Creating **Social Impact** through Social Enterprise

Social impact is closely related with the meaning of social value creation or social return, that it is used interchangeably.

The term social impact comes from social value because it implies a causal consequence of the actions performed.

What impact are expected from the activities of GN’s social enterprises?

Each business will have different activity and orientation.

Let’s take a look at the social and financial impact of GN’s Sri Lankan social enterprise case.
This model was developed for the income increment and quality of life improvement of war affected village level farmers.

- The main activity of this model is the establishment of rice production social enterprise.
- GN expects that the social enterprise will increase the opportunities of local people to eat milled rice at a mid-low price.
1. Problem & Solution

**Problems in Kebithigollewa Area**

1. Socio-economic system and infrastructure collapsed due to the civil war that ended in 2009.
2. Rice processing facilities are poor even though the rice cultivation is the main income source of the villagers.
3. Over-priced, processed rice is sold inducing low consumption of rice.

**Solution via the SE**

1. Establish a rice production social enterprise for the war affected village level farmers.
2. Extend the economic opportunity hiring staffs of the SE.
3. Sell the milled rice to the wholesale market in mid-low price which would be lower than the market price.
### 2. Theory of Change (TOC) of the KSE

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<td>Establish a S.E. and construct a rice mill facilities</td>
<td>A rice milling, social enterprise established</td>
<td>S.E. supplying rice at a competitive price, strengthening the value chain</td>
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<td>Secure investment and job opportunities</td>
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<td>Secure budget to purchase paddy from the S.E.’s net profit</td>
<td>Survey quantity of the local paddy rice and purchase</td>
<td>Farmers’ profit generated by selling rice</td>
<td>Generated steady income for the rice farmer’s families to lead their lives</td>
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<td>Mapping and reviewing key relationships</td>
<td>Networking with rice market buyers and selling the milled rice</td>
<td>S.E. made a deal, and the market was supplied of rice at mid-low price</td>
<td>Sell the milled rice at mid-low price to help dietary life of the local people</td>
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3. Expected Social & Financial Impact of the KSE

**Social Impact**
- People who enjoy the milled rice at mid-low price for their health.
- Employment opportunity for 5 new staffs.
- Operate the rice mill for 12 months a year.

**Financial Impact**
- Disposable income
  \[ \text{Disposable income} = X \times Y \times Z = \$295,226 \]
- \( X = \) Reduced white rice price = \$0.12/kg
- \( Y = \) Average rice consumption per year per person = 110.2kg
- \( Z = \) Population of Kebithigollewa = 22,325 people
1. Problem & Solution

PROBLEM

- Small size COOP/IGG spreads sporadically within the field countries.
- Lack of self-sufficiency or sales power in each IGG/COOP limits income growth.
- Need to improve sales power and value chain through bundling by similar items/region.

SOLUTION

- **Mapping** helps developing strategies for effectively bundling cooperatives that are scattered across the country.
- **Mapping Procedure**
2. Example of the Mapping

**Sporadic Information**

- 3 IGGs
  - 3,262 members
  - Pigs: 1,882
  - Maize & bean: 816
  - Goats: 564
- 2 IGGs
  - 1,900 members
  - Maize Grain
- 1 IGG
  - 50 members
  - Beans & Sorghum

**MAPPING**

3. Purpose of Mapping

- Draw an effective bundling strategy through **Mapping**.
- Improve sales power through item/regional **Bundling** → Expand and **strengthen the value chain** of the cooperative.
- Expand Business of Cooperatives through re-structuring and bundling → Income increase of community members through the **Establishment of Social Enterprises**.

**EXAMPLE** In Rwanda, as the size of the Maize cooperatives expand, a social enterprise specializing in Maize Milling will be established to expand the value chain and increase income of cooperatives.

※ **[Announcement]** In December, we will request field countries a COOP/IGG mapping data as above through an official announcement. Your kind cooperation and participation will be highly appreciated.
MERRYCOOP has successfully worked with ‘Tod Ilch Cooperative’ in Mongolia and ‘RePLAIN,’ a Korean knit specialty brand since 2017. Together they launched their third Mongolian cashmere accessory collection in October 2019.

The lineup for Fall/Winter 2019 Collection includes MERRYCOOP’s most signature items, scarf, petit scarf, and beanies. MERRYCOOP added a new sophisticated cable muffler to the collection, which broadened the product range.

MERRYCOOP made the products out of Mongolia’s premium cashmere GOBI yarn, 100% pure cashmere. In particular, undyed and unbleached products from the ‘Organic’ color items portray the exclusive representation of organic materials, made without compromise.
1. Product Line-up

- Total 5 Styles in 18 Colors
- Release Date: 27, September 2019

- **Petit Scarf**
  - Organic Ivory
  - Organic Brown
  - Pink
  - Brown
  - Red
  - Women only

- **Scarf**
  - Organic Ivory
  - Organic Brown
  - Pink
  - Green
  - Women only

- **Cable Muffler**
  - Organic Ivory
  - Organic Brown
  - Camel
  - Grey

- **Earlap Beanie**
  - Organic Ivory
  - Organic Brown

- **Ribbed Beanie**
  - Melange Grey
  - Navy
  - Red

[Link]
Our & Other Stories

2. LOOK BOOK

SOCIAL BUSINESS
MERRYCOOP Sells its F/W Collection at the SHINSEGAE Department Store, Recognized as Top Quality and Design Products

MERRYCOOP has diversified its distribution network and now sell their products at the SHINSEGAE Department Store in Myeong-dong (flagship store) and Gangnam since September 2019 in Korea.

Selling Mongolian cashmere made by the Good Neighbors Cooperative in a renown department store where it leads the edge and trend of fashion and showcases premium brands with high quality, is very meaningful as it implies that the products are recognized as top quality and design products.