



Social Entrepreneurship

Annual Review FY21



Index

- 3 About IKEA Social Entrepreneurship
- 4 A year in retrospect
- 6 IKEA Social Entrepreneurship in FY21
- 3 **Chapter 1**
Scaling up and integrating our social
business suppliers
- 13 **Chapter 2**
Co-creating social-impact products and
services for IKEA customers
- 15 **Chapter 3**
Strengthening social entrepreneurs
- 24 **Chapter 4**
Engaging IKEA co-workers in
programmes – a win-win collaboration
- 27 **Chapter 5**
Sharing our learnings
- 29 Operations

Handmade ceramics being crafted at
Doi Tung, Thailand.

About IKEA Social Entrepreneurship

IKEA Social Entrepreneurship (ISE) is committed to creating a fair and equal world, where everyone has greater opportunities to provide for themselves and their families. At the same time, we contribute to IKEA becoming a more inclusive and sustainable business.

By supporting, accelerating and doing business with social entrepreneurs we can achieve a positive social impact and improve the lives of others whilst sharing our learnings and insights with the IKEA business.

Please visit our website at
www.ikeasocialentrepreneurship.org



Nguyễn Thị Than Huyền is a seamstress at Rekut, Vietnam.

A year in retrospect

This year has yet again made it abundantly clear how dependent we are on each other – at global, national and local levels. The COVID pandemic and accelerating climate change have caused extreme poverty rates to increase for the first time in a generation and are dramatically impacting our shared natural environment.^[1]

These challenges cannot be addressed without joint effort and new ways of collaborating across sectors and borders. It is about making brave decisions within countries and corporations, but it is also about the contributions we as individuals can make as we go about our daily lives.

At IKEA we are committed to an inclusive future. The social entrepreneurs we work with are front runners in this undertaking. In the past year we witnessed how they, against all kinds of odds, continued to support vulnerable populations and innovate to address old and new challenges to the benefit of us all.



IKEA co-worker Paris, France. Last Mile Delivery Pilot with Yunus Social Business.



Creating natural fibre products at Classical Handmade Products, Bangladesh.

We see how the interest in social entrepreneurship and social impact is increasing across societies and businesses. Through the World Economic Forum COVID Alliance for Social Entrepreneurship we have joined many other organisations to come together to support these efforts in a collaborative way.^[2]

IKEA Social Entrepreneurship is gradually gaining more attention in the social impact sector, with our approach, set-up, and tools increasingly being recognised as examples of how corporates can work with social impact. We have been involved with a growing number of events, studies, and awards.

In March, IKEA won the inaugural Catalyst 2030 Award for our collaboration with social entrepreneurs across our value chain. And in June, the TENT Foundation acknowledged our work supporting refugees to enter the job market together with Jordan River Foundation.

We hope that we will learn and develop ourselves as well as contribute to inspire other corporates to partner with social enterprises. Research produced by our partner Acumen within the COVID Alliance shows that social enterprises are ready to expand partnerships with corporates and calls on corporate leaders to make this happen.

During the year we increased our engagement with social entrepreneurs and businesses through existing and new programmes and partnerships, with a view to support people who are vulnerable. As the pandemic continued it put growing strain on the operations of everyone, including social



Maud Mulder, a young Sea Ranger on-board a Sea Ranger Service ship, monitors the seas off the coast of The Netherlands. Wietse van der Werf, founder of the Sea Ranger Service participated in our Dela Accelerator with Ashoka.

entrepreneurs, although some managed to pivot and contribute towards the COVID fight, e.g. by producing and distributing face masks.

As last year, IKEA kept orders and volumes to maintain the business operations of social business partners through the pandemic, to secure jobs and livelihoods of the workers. We also added new social entrepreneurship products and collections produced by new social business partners outside the handicraft sector, such as denim manufacturer Saitex in Vietnam,

and food partners, such as Krakakoa in Indonesia. A highlight was the LOKALT collection that was launched in June, consisting of unique handcrafted products produced by social business partners Jordan River Foundation (Jordan), Doi Tung (Thailand), and Industree (India).

We expanded the geographic coverage of our accelerator programmes in collaboration with IKEA organisations in Poland, Romania and Indonesia, while implementation of our programmes in Mexico

and South America gained speed. We continued to adapt programme design to the new digital ways of meeting, local contexts and based on the learnings we gained. Through our global Dela programme we continued to support social entrepreneurs that work on systems change. A significant event during the year was the completion of our first equity investment in Ignitia, a social enterprise that provides tropical weather forecasts to smallholder farmers to help them better plan their crop cycle.

Going forward we will continue to explore opportunities in the IKEA value chain to find new social business partnerships and increase our positive social impact. Specific areas where social entrepreneurs can be part of social innovation for inclusive business include responsible sourcing of raw materials, circularity and community engagement. By further integrating social impact within IKEA and other corporates, we can contribute to a future that is positive for people, society and planet.

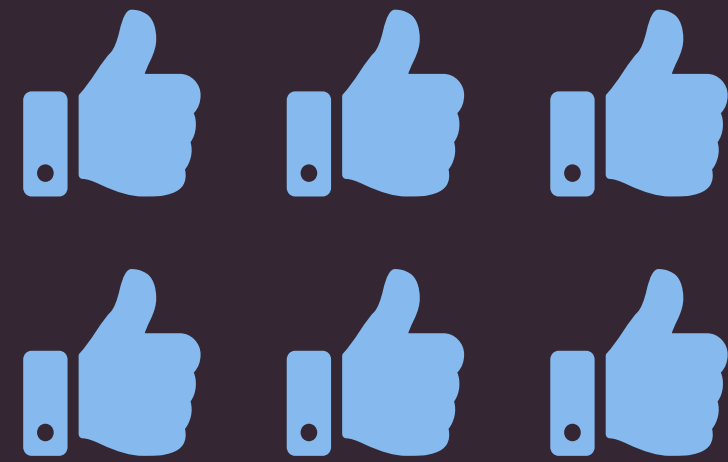
[1] See <https://blogs.worldbank.org/opendata/updated-estimates-impact-covid-19-global-poverty-turning-corner-pandemic-2021>

and <https://www.ipcc.ch/2021/08/09/ar6-wg1-20210809-pr/>

[2] <https://www.weforum.org/covid-alliance-for-social-entrepreneurs>

IKEA Social Entrepreneurship in FY21

6



**new partnerships with
social businesses**



4 of our social business partners

**Rangsutra
Doi Tung
Ramesh Flowers
JRF**

are now able to produce high volumes and
supply our regular global offer (meaning
not only one-off special collections)

Launched LOKALT
worldwide in

294
STORES



Continued to expand
our coaching by
IKEA co-workers and
development programme
for social entrepreneurs

to scale, grow and increase their positive
social impact in Mexico, Indonesia,
Poland and Romania and across
East Africa and Latin America

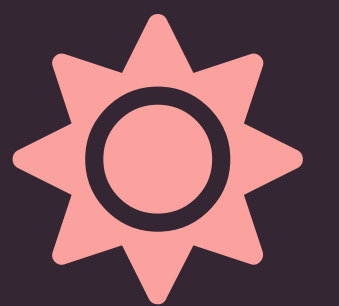
80

**social entrepreneurs
and enterprises from**

21

**countries supported
through our programmes
and investments**

Made our first equity
investment in Ignitia,
a highly accurate,
hyperlocal weather
forecast service for
farmers in the
tropical belts



Scaling up and integrating our social business suppliers

During FY21, IKEA Social Entrepreneurship Range & Supply continued to scale up our partnerships with social businesses.



Weaving sustainably made products at Spun, India.

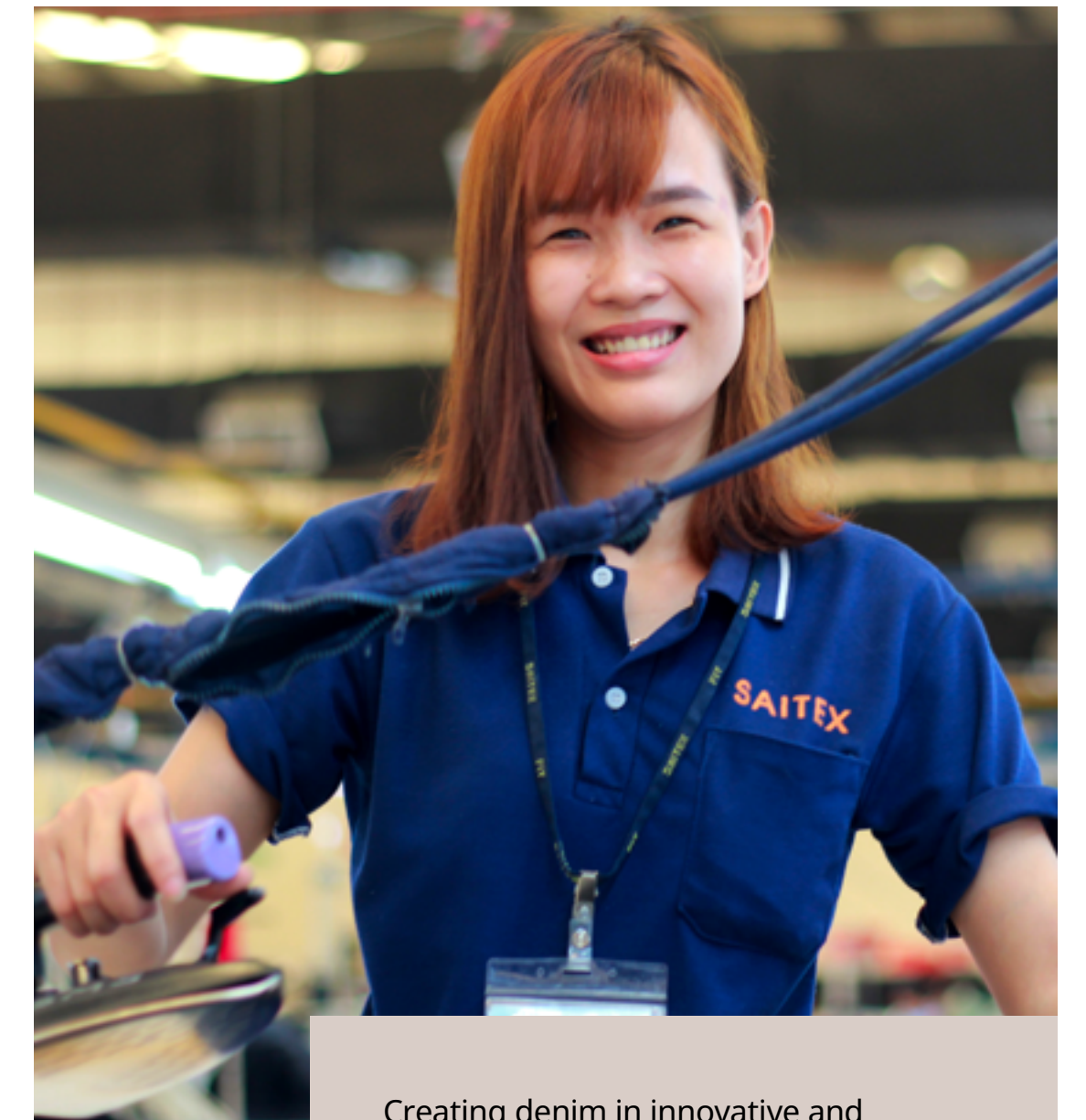
Five new partnerships were started – Saitex in Vietnam, Spun in India, and Classical Handmade Products in Bangladesh producing sustainable home furnishing products, as well as new food partners – Aneka Chocolat (Krakakoa) in Indonesia and Gora Coffee (Moyee) in Ethiopia. Krakakoa and Moyee keep all farming and production of end products in the country of origin to contribute to more local jobs and income creation. Two new local social business partners were established serving local markets: Artel Blazhennikh in Russia and Insertega in Spain.

IKEA is now in business partnership with 12 global social businesses producing global products while creating job opportunities for people who need it the most.

The relationship with Kawacom came to a planned end during the year, with Kawacom shifting its coffee sales to other customers while continuing the livelihood creation for smallholder farmers.

The COVID situation in India and Jordan remained difficult during FY21. In addition, the global transport crisis put an extra level of challenges on the suppliers. IKEA confirmed all orders during FY21 and despite the global transport constraints, the orders were shipped.

We continued the work to further integrate social business partnerships within IKEA. The social entrepreneurship products should live up to all dimensions of the IKEA Democratic Design principles, to become part of our range with a social and conscious message and a natural part of IKEA business planning and calendar.



Creating denim in innovative and sustainable ways at Saitex, Vietnam.

We will continue to expand through partnerships with new social businesses, existing IKEA suppliers/sub-suppliers that contribute to economic empowerment of people from vulnerable and marginalised groups. The ways we work with mapping and starting up new social business partners is much the same as the IKEA regular process, with only small adaptations. All processes are fully integrated into how IKEA works with suppliers. This supports the development of the partners and a smoother integration into the regular supply chain.

Several IKEA franchisees were involved in local partnerships with social entrepreneurs and businesses delivering local services to IKEA customers. These ranged from supporting people facing inequality or poverty – such as young people, migrants or those with disabilities – to providing products and services to IKEA customers, including circular services and last mile delivery. Efforts are underway to strengthen and expand these local partnerships across IKEA franchisees.



Break time at Classical Handmade Products, Bangladesh.

Social entrepreneurs and business producing products for IKEA (1/2)

Global social business partners

Name	Country	Start of partner collaboration	Products scope	Social impact
Doi Tung	Thailand	2012	Ceramics, handwoven textiles and later handmade paper. Global products and part of global collections.	Jobs for people from indigenous groups/tribal groups in northern Thailand. 390 workers, 98 directly with IKEA production.
Industree	India	2013	Handmade banana fibre products. Part of global collections.	Jobs for women from rural areas in Madurai, India. 930 workers, 855 directly with IKEA production.
Rangсутra	India	2013	Handwoven and hand-stitched textile products. Global products home textiles.	Jobs for women from rural areas in Uttar Pradesh and Rajasthan. 1 700 workers, 1 220 directly with IKEA production.
Jordan River Foundation	Jordan	2017	Hand-stitched textile products. Global products home textiles and part of collections sold in a majority of IKEA markets.	Jobs for refugee women and female Jordanian artisans. 538 workers, 273 directly with IKEA production.
Kawacom-White Nile	Uganda	2017	Coffee. Global products.	Incomes for 31 550 small scale farmers in Uganda.
Ramesh Flowers	India	2002*	Handmade products from organic waste material. Global products and part of global collections.	Jobs for women in rural areas of Tuticorin India. 710 workers.
Insertega	Spain	2020	Preparing and sorting IKEA co-worker clothes for recycling to yarn or felt upcycling. Market specific products.	Jobs for people with disability. 314 workers.
Classical	Bangladesh	2020	Natural fibre products out of jute. Part of global collections and single products.	Jobs for women and persons with disabilities in rural vulnerable areas of Bangladesh. New, production starts for FY22.
Saitex	Vietnam	2020	Circular business model and industrial production of upcycled and recycled textile products. Part of global collections.	Jobs for persons with disabilities and disadvantaged youth. New, production starts for FY22
Spun	India	2020	Hand- and machine-stitched and handwoven textile products. Part of global collections.	Jobs for women in rural areas in India. New, production starts for FY22.
Aneka Chocolat (Krakakoa)	Indonesia	2021	From “farmer to bar” business model, reducing middlemen, keeping value addition process in country of origin and redistribution of profit. Indonesia market specific chocolate bars, cocoa locally sourced.	Incomes for small-scale farmers and women in vulnerable a reas of Indonesia. New, production starts for FY22.
Gora Coffee (Moyee)	Ethiopia	2021	From “farmer to cup” business model, reducing middlemen, keeping value addition process in country of origin and redistribution of profit. Pilot with coffee sold at Swedish city stores/bistros to expand in coming years.	Incomes for small-scale farmers and women in vulnerable areas of Ethiopia.

*Identified as a social business partner in 2020

Social entrepreneurs and business producing products for IKEA (2/2)

Examples of local social business partners

Name	Country	Start of partner collaboration	Products scope	Social impact
Insertega	Spain	2020	Preparing and sorting IKEA co-worker clothes for recycling to yarn or felt upcycling. Market specific products.	Jobs for people with disability persons with disabilities. 314 workers.
Artel Blazhennikh	Russia	2021	Handmade products from wood waste. Russia market specific.	Jobs for people with disability persons with disabilities. New, production starts for FY22.



Nguyễn Thị Kim Ngọc and Trần Thị Trúc Linh working together at Rekut, Vietnam.



Kiang Aitao, Ceramist, Thailand, Doi Tung Social Business.

Case: Managing production and preserving jobs during COVID in India and Bangladesh

The COVID situation in India and Bangladesh remained difficult during FY21. Furthermore, the global transport crisis brought extra challenges on suppliers and the whole retail sector. IKEA confirmed all orders also during FY21 and despite the global transport constraints the orders could be shipped.

Rangsutra in India managed during the lockdown to transform their operations and maintain the dispatches to IKEA in time – by having artisans work from home and a new logistical set-up. IKEA Social Entrepreneurship supported with grants to enable wage payouts during lockdown periods and investments in certain production hubs to establish better working conditions for artisans, create new jobs, and allow families to be brought together. Weaving of fabrics was moved in-house, which increased efficiency and reduced dependencies on subsuppliers.

Industree in India continued to build up production capacity and gradually brought back their workforce after having changed their business model. They contributed with three beautiful products to the LOKALT collection which were sold out after only a few weeks. Two of the products have been

moved over to running range, which guaranteed work for the artisans. Industree is now mainly producing global single products.

All factories of **Ramesh Flowers** in India were mostly operational during the year. They followed all necessary precautions to create a safe working environment for their workforce and were only closed for a brief time as per state government regulations. By the end of the year the production needed to be adjusted due to the current transport situation.

Our new partners **Spun** in Anjar in India and **Classical Handmade Products** in Bangladesh were successfully meeting IKEA requirements and developing products for next year's collection VÅRDANDE. Both kept operating during the pandemic, while strictly implementing all necessary precautions.



Working with natural fibres at Classical Handmade Products, Bangladesh.

Story: The collaboration between Jordan River Foundation and IKEA – the women’s perspective



Seamstress at Jordan River Foundation.

The long-term collaboration between Jordan River Foundation and IKEA has received much attention. During the year it was awarded the TENT award for “Outstanding leadership in integrating refugees into the supply chain”. This collaboration is also exceptional as Jordan River Foundation systematically listens to and shares the voices of the women artisans on whom the collaboration is built. This is a role model for all of us who are working in social enterprises and corporates and are interested in social impact.

This year 133 women workers were asked about their work with IKEA products and what it meant to them.

When asked about the reasons/motivation behind seeking this job opportunity, answers revolved mostly around fulfilling financial obligations. 90 percent of the women stated that the reason for accepting the job was to pay rent, loans, and their children’s school.

The work brought additional money into the household. 89 percent reported an increase in their household income after they began working with Jordan River Foundation, with the average monthly household income increasing with 45 percent. For a majority, the work at Jordan River Foundation was the main source of income in the household. This allowed families to take on less debt.

However, the extra income was not enough to create significant financial buffers. Only 16 percent of the workers were able to save money from their income with Jordan River Foundation, which was a big drop from last year when 65 percent of workers were able

to save money from their income. This may be due to increase in the household’s living expenses between last year and this year, along with hygiene measures needed as a response to the pandemic.

The work also strengthened the workers’ self-confidence and standing in the community. 95 percent of the workers reported an improved perception of other community members after starting to work. 76 percent said they had made new friends within the community from different nationalities (Jordanians and Syrians). A majority reported that the level of tension within their household had decreased. 83 percent of the workers reported overall quality of life improvements.



Raaja Albalbisi, artisan co-creating with designer Tania Haddad.

Co-creating social impact products for IKEA customers


IKEA Social Entrepreneurship Range & Supply has produced products as part of time-limited collections in partnership with social business since 2012. The initiative has grown from being a small pilot with limited volumes to become an integrated part of the IKEA product offer.

Since 2018 we produce global products sold all year around in IKEA stores and online, which enables us to both offer our customers unique and affordable products with strong social impact, as well as creating a stable and more efficient volume production together with our social businesses. It gives stability and consistency to our partners, for them to grow in a stable pace, creating more jobs over time.

By integrating the products in the regular IKEA product offer, they fill gaps and align well with the rest of the IKEA range in style, price and function. The integration also comes through in global marketing and gives IKEA the possibility to transparently highlight the strong positive social impact these products give, inspiring customers and other global corporates and organisations.

This year, IKEA social business partnerships delivered 49 different products spanning across the IKEA product areas and time-limited collections sold in 54 markets. Nine of these products were sold globally all year round, generating higher efficiency and volumes. Commercially we delivered around 770 000 pieces, an increase by 46 percent compared to FY20.

The social entrepreneurship collection remains as a vital attention driver, launched once a year with over 20 products. It is also a good entry point for new social businesses developing together with IKEA. From FY22 onwards, the collection will be sold globally. We will continue to expand the global articles numbers in the coming years, integrated in more product areas like textiles, decorations, food, cook & eat, lighting, home organisation, and bathroom.



LOKALT contemporary collection was a co-creation with young local designers and local social businesses in the different countries.

Products sold during FY21



1 — KLARAFINA cushion cover, hand-embroidered and handwoven by Rangсутra in India. April 2020–April 2021.

2 — MOAKAJSA cushion cover, hand-embroidered by Rangсутra in India. April 2020–April 2021.

3 — TILLTALANDE cushion cover, hand-embroidered by Jordan River Foundation in Jordan. Oct 2020–Oct 2021.

4 — HERVOR and HALLVI cushion covers, hand-embroidered and handwoven by Rangсутra in India. April 2021–April 2022.

5 — HILLEGÅRD throw, handwoven by Rangсутra in India. July 2021–July 2022.

6 — PÅTÅR organic coffee, from small-holder farmers by Kawacom, Uganda. 2018–Dec 2021.

7 — LOKALT collection June 2021, 26 IKEA markets. Three local young designers co-created this contemporary collection together with four social businesses and handmade rug suppliers in India, Thailand and Jordan. Every cushion cover, rug, basket and bowl were designed with its roots in local tradition, handmade by skilled artisans and contributed to creating work in regions where it is most needed. The collection generated high media interest and sold exceptionally well.

Strengthening social entrepreneurs

In its third year of activities, IKEA Social Entrepreneurship B.V. continued to grow its partnerships with social entrepreneurs and organisations through programmes and direct support.

We could see that the COVID pandemic continued to take its toll on social entrepreneurs and their activities. In some cases, activities were significantly interrupted by the pandemic, although some social entrepreneurs pivoted to contributing to the fight against COVID, e.g. by producing and distributing face masks. We followed the developments of IKEA social business partners and programme participants during the pandemic, and participated in global action within the sector in the COVID Alliance for Social Entrepreneurship.

Despite the pandemic we could successfully complete and launch new programmes to support social entrepreneurs in these challenging times. We continued to learn more about suitable accelerator designs and differences between geographic contexts. We also worked to clarify our future focus and how to deepen our collaborations with different IKEA organisations, within responsible sourcing of raw materials, social business partnerships and community engagement.

Our main programmes and investments prepared or running during the year are presented in the table. Implementation of all of them continue into FY22. The exception is Last mile delivery Paris, a pilot project to see if we can provide IKEA customers with a sustainable and inclusive way to have their IKEA purchases delivered to their homes, where our funding was completed, but the collaboration with IKEA France continued.

Notable developments last year include the selection of the full cohort in South America and the preparation of new accelerator programmes in Poland, Romania, and Indonesia. We also made our first equity investment in former Dela I participant Ignitia and contributed to a test of an innovative approach to bridge the living income gap experienced by cocoa farming households implemented by Rainforest Alliance.



Adriana Luna, CEO of Tierra de Monte, Mexico Accelerator 2021 in partnership with New Ventures.

80

Numbers of social entrepreneurs supported through programmes and directly

121

IKEA co-workers engaged in accelerator programmes

15

Programmes and investments prepared or running during the year

6

Accelerator programmes

6

Direct investments

1

Social innovation programme

2

Value-chain programmes

Within our Dela partnership with Ashoka, we welcomed a third new Ashoka fellow – Sazzad Houssain (SDI Academy) – to join the ranks of Vincent Legace (NUUP) and Pranshu Singhal (Karo Sambhav). We also made four direct grants to IKEA social business partners Krakakoa, Moyee, and Rangsutra, in addition to secondary raw material supplier Saahas Zero Waste.

During the year we partnered, through these programmes and directly, with a total of 80 social entrepreneurs from 21 countries. The type of activity, maturity and size of the social entrepreneurs varied widely.



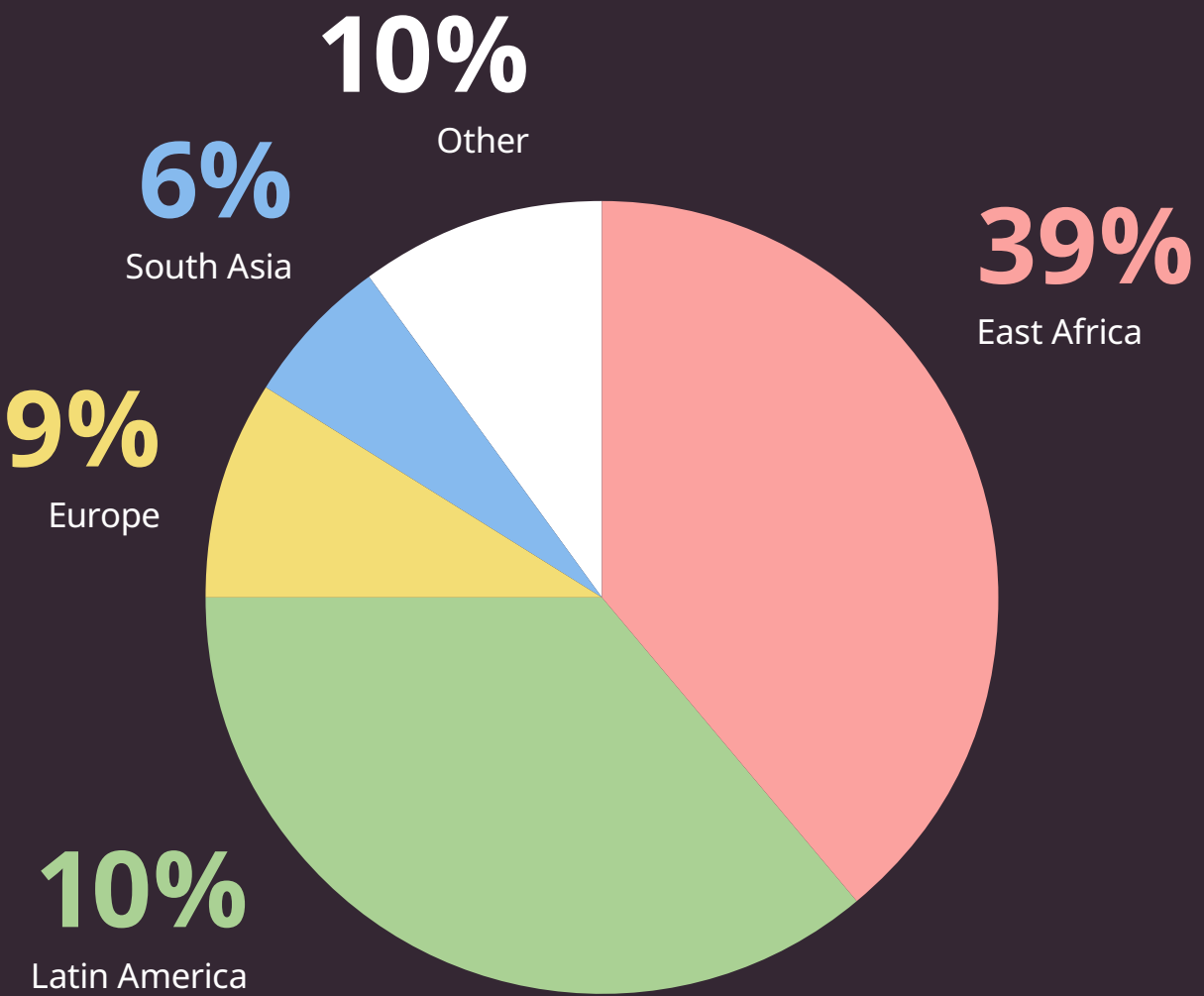
Latin America and East Africa dominated strongly, because of the evolution of our regional programmes, with Mexico/Chile/Peru and Kenya/Ethiopia/Uganda as top countries. 52 of these social entrepreneurs were new to us, while we already had a relationship from previous years with 28 social entrepreneurs.

Like last year the social entrepreneurs were mainly active in food and agriculture, professional training, and manufacturing, with some of them cutting across sectors. This is in line with our focus on livelihoods and job creation in contrast to e.g. social services. Around 40 percent of the entrepreneurs had a specific focus on various aspects of the environment.

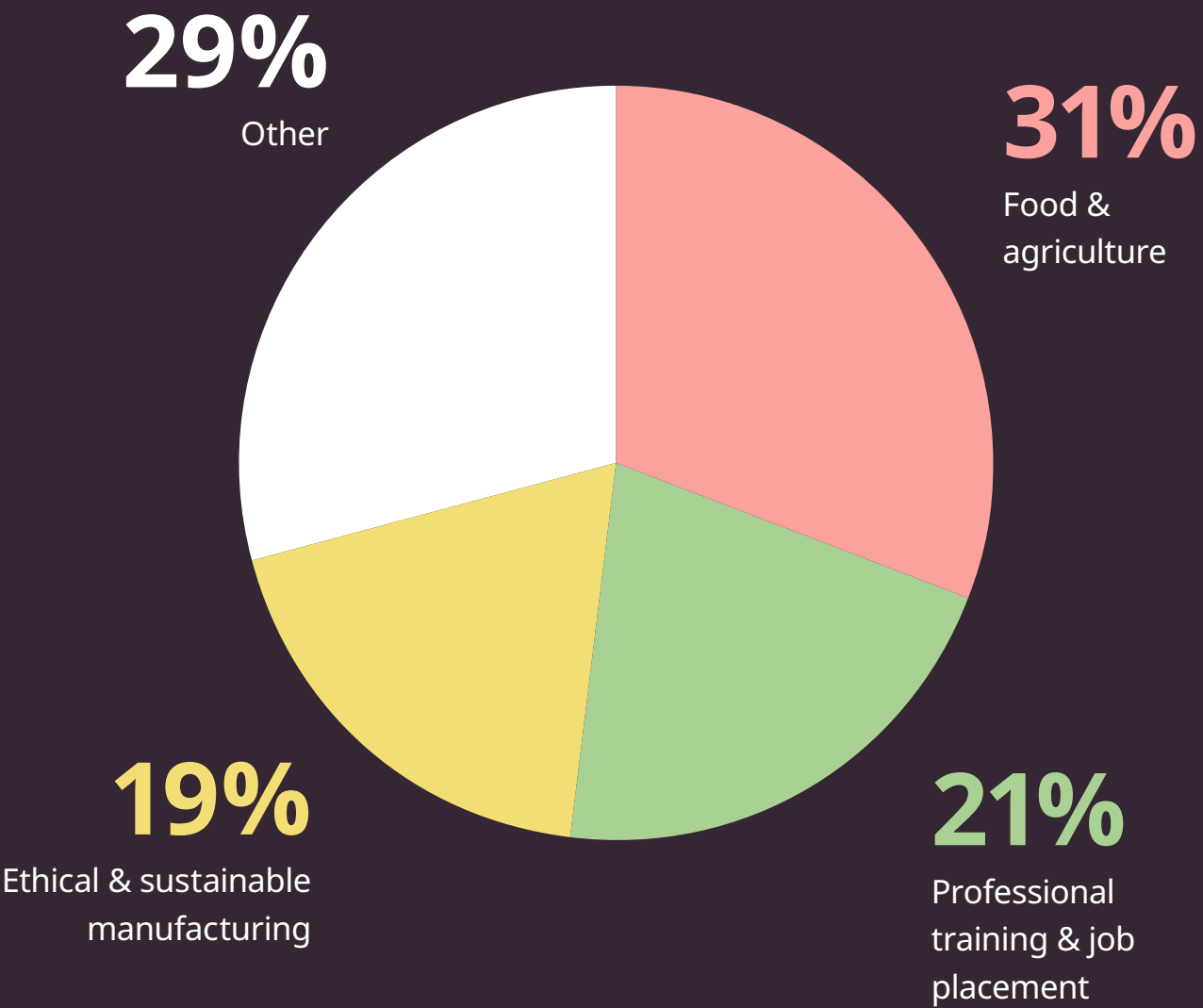
The 80 social entrepreneurs reported that they together impacted some 3.3 million people from vulnerable and marginalised groups as employees, clients and direct beneficiaries over the most recent 12-month period that they were able to report to us on. We explain how we collect this data at the end of this report.

Two thirds of the people impacted were smallholder farmers in East and West Africa, with Ignitia having particularly large and growing reach through its subscription weather service. The two other largest groups were low-income communities in general, and artisans and small-scale producers. A third of the entrepreneurs had a specific focus on women. Some social entrepreneurs reached many people indirectly, e.g. family members or community members positively impacted by systems change related activities, but this is difficult to quantify.

Social entrepreneurs supported in FY21 by region they are based



Social entrepreneurs supported in FY21 by main sector



Programmes through partners and direct support

being prepared, running or completed during FY21 (1/2)

Programme	Status	Type	Geography	Timing	Programme participants	Short description
Ashoka Dela	Running	Accelerator	Global	1 year 2020–2021	12 social entrepreneurs 1 new Ashoka Fellow	Second cohort of a co-created global accelerator programme to select, strengthen and scale systems changing innovations through a combination of interventions including IKEA co-worker coaching support.
Acumen East Africa	Running	Accelerator	Ethiopia Kenya Rwanda Uganda	6 months 2021	15 social enterprises	Second cohort of a co-created regional accelerator programme to strengthen social innovations across East Africa through online learning and IKEA co-worker coaching support.
NESST Latin America	Running	Accelerator	Brazil Chile Colombia Peru	3 years 2020–2023	15 social enterprises	Tailor-made accelerator programme to scale social enterprises and increase their impact. Programme co-created in close collaboration with IKEA Chile that supports with IKEA co-worker support and potential marketplace.
New Ventures Mexico	Running	Accelerator	Mexico	2 years 2020–2022	10+10 (2 cohorts) social enterprises	Tailor-made accelerator programme to scale social enterprises and increase their impact. Programme co-created in close collaboration with IKEA Mexico that supports with IKEA co-worker support and potential marketplace.
NESST East Europe	Running	Accelerator	Poland Rumania	3 years 2021–2024	10 social enterprises	Tailor-made accelerator programme to scale social enterprises and increase their impact. Programme co-created in close collaboration with local IKEA organisations that support with IKEA co-worker support and potential marketplace.
Instellar Indonesia	Preparation	Accelerator	Indonesia	2 years 2021–2023	10 social enterprises	Tailor-made accelerator programme to scale social enterprises and increase their impact. Programme co-created in close collaboration with local IKEA organisations that support with IKEA co-worker support and potential marketplace.
i-did	Running	Direct investment	The Netherlands	7 years 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. Also support to conceptualise the operational model combining recycling and social impact for scaling through a social franchise model.
Ignitia	Running	Direct investment	Sweden	2021–	1 social enterprise	Equity investment in social enterprise that provides tropical weather forecasts to smallholder farmers.

Programmes through partners and direct support

being prepared, running or completed during FY21 (2/2)

Programme	Status	Type	Geography	Timing	Programme participants	Short description
Krakakoa	Preparation	Direct investment	Indonesia	3 years 2021–2024	1 social enterprise	Grant for certification support to this integrated farmer-to-bar chocolate social business that works directly with local small holder cacao farmers.
Moyee	Preparation	Direct investment	Ethiopia	7 months 2021–2021	1 social enterprise	Grant for certification support to this social business with Fairchain practices. Add local value by roasting and packaging in Ethiopia and pay living wages.
Rangсутra	Preparation	Direct investment	India	1 year 2021–2022	1 social enterprise	Social business that provides economic opportunities to artisans, Grant to create more opportunities for men returning to villages, better working conditions and efficiencies.
Saahas Zero Waste	Preparation	Direct investment /value-chain programme	India	2 years 2021–2023	1 social enterprise	Grant for a pilot project to transform – through three waste management micro entrepreneurs – the informal waste sector in India. Through a self-sustaining business model waste workers will receive formally recognised employment under decent work conditions. The project will also see plastic waste collected in an end-to-end recovery which will be a source of secondary raw material for IKEA in the region and provides detailed traceability to the plastics sourced.
Last mile delivery Paris	Completed	Social innovation programme	France (Paris)	2 years 2019–2021	1 social enterprise (Carton Plein)	Working with Yunus social business and Make Sense to develop last mile delivery solutions with IKEA France with both social and environmental impact, involving piloting a micro hub and a training academy, engaging people at a distance from the labour market.
WWF Oaxaca	Running	Value-chain programme	Mexico (Oaxaca)	3 years 2020–2023	13 Community Conservation Enterprises	Supporting local small-holder producers and their organisations to improve agricultural practices, governance, and gaining market access.
Rainforest Alliance	Running	Value-chain programme	Ivory Coast	2 years 2020–2022	2 cocoa producing cooperatives	Supporting test of an innovative approach to bridge the living income gap experienced by cocoa farming households.



Through participation in Dela II, Frédéric Bardeau of simplon.co and his team moved from looking at ways to expand internationally as an organisation through social franchise, to focusing on becoming an ecosystem influencer, and building a coalition of supporters and adopters of the active pedagogy developed by simplon.co. The strategy includes competitors and actors beyond their current scope, thus advocating for systematic changes among the many stakeholders in the ecosystem for digital education.

www.simplon.co

Case: The evolving Dela programme

In the second round of our global accelerator programme, Dela II, 12 more social entrepreneurs that focused on systems change were supported with tailored advice.

Based on learnings from Dela I (2020), the programme was redesigned with our partner Ashoka to provide more process guidance and facilitation support and soften the transition from strategy (strategy phase) to implementation (scoping and experimental phase).

The scoping phase allowed social entrepreneurs to test assumptions generated during strategy development and formulate a project that allowed them to kick-start implementation during the experimentation phase. The social entrepreneurs were supported by different IKEA and Microsoft co-workers through the various stages of their projects, in addition to a facilitator from Ashoka to support with the process itself.

The new design proved successful, with social entrepreneurs expressing high satisfaction with the strategy phase and reporting significant shifts in their strategies. All social entrepreneurs completed the strategy phase with ten continuing to the scoping and experimentation phases.

“The program has top-notch business advisors and a framework to help fellows structure their systems change.”

Stacey Epperson,
social entrepreneur participating in Dela II

We are currently at the end of the experimentation phase, and though we saw improvements from Dela I the overall programme design needs further development, such as finding efficient ways of onboarding IKEA and Microsoft co-workers, managing the diversity of the projects of the social entrepreneurs, and developing a common yet adaptable framework that brings clarity and guidance to all people involved.

Case: Learnings from an “open call” in Poland and Romania

The selection of social enterprises for our new accelerator programme in Poland and Romania with our partner NESsT was started through an open call in April 2021. By the end FY21 the first filtering was ready, while the due diligence process will continue during FY22.

The enterprises that have been selected initially have strong, committed, and open management teams that really want to offer quality jobs to underserved population through high impact business models particularly in sustainable agriculture, gastronomy, and circular economy.

There is a growing interest of social entrepreneurship in the two countries. For example, the agricultural sector, especially smallholding farms, has good potential as the demand for fresh, natural food is increasing. Initiatives supporting small farms to reach customers seem to be successful, with a positive social and environmental impact.

Nevertheless, we saw some challenges during the selection process, showing that the sector is still developing:

- There are few enterprises with sustainable business models; local social businesses tend to be grant-funded non-governmental organisations (NGOs).
- Many of the social enterprises have limited human resources, with management teams consisting of hard-working founders working on a voluntary basis and lacking business knowledge and experience.
- The social impact in terms of employment/ placement is commonly low, at under 50 persons per year, while supplier business models have a bigger potential social impact, but it is not well measured or tracked.
- Most of the social enterprises that applied were at an early stage of growth, with revenues not exceeding 85 000 EUR annually.



Alina Nicoleta Tipela, Co-founder and President, and Rodica Nicoleta Jianu, Co-founder and Vice-president, from the Atelier Merci Project.



Cosmina and Serban Dinu, Co-founders of ROMO.



Valerie Benatar, Co-founder of Básicos de México. Básicos de México offers their socially and environmentally sound clothing through an omnichannel Business-to-consumer (B2C) model.

Case: Adopting a tailor-made approach in Mexico

During the first year, we adopted a tailor-made approach in our two-year partnership with New Ventures in Mexico. The first cohort consisted of a mix of social enterprises that were very mature and had already expanded to other countries and less mature social enterprises. This created a diverse but strong cohort that could learn from and support each other regardless of maturity level.

Another learning is that a tailor-made approach can host a diverse cohort with different maturity levels since the support is individual, based on their needs. Additionally, we sometimes saw diverse levels of engagement and coachability, which could partly depend on the maturity level, but also other circumstances.

The tailor-made approach started with a detailed diagnosis to define challenges and learning needs. Then each programme participant was matched with a mentor from the New Ventures network, and an IKEA Mentor with relevant competence. A network of external and specialised mentors that could address specific needs on short notice was a critical success factor, in addition to a full-time programme manager who kept the programme

together, acted as a connector and provided support to both the social enterprises and the mentors in their work.

For the second cohort we will stimulate interaction between the programme participants even more. We also hope that a less severe COVID situation will allow for more interaction in real life.



Smallholder farmer working with Tierra de Monte, Querétaro, Mexico. Tierra de Monte creates eco-friendly solutions to smallholder farmers which they can use to increase crop productivity and quality.



Guillermo Macias Acosta, CEO of Kip Tik. Kip Tik is a social enterprise that promotes the collaboration between artisans, designers and brands.

Case: Following up on our first East Africa cohort

At the end of an accelerator programme our partners routinely survey the participating social enterprises about what they think about the programme. Would they recommend it? Which activities were most useful? So far, our programmes have received high ratings, which is great. But what happens after the programmes? Can participating enterprises benefit from the support they received to grow and increase their impact? This is much more difficult to determine.

To address this, we made extra efforts to monitor how the first cohort in our East Africa accelerator, co-created with our partner Acumen, evolved after they graduated from the programme in September 2020:

- Because of the pandemic, they could apply for emergency funding from us, the use of which was reported back to us nine months later. 15 of the 20 teams received funding.
- As part of an external research effort, deep interviews were made with five of the social enterprises during the autumn 2020. (See the Research collaboration section below for more information.)

- The cohort received a follow-up survey six months after the end of the programme focused on their development and the contribution of the programme.

The evidence collected was self-reported and anecdotal, but together it suggested that the programme did indeed contribute to strengthening the participating social enterprises. There was consistent appreciation of the programme in the follow-up survey and the enterprises reported in detail how the emergency support contributed to sustaining them through the pandemic and safeguarding in total 425 employees.

This was corroborated in the research interviews, based on which the researchers concluded that participation in the acceleration led to capability improvements in both business-oriented skills and in terms of the vision and resilience of the enterprises.



Smallholder farmer in Uganda using Agro Supply service, a digital layaway platform that enables farmers to save for agricultural inputs such as seeds, fertiliser, and training.



Ecobora, Kenya, East Africa Accelerator 2021, in partnership with Acumen. Ecobora have developed a clean, affordable solar cookstove that is being used by rural and peri-urban schools.



Liisa Smits, CEO at Ignitia with smallholder farmers from West Africa.

Case: Investing in Ignitia: allowing smallholder farmers to plan their production

Ignitia, a Sweden-based provider of tropical weather forecasts to smallholder farmers in West Africa, participated in our first global accelerator programme, Dela. In the programme the founder Liisa Smits received support from IKEA co-workers and other experts on how to scale her work to reach even more farmers, resulting in an adjusted growth model for Ignitia.

During the year we were proud to announce that IKEA Social Entrepreneurship B.V. would continue to support Ignitia's growth plans through an equity investment. Ignitia will use the investment to grow their team, add new supercomputer capacity and look to extend their weather services into new regions.

Currently, weather forecasts over tropical areas are not that accurate and affect millions of small-scale, family-run farms worldwide. Estimates are that 75 percent^[1] of the world's farmland is managed by small scale farmers with tropical farms, constituting a key ingredient in satisfying global food demand and contributing to non-food agricultural value chains. The lack of reliable weather forecasts makes it hard for these famers to make informed decisions in the crop lifecycle, such as when to plant, apply fertiliser, hire labour and harvest, reducing output and increasing risks.

Ignitia has developed a system of "predictive analytics" which is able to map tropical weather patterns and predicts, with an estimated 84 percent accuracy^[2], whether it is going to rain, at what time and at what intensity. Delivered via text message directly to farmers for as little as \$0.04/day, this 48-hour forecast includes monthly and seasonal outlooks and is available in any local language. Using the service farmers can sow, fertilise and harvest at optimum times, maximising precious resources and reducing risks across the full farming cycle. This results in a significant increase in income for farms, with the benefits felt locally and beyond.

[1] <https://www.sciencedirect.com/science/article/pii/S0305750X15002703>

[2] <https://www.ignitia.se/>

Engaging IKEA co-workers in programmes – a win-win collaboration

IKEA co-workers play an essential role in contributing as mentors and experts to the development of social entrepreneurs through our social business partnerships and programmes. At the same time, they gain insights into social challenges, innovation and the realities of social business.

During the year 121 co-workers engaged in different roles in our global, East African, Mexican and South American accelerator programmes. This was a diverse group of people with 60 percent women, 28 nationalities based in 23 countries, and representing a variety of IKEA organisations and functions.

New for this year was that the accelerator programmes in Mexico and South America were designed in collaboration with local IKEA organisations, which contributed to selecting and engaging co-workers in their respective organisations. This will also be the case for the future programmes in Eastern Europe and Indonesia.

The local connection requires new ways of working, with the co-worker engagement being led by the local partner and IKEA organisations. Constraints such as

working with a narrower pool of competences and high workloads for local IKEA co-workers need to be factored into the process of matching social entrepreneurs and co-workers.

A related learning is that IKEA co-workers benefit more if the programme has a clear start and closing. It also seems as if their understanding of social impact and social entrepreneurship increases if they can put their participation in the broader context of the programme, which can be fostered by onboarding and launch events. We have also taken the learnings about the value of coaching/supporting in pairs to all the programmes. Learning circles between IKEA coaches continue to serve as an important support during the programmes, with questions about how best to contribute and the balance between mentoring and coaching as key themes.

“Learning circles help me to see the value of sharing. I don’t feel alone anymore.”

IKEA co-worker coach/advisor



Jon Jon Grass Root Tea Corporation, participant of our first global accelerator with our partner Ashoka.

Beyond the benefit to the social entrepreneurs, we are interested in understanding to what degree co-workers bring back their coaching experience to their work and ultimately contribute to making IKEA more inclusive and sustainable. Our experience so far shows that it is important to have reasonable expectations, at least in the short term. Co-worker reports centre more on "soft" issues such as increased pride to work in IKEA, developing them as leaders, creating awareness about social entrepreneurship and social impact and development of a social mindset. It is difficult to identify a direct effect on their role or assignment, although for some the coaching experience can be transformative at an individual level.

"Working as a strategy partner in the Dela programme, supporting social entrepreneurs has been a life-changing experience. So much so, that it inspired me to deep dive on ED&I [equality, diversity and inclusion] at academic level research, plus change the course of my career to explore work opportunities where I can enable societal change."



Tierra de Monte, Mexico Accelerator
2021, Mexico.

However, as the number of co-workers exposed to social entrepreneurship grows, we expect a greater readiness within the organisation to embrace social impact. Fostering a mindset that all co-workers independent of their roles can contribute is an important stepping stone.

"We have an amazing organisation across the IKEA brand and with this we have the ability to help so many. I used to think the best way for IKEA to help was through donations and now realise we can do so much more with our expertise and knowledge."

Additionally, in parallel, we do see some interesting connections being created, particularly in the Dela II programme. This includes learnings for IKEA on e.g. how to work with inclusion and external advocacy, and potential actual future social business partnerships opportunities that we of course would love to report more about in in the future.

“I’ve connected Social Entrepreneur X with some of the IKEA Learning & Development stakeholders who are most active in recruiting digital competences; this can result into an ongoing collaboration in which Social Entrepreneur X becomes a regular source of skills for IKEA. Further, the Social Entrepreneur X strategy is very well aligned with IKEA’s direction towards a more sustainable society, especially towards equal opportunities: IKEA and Social Entrepreneur X can make a difference together in empowering underprivileged communities around the world to enter the job market.”

Matching social entrepreneurs to IKEA coaches

During the year we have tested new ways of finding competence to match to the needs of the social entrepreneurs:

- Open application process through the IKEA job portal to open the opportunity for all IKEA co-workers.
- Through the network of IKEA co-workers from earlier programmes. By sharing their story and experiences, they inspire colleagues to apply.
- Reaching out directly to specialist functions within IKEA to find competences needed for the social entrepreneurs, with good result.
- As an input to the matching process co-workers have had the possibility for IKEA co-workers to select/wish who they wanted to support. The results have been better matching with needs and competences.
- Inviting IKEA co-workers with specific competence who have participated in earlier programmes to engage in another programme, with good results as well. They bring learnings and insights not only to the social entrepreneur, but also to our partners.
- Inviting coaches from an IKEA leadership programme for next generation leaders.



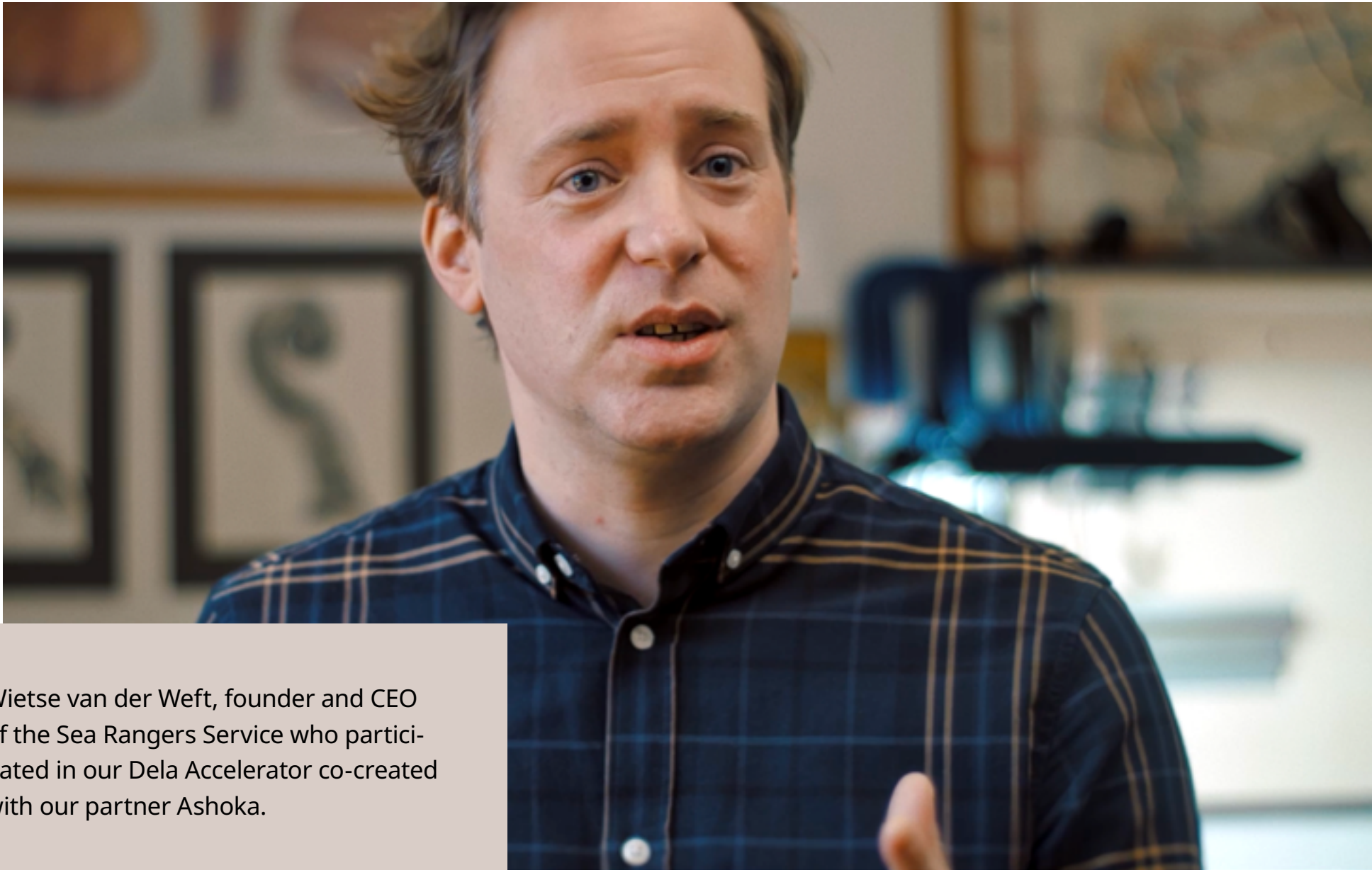
Finding the right combination of IKEA co-workers and social entrepreneurs.

Sharing our learnings

Our communications are an important part of our theory of change, where we want to engage and inspire others – within IKEA and beyond – to understand what we do and why we do it. We want “others” to join the social entrepreneurship movement and/or purchase IKEA products produced by our social business partners, enabling a better future for the people who need it the most.

By sharing our stories, talking about our partnerships and latest news, and communicating our social entrepreneurship products in stores, we raise awareness that by doing business and supporting social entrepreneurs we contribute to improving the lives of vulnerable groups. This year, by producing more global products we were able to increase the number of media outlets talking about our work (60 percent increase compared to FY20). This resulted in a strong focus on the background story of the social entrepreneurship movement and the people behind it.

We also speak with and engage others explaining our approach whilst being transparent with our learnings so others can learn from what we do.



Wietse van der Weft, founder and CEO of the Sea Rangers Service who participated in our Dela Accelerator co-created with our partner Ashoka.

Highlights of the year include:

- 5 new partnerships and programmes announced (East Africa II, New Ventures, NESsT Poland and Romania, Ashoka Dela II and Ignitia).
- 1 (global) collection launched (LOKALT).
- Speaking and presenting at 38 external events and forums, ranging from Skoll World Forum, Social Innovation Summit (Malmö) to presenting our work to masters students (Rotterdam, Erasmus). Audiences ranged from a handful of engaged corporates to 250+ delegates.
- Co-ordinated communication with over fifty organisations as part of the World Economic Forum COVID Alliance for Social Entrepreneurs.
- 2x international awards received (Catalyst 2030 “collaborating with social entrepreneurs across our value chain” and TENT Foundation for our collaboration with Jordan River Foundation supporting refugees into job market).
- About.IKEA.com feature story on Dutch social enterprise Sea Ranger Service.
- Increased reach to 790 global media articles.

Research collaboration

During the year we sponsored a major policy research effort within the COVID Alliance for Social Entrepreneurship. Our partner Acumen was leading work to better understand what characterises business partnerships between social enterprises and large corporations. The work involved identifying social enterprises that already do business with corporates through COVID Alliance members, understand what characterise those social enterprises and identifying 100 “corporate ready” social enterprises. The aim was to inspire more corporate and social enterprise business partnerships to support social enterprise growth and progress towards an inclusive economy.

The report and a list of 100 “corporate social enterprises” is available here:
<https://widgets.weforum.org/100-corporate-ready-social-enterprises/index.html>.

This year we also began to see the results from our conversations with the research community as part of efforts to bridge the oft-mentioned divide between academia and practitioners.

The following draft papers were produced to be finalised and disseminated during FY22:

- *Learning and Capabilities Development – Case Studies of East African Social Enterprises*, by Radha Upadhyaya and Herbert Wamalwa from the Institute for Development Studies, University of Nairobi.
- *The Impact of Accelerators – What does research tell us?* by Juanita Gonzalez-Uribe, London School of Economics and Ouafaa Hmaddi, University of Oregon.
- *Creating multiple value through social business collaboration. The dynamic partnership between IKEA and i-did*, by Jens Andersson, IKEA Social Entrepreneurship and Leendert de Bell, Utrecht University.



Vava Angwenyi, Vava Coffee, Kenya. Participator in the East Africa Accelerator 2021 together with Acumen. They have a business model that supports a network of coffee producers in different regions of East Africa.

Operations

The ISE organisation

IKEA Social Entrepreneurship is organised in three separate 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, and within several franchisees.

IKEA Social Entrepreneurship Range & Supply is part of the IKEA Business Area (BA) Textiles Social Entrepreneurs Collections (BA TESEC). At the end of FY21, IKEA Social Entrepreneurship Range & Supply had a team of 4 FTE (full-time equivalent) within IKEA of Sweden AB. This included the business leader (0.5 FTE), two partner development leaders, communication specialist and Business Navigator (0.5 FTE).

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 FY21, the B.V. had a core team of 6 FTE with the following functions: managing director, partner account leader, controller, co-worker engagement, communication and monitoring, evaluation and learning. Additionally, a partner account leader was working on a consultancy basis and two interns from Lund University supported us as part of their Bachelor study during one semester.

Monitoring our impact

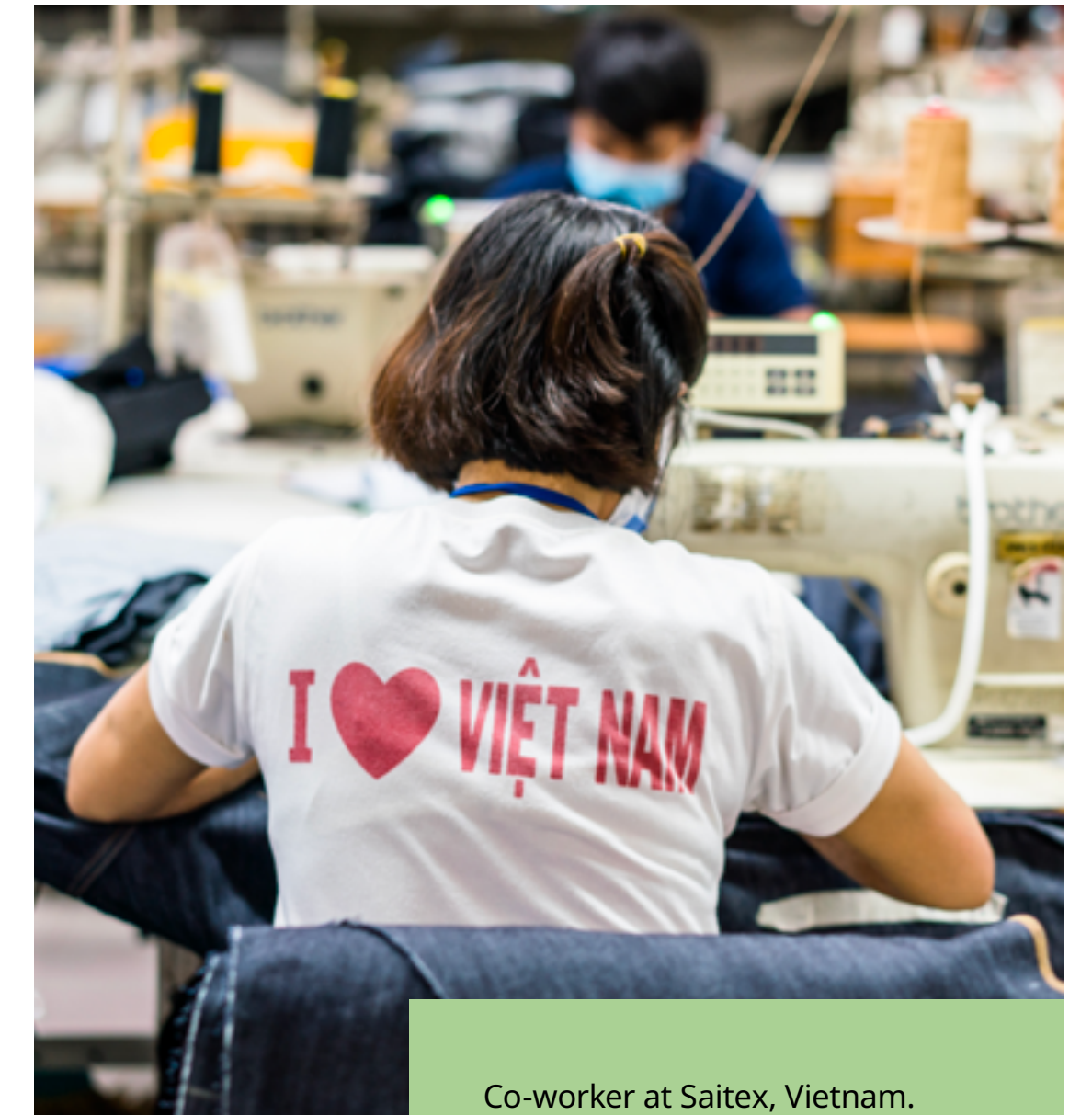
Our strategy and monitoring are based on the theory of change of IKEA Social Entrepreneurship. Specific theories of change and monitoring frameworks with indicators are developed for individual programmes, investments, and social business partnerships. We ensure there is sufficient monitoring internal or external capacity to conduct the monitoring activities. In this way output and outcome data is produced and fed into the regular dialogue with partners, progress reports, strategic decision-making and learning.

The number of people impacted reported in Chapter 2 and 3 is based on self-reporting by the social business partners and the social entrepreneurs in our portfolio.

The reporting templates have taken inspiration from international good practice, particularly The Impact Management Project (see <https://impactmanagement-project.com>) and IRIS+ (see <https://iris.thegiin.org>).

For the social business partners in Chapter 2 we count the number of workers producing IKEA products in the past year. For the social entrepreneurs supported directly or through programmes in Chapter 3 we count people employed and people directly serviced in the past year.

Numbers aside, understanding the actual impact of the activities of social entrepreneurs and business partners on these people require additional efforts. We therefore encourage the use of social surveys in our programmes and partnerships. One example is that we ran a pilot in our East African accelerator programme together with Acumen and 60 decibels, an end-to-end impact company, that offered mobile impact surveys to accelerator participants.



Co-worker at Saitex, Vietnam.



Luis Valentino Ramirez, CEO of Abeja Reyna. Participator in the Mexico Accelerator 2021 together with New Vetures. By satisfying the growing consumer demand for natural ingredients, this social enterprise helps to preserve bees while creating new opportunities for beekeepers.

Pratul Dhagat making sure the crops are coming along nicely in the Saitex greenhouses, Vietnam.



Front cover image: A Zapotec indigenous farmer, Mexico.
Our project with WWF supports the operations and access to markets of thirteen social enterprises, whose work and products aid in the conservation of Copalita-Zimatan-Huatulco (CZH) watersheds, Mexico.

