

# Discussion Paper

## Optimising the Effectiveness of Aid with Social Enterprise

Dr Jacqueline Parisi  
17 October 2018

### 1. Introduction

This purpose of this paper is to provide background information for the CID Talk in November 2018: Optimising the Effectiveness of Aid with Social Enterprise.

The CID Talk demonstrates how social enterprise can be integrated into development aid and how it can meaningfully contribute to social impact. Specifically, it details a case study in which the effective application of social enterprise, in a community of marginalised people affected by leprosy, has resulted in financial success and social change. Furthermore, while the resulting performance of the social enterprise in terms of financial success and social change is certainly significant, also noteworthy is that the implementation process itself has created its own sustainable social impact.

In 2014, Dr Jacqueline Parisi (The Impact Effect), was asked to help NGOs and communities build social enterprises. She researched social enterprise and decided to utilise private sector practices in a manner to support the creation of social enterprises for NGOs and communities. The result was a social enterprise methodology, i.e. a method to enable the development of an entity that leverages the power of business to enable social change.

In brief, the social enterprise process comprises three phases, namely inception, incubation, and early acceleration:

- Inception is typically a 3-month period whereby through participatory processes the team selects the right product appropriate to the location and establishes a business plan.
- Incubation is a 12-month process to pilot the concept, learn, improve, refine and document.
- Early Acceleration is the subsequent 12 months, whereby the concept is operationalised.

Project based management techniques are applied and the process is designed to be simple and effective and easily modified to suit any organisation engaged in social enterprise activity, in any location. The journey has been systematised, enabling replicability and ease of scaling.

### 2. Case-study background

In providing the case-study background, it is hoped the reader can gain an understanding for the need for social enterprise. The case study is just one example of where the methodology has been applied and is focused upon a remote village called Maowandgong, in Yunnan Province, China. The village is home to approximately 200 people affected by leprosy, many of whom have been stigmatised and isolated for more than 40 years.

As contextual background information, In China in the 1940s, 50s and 60s, people affected by leprosy were treated through isolation. The stigma attached to leprosy was so strong that many were driven away from their villages and turned upon by their families. People affected by leprosy retreated to isolated areas and formed small impoverished communities, known as leprosy villages. Leprosy can be treated through multidrug therapy – an inexpensive and effective way to cure leprosy. However, through fear, ignorance and the existence of social stigma, people were often refused treatment. For

many of those who did access multidrug therapy, the treatment was provided too late and they were consequently left with serious nerve damage and deformities of the hands, feet and eyes.

In the remote rural villages where the people affected by leprosy established themselves in isolation and without support, conditions were harsh. Without access to food, clean water, power, and often experiencing harsh climatic conditions, life was very challenging and involved gruelling physical labour. Heavy farming practices were required to survive and this together with a lack of education and knowledge as to how to self-protect and care for limb deformities often aggravated the deformities. Loss of sensitivity in the hands and feet often lead to the development of serious ulcers, and subsequently to the development of osteomyelitis. Many people lost fingers, hands and/or feet, and their lives. Lagophthalmos (an inability to close the eye) and insensitive cornea lead to keratitis and then to the loss of eye sight.

The people affected by leprosy were denied their basic rights and dignity. However, despite this and the many physical disabilities experienced, the people affected by leprosy learnt to implement livelihood activities and to this day make conscious efforts to improve themselves. They learn different skills, hoping to better their lives. One NGO called HANDA, a local NGO in China, assists the leprosy villages through the following practical approaches:

- *Education to the people affected by leprosy:* Raising awareness among people affected by leprosy and their communities about their rights, facilitating social mobilisation and enabling people have improved knowledge about their rights and improves self-confidence to ask for their own rights.
- *Education to the people living in general communities:* Organising public education activities in urban communities, universities and through internet, trying to improve the public awareness about the disease and the people it affected and their rights, they aim to engage and inspire more people to join them in the fight for the rights of people affected by leprosy.
- *Education to medical staff working at hospitals:* Health workers, in spite of their knowledge, may often be the worst offenders. Education on the scientific knowledge of leprosy and the health rights of people affected by leprosy is provided to medical staff.
- *Increase capacity for economic development:* The people affected by leprosy and their families live in abject poverty with poor living conditions and community infrastructure. Self-support and mutual help is the only way out of this difficult living situation, with income generation activities such as farming, livestock breeding or planting.
- *Work with local government:* The government is promoting the strategy of 'Harmonious Society', which includes the equal rights of everyone in society. However, for many years the condition of leprosy has not been viewed as a high priority for the government. As such, self-support and mutual help is considered the best way to accomplish a successful outcome.
- *Collective action:* People affected by leprosy need to engage more widely with each other in order to promote the rights of all. Mutual support awareness and capacity building with a rights based approach is important for people to become solidarity and ask for their own rights.

Despite the assistance provided by HANDA, the people affected by leprosy continue to experience many challenges due to the still ever-present stigma attached to leprosy. They are frequently discriminated against and others often taken advantage of their vulnerability. It is difficult for them to command a fair price for goods at farmers markets, they are often turned away from medical facilities due to fear of the disease, and the children from leprosy villages are frequently refused schooling. These circumstances understandably contribute to perpetuating low self-image among the villagers, which is turn counterproductive to social integration.

### **3. Social Enterprise for social impact**

In an attempt to help rectify this, in January 2015 a project was established to create a social enterprise for the people of Maowangdong. The focus of the social enterprise is both 1) establishing a profit making entity to assist the villagers achieve financial sustainability, and 2) social change.

As part of 'Inception' the village was selected, and the concept of bee-keeping with the production of pure honey was identified. The stated purpose of the social enterprise is as much, if not more, about social change as it is about generating profits.

The challenges were almost overwhelming. Many of the villagers were significantly impacted by the long-term effects of their leprosy. They had little formal education and rudimentary technical skills. Yet using the social enterprise methodology, and working in partnership with HANDA (a local NGO in China), it has been possible to help the people of Maowangdong to build a successful business producing honey.

Two and a half years on, 15 families in the village were participating in the social enterprise. All had embraced the concept wholeheartedly. They had learnt new skills and a new livelihood, had built 170 hives (with plans to increase this number), had noticeably increased confidence, and were dealing directly with distributors and retailers who transport and sell the honey. The key village participants (initially an all-male group) comprised 40% women and their progress was attracting more women in the village. The project established a village 'Management Group' which was actively involved in facilitating activities.

The social enterprise methodology was applied from inception (i.e. identifying the most appropriate product) through the myriad of challenges along the way, to a successful business outcome. To date, the enterprise has exceeded every expectation. Now overseas customers travel to Maowangdong to buy this unique, high quality honey directly from the source.

The success of this enterprise, and the methodology that underpins it, is about much more than dollars and cents. It has led to villagers being accepted by, and integrated into, their wider society. It has created a raft of new-found social skills. It has delivered purpose, dignity and pride, and has fundamentally changed the expectations of the people involved. At a recent evaluation, many of the villagers spoke about not only the income generation, but about the social benefits and changes that have occurred in such a short time. One villager said: I now feel like a worthwhile human being.

The outcomes of this project contribute towards many of the Sustainable Development Goals, and in particular towards:

- SDG 1 - No Poverty;
- SDG 5 - Gender Equality;
- SDG 8 - Decent Work and Economic Growth;
- SDG 10 - Reduced Inequalities;
- SDG 11 - Sustainable Cities and Communities.