

# Study of Social Entrepreneurship and Innovation Ecosystems in South East and East Asian Countries

Case Study: Reconstruction Works and  
Social Business after Great East Japan  
Earthquake, Japan

The Japan Research Institute

Office of the Multilateral  
Investment Fund

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**CASE STUDY**

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# 1. Introduction: Post-earthquake Reconstruction Efforts and the Role of Social Businesses

On March 11, 2011, the Great East Japan Earthquake (hereinafter referred to as “Earthquake”) and the associated tsunami devastated northeast Japan or *Tohoku* in Japanese. The number of dead and missing people amounted to more than 20,000. In addition to the damage from the natural disasters, a tragic accident occurred at the nuclear power station in the region, resulting in a historical disaster in the country. This series of devastating events destroyed the regional economy, put many people out of jobs, and accelerated the outflow of people from Tohoku. Those who evacuated to nearby temporary housing hesitated to return to their own neighborhoods seeing the long-term damage to their communities.

The situation was exacerbated by the fact that the government failed to provide social and welfare services to disaster victims. Local businesses in the disaster areas struggled to revive their operations. Amid such a situation, the public turned to social business by non-profit organizations and social enterprises to play the role of revitalizing the regional community and economy. In the report *Towards Reconstruction: Hope beyond the Disaster* issued in June 2011, the Reconstruction Design Council established under the Cabinet Office stated the necessity of local government bodies to promote regional revitalization by closely collaborating with non-profits and enterprises.

First, non-profits undertook some of the major initial rescue activities immediately after the Earthquake and assisted the disaster victims in satisfying their basic needs, then social enterprises (businesses) emerged after six months. In essence, these non-profits stepped in where the government failed to deliver and consequently managed to gain trust from local communities. The following sections reveal how volunteer and charity works by non-profits led to the emergence of social businesses and their development in the post-earthquake recovery. As explained further below, once the initial wave of emergency response subsided and disaster victims were transferred to temporary housing, many non-profits began engaging in business activities with social purposes or, simply put, social businesses. The emergence of social businesses demonstrated that a certain level of stability had returned to the area. With medium- to long-term visions of revitalization and self-dependence, these social businesses aimed to address a new and different set of social issues. Their role in local communities became increasingly important by the end of 2011

## 1.1 The First Three Months (March to May 2011)

Immediately after the disaster, the priority of non-profits involved providing emergency support at evacuation centers. During this period, business support activities extended by non-profits were limited to assistance of existing businesses, e.g. organizing special events to sell local products<sup>1</sup>.

**Table 1 Key Characteristics in the first three months**

Relief supplies	<ul style="list-style-type: none"> <li>• Many non-profits engaged in provision of relief supplies (e.g. food, medical supplies, bedding), and food preparation and distribution.</li> <li>• From one month after the disaster, non-profits started to provide more request-based assistance including delivery of underwear and cosmetics, laundry service for girls and women at evacuation centers, and allergy-friendly food for children.</li> </ul>
Business support	<ul style="list-style-type: none"> <li>• Business support activities extended by non-profits were limited to assistance of existing businesses, e.g. organizing special events to sell local products.</li> </ul>
Community support	<ul style="list-style-type: none"> <li>• Non-profits supported the operation of evacuation centers.</li> </ul>
Other services for disaster victims	<ul style="list-style-type: none"> <li>• Non-profits provided specialized support for vulnerable people, including the disabled, elderly, and children.</li> <li>• From one month after the disaster, phone-counseling needs arose to cater to the emotional care involving grief of losing family members or friends. Accordingly, non-profits provided mental health support to social workers engaged in emotional care.</li> </ul>
Advocacy	<ul style="list-style-type: none"> <li>• From three months after the disaster, non-profits started to engage in formulating regional revitalization plans incorporating viewpoints of local residents and making proposals to the government.</li> </ul>
Intermediary support	<ul style="list-style-type: none"> <li>• Some non-profits developed one-stop intermediary support services to coordinate human resources (other non-profits or volunteer groups inside and outside the disaster areas including overseas organizations) and relief supplies. They played a match-making role to connect such resources with the specific needs of different communities.</li> </ul>

<sup>1</sup> Regional Innovation Research Center of Tohoku University (2012). "Study of Reconstruction from the Great East Japan Earthquake vol.1", Kahoku publishing center (in Japanese)

## 1.2 The Following Three Months: Months 4 to 6 (June to August 2011)

In this period, the transfer of disaster victims to temporary housing was nearly complete and direct support such as provision of supplies subsided substantially. Instead, non-profit support shifted to the establishment and improvement of the living environment, such as creation of new communities around the temporary shelters. In terms of business support, emphasis was placed on the primary industry and infrastructure development.

**Table 2 Key Characteristics in Months 4 to 6**

Relief supplies	<ul style="list-style-type: none"> <li>• Associated with the transfer of disaster victims to temporary housing, people requested needs for products such as home appliances. For such needs, non-profits provided necessary supplies in collaboration with the private sector.</li> <li>• With the near completion of the shift to temporary housing, the volume of relief supplies in general decreased drastically.</li> </ul>
Business support	<ul style="list-style-type: none"> <li>• Non-profits began supporting people to gain employment in agriculture, fishery, and infrastructure development.</li> </ul>
Community support	<ul style="list-style-type: none"> <li>• Six months after the disaster marked a transition of main service providers from non-profits to local people, e.g. non-profits advised the publication of free newsletters and creation of name lists of residents in temporary housing.</li> <li>• Non-profits continue to be involved in the administration of the temporary shelters.</li> </ul>
Other services for disaster victims	<ul style="list-style-type: none"> <li>• Other services to disaster victims became diversified including e.g. art workshops, sport lessons, etc. for emotional care of children.</li> </ul>
Advocacy	<ul style="list-style-type: none"> <li>• This period experienced an increase in the number of inclusive discussions involving citizens regarding the economic development and the role of education.</li> </ul>
Intermediary support	<ul style="list-style-type: none"> <li>• Some non-profits actively shared reconstruction situations and know-hows of revitalizing communities and industries in order for building sustainable revitalization support ecosystem.</li> </ul>

## 1.3 Months 7 to 9 (September to November 2011)

Stimulated by the influx of financial support for businesses, social enterprises became a key player in the recovery and reconstruction efforts starting from about Month 7. Mainly by non-profits and private sector actors in metropolitan areas, pro bono services to assisting

social businesses also began to emerge.

**Table 3 Key Characteristics in Months 7 to 9**

Relief supplies	<ul style="list-style-type: none"> <li>• After six months, the volume of relief supplies settled down, but resumed in November for seasonal reasons, e.g. distribution of heating equipment.</li> </ul>
Business activities	<ul style="list-style-type: none"> <li>• Non-profits with business arms began to emerge, involving disaster victims in the supply side and selling products and services to consumers outside of the disaster areas.</li> <li>• Revitalization-oriented social enterprises began to emerge in Tohoku.</li> <li>• Funded by large-scale donations including those from overseas, more strategic philanthropy began to expand, e.g. establishment of temporary shopping malls, financing for disaster-stricken business operators.</li> </ul>
Community support	<ul style="list-style-type: none"> <li>• At temporary housing and disaster-hit neighbors, resident-driven community activities, such as athletic events, harvest festivals, and cleanup activities, grew in number with the support of non-profits.</li> </ul>
Other services for disaster victims	<ul style="list-style-type: none"> <li>• Additional support evolved over time to cater to the needs of vulnerable groups, e.g. opening of child care facilities for mothers seeking employment, educational support for high school students who have difficulties attending afterschool cram schools.</li> </ul>
Advocacy	<ul style="list-style-type: none"> <li>• Advocacy efforts focused on making proposals for further support needed in disaster-hit areas.</li> </ul>
Intermediary support	<ul style="list-style-type: none"> <li>• Many Tokyo-based nonprofits began providing logistic support to Tohoku non-profit with utilizing their expertise of business development and medical welfare services.</li> </ul>

## 2. Financial Support for Social Enterprises

As social enterprises became increasingly seen as medium- to long-term solutions for diverse social issues in Tohoku, funding in the form of subsidies and grants started to flow from not only government agencies but also the private sector. Given the challenging socio-economic environment, support from these players went beyond financial and extended to capacity building.

### 2.1 Government-led Financing

For entities involved in the economic revitalization of the Tohoku area, government ministries

and agencies such as the Cabinet Office, Ministry of Economy, Trade and Industry (METI), and the Reconstruction Agency<sup>2</sup> have provided a sum exceeding 4 billion yen to date. This section summarizes such government-led financing schemes, especially those related to the promotion of social businesses.

### 2.1.1 Cabinet office

Established in June 2011 under the Cabinet Office, the Reconstruction Headquarters issued the *Basic Guidelines for Reconstruction* within one month of establishment. Based on the Guidelines, the Cabinet Office launched the “Community Employment Project for Reconstruction” with an aim to provide support for early-stage social enterprises that engage in novel businesses to solve regional issues in the disaster areas<sup>3</sup>.

<b>Project name</b>	<b>Community Employment Project for Reconstruction</b>
Project timeframe	July 2011 to March 2013
Total available funding	USD <sup>4</sup> 70 million
Project scope	<ul style="list-style-type: none"> <li>• The project had two components: Social Enterprise Incubation and Human Resource Development.</li> <li>• <b>Social Enterprise Incubation:</b> Provided Tohoku-based social enterprises including nonprofits and companies with comprehensive support in manpower, goods and capital up to USD 30,000. Selection process involved a business plan competition.</li> <li>• <b>Human Resource Development:</b> Aimed at developing human resources involved in social enterprises in disaster-hit areas through more than 180 hours of training and internship at social enterprises. Trainees who satisfied certain criteria received a grant up to USD 1,000 per month.</li> <li>• The project ended in March 2013 and managed to support a total of 800 start-ups and 12,000 people.</li> </ul>

<sup>2</sup> The Reconstruction Agency is an organization established under the Cabinet Office in February 2012 to take charge of (1) planning, coordination and implementation of national policies on revitalization, (2) provision of centralized window and support for local government. It will be dissolved by March 31, 2021 – 10 years after the Earthquake.

<sup>3</sup> <http://www5.cao.go.jp/keizai1/koyou/koyou.html> [Accessed 20 January 2016] (in Japanese)

<sup>4</sup> Unless otherwise stated, the exchange rate of JPY100=USD\$1 is applied throughout this report and all the years refer to fiscal years (from April 1st to March 31st in the following year).

### 2.1.2 Ministry of Economy, Trade and Industry (METI)

Placing a special focus on creating an enabling environment for social enterprises, METI launched the “Social Business Promotion Project”, a grant initiative aiming at transferring know-how from existing social enterprises<sup>5</sup>. Ahead of this project, in January 2012, METI published the *Social Business Case Book ~toward Reconstruction~* which summarized lessons learnt from social businesses operated in Japan as reference. Within this project, METI offers a clear definition of social businesses<sup>6</sup>:

Social business refers to a business which aims at solving social issues, discovers potential business while solving them, and attempts to realize both self-dependence and sustained development of social contribution and business. Main fields of activity include town development, utilization of regional resources, education, childcare support, nursing care, welfare, and environment conservation. Those organizations mainly engaged in volunteer activities and whose revenue structure solely relying on commissions or grants from the government and other sources are excluded.

<b>Project name</b>	<b>Social Business Promotion Project</b>
Project timeframe	September 2012 to March 2014
Total available funding	USD <sup>7</sup> 3 million
Project scope	<ul style="list-style-type: none"><li>• A grant scheme targeting social business operators who engage in fostering new businesses that contributes to early reconstruction of the disaster areas by transferring business model and know-how to entrepreneurs facing similar problems in relevant areas. Specifically, private organizations including non-profits were eligible to apply to one of two categories: a) business model and know-how standardization and b) hands-on support.</li><li>• The business model and know-how standardization category referred to projects that systematically organize, develop certain patterns and visualize business models and know-how and to arrange manuals and textbooks to be used or provided in the target area.</li><li>• The hands-on support category referred to projects that experienced social</li></ul>

<sup>5</sup> [http://www.tohoku.meti.go.jp/s\\_sbcb/topics/130826kobo.html](http://www.tohoku.meti.go.jp/s_sbcb/topics/130826kobo.html) [Accessed 20 January 2016] (in Japanese)

<sup>6</sup> [http://www.meti.go.jp/policy/local\\_economy/sbcb/](http://www.meti.go.jp/policy/local_economy/sbcb/) [Accessed 20 January 2016] (in Japanese)

<sup>7</sup> Estimated by JRI

	<p>enterprises provided practical supports to the recipients (social enterprises in Tohoku) in establishing a business model, securing of regional network and resources, and acquiring know-how in order for establishing and conducting independent and sustainable social business. This does not cover direct support to the recipient organization in terms of business operations.</p> <ul style="list-style-type: none"> <li>• A grant of USD10,000-50,000 was provided for each case.</li> </ul>
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### 2.1.3 Reconstruction Agency

Established in February 2012, the Reconstruction Agency took over reconstruction-related projects run by various ministries and agencies and has become the focal-point agency for all matters related to the Tohoku reconstruction. In addition, the Agency has set as its basic policy to develop a “New Tohoku” as a place of creativity and possibility, beyond rebuilding of the minimum living standards. Based on this policy, the Reconstruction Agency has not only provided support for social enterprises, but also succeeded all social enterprise-related grants managed by the Cabinet Office and METI. Furthermore, the Reconstruction Agency provides public support to build an ecosystem including improving the quality of activities conducted by non-profits in disaster areas.

<b>Project name</b>	<b>Business Creation Fund for Solving Social Issues<sup>8</sup></b>
Project timeframe	April 2014 to March 2015
Total available funding	USD667,000
Project scope	<ul style="list-style-type: none"> <li>• Taking over the Community Employment Project of the Cabinet Office, grants up to USD 66,660 were provided to business operators who were independently and sustainably engaged in solving social issues.</li> <li>• Social issues to be addressed by this project were determined by the Reconstruction Agency in advance. They included: lack of life support and caretakers for elderly people at temporary housing; lack of transportation for shopping and hospital visits by temporary housing residents; lack of social interactions and communication among temporary housing residents; lack of</li> </ul>

<sup>8</sup> <http://www.reconstruction.go.jp/topics/main-cat9/sub-cat9-1/20140605130854.html> [Accessed 20 January 2016] (in Japanese)

	<p>employment opportunities for the disabled; and other social issues associated with temporary housing.</p> <ul style="list-style-type: none"> <li>• In addition, in order to ensure that social enterprises cater to the needs of disaster areas, the Reconstruction Agency obliged grant recipients to engage in the following activities: <ul style="list-style-type: none"> <li>a) Market research: Conduct research to better understand needs, to expand delivery channels, and to further develop products and services. Hold study sessions with experts to analyze and utilize the research findings. Prepare reports summarizing the key findings;</li> <li>b) Trial initiatives: Development of new products and services towards through trial sales and other methods; and,</li> <li>c) Outcome sharing at official reporting events: METI publicly promoted non-profits and social enterprises involved in disseminating business experiences and those that partake in committees examining business plan creation.</li> </ul> </li> </ul>
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<b>Project name</b>	<b>Model Initiatives for the “New Tohoku”<sup>9</sup></b>
Project timeframe	July 2013 to March 2016 (single-year funding)
Project scope	<ul style="list-style-type: none"> <li>• Towards the realization of a “New Tohoku”, new initiatives by private sector players were identified, developed, and applied to disaster-hit areas. Under this grant scheme, two types of projects were selected including cross-cutting support and sector-focused support, targeting both non-profits and private businesses. Selected projects were expected to become a model case for not only Tohoku but also Japan.</li> <li>• Under the cross-cutting support category, grants in the range of USD 200,000-300,000 supported initiatives that contribute to solving issues commonly observed in all disaster areas, e.g. development of human resources that engage in solving regional issues, use of information communication technologies in disaster areas.</li> <li>• Under the sector-focused support category, USD 100,000 grants were awarded</li> </ul>

<sup>9</sup> <http://www.reconstruction.go.jp/topics/main-cat1/sub-cat1-11/creationnewtohoku.html> [Accessed 20 January 2016] (in Japanese)

	<p>to projects that promoted one of five areas designated by the Reconstruction Agency, namely (a) a safe society that fosters the growth of healthy children, (b) a super ageing society based on elderly perspectives, (c) sustainable energy, (d) resilient social infrastructure, and (e) vibrant regional economies with regional assets.</p> <ul style="list-style-type: none"> <li>• A total of 161 projects were selected as of March 2014.</li> </ul>
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<b>Project name</b>	<b>Nonprofit Capacity Building<sup>10</sup></b>
Project timeframe	April 2014 to present
Total available funding	<ul style="list-style-type: none"> <li>• In 2014, USD 4.1 million allocated to 65 organizations.</li> <li>• In 2015, USD 2.5 million allocated to 59 organizations.</li> </ul>
Project scope	<ul style="list-style-type: none"> <li>• The project aims to enhance the capacities of non-profits in order to promote the medium- to long-term revitalization.</li> <li>• A grant is awarded to 1) non-profits engaged in the provision of intermediary support and 2) other organizations such as cooperatives and educational companies. Target initiatives include provision of coaching of non-profits by specialists, development of human resources, and formation of non-profit networks engaged in similar activities. Each grant covers up to two-thirds of operational costs.</li> </ul>

## 2.2 Private Sector-led Financing

Available statistics suggest that a total of more than 3,000 organizations in Japan offered financial assistance towards reconstruction efforts in general. This subsection delves into certain foundations and companies that have played either a major or unique financing role based on interviews with key social enterprises and intermediary organizations.

Private sector-led financing for social enterprises ranges from grants focused on the start-up phase to investments with expectations of financial returns. For instance, the Nippon Foundation, described in this subsection, provides grants for early phase social enterprises and reconstruction of small-medium enterprises (SMEs) in disaster-hit areas. Music Securities

<sup>10</sup>[http://www.reconstruction.go.jp/topics/main-cat8/sub-cat8-3/reviewsheet\\_h27/20150624\\_naikakufu\\_shiryodf](http://www.reconstruction.go.jp/topics/main-cat8/sub-cat8-3/reviewsheet_h27/20150624_naikakufu_shiryodf) [Accessed 20 January 2016] (in Japanese)

takes the form of crowdfunding in which investors expect no monetary return but instead receive products developed by the target social enterprises. In that sense, it can be said that Music Securities is playing a role similar to grant-making. The Sanaburi Foundation also engages in grant-making, yet according to grant-recipient social enterprises, Sanaburi makes strong requests to recipients to commit themselves to improving performance, with a greater emphasis on profitability than other philanthropic entities like the Nippon Foundation. Among those described below, financial support including loans and investments offered by the Mitsubishi Corporation Disaster Relief Foundation (MCDRF) places the strongest focus on business performance and financial returns. MAKOTO is recognized in disaster areas to be providing financial support relatively close conditions to that of MCDRF.

**2.2.1 The Nippon Foundation**

<b>Outline of the organization</b>	
Name	The Nippon Foundation (Public interest incorporated foundation)
Year established	1962 (In 2011, certified as public interest incorporated foundation)
Headquarters	Tokyo
Number of employees	96 (as of February, 2015)
Focus areas	<ul style="list-style-type: none"> <li>• Disaster reconstruction</li> <li>• Youth development</li> <li>• Culture conservation</li> <li>• Conservation of ocean resources</li> </ul>

The Nippon Foundation is the largest private foundation in Japan with an annual grant amount of about USD 25 million. For the Tohoku reconstruction, the Nippon Foundation has offered various grant programs in collaboration with the national government and private corporations for human resources development, industrial reconstruction and community support. In December 2012, for the purpose of supporting SMEs, non-profits and social enterprises in disaster-struck areas, the Nippon Foundation launched a financial support initiative called Our Community Fund in collaboration with five local credit unions.

Through Our Community Fund, the Nippon Foundation grants USD 5 million to five local foundations that collaborated with the credit unions, the credit unions offer unsecured loan to local SMEs or social business operators at low or no interest, and the grant is utilized to

subsidize the interest and to cover management costs<sup>11</sup>. Due to this scheme, many business operators, who once gave up applying to the national government’s reconstruction grant, utilized resources from Our Community Fund to resume their business. Another characteristic to note is that, while many national grants are single-year funding, Our Community Fund is a 3-year financing program that allows recipients to establish medium-term plans. Furthermore, while it was often the case that non-Tohoku social enterprises and non-profits were not able to access preferential treatments such as reconstruction subsidies, the new funding scheme proved itself useful also for such external entities. Given these reasons, Our Community Fund is widely recognized as a flexible and helpful scheme by social business operators in Tohoku. The number of recipients for all five credit unions reached 1,324 as of June 2015, amounting to USD 33 million in loans, USD 19 million in subsidies, and USD 610,000 in security deposit. This initiative will run through to October 2016<sup>12</sup>.

**2.2.2 Music Securities, Inc.**

**Table 4 Outline of Music Securities, Inc**

<b>Outline of the organization</b>	
Name	Music Securities, Inc.
Year established	2001
Headquarters	Tokyo
Number of employees	30
Capital	USD 3.27 million
Focus areas	<ul style="list-style-type: none"> <li>• Finance Operation of micro finance investment platform Securite as well as fund creation and sales</li> <li>• Music Record labeling, copyright management, artist management</li> </ul>

Since its establishment in 2000, Music Securities has built a unique position in the Japanese music industry; it has been engaged in calling for investments so that fans of musician can make investments to financially support the creation and selling of CDs. When the Earthquake occurred in 2011, Music Securities started a new initiative called the Securite Disaster Area

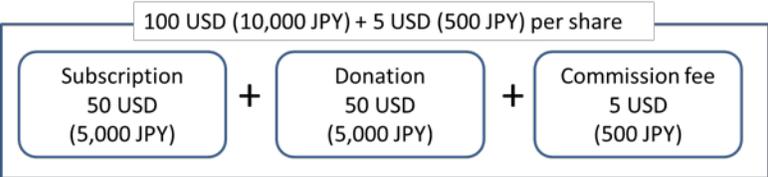
<sup>11</sup> <http://wagamachi.jp.net/index.html> [Accessed 18 January 2016] (in Japanese)  
<sup>12</sup> IBID

Support Fund by applying the same method to the restoration of enterprises in disaster-struck areas.

The uniqueness of the Securite Disaster Area Support Fund lies in the following three points: (a) the criteria of investment is placed on the attractiveness of the products manufactured and sold by the enterprise instead of its financial standing, (b) it takes the form of a cooperative with the investee being the operator, instead of investors acquiring the shares of the investee, and (c) the investee’s equity capital is raised via the Internet. This support fund has become an ideal scheme for disaster-stricken enterprises to raise funds to rebuild facilities lost by the tsunami and resume manufacturing and sales of high quality products.

Any individual can invest in enterprises via the Internet. The investment amount is USD 105 per share, of which USD 50 accounts for investment, USD 5 commission fee, and the remaining USD 50 as donation to the company. Through this support fund, a total of USD 100 million was invested in 40 businesses by a total of 30,000 individuals by December 2015 for Tohoku disaster areas only by Music securities<sup>13</sup>.

**Figure 1 Model of Securite Disaster Area Support Fund**



(Music securities Website)

**2.2.3 Sanaburi Foundation**

**Table 5 Outline of Sanaburi Foundation**

<b>Outline of the organization</b>	
Name	Sanaburi Foundation (Public interest incorporated foundation)
Year established	2011 (In 2014, certified as public interest incorporated foundation)
Headquarters	Sendai, Miyagi Prefecture
Number of employees	13 (as of July 2015)
Focus areas	• Mediation of funding

<sup>13</sup> <http://oen.securite.jp/> [Accessed 3 February 2016] (in Japanese)

	<ul style="list-style-type: none"> <li>• Provision of grants</li> <li>• Provision of management know-how</li> <li>• Dissemination of information of Tohoku or other reconstruction areas</li> <li>• Creation of opportunities to share and discuss regional issues</li> </ul>
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Immediately after the Earthquake, many non-profits and volunteer groups based outside the disaster-struck areas rushed to provide support. After several months, however, the transportation cost started to become accumulate and an increasing number of organizations gave up dispatching volunteers or staff to the Tohoku region. While local people tried to restore local communities of affected areas by themselves, there was a lack of human resources adequately capable of operating volunteer activities or grant-backed businesses. They would fall in dire situations to constantly fundraise.

Established in June 2011, Sanaburi Foundation, commonly called Sanaburi, links communities in the Tohoku region to foundations or public institutions that provide grants, builds common understanding on social issues among stakeholders, and thereby mediating between local communities and various resources including knowledge and personnel exchange.

Since August, 2011, Sanaburi took charge of the secretariat of the Japan Society Tohoku Earthquake Relief Fund (commonly called the Rose Fund). The Japan Society is a charitable organization established in the UK in 1891 and has since contributed to strengthening the relationship between the UK and Japan. The Rose Fund is a grant scheme to support non-profits engaged in reconstruction activities centering on restoration of community bonds; grant recipients are selected by Sanaburi based on their mission and business implementation capability. The amount of grant is relatively small, ranging from USD 1,000 to 20,000 per project<sup>14</sup>.

Sanaburi has also established its own fund and directly gives grants to non-profits and the like who develop activities to improve community environment without limiting to mere reconstruction of local communities. Sanaburi's main grant recipients are those who started business to create local employment yet are still in the stage prior to receiving general investment or loans. The scale of grant is larger than the Rose Fund, ranging from 15,000 to

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<sup>14</sup> [http://www.sanaburifund.org/shiensupport/seek\\_support/rose/](http://www.sanaburifund.org/shiensupport/seek_support/rose/) [Accessed 3 February 2016] (in Japanese)

USD 50,000. In due diligence of grant recipients, Sanaburi examines the soundness of their accounting capabilities, governance structures, and management protocols. Regarding governance, the presence of balanced experiences and specialization of directors is investigated. On this issue, Mr. Suzuki, Director of Sanaburi comments:

*There are many non-profits in which founding members assume leadership positions. However, the organizations that have the same leaders for several years after establishment tend to generate similar ideas and have difficulty in expanding their imaginations.*

For this reason, Sanaburi occasionally recommends the replacement of leaders at the stage of due diligence.

**Figure 2 Yuji Suzuki, Director of Sanaburi Foundation**



(Photo by JRI)

## 2.2.4 MAKOTO

**Table 6 Outline of Makoto**

<b>Outline of the organization</b>	
Name	MAKOTO (General Incorporated Association)
Year established	2011
Headquarters	Sendai, Miyagi Prefecture
Number of employees	20 including 10 part-time staffs (as of February, 2016)
Field of activity	<ul style="list-style-type: none"><li>• Hands-on support to social entrepreneurs</li><li>• Operation of co-working space and crowdfunding site</li><li>• Investments in social enterprises</li></ul>

MAKOTO was established in 2011 with the purpose of providing support to social entrepreneurs in disaster-affected areas. While it engages in the creation of an ecosystem for social entrepreneurs, MAKOTO is deeply committed to each entrepreneur as a “comrade” aiming to contribute to the Tohoku reconstruction, instead of as a mere advisor or consultant. The representative Mr. Takei started MAKOTO with the motivation to make a breakthrough in the availability of seed funding for social entrepreneurs in the Tohoku coastal areas, the most devastated areas.

MAKOTO operates a crowdfunding site Challenge Star that has channeled financial support to about 40 social entrepreneurs in disaster-affected areas to date. In addition, MAKOTO offers Challenge Star Support Loans to start-ups in collaboration with the Sendai Branch of the Japan Finance Corporation (JFC). This is a financial scheme in which JFC’s loan program is combined with the crowdfunding platform. By combining donations from the crowdfunding platform and loans from JFC, MAKOTO enables social entrepreneurs to raise a greater amount of fund.

MAKOTO also makes investments into social enterprises with financial returns. One example is the investment made in March 2015 into a social venture originated from the Tohoku University which developed a pedal-driven wheelchair. Using this wheelchair, people, who became paralyzed and unable to walk due to cerebral disease or spinal cord injuries, can freely move by pumping the pedals with their feet. This wheelchair is expected to create a social impact to encourage patients to rehabilitate and improve the quality of their life.

Furthermore, MAKOTO jointly started a USD 10 million business support fund called the Challenge Again Fund in collaboration with the Fukushima Bank. This fund is specialized in providing support for entrepreneurs who once failed in business yet are willing to start a new venture again. Investment recipients are required to serve the purpose of reconstructing Fukushima Prefecture. To date the fund has accepted applications from about 50 persons, of which 80% came from outside Fukushima Prefecture.

MAKOTO also makes investments in enterprises engaged in social enterprises that contribute to the reconstruction of disaster areas and is currently supporting organizations that promote the establishment of an entrepreneur ecosystem. Criteria for selecting enterprises include evaluation of the social mission and the scale of aspiration of the entrepreneur. To that end, based on its past experiences in providing support for entrepreneurs engaged in reconstruction assistance, MAKOTO developed its own “aspiration” index that includes (1) selflessness, (2) determination, (3) having passion, (4) compassion, (5) boldness, and (6) supported by devoted followers.

**Figure 3 Tomohiro Takei, President of MAKOTO (center) and his team**



(Photo by JRI)

## 2.2.5 Mitsubishi Corporation Disaster Relief Foundation

**Table 7 Outline of Mitsubishi Corporation Disaster Relief Foundation**

<b>Outline of the organization</b>	
Name	Mitsubishi Corporation Disaster Relief Foundation (Public interest incorporated foundation)
Year established	2012 (In the same year, certified as public interest incorporated foundation)
Headquarters	Tokyo
Number of employees	N/A (seconded from Mitsubishi Corporation's CSR & Environmental Affairs Department)
Focus areas	<ul style="list-style-type: none"> <li>• Provision of scholarships</li> <li>• Grants to non-profits, social welfare organizations, etc.</li> <li>• Other relevant programs aiming to recover industries and generate employment</li> </ul>

In April 2011, soon after the triple disaster (earthquake, tsunami and nuclear power plant disaster), Mitsubishi Corporation launched an internal fund called the Mitsubishi Corporation Disaster Recovery Fund to offer grants totaling USD100 million over 4 years<sup>15</sup>. Then, in March 2012, Mitsubishi established its corporate foundation named the Mitsubishi Corporation Disaster Relief Foundation (MCDRF) and delivered reconstruction support by injecting USD 65 million from the earlier Fund into MCDRF. In 2015, Mitsubishi Corporation decided to inject an additional USD 35 million into MCDRF over 5 years, thereby reaching USD 100 million<sup>16</sup>. MCDRF provides scholarships, grants for non-profits and social enterprises that work in Tohoku, as well as loans and investments to businesses that contribute to the revitalization of industries and generation of employment. The scale of each grant by MCDRF is up to USD 25,000; MCDRF has granted a total of USD 10 million to 425 businesses by the end of March 2015<sup>17</sup>.

On the other hand, the scale of loans and investments is up to 1 million USD, which is the largest among other Tohoku financiers. MCDRF expanded its target to include start-up to early-stage ventures in 2014. By the end of March 2015, MCDRF has provided loans and

<sup>15</sup> <http://www.mitsubishicorp.com/jp/ja/pr/archive/2015/html/0000027148.html> [Accessed 12 February 2016] (in Japanese)

<sup>16</sup> <http://www.mitsubishicorp.com/jp/ja/pr/archive/2015/html/0000027148.html> [Accessed 12 February 2016] (in Japanese)

<sup>17</sup> <http://mitsubishicorp-foundation.org/outline/article.html> [Accessed 13 February 2016] (in Japanese)

investments totaling USD 20 million to 44 businesses. To clearly differentiate such financial assistance from investments aiming to earn returns, MCDRF waives payment of dividends until the business gains traction and starts to become profitable. Even if payment of dividend is realized, MCDRF donates the dividend to local government or foundations without retaining it inside MCDRF. This helps realize a healthy circulation of reconstruction funds within the Tohoku region.

As part of its grant or investment selection process, MCDRF assigns members with various backgrounds from the corporate, academic, and social sectors and examines the business from a broad spectrum of viewpoints including whether the business really meets the local needs, whether the business feasibility and continuity are secured, and whether the business would create social impact.

### **3. Social Enterprises Born in Tohoku**

Within five years after the natural disasters, various social enterprises were launched in the disaster-hit areas. Based on interviews with intermediary organizations, a list of social enterprises and non-profits with exceptional performance has been created. Additionally, as a result of research on social enterprises that received some kind of financial assistance, it was found that a majority of the newly established social enterprises could be roughly divided into three categories:

- Type I; generate profit and redevelop communities through revival of economic activities that existed in the affected areas prior to the disasters. These entities are mainly observed in the primary industry.
- Type II; generate profit by employing women at evacuation centers or temporary housing and producing handicrafts.
- Type III; engage in new activities such as ecotourism and local power plants that did not exist prior to the disasters.

**Table 8 Details of major social enterprises**

Type	Name	Legal Format	Year established	Description	Website
I	Tohoku Kaikon	Non profit organization	2013	Production and publication of a monthly magazine featuring agricultural products in the Tohoku region	kaikon.jp
I	GRA	Non profit organization	2011	Development of regional brands, marketing support, and PR support for the regional industry including strawberry producers and relevant industries	www.gra-inc.jp/english/index.html
I	re:terra	General incorporated association	2011	Global branding of Japanese Tsubaki (camellia) by directly connecting producers in devastated areas and consumers	www.reterra.org/
II	Otsuchi-Sashiko Project (by Terra Renaissance)	Non profit organization	2011	Provision of sashiko (needlework) techniques to women in affected areas, plus manufacturing, marketing and sales of sashiko products	tomotsuna.jp/
II	Kesennuma Knitting	Corporation	2013	Production and sales of high-quality sweaters and scarfs hand-knitted by local women.	www.knitting.co.jp/en/
II	IIE	Corporation	2013	Planning and sales of products utilizing local traditional cotton fabrics, such as fashion goods, small interior articles, and kitchen goods	iie-aizu.jp/
II	Rapport Hair	Corporation	2011	Beauty parlor chain launched for the purpose of providing a workplace for hairdressers and beauticians who lost their job because of the disasters	www.rapporthair.com/index.html
III	MORIUMIUS (by Sweet treat 311)	Public interest incorporated association	2011	Renovated a deserted school in a devastated rural area and converted it into a facility where children can participate in environmental education programs.	www.moriumius.jp
III	Kesennuma Regional Energy Development	Corporation	2012	Woody biomass power generation business utilizing thinned wood, aiming at spreading of renewable energy	chiiki-energy.co.jp
III	Japan Car Sharing Association	General incorporated association	2011	Car sharing and rental business connecting enterprises/persons who want to provide cars and users consisting of disaster victims who are in need of cars	www.japan-csa.org/index.html

## 4. Social Enterprise Case Studies

One social enterprise was selected from each of the three categories as a case study.

- Type I: Tohoku Kaikon a non-profit platform in which consumers support agricultural producers via publication of a magazine.
- Type II: Otsuchi-Sashiko Project that manufactures and sells traditional needlework products by employing local women.
- Type III: MORIUMIUS that renovated a deserted school and develops ecotourism business targeting children.

### 4.1 Tohoku Kaikon

#### 4.1.1 Summary table

<b>Name: Tohoku Kaikon</b>	
Description	Tohoku Kaikon produces and publishes a monthly magazine named Tohoku Taberu Journal, featuring agricultural and fishery products in the Tohoku region.
Founded	2013
Legal format	Non-profit organization
Num. employees/volunteers	11 including 4 part-time executive directors, 1 volunteer and 3 contract writers and designers (as of June 2016)
Geographical reach	Nationwide
Certifications/ awards	• Good Design Award 2014 (Japan Institute of Design Promotion)
<b>Social variables</b>	
1. Social impact	16,050 subscribers in total (as of Feb. 2016) nationwide and more than 60 fisheries and farmers in Tohoku areas.
2. Financial sustainability	Financially sustainable with an annual revenue of USD 724 thousand from sales and 61 thousand from donation in 2015.
3. Key partners and supporters	Total three volunteer workers from ETIC a non-profit organization based in Tokyo since October 2013.
4. Scalability and replicability	The business model of Tohoku Taberu Journal is duplicated in various regions and by February 2016, total 22 food journals were published.
References	kaikon.jp

#### 4.1.2 Introduction

Tohoku Kaikon was established in May 2013 under the concept of “Enriching value of food and eating leads to social reform”. The nonprofit aims not only to recover from the disasters but also to resolve social issues observed in both rural and urban areas through *kaikon* (cultivation) of a new society. The organization does so by connecting via food the rural

areas in the Tohoku region suffering from a lack of successors and declining regional industries on the one hand and large cities such as Tokyo exhausted from excessive competition on the other.

“Producers in affected areas are unable to find any hope in the future of agriculture or fishery, while urban citizens in Japan are craving for bonds amid thinning human connections”, Mr. Masayuki Abe, a secretary member, commented in an interview. In such a situation, Tohoku Kaikon came up with a specific solution to publish a magazine called *Tohoku Taberu (Eating) Journal* that aims to form relationships between consumers who express their gratitude to producers and producers who feel motivated. A subscription-based monthly magazine, *Tohoku Taberu Journal* is delivered to members with an agricultural or fishery produce grown by the producer featured in the particular issue. This newspaper-sized journal has 15 pages in full color. Tohoku Kaikon essentially modified the concept of “community supported agriculture (CSA)” originally developed in western countries into a scheme for members of *Tohoku Teberu Journal* to support producers.

**Figure 4 Tohoku Taberu Journal and products delivered**



(Photo by Tohoku Kaikon)

Figure 5 Contents of Tohoku Taberu Journal



(Quoted from Tohoku Taberu Journal, April 2014)

#### 4.1.3 The social entrepreneur

Born in Iwate Prefecture in the Tohoku region, Mr. Hiroyuki Takahashi, the representative director of Tohoku Kaikon, actively interacted with nature since his childhood and grew up in an environment in which disabled persons were part of his life. He started his career as a secretary to a member of the House of Representatives, and his interest in politics was rapidly heightened. In November 2006, he won his first election, a by-election for a member of the Iwate Prefectural Assembly and served for 2 terms. During his tenure, he focused on the welfare for the disabled and environmental policies and also exerted himself for the reform of the assembly. After the Earthquake, he ran as a candidate in the Iwate prefectural gubernatorial election in August 2011, but he lost.

After the defeat, he contemplated running for the same election four years later. However, as he visited various organizations making strenuous efforts towards the Tohoku reconstruction, he was moved by many young people standing up and taking action. He started to desire to drive in a wedge leading to the future by relaying the thoughts of producers. Through interactions with people from outside Iwate prefecture, Takahashi began to strongly feel the necessity of mutual support between the urban and rural areas. To that end, he decided to take up a new course of life as a social entrepreneur who endeavors to solve social issues by business means.

**Figure 6 Hiroyuki Takahashi, Founder of Tohoku Kaikon**



(Photo by Tohoku Kaikon)

The founding members of Tohoku Kaikon were those who sympathized with the vision of Takahashi and some of them became board of directors later by request from Takahashi. The majority of the founding members came to the disaster-affected areas to provide support. From May 2013, members gathered and deliberated on their first plan of a service to make direct delivery from farms by providing candid information about the production site. While having numerous discussions, what the founding members sympathized was the concept of Marketing 3.0 by Philip Kotler.<sup>18</sup> Based on this concept, they tried to unify objects and information aiming at providing emotional values via products, which became the starting point of Tohoku Kaikon and led to the idea of combining food and magazine. In July 2013, Tohoku Kaikon published the first issue and started building a platform to redefine the relationship between producers and consumers. As a side note, while Tohoku Kaikon was established in May 2013 in practice, its registration as a non-profit organization took place in October 2013.

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<sup>18</sup> In today's world, voices are raised over social issues such as global warming and poverty, while the market changes fast and individual sense of values are diversifying. Kotler indicates in Marketing 3.0 that in such times pursuant of sympathy from consumers to the stories behind specific products or persons becomes more important than products or services that simply satisfy consumer needs.

**Figure 7 Staff of Tohoku Kaikon and Producers**



(Photo by Tohoku Kaikon)

#### **4.1.4 Business models**

##### **(a) The model's main characteristics**

In general, the core content of food delivery services is the food itself; even if it comes with a leaflet describing the products, customers recognize the leaflet as supplementary content. *Tohoku Taberu Journal* turns such a pre-existing concept on its head by placing emphasis on the written text as the main content, while positioning the delivered food as secondary content. The food featured in *Tohoku Taberu Journal* is selected by the editorial staff every month. As the chief editor, Takahashi himself gathers materials and conveys the stories of producers in a featured article. Initially, the majority of featured producers were acquaintances of Takahashi, but in recent days featured producers come through introductions from food coordinators, writers or already featured producers. High priority is placed on those who are keen to communicate with consumers through Facebook.

Individuals can subscribe to the *Tohoku Taberu Journal* through the website of Tohoku Kaikon, and delivery is made by a home delivery service towards the end of each month. The maximum number of subscribers is set to 1,500 because of the production capacity, but, most importantly, Tohoku Kaikon considers about 1,500 people to be the ideal size for having direct and meaningful communications on Facebook.

Initially, the majority of people subscribed in order to support the recovery from the disasters. When it started to be featured in mass media, the number of subscribers surged as people were attracted by the uniqueness of the magazine delivered with food. In March 2015, it reached the maximum number of 1,500 and any additional people were put on the waiting list. Tohoku Kaikon proceeded with preparations to increase the number of subscribers, and in

February 2016, additional 50 members were invited, which was filled immediately<sup>19</sup>. In July 2015, the nonprofit decided to publish bimonthly magazines called *Umi-gumi* (lit. Ocean Group) and *Yama-gumi* (Mountain Group) as mini *Tohoku Taberu Journals* specializing in fishery producers and crop/livestock farmers, respectively. One of the motivations to publish them was to address the people put on the waiting list. The maximum number of subscribers for these bimonthly magazines is set at 1,000 in total.

Subscribers of the *Tohoku Taberu Journal* can learn stories behind the food delivered. In addition, subscribers can exchange recipes or communicate with the farmers via the subscriber-only Facebook page. If a subscriber enjoyed the food and desires to receive it again, the subscriber can place an additional order within a limited period (about one month after the end of the delivered month) through a service called *Okawari* (second helpings). Tohoku Kaikon also provides a service for subscribers called *Osusowake* (sharing by gifting) to offer food to non-member friends. This helps consumers deepen their sense of sponsorship of farmers via the *Tohoku Taberu Journal*.

Furthermore, Tohoku Kaikon provides opportunities to engage in the concept of community supported agriculture (CSA) to a wide variety of subscribers acquired via *Tohoku Taberu Journal*. This is a service where a subscriber can select his/her favorite farmer and pay the membership fee in advance every three months to have close communication with the farmer or request the farmer to send more products. A person who wants to become a member registers for participation on the website, similar to the *Tohoku Taberu Journal*. After agreeing with the rules of the CSA service, members (consumers) and producers participate in the communication platform. Members pay the membership fee, cooperate for sales and development, engage in volunteer activities during the harvesting season, and make recommendation on recipes; while producers deliver products about 2-6 times a year, invite members to the farm, share knowledge about food, and provide opportunities of camping for children for instance. Tohoku Kaikon aims at realizing a farmer's association where producers and consumers can communicate as well as build relationships where the farm becomes a second home for the members. As of February 2016, a total of eight communities have been started up through the CSA initiative.

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<sup>19</sup> Currently (as of June 2016), Tohoku Kaikon is accepting new subscribers.

## **(b) Fee structure**

The monthly fee of *Tohoku Taberu Journal* was set at about USD 20 at the beginning, a price point barely profitable for a print magazine. Since then, the monthly fee was revised in February 2015 due to various factors including increase in the cost of home delivery service and increase in consumption tax. The current fee is about USD 26. On revising the price, the markup was determined after conducting a price sensitivity questionnaire survey to the subscribers. The average selling price of food dealt by the *Tohoku Taberu Journal* is around USD 6. The average cost rate (including purchasing food) is around 70% of the monthly fee.

Given the membership cap, the current monthly business income of the *Tohoku Taberu Journal* is 1,500 people × USD 30 of an average sale per subscriber<sup>20</sup> = approx. USD 45,000. The current business income of bimonthly magazines *Umi-gumi* and *Yama-gumi* is approx. USD 12,000. The annual membership fee of CSA service is around USD 120-360 depending on the producer. The key difference between the *Tohoku Taberu Journal* and the CSA initiative lies in that there is no upper limit set for the number of CSA members. Tohoku Kaikon assigns a CSA manager for each producer, and about 20% of the membership fee is allocated for activity expenses of the manager.

### **4.1.5 Financial performance**

Tohoku Kaikon is on the verge of gaining sufficient profit only from the sales of the *Tohoku Taberu Journal* and CSA. Publication of the *Tohoku Taberu Journal* requires a substantial amount of labor, and therefore the business staff allegedly started to receive salary only in 2014<sup>21</sup>. Until then, the business was managed by other resource; the staff eating into their own savings for instance.

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<sup>20</sup> It includes the monthly fee of USD26 and other sales through Okawari service.

<sup>21</sup> The salary supposed to be paid in 2013 was adjusted as much as possible in 2014.

**Table 9 Financial Performance of Tohoku Kaikon**

		(USD)		
		FY2013	FY2014	FY2015
		April 1st to November 30th (8months)	December 1st in 2013 to November 30th in 2014	December 1st in 2015 to November 30th in 2016
Revenue				
	Donation+Grant	4,000	0	23,000
	Sales	36,000	531,000	724,000
	Other	0	549	480
Cost and Expenses				
	Sales Cost	107,000	532,000	672,000
	Human cost		62,000	72,000
	Administration cost	3,000	29,000	58,000
Gross profit		-70,000	-91,451	-54,520

#### 4.1.6 Social impact

##### (a) Vitality for producers and customers

The most characteristic social impact of Tohoku Kaikon is that farmers can now directly receive feedback from consumers via the *Tohoku Taberu Journal* or CSA and thus have gained a positive volition for production.

Before the Earthquake, farmers delivered their products to agricultural cooperatives, and there were little opportunities for them to hear direct feedback from consumers. However, via the *Tohoku Taberu Journal*, it became possible for them to see photographs of consumers cooking their produce and cooked dishes uploaded onto Facebook. These simple acts help farmers realize that consumers are indeed enjoying the products.

There also were occasions where harvesting did not go as planned or delivery got delayed due to various reasons including the weather. When a farmer shared such a situation on Facebook, a subscriber commented, “Don’t worry. I will come help harvest”. This resulted in many people visiting the farm to help during harvest. The two-way communication between farmers and consumers that Tohoku Kaikon has helped achieve is undoubtedly generating a rather abstract social impact, namely vitality for both parties. Furthermore, the publishers of Japanese textbooks have decided to include the initiatives of Tohoku Kaikon as reference material in civics class for junior high school from 2016; it is expected that the entrepreneurial journey of the nonprofit will be shared and spread among children in Japan.

### **(b) Replication of food journal to other regions**

Another social impact achieved by the *Tohoku Taberu Journal* is the establishment of the *Nihon (Japan) Taberu Journal League*. Given the emergence of requests to start their own versions of the *Tohoku Taberu Journal* in various regions of Japan, Tohoku Kaikon started deliberations from December 2013 towards a nationwide development of food journals and established a separate entity called the *Nihon Taberu Journal League* in April 2014. The association manages an umbrella organization to unite the journal's brand, trademark and information system and jointly conducts promotion of food journals at various locations while respecting the uniqueness of each locale. The reason why the Tohoku Kaikon leaders did not make them a franchise of the *Tohoku Taberu Journal* was that they wished like-minded people to join and freely design the publication frequency, price, branding, etc. of their own food journals. In April 2014, the same month the *Nihon Taberu Journal League* was established, the *Shikoku Food Journal* published its first issue, marking a replication of the model in southwest Japan.

*Nihon Taberu Journal League* reviews applications for new entry into the *Nihon Taberu Journal League* every three months. Many organizations desire to take advantage of the food journal concept as one of the methods of regional revitalization, while they realize that it is impossible to gain major profits through it alone. The *Nihon Taberu Journal League* charges 8% of monthly sales towards information system and patent usage, in addition to the registration fee of USD 3,000. As of February 2016, a total of 19 similar food journals were published in Japan, and 7 additional regions are preparing for the first publication. Today, food journals are published in various areas of the Tohoku region, and Takahashi believes, "It is ideal if the food journal becomes part of the culture. If more local food journals become available in various areas, it is fine to discontinue the *Tohoku Taberu Journal* that targets a wider geographical scope".

### **4.1.7 Business development and external support**

#### **(a) Support for business development**

Tohoku Kaikon has managed to develop its business through its members. The business model of the *Tohoku Taberu Journal* was established in March 2013 largely thanks to one of members, who had experience in establishing 13 joint-stock companies and two non-profit organizations.

The publication of the *Tohoku Taberu Journal* is a labor-intensive task. Since registering as a

non-profit organization, Tohoku Kaikon accepted two volunteer staffs via the *Migiude Project* (lit. Right-hand Man Project) by ETIC, an intermediary organization headquartered in Tokyo. Tohoku Kaikon has received support worth about USD 54,000-72,000 from ETIC for three years<sup>22</sup>.

#### **(b) Financial support**

The initial capital was raised from each founding member in the form of loans to Tohoku Kaikon. Since then, the nonprofit has received various kinds of financial support:

- Received a donation of USD 3,940 from the public when Tohoku Kaikon registered as a non-profit organization in October 2013;
- Awarded a project commissioned by the Reconstruction Agency valued USD 83,000;
- Fundraised USD 50,000 through crowdfunding; and
- Receiving grants from several organizations in 2014; total USD180,000.

From the summer of 2014, the exposure level to the public through mass media increased, and the *Tohoku Taberu Journal* started to become well known. Combined with the effects of mass exposure, the number of subscribers reached the upper limit of 1,500 in March 2015.

#### **4.1.8 Future growth**

*Tohoku Taberu Journal* faces chronic challenges in reducing the shipping cost and facing risks associated with weather. However, it is known from the beginning that the expected profit cannot increase much, as they have already established an infrastructure to share these challenges with subscribers and they established an upper limit to the number of subscribers. Therefore, the *Tohoku Taberu Journal* is expected to continue its business operations in a relatively stable manner.

Meanwhile, the CSA service faces the challenge of increasing the number of participants at levels comparable to *Tohoku Taberu Journal*. Barriers to expansion include a high mental hurdle for people to support individual producers and the convenience of purchasing groceries at a nearby supermarket. Using the *Tohoku Taberu Journal* platform, Tohoku Kaikon desires to expand the CSA business.

Similarly, the Japan Food Journal League needs to increase the number of subscribers of local food journals published in each area. While subscription increases at the beginning through

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<sup>22</sup> Estimated financial value of in-kind support by reference to ETIC's remuneration of to volunteer workers in Tohoku disaster areas (USD1,500 to 20,000 per month per person).

introductions and word-of-mouth, the number of new subscribers starts to stay flat from around six months after the startup. Mr. Abe said, “There is a necessity for local enterprises, corporations and relevant organizations in metropolitan cities, the government and citizen groups to work together in advertisement and marketing in pro bono capacities towards the high level goal of regional revitalization.” Given the emergence of CSR teams within large companies, discovering how to establish contact points with such teams will become one of the keys to rally all the food journals published in Japan.

## 4.2 Otsuchi Sashiko Project (by Terra Renaissance)

### 4.2.1 Summary table

<b>Name: Tohoku Kaikon</b>	
Description	Provision of sashiko (needlework) techniques to women in affected areas, plus manufacturing, marketing and sales of sashiko products
Started	2011
Legal format	Non-profit organization
Num. employees/volunteers	5 staffs including 3 part-time staffs
Geographical reach of their product/ service	Nationwide
Certifications/ awards	<ul style="list-style-type: none"> <li>• Top 40 Vital companies in Disaster Area 2015 (Reconstruction Agency)</li> <li>• Innovation Tohoku Challengers Night 2013 (Google)</li> </ul>
<b>Social variables</b>	
1. Social impact	Reconstructing a “community” for local women (currently 33 sashiko needle workers (February 2016) are registered)
2. Financial sustainability	Otsuchi Sashiko has been in the red since inception, forcing Terra to subsidize the personnel cost of Otsuchi Sashiko from Terra’s other businesses.
3. Key partners and supporters	A professional Sashiko Designer supported sashiko workers to improve their skills and partnership with MUJI helped growth of operational capacity.
4. Scalability and replicability	In terms of scalability, current challenge for Otsuchi Sashiko is how to increase sales in the general market, as the reconstruction market has been shrinking.
References	tomotsuna.jp/

### 4.2.2 Introduction

Otsuchi municipality is a small town facing the Pacific Ocean with a population of about 12,000 that suffered devastation from the earthquake and tsunami<sup>23</sup>. The Otsuchi Recovery

<sup>23</sup> <http://www.town.otsuchi.iwate.jp/> [Accessed 5 February 2016]

Sashiko Project, commonly called Otsuchi Sashiko, was launched in June 2011 by five volunteers who were visiting the Otsuchi evacuation center for relief activities. At the time, while men were busy outside the evacuation center in reconstruction work including removal of rubbles, women lost not only their workplaces but also places to do household tasks. As a result, many women were in need of work that would serve as an anchor in their daily life.

The volunteer members had numerous discussions with women at the evacuation center on what is needed to positively spend time in their daily lives amid a devastating situation. The main idea born from the discussions involved running a business to gain income based on sashiko, the traditional needlework artifact of Tohoku area. The deciding factors included the fact that sashiko doesn't require a large space; it only requires a sewing set with which women are familiar and can be done using materials easily obtainable at the evacuation center. As such, Otsuchi Sashiko was started up with the mission to a) create employment of local women, b) promote independence of women, and c) contribute to revival of the local community.

**Figure 8 Sashiko needle workers working at Otsuchi municipal shelter (2011)**



(Photo by Otsuchi Sashiko Project)

#### **4.2.3 The social entrepreneur**

Otsuchi Sashiko was launched mainly by five volunteers who were visiting the evacuation center at Otsuchi to engage in relief activities, and two months after establishment its management was taken over by Terra Renaissance (hereinafter referred to as “Terra” for simplicity), a non-profit organization headquartered in Kyoto. Founded in 2001, Terra serves the mission of removal of land-mine and unexploded bomb, rehabilitation of the land-mine and unexploded bomb victims, social rehabilitation of child soldiers as well as educational activities to prevent proliferation of small arms in Asian and African countries and promotion of peace education in Japan. Continuation of Otsuchi Sashiko beyond a few months required systematic management, and one of the founding members consulted his close friend Mr. Masaya Onimaru, the representative of Terra. Backed by the fact that Terra itself was desiring to provide support for the disaster-affected areas beyond mere relief activities at the time, the mission of Otsuchi Sashiko matched the mission of Terra: “Realization of a society where all lives can live peacefully”. Above all, Terra received a donation from Ugandan people about USD 500<sup>24</sup>, Terra’s rehabilitation and reintegration program beneficiaries, stating “Please use it for disaster victims”. Given these reasons, Terra decided to take over Otsuchi Sashiko and since then has endeavored to make small-scale sashiko business profitable in order to ensure the business sustainability.

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<sup>24</sup> Unless otherwise stated, the exchange rate of JPY100=USD\$1 is applied throughout this report and all the years refer to fiscal years (from April 1st to March 31st in the following year)

**Figure 9 Mai Yoshida, Project Manager of Otsuchi Sashiko Project**



(Photo by JRI)

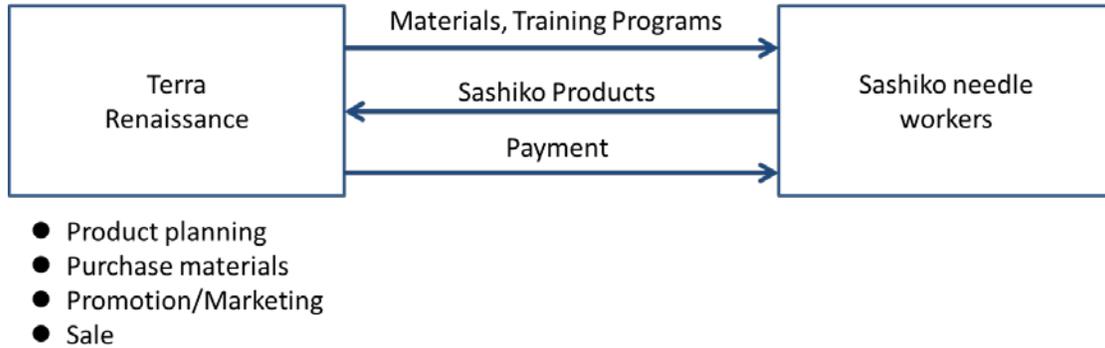
Upon taking the new business under his wings, Onimaru was determined to achieve one thing: to continue Otsuchi Sashiko for at least 10 years. This determination was anchored in his belief that at least 10 years of continuous initiative would be necessary for the local community to meaningfully revive and reconstruct, based on his own experience of the Great Hanshin Awaji Earthquake that occurred in 1995. The operation and management of Otsuchi Sashiko is currently conducted at the Otsuchi office of Terra by two full-time employees and three part-time workers.

#### **4.2.4 Business models**

##### **(a) The model's main characteristics**

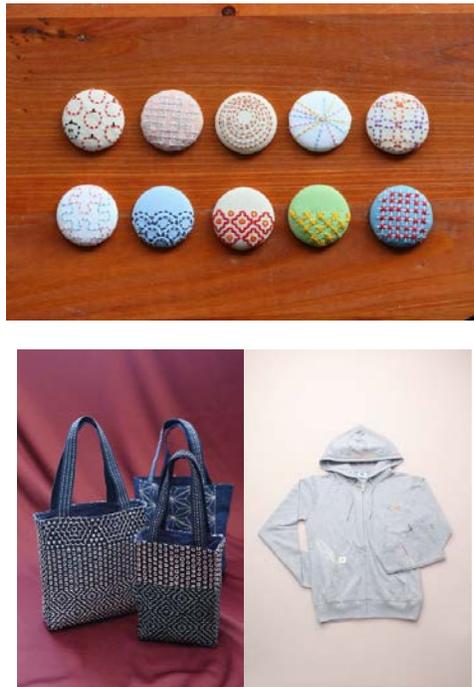
The business model of Otsuchi Sashiko is rather simple. Terra provides sashiko needle workers with materials necessary for sashiko free of charge, and sashiko needle workers work on making sashiko products at home or at a Terra office. Terra purchases the completed sashiko products directly from sashiko needle workers, and sells them at reconstruction-related events, the online store of Terra, and other channels. A designer acquainted with a founding member provides pro bono support for the product planning and designing. In 2014, Otsuchi Sashiko formed collaboration partnerships with major Japanese fashion goods companies such as MUJI and Felissimo and has been manufacturing co-branded products since then.

**Figure 10 Otsuchi Sashiko's Business Model**



In addition, Terra hosts free workshops for improving sashiko technique as necessary. During the period from August 2015 to January 2016, a professional needle worker from Gifu, the central mountainous region of Japan, held several sashiko technique workshops and contributed to new product development.

**Figure 11 Sashiko Products**



(Photo by Otsuchi-Sashiko Project)

**(b) Fee structure**

Terra pays about 8-32% of the retail price to sashiko needle workers for completed products.

Each sashiko needle worker earns about USD 30-50 a month. Terra’s income from the Otsuchi Sashiko business remains low.

#### 4.2.5 Financial performance

The financial performance of Otsuchi Sashiko from FY2011 to FY2014 is summarized in the table below. Otsuchi Sashiko has been in the red since inception, forcing Terra to subsidize the personnel cost of Otsuchi Sashiko from Terra’s other businesses.

**Table 10 Financial Performance of Otsuchi-Sashiko**

	(USD)			
	FY2011 April 1st in 2011 to March 31st in 2012	FY2012 April 1st in 2012 to March 31st in 2013	FY2013 April 1st in 2013 to March 31st in 2014	FY2014 April 1st in 2014 to March 31st in 2015
<b>Revenue</b>				
Donation	289,000	16,000	82,000	27,000
Sales	99,000	220,000	295,000	269,000
Other		266	19	14
<b>Cost and Expenses</b>				
Sales Cost		144,000	143,000	116,000
Human cost		95,000	143,000	157,000
Other cost	103,000	153,000	151,000	125,000
<b>Gross profit</b>		<b>-155,734</b>	<b>-59,981</b>	<b>-101,986</b>

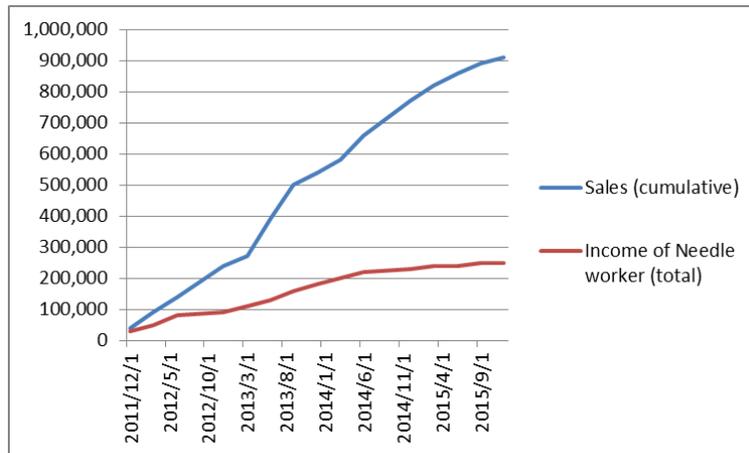
\* For FY2011, only the revenues and expenditure of the Terra’s disaster fund operation are accounted.

#### 4.2.6 Social impact

Otsuchi Sashiko started with ten sashiko needle workers living at the Otsuchi evacuation center; the figure has increased to 80 in just one year. The number of sashiko workers then gradually reduced due to reasons such as people moving out of the evacuation center into temporary housing and seeking other jobs, and currently about 30 sashiko needle workers are engaged in the business. Trends of cumulative product sales and total income of sashiko needle workers are shown below.

For Terra, the number of sashiko needle workers and the sales volume are accounted as quantitative data of its social impact. Qualitatively speaking, the sashiko business has created opportunities for its workers to not only be reunited with friends once separated by the disasters but also make new friends, forming a community which they can call home.

**Figure 12 Sales and Income of Sashiko workers (USD)**



#### **4.2.7 Business development and external support**

##### **(a) Financial support**

At the startup of the business, the founding members donated about USD 1,000 for purchase of materials and equipment. After Terra took over Otsuchi Sashiko, Terra not only solicited donations by establishing a foundation called Tomotsuna Fund about USD 290,000 in 2011, but also actively took action to apply to various public and private grants to purchase materials necessary for sashiko needlework. They managed to win a USD 80,000 grant from Japan Platform and a USD 25,000 grant from MCDRF twice (total USD 50,000), which was used for purchasing materials and a vehicle to transport sashiko workers. A small grant of USD 1,000 received from Otsuchi town was used to procure sewing machines.

##### **(b) Skills support**

Otsuchi Sashiko has received skills training in product designing and management. For example, a designer acquainted with a founding member has provided pro bono support since its inauguration. During the period from August 2015 to January 2016, a professional sashiko designer from Hida Takayama, Gifu prefecture, not only came to provide technical guidance but also engaged in the development of collaborative products. The collaboration focused on traditional sashiko products, serving as a good opportunity for gaining confidence in their sashiko techniques. In addition, Otsuchi Sashiko also received know-how of production management specific to sashiko needlework. Thus Otsuchi Sashiko received USD 77,000 to 115,000 worth of

professional supports in total<sup>25</sup>.

In April 2013, they accepted one volunteer from the *Migiude Project*, a reconstruction support project by ETIC, a non-profit intermediary headquartered in Tokyo. Assigned on a one-year term, the volunteer took charge of market expansion, production planning, and sales. One year later, Terra Renaissance contracted with ETIC to extend the volunteer term for one more year. The ETIC *Migiude* volunteer project supplemented approximately USD 36,000 to 48,000 worth of human cost in total.

As mentioned above, Otsuchi Sashiko collaborates with major Japanese fashion manufacturers such as MUJI and Felissimo. The connection with MUJI was established through a university professor in the Terra network. Development and production of collaborative products were conducted with MUJI from June 2013. “Through collaboration with MUJI, we managed to learn a lot of things about advertisement, delivery control and quality control. We were trained well.” commented Ms. Yoshida, the representative of Terra’s Iwate office, regarding the collaboration.

#### **4.2.8 Future growth**

Since 2013, Terra has been considering converting Otsuchi Sashiko to a for-profit company in the form of a joint-stock corporation, in order to secure sustainability and accelerate expansion. Initially Terra aimed at converting Otsuchi Sashiko to an independent joint-stock corporation in 2015, but products sales and promotional events related to the reconstruction cause were on a decline; the so-called “reconstruction market” started to shrink. Accordingly, sales income of Otsuchi Sashiko reached a ceiling in 2014, suddenly necessitating to cultivate new markets. In addition, sashiko needle workers became nervous about the idea of converting to a for-profit company. They were uncertain about what would happen to them, which resulted in expressed concerns among the stakeholders like, “I want to continue as is. I don’t want any major changes.” and “There may be misalignment in the mission between the original activities of Terra such as rehabilitation and reintegration support and peace education and the activities of Otsuchi Sashiko. It may be better to separate from the activities of Terra.” As a result of numerous discussions, Terra eventually gave up the thought of spinning off Otsuchi Sashiko into a for-profit venture in 2015 and decided to operate it like before.

Nevertheless, Terra hopes to see one day that local people are enabled to operate Otsuchi Sashiko on their own. Therefore, Terra is seeking to foster a leader who can coordinate sashiko needle

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<sup>25</sup> Estimated by JRI

workers and operate the business with passion. Terra wishes to separate the sashiko business from itself once an effective leader is put in place. However, a suitable person cannot be easily found in a small town of Otsuchi, and Terra continues their difficult search.

The current challenge of Otsuchi Sashiko is how to increase sales. Terra is fully aware of the necessity to compete with other handicrafts and fashion goods in the general market going forward amid the shrinkage of the reconstruction market. While there was an idea to receive OEM (original equipment manufacturing) production from major manufactures such as MUJI and Felissimo, Mai Yoshida, a project manager of Otsuchi Sashiko thought it unwise to blindly collaborate with major manufacturers given the low production capacity of sashiko workers (1,000 pieces per month) and further challenge to expand beyond the current level. Terra’s current plan involves cultivating a network of stores that could sell sashiko products while understanding the social enterprise’s values and improving the attractiveness of traditional sashiko products.

### 4.3 MORIUMIUS (by Sweet Treat 311)

#### 4.3.1 Summary table

<b>Name: MORIUMIUS (by Sweet Treat 311)</b>	
Description	Renovated a deserted school in a devastated rural area and converted it into a facility where children can participate in environmental education programs.
Founded	2011
Legal format	Public interest incorporated association
Num. employees/volunteers	10 (as of June 2016)
Geographical reach of their product/ service	Nationwide
Certifications/ awards	<ul style="list-style-type: none"> <li>• Regional Vitalization Award 2014 (Ministry of Internal Affairs and Communications)</li> <li>• Finalist of Reconstruction of Tohoku category, Nikkei Social Initiative Award 2012 (Nikkei Inc.)</li> </ul>
<b>Social variables</b>	
1. Social impact	It’s still early days to assess the social impact of Moriumius. However, positive changes among the local people have been observed.
2. Financial sustainability	Moriumius still struggles to cover its operational expenses through business income alone, therefore having donations and grant remain vital income source.
3. Key partners and supporters	Moriumius has received financial assistance of total USD 685,000 from a total of 12 enterprises and organizations, and also skill support from as many as 36 enterprises and organizations that sent total 5,000 volunteers and pro bono.
4. Scalability and	Generating demand and expanding client base is current challenges for

replicability	scalability.
References	<a href="http://www.MORIUMIUS.jp">www.MORIUMIUS.jp</a>

### 4.3.2 Introduction

MORIUMIUS is a children’s learning facility built in July 2015 using local people and resources based on a deserted school located at Ogatsu in Ishinomaki, Miyagi Prefecture. Ogatsu is a small town facing the Pacific Ocean with 902 households and 1,900 people as of March 2016. It used to be an agricultural and fishery town with a population of around 4,300 before March 2011, but the earthquake and tsunami destroyed 80% of the town’s infrastructure and decreased the population to below 1,000 at its worst. Even today, after five years, reconstruction of infrastructure including roads is still only halfway complete.

Equipped with facilities for accommodation, restaurant and community space, MORIUMIUS offers an environmental program for participants to stay for a week or so and learn about and experience the natural ecosystem. The whole facility design reflects the natural ecosystem, including 1) a bio filter (composed of biotope and roof tiles) to purify domestic wastewater generated from the kitchen or bathroom, 2) equipment to make compost from food scraps, and 3) natural air-conditioning system using a insulating stone floor. MORIUMIUS is furnished with eco-friendly sustainable equipment and allows for children to experience and learn the natural ecosystem. A part of the schoolyard has been converted into farms, and a hog farm is built behind the building that used to be the schoolhouse. In addition, the program organizes workshops led by local fishermen or various experts from inside or outside the disaster-affected areas. As a result of these activities, MORIUMIUS has recently become a site of corporate training. Overall, MORIUMIUS aims at contributing to revitalization of the region with local people playing a core role in its operation.

**Figure 13 MORIUMIUS Exterior and Bedroom**



(Photo by MORIUMIUS)

#### **4.3.3 The social enterprise**

The public interest incorporated association Sweet Treat 311 established in 2011 based on five employees, that operates MORIUMIUS has been working in disaster relief since the early days to deliver prepared food, fresh food, and sweets to evacuation centers, isolated communities, and temporary housing in the coastal areas of Tohoku including Ogatsu. Triggered by on-site cooking and offering of food, Sweet Treat 311 became involved in preparing school lunch when the Ogatsu Junior High School was relocated. This was the first instance of Sweet Treat 311 in the field of education. Through the junior high school project, Sweet Treat 311 and the local people developed a shared ambition to deliver the best education in the country to the children under the toughest environment in Japan. As a result of this experience, Sweet Treat 311 shifted its mission to the enrichment of children's education. The organization initially started a private school named Ogatsu Academy in 2012 to provide a place for children to prepare for entrance examinations on weekends.

**Figure 14 Gentaro Yui, Director of Sweet Treat 311**



(Photo by JRI)

Meanwhile, the organization learnt about elementary school that had closed after 100 years of operation and was retained as a private property. Mr. Gentaro Yui, the representative of MORIUMIUS described, “at the time of deciding to purchase the deserted school the concept of MORIUMIUS was not fully developed.”

Serving as a director of Sweet Treat 311, Yui was raised in the US since his early childhood, and his early career began in the music industry in New York. Since 1999 he started to engage in a job to broadcast American sports such as MLB and NFL in Japan, then in September 2004 he was involved in the establishment of a joint-stock corporation to import the concept of KidZania from Mexico to Japan – a theme park for kids aged 3-15 years to experience adult jobs. At KidZania he was in charge of sales for enterprises that expressed interest in holding booths in the theme park. These experiences at KidZania later became the major driving force for the startup of MORIUMIUS. Yui recalls his thinking at the time of launching MORIUMIUS: “I didn’t see a need for a detailed plan to fundraise. Rather, I thought it was a race against time since we had to make a move before the government support policy of reconstruction takes certain shape.”

#### **4.3.4 Business models**

At MORIUMIUS, the necessary cost such as program fee and accommodation is charged as part of participant fee. In terms of expenses apart from general operations, Moriumuis covers the

honorarium offered to external lecturers. MORIUMIUS currently offers three types of programs plans. For each plan, participant fee and other associated costs vary depending on the season and number of participants.

1. Product 1: An eight day plan only targeting elementary and junior high school students, offering programs to experience nature including farming, outdoor cooking, exchanging with local residents, and English classes (USD 1, 250per student).
2. Product 2: A shorter two or three day plan mainly targeting elementary and junior high school students, with the option for adults stay over and eat together. It offers seasonal programs including rice harvesting in MORIUMIUS' paddy fields, participation in large sports events, and harvesting sea urchin and scallops (USD 360 per student).
3. Product 3:A longer stay spanning over one week with a custom-made content based on discussions with participating organizations.

While the target audience of MORIUMIUS is elementary and junior high school students, MORIUMIUS also rents out its facility for corporate training such as a 1-2 week training for new hires. By conducting training sessions at MORIUMIUS, an environment away from the office setting, participants can get acquainted with people from other divisions quicker and more effectively. For corporate training, MORIUMIUS charges costs inclusive of training programs and accommodation.

#### **4.3.5 Financial performance**

Financial figures for MORIUMIUS are not publicly available; the table below summarizes the financial performance of Sweet Treat 311. MORIUMIUS was launched in 2015, therefore the growth of business revenue from MORIUMIUS expects to be observed in a few years.

**Table 11 Financial Performance of Sweet Treat 311<sup>26</sup>**

		(USD)		
		FY2011 April 1st in 2011 to March 31st in 2012	FY2012 April 1st in 2013 to March 31st in 2013	FY2013 April 1st in 2013 to March 31st in 2014
Revenue				
	Donation+Grant	212,000	115,000	358,000
	Business Revenue	3,000	2,000	106,000
	Other Revenue	30	4,000	82,000
Cost and Expenses				
	Sales Cost	153,000	104,000	496,000
	Administration cost	13,000	13,000	39,000
Gross profit		49,000	4,000	11,000

#### **4.3.6 Business development and external support**

##### **(a) Financial support**

MORIUMIUS has received financial assistance from a total of 12 enterprises and organizations including the Qatar Friendship Fund, The Nippon Foundation, and MCDRF. The majority of the received fund has been used not only for the purchase of the deserted school to serve as the base of MORIUMIUS, but also renovation and repairs of the building.

##### **(b) Skill support**

MORIUMIUS has received support from as many as 36 enterprises, organizations and institutions in design, renovation and repair, and other pro bono support.

The original design of MORIUMIUS was developed by workshops with architects including renowned designers Mr. Kengo Kuma and Mr. Takaharu Teduka and students of architecture departments of universities including the Stanford University. Those in-kind supports were worth approximately USD 50,000 to 80,000.

Although it was more efficient to demolish the deserted school and rebuild from scratch, members of Sweet Treat 311 found meaning in learning in a wooden school building that survived the natural disasters and thus decided to do the majority of the renovation and repair work through manual labor. More than 5,000 volunteers including corporate volunteers participated in the renovation including shoveling out the mud that flowed into the building

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<sup>26</sup> Associated with the conversion to a public interest incorporated association in 2012, the data of FY2012 is for the period from November 15, 2012 to March 31, 2013.

and fixing the distortions with the help of specialists. These activities to construct the MORIUMIUS facility mainly took place on weekends to facilitate participation of corporate volunteers. In-kind contribution by the volunteers is worth about USD 1 million in total. When JRI visited MORIUMIUS for an interview in late February, Yui explained that 30 volunteers were dispatched from a major trading firm on weekends to offer their help.

**Figure 15 Construction of Moriumius with Volunteers**



(Photo by MORIUMIUS)

Nearing the opening in July 2015, MORIUMIUS also received pro bono support from enterprises and specialists. For instance, McKinsey & Company Japan provided support in marketing-related issues. Additionally, MORIUMIUS collaborates with professionals from various sectors as guest lecturers. For example, a calligrapher living in France was invited to deliver an art workshop, while a professional photographer shared his photography experience whilst in the nature of Ogatsu.

#### **4.3.7 Future growth**

It's still early days to assess the social impact of MORIUMIUS. However, Yui has observed changes among the local people through witnessing a deserted school being reborn . When a sports event was held in the schoolyard, many people including the school's alumni traveled far to participate. Furthermore, local fishermen proactively offer their opinions in terms of the program contents to be delivered to participants. This demonstrates a sense among the locals that MORIUMIUS has the potential to bring positive change and energy to the region.

Meanwhile, MORIUMIUS faces challenges common among start-ups, namely generating demand and expanding client base. While Yui has focused on building corporate partnerships

for launching until recently, he plans to shift gears to cultivate customers. The social enterprise is now looking at additional business development options, for instance, to utilize the facility as a base for companies to provide volunteers to Tohoku and to offer corporate welfare programs for the employees to experience nature with their children. As MORIUMIUS still struggles to cover its operational expenses through business income alone, having donations and grant remain vital income source. Their intention is to allocate some of the donations towards subsidizing educational programs for the marginalized and disabled.

Yui believes the rural environment of MORIUMIUS is a resource Japan can boast and thus is considering offering eco-tourism programs to invite overseas participants and enable to interact with local students to foster mutual understanding. In sum, Yui aspires for MORIUMIUS to be a special educational experience for many, as he himself explains, “I want to create an educational learning place for children to connect with communities under the keywords sustainable, local, and diversity.”

## 5. Final Reflections

In the context of humanitarian emergencies, non-profits and social enterprises play an important role beyond filling in for government services: to provide mutual support platforms and redevelop bonds within communities. The broader their activities, the more pathways of reconstruction the communities gain. As 1.1 to 1.3 shows, social business has gradually emerged around 6 months after the Earthquake when the urgent needs for relief supplies settled down. At that period, public supports are inevitable for starting-up those social businesses.

However, after 5 years from the Earthquake, sustaining their activities beyond the initial adrenaline-infused, resource-intensive phase poses several challenges. For instance, even if well-funded, certain social enterprises struggle to retain their staff as local people return to their former regular jobs. This may be regarded, in a sense, as positive dissolution.

Competition is another challenge. Given the natural downsizing of the reconstruction market, “the majority of businesses launched for the Tohoku reconstruction now needs to compete in the *general market*,” as commented by Ms. Yoshino, the project manager of Otsuchi Sashiko. To that end, social ventures are pressed to change their business models or cultivate new

markets. But that is easier said than done; some organizations have been forced to close down their operations. With regards to changing the business model, Mr. Suzuki of Sanaburi explains, “It is important to improve the *quality* of the business model in order to ensure sustainability.” Market expansion is another challenge for non-profits and social enterprises. Many entities struggle to define their value propositions, but gaining clarity on their value is key to their survival.

As for capacity building of non-profits and social enterprises, both public and private sectors can make meaningful contributions. For example, government agencies have implemented effective schemes for personnel development, while private companies’ initiatives to promote volunteerism and pro bono work have had positive impact on recipient organizations.

In the three case studies presented in this report, all of them have strong intentions to improve the quality of life of local people and revitalize communities in the affected areas. They also all share a common characteristic in that such positive intentions propagate through their stakeholders in one form or another. As Philip Kotler argues through the concept of Marketing 3.0, stories behind products and services as well as their resonance with customers play an ever-so important role in today’s markets. That emotional appeal may well be the critical factor to ensure business sustainability even after the label of reconstruction inevitably dissipates in the future.