

# MEASUREMENT OF SOCIAL ENTERPRISE IMPACT PERFORMANCE

Sustainable Livelihood Impact Assessment  
and Social Return on Investment

**Lumbung Desa as One of  
Dompot Dhuafa Program at Cianjur Regency**

- Bali-Indonesia, 2017



# BACKGROUND

Dompot Dhuafa since 2009 has conducted Lumbung Desa Program organized by Karya Masyarakat Mandiri as social enterprise which is aimed to :

- Establish the of Business Unit of Lumbung Desa, a local farming based business both on farm and off farm, which is managed professionally and has legal entity.
- Increase the capacity of farmers in applying appropriate healthy agricultural technology; with indicators: the optimization of agricultural inputs and the increase at production yields at least 15%.
- Collect at least 40% of agricultural products and sell collectively through Lumbung Desa.



# BACKGROUND

- Use 10-30% of Lumbung Desa profit for compensation, subsidy and education of people in need.
- Establish the facilities and infrastructure to support business activities Lumbung Desa without leaving the character of the countryside. Post-harvest processing machinery has become very important as it gives added value of agricultural product and becomes a factor of business community acceleration.
- Create a wide network . Farmers are able to network with the Government, private sector, NGOs and the wider community in an effort to support community self-reliance in business, intellectual, institutional, and agricultural technology aspects



# Business Development of Rice Production

- Strengthening the business in Lumbung Desa Cianjur was done by the help of **grant** designated to purchase grain from farmers. Total **grant** that had been distributed is Rp 450.000.000.
- Lumbung Desa targeted the marketing activities can be continuous with the number of sales in average of 10 -15 Tons of rice per month. So that it required an average monthly grain of 20-30 tons (Grain Dry harvest (GKP)). In one year at least need to stock the grain of 120 -180 tons (GKP). This large quantity required adequate means of production so that the physical facilities of the village granary were built.



# RESEARCH STUDY OF IMPACT PERFORMANCE MEASUREMENT

- There are two methodology that used on this measurement of social enterprise namely SLIA (sustainable livelihood impact assessment) and SROI (Social Return On Investment).
- SLIA as a tools for assement the livelihood comprises the capabilities, assets (stores, resources, claims and access) and activities required for a means of living: a livelihood is sustainable which can cope with and recover from stress and shocks, maintain or enhance its capabilities and assets, and provide sustainable livelihood opportunities for the next generation; and which contributes net benefits to other livelihoods at the local and global levels, both now and in the future, while not undermining the natural resource base (Chambers & Conway, 1992). To measure 5 asset, natural asset, human resources asset, financial asset, physic asset, social asset.
- SROI is a principles-based method for measuring [extra-financial value](#) (i.e., environmental and social value not currently reflected in conventional financial accounts) relative to resources invested. It can be used by any entity to evaluate impact on [stakeholders](#), identify ways to [improve performance](#), and enhance the performance of investments.

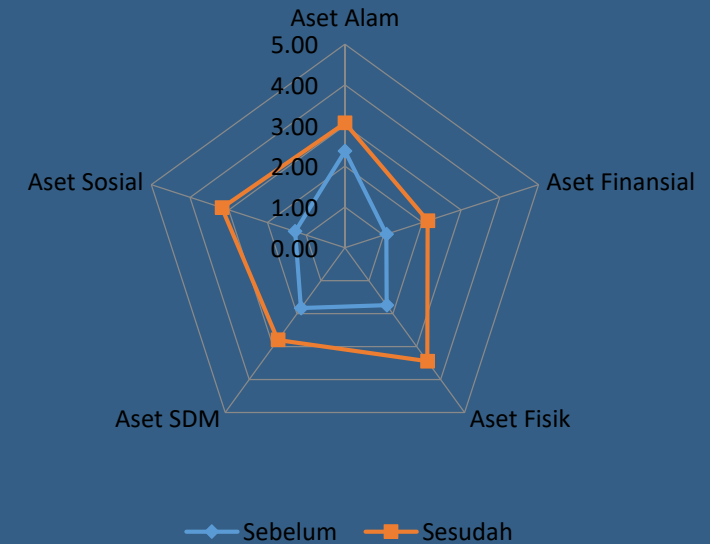
# 5 DETERMINATION OF ASSETS ON SLIA

- Natural asset : 1) Soils that easily to cultivated and keep stored water longer, 2) Reducing use of chemical fertilizers, 3) Usage of environmental friendly materials
- Physical Assets / Infrastructure asset : 1) Easy access to agricultural input : price, distance. 2) Tractor machine, 3) Rice mill, 4) Office
- Human Resources Assets : 1) Increase knowledge of friendly environmental agriculture, 2) Increase knowledge of post-harvest handling, 3) Improve awareness of market need, 4) Forum for increasing awareness, 5) Enhancement of institutional management capabilities
- Financial Assets : 1) Increasing household income, 2) Increasing savings of farmers, 3) Healthy of business finance rounds, 4) Increasing access to financial services / capital, 5) Building business chain networks (suppliers and markets)
- Social Assets : 1) Establishing level of group development (institutional), 2) Tightening spirit of mutual assistance / mutual cooperation among members, 3) The degree of vulnerability to conflict within communities, 4) Participation and the role of groups in rural development

# Result and discussion

## *Sustainable Livelihood Impact Assessment*

No	Asset	Before	After	Difference
1	Natural Assets	2.37	3.06	0.69
2	Financial Assets	1.07	2.14	1.06
3	Physical Assets	1.74	3.44	1.70
4	Human Resources Assets	1.83	2.80	0.97
5	Social Assets	1.29	3.18	1.89



The results of the assessment illustrate that the components of the assets has increased generally. The most significant changed has in social assets that is up by 1.89. Then on the physical assets of 1.70, and on the financial assets rose by 1.06. While the changes that occur in natural assets and human resource assets are the lowest. The value of natural assets by respondents rose by 0.69 and human resource assets rose by 0.97. The nature has lowest change. There were no activities to interfere natural condition, especially in handing the crop failure due the draught.

# Recomendation

Subject	Repair Room	Action Recommendation
<b>Community Assets</b>		
a. Natural Assets	<ul style="list-style-type: none"> <li>Prevention of decreasing soil quality due to nutrient deficiency or due to the use of inorganic fertilizers</li> </ul>	<ul style="list-style-type: none"> <li>Improved understanding of farmers and the implementation of environmentally friendly agriculture.</li> </ul>
a. Physical Assets	<ul style="list-style-type: none"> <li>Increased infrastructure, agricultural machinery tools to maximize the land utilization process</li> </ul>	<ul style="list-style-type: none"> <li>* Facilitating of farming tools and agricultural machinery both cultivation and post-harvest and assistance for its use</li> </ul>
a. Human Resources Assets	<ul style="list-style-type: none"> <li>An understanding of eco-friendly agriculture, institutional management, and agricultural business management.</li> </ul>	<ul style="list-style-type: none"> <li>Training &amp; mentoring of horticultural cultivation &amp; business management for members of cooperatives.</li> </ul>
a. Financial Assets	<ul style="list-style-type: none"> <li>Family finance and business finance management.</li> </ul>	<ul style="list-style-type: none"> <li>Training &amp; mentoring of financial management, in order to better allocate finances from farm income</li> </ul>
a. Social Assets	<ul style="list-style-type: none"> <li>Strengthen the cooperative business chain network.</li> <li>Increase participation of cooperatives in village activities.</li> <li>Maintaining inclusivity of groups / institutions with villagers</li> </ul>	<ul style="list-style-type: none"> <li>Mentoring cooperative management pioneers &amp; develops a network of business chains</li> <li>Consultation guidance on strengthening internal components of the cooperative as a basic capital to increase the capacity of cooperative participation in rural development</li> <li>Develop the number of members to other uninvolved</li> </ul>



## Aspects of Vulnerability

- Minimize the impact of drought
- Proactive search for information and technology for handling drought

## Transformation Structure & Process

- Strengthen synergy with key stakeholders in agricultural development in Kecamatan Cibeber
- Establishing synergies with relevant agencies, encouraging the implementation of concrete programs.
- Involve villagers to encourage other farmers to join

# Result and discussion

## *Social Return on Investment – identification of stakeholders*

No.	Stakeholders	Role in the Program	Impact
1.	Farmers	<ul style="list-style-type: none"><li>• The main subjects to carry out program activities such as farming, training and farmer meetings.</li></ul>	<ul style="list-style-type: none"><li>• Increasing the revenues the extent of cultivable land</li><li>• Free from the trappings of middlemen-creditors</li></ul>
2.	Al Ikhwan Cooperation	<ul style="list-style-type: none"><li>• As coordinator of the program beneficiaries</li><li>• As liaison of farmers with external parties</li></ul>	<ul style="list-style-type: none"><li>• Income from rice business management</li><li>• Income from fertilizer and seed business</li><li>• Income from tractor services business</li></ul>
3.	Society	<ul style="list-style-type: none"><li>• As subjects who benefit from facilities built from farmer empowerment programs</li></ul>	<ul style="list-style-type: none"><li>• Opening new jobs</li><li>• Get free electrical installation</li><li>• Assistance of rice debt services to poor communities</li></ul>

No.	Stakeholders	Role in the Program	Impact
4.	School and Teachers	<ul style="list-style-type: none"> <li>• School: as an object built from the profit of the Lumbung Desa business</li> <li>• Teacher: as a teacher in Madrasah Diniyah built from farmer empowerment program and Lumbung Desa</li> </ul>	<ul style="list-style-type: none"> <li>• Helping school operational costs</li> <li>• Helping fees for educational equalization of teachers</li> </ul>
5.	Student & Parent	<ul style="list-style-type: none"> <li>• As subjects benefiting from schools initiated from farmer empowerment programs and Lumbung Desa</li> </ul>	<ul style="list-style-type: none"> <li>• Gain access to religious education</li> </ul>
6.	Masyarakat Mandiri-Dompet Dhuafa	<ul style="list-style-type: none"> <li>• As a major distributor of rice marketing produced by farmers in Al Ikhwan cooperatives</li> </ul>	<ul style="list-style-type: none"> <li>• Revenue from rice sales business</li> </ul>

# Approach to Calculation of Impact and Monetization

NO.	IMPACT	DESCRIPTION	CALCULATION APPROACH	MONETIZATION APPROACH
1	Farmer			
1.1	Increasing in the added value revenue from purchasing price of the harvest by the cooperation	The added value of the revenue means that farmer get higher price from cooperation instead of selling to the local trader (middlemen)	Calculating the difference in price per kilogram of grain when purchased by middlemen and the amount of grain purchased by the cooperation	Multiplying the difference price of the cooperation with the middlemen
1.2	Decrease in production costs	That is the decrease in the amount of production costs of rice cultivation per season due to savings on the amount of input used in friendly environmental farming system	the difference amount of cost per season before and with after the program. The data can be supported by the results of the SLIA questionnaire.	multiplying the decrease in cost per hectare multiplied by the number of rice fields

NO.	IMPACT	DESCRIPTION	CALCULATION APPROACH	MONETIZATION APPROACH
1.3	Access to capital without interest	The is the existence of alternative loan, which is more profitable for farmers, as if has no interest. It is estimated that 30% of loans to cooperation are for fertilizer and 70% are for others.	Calculating the amount of interest assumption from the loan by the farmer during the program. There 2 kinds of loan : 1) product ( fertilizer, interest rate is 150% (1 kg of fertilizer paid with 1.5 kg of grain); 2) Cash (are subject to an average of 25%).	Calculating the interest freed by the cooperation (that was successfully exempted from farmer loans to the middlemen).
1.4	A donation of death	Each member who died received death donation	calculating the amount of compensation that has been given	Calculating the amount of compensation paid by the cooperation
2.	Al Ikhwan Cooperation			
2.1	Cooperation income	The income earned by cooperation while handling the managing of agricultural business	Calculating the revenues earned by the cooperation while the handling of agricultural business	<ol style="list-style-type: none"> <li>1. Calculating the profit of rice trading</li> <li>2. Calculating profit of GKP grain purchasing business</li> <li>3. Calculating the value of the tractor business rental</li> <li>4. Calculating the profit</li> <li>5. Calculating the compost income, assuming that it was not valueable</li> <li>6. Calculating the profit of fertilizers and seeds</li> <li>7. Calculating the profit dried ginger</li> </ol>

NO.	IMPACT	DESCRIPTION	CALCULATION APPROACH	MONETIZATION APPROACH
<b>3</b>	<b>Society</b>			
<b>3.1</b>	Offering job vacancy	Activities that enable people to work either permanent or daily (Namely the existence of new activities resulting from the existence of programs that are able to attract workers, either permanently, daily or seasonal)	Identifying new activities that attract people	Calculating the amount of income that pople receive from the activity
<b>3.2</b>	Electricity cost savings	The family saving due the electricity instalation facilities.	Calculates the average amount of electricity consumption (watt) by one family	Calculating the cost electricity per family per month while still picking up channels from neighbors compared to the present.
<b>3.3</b>	Contribution to cementary land (waqaf)	The cooperation gave contribution to cementary land at each area.	Calculating the contribution of the cooperation	Calculating the contribution of the cooperation
<b>3.4</b>	Emergency loan service	Providing rice loan for daily consumption	Calculating the amount of of rice loaned (kg).	Calculating the amount of money
<b>4.</b>	<b>School and Teachers</b>			
<b>4.1</b>	Operational support	The cooperation gave donation for school operations	Calculating the amount of money given	Calculating the amount of money
<b>4.2</b>	Obtain equivalent scholarship from cooperation	Some (kindergarden) RA and (elementary) DTA teachers have the opportunity to equate education	Calculating the number of teachers who get scholarships	Calculating the amount of money incurred

NO.	IMPACT	DESCRIPTION	CALCULATION APPROACH	MONETIZATION APPROACH
5.	Student and The Parent			
5.1	Improving access to Pre-School Education (RA)	The existence of RA allows children to have access to pre-school education (RA) that was not available before	Counting the number of students enrolled in RA (accessing RA education)	Multiplying the number of students by the difference cost of the school in the nearest RA before
5.2	Acceleration of adaptation process of RA students	by entering RA, students will adapt easily to elementary school program	Counting the number of adaptable students	Multiplying the number of adaptable by the yearly school tuition (asumption : SDIT is insulated at a cost of 7 million / year / child).
5.3	Awareness of children to wear Muslim clothes	Maintaining the habit of wearing muslim cloths (rarly happened to non RA students)	Counting the number of children who wear moeslem cloths continuesly to elemntary school	Multiplying the number of children wearing a veil with the cost of the implementation of akikah (goat)



NO.	IMPACT	DESCRIPTION	CALCULATION APPROACH	MONETIZATION APPROACH
6.	Masyarakat Mandiri-Dompot Dhuafa (KMM)			
6.1	Revenue of rice business	running the main distributor function, as the main distributor KMM gains the business profit	Calculating KMM profit eared while conducting SAE rice business	KMM's profit value on the SAE rice business
6.2	Development of retail business market network	SAE rice business helps MM in developing retail business market	Calculates operational costs during market development	Calculating operational cost while marketing SAE rice



# RESULT OF SROI

No	Stakeholder	Impact	Calculation	Source Verification	The calculation results
1.	Farmer	Increase in value added revenue from the purchase price of the harvest by the cooperative	Total grain purchased by the cooperation : 53,798 (2011), 34,003 (2012), 109,565 (2013), 242,269 (2014), 87,475 (2015), 153,798 (2016). Price difference Rp 100 (2011-2014), Rp 150 (2015), and Rp 200 * 2016)	FGD results and indepth interview	87,844,350
		Decrease in production costs	(Ha): 29 (2011), 49 (2012), 43 (2013), 40 (2014), 42 (2015), 45 (2016), 45 (2017). Cost savings (Rp.): 240,000 (2011-2012), 340,000 (2013-2015), 300,000 (2016-2017). Average 2x planting (season) in a year.	FGD results and indepth interview	176,440,000
		Access to capital without interest	Number of farmers loans to cooperation (Rp.): 86,900,000 (2011); 146,500,000 (2012); 145,750,000 (2013); 143,500,000 (2014); 141,500,000 (2015); 139,750,000 (2016); 136,000,000 (2017).  Originally the fertilizer loan system was calculated, 1 kg of fertilizer was returned 2 kg of grain, if 1 kg of fertilizer is Rp 2,500 / kg and grain 3,800 / kg, returned Rp 7,600 (approximately 300%).	FGD results and indepth interview	1,550,160,000
			Whereas if the cash loan, subject to 20-30% (25% average)	FGD results and indepth interview	164,552,500
		A donation of death	Totally there are 12 members have died with the value of compensation Rp 2,000,000 per person	FGD results and indepth interview	22,000,000

No	Stakeholder	Impact	Calculation	Source Verification	The calculation results
2.	Al Ikhwan Cooperation	Cooperation income	Revenue of rice business	FGD results and indepth interview	122,307,900
			Gross profit of GKP grain business	FGD results and indepth interview	1,700,000
			Tractor business services	FGD results and indepth interview	1,550,000
			Online electricity payments	FGD results and indepth interview	5,197,300
			Compost fertilizer business	FGD results and indepth interview	18,105,000
			Operating profit of fertilizer and seed (estimated 10% turnover)	FGD results and indepth interview	25,050,000
			Dried ginger profit is estimated 20% of turnover		-
3.	Society	New job opening	Before installing itself, use an average of 45 watts (7-8 bulbs) at a cost of Rp 55,000. After the installation itself, the average use of 450 watts (lights, tv, refrigerator) at a cost of about 50,000, -. So if you still use a neighboring power source, it should pay 10x lipat higher (550,000), then there is a savings of 500 thousand / RT / month. there are a total of 43 households, of which 25 install in 2011 and 16 install in 2012. After that it is assumed that every year there are 20% households capable of installing themselves so that the benefits are reduced by 20% each year.	FGD results and indepth interview	283,362,700
		Electricity cost savings	there are 4 farms that have been given assistance by the cooperation, Dusun Panagan, Dsn. Sangkli, Ds. Cibarengkok, and Dsn. Pasir Layung	FGD results and indepth interview	1,358,882,220
		Contribution to land tomb waqaf	The rice debt facility has been started by the cooperation from 2012 until today.	FGD results and indepth interview	9,000,000
		Emergency debt service	Operational support began in 2013 and runs to date	FGD results and indepth interview	62,088,000

No	Stakeholder	Impact	Calculation	Source Verification	The calculation results
4.	School & Teacher	Operational support	Operational support began in 2013 and runs to date	FGD results and indepth interview	107,940,000
		Obtain equivalent scholarship from cooperatives	As many as 2 RA teachers get college scholarships, and DTA teachers to attend Package A, B, and C	FGD results and indepth interview	6,000,000
5.	Student and The Parent	Improved access to Pre-School Education (RA)	RA or kindergarten previously was in another village, namely Petay Condong Village. Entrance fee is Rp 800.000, - and monthly fee Rp 50.000, - Transportation for one day PP Rp 30.000, - and estimated effective week amounted 45 weeks with amount every week 5 school days. number of students RA 17 (2014), 18 (2015, 2016), and 22 (2017). for 2017 is calculated 22 effective weeks.	FGD results and indepth interview	588,750,000
		Acceleration of adaptation process of children's education	Statement of teacher of RA and also confirmation from elementary school teacher, 100% RA adaptation above average.  PAUD students have 79.3% of normal early childhood development (Purnamasari, Septi.Child Differences in Children Following PAUD and those Not Following PAUD in ABA Kindergarten Suronatan Ngampilan Kota Yogyakarta STIKES Yogyakarta, 2013.)	FGD results and indepth interview	414,750,000
		Awareness of children to wear Muslim clothes	The number of female RA students from 2014 is: 10 people, 8 people, 10 people, 12 people.	FGD results and indepth interview	86,500,000



No	Stakeholder	Impact	Calculation	Source Verification	The calculation results
6.	Masyarakat Mandiri-Dompet Dhuafa		The price of 1 good goat in local Cianjur is 1.8 jt (2014); 2M (2015); 2.25M (2016) and Rp 2.5M (2017)		
			TOTAL		5,092,179,970
				Present Value	4,009,945,729
				Total Investment of DD	1,282,030,000
				SROI Ratio	3,13

The value of SROI in the empowerment program of Al Ikhwan cooperation farmers is 3.13. This means that the program is socially feasible, where for investment (cost) program Rp. 1, - will yield benefits Rp. 3.13. The value of SROI is still possible to increase if the benefits obtained by some stakeholders such as Village Government, District Government, Dompet Dhuafa and Community Group conducted special or more specific research.

# RECOMENDATION

- Strengthening the role of cooperation as a provider of marketing agricultural inputs and channel for both members and non members, so that the agribusiness of the Sukaraharja farmers can increase again.
- Realizing the commodity market in Sukaraharja, so farmers can avoid unfair practices from local collecting traders. The existence of a commodity market at the village level will also cut the market chain, making it possible to get better price than to sell to local collectors.
- Increase the capacity building activities of farmers and organic farming practices during which the program has not been properly achieved.



Thank You