



Social Business and Society

CSA Leadership Forum

3rd September, 2019



YUNUS SOCIAL BUSINESS

We harness the power of **business** to end poverty

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 Invest
with



Patient Financing

Financing as well as active portfolio management and support for the most promising social businesses.

We Advise
with



Growth Support

Strategy, governance, talent support to social businesses financed through our portfolio.

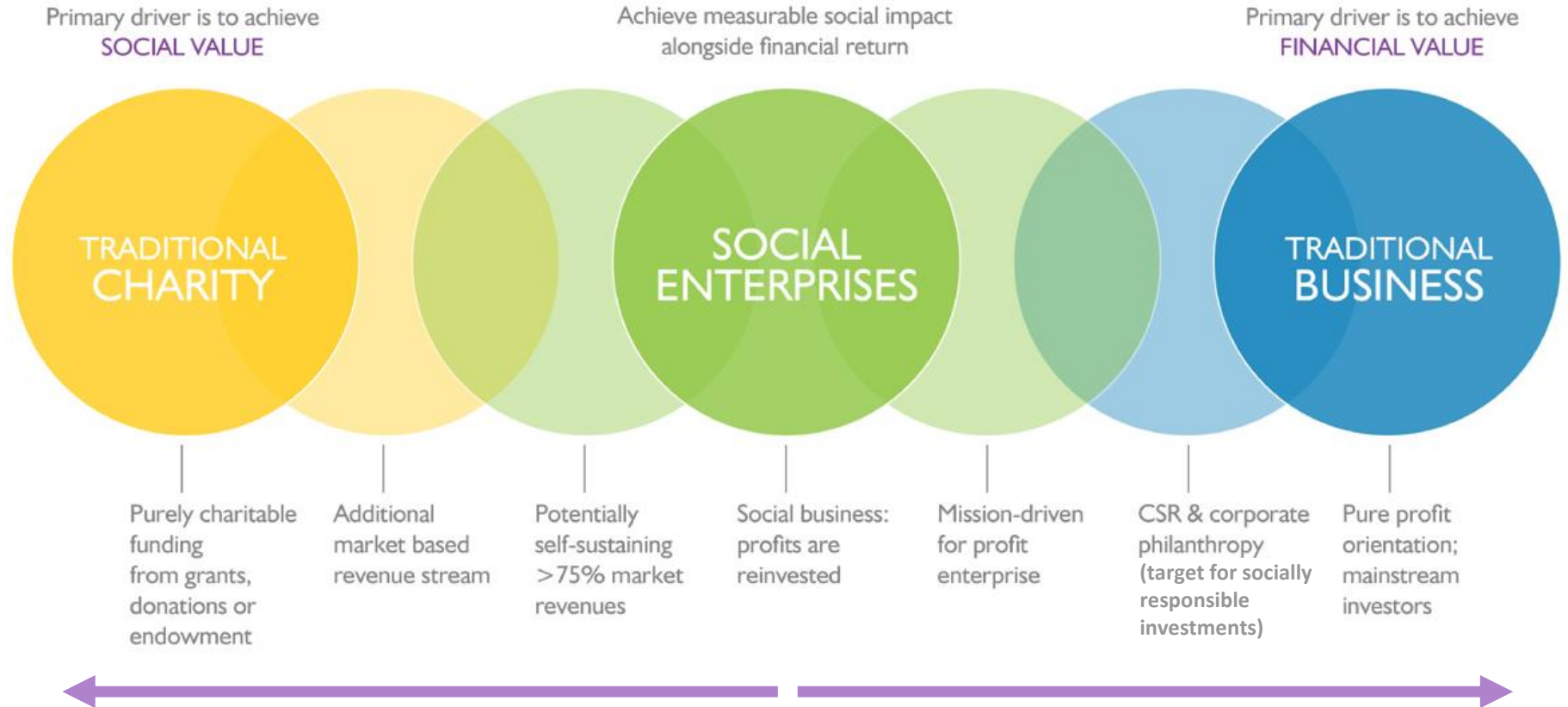
We help social businesses to prove their model and get onto a **path for sustained growth** whilst maximizing their social impact.

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





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

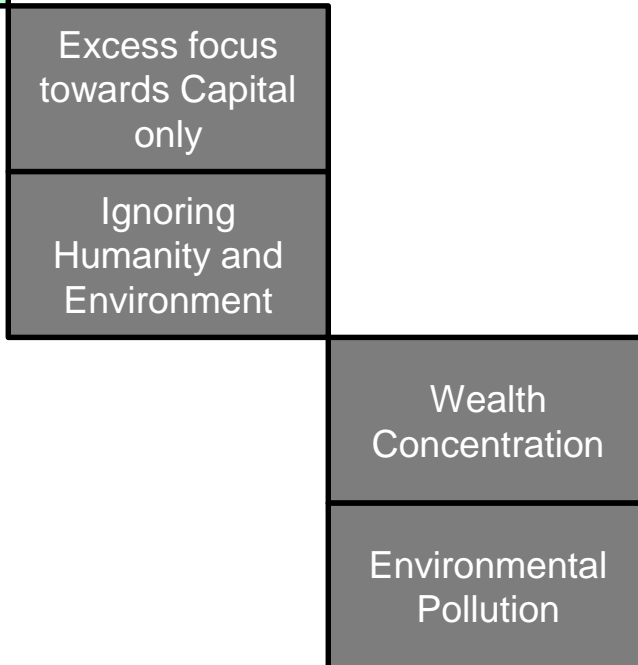
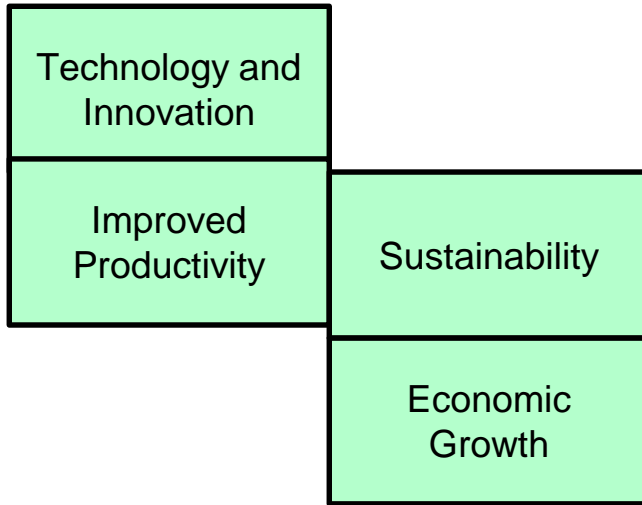


Traditional Business

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



Benefits and Limitations of Traditional Business



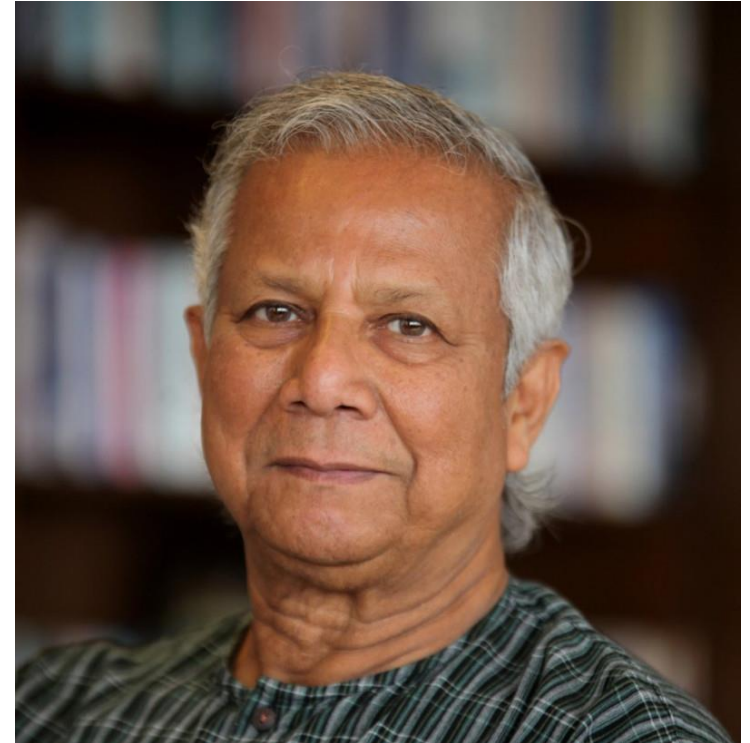


Social Business

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**



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

“Social Business is a New kind of Capitalism which serves Humanity’s most pressing needs”
~ **Prof. Muhammad Yunus**

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

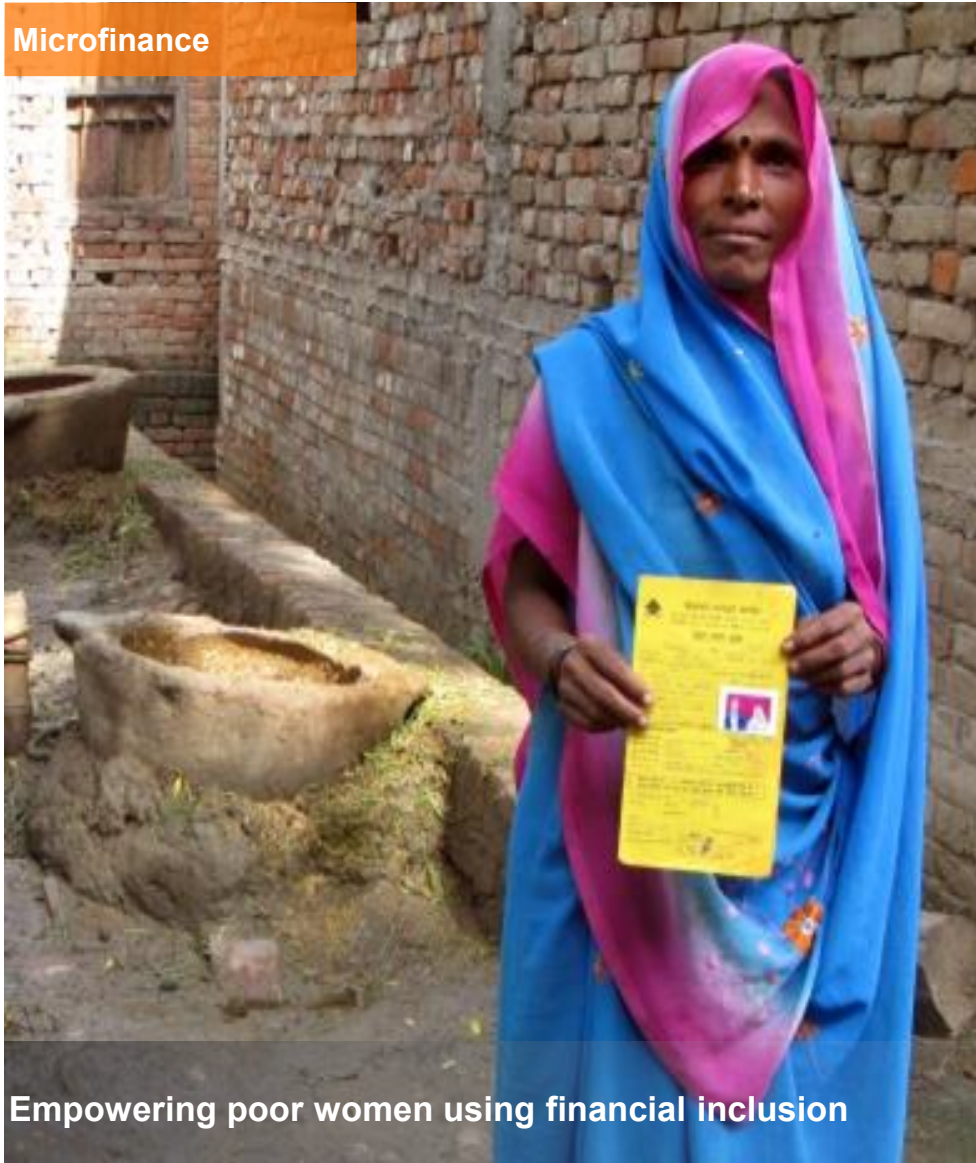




Examples of Social Business



Microfinance



Empowering poor women using financial inclusion

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.





Livelihoods



Training and Empowering Rural Artisans

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.





Clean Energy



Cleaner, cheaper energy for homes in Uganda

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.



Agriculture



Stable demand and improved efficiency for potato farmers

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 Bank



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

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.

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.



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 Udyojkta

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.



Dairy



Providing low cost yoghurt to the last mile

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 provides 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?



Case Study: Impact Water in Uganda

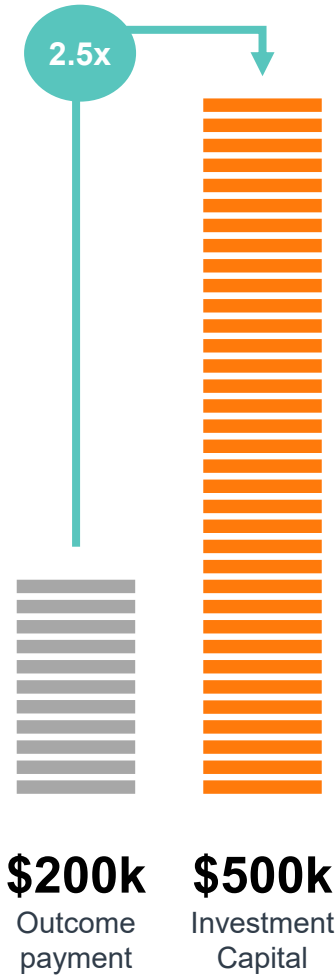


The Social Business, **Impact Water** sells, installs and maintains environmentally-friendly UV-based water purification systems to schools on low-cost terms.

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.



In partnership with



UBS Optimus Foundation

