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Laundry for the Homeless Reveals Russian Suspicion Over Social Enterprise

When the business first opened, residents nearby were not happy.

By Daria Litvinova for the Thomson Reuters foundation

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Nochlezhka / homeless.ru

When social entrepreneur Daria Alexeyeva joined forces with a charity to open Moscow's first free laundry for the homeless, the last thing she expected were accusations of profiteering.

"We thought that we were bringing something (so special) to Moscow that the only reaction would be: 'Wow, is this really happening here, in Russia?'," she told the Thomson Reuters Foundation.

Like any business, social enterprises want to make a profit but they are set apart by using that money to make a difference. The aim, she said, was to help vulnerable people who get little state or public support. But her experience shows the struggle social entrepreneurs can face in a country with scant experience of businesses that expressly set out to do social good.

Alexeyeva's partner in the project, Nochlezhka charity, had launched a laundry in its home base of St. Petersburg. But in Moscow, the project got off on the wrong foot from the start.

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When adverts started to run in August to advertise the laundry's imminent arrival in an ordinary Moscow district, residents called for a campaign to block it.

In worried Facebook posts, locals feared "dirty", "contagious" and "antisocial" homeless people would spread tuberculosis, fleas and crime through their neighborhood.

"After washing their clothes, the homeless may come to a children's playground, and it will become a problem for those who live nearby and their children," Ivan Polyakov, resident of the Savyolovsky, a quiet residential area in the north of Moscow, told the Thomson Reuters Foundation.

Protests, public arguments, complaints and threats followed.

In September, the confrontation peaked, when one local activist posted an anonymous "investigation" into Alexeyeva's business, saying she only wanted to open the laundry so she could wash the clothes she sells in her own line of charity shops and so increase her personal profits.

"The only person who needs the laundry is," the post read. "She knows how to count her money ... Washing her clothes in a charitable laundry is very profitable. If she sells more than one third of it - it's a gold mine. The homeless are merely there for PR (public relations) and as a cover story."

Alexeyeva says she would have ignored it if the post had not received several hundreds of shares in one day.

"I started seeing it as a threat and decided to respond," she said. "It is a weird place to be in - explaining myself after someone 'exposed' things I've been openly talking about."

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The 29-year-old launched her business in 2014, selling used clothes and donating the profits. The company's monthly net profit is between 200,000 and 600,000 rubles ($3,000-$9,000).

Half of what the company earned over the past four years went to help the homeless and the poor, among others, and half was spent on developing the business.

Garage Sale

Alexeyeva's chain of charity shops started as a one-time garage sale in support of one of the Moscow charities in 2014.

"A bunch of girlfriends brought used clothes, we organized an event in the center of Moscow

and earned 134,000 rubles ($2,200), having spent only 4,000 ($66)," Alexeyeva recalled.

The event left an aspiring business and PR specialist with leftovers and the idea to open a proper shop.

Within four years, Charity Shop became a chain of six stores - four in Moscow, two in cities northeast of the capital - that fully funds the Second Wind foundation, Alexeyeva's NGO.

Second Wind employs people from the same vulnerable groups that it sets out to help, donates used clothes to others in need and recycles the rest.

Between 2015 and 2017, 410 tons of used clothes went through the foundation, collected in the six stores and in 56 branded containers installed in Moscow and other cities.

More than half - 219 tons - was donated to families in need in nine Russian regions, with another 50 tons recycled.

Up to 20 percent of all the clothes collected is sold in charity shops, the rest remained in storage. Profits from the charity shops are ploughed back to Second Wind to help a range of people, and reinvested to further develop the enterprise.

Alexeyeva points out that none of it would have been possible if she hadn't run Charity Shop like a proper business.

"Sorting, washing, storing and delivering hundreds of kilograms of clothes to wherever we're donating them costs money. In order to keep these things going, I need to be earning," she said.

Partnering with Nochlezhka to open a laundry was both about supporting a good cause and a business decision - but Alexeyeva says the more she earns, the more she can donate to charity.

"We agreed that during the day it will be open for everyone who needed to wash something for free, and at night we would wash our clothes," Alexeyeva explains.

Bigger Picture

Scepticism about her motives is typical of the suspicions voiced by many Russians about social enterprise, experts say.

The sector is small and still new in the former Soviet Union, which came late to its version of capitalism after decades of central planning stifled entrepreneurship.

Now social entrepreneurs and charity workers said they faced close scrutiny over just what they earned and how they spent it.

They talked about accusations of greed around fundraising or suspicions about paying staff instead of using volunteers.

"When it comes to a foundation or a non-governmental organization that has a social mission and earns money, people start asking questions," said Sergei Golubev, chair of the

social entrepreneurship commission of OPORA Rossii, a business association.

"'How come you're earning money? How come you're paying salaries?'" he explained.

The very concept of social enterprise is relatively new for Russia, according to Vladimir Vainer, director of the Gladway foundation that supports social enterprises.

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Vainer estimates there are "tens of thousands" of social enterprises in Russia, but the absence of a law to define the sector makes it impossible to gather accurate data.

"(Russian society) doesn't fully understand yet how regular entrepreneurship or small businesses work," Vainer told the Thomson Reuters Foundation. "There's no positive attitude to entrepreneurs, let alone social entrepreneurs."

A survey last year by the state-funded pollster VTsIOM supports his point. Only 22 percent of Russians said they trusted entrepreneurs; 27 percent voiced the opposite opinion.

The level of distrust has dropped over the past seven years from 45 percent in 2010, but the level of trust only grew by 1 percent in the same period.

The hostility is wearing down the social entrepreneurs.

This month, Alexeyeva and her partners from Nochlezhka said they would pull out of the planned Savyolovsky location and find a different place for the homeless to wash their clothes.

"We'd rather spend our energy... on looking for a new location and using things we learnt about fears and stigma (during the scandal)," Alexeyeva said.

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