

# Models for scaling the impact of youth entrepreneurship programmes

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*YBI Insights for Success*



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# About YBI

**Youth Business International (YBI)** is a global network of expert organisations in over 50 countries supporting underserved young people to turn their ideas into successful businesses, creating jobs and strengthening communities.

*Since 2014 alone, YBI has supported 95,102 young people to start or grow a business by delivering a range of entrepreneurship support services, from training and mentoring to access to finance and other business development services.*

YBI's vision is that youth entrepreneurship is recognised for driving sustainable economic development, and that all young people who want to set up a business are able to fulfil their potential.

YBI believes in the power of the network approach through which it connects across regions, and globally, to share expertise and collaborate on solutions to increase the impact of services for young entrepreneurs, and to influence the field of youth entrepreneurship support.



## About Insights for Success

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In 2018, YBI commissioned a series of research studies, *Insights for Success*, to gather learnings on priority themes in order to inform the work of the YBI network and share this with others supporting young entrepreneurs globally. Gathering evidence and knowledge from YBI member organisations, the young entrepreneurs they work with, and other relevant sources, the papers provide learning and recommendations to improve the programmatic and organisational effectiveness of the youth entrepreneurship sector.

*This report reviews experiences and success factors in scaling entrepreneurship programmes within and outside of the YBI network, and provides case studies of models for replication together with a scaling framework.*

We hope this piece of work will be a valuable contribution to global learning on this topic and will help shape more impactful scaling models so that in future even greater numbers of underserved young people can successfully develop themselves and their businesses.

# Acknowledgements

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This paper was written for YBI by Bally Sappal, Anette Kaminski and Dr Nishi Mehta-Chopra of Sappal Consulting.

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# Section 1: Executive summary

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**Youth Business International (YBI)** was established in 2000 to address the issue of youth unemployment and under-employment, through supporting young people into entrepreneurship. In 2018, with 66 million unemployed youth worldwide, it is imperative that scalable solutions are found in order to have a meaningful impact.

This report brings together experiences scaling entrepreneurship programmes within and outside of the YBI network, in order to provide valuable insights for organisations wishing to scale their impact. It summarises different strategies and models for scaling entrepreneurship programmes, and the success factors, challenges and lessons learned to be taken into consideration with each strategy. It provides an overview of scaling frameworks and models, together with a set of case studies of scaling strategies applied by organisations within and outside the YBI network.

Different models for scaling and replication are introduced by means of frameworks developed by innovation and scaling experts Nesta and Spring Impact (formerly known as the International Centre for Social Franchising). These provide a helpful categorisation of the options according to 1) the amount of control versus flexibility inherent in the selected model, and 2) the type and purpose of partnerships developed. A 10-step framework for organisations wishing to develop a scaling strategy is also included (see p.22).



The seven case studies, including four of YBI member organisations, provide interesting examples of scaling models with relevance to the youth entrepreneurship sector and incorporate success factors and lessons learned.

### The case studies cover the following:



**Range of scaling models:** including delivery partnerships (with CBOs, NGOs, private sector and governments), networks, branches and digital platforms.



**Geographical mix:** including both developed and emerging markets.



**Variety of business and financial models:** including partnerships with funders, licensing, consultancy, training, social enterprise and social franchising.



**Scale, impact and innovation:** projects that have achieved scale and impact and those that have employed highly innovative models were selected.

An analysis of the different models, including further examples of organisations that have used these successfully, is included in the annex.

The findings show that YBI and others have successfully implemented a range of strategies to scale their impact, with valuable lessons to learn.

### Recommendations cover the areas of:



Building strategic alliances, including partnerships with government, business, funders, educational institutions and NGOs which allow for finding and scaling solutions together.



Considering both online and offline routes to scale, harnessing the huge potential of digital solutions alongside other channels to increase connectivity and reach.



Diversification of business models, with an emphasis on developing commercial models alongside and in preference to a historically strong reliance on grant funding.



Strategies to promote both innovation and impact, using proven frameworks and processes to select innovative solutions with the greatest potential for impact.

The recommendations apply to the YBI network and its member organisations, as well as other NGOs and entrepreneurship organisations seeking ways to support more underserved young entrepreneurs to start, strengthen and grow sustainable businesses.



# Section 2: Introduction and background

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## Aim and objectives

Young people are critical to future economic development and key to achieving the UN Sustainable Development Goals (SDGs) by 2030. However, with 66 million unemployed youth worldwide and 145 million young workers living in poverty, this potential is not being realised. YBI was established in 2000 to address this issue, and it remains the fundamental problem that the YBI network exists to solve through supporting young people into entrepreneurship. The continuing scale of the problem makes it imperative that scalable solutions are also found, in order to have a meaningful impact.

In 2018 YBI commissioned Sappal Consulting to conduct a review of experiences scaling entrepreneurship programmes within and outside of the YBI network. This report is intended to provide YBI, its members and the wider youth entrepreneurship sector with valuable insights in order to scale their models for greater impact on young entrepreneurs globally.

The report summarises different strategies and models for scaling entrepreneurship programmes, and the success factors, challenges and lessons learned to be taken into consideration with each strategy. It provides an overview of scaling frameworks and models, together with a set of case studies of scaling strategies applied by organisations within and outside the YBI network.

## YBI strategy and scaling

Scaling is embedded into YBI's vision, mission and strategy. YBI's vision is that youth entrepreneurship is recognised for driving sustainable economic development, and that all young people who want to set up a business are able to fulfil their potential. Its mission is to enable more underserved young entrepreneurs to access the support they need to start, grow and sustain their businesses, helping them to create jobs, build communities and transform lives.

In accordance with its Network Strategy (2017-2025), YBI aims to help one million young entrepreneurs start, strengthen and grow sustainable businesses by 2025. This goal is deliberately ambitious in response to the unacceptably high rate of global youth unemployment. It reflects YBI's belief in the potential of young people, the evidence that integrated entrepreneurship support works, and a commitment to innovate and scale to make a positive difference to the lives of more young people.

By providing aspiring young entrepreneurs with financial and non-financial support services, YBI is aligned with the United Nations Sustainable Development Goals (SDGs), contributing specifically to achieving SDG 8 (Decent Work and Economic Growth). Simultaneously, YBI is helping create an enabling environment for entrepreneurship by establishing multi-stakeholder partnerships and alliances at local, regional and global level, hence contributing to SDG 17 (Partnerships for the Goals).

## Defining scaling

For the purpose of this report, the definition of scaling provided by John Kalafatas, as part of his work for Duke University on approaches to scaling social entrepreneurship, will be used. He defines scaling social impact as *“the process of increasing positive social impact to better correspond to the magnitude of the identified social need”*.<sup>1</sup>

Kalafatas explains that goals for scaling social impact can include:

- Increasing quantity and/or quality of impact
- Diversifying communities served
- Diversifying services offered
- Expanding geographically
- Promoting a model
- Influencing public policy
- Establishing a social movement
- Changing/creating markets

*“the process of increasing positive social impact to better correspond to the magnitude of the identified social need”*

## Socio-economic climate

The socio-economic climate is ready for scaling, according to leading academics such as Ian Goldin and Chris Kutarna of Oxford Martin School and Oxford University, who liken today's times to the Renaissance and the age of discovery.<sup>2</sup> Life expectancy has risen more rapidly in the last 50 years than in the last 1000 and poverty has declined in spite of rapid population growth. Rapid advances in technology and science are contributing to an era of disruptive change which, while creating upheaval, also brings with it great opportunities to increase the reach of successful interventions. In the last decade, an increasing focus on scaling positive innovations to tackle complex problems has given rise to a number of initiatives, including funding opportunities, networks, accelerator programmes and challenges. There is often a strong link between innovation and scaling.

Scaling itself is not a new phenomenon, as evidenced by many well-documented for-profit models, which can be successfully applied towards social impact. For example, the well-known fast food global franchise chain McDonald's provides widely applicable lessons through its achievement of scale, growth and profitability.<sup>3</sup> These were used by the Aravind Eye Clinic to scale up low-cost eye surgery for the poor in India. Through its Lions Aravind Institute of Community Ophthalmology (LAICO) it has supported the replication of its model in over 300 eye hospitals in 30 countries to date.

## Funding opportunities for scaling

The importance of scaling programmes is recognised by many funders as imperative for tackling the enormity of the global problems they seek to address. For example, the UK's Department for International Development (DfID), Global Innovation Fund (GIF), Human Development Innovation Fund,

and Global Alliance for Humanitarian Innovation (GAHI) all focus on funding programmes that can achieve scale. GIF is an investment fund which supports the piloting, rigorous testing and scaling of innovations targeted at improving the lives of millions of the poorest people in developing countries. DfID supports scaling through its digital strategy as well as through multi-sector partnerships.<sup>4</sup> For example, its partnership with the Shell Foundation, US Agency for International Development and the African Development Bank aims to create a platform that allows leading donors and investors to coordinate investments into energy access initiatives which deliver clean, modern and affordable electricity to 20 million households. In addition to bringing together public departments in the US and UK, this has attracted the backing of corporates and foundations including Microsoft, Acumen and the United Nations Foundation.

## Networks for scale

Impact Hub, the Aspen Network of Development Entrepreneurs (ANDE) and GSEN (Global Social Entrepreneurship Network) are examples of networks that provide another way for impact at scale. Impact Hub (see case study) works in over 50 countries and considers itself to be the world's largest network focused on building entrepreneurial communities for impact at scale, creating tangible solutions to the world's most pressing issues. ANDE is a global membership network of organisations that propel entrepreneurship in emerging markets. ANDE members provide financial, educational and business support services to small and growing businesses with the belief that they will create jobs, stimulate long-term economic growth, and produce environmental and social benefits. Launched with 34 members in 2009, ANDE now comprises more than 280 members that collectively operate in over 150 countries.

GSEN is the global network for organisations supporting early stage social entrepreneurs, originally funded by the UK Cabinet Office and private donors through UnLtd, the UK foundation for social entrepreneurs, a YBI network member. Launched in 2014, GSEN has 55 members around the world and offers both face-to-face and online opportunities, including partner matchmaking and the sharing of online resources such as the accelerator selection tool.

## Accelerators and challenges

Nesta, Spring Impact and Business Fights Poverty are examples of organisations focused on innovation and social impact that provide challenges and accelerators to bring people together to find scalable solutions to complex social problems. Innovations created through challenges such as Nesta's Challenge Prize Centre can potentially be scaled by governments, charities and businesses.



## Resources for scaling

There are a number of organisations, thought leaders, research papers and toolkits providing resources and support for scaling in the entrepreneurship, social impact and development sectors.

**EY - Enterprise Growth Services**, which emerged from the multinational professional services firm EY through intrapreneurship, was launched five years ago and is now self-sustaining. It operates on a not-for-profit, low-fee basis to help social entrepreneurs scale their businesses and grow their impact in communities in low-income countries across sub-Saharan Africa, south Asia and Latin America. With Echoing Green, ANDE and Toniic they recently held a series of scaling webinars on preparing for scale.

**Spring Impact** has a mission to support social innovations to scale. It is a non-profit that provides bespoke consulting services. Spring Impact works with partner funders to deliver a Scale Accelerator in the UK, as well as conduct research into what it takes to scale. This includes their open source Social Replication Toolkit, elements of which have been reproduced here.<sup>9</sup> Spring Impact was previously known as the International Centre for Social Franchising.

**Nesta** has produced several research reports in this area including *Making It Big: Strategies for scaling social innovations*<sup>5</sup> and *What does it take to go big? Insights on scaling social innovation from the Centre for Social Action Innovation Fund*.<sup>6</sup>

Recognised thought leaders **Dan McClure and Ian Gray** have also produced a number of papers in this area including *Scaling: Innovation's Missing Middle*<sup>7</sup> and a Scaling Assessment Map.<sup>8</sup>

**Management Systems International (MSI)** has a global community of practice focused on scaling up development impact, which is supported by USAID, the World Bank, the Australian Government and the Rockefeller Foundation.

**The School for Social Entrepreneurs**, which is based in the UK and has franchises in Canada and India, offers training programmes including a 6-day course focusing on scaling and replication.

## Digital and technology

Digital platforms increasingly support growth across the corporate, public and not-for-profit sectors. Digital solutions for scaling have the potential to be transformational and are now unavoidable as they move into the mainstream. There are a number of areas which need to be taken into account when considering digital scaling, including data management, security, access, maintenance and the need to keep up with fast-moving technological developments. However, digital provides the ability for organisations to quickly scale services according to demand.

According to research published by Nesta, Europe is now home to almost 2,000 tech-driven ventures addressing major social challenges.<sup>10</sup> While the total of such organisations is almost double that recorded in 2015, relatively few are succeeding in scaling up, often citing a lack of finance and/or a digital skills shortage as limiting factors. Given the fast pace of developments in this area, however, digital options must be factored into scaling strategies.

### Digital scaling models include:



**Online networks**  
(eg GSEN)



**Online learning platforms**  
(eg +Acumen)



**Online crowdfunding**  
(eg Kiva, Seedrs)

Five of the seven case studies featured in Section 6 have incorporated a digital strategy into their scaling models.



# Section 3: Methodology

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The findings summarised in this report are based on:

- A desk review which included over 100 articles, papers and reports as well as contact with over 60 organisations and individuals in the UK and globally.
- Semi-structured interviews with 11 YBI member organisations in Spain, Netherlands, Sweden, Russia, USA, Bolivia, Kazakhstan, Germany, Italy, Peru and Brazil.
- Discussions and interviews with eight YBI network team staff in the UK and Colombia.
- Semi-structured interviews with 23 organisations outside the YBI network, including NGOs, funders, innovation specialists, networks and academic bodies.

Seven case studies were selected, four of YBI member organisations, and three of other organisations providing interesting examples of scaling models with relevance to the youth entrepreneurship sector.

**The case studies cover the following:**



**Range of scaling models:** including delivery partnerships (with CBOs, NGOs, private sector and governments), networks, branches and digital platforms.



**Geographical mix:** including both developed and emerging markets.



**Variety of business and financial models:** including partnerships with funders, licensing, consultancy, training, social enterprise and social franchising.



**Scale, impact and innovation:** projects that have achieved scale and impact and those that have employed highly innovative models were selected.

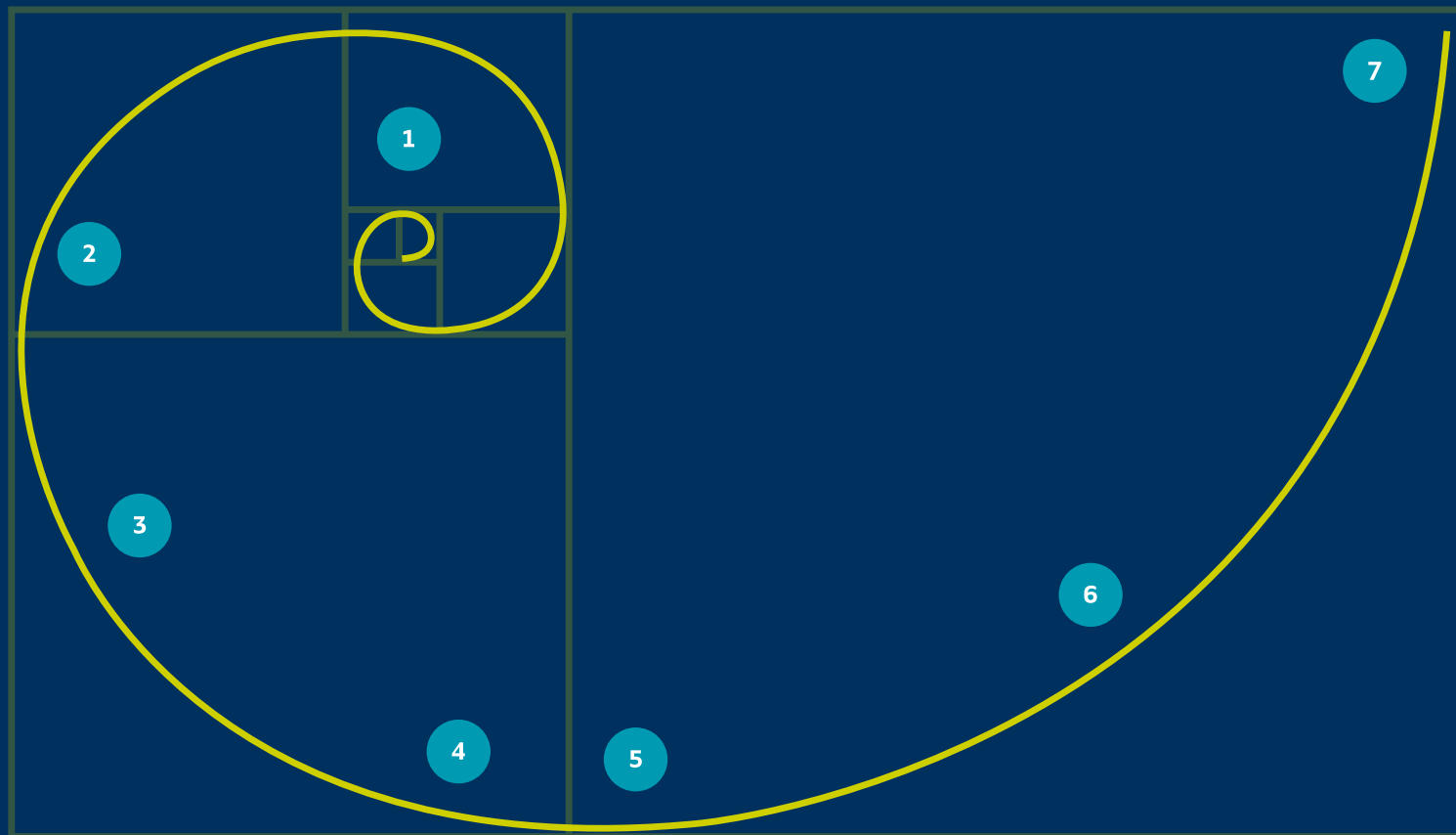
# Section 4: Summary of strategies for scaling

## Scaling and innovation

Innovative ideas for addressing complex social issues are constantly being explored, with new programmes and interventions regularly developed

and piloted. However, only a small proportion of them have the potential to grow significantly, be replicated to new contexts, and create impact at scale. Scaling the most successful initiatives is a key step on the journey to creating systems-changing social innovations (see Diagram 1).

Diagram 1: Social innovation spiral



- 1 Exploring opportunities and challenges
- 2 Generating ideas
- 3 Developing and testing
- 4 Making the case
- 5 Delivering and implementing
- 6 Growing, scaling and spreading
- 7 Changing systems

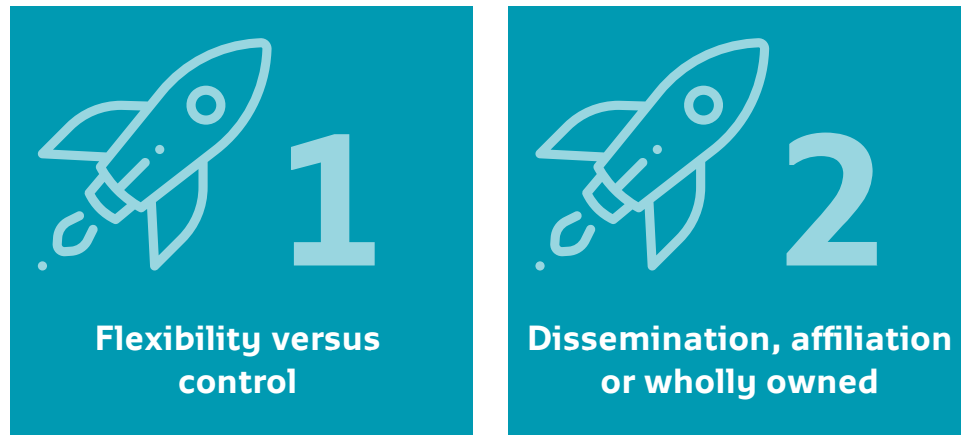
Source: Murry, R., Caulier-Grice, J. and Mulgan, G (2010) 'The Open Book of Social Innovation.' London: NESTA and the Young Foundation.



## Scaling and replication models

While basing its definition of scaling social impact on the work of Kalafatas (see above), this report takes its categorisation of models for scaling and replication from Spring Impact's Social Replication Toolkit (see Diagram 2).

This places scaling models on a spectrum, based on two key factors:

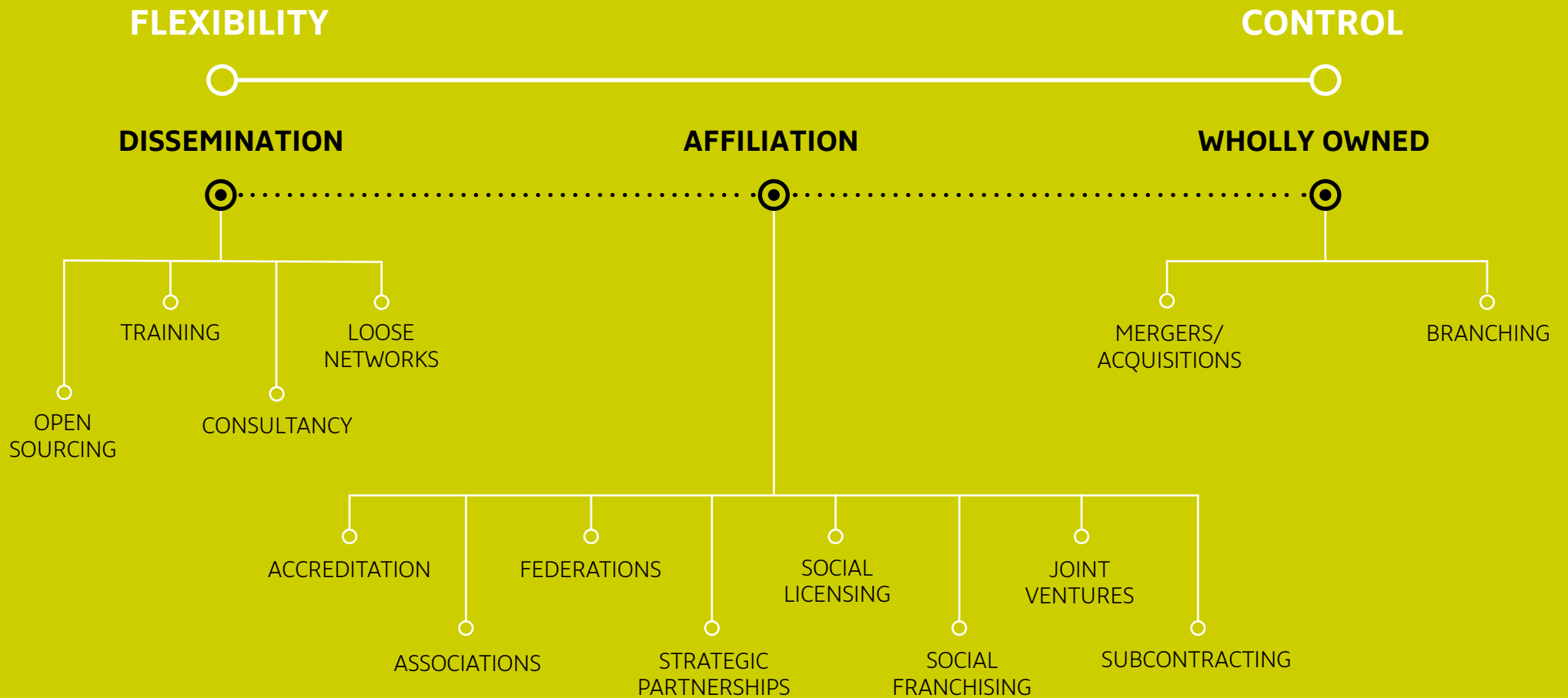


Where a model sits on the spectrum depends on the level and type of ongoing relationship between the originator of the social innovation, and those who replicate it. Dissemination models at one end of the spectrum involve the greatest flexibility, without any ongoing, official relationship with those who take it on. At the other end of the spectrum, wholly owned models provide the greatest control, with an organisation owning and operating its own new sites.

An analysis of the different replication models, including examples of organisations that have used these successfully, is included in the annex (see p. 79).



**Diagram 2: Spectrum of scaling and replication models**



Source: Spring Impact Social Replication Toolkit

**Table 1: Scaling routes for social innovations**

Scaling route	Models and approaches	Activities
Influence and advise	<ul style="list-style-type: none"> <li>● Campaigning and advocacy</li> <li>● Consultancy</li> <li>● Training</li> </ul>	<ul style="list-style-type: none"> <li>● Public speaking</li> <li>● Publishing</li> <li>● Engaging with policymakers</li> <li>● Communicating via traditional and social media</li> <li>● Advising or training others</li> </ul>
Build a delivery network	<ul style="list-style-type: none"> <li>● Federations and membership models</li> <li>● Communities of practice</li> <li>● Kitemarks and quality marks</li> <li>● Licensing</li> <li>● Franchising</li> <li>● Delivery contracts</li> <li>● Collaborations</li> </ul>	<ul style="list-style-type: none"> <li>● Representation</li> <li>● Advocacy and awareness raising</li> <li>● Transferring knowledge, codifying processes, sharing good practices, providing tools</li> <li>● Training, support and quality assurance</li> <li>● Community and movement building</li> </ul>
Form strategic partnerships	<ul style="list-style-type: none"> <li>● Strategic alliances</li> <li>● Mainstreaming into the public sector</li> <li>● Piggybacking on another organisation's infrastructure</li> <li>● Joint ventures</li> <li>● Mergers and acquisitions</li> </ul>	<ul style="list-style-type: none"> <li>● Brokering and managing partnerships with other organisations that allow a step change in scale</li> <li>● Transferring knowledge</li> <li>● Creating a sense of common values and mission</li> </ul>
Grow an organisation to deliver	<ul style="list-style-type: none"> <li>● Setting up new branches</li> <li>● Growing delivery capacity of a central team</li> </ul>	<ul style="list-style-type: none"> <li>● Building staff and team capabilities</li> <li>● Raising funds/investment</li> <li>● Developing organisational capacity and systems</li> </ul>

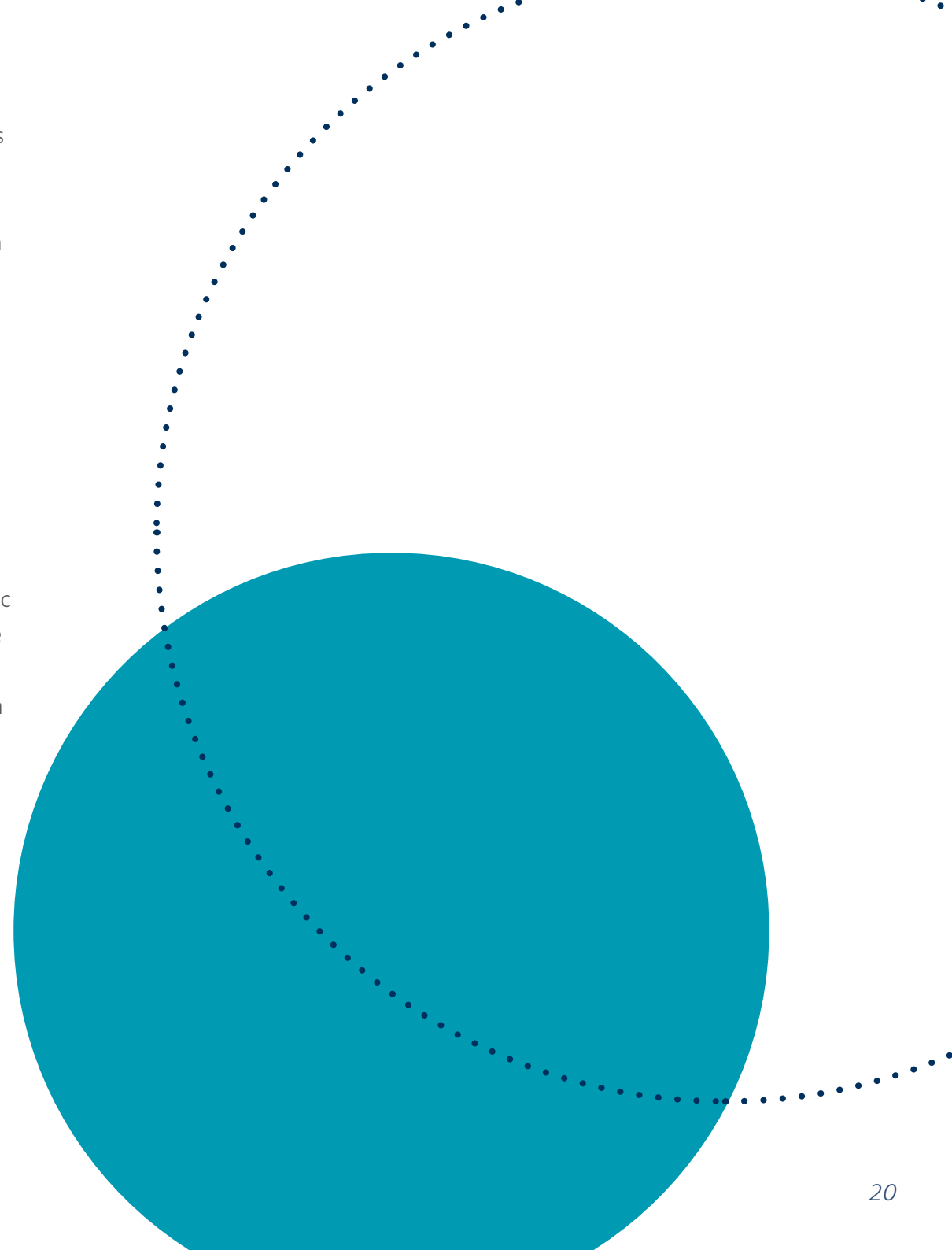
Source: Gabriel, Madeleine. *Making It Big: Strategies for Social Innovations*. Report. Nesta. 2014

Another helpful framework summarising routes for scaling social innovations has been developed by Nesta (see Table 1). This incorporates many of the same routes to scale as those in the Spring Impact toolkit.

This report focuses on replication models which concentrate on taking an organisation, programme or a set of core principles to other geographic areas. Other scaling models and strategies, including diversification of markets and products, expanding delivery capacity, convening networks and influencing public policy, are explored to a lesser extent.

Case studies (see Section 6) provide concrete examples of the scaling models which could be considered most relevant to the YBI network in its mission to scale its impact for young entrepreneurs.

It is important to note here that partnership models include both strategic partnerships/alliances where the strategy is set and delivered jointly (see the Banking on Change case study), and delivery/supporter partnerships where one organisation sets the strategy and leads (as in the Perspektiva and Aliança Empreendedora case studies).



## How YBI and its members currently scale

As can be seen in both the case studies and the annex, since its inception YBI and its members have scaled in a number of innovative ways. The YBI network team based in London and Bogota has maintained a strong focus on network expansion. YBI's scaling strategies utilise a mixed model approach; this is true of both the network as a whole and of individual member organisations.

- YBI scales primarily through a **network approach**, involving a thorough accreditation process for new organisations joining. New members are invited or apply to join the network following feasibility studies in target geographies and recommendations from existing members, as well as through opportunistic approaches. The network has added 40 new members since 2012.
- YBI undertakes due diligence visits to potential new members, as well as working with them to produce a joint strategy. This is then presented to a committee and the senior management team. The process generally takes two to three months to ensure both parties are satisfied that there is strong alignment, and that YBI maintains a high quality of members and a 'best in class' model. A Memorandum of Understanding is signed with all new members, who also agree to abide by YBI's code of conduct.
- In addition to expanding the network through new members, YBI scales its impact by supporting members to develop both the quality and quantity of their work in support of young entrepreneurs. This includes providing capacity development for members to deliver core programmes and innovate; sharing best practice, tools and resources; and helping members to access funding for scaling. As a global network, YBI is in a strong position to access opportunities from major international donors for the work of its members and for the network as a whole.
- YBI also scales its impact via a number of **regional initiatives**, which enable capacity building for organisations that support youth entrepreneurship in those regions, together with support for knowledge management and communications. Its largest regional initiative is the Youth Entrepreneurship Programme (YEP) in Latin America and the Caribbean, a partnership with the Inter-American Development Bank's Multilateral Investment Fund (MIF), which has a goal of increasing the number of low-income youth (aged 18-35) starting sustainable businesses and creating new jobs in the region (see case studies of Aliança Empreendedora and Perspectiva).
- Developing **strategic partnerships** enables YBI to expand its global reach while remaining locally rooted. Its recent partnership with SPARK, a Netherlands-based NGO with presence in 17 countries in the Middle East and Africa, is one example of such a partnership. It enables YBI to work directly with SPARK's office in Rwanda, benefiting from its in-depth knowledge of the local context, while also building a relationship with SPARK at a global level.
- YBI is also exploring digital routes to scale, including through supporting the scaling of an **open source online platform**, Sky's the Limit, initiated by Youth Business USA and currently being replicated by YBI members in different geographies (see case study).
- Individual YBI members have adopted a wide range of routes to scale, with strategic and delivery partnerships, consultancy and digital approaches foremost (see annex). The case studies in Section 6 provide illustrative examples of each of these approaches.

## Section 5: Framework for scaling

The following framework has been designed for YBI, building upon Spring Impact’s open source Social Replication Toolkit together with research carried out by Scaling Pathways. It references a quick and easy 10-question ‘replication readiness test’ which is part of the toolkit.

YBI, its members and others working in the sector may wish to consider this approach, take the test and work through the set of questions when developing their own scaling strategies. However, it is important to note that this process may take time and may require external support.

**Table 2: Ten-step framework for scaling**

Step	Areas to consider and/or useful documents	Questions to be answered
1	<b>Impact evaluation, Theory of change, Analysis of the market in different contexts, Scaling strategy</b>	<ul style="list-style-type: none"> <li>● Are you ready to scale?</li> <li>● Have you taken a replication readiness test?</li> <li>● Have you proven and evaluated your social impact?</li> <li>● Is there a social need and market to be scaled?</li> <li>● Will the model work in different contexts?</li> <li>● Do you have a strategy for scale in place?</li> <li>● What is the impact you would like to have?</li> </ul>
2	<b>Business plan</b>	<ul style="list-style-type: none"> <li>● What scaling model is right for you?</li> <li>● Do you need to have a mixed model?</li> <li>● What are the risks and how will they be mitigated?</li> </ul>
3	<b>Financial plan (funding streams), Business model, Sustainability plan</b>	<ul style="list-style-type: none"> <li>● Do you have financial planning and monitoring systems in place?</li> <li>● What is your business model and how will you ensure you are sustainable?</li> <li>● What are your unit costs?</li> </ul>

Step	Areas to consider and/or useful documents	Questions to be answered
4	<b>Legal agreements and contracts</b>	<ul style="list-style-type: none"> <li>• What legal agreements do you need in place?</li> <li>• What legislation requirements do you need to meet and what are the plans for this?</li> </ul>
5	<b>Stakeholder engagement map/plan</b>	<ul style="list-style-type: none"> <li>• What partnerships are needed with the government, corporates, NGOs, academic institutions, others?</li> <li>• Do you have a stakeholder map and plan?</li> </ul>
6	<b>Governance, recruitment and the team</b>	<ul style="list-style-type: none"> <li>• Have you got the right board members and talent?</li> <li>• Do you have a designated team who will be responsible for the project?</li> <li>• Do you need to review your mission and vision?</li> <li>• What is your leadership and organisational culture and values?</li> <li>• How will you induct, train and gain buy-in from the team?</li> </ul>
7	<b>Policies and procedures, Quality plan</b>	<ul style="list-style-type: none"> <li>• Have you got appropriate and documented systems, processes and procedures in place?</li> </ul>
8	<b>Infrastructure, monitoring and evaluation</b>	<ul style="list-style-type: none"> <li>• Do you have programme management, monitoring, and performance management systems?</li> <li>• Do you have the right data collection systems in place?</li> <li>• How will you measure impact?</li> </ul>
9	<b>Marketing and communications strategy</b>	<ul style="list-style-type: none"> <li>• How will you market and communicate the brand?</li> </ul>
10	<b>Implementation plan (pilot, test, iterate)</b>	<ul style="list-style-type: none"> <li>• How will you pilot, test, evaluate and iterate your scaling model?</li> </ul>



**Section 6: Case studies**



# Case study 1:

## Strategic partnership:

Plan International UK, CARE International and Barclays

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### Organisations:

Plan International UK, CARE International and Barclays



### Projects:

Banking on Change  
A Working Future (a subsequent project of Plan International UK)



### Scaling model:

Strategic partnerships model incorporating a 'shared value' approach. Shared value partnerships provide business value for the corporate partner while advancing social and economic conditions in the communities in which they operate.<sup>11</sup>

## About the organisations



### Plan International UK

Plan International UK is the UK branch of the global children's charity Plan International, which works in 50 countries around the world. Under its Global Strategic Framework for Youth Empowerment (2018-22), Plan International UK aims to enable one million vulnerable and excluded young people, especially girls and young women, to engage in decent work, either waged or as self-employment.



### CARE International

CARE International was founded in 1945 and works in 79 developing countries, saving lives in emergencies and finding long-term solutions to poverty for millions of people every year.



### Barclays

Barclays is a transatlantic consumer and wholesale bank, with over 325 years of history and expertise. As part of its Citizenship commitments, Barclays is upskilling millions of people and driving job creation to foster inclusive growth.

## Political, economic and social context

- An increasing youth unemployment rate, particularly in developing countries, together with high levels of financial exclusion, highlighting the need for new measures to address the lack of opportunity and sustainable income faced by youth.
- The growing appetite for cross-sector partnerships to address the youth employment challenge and meet the challenges put forward in the SDGs.

## Overview of projects

### Banking on Change

Banking on Change was delivered between 2009 and 2015 as a strategic partnership between Plan International UK, Barclays and CARE International. It was a ground-breaking partnership between a global bank and international NGOs where the bank played a delivery role in addition to a funder role. It aimed to break the barriers of financial inclusion by setting up community savings groups and giving people the skills to save and manage their money effectively.

Each partner brought specific expertise as well as relevant products and services. CARE International provided the savings and loans group expertise, Barclays the banking expertise and Plan International UK a youth focus. The global reach of the three partners enabled solutions to be scaled to new geographies via local partnerships delivered by CARE International and Plan International UK and their existing partners on the ground.

Phase 1 of the project focused on providing financial capability skills and establishing savings groups in 11 countries: Peru, Egypt, Ghana, Tanzania, Zambia, Kenya, Uganda, Mozambique, India, Vietnam and Indonesia. In phase 2, from 2013, the scope of the project was extended to include development of enterprises and banking products, with a greater focus on young people.

## How the model has scaled

The model has scaled by:

1. Creating financial products suitable for savings groups and with the potential to reach new markets.
2. Taking the savings groups model to new communities and countries where the two NGO partners worked.
3. Developing two mobile banking apps: Ledger Link and ekeys, created by Grameen Trust, drawing on the experience of Barclays and with their support.

To scale the model further, in 2014 the Linking for Change Savings Charter was set up by the Banking on Change partnership to create a global movement to reach the two billion people denied access to basic financial services. The charter was launched at the World Economic Forum in Davos in 2014.

## A Working Future

The success and learnings from Banking on Change led to Plan International UK establishing A Working Future, a four-year programme to provide viable employment to 12,000 rural and marginalised youths (aged 15 to 25) in eastern Uganda. Funding and technical support were obtained from the Swedish International Development Cooperation Agency (Sida), Plan International Sweden and Accenture Development Partnerships (ADP).

A Working Future aims to change the lives of young people by providing them with access to financial services, teaching them critical skills, and linking them to employment opportunities. Village Savings and Loans Associations (VSLA) are set up to encourage saving and increase access to capital. Participants receive training in life skills, financial literacy, entrepreneurship and agri-business before entering employment paths including job placements, micro-franchising and producer groups.

A mobile app was introduced in August 2014 to digitise the monetary transactions occurring within the VSLAs. Plan International UK has received funding to replicate the model in Tanzania and hopes to scale to Ghana, India, Kenya and Zambia by 2020.



## Achievements

### Banking on Change

- During Phase 1 (2009-12), 630,000 beneficiaries were supported through savings groups.
- By the end of 2015, 10,000 youth savings groups had been started, 41,000 enterprises had been established and over 5,000 savings groups opened bank accounts, including at branches of Barclays.
- By 2018, 30 organisations had signed up to the Linking for Change Savings Charter, including Visa and the MasterCard Foundation.

### A Working Future

- Between June 2013 and December 2015, 11,725 saving groups were established, with over 245,000 members, 132,000 of them under 25.
- By the end of 2016, there were 430 youth-led producer groups, 600 job placements and 240 micro franchises, with 12,326 young people being supported in Uganda.
- Some 99% of the youth participants entered employment, with an average monthly income increase of 621%, a 633% increase in savings and a 39% increase in youth above the poverty line.
- Approximately 80% less spend per beneficiary compared to other similar programmes.

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## Business model

- Banking on Change was a partnership that Barclays invested £20 million into from 2009 to 2015, £10 million to each NGO partner. Barclays also contributed time and expertise into the development and delivery of relevant banking products and services to support the programme.
- A Working Future is a partnership driven by Plan International UK, with funding and technical support from the Swedish International Development Cooperation Agency (SIDA), Plan International Sweden, Accenture Sweden and Accenture Development Partnerships (ADP).
- The Banking on Change partnership worked with the public sector, particularly the regulators in each country. Local organisations and communities were mobilised by CARE International and Plan International UK or via local partners whom they supported with capacity building.
- The private sector was involved at all stages from programme design to delivering training.
- In each country, round table events were held which included the government, DfID, banks (including cooperative and equity banks) and microfinance institutions. Round tables were held to promote the Linking for Change Charter at the end of Phase 2 to share successes and promote the responsible savings group.
- More and more banks are offering good quality loans and savings products to this market as a result of the success of the programme

## Sustainability and future plans

- Sustaining a shared value partnership of this type requires each partner to embed the programme into its core activities, while continuing to reach out to new partners and find additional sources of financing.
- Plan International UK is reaching out to the private sector and other donors to help them develop this model and shared value approach further, and to scale A Working Future to other countries. They already have a track record of long-term corporate partnerships, including with AstraZeneca, Credit Suisse, RB and CBRE. Other sources of funding include Plan International offices, USAID and local government support.
- Since the Banking on Change partnership ended, CARE International and Plan International UK have continued to work together in Uganda on savings, overdraft, and mobile phone products.
- CARE International also runs programmes with businesses Mondalez and GlaxoSmithKline.

## Success factors for scaling

- Taking private sector partnerships beyond philanthropy to create 'shared value' where multiple partners support the outcomes of the programme with their specific expertise and capabilities and engage in all project aspects, from the programme design to training.
- All partners had a clear business case for participating and are committed to working with young people even after the programme ends.
- The partnership enabled each party to bring its own expertise and support the scaling of the programme to new contexts and with new components based on their particular experience and reach.
- Strong support from the organisational leadership of Barclays, Plan International UK and CARE International; projects fully aligned with organisational goals.
- Barclays was able, with the help of the NGOs, to develop and understand a new customer base and address their needs by providing appropriate high-quality products.
- Working as equal partners; with Banking on Change the three partners were in daily communication and there was dedicated engagement at all levels, including strategy, operations and in-country collaboration.
- Adapting to the local context through an inception phase and a feasibility study to understand the market and the needs of beneficiaries, as well as identifying the right partners and ensuring the appropriate employment opportunities were developed.
- Identifying government-led social schemes in the countries where the project was delivered, and linking informal businesses with these services.

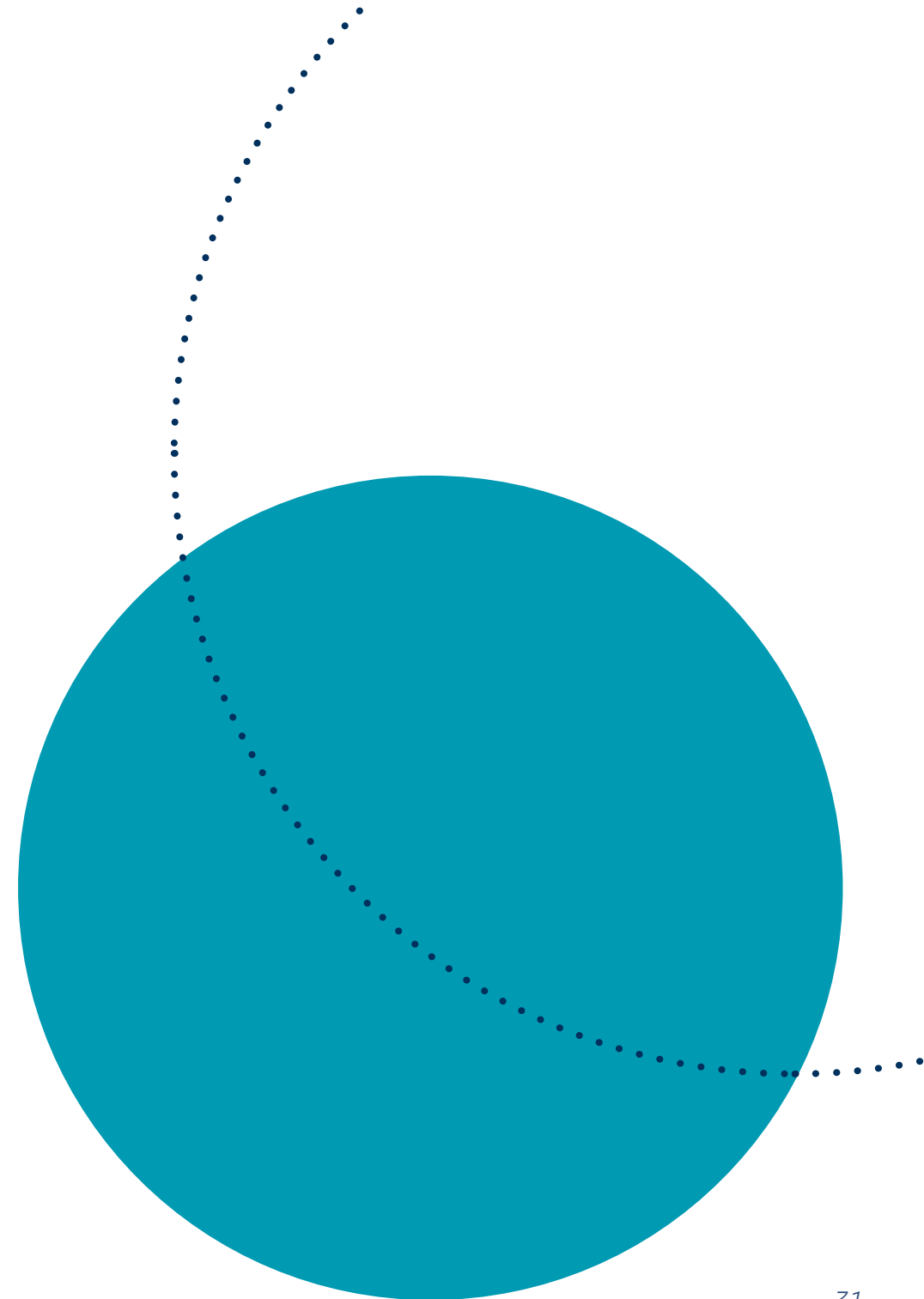
- The local private sector benefited through being seen as leaders in corporate citizenship, being able to strengthen their brand and obtain access to new markets, and being part of a low cost innovative project.
- Leveraging the savings group platform and digital mobile banking for outreach and scalability helped facilitate youth economic empowerment in the rural context. Digital solutions have supported businesses and facilitated private sector linkages which have supported scaling.

## Challenges and lessons learnt

- Strategic partnerships can be a challenge, especially with three organisations working together, one of which is also the donor. Shared vision and objectives are essential, and relationship building at the beginning of the project is important.
- The global reach of the three partners enabled the model to be replicated to new geographies where the NGOs already had a presence on the ground and relationships with experienced local partners to support delivery. However, there were challenges replicating this model in fragile states and gaining buy-in from some governments. In Egypt they could not develop bank accounts due to legislation and political changes.
- For the NGOs, this project underlined the importance of private sector partnerships and the need to work with companies to develop quality products and services for low-income customers.
- Following the success of the first phase of Banking on Change, Barclays made a further investment into phase 2, with a view to building a sustainable framework for the future. There was a challenge in securing new funding for A Working Future, which led to projects being halted, unable to expand or reach out to additional beneficiaries.

## Opportunities and recommendations

- Employing a 'shared value' approach is a beneficial way to achieve scale and impact. Working in partnership with banks and other businesses can offer funding and other forms of support for young entrepreneurs, while providing those businesses with access to a new customer base.
- For organisations such as YBI working to support young entrepreneurs, there are opportunities to develop partnerships with businesses where there is a strategic alignment and fit with the SDGs focused on youth and employment.
- Some funding streams from DfID and the European Union specifically promote cross-sector partnerships between NGOs and the private sector.
- Involving a donor in programme design can give them the confidence to fund it at the level needed to deliver at scale. Perhaps the key to success in this case was the considerable amount of funding committed by Barclays from the start and the long-term approach enabling the programme to evolve over 6 years.
- Even with shared value partnerships, sustainability remains a key challenge. Maintaining the level of financing necessary to deliver programmes like this at scale in the longer term may require a different business model.



## Case study 2:

### Network and association:

Impact Hub



#### Organisation

Impact Hub



#### Scaling model:

Association and social licensing model (initially via a loose network model, which evolved into a social franchise model).

## About the organisation



Impact Hub is one of the largest networks focused on building entrepreneurial communities for impact at scale, to create tangible solutions to the world's most pressing issues. It considers itself part business, part movement and part network.

The Impact Hub headquarters in Vienna, Austria, act as the parent body of the global network of hubs which foster entrepreneurship, idea incubation and business development, and offer co-working spaces.

The United Nations Office in Geneva acknowledges Impact Hub as a driver of community engagement which helps to foster and extend the efforts directed to tackle the SDGs via entrepreneurial and innovative solutions.

### Political, economic and social context

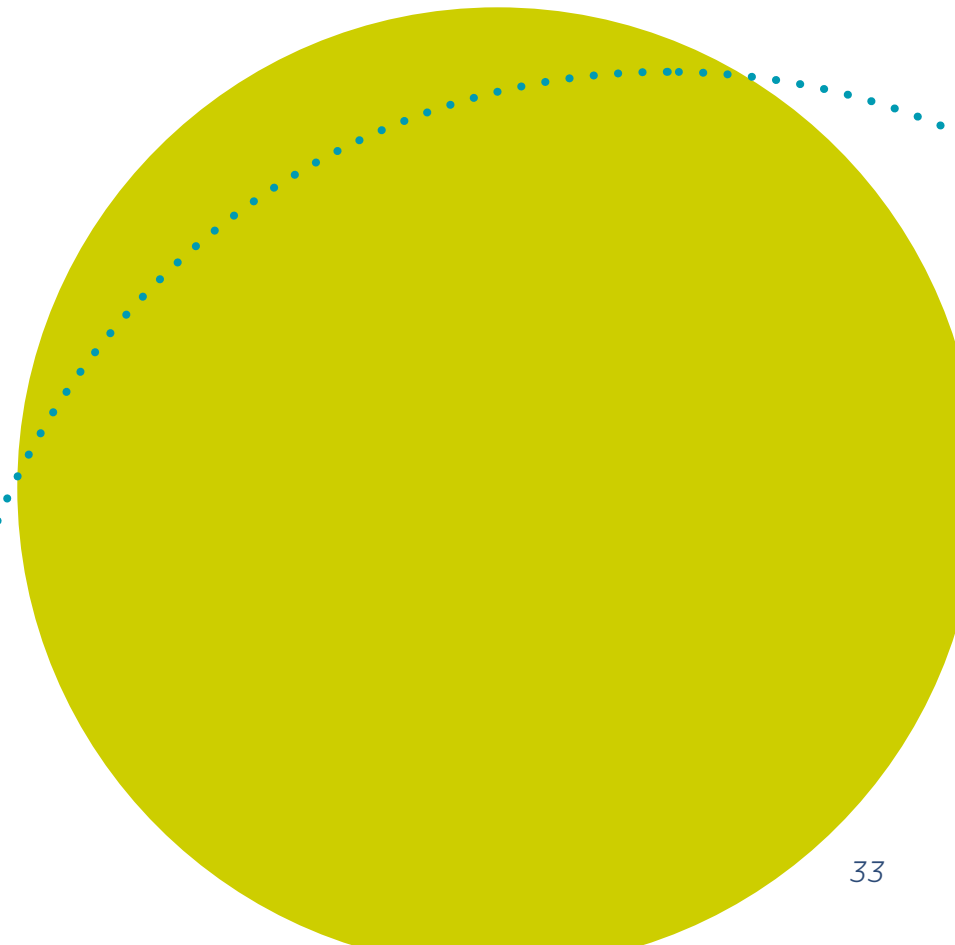
Impact Hub sees itself as a market builder, being in the right place at the right time. Starting out in markets where entrepreneurship and innovation can be relatively new, their programmes vary according to the local context.



## Overview of projects

Impact Hubs globally offer a range of services including community and workspaces, start-up support, events and programmes. These include:

- **Accelerate2030**, a global programme co-created by Impact Hub Geneva and the United Nations Development Programme (UNDP) which works with Impact Hubs in developing countries to scale the most innovative impactful ventures tackling the global SDGs. Finalists are connected to leading organisations and investors and supported for nine months.
- **Impact Hub Fellowship**, a topic-focused entrepreneurial award and one-year incubation programme designed to support early stage impact-orientated entrepreneurs and help them grow strong foundations for scalable, innovative, impactful ventures for a more sustainable world (run 28 times across 15 cities, this programme is no longer running but the model is shared).
- **Impact Hub Scaling**, a one-year programme funded by the EU that supports 100 social entrepreneurs to scale up locally or internationally through eight Impact Hubs across Europe. A team of mentors support entrepreneurs to acquire the skills to successfully scale their enterprise, drive social innovation forward and create positive impact. Scaling managers based in Amsterdam, Athens, Bucharest, London, Madrid, Milan, Stockholm and Vienna provide knowledge, skills, access to investor networks and advice.
- **Impact Hub Escola**, Brazil's largest innovation and workshops festival.
- **Challenges**, such as Innesta, which helps the public and private sectors to collaborate and engage young people to study and work in Messina, Sicily, with a chance to win a €30,000 grant.
- **Social Challenges Innovation Platform**, a partnership with the European Commission, Meta Group and EBN, the first European online ecosystem for social innovation.



## How the model has scaled

Impact Hub started off as a loose network, with the model being shared freely among like-minded people wishing to build Hub communities around the world. After an initial transformation into a 'top down' social franchise, which was unsuccessful, it has now been developed into a more sophisticated associate and licensing model where members pay a joining fee and contribute a small percentage of their profits to central costs. Cross-sector partnerships are developed to deliver events, activities and programmes, and to generate income.

**Loose network:** The first Hub opened in central London in early 2005 and grew rapidly to 200 members.<sup>12</sup> It started as a hybrid between a business incubator, a learning lab and a professional membership community, where like-minded passionate entrepreneurs could be hosted at a co-working space and members paid a fee. In 2007, the Impact Hub team brought together 30 people from across the globe with an interest in hosting spaces dedicated to social innovation, which started an expansion of the movement, with similar Hub communities built without a structure or clear rules, and adapted to local contexts.

**Social franchise:** In 2008, there were nine Hubs globally, and an interim board was established to map a global governance and financial model. A social franchise model was set up by the original founder with Hub World, a limited company, established in London to provide central services to Hubs including technology support, knowledge and quality control.

A cashflow crisis ensued as many Hubs refused to pay their fees due to tensions around being a profit versus non-profit organisation, ownership by one person and the amount to be invested in core services and the services to be delivered. As a result, Hub Bombay left the group and is now called Bombay Connect.

**Association and licensing model:** In 2010 Impact Hub amended the social franchise to an association and licensing model, with the joining fee and revenue contributions based on the projected revenue of each Impact Hub. Now there is a co-ownership model where all Impact Hubs share responsibility for the global assets of the organisation and the local owns the global. All members are now equal, and the management of the network is done by a central company, a non-profit company limited by guarantee, based in Austria and owned by the association. Each Impact Hub member has a vote on the general assembly. New Hub applicants submit a feasibility plan, must be referred by an existing Impact Hub and receive the backing of a second Impact Hub, and are subject to a group vote. In 2011 revenues exceeded \$5m with the new model.

Impact Hubs have organically followed a regional cluster model which is 'bottom up' and based on geographical or thematic issues (eg EU funding cluster, Fellowship cluster and North America cluster). This approach enables a greater level of collaboration and effective delivery at a regional level.

## Achievements

- Impact Hub is now a network of over 100 Impact Hubs in over 50 countries with more than 16,000 members. Over 60% of their members value social and environmental return over financial return and over 67% have founded their own organisations.
- By working with impact entrepreneurs in cities, Impact Hub has created collaborative local ecosystems that work with partners including businesses, institutions and policy-makers. They connect these local ecosystems with their 16,000-member, virtually-linked global community, which reaches more than 40 million people.
- Between 2012 and 2016, 6,400 start-ups were founded, which deliver over 200 programmes annually.
- In 2016, over 11,000 events were hosted across five continents.
- The Impact Hub Fellowship incubated 103 start-ups in total, of which 77% are still in business today. The 40 start-ups that responded to their recent survey created 179 jobs, have positively affected 1,288,197 beneficiaries and have raised USD\$10,726,500 in investment capital. This means that for every dollar invested in initial seed grants, ventures raised \$14 in follow-up funding.

*100 Impact  
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*11,000*

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their recent survey

## Business model

- Impact Hub has a central organisation based in Austria. Local Impact Hubs pay a percentage of their annual income to the global organisation and the company is fully owned by them.
- There is an on-boarding fee which operates on a complex payment structure reflecting the local economy and local purchasing power. Individual hubs pay a percentage of their specific income – a 2.5% fee, which pays for the central structure and costs.
- They have a lean diffused governance and operating system but do not centralise people, preferring a localised approach. The local Hubs all align to the global values and they often build global teams and systems to jointly work on issues, so the global is embedded in the local. An annual global gathering is hosted at one of the local Hubs around the world.
- Each Impact Hub operates through a similar financial model, with variations according to the local context, based on selling membership, selling space (i.e. co-working and events) and providing services. The first Impact Hubs based their income solely on membership fees but have pivoted to expand their range of services to include programmes, events and challenges.
- Impact Hubs partner with the not-for-profit, private and public sectors to help scale and fund social innovation. Income is generated from the sale of events, services and programmes such as entrepreneurial support and incubation programmes which vary according to the location.

## Sustainability and future plans

- The local Hubs are profitable and sustainable. Having reached 100 Hubs there is potential for further growth, although they have never set a numerical target.
- The model is very locally adaptable; flexibility is key to sustainability as fees are tailored to and based on local contexts.
- Impact Hub's Impact Report (2018) focuses on three areas based on their strategy (established in September 2017) for the network's next phase of evolution, to activate and leverage the world's largest community and accelerator for positive impact. This includes: amplifying collaboration and entrepreneurial innovation around the global SDGs; boosting impact at scale through Impact Hubs, partners, and allied networks; and identifying and building tools, formats, data and thought leadership.
- The new strategy includes a focus on accelerating trans-local programmes and partnerships that support social entrepreneurs through the recruitment of a Global Director of Network Programmes. This includes the exploration of a number of techniques including online network tools which they are testing, second tier membership and new funding streams.

## Success factors for scaling

- Collaboration and mutual trust are infused into the culture: while each local Hub founder has a local aspiration they understand that they are part of a larger movement working towards a global mission. This creates a healthy system resulting in good economic transactions.
- The strong sense of being part of a 'tribe' or global family has come about from working together for over 10 years. There is a sense of a shared journey and ownership, having built something together that unites them.
- The culture is based on a strong sense of hosting rather than leadership, as they do not want the limelight but to help others to shine.

## Challenges and lessons learnt

- Changing and formalising structures from a loose network or movement can be challenging as buy-in and consultation is needed from local and global partners to make it work. Members may leave the network, as happened with Hub Bombay.
- Movements are built on a shared vision and thrive on the voluntary engagement of participants which cannot be controlled. For Impact Hub, going from a movement to a business (social franchise model) created trust issues. It is important to set upfront expectations and ensure relationships are transparent.
- It has been important to maintain the relationship between the local and global contexts while working in different directions and time zones, which can make it difficult to connect.

- Trying to develop thriving local business models and create a healthy economic environment amid a global economic downturn was challenging.
- A current challenge is knowing when to stop, having reached 100 Hubs. As they grow and scale, decision-making becomes slower and it drags down the whole system. If they grow too big the model could become unwieldy and unmanageable.

## Opportunities and recommendations

- The example of Impact Hub provides much valuable learning for others considering transitioning from a movement to a more structured model.
- Their experience of operating a social franchising model, which was ultimately unsuccessful, underlines the importance of consultation with all members in order to develop and maintain trust. This is especially important when changing the culture of an organisation, as is ensuring that local contexts and cultures are taken into account.
- Impact Hub has developed a number of cross-sector, strategic partnerships to help them scale. Partnerships between organisations such as Impact Hub and YBI may provide further opportunities to scale their joint impact on the global SDGs and entrepreneurship.

## Case study 3:

### Partnership with government:

Lend-A-Hand India



#### Organisation

Lend-A-Hand India



#### Scaling model:

Strategic partnerships model combined with consultancy model.

## About the organisation



**LEND-A-HAND INDIA**

Lend-A-Hand India (LAHI) was established in 2004/5 to address the challenge of integrating vocational skills education into mainstream education. The current secondary school curriculum does not equip students with the necessary skills for daily work and life, which poses a challenge to the employment potential of youth, as well as the future of India's industry. By partnering with grassroots NGOs, community groups and local governments, LAHI creates better access to education, vocational training, career development, employment and entrepreneurial opportunities.

LAHI's main programmes work in two ways:

1. Direct delivery of services in 150 schools in three states.
2. Technical/programme management support to state government departments and agencies to help them offer vocational education as part of mainstream education.

## Political, economic and social context

There is an unprecedented focus on skills development by the Government of India and the state governments are under pressure to address the challenge of youth engagement and youth employment. Since 2011, Skill India has placed a focus on vocational training but this has not been a priority in schools. In 2014/15, the Government of India launched a scheme to offer funding for vocational education in government schools which was a big boost for the mass-scale adoption of vocational education in the curriculum.

## Overview of projects

### **Project Swadheen: delivery of vocational education in secondary schools**

LAHI delivers multi-skill vocational education programmes which integrate job and life skills training in existing school curricula to make secondary school education more practical and relevant.

Their four-year training programme introduces school students (grades 9-12) to the world of work and covers four areas:

1. Basic engineering (welding, carpentry, fabrication and plumbing).
2. Energy and environment (electrical wiring, solar energy and bio-gas).
3. Home and health (nutrition, hygiene, basic health care and food processing techniques).
4. Gardening, nursery and agriculture techniques.

LAHI's programmes are delivered by local trade practitioners such as carpenters, plumbers and electricians. Participation in the programmes has led to improved problem-solving skills, increases in secondary school graduation rates and higher rates of enrolment in technical education courses.

### **Project Catalyst: consultancy support to state government departments**

LAHI provides technical and programme management support to state government departments and agencies to offer vocational education as part of the mainstream education in the state. Qualified staff seconded from LAHI form part of the state-level programme implementation team and support programme management at no financial cost to the state.

LAHI support includes:

1. Assisting state government departments to prepare annual plans and long-term strategies for vocational education in secondary schools, working with the school and vocational trade sectors and liaising with the National Skill Development Corporation (NSDC) and Sector Skills Council.
2. Vocational trainer selection, training of trainers, course material preparation and orientation of state officials.
3. Determining key performance indicators and designing management information systems to capture the required information.
4. Monitoring, tracking and third-party evaluation.
5. Assessment and certification by working with relevant stakeholders such as the State Board.

6. Developing industry links and providing internships and on-the-job training
7. Drafting funding proposals and carrying out due diligence of proposals received by the Government of India.

## How the model has scaled

LAHI started their direct delivery model by recruiting two progressive schools and managed to demonstrate the value of their vocational skills training to the government, thus securing official recognition and inclusion on the timetable. From 2006 to 2011, it scaled the programme to more than 100 schools and conducted a formal impact evaluation, supported by Tata Trust. On the basis of the recommendations in this, it scaled the programme across the state, as well as nationally. This included working as an implementation partner with RMSA Maharashtra to introduce vocational education in 600 secondary schools across the state.

In 2015 LAHI was successful in ensuring the curriculum of its multi-skill foundation course was recognised under the National Skills Qualification Framework. This meant it no longer needed state government recognition to introduce the programme in other states of India.

Combining direct delivery with partnerships with state governments has enabled LAHI to establish presence in 19 states across India (half of India) with minimal resources, by leveraging existing government funding schemes.

## Achievements

- By 2018, LAHI had reached over 4,500 schools directly or in partnership with the state governments.
- It has progressed from an organisation with a self-funded income of US\$500 and 1.5 employees in 2003, to an organisation employing 140 people with an income of US\$1.5 million.
- In 2014, one of the co-founders was appointed a member of the NSDA, the central government institution responsible for the national co-ordination of skills development.
- LAHI is now the official partner of 19 state governments across India, providing resources for the implementation, monitoring and tracking of vocational training in secondary schools. It is represented on the committee for drafting the state policy for vocational education and reviewing the vocational training syllabus.



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**4,500**  
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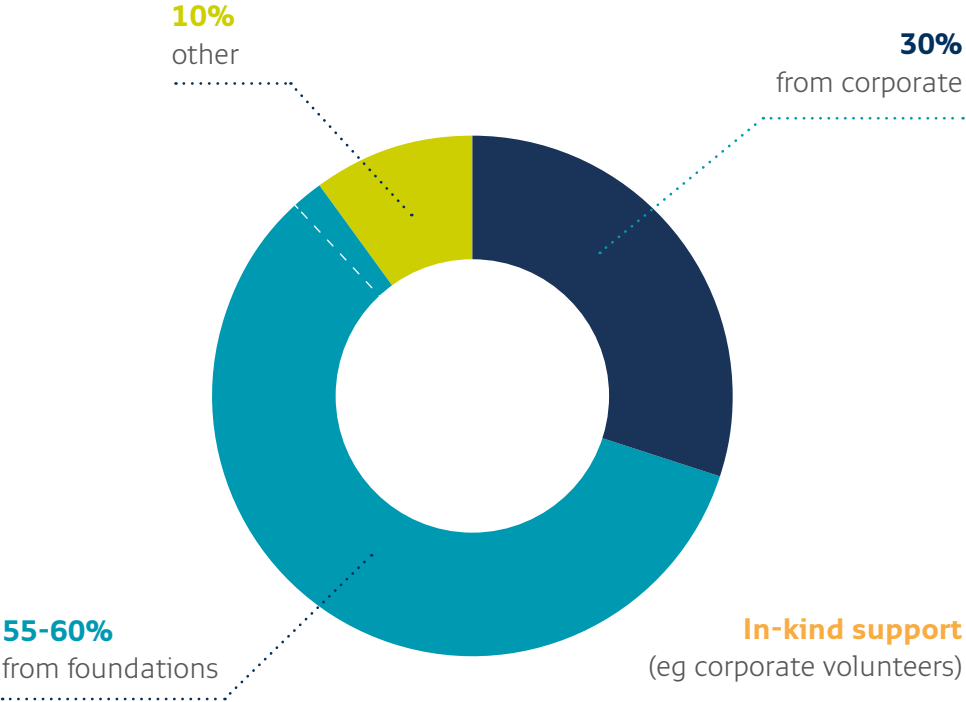
**NSDA**  
 one co-founder was appointed to the central government institution responsible for the national co-ordination of skills development.

**\$1.5mil**  
 income, compared to \$500 in 2003

**Business model**

LAHI is largely funded through a grant funding model. It provides technical expertise at no cost to state governments, and the government provides policy support.

Its funding breakdown is as follows:



Current and past funders include: Ashmore Foundation, Axis Bank Foundation, Barclays, British Petroleum, Credit Suisse, eClerx, EMpower Foundation, Forbes Marshall, Godrej Agrovet, Great Eastern CSR Foundation, GSRD Foundation, Human Dignity Foundation, JPMorgan Chase Foundation, KBS, MacArthur Foundation, Macquarie Group Foundation, SCA Foundation, Tata Trusts, UBS and WPP.

## Sustainability and future plans

- LAHI's aim is that by providing technical and project management support to state governments they will improve their ability to execute projects in the long run and external assistance will not be required in the future.
- Now LAHI has a proven track record of delivering high quality services and partnerships in place, it is in a position to scale further and have greater local and national impact. It is preparing to do this by building systems and processes and investing in technology and capacity development.
- Given the size of the challenge, LAHI's focus is on scaling its impact rather than scaling the organisation. In the state of Maharashtra alone there are 22,000 high schools. It wants to support the government to create systemic change to address the skills development issue in India. It will continue to support state governments to introduce and scale vocational education programmes, and the expectation is that in future the government will provide the funding to make this possible.

## Success factors for scaling

- Involvement of the government from the start of the project has been crucial to the programmes' success, and has enabled LAHI to influence and shape government policies. Joining the relevant bodies at both national and state level helped LAHI to influence policy at both levels.
- The lack of a financial relationship with the government promotes a partnership of equals and means LAHI can act independently in pursuit of its mission. Providing technical services for free to the government has enabled them to support the states with capacity building that they might not otherwise have gained.

- The strong skill sets and previous experience of LAHI's co-founders have positioned them for success. Between them they have significant experience working with NGOs, the World Bank and with government officials at all levels.

## Challenges and lessons learnt

- Building a trusted relationship with the government took over a year, involving introductions through NGOs, networking and attending events where senior officials were present. LAHI demonstrated a willingness to support the government which allowed them to secure a partnership and establish a presence in the high profile state of Maharashtra. After this it was easier to develop partnerships with other states given their proven track record in the state of Maharashtra.
- The model is based on responsibility without authority as it is co-located in offices with government bodies and provides free services. Added to this, there is an inherent lack of distrust between NGOs and the government. Finding the right team with the right skill set that can work within the bureaucratic environment of government offices has been a challenge. It is essential they recruit people who they can trust to deliver: even one incident could potentially risk the future of the organisation. With frequent transfers of government staff to different offices, relationships and trust often have to be re-established with new personnel.
- Patience is important as projects and organisations are long term and short-term failures are bound to happen. Investing in processes and systems at the beginning is important to save time later on. LAHI also invests a lot of time and resources meeting with funders and trying to secure funding for the organisation.

## Opportunities and recommendations

- The LAHI model underlines the importance of building and maintaining a good relationship with government, at both state and national levels. In this case, it may also be the key to sustainability.
- Organisations in the youth entrepreneurship sector wishing to scale their impact should consider involving government from the early stages of programmes, particularly when working with young people in the education system. Grassroots organisations with expertise in certain areas can work with government departments to help raise the quality of their services and influence national policies in support of entrepreneurship.
- This model is replicable by other NGOs and sectors globally. Several YBI member organisations have adopted similar models, combining direct delivery with working with state educational institutions (see Perspektiva and Qredits case studies).



## Case study 4:

### Delivery network:

Aliança Empreendedora



#### **Organisation: Aliança Empreendedora**

YBI network member in Brazil and part of the regional Youth Entrepreneurship Programme (YEP) for Latin America and the Caribbean.



#### **Scaling model:**

Delivery partnerships model (with strategy led and controlled by AE), including an open source e-learning model through a digital platform.

## About the organisation



Aliança Empreendedora (AE) was founded in 2005 with the mission to help low-income people and communities become entrepreneurs and to promote social and economic inclusion and development through self-employment and income generation opportunities.

It accomplishes its mission both by providing services directly to disadvantaged youth and by training other organisations to replicate its model across Brazil. Its projects support low-income micro-entrepreneurs by expanding their access to knowledge, networks, markets and credit so that they can start or develop their businesses.

AE is one of the few national institutions that has a consolidated methodology for supporting low-income micro-entrepreneurs in Brazil. It occupies a niche within Brazil's entrepreneurial sector by serving a specific population of vulnerable youth, many of whom would not have access to entrepreneurial training otherwise.

## Political, economic and social context

In 2015, Brazil's GDP shrank to 3.8%, officially entering the country into its worst recession since the 1930s. Around the same time, Brazil entered a political crisis brought on by allegations of corruption at the state-owned oil company, Petrobras. While GDP is now slowly recovering from negative growth rates in 2016 and 2017, it is doing so at a slower rate than expected and economic uncertainty continues to affect Brazil as a whole.

According to 2016 data from the Global Entrepreneurship Monitor and the Brazilian Micro and Small Business Support Service (SEBRAE), Brazil currently houses a pool of approximately 30 million micro-entrepreneurs. Although one of the most important engines of the country's economy, micro-enterprises have a high failure rate, and young micro-entrepreneurs face barriers including lack of education, training and financial support. According to the World Bank, in 2016 Brazil ranked 175th out of 185 countries in ease of starting a business. As a result, much of the entrepreneurial demand is absorbed by the informal sector, which accounts for a large share of the country's GNP. The World Bank also reports that fewer than 10% of Brazilian people aged 18 to 64 have received any training in entrepreneurship.

On the other hand, the country's economic recession has provided an opportunity for organisations such as AE to intervene, motivated by closing the gap between rich and poor Brazilians, particularly for the younger generations. The high unemployment rate has prompted many low-income youth to seek alternative options including self-employment through micro-entrepreneurship.



## Overview of projects

### Training programme: Jornada Empreendedora

AE has developed a training methodology for low-income micro-entrepreneurs, called Jornada Empreendedora (Entrepreneurial Journey). The methodology is based on adult learning principles, group dynamics and a theory called effectuation, which focuses on entrepreneurship as a set of skills developed through practice and experience. This has been found to be particularly applicable to low-income micro-entrepreneurs, who generally start their businesses with whatever resources they have. More information on AE's methodology can be found in YBI's Insights for Success paper 'Effectuation and its application in youth entrepreneurship training'.

Having achieved success in running this programme in the city of Curitiba, AE increasingly received donor requests to implement it in other parts of the country, which would enable it to reach a greater number of the 30.2% of youth who are unemployed across the 27 states of Brazil. In order to do this effectively, AE decided to work with partner organisations already connected to a local community, which could be trained in the AE methodology. As a first step, AE undertook a process to systematise and document its methodology so that it could be passed on to others. Today, AE delivers 30% of its services directly and 70% through a network of allied training organisations (a delivery partnership model).

### Digital platform: Tamo Junto

AE's digital platform, Tamo Junto (We Are Together), was created in 2013 to provide Brazilian micro-entrepreneurs with free online courses, open video classes, training and tools to help them launch and grow their

businesses. Developed with the sponsorship of the Andean Development Corporation, the platform provides training in 11 business management topics, including how to launch a business, how to secure financing, financial management, sales, winning clients' loyalty, disclosure, formalisation and production management. The platform also promotes services, networks and support events for low-income entrepreneurs in their regions.



## How the model has scaled

AE has been transferring its methodology to a network of selected training organisations across all 27 states of Brazil. This is implemented as follows:

- Interested practitioner organisations apply in response to a call for proposals issued by AE when they have donor funding available for certain geographies, and partners are selected based on set criteria to become AE delivery partners.
- Selection criteria include: ability to mobilise the target group and relevant experience of providing capacity-building for them; alignment of vision, mission and values with those of AE; an experienced team, including a designated project coordinator with sufficient time allocated to the project; suitable systems for managing and monitoring projects and finances; financial stability and transparency; a suitable venue and a willingness to employ AE's methodology.
- The initial relationship with a new delivery partner begins with a contract, covering a maximum nine-month period that includes a grant from AE of Real \$30,000 (about US\$8,000) to each selected organisation to be used to train at least 100 young people.
- Selected organisations undertake 40 hours of training delivered by AE in São Paulo or Curitiba, covering the entire training methodology followed by simulation of training activities.
- AE's staff join the allied organisation's first training sessions delivered to micro-entrepreneurs and provide constructive feedback.
- Each allied organisation then becomes responsible for mobilising beneficiaries and training at least 100 low-income micro-entrepreneurs within the contract period.
- AE provides all educational materials and training in AE's monitoring tools.
- AE regularly monitors its allied organisations through on-site visits, weekly virtual meetings, and gatherings and events in São Paulo.
- Following the initial contract period, the partner organisations continue to participate in a virtual community of delivery partners hosted by AE on a section of its Tamo Junto platform where they can access training materials and share knowledge.
- AE and its partners continue to seek funding to expand services but each partner is responsible for its own sustainability.
- Delivery partners can continue to use the AE methodology without paying any fee to Aliança. Rather than scaling by licensing or franchising its methodology, AE seeks scale by growing the number of organisations trained in the use of AE's methodology so that it can be used to reach more young people.

Thanks to funding from Citi Foundation and the Multilateral Investment Fund (MIF) of the Inter-American Development Bank, AE was able to improve its capacity to train and monitor its partners. Since 2014, Aliança has trained 25 organisations, of which 16 are currently replicating the model and four are actively implementing training with funding provided by AE.

In addition to reaching more youth through delivery partners, AE also extends and scales its support through the Tamo Junto platform, which offers entrepreneurs the opportunity to receive continuous training. A separate scaling strategy for Tamo Junto is being developed (not covered in detail in this case study).

AE has chosen to scale up using these models due in part to the financial challenges of opening physical offices and equipping them with staff. The key drivers have been:

- Enhancing the reach and impact for youths across a large and diverse country by working with local organisations that have connections in the community.
- Achieving faster and better results for all stakeholders involved.
- Expanding its organisational presence and brand.
- Ensuring consistency in the methodology by supporting allied organisations to employ their methods.

## Achievements

In the 13 years since its inception, AE has supported 64,496 low-income micro-entrepreneurs through 131 projects with 107 delivery partners in 27 Brazilian states, covering most of the country.

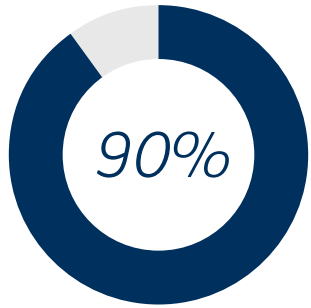
Since the start of the YEP programme in 2013, AE has achieved the following:

- 490 businesses created (formal or informal).
- 1,019 businesses strengthened.
- 441 businesses developed by young low-income entrepreneurs (and still in operation after 12 months).
- 2,435 new jobs created.
- 470 entrepreneurs increased their sales by at least 8% a year.
- 1,727 entrepreneurs trained in person.
- 21,242 users on the Tamo Junto platform, 111 items of content and 36,299 people signed up its YouTube channel.

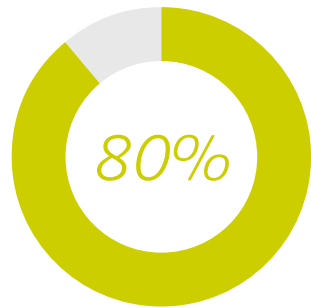
The YEP project has targeted low-income young micro-entrepreneurs aged 18-35, of whom 65% to 70% are women. This has allowed AE to have greater social impact since many of the beneficiaries are responsible for financially supporting their families and/or become mothers themselves at an early age.



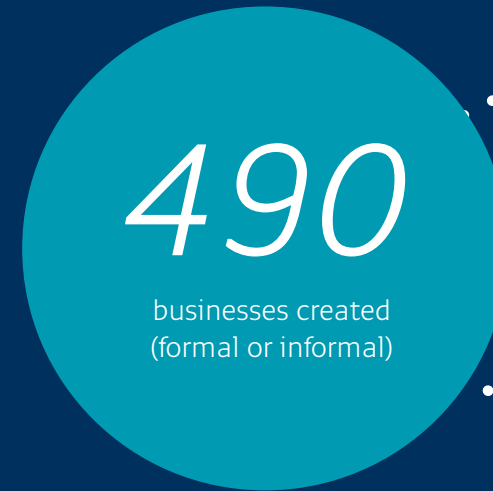
As part of this research, an electronic survey was sent out to 12 allied organisations in AE's network.



of respondents believe being part of AE's network provides opportunities for shared learning and added value to their work. They found that the training and expertise gained through this model has enabled them to attract new and additional funding.



of respondents stated that the AE methodology is effective and easy to replicate, providing noticeable benefits for low-income micro-entrepreneurs.



## Business model

- AE's scaling strategy does not have an underpinning business model that ensures sustainability of the network. Allied organisations do not pay any fee for receiving the methodology or receiving support from the network. The business model is based on attracting additional donor funding due to the quality of the methodology and impact on young entrepreneurs.
- AE receives donations from corporate and public sector sources. Key donors have included MIF, Citi Foundation, Santander Bank, Danon, and Volkswagen.
- Donations are managed on a project basis, with AE's business model centred on providing services and selling projects to clients in the corporate and organised civil society sectors.
- This business-oriented approach gained full effect in 2014, as a result of management consulting provided by IBM Brazil to AE's leadership team. IBM's consultancy strengthened the organisation's capacity and skills to better design pricing strategies for its services, to value its work and to clearly communicate externally its mission and key drivers.
- Since 2016, AE has expanded its financial bases and revenues have been growing. Currently, the organisation is involved in delivering 24 projects to a wide array of clients and partners and covers its central fixed costs between them.
- AE's Brazilian nonprofit status as a Civil Society Organisation of Public Interest (OSCIPI) carries fiscal benefits including some tax exemptions – mainly corporate income tax and social contribution on net profits.

## Sustainability and future plans

- AE is currently in a strong financial position. In 2017, its annual operational costs were Real \$1.78 million and total revenues approximately Real \$6.5 million, achieved through a mix of project funding and earned income from content production, services for corporates and consultancy.
- Since 70% of AE's services are delivered by partners, AE's financial growth reflects the growth of the network and of the number of youth served. Without a delivery network, AE would not be able to implement so many projects for which it is able to raise funding, nor would it be able to reach youth effectively in as many locations.
- For the allied partner organisations, one of the project's most important sustainability strategies is the training offered to them by AE. Once partner organisations have assimilated the AE methodology, they can use it whenever and wherever they see fit. AE's support of them through events, networks and shared learning contributes to their institutional strengthening and benefits their work with beneficiaries.
- AE perceives itself as a key actor to strengthen the Brazilian micro-entrepreneurship ecosystem. It hosts annual events such as the Brazilian Micro Entrepreneurship Forum, sponsored by Bank of America Merrill Lynch and open to allied partners, supporters, micro-entrepreneurs and interested parties. These forums act as a platform to launch and disseminate publications such as the first Mapping of the Brazilian Micro Entrepreneur Support Ecosystem (2017) and the upcoming Brazilian Low-Income Micro Entrepreneur Profile.

- Additionally, AE is interested in influencing the Brazilian public policy debate aimed at supporting micro-entrepreneurship in the country. It has been in dialogue with the Social Development Ministry to provide training for recipients of the government cash-transfer programmes.
- With its delivery network model now well developed, AE's vision for the future includes further scaling through covering at least 10% of Brazilian municipalities (approximately 500 towns) in partnership with local governments. The idea is to utilise local social service agencies to mobilise and attract low-income groups interested in entrepreneurship training.

## Success factors for scaling

- AE understood and was able to capitalise on the prevailing business climate in Brazil in order to scale its model of support to underserved micro-entrepreneurs. Added to this, its ability to develop and manage a network of allied organisations has been a key success factor, enabling them to work across a large number of Brazilian territories and low-income communities.
  - The allied organisations are effective at mobilising participants to join the projects due to their connections within local low-income communities. They are also in tune with the local socio-economic context, so can make beneficiaries feel comfortable with the methodology and training sessions.
  - The success of the network model is in part due to the success of AE's well-developed methodology, which has added significant value to participating young entrepreneurs, enabling them to learn from each other, find much-needed support and even develop business partnerships between themselves. Organisations are interested in becoming partners of AE and remaining engaged in the network because they achieve meaningful positive outcomes working with AE.
- AE's training brings a new approach, centred on stimulating participants to "do more and plan less", which has provided young low-income entrepreneurs with a sense of confidence and personal empowerment to enable them to take risks and move ahead with their businesses. The allied organisations gain important new ways of working through their partnering with AE.
  - The high quality of support provided by AE to the network of allied organisations contributes to their overall institutional strengthening beyond the delivery of the current YEP project. This builds a solid model for ongoing collaboration.

## Challenges and lessons learnt

- The key challenge to this scaling strategy has been ensuring the quality of services provided by partner organisations. AE learned along the way that it needs to invest sufficient resources in the training of trainers, including follow-up site visits and regular communication via videochat as well as telephone calls.
- The selection of the right partners is also key. A lesson learned was that higher quality, more committed organisations came into the network in response to calls for proposals rather than through direct identification and recruitment by AE.
- The project's initial strategy to bring on board 'junior enterprises' (non-profit organisations in Brazilian universities that provide services by students to micro and small enterprises) as allied partners has proven unsuccessful, due to the social and cultural gap between university students in Brazil and the project's target group of low-income micro-entrepreneurs.
- Since mid-2017, AE has required allied organisations to implement the project within one month of being trained, which has enabled them to take on the methodology more effectively.
- Challenges to delivering a programme at scale through a dispersed network have included supporting the allied organisations to recruit and train suitable mentors and securing financial partners interested in offering micro-financing instruments to low-income entrepreneurs.

## Opportunities and recommendations

- There may be opportunities for AE to share its Tamo Junto platform with other youth entrepreneurship organisations, including the YBI network in the region, if not globally.
- AE's experience suggests that organisations scaling their work should base it on a tested and systematised methodology that can be easily replicated.
- Strong data collection systems for monitoring and evaluation are essential, to ensure programmes meet the needs of their target groups and that social impact can be captured.
- Working with a strong network of allied organisations embedded with local communities is one of the best ways to ensure programmes are appropriately targeted for the beneficiary group. Stakeholder engagement, including building relationships between different sectors and the network, is an important consideration, as is ensuring appropriate legal agreements with delivery partners are in place.
- Plans for the sustainability of the programme and ongoing support for the low-income entrepreneurs could be developed at the outset with allied organisations.

## Case study 5:

### Partnership with educational institutions:

Perspektiva



#### **Organisation: Perspektiva**

YBI network member in Peru and part of the regional Youth Entrepreneurship Programme (YEP) for Latin America and the Caribbean.



#### **Scaling model:**

Delivery partnerships model combined with training (integration of methodology into curriculum of public educational institutions).

## About the organisation



Formerly known as CID (Colectivo Integral de Desarrollo), Perspektiva was founded in 1990. Since 1998, Perspektiva has been promoting entrepreneurship development with Peruvian low-income groups in neglected urban areas and rural locations by providing technical capacity building and monitoring the performance of the small businesses launched.

The approach is based on three fundamental pillars: empowerment of local actors, shared learning, and the development of entrepreneurial skills to generate self-employment and income generation opportunities.

Perspektiva has the following goals:

- To strengthen youth entrepreneurial skills.
- To improve labour conditions for youth in the formal job market.
- To promote the development of sustainable businesses paired with employment opportunities.
- To strengthen local youth entrepreneurial ecosystems through developing strategic alliances with key sector stakeholders involved.

More than 80,000 young people are supported by Perspektiva's projects throughout Peru – 70% are under the age of 30 and 65% are women.

## Political, economic and social context

In recent decades, Peru has experienced a long and sustained period of economic growth and now has macro-economic indicators comparable to a middle-income economy.

According to a recent OECD report,<sup>13</sup> the main issues affecting Peruvian youth relate to decent employment opportunities. Gender, location and ethnicity have a significant impact on access to and quality of employment, with the most vulnerable groups being rural, low educated, female, poor and indigenous people. The most vulnerable Peruvian young people have low labour market participation, high unemployment, and high incidence of informal and part-time jobs.

This challenging social context makes Perspektiva's work highly relevant as it promotes youth entrepreneurship for low-income groups as a viable option to generate income and employability, creating social inclusion and economic empowerment.



## Overview of projects

### Multiregional project for training and accompanying young entrepreneurs

Although Perspektiva was already reaching a significant number of beneficiaries across the country through its regional offices, the organisation decided to become a second tier institution and support more organisations to adapt its methodology and thus reach an even greater number of young entrepreneurs. It explored strategies for this through its partnership with YBI in the YEP, co-funded by the Inter-American Development Bank's Multilateral Investment Fund (MIF) and implemented in seven regions of the country: Lima, Ancash, Cusco, Apurimac, Pasco, Ica and Puno.



### The Perspektiva model selected for scaling consists of two phases:

## Phase 1

Young people receive training in entrepreneurship and support in developing business plans. The best business plans are selected through a competition judged by an independent expert jury and the winners receive seed capital grants of about US\$500. All project participants are supported to create an investment plan and those with the best plans developed in Phase 1, with or without seed capital grants, are able to participate in Phase 2.

## Phase 2

A key element to the success of Perspektiva's model is the delivery of direct capacity building and technical assistance in business management for young entrepreneurs who have already established businesses and are facing challenges with their growth. Each entrepreneur is assigned to a business advisor for six to eight months and receives training and advice on specific topics.

## How the model has scaled

Perspektiva sought various channels for passing on its methodology in a sustainable way in order to reach scale. Under YEP, it transferred its methodology to several entities including public technical schools, local and regional governments, chambers of commerce and NGOs. Criteria for choosing partners included their ability to work with young people, location (the need for geographical coverage), structure, and available equipment and human resources.

Perspektiva discovered that the process of scaling sustainably faced many challenges. To achieve scale requires the organisations to which Perspektiva transfers the methodology to integrate it into their programmes and continue to use it over time. This often requires strong support from senior leadership, but those leaders face high turnover, especially in municipal governments and public educational institutions. The curricula of public sector schools in Peru is controlled by the central government; local schools have little flexibility to add new programmes and teachers have little incentive to teach courses outside the standard curriculum. Many teachers were trained but didn't continue to use the methodology.

By the end of its YEP project, Perspektiva had found success through working with a specific segment of public technical schools, *Centros de Educacion Tecnico Productiva* (CETPRO), as implementing partners, based on their willingness to actively include entrepreneurship training in their curricula, and supported by research carried out by Perspektiva which highlighted the number of potential young entrepreneurs studying at such institutions. Unlike some other public institutions, CETPROs have the ability to control 30% of their curriculum, in order to ensure relevance to the local labour market. Perspektiva succeeded in getting 12 CETPROs to include

their entrepreneurship courses within the curriculum they control and are now sustaining that programme on an ongoing basis. These 12 have set a precedent and Perspektiva is now poised to introduce the methodology and train teachers at the rest of the 5,000 CETPROs in Peru, which each train about 100 students a year. Since CETPROs have existing budget allocations, the entrepreneurship methodology can reach thousands of young people in CETPROs across the country on an ongoing basis.

Perspektiva's own staff of advisors train instructors at each CETPRO in their methodology. The process of training and certification is as follows:

- A formal cooperation agreement is signed between Perspektiva and the CETPRO.
- Perspektiva runs a workshop to assess instructors' skills and provides the necessary learning materials.
- Trainee instructors visit Perspektiva's work on the ground including three visits with Perspektiva's local staff to existing businesses.
- Trainee instructors deliver their own first workshop with support from Perspektiva's staff.
- For an instructor to be certified by Perspektiva to deliver entrepreneurship training they need to deliver at least four workshops successfully and oversee at least 20 business plans.
- The training process is rigorous and can take several months.

Initially, CETPRO staff carry out the Phase 1 training while Perspektiva's team of specialised advisors provide the Phase 2 technical assistance. Perspektiva is working towards CETPRO staff also carrying out the technical assistance, which has already started at some centres.



## Achievements

Between April 2014 and June 2018, under its YEP project, Perspektiva achieved the following:

- 10,726 businesses in operation with increasing revenues.
- 3,467 businesses developed with over 12 months of operation.
- 7,925 new jobs created (excluding the business owner).
- 1,555 individuals have accessed capital.
- 32,821 entrepreneurs trained, of whom 63% have been women.
- 357 entrepreneurs receiving mentoring support.
- 544 instructors at 42 educational institutions trained by Perspektiva.
- 17 educational institutions replicating Perspektiva's methodology.

10,726

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increasing revenues

7,925

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32,821

entrepreneurs trained, of whom  
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357

entrepreneurs receiving  
mentoring support

## Business model

- The business model for this scaling strategy is based on financing from the public sector educational institutions. Scale is achieved by incorporating a proven methodology into public sector institutions with ongoing budgets to continue to implement the programme.
- In addition, the transfer of methodology requires grant funding since Perspektiva does not charge schools for the training of teachers and adaptation of the methodology into their curriculum.
- Perspektiva's own business model is centred on fundraising from philanthropic and corporate grants. The YEP project, under which Perspektiva developed its scaling strategy, had a total budget of about US\$6 million over four years, 35% of which was financed by a grant from the MIF, with the remainder coming primarily from extractive companies with a strong presence in Peru.
- Perspektiva does not provide any financial support to the CETPROs, but it does provide grants for necessary resources such as IT equipment.

## Sustainability and future plans

- The CETPROs will be able to continue delivering the curriculum once the project has ended, as part of their ongoing commitments. Of the 17 institutions replicating the methodology, 12 have already included Perspektiva's methodology and tools in their regular curriculum, which has been approved by the local education authorities. Perspektiva is working to ensure that 100% of the institutions do this.
- Perspektiva is keen to replicate and adapt the model in Peru and other Latin American countries. It has already transferred its methodology to organisations in Bolivia and the Dominican Republic.
- Perspektiva has plans to further influence public policy debates in the country so that entrepreneurship training becomes an integral part of curricula offered by all educational institutions, hence reaching greater scale.
- The project currently relies heavily for funding on corporate donors from the Peruvian mining sectors. Mining companies are keen to encourage local entrepreneurship in territories where they operate to ensure continued economic activity once the mining has come to an end, and working with organisations such as Perspektiva can enable them to fulfil their social obligations. However, this approach also brings challenges, with mining companies facing allegations of environmental damage and poor relations with their surrounding communities, while changes in the political and economic context – including commodity price fluctuations – can impact on the sustainability of this approach.

## Success factors for scaling

- The commitment of the instructors at the educational institutions, and their professional ability to motivate young entrepreneurs.
- Perspektiva's ability to tailor entrepreneurial educational materials to different social, economic and cultural contexts throughout Peru so that young low-income entrepreneurs can easily relate to them. This has included translating and adapting materials into the Quechua language, spoken by nearly 4.5 million people in Peru.
- Perspektiva's vision to scale the project to rural areas with a higher concentration of poor indigenous communities. This has included working with CETPROs located in challenging, mining-dominated areas which face environmental risks and conflicts within the surrounding communities.
- In terms of the impact on entrepreneurship, success is also dependent on selecting the right organisation through which to scale and in placing the courses near the end of the educational cycle. CETPRO students tend to be older and already in the labour force or ready to enter. Efforts to integrate the methodology for other types of schools or at earlier stages of the curriculum where students still have one or more years before graduating may have some benefit in increasing familiarity with entrepreneurship but not in leading to more jobs through self-employment.

## Challenges and lessons learnt

- The weakness of the local entrepreneurial ecosystem is a challenge in some areas where the project has been implemented, particularly in rural and remote areas.
- The appropriate selection of educational institutions to deliver the methodology is a critical factor, as well as reaching out to engage the target groups of beneficiaries. A high percentage of public educational institutions in Peru do not consider entrepreneurship as an option and focus on traditional employment opportunities.
- While individual CETPROs have the autonomy to decide on up to 30% of their curriculum, which provides Perspektiva with an opportunity to include entrepreneurship training, substantial effort is needed to convince individual teachers and their supervisors and directors. A high turnover of teachers in the institutions also creates a challenge.
- A key variable for the project to be successful includes developing and securing partnerships with local governments to gain their support to work with the CETPROs. At the same time, work plans need to be designed that can be achieved without depending wholly on the local government. This means involving more officials in decision-making processes and simultaneously doing more direct delivery using Perspektiva's own staff.

## Opportunities and recommendations

- Public sector educational institutions provide a key opportunity for scaling, but in the case of entrepreneurship it is important to identify the right partner organisations (in which students are ready to become entrepreneurs) and to ensure the organisations have the autonomy to modify curricula and add in the programme to be scaled. Without approval for integration into the curriculum on an ongoing basis, such programmes reach beneficiaries during a particular project but don't scale and sustain over time.
- Scaling a methodology through public educational institutions requires engaging with local and central governments to increase social impact. However, it is important to note that governments take time to engage and are not always in a position to fund projects.
- Being part of a regional programme such as the YEP has provided opportunities for Perspektiva to lobby and educate the Peruvian educational authorities and teachers regarding entrepreneurship and self-employment as feasible options for low-income Peruvian youth.
- Perspektiva is planning an external impact evaluation to identify more fully the critical success factors that have influenced the success of its model. This might include assessing the quality of the self-employment generated by the project. Lessons learnt from the project could then be systematised and disseminated to the YBI network and other stakeholders.



## Case study 6:

### Digital platform and social franchise:

Qredits Microfinanciering Nederland

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#### **Organisation: Qredits Microfinanciering Nederland (Qredits)**

YBI network member in the Netherlands.



#### **Scaling model:**

Mixed model including digitally facilitated loan finance, open source e-learning (via a digital platform), and social franchising.

## About the organisation

Microfinanciering Nederland



Qredits is a private foundation established in 2009 with support from the five major banks in the Netherlands together with the Dutch government as a non-profit alternative credit provider for start-up, small and medium enterprises in the Netherlands. It is the only nationally operating Microfinance Institution (MFI) in the Netherlands.

Qredits' social mission is to improve and support the social and financial inclusion of micro-entrepreneurs in the Netherlands who have a viable business plan but cannot obtain financing through regular channels. Qredits seeks to help build a strong and independent entrepreneurship culture in the Netherlands.

### Political, economic and social context

The Dutch Ministry of Education is pushing for entrepreneurship to become a public policy in the country, by making it mandatory in the curricula of vocational colleges.

During the recent economic crisis, the Dutch Government asked Qredits to raise its credit limit twice in order to stimulate the economy by creating more opportunities for small and medium sized enterprises. In 2013 the credit limit was raised to €150,000 and again in 2014 to €250,000.

## Overview of projects

Qredits provides loan finance for new and existing businesses (with a web-based application process), supported by a digital platform with online learning courses and tools, and with the option of face-to-face mentoring provided by volunteers. It also delivers educational programmes through strategic partnerships.

### Digital platform

Established in 2013, Qredits' digital platform is focused on helping launch and grow businesses. It offers practical tips, templates for business plans and financial tools. It includes a blended learning course, 'How to write a business plan' (translated into English, Italian, Spanish and Papamieto), and a range of e-learning courses including 'How to write a sales plan', 'Credit management' and 'Microfinance mentoring' (all in Dutch, with the latter also in English).

### Financial products



**Microcredit** (up to €50,000)



**SME loans** (from €50,000 to €250,000)



**Flexible credit** (up to €25,000)

**Vendor lease product** (up to €50,000)

**Student loan** (up to €5,000 for graduates of Qredits' EigenBaas programme – see below)

Qredits also uses a WhatsApp tool called Tikkie to chase up entrepreneurs who are behind on their credit payments.

### Mentoring

Qredits offers mentoring to assist entrepreneurs with aspects related to business start-up or business growth including finance and administration, sales and marketing, human resources, crisis management and personal efficacy. They work with over 600 volunteer business mentors.

### BeYourOwnBoss (EigenBaas) educational programme

Aimed at raising awareness of entrepreneurship in secondary schools and vocational colleges in the Netherlands, EigenBaas is aimed at students in the last two years of secondary school, and runs for three to six months. It is based on an e-learning programme, completed with the aid of a mentor teacher, during which students develop a business plan. Guest lectures are also offered, given by existing entrepreneurs as well as by Qredits mentors. At the end of the programme, the students pitch their business plans to a panel and take an exam, leading to the EigenBaas certificate. If they pass they can also apply for a student loan.

## How the model has scaled

From an initial focus on provision of loans within a predominantly digital model, Qredits has scaled through a combination of models:

- The main approach is scaling through strategic partnerships with business and the government, such as through its work in schools.
- Its entrepreneurial skills training programme started as a pilot project in public high schools and vocational colleges and has since expanded into additional educational institutions.
- Qredits also received support and encouragement from the government to focus on microcredit and entrepreneurship.
- Microfinance has enabled the organisation to become self-sustaining, largely supported through robust IT systems which have allowed them to process high levels of loan applications to scale.
- The second scaling approach incorporates a dissemination model through open-sourcing via e-learning.
- Initially it monetised the e-learning platform, which was also customised and translated into different languages via partnerships with organisations including MicroLab and Cofiterin Italy.
- Thirdly, it has opened new branches in the Dutch-speaking countries of the Caribbean. In consultation with the Dutch Ministry of the Interior and Kingdom Relations, it set up a Qredits office on the island of Bonaire in 2015, Aruba and St. Maarten (also serving St. Eustatius and Saba) in 2017 and Curacao in 2018.
- Finally, Qredits has recently started developing an international strategy and is supporting a small start-up in Spain through providing consultancy support in a social franchising model. It has become a shareholder and is providing them with access to their IT systems.
- Qredits is hoping to utilise this approach with more start-up MFIs in the future.

## Achievements

Qredits' achievements include:

- €300 million distributed to entrepreneurs in the Netherlands and the Caribbean.
- 13,000 microcredit loans issued to entrepreneurs.
- 576 SME loans issued to entrepreneurs.
- Qredits is the first micro-finance institution to lend money from the European Investment Bank.
- 4,087 mentoring relationships started since 2011.
- 3,965 e-learning courses taken since September 2012.
- 150 downloads a day of its free business plan template.
- The team has grown from a team of five people to over 80.
- By 2017, the BeYourOwnBoss (EigenBaas) school curriculum was being delivered through 45 courses in 27 vocational colleges.

**€300 million**

distributed to entrepreneurs in the Netherlands and the Caribbean

**13,000**

microcredit loans issued to entrepreneurs

**576**

SME loans issued to entrepreneurs

**4,087**

mentoring relationships started since 2011



## Business model

- Qredits is a foundation, with funding from the Ministry of Economic Affairs, and loans provided by five major banks in the Netherlands (ABN Amro, BNG, ING, Triodos and Rabobank), a syndicate of insurance companies, the European Investment Bank and the Council of Europe Bank (CEB).
- Although Qredits is a non-profit organisation, it also incorporates a business approach and charges its customers for some of its services. For example, mentoring services are €200 for one year (apart from in the Caribbean where a mentoring culture does not exist). It also charges for its consultancy services.
- It used to charge €50 for e-learning courses but now offers this for free. The e-learning platform itself has been sold as a product to international customers in Italy and Greece, and to schools in the Netherlands and Dutch Caribbean Islands.
- By facilitating and providing financial loans to entrepreneurs, Qredits earns money on the charged interest rates. When it can, it lowers interest rates.
- The Dutch Ministry of the Interior and Kingdom Relations provided €200,000 for start-up costs for two years for the pilot on Bonaire. The governments of Aruba, St. Maarten and Curacao provided the same amount for the launch of Qredits on their respective islands. Qredits covers the loans.
- Funding has also been received from the European Investment Fund (EIF) through its instruments to support a sustainable and reliable European microfinance sector.
- In 2017, Qredits' revenue included 95% from loans and 5% from non-financial services.
- Qredits joined YBI in 2013 as they knew this would attract major funders. With funding from YBI, in 2014 it scaled up its educational programmes.
- In 2015, Qredits received a subsidy from Citi Foundation in partnership with YBI, to support youth employability and entrepreneurship as part of the Youth Business Europe programme. These funds were used to scale up the EigenBaas programme.
- Funds have also been received from Accenture for the training of mentoring co-ordinators and mentors, and from JPMorgan Chase Foundation to support e-learning and coaching services to assist entrepreneurs with loan applications.

## Sustainability and future plans

- Qredits is self-sustaining, which has been its goal from the outset.
- It will shortly be launching a 'MyQredits' app for customers to monitor and check their balance, make payments or withdrawals from their flexible credit account, or buy other Qredits products (eg e-learning, coaching or other loans).
- It is looking into the possibility of accreditation of its e-learning products.
- The funding it receives from Citi Foundation via Youth Business Europe for the schools programme is ending in July 2019. Qredits will continue to seek funding from grants to continue this programme.
- Qredits is open to setting up franchises in other countries in collaboration with local government and/or financial service organisations.

## Success factors for scaling

- Being focused from the outset on becoming self-sustaining within three years.
- Becoming a respected partner in the financial industry with a strong track record. Its partnerships with large commercial banks mean it refers potential customers to them daily.
- Investment of both time and energy in building and maintaining relationships with banks and the government.

- Qredits was part of the pilot group that designed the European Code of Good Conduct for Microfinance providers. The organisation was awarded the 2010 Microfinance Good Practices Europe Award and in 2016 was the first MFI to receive the certificate of award for compliance with the European Code of Good Conduct.
- Investing in IT systems has allowed Qredits to scale quickly so it can work with high volumes. Previously it processed fewer than 100 loans a month, now it is 300 loans.
- Highly competent data analysis systems which provide daily figures help keep the team motivated and focused. This allows it to provide quarterly reports to the banks and Ministry to a high standard.
- Strong strategic and commercial leadership, combining core personal and social values with a business focus, which is instilled across the organisation.

## Challenges and lessons learnt

- Qredits wanted to roll out its entrepreneurship training programme nationally but the Ministry of Education did not want to endorse just one programme. It has been challenging to convince educational institutions to adopt entrepreneurship programmes into their curricula, especially if they are traditional.
- It is essential to listen to customers and constantly innovate and create new products. Qredits started flexible credit for current customers and now anyone can apply. It has developed strong systems and processes for loan repayments and has created new loan products such as vendor lease loans.

- Qredits combines personal contact with customers from 30 loan officers with an online application process. It has developed its own credit score model to determine the need for a home visit, and has sped up its loan processing times to compete with alternative credit sources. For strong applications, where loan officers carry out an assessment via video call, loans can be processed and received within 5 working days..
- Qredits has placed an emphasis on tight management of credits and loans, and getting to know its customers well. Even if customers are one day behind payment they receive a WhatsApp message. This has led to a default rate of 5%, compared to the banks' usual rate of 11-12%.

## Opportunities and recommendations

- Qredits has successfully scaled its impact using a mixture of replication models underpinned by a sustainable business model. By continuing to develop services which can be self-financing, it has a model for continued growth.
- There is an opportunity for YBI and others in the sector to develop tools that can be adapted and customised by other institutions, and to charge for these.
- With a relatively low upfront investment, digital platforms offer a very positive return on investment which makes them financially viable and able to provide economies of scale. They also enable organisations to reach a very large pool of users, unrestricted by geography, in a low-cost way.
- Partnerships with commercial banks and global banking institutions can offer a large pool of credit lines for entrepreneurs and support to organisations offering microfinance.



## Case study 7:

**Digital platform:**  
Youth Business USA



**Organisation: Youth Business USA**  
YBI network member in the USA.



**Project:**  
Sky's The Limit



**Scaling model:**  
Open source model using a digital platform, incorporating a strategic partnership model with YBI for international scaling.

## About the organisation

**YOUTH  
BUSINESS  
USA**

**SKY'S THE LIMIT**

Youth Business USA (YB USA) was established in 2014 in California, in the San Francisco Bay Area, as a non-profit tech start-up. It started as a partnership between Greenside Development Foundation and YBI to support motivated young entrepreneurs who face significant barriers to business ownership. YB USA works mainly with young entrepreneurs, aged 18 to 29, in the early stages of starting their own business.

YB USA's vision is to achieve national scale through innovations in service delivery so as to:



Enable young, underserved people to start and sustain their businesses.



Fulfil and economically empower young people, creating jobs and strengthening communities.



Upskill a significant number of young people, preparing them for the demands of 21st-century employment, with skills in entrepreneurial thinking and problem solving.

Since 2015, YB USA has been scaling its work in the USA through an innovative digital platform, Sky's The Limit (STL, [skysthelimit.org](http://skysthelimit.org)), developed through a multi-year partnership with Accenture. STL connects low-income young entrepreneurs with experienced business advisors and mentors nationwide. In 2017, YB USA entered into a partnership with YBI and Accenture to replicate STL with other YBI members so as to scale internationally.

### Political, economic and social context

There is currently a youth under-employment crisis in the United States. Nearly 45% of young adults are employed part-time, and 18 to 29-year olds have the highest under-employment rate since the Second World War. The number of college graduates working minimum wage jobs is at its highest rate ever.

It is expected that *“America’s unemployed youth will cost an estimated \$4.7 trillion over their lifetimes in lost revenue, welfare, crime and healthcare expenditures.”*<sup>14</sup> Start-ups in the US are the main driver of job creation, with over 60% of all new jobs coming from start-ups. Only half as many businesses are being created today as a generation ago. A study found that increasing opportunity and exposure to innovation for women, poor, black, and Latino youth could quadruple the number of innovators in the US.<sup>15</sup>

STL was launched in response to this crisis. The founders note that over 11 million young adults from under-represented communities in the US want to start a business but lack the support and resources to do so. At the same time, over 10 million US professionals want to volunteer their time and talents to help others succeed. This presents a tremendous opportunity to bring about the support needed, which STL can help deliver.

*“America’s unemployed youth will cost an estimated \$4.7 trillion over their lifetimes in lost revenue, welfare, crime and healthcare expenditures”*

## Overview of projects

YB USA provides support to underserved young entrepreneurs through access to entrepreneurship training, online resources and guides, including business planning tools, and by connecting them to advisors and mentors who meet with them either in person or remotely (phone, text and video chat).

- Advisors are usually professionals and experts, coming from a range of backgrounds varying from local firms to global corporations (eg Accenture, Bank of America, Google, Blockchain, Intuit, Lyft), who provide short-term, specific support to entrepreneurs.
- Mentors are usually small business owners, tech founders or career executives who provide long-term, general support to entrepreneurs.

YB USA's **Pathway to Business Ownership** training framework is organised around 12 modules: business modelling; customer development; branding; product/service development; web & technology; funding; marketing & sales; accounting & financial management; legal & regulatory; building & managing the team; business soft skills; and operations & strategy.

YB USA has plans to add access to financial support through the launch of a "Friends and Family" micro-seed fund that will provide grants to young entrepreneurs of up to \$2,500 through a pre-paid MasterCard, as well as a seed fund specifically aimed at multicultural millennials, of which there are around 31 million living in the US.

## Sky's the Limit

In 2015, YB USA established a partnership with Accenture to develop its digital platform, STL. This was in response to demand for YB USA's in-person support services from over 5,000 young adults, which was impossible for YB USA to satisfy with its existing resources.

Although still in beta (or testing) format, STL has attracted over 4,000 users in the USA.

Nearly 90% of STL users to date in the USA are low-income, over 75% are people of colour and nearly two-thirds are female. The majority are also immigrants, previously incarcerated or in foster care, LGBTQ (lesbian, gay, bisexual, transgender or queer) and/or from other under-represented groups.

## How the model is scaled

The development of a digital platform has enabled YB USA to help meet the demand from thousands of young entrepreneurs signing up for support, by connecting them online with the necessary resources, advice and mentoring they need to achieve their business goals. The original aim was to grow the users to over 10,000 in the US.

In 2018, version 2.0 of the STL platform was developed, incorporating funding campaigns and in-app messaging. In addition, international scaling has kicked off in partnership with YBI and Accenture. As of autumn

2018, the platform is being tested with partners across the YBI network, starting with FATE Foundation in Nigeria, TechnoServe (South Africa), Youth Business Caribbean and Virgin StartUp in the UK. Plans for developing and scaling the model further are as follows:

2019

- Version 3.0 rolled out, including additional options for matching between entrepreneurs and volunteers, and possibly an iOS / Android app.
- Aim to launch internationally in non-English speaking countries (eg Spain, Mexico, Brazil, and others) and grow to over 50,000 users in the US.

2020

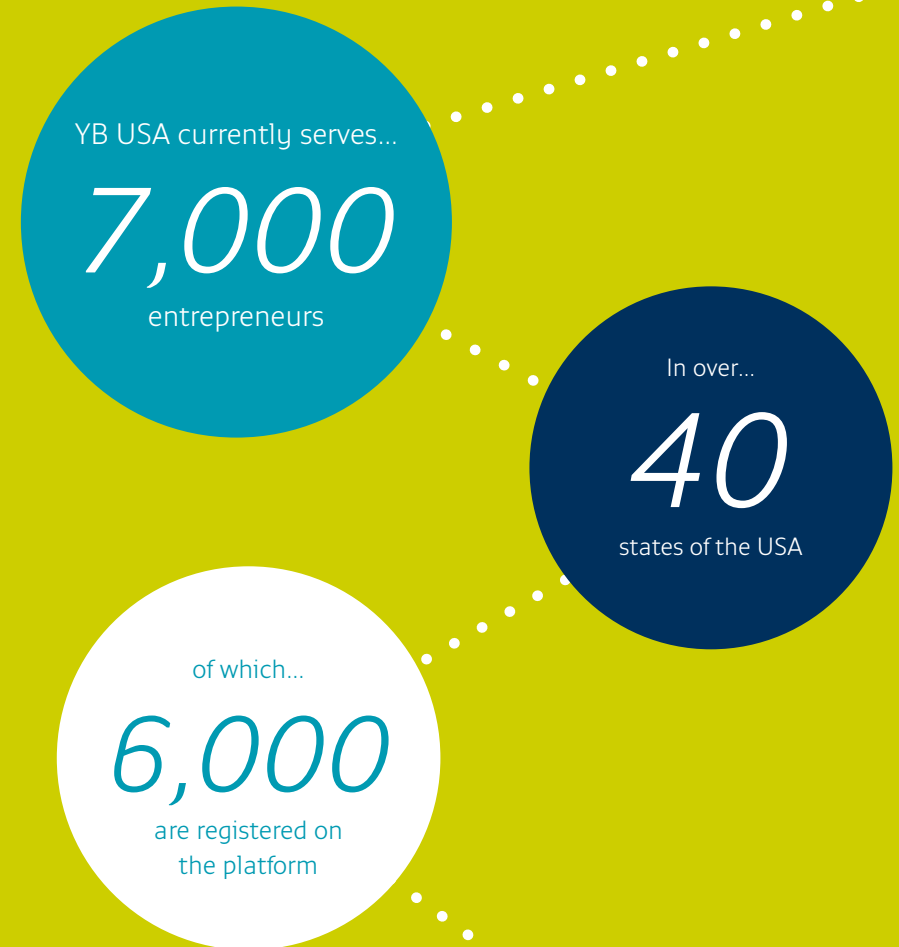
- Version 4.0 of the STL platform to be built.
- Aim to grow to over 200,000 users in the US and increase the global footprint overall.

Ultimately, STL aims to achieve scale by signing up millions of users around the world.

## Achievements

YB USA and STL are still in their start-up stages, with much of their potential yet to be seen.

Through the STL digital platform, YB USA currently serves 7,000 entrepreneurs in over 40 states of the USA, of which 6,000 are registered on the platform.



## Business model

- Since 2014, YB USA has grown from the founder/CEO plus one volunteer, to an organisation of 22 staff including web development personnel in India. It started with a \$60,000 budget raised via self-funding, friends, family and the Kaimas Foundation. Each year YB USA has successfully doubled its funding.
- YB USA's business model for STL is based on grant funding, through a strategic partnership with Accenture as its main supporter, alongside a number of philanthropic donors detailed below.
- Accenture is supporting STL's roll-out through a combination of cash grants and in-kind support. In 2016-17, an initial pilot grant was made, followed by a significant grant for 2017-20, which includes funding for expansion of the platform.
- In addition to Accenture, YB USA has a range of other donors, including individuals, corporations and foundations. Major donors include CVC Capital, the Kaimas Foundation, the Oakland Mayor's Office and the California Association of Microenterprise Organisations. It has also received funding from eBay and Wells Fargo.
- YB USA's Chair, Nicolas Cary, is co-founder and president of Blockchain and has pledged a significant block of shares in the company, as has board director Fabio Rosati, former CEO of UpWork.
- The business model for scaling STL via other organisations is in development, with a licensing model under consideration.

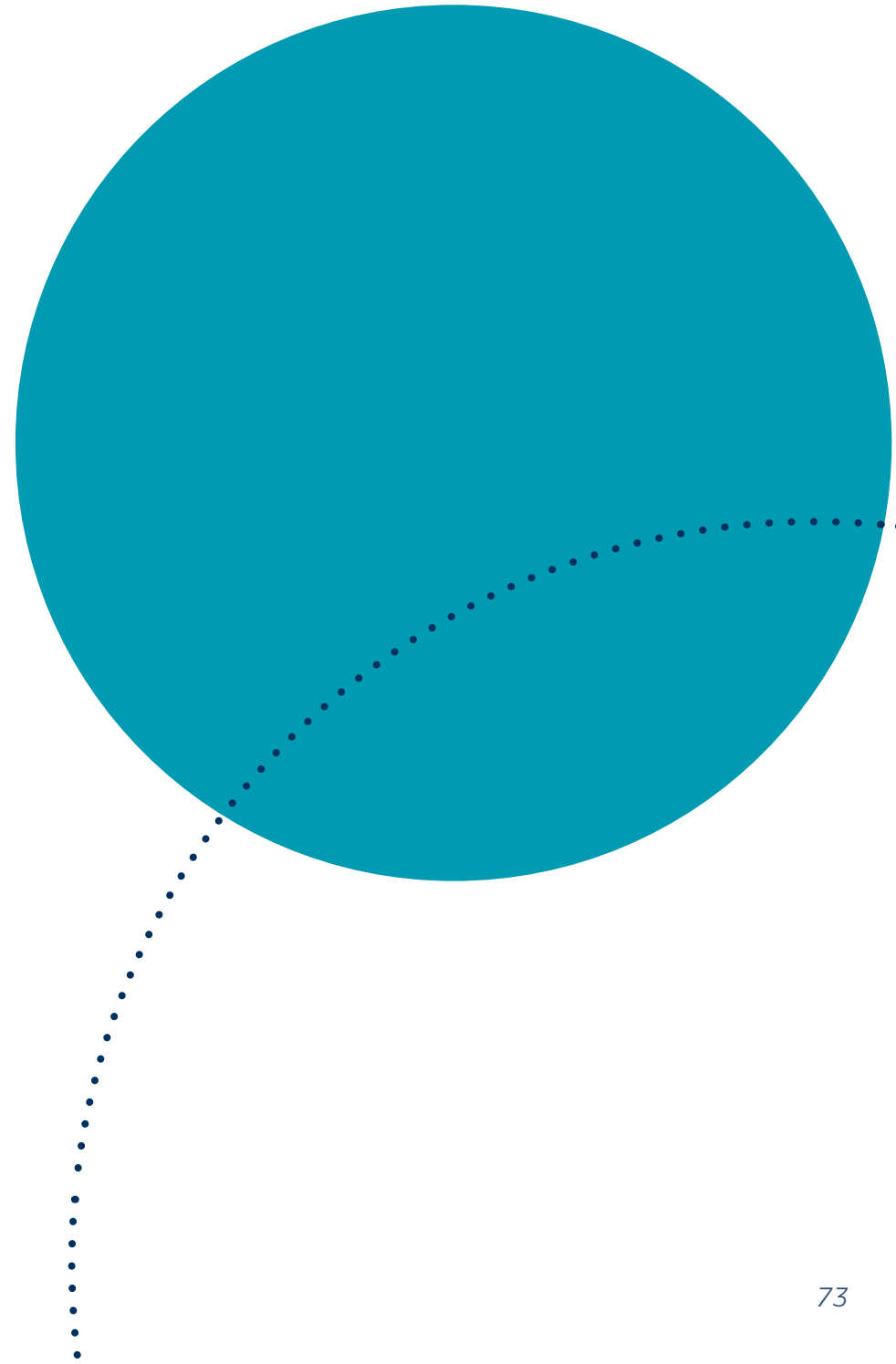
## Sustainability and future plans

- Following the adoption of the STL platform by YBI members in Nigeria, the Caribbean, South Africa and the UK in 2018-19, YB USA plans to scale the technology globally, working with YBI and Accenture and rolling out the platform to other members across the YBI network. Selection of these members will be made according to their interest and commitment to adapting to the new technology.
- The STL platform is planned to be ultimately self-sustaining. Future funding will continue to come from corporations, foundations and individuals, but will include earned revenue through a planned white labelling of its software for partners. This will also include a fund where it will earn revenue through venture investments in entrepreneurs' businesses.
- YB USA is also in discussions with the US Department of Labor regarding a possible partnership, given its interest in the potential of digital platforms for reaching rural populations.
- YB USA received an additional grant from Accenture in 2018 to develop an innovative token for the STL platform using blockchain technology for increased transparency. The token will gamify and incentivise positive actions on the platform, such as donors making contributions, young entrepreneurs requesting support and volunteers supporting entrepreneurs. Tokens can be earned and used in different ways, eg to match entrepreneurs with volunteer mentors, and for entrepreneurs to receive training, attend events and obtain tools and services to build their businesses. All users will be able to use their tokens to vote on which entrepreneurs should receive start-up funding. This is planned for launch in 2019.



## Success factors for scaling

- The partnership with Accenture was brokered as a result of YBI's support.
- From the outset, the pilot programme in the US was always focused on scale and innovation.
- The timing is right, with the proliferation of online platforms and marketplaces leading to society as a whole and young people in particular increasingly using digital apps and technology to access services.
- YB USA used IDEO-based human centred design methodology, carried out significant research including reviewing existing platforms within YBI, and aimed for 'best in class' based on other platforms such as Airbnb.
- The two founders of YB USA have a strong history of entrepreneurship, a long-standing close partnership and combine technological and entrepreneurship support expertise.
- YB USA, Accenture and YBI have a close partnership and a problem-solving approach to managing setbacks.



## Challenges and lessons learnt

- Corporates, start-ups and NGOs have different cultures, expectations and approaches. Accenture and the STL team understand this and have worked hard to overcome any cultural differences.
- Developing a custom software platform takes a great deal of time and money and it is difficult to estimate this time and cost as technology changes so quickly.
- The platform is still in beta form so requires lots of testing and piloting with partners in new countries. YB USA is still working on assessing the experience for users in the US regarding what is universal and what would work in other countries, while also receiving feedback from users in other pilot countries.
- Regular user testing is essential. For example, using qualitative and quantitative data to look at user analytics and to explore pain points. STL also leverages ‘user brain’ so people can film themselves and provide primary data on how the platform is being used. Feedback is built into the programme model, asking users to determine the fit and include questions around their experiences when new features are launched. However, the need to constantly update the platform to the needs of users is expensive.
- Custom software development takes place in multiple countries including India, Philippines and Ukraine. This is a challenge as there are differences in culture and competency expectations to be overcome.
- To publicise STL, YB USA has had to invest in marketing channels including Google AdWords, a Google platform that uses search engine marketing and costs \$10,000 per month. Although this is received from Google in the form of a grant, YB USA also uses a marketing agency and has a team member dedicated to this.

- Managing funders and investors is time consuming. As a start-up, YB USA pitched and received several million dollars in the A funding stage and now are in B stage. Now they have hundreds of funders and investors who they have to communicate with regularly.
- Preparing for the cost of operating the STL platform and making it self-sustaining after the completion of the Accenture project in 2020 will be a challenge.

## Opportunities and recommendations

- STL is a good example of an ‘early adopter’, innovating in a space that is empty and where there is potential for transformative change. However, along with this territory comes the need to first prove the innovation, collect evidence of both its impact and potential, and find ways to scale it sustainably. Most innovations do not reach scale.
- Once tested and piloted successfully, digital platforms such as STL can be scaled relatively quickly, including in translation into different languages. The potential market for a product such as STL in both the US and globally could therefore be huge. It is not surprising that five of the seven case studies featured here have incorporated a digital strategy into their scaling models.
- It is widely recognised that technology solutions make reaching rural populations much more feasible, thus enabling under-served target groups to benefit from support via a digital platform which they would not otherwise be able to access.

# Section 7: Recommendations

The material presented in this report illustrates that YBI and others have successfully implemented a range of strategies to scale their impact with valuable lessons to learn. The following recommendations are made with the YBI network and its member organisations in mind, although other NGOs and entrepreneurship organisations may also find them applicable as they seek ways to support more underserved young entrepreneurs to start, strengthen and grow sustainable businesses.

## 1. Build strategic alliances



It is clear that no one organisation or sector can tackle complex problems alone. Most successful scaling models for social impact incorporate some form of partnerships or alliances. Such partnerships are often cross-sector, including NGOs, the government, business, funders, allied or network organisations, educational institutions or a whole ecosystem of change-makers. Building alliances and selecting the right partners at an early stage for both funding and delivery of programmes is a key step to scale.

Shared value partnerships between NGOs and the private sector with a shared focus on young people and the SDGs can add significant value, especially with institutional funding for NGOs shrinking. It is essential to partner with organisations where business objectives are aligned and there is potential for each party to scale their impact.

Building relationships with governments at both national and local levels right from the outset of projects is also important, especially for organisations working with young people in the education system. Depending on the impact you are seeking, this might include working with government to influence policy in support of systemic change, or sharing expertise to build capacity within the public sector to support entrepreneurship. However, it is important to be aware of the risks of partnering with government, arising from changes in administration and/or policy.

Investing in strategic partnerships takes time and effort, and cultural, political and legislative factors must be considered, as well as the potential for conflicts of interest. Developing a shared vision and objectives is vital. It is worth considering a role with specific responsibility for developing strategic partnerships. ANDE, for example, credit much of their recent substantial scaling and growth to a new Strategic Partnerships Director role.

## 2. Increase reach both online and offline



The potential of digital solutions to support impact at scale is tremendously exciting. Often best harnessed alongside other channels to increase connectivity and impact, digital platforms cut across geographies easily and can reach groups who would not otherwise have access, particularly with the development of app-based (as opposed to web-based) services.

As seen in the case studies, digital solutions are being developed and used across the YBI network and the youth entrepreneurship sector more widely. There is huge scope to develop and scale this digital offer further. Online platforms can act as a forum to connect, collaborate and share resources – as a virtual classroom and a marketplace. Access to online communities, tools and apps can be offered free of charge through an open source model, or through a subscription or licensing fee which enables the model to be self-financing.

It is important to note that it takes time to develop and test a digital solution and to grow a user base, and this can be expensive. Strategic choices need to be made in terms of the results needed, what customers value and how services will be provided. Blended models of support and service delivery which combine digital and face to face are often required.

Digital platforms are not the only way to increase geographical reach and enhance connectivity. This study has provided evidence of the effectiveness of partnerships and branch models for replicating services and methodologies. Models that devolve leadership to regions and allow for locally appropriate solutions to be developed are also a successful way to increase social impact. YBI's YEP programme in Latin America and the Caribbean, of which the Aliança Empreendedora and Perspektiva case studies are part, is a good example of this, with key actors brought together through a shared funding mechanism.

## 3. Diversify business models



Perhaps the biggest challenge to scaling social impact models is the development of a sustainable associated business model. In most of the case studies featured in this study, the organisations face the same issue of maintaining interventions at scale once initial donor funding has ceased. For NGOs, a strong reliance on grant funding models remains, while the sustainability of this approach has never been more uncertain. Many successful projects have ended when funding can no longer be secured, or there is a delay to funding streams.

While social franchising is often spoken of as the go-to approach for scaling sustainably, the case studies in this paper provide evidence of a range of other successful commercial business models. Providing consultancy services and training others to deliver tried and tested methodologies can be a sustainable approach to scaling through earned income from subscriptions or fees. The Impact Hub network has created a sustainable business model through licence fees and revenue contributions, while each local Hub charges for memberships and services. Qredits provides a good example of a sustainable organisation with a mixed funding model, underpinned by its achievement in building a ‘break even’ microfinance institution.

#### 4. Promote both innovation and impact

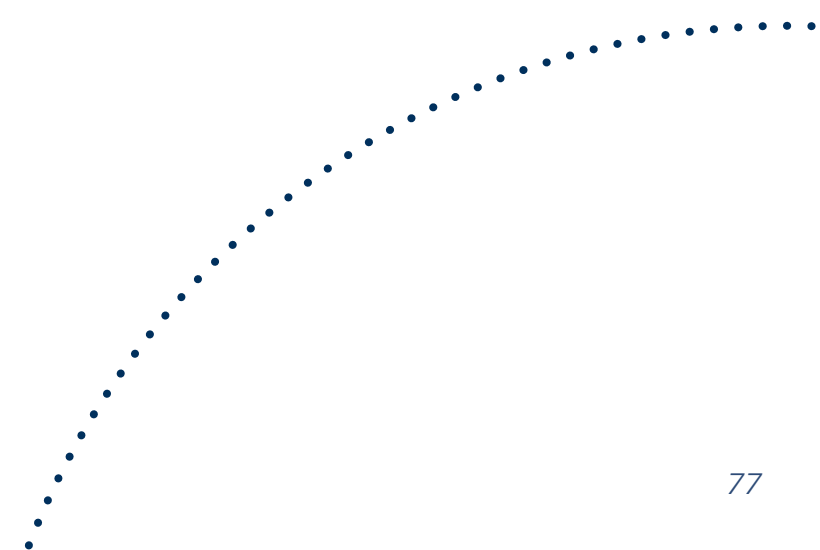


Most innovations fail to scale, and often for clear reasons. It is essential to understand why you are scaling, and to focus on those solutions which have the greatest potential for impact on the problem you are seeking to address. Innovation challenges and accelerators are helping to find and incubate the most successful innovations in order to develop effective ways to tackle complex social problems, including those facing young entrepreneurs. The most successful innovations can be rolled out across networks such as YBI, in partnership with funders and other organisations.

The scaling framework outlined in this paper provides a process for developing a robust scaling strategy. Several models can be piloted, tested, evaluated and iterated in order to see which works best. It is essential to ensure that leadership and teams are fully resourced to deliver on this ambition. This includes having a team with a mixed skillset and experience, ideally from a range of sectors, supplemented with training in scaling, where needed. Organisations with a focus on innovation and sustainability from the outset tend to be most successful.

Scaling social impact is not just about quantitative outputs, such as jobs created or beneficiaries trained. It is worth also using a qualitative approach to evaluating the scalability of projects, focusing on the potential for impact on people’s lives and the structural social changes that can be brought about.

This study has brought together a number of examples of scaling models being used by members of the YBI network and others working in support of youth entrepreneurship. This documenting of successful, scalable models is one more way of promoting their value, sharing their insights and learning with others, and influencing agendas in order to have a greater impact on the challenges facing underserved young entrepreneurs.



# Section 8: References

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# Annex: Summary and examples of scaling strategies

Model/strategy	Examples	Description	Business model, sustainability & costs	Opportunities	Risks/lessons learnt
<b>Dissemination: Where resources are created that enable others to implement the venture in a new location</b>					
<b>Open sourcing</b>	<ul style="list-style-type: none"> <li>● Alcoholics Anonymous</li> <li>● UNICEF (UpShift)</li> <li>● Qredits</li> <li>● +Acumen</li> <li>● Sky's the Limit/YB USA</li> <li>● MicroLab, Italy</li> </ul>	Resources are created and shared without costs or fees (eg online videos, best practice booklets & easy-to-use tools).	Low or no central costs and implementation costs.	<ul style="list-style-type: none"> <li>● Can share best practice with good geographical reach.</li> <li>● Good for campaigning.</li> <li>● Can provide good geographical reach.</li> <li>● Low accountability.</li> </ul>	<ul style="list-style-type: none"> <li>● May require good marketing.</li> <li>● Limited quality control.</li> <li>● High risk on brand.</li> <li>● Difficult to monitor impact.</li> <li>● May need updating regularly.</li> </ul>
<b>Training/consultancy</b>	<ul style="list-style-type: none"> <li>● Aliança Empreendedora</li> <li>● Perspektiva</li> <li>● Lend-A-Hand India</li> <li>● The Lions Aravind Institute of Community Ophthalmology</li> <li>● YBI</li> <li>● YB Russia</li> <li>● Most Business Incubator - Kazakhstan</li> </ul>	Teaching others to implement a model or parts of it via courses, workshops or seminars which could include Train the Trainer models.	<ul style="list-style-type: none"> <li>● Training or consultancy costs can generate a small income.</li> <li>● Relatively low costs.</li> </ul>	Works best when resources need explaining, or some adaptation initially, but can then be easily used	<ul style="list-style-type: none"> <li>● Resource intensive so scale-up can be slow.</li> <li>● Lack of control over delivery.</li> <li>● May need to be monitored for implementation, support and delivery.</li> </ul>
<b>Loose networks</b>	<ul style="list-style-type: none"> <li>● People Who Share</li> <li>● Impact Hub (at an early stage in its development)</li> </ul>	<ul style="list-style-type: none"> <li>● Individuals or organisations who share the same social mission with little coordination or control.</li> <li>● The Founder shares resources and the network grows organically with no formal agreement.</li> </ul>	<ul style="list-style-type: none"> <li>● No or low costs associated.</li> <li>● Informal sharing of resources and time may occur, as well as income generating activities.</li> <li>● Long term sustainability can be a challenge if the network grows too large.</li> </ul>	<ul style="list-style-type: none"> <li>● Can be scaled quickly.</li> <li>● Allows for high flexibility and innovation.</li> </ul>	<ul style="list-style-type: none"> <li>● Quality of brand.</li> <li>● Duplication.</li> <li>● Communication.</li> <li>● Loss of control.</li> <li>● Buy-in from all parties and clarity on decision-making is needed.</li> <li>● Governance issues can occur once norms have been established.</li> </ul>

**Affiliation: Usually an official on-going relationship with individuals or organisations to help them implement the venture**

<p><b>Accreditation</b></p>	<ul style="list-style-type: none"> <li>● YBI</li> <li>● YB Spain</li> <li>● Fairtrade</li> </ul>	<p>By becoming the accreditor, formal third-party recognition is provided by way of a recognised 'mark' of competence.</p>	<ul style="list-style-type: none"> <li>● Fees can be charged to help generate income.</li> <li>● Challenging to raise enough finance to sustain central operations.</li> </ul>	<p>Local/regional partners can support accreditation especially if there is a small team.</p>	<ul style="list-style-type: none"> <li>● Resource costs can be high.</li> <li>● Time-consuming to uphold quality and standards.</li> </ul>
<p><b>Association</b></p>	<ul style="list-style-type: none"> <li>● YMCA England</li> </ul>	<ul style="list-style-type: none"> <li>● Individuals or organisations enter into an agreement to achieve a common purpose.</li> <li>● They operate and raise funding with peers.</li> </ul>	<ul style="list-style-type: none"> <li>● Not hugely income generating.</li> <li>● Sometimes the lead organisation may support network co-ordination and there may be a governance structure.</li> </ul>	<ul style="list-style-type: none"> <li>● Works well with similar potential organisations.</li> <li>● Can work well when advocating with governments and policy makers.</li> </ul>	<ul style="list-style-type: none"> <li>● Likely to involve duplication.</li> <li>● Can be hard to lead the organisation towards a common purpose.</li> </ul>
<p><b>Federations</b></p>	<p>Oxfam International</p>	<ul style="list-style-type: none"> <li>● Federations are similar to associations but with formal agreements and coordination with members working towards a shared goal.</li> <li>● Organisations come together under an umbrella and share a common brand, with the organisation set up as the centre.</li> </ul>	<p>Agreeing a common level of centralisation.</p>	<p>Greater accountability due to formal relationships between parties.</p>	<p>An impartial central board without links to regions is important.</p>
<p><b>Strategic partnerships (for funding and delivery)</b></p>	<ul style="list-style-type: none"> <li>● YB USA/Sky's The Limit</li> <li>● Plan, Care and Barclays – Banking on Change</li> <li>● Lend-A-Hand India</li> </ul>	<ul style="list-style-type: none"> <li>● There is an agreement to collaborate with one or more partners to address common goals.</li> <li>● The strategy is set and delivered jointly.</li> </ul>	<ul style="list-style-type: none"> <li>● Varies and depends if there is a financial arrangement.</li> <li>● Formal agreements are sometimes in place.</li> </ul>	<ul style="list-style-type: none"> <li>● Partnering with larger organisations can promote faster scale-up.</li> <li>● Sharing resources such as IT, technology and skills.</li> </ul>	<ul style="list-style-type: none"> <li>● Time is needed to build a shared vision and objectives.</li> <li>● Too many partners can mean additional time and costs are required.</li> </ul>
<p><b>Social licensing</b></p>	<ul style="list-style-type: none"> <li>● Impact Hub</li> <li>● Dementia Adventure</li> </ul>	<ul style="list-style-type: none"> <li>● Intellectual property (IP), for a trademark, product or business model that is licensed for use by others, with certain restrictions on quality.</li> </ul>	<p>Protecting IP can be expensive.</p>	<p>Allows for greater control of how IP is used.</p>	<p>Requires development work to build the tools.</p>



<b>Social franchising</b>	<ul style="list-style-type: none"> <li>● Jibu</li> <li>● NyforetagarCentrum Sverige (Swedish Jobs &amp; Society)</li> </ul>	<p>Social franchising involves packaging a proven model and providing franchisees with training and ongoing support for delivery in a specific location.</p>	<ul style="list-style-type: none"> <li>● Franchise fees can be charged including initial start-up fees, ongoing management fees (a fixed fee or a percentage of revenue) or contracts.</li> <li>● This provides revenue for the organisation.</li> <li>● More expensive than licensing.</li> </ul>	<ul style="list-style-type: none"> <li>● Can expand quickly once development work has been completed.</li> <li>● Quality can be maintained.</li> <li>● Sharing of centralised resources.</li> </ul>	<ul style="list-style-type: none"> <li>● Franchise costs can create a barrier to entry so will need to be implemented to take into account local economies and income.</li> <li>● Documentation of key systems and processes.</li> </ul>
<b>Joint ventures</b>	<p>Plan Sierra - an environmental non-profit organisation created a joint venture with Helados Bon to support macadamia nut farmers.</p>	<p>An organisation joins another to create a new entity.</p>	<ul style="list-style-type: none"> <li>● Strong agreements are usually required.</li> <li>● Profits and losses are shared and both parties exercise control over the new entity.</li> <li>● Will require legal costs.</li> </ul>	<ul style="list-style-type: none"> <li>● Partnering with large organisations can support rapid scale-up.</li> <li>● High level of control is achieved.</li> </ul>	<ul style="list-style-type: none"> <li>● May need to establish a new brand</li> </ul>
<b>Sub-contracting</b>	<ul style="list-style-type: none"> <li>● National Citizen Service, UK</li> <li>● KIZ and YB Germany</li> </ul>	<p>Organisations are contracted to deliver the project or programme.</p>	<ul style="list-style-type: none"> <li>● Clear deliverables based on contracts.</li> <li>● Do not need to employ new staff.</li> </ul>	<ul style="list-style-type: none"> <li>● High level of control is retained.</li> </ul>	<ul style="list-style-type: none"> <li>● Finding the right sub-contractors is essential</li> </ul>
<b>Wholly owned</b>					
<b>Mergers/ acquisitions</b>	<p>Locality, formed by the merger of Bassac and DTA</p>	<p>Two separate organisations combine to form a single entity.</p>	<p>Costs such as legal fees and redundancy costs can be expensive.</p>	<p>Economies of scale can be achieved.</p>	<ul style="list-style-type: none"> <li>● Time consuming.</li> <li>● Need effective change management with staff and stakeholders.</li> </ul>
<b>Branching</b>	<ul style="list-style-type: none"> <li>● Qredits</li> <li>● MicroLab - Italy</li> <li>● BRAC</li> <li>● Grameen Foundation</li> <li>● ANDE</li> </ul>	<p>Branches are wholly owned, managed and controlled by the central organisation, with local staff but reporting directly to the central office.</p>	<p>High cost as branches in different locations require building and staff costs.</p>	<p>Provides a higher level of control for brand and reputation, as well as consistency.</p>	<ul style="list-style-type: none"> <li>● Scaling can be slower.</li> <li>● Can be bureaucratic.</li> <li>● Need flexibility to allow for adaptability to different locations.</li> <li>● Recruiting the right team can be challenging.</li> <li>● Resource intensive.</li> </ul>



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