profit and aims to be financially self-sustaining, while profits are reinvested in strengthening the social mission.
We help social businesses to prove their model and get onto a **path for sustained growth** whilst maximizing their social impact.

We help social businesses with the **services and connections** they need to grow, scale and continue to create impact sustainably.

We believe in data driven decision making and work with social businesses to **track the areas of improvement** using a tool we developed in partnership with the Boston Consulting Group.
Different Types of Enterprises

- ** Tradition Charity**
  - Purely charitable funding from grants, donations or endowment

- **Social Enterprises**
  - Additional market-based revenue stream
  - Potentially self-sustaining > 75% market revenues
  - Social business: profits are reinvested

- **Traditional Business**
  - Mission-driven for profit enterprise
  - CSR & corporate philanthropy (target for socially responsible investments)
  - Purely profit orientation; mainstream investors

Primary driver is to achieve

- **Social Value**
- **Measurable social impact alongside financial return**
- **Financial Value**
Comparing across Different Enterprises

Traditional Charity
- Address pressing challenges in society
- Provide essential interventions
- 100% impact focused

Social Enterprises
- Impact-first enterprises
- Market driven solutions to social issues
- Empowers Base of Pyramid (BoP) population

Traditional Business
- Dominant form of conducting business
- Supported by extensive capital markets
- Can scale-up rapidly

Yunus Social Business
Benefits and Limitations of Traditional Business

- **Technology and Innovation**
- **Improved Productivity**
- **Economic Growth**

**Sustainability**

- Excess focus towards Capital only
- Ignoring Humanity and Environment

**Limitations**

- Wealth Concentration
- Environmental Pollution
What is the solution?

Social Business

Social Business is a for-profit, non-dividend paying company whose purpose is to solve social problems in a financially sustainable way.

Social Businesses are meant to solve the problems which traditional businesses have created with an objective to create A World with Three Zeroes:

- Zero Poverty
- Zero Unemployment
- Zero Net Carbon Emissions

"Social Business is a New kind of Capitalism which serves Humanity’s most pressing needs”

~ Prof. Muhammad Yunus

Professor Muhammad Yunus
Co-founder - Grameen Bank
Chairman - Yunus Social Business
Nobel Peace Prize Winner - 2006
The Seven Principles of Social Business

- Solve social or environmental problems
- Financial and economic sustainability
- Debt repaid to investors. No further returns, profits or dividends
- Reinvest for expansion or seeding other social businesses
- Practice environmental consciousness
- Market wages and better working conditions
- Do it with joy
Examples of Social Business
The Problem
Millions of people living at the bottom of the wealth pyramid in India do not have the access to affordable finance and struggle to build a credit history.

The Solution
Cashpor provides formalized access to credit to poorest women in the form of the Grameen model of joint liability group lending. Cashpor is also providing health, sanitation education services to its customers. It operates in the poorest regions of India, in districts of Eastern Uttar Pradesh, Bihar, Madhya Pradesh, Jharkhand and Chhattisgarh.

The Impact
The affordable loans are administered in the poorest areas of India and allow their clients to break the cycle of poverty and support their families. Cashpor today has a portfolio of over Rs. 2,200 Cr and serves over 11 lakh customers.
The Problem
Across India, more than 100 million people rely on the textile and handicrafts sector as their main source of income. However, for rural artisans who are overwhelmingly women, they often lack the access and skills necessary to operate on the wider market, and more than 50% of these women live below the poverty line.

The Solution
RangSutra works with artisan cooperatives from rural villages to source textiles that are then turned into finished garments and sold to wholesale buyers and retailers. The social business also provides skills trainings, design inputs, and small-scale financing to support the development of the artisans and the cooperatives.

The Impact
RangSutra works with more than 2,500 artisans who have seen an average income increase of more than five times their original incomes. In the most recent financial year, RangSutra’s turnover exceeded Rs. 14Cr.
The Problem  Firewood and charcoal are the main sources of cooking fuel for the poor in Kampala, Uganda. These fuels are expensive, their fumes and soot are toxic, and producing charcoal leads to widespread deforestation. Poor families use a significant part of their daily income on fuel.

The Solution  Green Bio Energy produces and distributes environmentally friendly briquettes, made from recycled bio material, to low income families in Uganda. Compared to traditional charcoal briquettes, Green Bio Energy’s solution reduces indoor air pollution and CO2 emission while tackling deforestation for charcoal production.

The Impact  Green Bio Energy’s product is being distributed through a network of micro-entrepreneurs and distribution partners. The social business is already reaching more than 2,000,000 customers across Uganda.
The Problem  Approximately 31% of Colombia’s population live in rural areas. The poorest communities often rely on farming as the main source of income. However, rural farmers often face challenges of: low crop yields, restricted access to capital, new farming technologies, and technical assistance as well as little bargaining power for the sale of their crops.

The Solution  Campo Vivo is a joint venture between McCain Foods with the mission to improve the livelihoods of local farmers and their families living in low socioeconomic communities in rural Colombia. Campo Vivo works with groups of farmers to improve their quality of life, as well as the lives of those working in the entire production chain. Campo Vivo intervenes in the agricultural chain from production through to commercialization.
Grameen Family of Organisations

Grameen Bank

Started in 1976 by Prof. Muhammad Yunus to provide credit to those left out of by the conventional system, Grameen Bank and Prof. Yunus’ work has covered a wide array of sectors and businesses apart from microfinance over the last four decades.

Highlighted below are some of the innovative businesses that are part of the Grameen family.

Grameen Shakti

Founded in 1996, Grameen Shakti has been instrumental in bringing clean, affordable, reliable energy to the homes of more than 1.8 million Bangladeshis as of 2017. Its success has inspired similar business models across the world.

Grameen Seed

Grameen Seed has innovated a new business model that focuses on poor farmers not only as producers of seeds, but also as customers.

Nobin Udhyojkta

Recent fund started by the Grameen Telecom Trust to support children of Grameen Bank borrowers to undertake sustainable business and become entrepreneurs by providing them with training and working capital.

Prof. Yunus also partnered with Danone Foods of France to launch a joint venture called Grameen Danone Foods, an early example of how large corporates can create social businesses leveraging their existing expertise.
The Problem
Rates of malnutrition in Bangladesh are among the highest in the world. More than 54% of preschool-age children, equivalent to more than 9.5 million children, are stunted, and 56% are underweight.

The Solution
Grameen Danone combined the strengths of the private sector (the corporate Danone) and non-profit sector (Grameen Bank) to create a fortified yoghurt called Shokti Doi. The yogurt was priced well below the market price for unfortified yogurts in Bangladesh, making it more affordable for low-income consumers.

The Impact
The product combats rural child malnutrition (one yogurt covers 30% of their daily requirement of vitamin A, iron, zinc and iodine). Also, yogurt production operations provide numerous jobs to dairy producers, factory workers, and women who would operate as local distributors.
THANK YOU

Questions?

“Once we know where we want to go, getting there would be so much easier” – Prof. Muhammad Yunus
Results Based Financing
What is a Social Success Note?
The Social Business, Impact Water sells, installs and maintains environmentally-friendly UV-based water purification systems to schools on low-cost terms.

Due to the focus on a high-impact but low margin market segment, they are a less attractive target for commercial capital.

The Investor, the UBS Optimus Foundation Network, has provided Impact Water with a $500,000 working capital loan to allow continuing to sell, install and maintain water filtration systems to schools in Uganda.

The Outcome Payer, Rockefeller, provided $200,000 in Outcome Payment to be split between the Investor and the Social Business if social targets are met.