

Annual Review FY23

IKEA Social Entrepreneurship



 Social Entrepreneurship

Rita Rani and Lipi Rani (L-R), artisans at Classical Handmade Bangladesh, crafting baskets for the MÄVINN collection.

IKEA Social Entrepreneurship in FY23

Welcome to the IKEA Social Entrepreneurship annual review for the financial year 2023 (FY23).

In FY23, it was neither coronavirus nor climate crisis that led headlines. The year was defined instead by polycrisis¹; our world experiencing multiple, interconnected economic, environmental and humanitarian crises. As we emerge post-pandemic into a more complex global landscape it is apparent that a multilateral, systemic response is necessary. Businesses, governments and communities must work together on solutions, or we risk backtracking on climate change mitigation and socio-economic gains.

While for 30 years extreme poverty was in a state of steady global decline, World Bank data shows rates are rising again². The challenge to turn this around is twofold. Not only do we need solutions that empower more people to live a better everyday life, but to do so within the boundaries of the planet. In 2023, scientists demonstrated that six of nine planetary boundaries have now been breached³.



Social entrepreneurs and IKEA co-workers participating in the Mexico Accelerator Programme with New Ventures.

It's in this incredibly challenging context that IKEA Social Entrepreneurship seeks to contribute to creating positive social impact, so people with the greatest needs have a greater chance at living a better everyday life within a more inclusive and sustainable society. New ways of collaborating and cross-disciplinary solutions are essential. We believe social entrepreneurs can play

an important role, offering innovative approaches to complex crises by focusing on the human experience, wellbeing and inclusion. By supporting and strengthening social entrepreneurs we can contribute to improvements in the three key dimensions measured by the UNDP Human Development Index: long and healthy life, knowledge, and decent standard of living⁴.

Over the past few years, we've demonstrated that partnerships are a potent way to innovate business models and increase positive social impact. By working hand-in-hand, both global businesses and local enterprises benefit. Together, we can work to reduce global inequality and build more resilient communities.

Asa Skogström Feldt
Managing Director
IKEA Social Entrepreneurship BV

Marie Olsson
Range Area Manager Home
Textiles, Rugs & IKEA Social
Entrepreneurship
IKEA of Sweden

1. <https://www.weforum.org/agenda/2023/03/polycrisis-adam-tooze-historian-explains/>

2. <https://www.worldbank.org/en/topic/poverty/overview>

3. <https://www.stockholmresilience.org/research/planetary-boundaries.html>

4. <https://hdr.undp.org/data-center/human-development-index#/indicies/HDI>

About IKEA Social Entrepreneurship and this annual review

ISE is IKEA Social Entrepreneurship and includes IKEA Social Entrepreneurship Range & Supply (ISER&S) and IKEA Social Entrepreneurship BV (ISEBV). ISE is the 'we' and 'our' in this report.

FY23 is our financial year, from September 2022 to August 2023, and our reporting period for this review.

ISER&S develops social business partnerships and co-creates products marketed and sold at IKEA retail.

In its 11th year, ISER&S continues to create long-term jobs for people furthest from the labour market by incorporating social businesses in the IKEA value chain.

In 2018, ISEBV was founded to accelerate and scale the movement of social entrepreneurship, contributing to positive social impact within and beyond the IKEA value chain.

ISEBV supports and funds programmes, innovation and investment in social entrepreneurs and enterprises, inside and outside the IKEA value chain.

Together, we collaborate with IKEA franchisees, as well as range and supply specialists on social impact initiatives, contributing to the Fair & Equal commitments⁵ within the IKEA Sustainability Strategy 'People and Planet Positive'⁶.

This is our 5th joint annual review, detailing our methods and highlighting our initiatives and impact.

Read more: www.ikeasocialentrepreneurship.org.

5. <https://www.ikea.com/global/en/our-business/people-planet/fair-and-equal/>

6. <https://www.ikea.com/global/en/our-business/reports/people-planet-positive-sustainability-strategy-220901/>

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The factory at new social business partner, Karupannya, naturally cooled by greenery covering the facility.

FY23: Overview

Economic recovery post-pandemic has been slow and varied. Inflation has increased the cost of energy, housing and basic goods, driving poverty and inequality upward. The World Bank estimates that currently, over 3 billion people live on less than US\$6.85 per day⁷. And due to war, unrest and climate change induced weather events, the number of refugees worldwide increased from 27.1 million in 2021 to 36.4 million by mid-2023, according to UNHCR statistics⁸.

Today's social and environmental challenges are increasingly interconnected, and there's no one solution or organisation that can fully tackle them alone. Recognition of the 'social and solidarity economy' is an important way to promote collaboration, generate funding and consolidate action. In April the UN adopted an historic resolution to promote the social and solidarity economy for sustainable development⁹ – recognising that social and

planetary health and wellbeing go hand-in-hand¹⁰.

We remain committed to our social impact agenda, closely collaborating with the World Economic Forum Global Alliance for Social Entrepreneurship¹¹. With 106 members, the movement continues to grow, exerting influence on traditional industry and supporting social innovation; surfacing research and successful case studies from social entrepreneurship.

Recently we have taken part in a significant pledge alongside Ingka Group and the IKEA Foundation¹². The UNHCR Global Refugee Forum in December 2023 marked five years since the first pledge in 2019. For the new, five-year pledge period, we recommitted to our partnership with Jordan River Foundation, whereby we aim to continue supporting 400 jobs for refugee women and local women artisans. We also pledged financial support and business guidance (in partnership with NESsT and the Cisco Foundation) for 15 social enterprises and socially impactful businesses



Anastasiia, who left Ukraine for Poland due to the war has found work thanks to culinary training at Olsztyn Food Bank.



Mariam Sameh Khalil (centre) with co-workers at Jordan River Foundation.

in Poland and Romania, with the goal to create 3,000 job opportunities and create a better everyday life for 5,000 refugees and migrants¹³.

We contributed to the wider IKEA circular agenda, testing and implementing practical steps to integrate recycling, reuse, refurbish and resell principles through social solutions. We also funded collaborative research, led by the NGO, TechnoServe¹⁴, that explores opportunities at the intersection of the circular

and social economies. And in our Dela accelerator programme with Ashoka we partnered with UNDP Accelerator Labs to develop further learnings, engaging the Circle Economy Foundation to produce a knowledge product demonstrating opportunities for the informal workforce in circular solutions.

In addition to the circular economy, we're also focused on supporting social enterprises within inclusive employment and renewable materials (including

7. <https://openknowledge.worldbank.org/bitstream/handle/10986/37739/9781464818936ov.pdf>

8. <https://www.unhcr.org/refugee-statistics/>

9. <https://unsse.org/2023/04/19/historic-moment-for-the-sse-at-its-66th-plenary-meeting-the-un-general-assembly-adopts-the-resolution-promoting-the-social-and-solidarity-economy-for-sustainable-development/>

10. <https://www.oecd.org/cfe/leed/social-economy/>

11. <https://initiatives.weforum.org/global-alliance-for-social-entrepreneurship/home>

12. <https://www.ikea.com/global/en/stories/people-planet/ikea-global-refugee-forum-231213/>

13. <https://globalcompactrefugees.org/pledges-contributions>

14. <https://www.weforum.org/agenda/2023/12/circular-solutions-community-revolutions-the-social-impact-of-circularity/>



(L-R) Takeshi Murai, IKEA co-worker from Ingka Group and thought partner for Dela IV, and Evariste Aohoui, founder and director of Electronic Waste Africa and Dela IV social enterprise participant, at the Dela IV summit in Älmhult, Sweden.

sustainable agriculture) as areas where, boosted by IKEA organisations and co-worker knowledge, we can make the most positive social impact for vulnerable groups. In FY23 we supported 34 social enterprises working in food and food systems, and in the NESsT South American accelerator programme alone, eight community-based bioeconomy businesses working to transform food systems are promoting sustainable agricultural practices and positively impacting local communities.

In Mexico, three social enterprises from the Mexico Accelerator Programme with New Ventures partnered with IKEA Mexico to produce and supply products for sale in local IKEA stores for their *Hecho en México* campaign¹⁵. While the global MÄVINN collection, co-created and produced with seven social business partners from across Asia, surpassed its initial forecast by 30%. Ensuring commercial success is critical to secure jobs and income opportunities for people in vulnerable and marginalised communities.

15. <https://www.ikea.com/mx/es/campaigns/hecho-en-mexico-pub3b70d770>

We're building new connections across the IKEA business, with local markets increasingly interested in partnering with and learning from social entrepreneurs. In Indonesia, Duitin, a participant in our accelerator programme with Instellar, has established a community recycling zone at a local IKEA store and signed a B2B agreement with IKEA Indonesia to recycle waste materials like cardboard and glass.

In addition to strengthening social entrepreneurs by creating corporate connections, we're developing new financial models that provide multi-year support; progressing in parallel with the needs of maturing, growing enterprises. Partnering with Viwala in Mexico, we've developed a fund to provide ongoing support for social enterprises completing the New Ventures' accelerator programme. And in India, we have contributed to the Take-a-Stake fund with WASTE Foundation and Sida, providing social businesses in the waste sector access to patient debt capital.

Throughout the year, we again met in-person with partners and programme participants to mark milestones. Whether with introductions and networking events, mid-programme temperature checks, or farewelling social entrepreneurs equipped with new skills and strengthened business and social impact models, we came together in FY23 to inspire one another and build momentum for the social entrepreneurship movement.

We also added our voice to forums further afield, speaking and sharing learnings at settings like the OECD in Paris, Latin

America Impact Investment Forum (FLII) in Merida, the WEF Global Alliance annual meeting in Geneva, UNGA SDG Summit Week in New York, Impact Week in Torino and Social Enterprise World Forum in Amsterdam. By spreading our message, of which publishing this annual review is a part, we hope to shine a light on social entrepreneurship as a tool to combat inequality, and to drive social change.



Policy experts and business leaders join the OECD's social economy summit in Paris.

Social Lab Berlin

Creating a new way for social entrepreneurs and corporate co-workers to connect and collaborate.

In collaboration with Belgian design agency Namahn¹⁶, we've developed a new approach to help address social challenges.

'Social Labs' is a methodology and toolkit designed to enable corporate co-workers and

social entrepreneurs to better understand complex challenges and find ways to tackle them together.

To pilot the methodology, we teamed up with IKEA Germany, who wanted to address the question: how can we work with German social enterprises to enable a better everyday life for people with lower incomes?

In January 2023, we hosted a Social Lab in Berlin, bringing together German social

enterprises and IKEA co-workers from across retail, product design, sustainability and social entrepreneurship. Using insights from interviews with 18 lower-income households in Germany, the 35 participants worked in five groups to zero-in on the specific needs of the identified target groups: people distanced from the labour market, migrants, refugees and asylum seekers, the elderly and people living with disabilities, single parents and first-generation students.



German social entrepreneurs and IKEA co-workers at the first Social Lab in Berlin.



Exploring the Social Lab methodology in working groups.

The six-step methodology and toolkit guided participants through a systems design approach:

1. Framing the system
2. Listening to the system
3. Understanding the system
4. Envisioning the desired future
5. Exploring the possibility space; and
6. Kicking off the transition.

At the end of the four-day Social Lab, participants had a better understanding of the

interconnected challenges faced by lower-income groups in Germany, and greater knowledge of the existing solutions and initiatives; identifying gaps, possibilities and ways to work together to affect positive change. Numerous solutions were identified and often already exist, but better connectedness is required to create greater impact.

The methodology and toolkit were created under a creative commons license and will be made public in 2024.

16. <https://www.namahn.com/>

FY23: In figures

Social enterprises supported

95

Based in **23** countries around the world

80 In accelerator programmes

15 Through direct support and funds

With a total reach* of **3 million** people

By theme



26

Inclusive employment



18

Circular economy



39

Renewable materials



12

Other sectors

By geography



4 Development programmes

- 1 WWF
- 2 Rainforest Alliance
- 3 Pact
- 4 Ocean Conservancy



167

IKEA co-workers engaged in mentoring and thought partnership with social entrepreneurs



12 social business partners providing 11,200 job and income opportunities in IKEA production

*See p26 for information on our data collection methods.

Theory of change

IMPACT

People who are vulnerable and marginalised have greater opportunities to live a better everyday life within a more inclusive and sustainable society



OUTCOMES

People who are vulnerable and marginalised get better jobs and incomes

People who are vulnerable and marginalised take advantage of support and systems that improve their lives

IKEA and other corporates become more inclusive and sustainable businesses



OUTPUTS

Social business suppliers are integrated and scaled up within the IKEA value-chain

IKEA customers get better access to affordable social impact products and services

Social entrepreneurs are strengthened through direct support and programmes

IKEA co-workers are engaged in programmes to support social entrepreneurs

Social entrepreneurship approaches and learnings are shared in IKEA and externally

“The growing importance of the sustainability agenda means that companies must deal with increasingly complex social and environmental challenges. And this is where theory of change comes in as one of the corporate world’s relatively new strategic tools for understanding and managing sustainability issues.”

JENS ANDERSSON, MONITORING, EVALUATION AND LEARNING SPECIALIST, IKEA SOCIAL ENTREPRENEURSHIP

Applying a theory of change

Our theory of change provides a common strategic framework for our work and guides our operations. Our assignment is broken down into impact (goal), outcome (short and medium-term effects) and output (areas of work). Our target group is people from vulnerable and marginalised communities, and our social impact goal is to improve livelihoods and contribute to a more inclusive and sustainable society. The theory of change provides the basis for partner selection and programme design, research and communications, and performance monitoring and reporting. Our partners develop theories of change for each of our programmes.

Throughout FY23, we also applied our theory of change framework to support sustainability topics and initiatives across IKEA markets. The simple, structured tool is most effective when stakeholders have identified a strategic ambition or commitment they want to work towards. Encompassing both process and structure, a theory of change workshop¹⁷ can bring people together to develop a common view of effective pathways, capturing the local context and creating a holistic approach that puts social impact at the centre.

17. <https://eba.se/en/reports/how-to-change-the-world-an-anthology-of-theories-of-change-in-development-work/19879/>

Social business partners and products

Within range and supply, IKEA Social Entrepreneurship integrates social businesses into the IKEA value chain, using business as a force for good to create long lasting change. The social businesses we partner with train, employ and empower people from vulnerable groups, furthest from the labour market. The groups vary depending on the regional context and needs, but with poverty particularly high in some rural regions, we have a strong focus on income opportunities for women living in these areas.

Young people have also been sharply affected by the post-Covid economic slowdown with youth unemployment on the rise¹⁸. In FY23, two IKEA social

business partners increased their focus on youth. Rangсутra, in India, has introduced a training programme for adolescent women, and Classical Handmade Products, Bangladesh, is proactively training and employing youth from vulnerable communities.

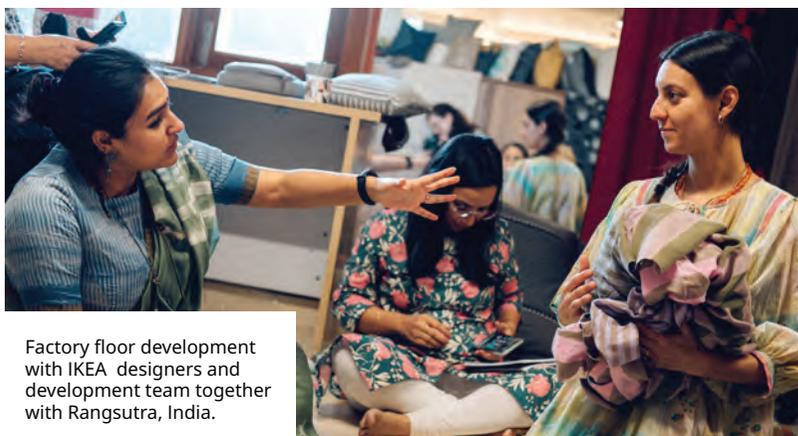
Social businesses that supply IKEA products develop insights into global demands and logistics, product development and co-creation, and long-lead sales and marketing; while we gain deeper knowledge of local materials, production methods and the social context in the countries where we operate. As a result, we contribute to the IKEA 'Fair & Equal' ambitions¹⁹ and offer IKEA customers

Karupannya Bangladesh

Long-term IKEA supplier, Karupannya, Bangladesh, has recently been recognised as a social business partner. A producer of carpets and natural fibre products, for 15 years the business has been committed to employing people from vulnerable groups, creating positive social impact for women from rural areas, disadvantaged youth and LGBTQI+ minorities. Today, over 6,000 people employed at Karupannya are working in IKEA production.



Rehana Akter and Sufiya Akter (L-R) at the cost-price supermarket on-location at Karupannya.



Factory floor development with IKEA designers and development team together with Rangсутra, India.

socially impactful options, with beautiful, handcrafted products released throughout the year as well as an annual global social business collection. Our business ambition is to continuously develop the commercial success of the social business range to guarantee its longevity and provide ongoing jobs.

In FY23 IKEA delegated social business product development from Sweden to India, to be closer to our suppliers and to strengthen relationships and co-creation on

location. With strategic direction and product briefing based at IKEA of Sweden, located in the Range Area: Home Textiles, Rugs & IKEA Social Entrepreneurship, we can also ensure social business products are integrated into the overall IKEA range strategy.

We currently have 12 social business partners producing home furnishing and food

products for the IKEA range, globally. Our newest partner, Karupannya, is an existing supplier, now formally recognised for its long-term commitment to social impact. And, after a successful start producing socially impactful products for IKEA Indonesia, Du Anyam is taking its first steps towards being a global supplier.

18. <https://www.oecd.org/employment/unemployment-rates-oecd-updated-september-2023.htm>

19. <https://www.ikea.com/global/en/newsroom/social-responsibility/ikea-strengthens-commitments-to-reduce-inequalities-and-advance-human-rights-220928/>

Social business partners and products



Azalea Ayuningtyas (centre), one of the co-founders of Du Anyam, together with palmyra weavers in Flores, Indonesia.

Du Anyam

Du Anyam, a social business producing woven wicker handicrafts, started with a small number of women weavers on Flores Island, Indonesia. The three young, female co-founders then extended operations to other remote islands where seasonal income from small-scale farming was insufficient to sustain livelihoods.

Du Anyam's first local products were sold at IKEA Indonesia in August 2022, and in 2024 their first global product (now in development) will be available in all IKEA markets. The handmade products use plant fibres – predominantly palmyra, which is sourced locally – and create incomes for women in remote communities, improving nutritional outcomes for families and educational opportunities for children.

Through an additional grant, we're further supporting Du Anyam as they scale operations. The grant will enable Du Anyam's compliance with the IKEA supplier code of conduct, IWAY, and develop a supply chain security system in order to do business on a global scale. It will also support the training of new weavers which will increase weaving capacities and actions to further develop a sustainable raw material sourcing chain and increase social impact.

FY23 impact figures for social business partners



12

Social business partners



11,200

Social business job and income opportunities in IKEA production



20,900

Total number of jobs and income opportunities at social business partners*

*IKEA social business partners also produce and supply products to other customers. We encourage them to diversify their customer base to reduce dependency on IKEA orders and create a strong business foundation.

Social business partners and products

FY23 social business partners with IKEA products either in development, launched or available between 1 Sep 2022 – 31 Aug 2023.

NAME	COUNTRY	COLLABORATION COMMENCED	PRODUCT SCOPE	SOCIAL IMPACT
Classical Handmade Products	Bangladesh	2020	Jute natural fibre products. Global collections and global products.	Jobs for women and people with disabilities in rural, vulnerable areas of Bangladesh.
Karupannya	Bangladesh	2023 approved social business. IKEA supplier since 2007.	Handmade rugs and natural fibre products.	Jobs for people in rural areas of Bangladesh, persons affected by flooding, disadvantaged youth and transgender persons.
Gora Coffee by Moyee Ethiopia	Ethiopia	2021	“Farmer-to-cup” business model, keeping value-added processes in country of origin.	Incomes for smallholder farmers and women in vulnerable areas of Ethiopia.
Industree PT	India	2013	Handmade banana fibre products. Global collections and global products.	Jobs for women from rural areas in Madurai, India.
Ramesh Flowers	India	2020 approved social business. IKEA supplier since 2002.	Handmade products from organic waste material. Global products and global collections.	Jobs for women in rural areas of Tuticorin, India.
Rangсутra	India	2013	Handwoven and hand-stitched textile products. Global products (home textiles).	Jobs for women and youth from rural areas in Uttar Pradesh and Rajasthan, India.
Spun	India	2020	Handwoven and hand and machine-stitched textile products. Global collections.	Jobs for women in rural areas in India.
Aneka Coklat	Indonesia	2021	“Farmer-to-bar” business model, keeping value-added processes in country of origin. Indonesia-market chocolate bars, locally sourced cocoa.	Incomes for smallholder farmers and women in vulnerable areas of Indonesia.
Du Anyam	Indonesia	2021	Handmade palm leaf products, market-specific for Indonesia, with ambition to scale for global collections.	Jobs for rural women in traditional weaving in remote area of Indonesia.
Jordan River Foundation	Jordan	2017	Hand-stitched textile products. Global products (home textiles) and part of collections sold in majority IKEA markets.	Jobs for refugee women and women artisans in Jordan.
Doi Tung	Thailand	2012	Ceramics, handwoven textiles and handmade paper. Global products and global collections.	Jobs for people from Indigenous and tribal groups in northern Thailand.
Saitex	Vietnam	2020	Circular business model and industrial production of upcycled and recycled textile products.	Jobs for people with disabilities and disadvantaged youth.

FY23: Global product launches

OCTOBER 2022

VINTER global winter collection: ceramics from Doi Tung **1**

JANUARY 2023

SAGOGRYN global product: plant pot from Doi Tung **2**

JANUARY 2023

SANDEENAP & SMÅFROSSÖRT global products: cushion covers from Jordan River Foundation **3**

APRIL 2023

ROSENDUNÖRT, TAGHÅKMAL, LINDSVÄRMARE global products: textiles from Rangсутra **4**

JUNE 2023

MÄVINN global social business collection: 20 products from 7 social businesses **5**



MÄVINN social business collection

In the dialect of Småland, Sweden, where IKEA began, 'MÄVINN' means "having the wind at your back". Chosen as the name for our annual social business collection, MÄVINN generates commercial opportunities, jobs and incomes for our partners, the people they employ and their communities. The social business partners that created the 2023 MÄVINN collection (Classical Handmade Bangladesh, Doi Tung, Industree PT, Ramesh Flowers, Rangсутra, Saitex and Spun) have different models of social impact.

IKEA designers Paulin Machado and Maria Vinka worked together with the social businesses, combining the IKEA approach to modern design with traditional knowledge of materials and craftsmanship. Product design was developed around locally sourced natural fibre materials like jute, banana fibres made from food waste, and cotton from more sustainable sources²⁰, as well as textiles from overrun production denim.

"In India and Bangladesh, we were particularly impressed by the use of natural banana fibre. Rather than letting banana plant trunks go to waste, they are dried and cut into strips that are braided or woven," said Paulin.

In the mountainous region in the North of Thailand, Doi Tung empowers people from tribal groups, providing employment in handicrafts such as handwoven textiles, ceramics and papermaking. Papermaking once existed in the region for centuries, now Doi Tung is reviving the tradition, planting mulberry trees from which to make paper and creating local jobs.

Saitex, Vietnam, integrates persons with disabilities into its industrial production of denim and cotton products (including pre-consumer textile waste). With an industrialised factory set-up, Saitex shows that social businesses can work on a large scale. Through its social division, Rekut, Saitex trains and employs people from disadvantaged backgrounds.

Weaving banana fibre thread for use in basket production at Classical Handmade Products, Bangladesh.



Getting ready for school at the home of an artisan from Rangсутra, India.



Several social business partners have a focus on women. Providing work for women in rural areas allows families to stay together, cultivate their land and support their children through school. Spun, founded by the renowned Welspun Textile Group in India, provides jobs for women with no other family income, in addition to supporting them and their families with education and healthcare.

Also in India, Ramesh Flowers trains women from rural villages in the production of handmade products and is committed to bringing women from the factory floor into management positions. The founder of Classical Handmade Products Bangladesh, Tauhid Bin Abdus Salam, decentralised business

and rather than establishing factories in major cities, brings work to rural communities. And at Rangсутra, in the northern Indian state of Uttar Pradesh, the majority of the women artisans are shareholders in the company.

"We believe in being the change we want to see in the world. The change we envision is a more just and inclusive world where everyone has the chance to grow. When women in marginalised communities are empowered, skilled and employed, they ignite transformation within themselves, their families and communities, resulting in change."

SUMITA GHOSH, FOUNDER,
RANGSUTRA

20. <https://www.ikea.com/global/en/our-business/our-view-on/cotton/>

Social entrepreneur support

Through our programmes and investments, we support enterprises that have a lasting positive impact on people, society and planet.

An action-packed FY23 saw some accelerator programme cohorts celebrate as they crossed the finish line and new social entrepreneur participants kick-off their impact development journey. For Dela IV with Ashoka, 12 fellows came together in Älmhult, Sweden to explore social solutions at-scale and systems change approaches.

New partnerships with UNDP Accelerator Labs and the Circle Economy Foundation put the circular economy conversation in the spotlight, with fellows exploring the intersection of informal work and circular solutions.

The first phase of our South American accelerator with NESST (previously referred to as our Latin America programme) came to a close, with six social enterprises concluding their participation, and 11 continuing into the second phase commencing early 2024. Following a new open call for phase two participants, an additional 11 social enterprises are expected to join the portfolio.

In Mexico, New Ventures welcomed a third cohort of 10 social entrepreneurs to the Mexico Accelerator Programme. And in Indonesia, Instellar finalised their first programme and will deliver a second starting January 2024.

Via our funds, we made nine investments through the NESST Refugee Employment Initiative, with the Take-a-Stake fund also disbursing its first funds after Yunus Social Business completed the complex financial administration required to operate in India. We commenced our partnership with Viwala



IKEA co-workers visit the social enterprise, Plépah, participating in the Indonesia accelerator programme with Instellar.



Social entrepreneurs and IKEA co-workers at the Dela IV summit.

in Mexico to provide loans to high-potential social enterprises graduating from our Mexico Accelerator Programme. In Brazil, we directly funded reNature to promote regenerative agriculture with an indigenous community in Cacoal, Rondônia, Brazil, and iWrc University is developing training videos for waste workers with our support.

Our development programmes with WWF, Pact and Ocean

Conservancy continued throughout FY23, with the WWF community conservation programme in Oaxaca extended for another year. The SPIRRe programme with Ocean Conservancy was stalled in Vietnam due to regulatory difficulties but was operational in Colombia throughout FY23 with 26 waste cooperatives participating.

Programmes and investments

FY23 programmes and direct support started, completed or underway between 1 Sep 2022 - 31 Aug 2023.

PROGRAMME	TYPE	GEOGRAPHY	TIMING	PARTICIPANTS DURING FY23	DESCRIPTION
Ashoka Dela	Accelerator	Global	2019- 2025	22 social entrepreneurs	Focused on systems change and societal impact. 10-12 social entrepreneurs per cohort receive 1 year of support, including from IKEA co-workers.
i-did	Direct investment - loan	Netherlands	2020-2027	1 social enterprise	Loan investment in a small textile recycling plant to be run mainly by people with a distance to the labour market.
Ignitia	Direct investment - equity	Sweden	2021 on	1 social enterprise	Equity investment in social enterprise that provides tropical weather forecasts to smallholder farmers.
IKEA Netherlands circular pilot	Social innovation	Netherlands	2023-2024	N/A	Aimed to develop circular services for IKEA Netherlands in partnership with local social enterprises.
Illuminating ASM, Pact	Development programme	Rwanda	2023-2024	N/A	Improving working conditions and increasing the livelihood of existing Artisanal and Small-scale Mining ("ASM") livelihoods as well as generating new livelihood opportunities in ASM communities.
Instellar Indonesia	Accelerator	Indonesia	2021- 2023	10 social enterprises	Focused on scaling social enterprises and increase their impact. Programme co-created in close collaboration with local IKEA organisations that support with co-worker engagement. The programme has been extended with a new phase and cohort until 2026.
Krakakoa	Direct investment - grant	Indonesia	2021-2024	1 social enterprise	Krakakoa is an ISE R&S social business partner, supplying chocolate bars to IKEA Indonesia (under the Aneka Coklat brand). The grant aims to support Krakakoa in certifying its farmers with the Rainforest Alliance label.
NESsT East Europe	Accelerator	Poland Romania	2021-2024	10 social enterprises	Tailormade accelerator programme to scale social enterprises and increase their impact. Programme co-created in close collaboration with local IKEA organisations that support with co-worker engagement.
NESsT South America	Accelerator	Brazil Chile Colombia Peru	2020-2023	17 social enterprises	Tailormade accelerator programme to scale social enterprises and increase their impact. Programme co-created in close collaboration with IKEA Chile that supports with co-worker engagement. The programme has been extended with a new phase and cohort until 2026.
NESsT Refugee Employment Initiative	Fund investment	Poland Romania (Ukraine)	2022-2027	9 social enterprises	Investment fund with acceleration support to address the urgent need of livelihood opportunities for refugees and migrants in Poland and Romania.

Programmes and investments

FY23 programmes and direct support started, completed or underway between 1 Sep 2022 - 31 Aug 2023.

PROGRAMME	TYPE	GEOGRAPHY	TIMING	PARTICIPANTS DURING FY23	DESCRIPTION
New Ventures Mexico	Accelerator	Mexico	2020-2025	21 social enterprises	Tailor-made accelerator programme to scale social enterprises and increase their impact. Programme co-created in close collaboration with IKEA organisations in Mexico that support with co-worker engagement.
Rainforest Alliance	Development programme	Ivory Coast	2020-2022	2 cocoa producing cooperatives	Supporting test of an innovative approach to bridge the living income gap experienced by cocoa farming households. The programme is now closed.
reNature RREP	Direct investment - grant	Brazil	2023-2024	Local cooperatives	Piloting of a Regional Regenerative Entrepreneurship Program (RREP) in Brazil, which aims to create an ecosystem using entrepreneurship of local people to drive investment in regenerative agroforestry.
Saahas Zero Waste	Direct investment - grant	India	2021-2024	3 micro-enterprises	Pilot project to find scalable solutions to improve the waste sector by creating microenterprises for social inclusion. Extended until 2024.
SPIRRe, Ocean Conservancy	Development programme	Colombia Vietnam	2023-2024	Waste cooperatives and workers	Strengthening waste cooperatives in Colombia and individual waste workers in Vietnam and enhancing the collection of low-value plastics.
Viwala debt fund	Fund investment	Mexico	2023-2029	First investments made during FY24	Tailor-made debt financing vehicle for the purpose of financing the needs of the social enterprises that successfully complete the New Ventures accelerator
WWF	Development programme	Mexico (Oaxaca)	3 years 2020-2024	13 community conservation enterprises	Supporting local small-holder producers and their organisations to improve agricultural practices, governance, and gaining market access. Extended until 2024.
Take-a-stake Fund	Fund investment	India	3 years 2022-2025	1 social enterprise	Pilot for establishing an investment fund to support social enterprises in the WASH and waste sector in East Africa and in the waste sector in India, along with Yunus Social Business, WASTE Foundation and Sida.

Accelerator programme highlights

Dela III and Dela IV with Ashoka

Twelve social entrepreneurs participated in the Dela III accelerator programme which came to completion in FY23. In the strategy phase, participants redefined their strategies and strengthened their shift to systemic impact, receiving support from 44 thought partners - 13 of whom were IKEA co-workers. In the scoping and experimentation phase, participants planned and executed an experimentation project to advance their systems change journey with the support of 41 IKEA co-workers and eight Accenture consultants.

Dela III feedback showed participants rated the overall experience at 8.7 (out of ten), slightly higher than the previous programme, Dela II. There was also an improvement in all the ratings related to the different delivery goals of each phase. IKEA co-workers also reported an improvement in the tools used to support social entrepreneurs, both as being more user-friendly and effective.

Dela IV kicked off in 2023 with participants meeting at a mid-programme summit in Älmhult in June to get input on their strategies to scale. The scoping and experimentation started in September and is due to continue until June 2024.

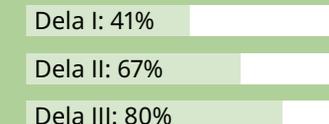


Dela IV participant, José Manuel Moller, selected by the UN as one of five 2023 Champions of the Earth for his work reducing plastics pollution*. The founder of Algramo, in Santiago, Chile is selling refillable household cleaning products in bulk, reducing packaging waste and making everyday products accessible to poorer families.

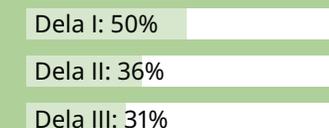
* <https://www.unep.org/championsofearth/laureates/2023/jose-manuel-moller>

Participant outcomes

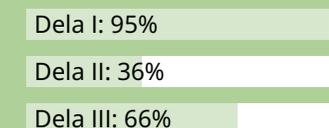
Shift in strategic direction:



Shift from direct service to systemic impact*:



Readiness to advance systems change strategies*:



*Analysing the baseline data, the decrease is determined to be a result of an overall increase in participants' systemic impact mindset at the outset, and selection bias towards more advanced systems' thinking participants over time.

Accelerator programme highlights

Indonesia accelerator programme with Instellar

As the Instellar-IKEA Social Entrepreneurship Accelerator (I-SEA) programme came to a close, we conducted an external evaluation report, collating findings and feedback from our partner, Instellar, and the ten participating social enterprises. Based on the overarching appreciation for and success of the programme, in late 2023, we decided to embark on I-SEA II, incorporating learnings into the programme design. Participants ranked synergy and collaboration as priorities and emphasised the importance of face-to-face interaction as post-pandemic recovery continued.

Tailormade elements of the programme ranked highly in the evaluation with a preference for in-person events versus online workshops. For cohesion among the cohort and to ensure curriculum relevance, shared experience in business maturity, challenges and themes were also beneficial, but there were still valuable learnings from cross-sector interaction.

Our initial ambition for the next programme was to reach people in rural areas outside Java, but it proved more challenging than we first thought. Strengthening social enterprises in the Java region remains the more effective approach, owing to a lack of infrastructure and the logistical challenges of expanding to smaller islands in the archipelago.

“This partnership directly supports the IKEA sustainability agenda ... Several social entrepreneurs in the programme have unique business proposals that we can learn from. For instance, offering sustainable alternatives to wood and plastics and providing refill and reuse services that are easily accessible for low-income households.”

DENNY RISYAD, PROJECT LEADER,
NEW BUSINESS SUPPLY, IKEA SUPPLY
AREA SOUTHEAST ASIA

Duitin and IKEA co-workers at the new recycling zone at IKEA Indonesia.



Duitin partners with IKEA Indonesia

Duitin, a participant in the first Instellar accelerator programme, offers digital services to make sorting, collecting and managing waste easy for Indonesian businesses and households, and empowers waste pickers to work effectively and maximise income. In FY23, the social enterprise started managing a customer recycling zone at IKEA Indonesia.

Located in the parking area at IKEA Kota Baru Parahyangan in Bandung, Duitin has established a recycling zone, inviting the community to reuse and recycle waste materials, and exchange their recyclables for reward points. Points can be used to buy digital products like electricity tokens, phone credits, data packages, or can be paid-out through financial partners.

Duitin has also made a B2B agreement with IKEA Indonesia to provide waste management services for recyclable IKEA waste like cardboard and glass.



IKEA Indonesia co-workers' workshop on social entrepreneurship.

Accelerator programme highlights

South America accelerator programme with NESST

Launched in 2020, the programme, previously called the Latin American accelerator programme, has supported 17 local social entrepreneurs.

Now, with a continuation, we'll welcome 22 social enterprises over the next three years, with the aim to improve the quality of life for people from marginalised and excluded groups across Chile, Colombia and Peru. Following an in-person workshop in Santiago, we explored what

worked and what we needed more of in a redesigned programme, integrating our learnings and insights from an external evaluation, and aligning with IKEA Chile and IKEA Colombia (where, in September, the country's first IKEA store opened in Bogotá).

Visiting participating social enterprises: Próxima Servicios, Savia, Bendito Resido, and Ecocitex, during the year and hearing firsthand of their experience, reaffirmed the importance of structured support during a period of growth, which naturally entails risk taking. As

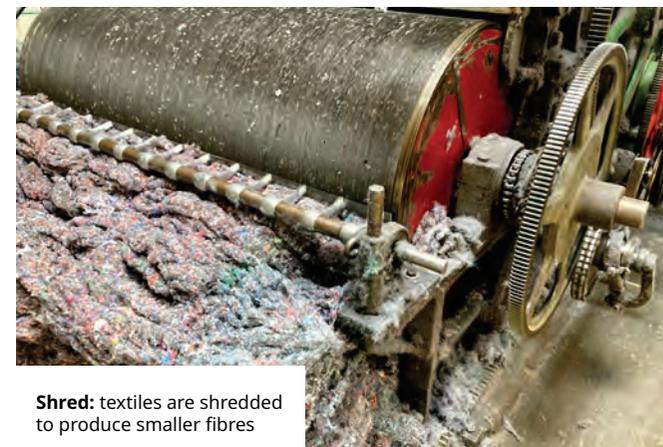
we renew our partnership with NESST, whose portfolio approach allows businesses to benefit from flexible, staged departure from the programme, we celebrate five graduating enterprises: Pomario, Próxima Servicios, Cafe Compadre, Incluyeme, and Epanacombi.



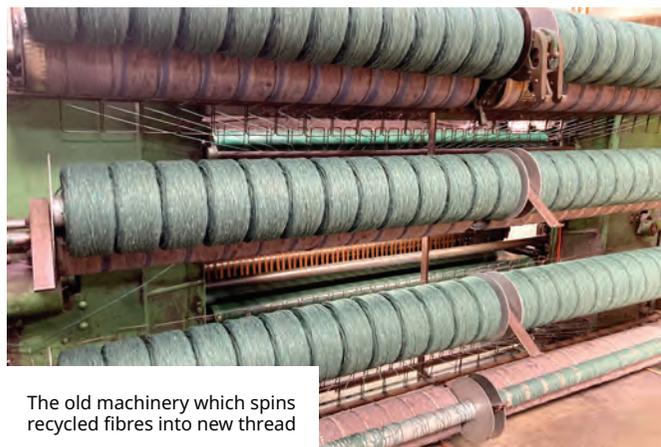
Collect: Ecocitex collection point for used textiles and clothing



Sort: back at the factory, donated textiles are sorted for recycling



Shred: textiles are shredded to produce smaller fibres



The old machinery which spins recycled fibres into new thread



The new machinery that produces more, stronger recycled thread



Ecocitex recycled thread ready for sale

Accelerator programme highlights

Poland and Romania accelerator programme with NESsT

Throughout FY23 ten social enterprises in Poland and Romania received weekly support from NESsT portfolio managers. Additionally, they received support from IKEA co-workers as thought partners, mentors and in masterclasses on business performance and customer journey experience. A mid-term summit was held in-person in Warsaw, bringing NESsT, IKEA Social Entrepreneurship, IKEA co-workers and social entrepreneurs together to share progress, learnings and challenges. Workshops were held to dig deeper into circular and sustainable agriculture themes.



Social entrepreneurs from Poland and Romania with IKEA co-workers and mentors.



Alicja Kowalik, President of the Targ Pietruszkowy Foundation.

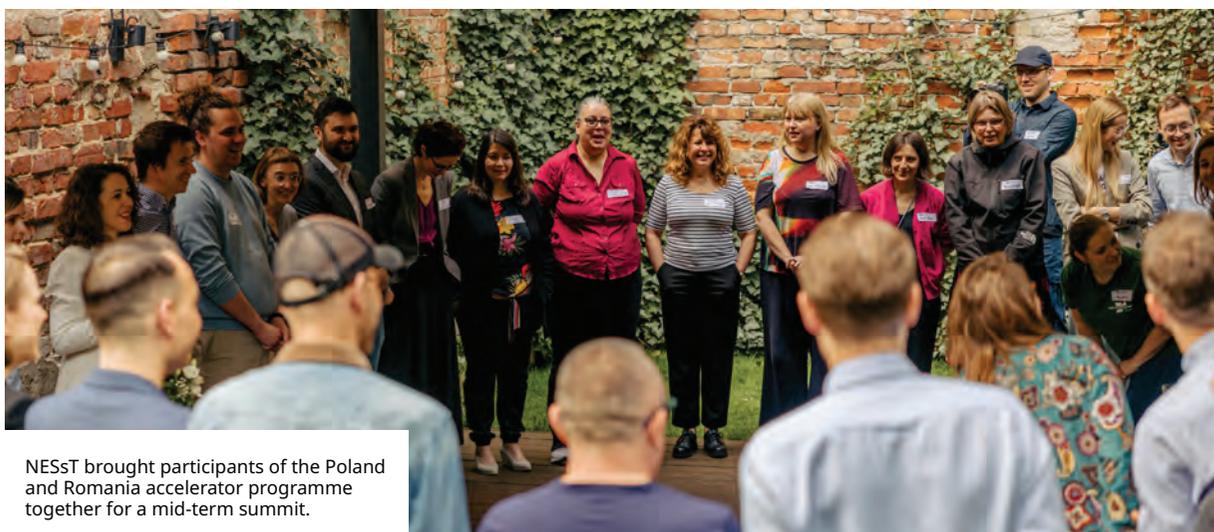
Targ Pietruszkowy celebrates ten years of community impact

Founded ten years ago, Targ Pietruszkowy brings local organic products directly to Krakow-based customers through its biweekly agricultural markets and online store. Today, Targ Pietruszkowy is a valued pillar of the local community, working with around 140 small-farm holders, almost half of whom are women.

During its time in the Poland and Romania accelerator programme with NESsT, Targ Pietruszkowy has strengthened its business, governance and infrastructure, expanding its social and environmental impact; by spring 2023, the social enterprise had already achieved 97% of its impact goals for the year²¹.

Targ Pietruszkowy's unwavering dedication to creating a more transparent, sustainable food supply chain has brought people closer to the food they eat and connected local chefs with local producers, generating meaningful impact that benefits the environment, individuals and the community.

21. <https://www.nesst.org/nesst/2023/9/04/celebrating-a-decade-of-impact-in-the-community>



NESsT brought participants of the Poland and Romania accelerator programme together for a mid-term summit.

Accelerator programme highlights

Mexico Accelerator Programme with New Ventures

In FY23, the second Mexico Accelerator Programme (MAP II) held its closing summit. During the closing summit, the participating social entrepreneurs pitched for seed capital to a panel consisting of New Ventures, IKEA Mexico, IKEA Purchasing and IKEA Social Entrepreneurship co-workers. The sustainable fishing business that supports independent pescadores, Smartfish²²; and Griyum²³, a business working with rural sharecroppers to produce and commercialise ingredients derived from insects, were selected to receive funding to invest in their marketing.

MAP III kicked off a few months later with the opening summit for the 10 new enterprises timed to coincide with FLII, New Ventures' Latin American investment forum, the largest impact investment event in the region, allowing for participation, peer learning and connections with other stakeholders and investors in the ecosystem.



MAP social entrepreneurs in workshops during the day.



Attending FLII in the evening.



Leadership development

Responding to a request for a focus on leadership training in the Mexico Accelerator Programme, we partnered with Social Enterprise Academy (SEA)²⁴ to deliver and test a leadership development module within the programme. Co-facilitated by experienced SEA practitioners and IKEA co-workers, the curriculum included perspectives on leading the self, leading others and leading organisations. Action Learning Sets punctuated the learning modules with an opportunity for peer-supported practice. Based on positive feedback we will continue to explore how we can integrate leadership training in the accelerator programmes and as a service to alumni.

"We are changing our mindset as leaders. We no longer deal so much with hierarchy but with an organisational structure at the level of problems, collaboration, understanding, attitude, and participation. We have noticed our team is more empowered and autonomous."

PARTICIPANTS, POSTALES DE CAFÉ

24. <https://socialenterprise.academy/>

22. <https://www.smartfish.mx/>

23. <https://www.griyum.com.mx/>

Mexico social business products

Three social enterprises from our Mexico Accelerator Programme with New Ventures now partnering with IKEA Mexico

In 2023, IKEA Mexico collaborated with three enterprises, Básicos de México, Smartfish and Abeja Reyna, that developed their businesses throughout 2021 and 2022 with capacity-building guidance from New Ventures and structured mentorship from IKEA co-workers.

The challenges for social enterprises doing business with long-established and large corporates can include logistic, regulatory and economic differences, but the IKEA Mexico retail and product development and IKEA supply area teams worked together the social enterprises to find bridging solutions and bring their products to IKEA customers.

Daniela Gremión and Valerie Benatar's sustainable fashion brand, Básicos de México, works with fair trade principles, supporting small, local, family-owned maquilas (workshops) to ensure good conditions and fair pay. Their design process

incorporates overrun cloth (like remnants from previous production) into new products. For IKEA Mexico, they designed aprons, napkins, tablecloths and tortilleros (tortilla warmers); designing and developing 30 items in different textiles and colours for which increased production and revenue projections allowed expansion and investment.

Working with small fishing communities, Smartfish works to reduce the number of intermediaries in the value chain. Retaining more value within fishing cooperatives creates improved incomes and training opportunities and generates new jobs. Smartfish also secures cleaning and processing improvements and traces products to ensure they're fresh



Social enterprise, Básicos de México, brings work to local, family-owned maquilas (workshops).



Tortilla warmers at IKEA Mexico.

and sustainably sourced. Four Smartfish products, smoked fish, fish dip, fermented sour cabbage and fish fillets are now stocked in the IKEA Mexico food market.

Abeja Reyna works with bee farmers producing honey for beauty, healthcare and food products. Two of their products: honey butter and honey butter with blueberries, are also on

sale in IKEA stores in Mexico. The Guadalajara-based business collaborates with 105 beekeepers who collectively preserve 90 million bees and produce 300 tons of honey a year. Employing a fair-trade supply chain, and with an emphasis on environmental protections for the fields and flowers integral to bees' survival, Abeja Reyna is creating a positive impact.

Investment highlights

Take-a-stake waste fund with Yunus Social Business

Joining forces with Waste Foundation and Sida, and the investment model established by Waste's Take-a-stake²⁵ fund for WASH and waste investments, we partnered with Yunus Social Business to set-up an alternative investment fund²⁶ for the waste sector in India with the aim to pilot a method to bridge the funding gap for social enterprises. Access to capital will allow social enterprises in the waste sector to create new income opportunities, improve livelihoods and contribute to the recovery and recycling of waste.

The goal of this pilot fund is to validate the investment and impact thesis of this funding gap and to refine the operating model, along with building a successful track record to secure the launch of a much larger and viable successor fund.

The economic viability of the pilot fund is challenging mainly because the ticket sizes of each investment are relatively small for the amount of effort that is put into assessing and monitoring the investment.

Carbon Masters was the first recipient of funds from the initiative. Green Worms have passed the investment committee and will soon receive their first disbursement. Three additional social enterprises are currently undergoing investment due diligence.



Sorting recyclables at Green Worms, India.

Refugee Employment Initiative with NESST

Awarded 'Social Fund of the Year, Europe' by Environmental Finance²⁷

Led by our partner, NESST, and co-funded by Cisco Foundation, the Refugee Employment Initiative continued in FY23 with nine enterprises now participating in the programme. Impact for refugees and migrants to date includes housing, childcare, education, and psychological support for 3,800 families; skills development training, language courses, and legal support for 1,250 individuals and 340 ongoing jobs.

The programme simultaneously aims to strengthen socially inclusive enterprises in Poland and Romania, countries hosting large numbers of refugees from Ukraine, and develop income opportunities for displaced people in the region. NESST programme managers have taken 16 number of social enterprises and small-to-medium enterprises with social impact ambitions through



The team at Playful Software in Romania, participants in the initiative.

a thorough due diligence process, providing capacity building by assessing and shaping their social impact business case, identifying opportunities to scale and stress-testing financial health.

The selected portfolio features diverse enterprises operating in sectors from IT to tourism, laundry services to packaging. Whether a long-established social enterprise or foundation, or a small to medium-sized business accelerating their socially impactful mission, the participants share economic challenges and are aligned on social impact goals.

In a challenging and changing context with the backdrop of war, over six million people have left Ukraine since 2022, 90% of whom are women and children²⁸. Refugees continue to face uncertainty and might not commit to staying in their first host country; they may return or move to a third country. Given language barriers and the economic pressures of inflation, and with AI impacting the tech sector, understanding how best to support the businesses and target groups remains a challenge for the initiative.

25. <https://take-a-stake.org/>

26. https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/financial-markets/investment-funds_en

27. <https://www.environmental-finance.com/content/awards/sustainable-investment-awards-2023/winners/>

28. <https://data.unhcr.org/en/situations/ukraine>

Investment highlights

MAP fund with Viwala

A new collaboration between Viwala and IKEA Social Entrepreneurship aims to fill the critical financing gap for micro, small and medium sized enterprises (MSMEs) in Mexico. Building on our Mexico Accelerator Programme (MAP) with New Ventures, the MAP fund introduces an innovative blended finance structure to ensure that high-potential social enterprises from the programme can access the financial support required to thrive.

The fund aims to address the pressing financing gap faced by social and environmental Mexican MSMEs and empower impact-driven enterprises by providing tailored debt financing. Launched in FY23, two investments (to Kiptik and Homely) have now been approved. Kiptik promotes the collaboration between artisans, designers and brands, keeping the culture and traditions of indigenous communities in Chiapas alive, while at the same time contributing to better daily lives. Homely, participated in MAP I and connects domestic workers with clients, ensuring a fair job and good working conditions.



The traditional crafting methods kept alive by Indigenous artisans and Kiptik.

Improving food systems

Agriculture and food are fundamental to the wellbeing of people and planet. About 1.5 billion people, often poor, live in smallholder households, with an estimated 84% of the world's 608 million farms smaller than two hectares²⁹. Growth in the agriculture sector is two to four times more effective in raising incomes among the poorest compared to other sectors³⁰.

But agriculture also accounts for a third of global greenhouse gas emissions and is associated with 80% of global deforestation³¹. Every day 800 million people go hungry and two billion are malnourished and there are almost two billion people overweight and 600 million with obesity³².

Sustainable consumption, better balanced food systems and food security are major challenges for both the planet and people, so we explore ways to support smallholder producers and communities in agricultural value chains to improve livelihoods, wellbeing and the world around us.

Pomario, Colombia

Pomario sells organic vegetables from its greenhouses and smallholder farmers to families, retailers and high-end restaurants. During their participation in the South America accelerator programme with NESsT, Pomario developed strong business and impact models and subsequently raised additional funding to solidify their growth.

Closing gaps in production and processing has allowed Pomario to expand into other areas of the country and open a new processing plant; achievements made possible not only with capital, but also the continued business assistance from their NESsT portfolio manager.

In addition to obtaining organic certification, the social enterprise achieved a 53% increase in staff from marginalised communities and almost 200% growth in revenue. Their inclusion in the NESsT Lirio Fund is a testament to both the accelerator process and Pomario's ambition.

Rumah Mocaf, Indonesia

Rumah Mocaf produces gluten-free cassava flour products and trains cassava farmers in integrated organic farming. During their participation in the Instellar accelerator programme, Rumah Mocaf expanded its business and impact, with 90 new farming partners and one new packaging vendor. Now stocked in additional retail stores in Banyumas and Jakarta (where 40-50% of their buyers come from), they have also increased revenue and recruited ten new staff (growing from 14 to 24 employees).

The programme provided Rumah Mocaf with several interventions that helped the company overcome challenges and improve performance. The programme connected Rumah Mocaf with financial institutions that focus on impact and provide soft loans, which has helped the company procure more raw materials and meet growing demand.

Griyum, Mexico

Griyum produces edible crickets, an insect that can be ground for use as a protein-rich flour in different foods.

During the Mexico Accelerator Programme with New Ventures, Griyum experienced significant growth, merging with Santena, a company in the same sector. Now, with shared sales and PR teams they've expanded from two to seven people, resulting in faster and more structured growth as they scale their B2B business model. The joint venture also aims to act as a holding company for the development of new FoodTech companies.

B2B sales have experienced substantial growth, including two recent contracts that will bring in sales worth USD\$185,000. For farming operations, this translates to an additional USD\$1,000 per farm, which represents a 50% increase in income for the families running the farms.

Together with their IKEA mentor, Angela Billings-Soini, Griyum established and documented the company's mission, vision and purpose, building the foundations from which they could achieve meaningful growth.

29. <https://ebrary.ifpri.org/digital/collection/p15738coll2/id/133646>

30. <https://www.worldbank.org/en/topic/agriculture/overview#1>

31. https://op2b.org/wp-content/uploads/2021/09/OP2B-Regenerative-Agriculture-Leaflet_FINAL.pdf

32. https://www.oneplanetnetwork.org/sites/default/files/from-crm/un-e_collaborative_framework_for_food_systems_transformation_final.pdf

Monitoring, evaluation and learning methods

Our monitoring, evaluation and learning (MEL) methods follow our theory of change, which we apply and adapt for each programme or partnership. Together with us, partners develop a theory of change and a realistic monitoring framework, including key indicators and data collection opportunities. Measuring progress and sourcing feedback during and concluding an initiative allows outcomes to surface and provides learnings that can inform and support further programme development.

Our reporting templates used for collecting data have taken inspiration from international good practice, particularly The Impact Management Project³³ and IRIS+³⁴. The use of templates is necessary to collect consistent data.

To measure the reach of the social entrepreneurs we support, we count people employed and directly serviced, eg. as distributors, suppliers and users in the past year. Reaching 3 million people in FY23, we note that the depth and breadth of impact captured by that figure differs greatly, with impact ranging from significant impact on a few individuals – eg. through employment, to limited impact on

a large number of individuals – eg. being a user of a digital service or benefitting indirectly through systems change.

Beyond data, we continuously explore how to best harvest outcomes to allow for systematic monitoring of long-term effects across our programmes and investments³⁵. We have compiled a database of 50+ “outcome stories” that record any significant change in a social enterprise and how our programmes and partners have contributed to that change.

Outcomes are most often seen in areas of organisational capacity, scalability and collaboration (including collaboration with IKEA), but also in social and environmental impact and systems change.

In FY23, we also conducted external evaluations of our accelerator programmes with NESsT South America; Instellar Indonesia; and a developmental evaluation of New Ventures Mexico.

In addition, NESsT initiated a comprehensive developmental evaluation in partnership with the Aguirre Lehendakaria Center for Social and Political Studies³⁶ across the accelerator

programme and Refugee Employment Initiative underway in Poland and Romania. The process will help NESsT to implement a developmental evaluation approach to enhance learning, including tools for ecosystem mapping, systematising community listening, sensemaking, co-creation and adaptive management.



School children in Flores, Indonesia with parents employed by Du Anyam.

Evaluation outcomes and learning

Monitoring, evaluation and learning activities complement each other to provide qualitative and quantitative data, evidence and insights, which informs the continuous improvement of programme design. Grouping our results provide pathways to follow up on.

VALIDATE AND CONTINUE	LEARN AND ACT	REVIEW AND TRANSFORM
Participating social enterprises are largely satisfied with programmes finding them relevant and of good quality.	Reporting on end-beneficiary impact still requires better monitoring to bridge the distance and understand cause and effect.	Long-term effects on social enterprises are unclear and require continuous follow-up after a programme ends.
Social enterprises clearly attribute programme contributions to strengthening of professional capabilities and short-term business development.	Grouping similar participants could better assist alignment with a programme's theory of change, whether via sector, maturity of business, impact potential/ method or financial strength.	Budgets seem well spent overall. Nb. value-for-money is difficult to measure with precision due to insufficient data.
IKEA co-workers' mentorship and tailored support are particularly appreciated by social entrepreneurs.	Programme curriculum should be reviewed regularly for relevance to social entrepreneurs and should be simple, flexible and delivered in local languages.	
Financial support is an important dimension within programmes, whether through direct access to finance (grants or loans) or introductions to other funders.	Programmes can provide inspiration for how other actors engage in social innovation; these ecosystem effects can be more clearly integrated and monitored when part of programmes.	
Collaboration between partner organisations and ISEBV works well overall given the basis of trust and learning.		

33. <https://impactmanagementplatform.org/>

34. <https://iris.thegiin.org/>

35. <https://www.betterevaluation.org/methods-approaches/approaches/outcome-harvesting>

36. <https://www.agirrecenter.eus/>

Co-worker engagement

In FY23, 167 IKEA co-workers participated in our programmes.

Co-worker engagement continues to be a highly valued part of our programmes both for social entrepreneurs and our IKEA colleagues. Formally organised co-worker engagement, fully supported by IKEA organisations, allows us to leverage co-worker resources (whether time, knowledge or skills) to deepen social impact through support for social entrepreneurship and innovation. Co-worker engagement can vary from business development mentoring (long and short-term) for social entrepreneurs producing products and services, to strategic advice on social innovation and change during systems change programmes.

Co-workers increase their knowledge and understanding of social impact and social entrepreneurship, develop an understanding of social enterprise business models and ways of working, get to know new markets, countries or sectors, practice their mentoring and coaching skills, further advocate for a 'Fair & Equal' IKEA and a more inclusive and sustainable world, and find personal meaning in changemaking perspectives, becoming agents of change.

The new 'thought partner' role was introduced in many programmes and was very well received. IKEA senior leaders met with social entrepreneurs prior to the mentoring phase to determine and translate needs, helping to ensure a meaningful match. With their depth and breadth of experience across IKEA organisations, thought partners are also well-positioned to explore other opportunities for engagement.

Dela III welcomed the young, talented IKEA co-workers from the IKEA 'Next Generation' leaders programme to the scoping and experimentation phase of the programme. Together with thought partners, the young leaders partnered with social entrepreneurs to plan, test or even start implementing elements of their impact strategy. The experience provides mutual business knowledge and broadens perspective, with young leaders' leadership capabilities tested on live business cases.

New initiatives in FY23 included leadership development in the Mexico Accelerator Programme with Social Enterprise Academy (see page 21) and Future of Business training with Ashoka.



Co-workers from the IKEA expansion team visit Dela IV participant, Saath, in India.

Future of Business training

To increase understanding of social impact, social innovation and the role business can play in changemaking, we brought Ashoka's 'Future of Business'³⁷ training to 70 IKEA co-workers in FY23. The online course explores the fundamentals of social change and how professionals can use business as a force for good and apply their skills to advance social innovation. Over six weeks IKEA co-workers joined facilitators from Ashoka's knowledge network to develop and foster skills in teamwork, empathy and collaborative leadership; discussing case studies, social business ideas and strategies for solving pressing issues in business and in the social sector.

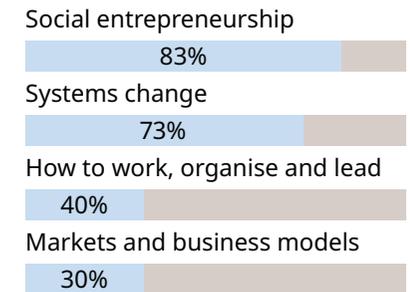
"It's inspiring to have concepts such as social entrepreneurship and intrapreneurship broken down into concrete parts. I've reflected on how important the concept of intrapreneurship is, and how everyone can contribute from their own role within a big company"

FRIDA STENLUND, IKEA USER EXPERIENCE DESIGNER

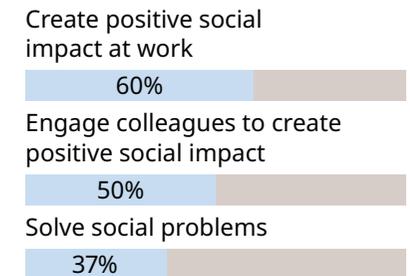
37. <https://www.ashoka.org/en-nrd/program/future-business-intercompany-course-changemakers>

IKEA co-worker evaluation feedback

From the Dela III evaluation, all IKEA co-workers responded that they gained new insights in at least one of the following areas:



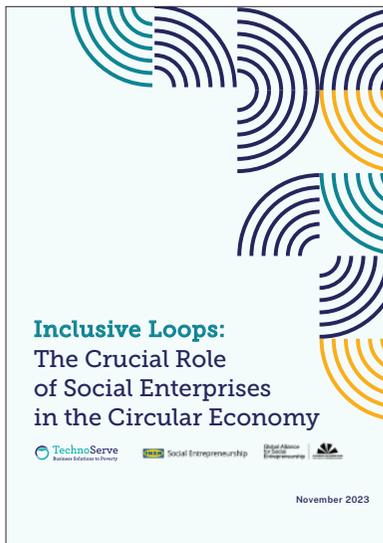
They were also newly motivated to take at least one of the following actions:



Enriching the sector: research

WEF Global Alliance circularity research with Technoserve

During FY23 the WEF Global Alliance for Social Entrepreneurship detailed a number of areas where new, deep-dive research would benefit members and the sectors in which we work. A new report, 'Inclusive Loops: The Crucial



Role of Social Enterprises in the Circular Economy³⁸, from non-profit organisation TechnoServe and the Global Alliance, funded by IKEA Social Entrepreneurship, has now been released.

Focusing on the vital role social enterprises can play in building and scaling up the circular economy and based on the review of 40 circular social enterprises, the research identified five transformative opportunities to deliver social and environmental benefits around the world³⁹. From reskilling to cultivating customer demand and sourcing financing to sourcing material, the 'Inclusive Loops' report offers businesses a practical roadmap to integrate circular and social impact initiatives.

"The transition to a circular paradigm is projected to create up to 8 million new jobs by 2030⁴⁰. Such transformative potential is reinforced by estimates suggesting that the circular economy could unlock \$4.5 trillion of economic growth by the end of the decade⁴¹. Circular models, emphasising the principles of the 9R model (refuse, rethink, reduce, reuse, repair, refurbish, remanufacture, repurpose and recycle), therefore promise not only environmental sustainability but also a novel wave of economic and social opportunity."

WEF GLOBAL ALLIANCE FOR SOCIAL ENTREPRENEURSHIP³⁸

EVPA Impact Measurement and Management insights

EVPA, the European investing-for-impact network, of which we're a member, released insights on Impact Measurement and Management (IMM) in FY23, analysing what IMM processes can mean in the corporate context; exploring the challenges and opportunities of IMM frameworks and their various uses⁴².

In general, IMM helps investors in social and environmental solutions understand what's working and what's not.

This includes corporate social investors (CSIs), bodies that stem from corporate social responsibility, corporate foundation and other equality, diversity and inclusion or sustainability initiatives. IMM can similarly support CSIs communicate 'what works' to its parent company, and aid preparedness in light of upcoming regulatory requirements like the EU's Corporate Social Responsibility Directive (CSRD).

The insights from EVPA are drawn from a survey of 24 CSIs, including IKEA Social Entrepreneurship, and deliver learnings on strategic positioning, resource allocation and impact journeys.

38. <https://www.technoserve.org/wp-content/uploads/2023/12/Inclusive-Loops-Social-Enterprises-in-the-Circular-Economy-Report.pdf>

39. <https://www.weforum.org/agenda/2023/12/circular-solutions-community-revolutions-the-social-impact-of-circularity/>

40. https://www.ilo.org/sector/Resources/publications/WCMS_881337/lang-en/index.htm

41. https://www3.weforum.org/docs/WEF_Circular_Transformation_of_Industries_2022.pdf

42. <https://www.evpa.ngo/insights/imm-means-business>

Enriching the sector: research

OECD 'Beyond pink-collar jobs' report

In March 2023, the OECD released a new research report titled: 'Beyond pink-collar jobs: Women and the social economy'⁴³. The report was launched at an OECD Social and Solidarity Economy Summit in Paris. IKEA Social Entrepreneurship BV Managing Director, Åsa Skogström Feldt, participated in a session responding to the OECD findings⁴⁴.

With more women than men employed by the social economy and with a smaller gender gap in both pay and leadership, there

are positive trends seen in the sector. The report however also highlighted the opportunity for social economy organisations to create tech and green jobs for women, where they are under-represented. As in many countries, the largest share of women's employment in the social economy is in 'pink-collar jobs' (ie. in areas where women traditionally take on a larger role like childcare, education, personal and household services or social work). But in the case of the IKEA Social Entrepreneurship portfolio, 50% of social enterprises are also founded, co-founded or led by women; a statistic that positively

reflects the OECD finding that "women represent up to 51% of social entrepreneurs in different regions of the World".

Lifting women's participation and development pathways in business is one key to advancing gender equality. Policy makers, governments and corporates can contribute by ensuring research and data collection includes women, enabling equal access to funding and other opportunities, providing targeted education, training and upskilling, and defining social procurement KPIs with strong equality, diversity and inclusion ambitions.

Euclid Network guide on funding access

Euclid Network, the European social entrepreneurship network, launched its updated EU Funding Toolkit for social enterprises and their support organisations in FY23⁴⁵. We contributed to the chapter on early-stage finance opportunities for social enterprises and the dedicated opportunities for Ukrainian social enterprises. The guide highlights financial and non-financial support and programmes from public institutions and private organisations.



IKEA Social Entrepreneurship managing director, Åsa Skogström Feldt (far right) at the launch of the OECD 'Beyond pink-collar jobs' report.



43. <https://www.oecd.org/publications/beyond-pink-collar-jobs-for-women-and-the-social-economy-44ba229e-en.htm>

44. <https://www.oecd-events.org/cfe-leed-social-economy-oecd-global-action/en/session/7028985e-008d-ed11-9d7a-6045bd8894c2/session-2-beyond-pink-collar-jobs-women-and-the-social-economy->

45. <https://euclidnetwork.eu/2022/12/out-now-updated-eu-funding-toolkit-your-guide-to-access-funding/>,

Advancing the sector: advocacy

In FY23, we spoke to audiences new to and immersed in social entrepreneurship, at venues from universities to the OECD.

Our team, and its representatives and advocates across the IKEA business, participated in 46 internal, external and partner events and field trips.

We spoke directly to more than 1,700 people, sharing our experience, learnings, ambitions and direction. We also spoke indirectly to thousands more through online platforms and via our participation and presence at industry events.

We led workshops on the circular economy, contributed to panel discussions on impact investment, inclusive employment and social procurement, and pledged our commitment to support refugees at the UNHCR Global Refugee Forum in December. We were present across Europe, and further afield in Asia, India, the US, and Mexico. And with the Social Enterprise World Forum coming to the Netherlands (where ISEBV is based), we also took the opportunity to connect with social entrepreneurs operating close to home.



(L-R) Charu Adesnik, Executive Director of the Cisco Foundation, NESST Co-Founder and CEO Nicole Etchart, and Nele Bouchier, Chief Communications & Public Affairs Officer for IKEA United States, at SOCAP in San Francisco, together for a panel on 'Scaling impact through collaboration and blended finance'.



NESST convened 10 social businesses from Poland and Romania for the Refugee Employment Initiative welcome summit. Meeting online allows for multiple stakeholders to come together at short notice and remains a popular way to share learnings among large groups across different geographies.

WEF Global Alliance for Social Entrepreneurship, Geneva

After building a relationship online throughout the pandemic, June 2023 marked the first in-person meeting of the Alliance. Combined with the 25-year anniversary of the Schwab Foundation, 100+ social innovators including Karo Sambhav, India; Triclos, Chile; Taking Care of Business,

South Africa; Specialisterne, Denmark; and the Institute for Social Entrepreneurship in Asia, Philippines; joined Alliance members including SAP, EY, Unilever, Bayer Foundation, EVPA, Ericsson, TechnoServe, ImpactHub, Yunus Social Business, IKEA Social Entrepreneurship and B-Corp for a constructive discussion on actions to further progress the sector.

In addition to the work done throughout FY23 on the circular

economy and climate adaptation – the Alliance determined to proceed in 2024 with a focus on delivering a report on the 10+ mechanisms and 5+ general benefits of corporate collaboration with social innovators; a new dataset on investment opportunities in climate and health; a report on social innovators in racial and ethnic equity; insights on the digital and green transition and the reskilling required; as well as an updated state of the sector report.

Advancing the sector: advocacy

One Young World, Belfast

We collaborated with One Young World, offering two scholarships to inspiring young social entrepreneurs to attend the summit in Belfast in October. The scholarships were awarded to two social entrepreneurs challenging the root causes of poverty, exclusion, and inequality. Chintia Octenta from Indonesia and Carlos Saucedo from Mexico, joined the

IKEA delegation at the annual youth forum, which convenes the brightest young leaders from 190+ countries and 250+ organisations, working to accelerate social impact. Chintia introduced her organisation Koneksi Indonesia Inklusif, which works with disability empowerment to fellow participants, and Carlos connected with other young leaders looking to technical solutions to sustainability issues.



(L-R) Tina Molund, IKEA Social Entrepreneurship co-worker engagement leader; Carlos Saucedo, ISE Scholarship recipient; Yogi Hanafi, IKEA Indonesia; Chintia Octenta, ISE Scholarship recipient.



(L-R) Michael Lim from Beyond Value Australia and Åsa Skogström Feldt on stage for the social procurement panel at SEWF, Amsterdam.

Social Enterprise World Forum, Amsterdam

We partnered with SEWF in 2023, diving into social procurement in a panel on the mainstage as well as hosting a circular workshop with Impact Hub Amsterdam on Fringe Day. Sixty social entrepreneurs joined the workshop where we canvassed and discussed different perspectives (corporate, funder, entrepreneur) on circular initiatives. We shared our learnings and the challenges the

IKEA business faces as we explore circular solutions. Key themes that emerged were the need to identify people in positions to drive change and empower changemakers; the necessity to foster collaboration over competition; the challenge to find solutions that scale; and the need for long-term commitment and embrace of a multi-pronged approach.

For the panel discussion on social procurement, Sumita Ghose, founder of IKEA social business

partner, Rangсутra, joined Åsa Skogström Feldt to discuss the ten-year relationship and the development of the value chain integration impact model. Over time, as we partner with social entrepreneurs across sectors, and beyond production in service provision and systems change, we discover new ways to integrate social impact with everyday business, building more resilient communities and contributing to IKEA's fair and equal commitments.



Social Entrepreneurship

Organisation

IKEA Social Entrepreneurship is organised in different places within IKEA, each with its own governance structure, assignment, and ways of working: as a dedicated team within Range & Supply; as a separate entity placed at Inter IKEA Group; among different Supply Areas; and within several franchisees.

IKEA Social Entrepreneurship Range & Supply is part of the IKEA Range Area: Home Textiles, Rugs & Social Entrepreneurship, with two dedicated resources: one communication partner and one partner development leader. Product development is delegated to our Product Development Center in India and supply to the New Business team in India.

IKEA Social Entrepreneurship B.V. is structured as a Dutch B.V. (limited liability company) within Inter IKEA Systems with a "social impact first" mandate in its charter. At the end of FY23, the B.V. had a core team of 12 FTE with the following functions: managing director, partner account management, finance and investment, project control, co-worker engagement, communication and monitoring, evaluation and learning. Additionally, a trainee co-worker engagement coordinator was working on a consultancy basis and two interns (from Lund University and the University of Amsterdam) supported us as part of their Bachelor and Master studies.

The MÄVINN baskets produced at Classical Handmade Products by artisans like Rita Rani and Lipi Rani, featured on the cover of this year's report.