Reflecting on three years
»Build your Business« Incubator

Impact Report
2016 – 2018

THE NEXT ECONOMY
How African youth make it work.
Let’s reflect on three years
The Next Economy

1. The »Build your Business« Incubator
   - The Issue and context
   - The Next Economy
   - The »Build Your Business« Incubator Program of the Next Economy
   - Locations and Programs of »Build your Business«

2. Impact after 3 years
   - Empowering people
   - Supporting hubs

3. Opportunities & learnings
   - The 5 key lessons to effectively support young people
   - The 5 key lessons to effectively support hubs
   - The 5 key lessons to successfully set up incubation programs in fragile economies

4. Zooming out and looking forward

Appendix
   - Deep dive Impact – Job creation at early-stage start-ups
   - Deep dive learnings – Journey of the entrepreneurs and hubs
   - Deep dive learnings – Regional differences and its chances and challenges
   - Glossary

Impact Hub Bamako, Mali
1 The "Build your Business" Incubator
Lacking employment opportunities pose a major challenge for 75% of young people in fragile economies

- 75% of youth aged 15-24 belong to the so-called ‘working poor’ in Somalia, Nigeria and Mali, with an even increasing trend.
- These youth operate in the informal sector, deprived from rights and social security, often earning between $1 and $2 per day, and frequently in unsafe circumstances.
- The lack of sufficient ‘decent work’ for this fast growing group of young labor force, offers them little to no economic perspective at all.
- Entrepreneurship is not common yet and a supportive entrepreneurial ecosystem is lacking.

To improve economic opportunities, The Next Economy focuses on building job skills, entrepreneurship and a supporting ecosystem.

Three pillars of The Next Economy:

1. Supporting **young people** on an individual level to: Find jobs & become an entrepreneur
2. Supporting **start-ups** to grow and create jobs
3. Creating or strengthening the **crucial entrepreneurship** climate for setting up or expanding businesses, by strengthening the physical infrastructure, networks and promotion of positive representation of local economic perspective.
With this report, Enviu wants to share the impact and learnings of the »Build Your Business« Incubator to inspire future initiatives.

During 3 years, Enviu delivered the »Build your Business« (BYB) Incubation Program of TNE in Mali, Somaliland and Nigeria, reaching 332 entrepreneurs. Enviu enabled, trained and supported the local hubs to coach local early stage start-up businesses. To further increase the impact of this program, Enviu is eager to share its results, the challenges and opportunities for change, to encourage similar initiatives and inspire future programs by other organizations in fragile economies to do even better.
AMBITION OF BUILD-YOUR-BUSINESS INCUBATOR

creating at least 300 jobs by supporting entrepreneurs to grow successfully
The BYB program supported entrepreneurs to grow their early-stage start-ups by enabling local hubs to deliver incubator programs

Local hubs as implementing partners

- Local hubs were trained, guided and monitored along the way by Enviu
- Hubs made working space available, local networks and continuous mentorship

Very diverse, early stage start-ups

- Start-ups operated in diverse sectors: logistics, farming, IT, fashion, etc
- Selected start-ups had at least a running MVP and were motivated to grow

Prizemoney

- the 2-3 best performing start-ups that pitched at Demoday could win 1,000-2,000 EUR

Program set-up

<table>
<thead>
<tr>
<th>BOOTCAMP</th>
<th>»BUILD YOUR BUSINESS« INCUBATION</th>
<th>DEMODAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-3 DAYS INTRODUCTION</td>
<td>FULL PROGRAM: 10 SESSIONS IN 10 WEEKS CRASH COURSE: 10 SESSIONS IN 1 WEEK</td>
<td>PITCHING DAY</td>
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<tr>
<td>• Explaining content and requirements</td>
<td>• Training on lean start-up and business skills</td>
<td>• Pitching start-up to peers investors, government, organisations, etc.</td>
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<tr>
<td>• Final selection of start-ups based on commitment and business model</td>
<td>• Hands-on curriculum with local examples and exercises</td>
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<td></td>
<td>• 10-15 participants</td>
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<td></td>
<td>• Mentorship &amp; working space</td>
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Running the program in three countries and five locations for three years

- 3 years
- 3 countries
- 5 locations
- 13 courses of 3 months
- 2 crash courses of 1 week
2. IMPACT

2.1 Empowering people

2.2 Supporting hubs

Streets in Lagos, Nigeria
Challenges and success of start-ups: Most early stage businesses start as a side hustle and struggle in an unsupportive start-up environment

Challenges faced by entrepreneurs:

- **Small Businesses as Side Husses**
  - Most people start with a business as a side hustle to make (extra) money due to little employment opportunities.
  - Still, most entrepreneurs lack the business knowledge, skills and confidence to actually grow their business.
  - Entrepreneurs lack confidence and faith to fully dedicate themselves and grow.

- **Unsupportive Eco-Systems Hamper Growth**
  - Most people and families are sceptical and concerned about the risks of entrepreneurship.
  - Local examples of successful entrepreneurship are lacking.
  - Lacking investment and funding support makes the growth of businesses a slow process.

- **Success Factors for Start-Ups**
  - Personal passion
  - Open towards criticism and learning
  - IT-fundamentals in the business model
  - Mindset to scale
  - Complementing team
  - Supporting family
  - Access to financial support & funding

**Stories that Inspire**

Misure is a start-up from a young female medical student in Jos. During her work at the hospital she experienced that a lot of pregnant women in Nigeria cannot afford the costs of a proper delivery in a hospital and thus risk their own and their child’s health. Driven by her passion and concern to tackle this issue she started Misure, an insurance-saving scheme with educational sessions for pregnant women. Today already 125 medical students volunteers consult pregnant women in primary health care centres in rural areas.
Impact on start-ups: **entrepreneurs experienced a boosted confidence and more control over their venture**

**Impact of BYB-program on entrepreneurs**

- **FEELING CONFIDENT**
  to build business regardless of gender and socio-economic background

- **A STRUCTURED AND GROWING BUSINESS**
  due to hands on business tools and weekly guidance

- **PREPARED FOR FUTURE CHALLENGES**
  due to access to a network for advise from like-minded peers and mentors

**What else impacted the success of the entrepreneurs?**

- ‘Getting stuff done’ mentality due to routines and schedules
- Seeing success in business iterations after 1:1 (local) mentoring and advise from the trainers tailored to their business
- Marketing support to move from WoM to market proposition towards clear target audience
- Hiring people depending on their skills means to switch from hiring relatives to actual employees

> «You need somebody that believes in your idea.»

Dembe Wass Hilqie Fargessa
Beside 284 founders securing their job, 1,925 jobs were created that were still existing after six months.

**Legend**
- Build your Business Incubator 3 months
- Crash Course one week

**1,925**
new jobs created after 6 months

- 198 new jobs in Mali
- 1,710 new jobs in Nigeria
- 17 new jobs in Somaliland

**In more detail**

- **284** people being founders and creating a job for themselves that still existed after 6 months

**Additional jobs created**

- **1,925**
  - In total and distributed as
  - **66%** of jobs for men
  - **34%** of jobs for women

**Of these employments**

- **72** jobs are direct
  - under a contract,
- **1,859** jobs are indirect
  - any paid service
Even in this early stage, start-ups created on average one job, with 14 high performers creating 10 or more jobs

**INSIGHTS ON JOB CREATION**

- Digital platforms that offer service provision such as delivery, babysitting and more show a high potential for job creation
- Mindset to value criticism and an openness to learn
- Early stage start-ups do often not have any employees, because of the low revenue and lacking capital to invest in growth

**A STORY THAT INSPIRES**

Riby is founded by Salami Abolore, a driven entrepreneur with a strong desire to solve problems of our times. The cooperative banking platform started in 2016 with one employer and is run today by 30 passionate employees, 2 funders and 1,535 indirect agents. The agents gap the linkage to rural communities and enable them to create access the platform and support the usage.

>“We literally met our investor at the Next Economy demo day and build the relationship from there.”

**Two high performers thrive until today**

**#1 Riby, Lagos:** In January 2018, 1,535 indirect jobs, full-time FTE (in total about 5,000 part-time jobs in December 2018) for agents that enable data input in rural areas for clients (400-800 USD/month) and 20 formal employees for the cooperative platform

**#2 Delivery Bros, Lagos:** 82 indirect jobs for male drivers and 3 employees of the team, today they are investing in electric bikes and start hiring 20 female drivers
Without the program I would still be floating and now I am walking straight. The program really showed me the potential of following my passion and taught me to build my own business.

The young female founder of Lavender Babies and Mommas in Abuja from 2018
2.1 Empowering people

2.2 Supporting hubs
Challenges hubs face: **Four out of five hubs did not run an early stage incubation program before the »Build your Business« Incubator**

**Challenges faced by hubs**

**CONCEPT OF INCUBATION IS UNKNOWN**

The concept of incubation in regions such as Jos or Somaliland is new to local governments and ecosystem players.

The full potential needs to be communicated to gain trust, access to investors and financial support for hubs and programs.

**EARLY STAGE INCUBATION IS HARD WITHOUT FINANCIAL SUPPORT**

Very early start-ups are highly cash restrained and cannot afford training or working space.

In contrast to accelerators, incubators for early stage start-ups is risky and rarely self-sustaining. External funding or cross-funding from other activities is needed.

**SUCCESS FACTORS FOR HUBS**

» Passion to create impact
» Having a network with local businesses and entrepreneurs
» Offering working space and organizing events
» Having a connection with an international network (e.g. Impact Hub or ANDE)

**STORIES THAT INSPIRE**

Digital Hargeisa is a new hub in Hargeisa, Somaliland that was co-founded in 2017 along with the first »Build your Business« program by Fuad Maghe. He has lived and worked in Canada for several years and came back to Somaliland as he sees the chance and importance to build new opportunities for his country and especially the youth through the power of entrepreneurship. Digital Hargeisa is an inspiring and diverse place where 70% of the trained entrepreneurs are female.
Impact on hubs: **With support of TNE, hubs learnt to run incubation programs independently as they gained skills, experience and visibility**

**The value of the program for local hubs**

- Structured program and tool set equips hubs to run these programs independently in the future
- Improved identity as a hub with extende, more defined propositions, target group and improved team work
- Increased visibility and network among start-ups, mentors & investors
- Improved understanding of the requirements of working with international organization, e.g. on M&E
- Connecting and exchanging learnings with other local hubs of the Next Economy Program and learned how to train other hubs
"Everybody thinks that incubation is only about tech, but with the Next Economy we can show that it is tech and non-tech businesses that need support and can grow our economy."

Eric Naple, Incubation Manager at nHub in Jos, Nigeria,

nHub is one of the first hubs in Northern Nigeria that supports and empowers entrepreneurs. The Next Economy Program started in Jos in 2018 and has been a frontrunner in empowering women, as 70% of the entrepreneurs were women.
The 5 key lessons to effectively support young people to build and grow their own company

Building confidence in regions where entrepreneurship is not common
Local examples and visit/invite local entrepreneurs
A moment to shine and work towards to, e.g. Demoday
Ability to go out and represent their business

Giving skills to transform side hustle into a real business
Daily book keeping: from cash in and out to profit and loss balance
Marketing: from word of mouth to market proposition, definition of target audience and ads
Hiring people: from relatives to actual employees

Equalizing opportunities of successful entrepreneurship
Equal and free access
Small prize money can overcome cash flow problems. If funding, do it scaled, based on milestones and progress

Creating a ‘Can-do mentality’
Clear goals and people that keep them accountable within a weekly structure
Culture of sharing and support through a network and meet-ups to engage participants to share their insights and experiences

A lasting access and network to experts and funding
Access to mentors, experts and advisors
Access to workspaces and facilities
Alumni network and meet-ups to engage participants to share their insights and experiences
The 5 key lessons to effectively support hubs to build, execute and grow an incubation program

**Building capacity to run incubator programs**
A structured approach tailored to the local context and economical ecosystems

Including local businesses and alumni in class and fieldtrips

Network with other hubs of the Next Economy to learn from their experiences

**Attracting high quality and inspiring trainers**
Trainers with a strong business background, experiences and most importantly network

Provide clear program structure and concept that can be easily adopted by changing trainers

**Attracting committed and driven entrepreneurs**
Include a boot camp as a gatekeeper to get to understand personal commitment and growth potential

Engage in marketing across all channels such as radio, newspaper and social media by showcasing results from previous programs

**Creating a trustful environment and culture of sharing**
Personal contact, conversations and sharing own business insights and learnings

»We had a lot of drop-outs at the start, as the start-ups didn’t want to share their ideas, because they thought we would steal it. One start-up only shared the idea with a lawyer.«
Eric, nHub

**Going above and beyond: feeling committed to start-ups**
Provide availability of workspace and opportunities for 1:1 mentor sessions

Open up network of partners and investors for start-ups

Ensuring long-term success of start-ups to proof for further funding
The 5 key lessons to successfully set up an early stage incubation program in fragile economies from an organizational perspective

- **Create an adaptable theory of change and targets**
  - Ensure room to adapt the program along the process to include learnings and local developments

- **Enable local ownership and long-term independence**
  - Ensuring local presence with local hub
  - Set financial responsibility, targets and incentives for success with the local hubs and partners.
  - If you set up a new hub or organization then ensure to help them to become independent

- **Allow for a diversity of start-ups and levels**
  - Ensure a set-up that mixes different levels but ensure the same level of ambition and drive tailored to the needs of the start-ups

- **Create (International) Linkages**
  - Reach out to corporates for pro-bono services to provide all hubs with server space, or start-ups with website access etc.; Share international funding opportunities with the hubs such as challenges, calls or awards

- **Provide tools that enhance credibility of start-ups and hubs**
  - Recognition of the Next Economy program available for start-ups e.g. through providing prize-winner logos for communication or access to international challenges, network and funding possibilities
4 Zooming out and looking forward

Impact Hub Bamako, Mali
Let’s continue to support early stage incubation and go beyond it, giving a long-lasting boost to local economies and young entrepreneurs.

Looking back at the results of 3 years The Next Economy, Enviu invites other parties to not only start or continue early-stage incubation programs in fragile economies, but to go beyond it, and create long-lasting impact for local entrepreneurs and the local economies.

Let’s give more young people the chance to create that one start-up that creates +10 jobs.

Holistic, and accessible incubation programs bridge the difficult step of bringing a product successfully to market as it:
» Clearly impacts the confidence and can-do-mentality of young entrepreneurs.
» Strengthens their perspective to create their own opportunities and jobs, by running small, yet sustainable and local businesses,
» Creates local jobs for young people
» Establishes fundament for larges businesses, generating local employment

To achieve long term and scalable results, let’s go beyond incubation training!

Increase the long term impact of funded incubation program, by:
» Enabling hubs to take ownership of their program and continue it, e.g. enable train-the-trainer programs, create additional revenue models, etc.
» Creating support opportunities for entrepreneurs after the program, e.g. by local and international mentorship, cross-country entrepreneur exchange, access to follow-up funding based on milestones
»We really don’t want the Next Economy program to die. It has made so much impact. Me and my friends were already considering to found an NGO ourselves to insure that it continues.«

Founder of Smarter Language Academy and Digital Entrepreneurship for Women in Abuja, 2018
APPENDIX

This report focusses on the Build your Business program and was conducted by Enviu, in agreement with Stichting 1%Club / Good Up and SOS Kinderdorpen.

For further details, questions, or recommendations, on the "Build your Business" Incubator please reach out to Laure Willemen, laure@enviu.org;

For further details, questions, or recommendations on the job skill training, crowdfunding and ecosystem support please reach out to:
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Willem Nederstigt, willemnederstigt@soskinderdorpen.nl
Enviu builds world changing companies

Enviu is a **social venture building studio**, founded in 2004, with a proven methodology for building commercial social ventures. Till date we have build 16 ventures

We take off from a **system-error** with building markets and enterprises for good as our end-goal

We build and grow **social and sustainable** ventures from our offices in Kenya, India, Chile and the Netherlands

We design and build for scalability, realizing **world-changing social enterprises**

We **develop markets**, reinforcing our own, and others
An experienced consortium financed, built and executed the Next Economy

The multi-year program is funded by the Dutch Ministry of Foreign Affairs and implemented by joining efforts of SOS Children’s Villages and 1% Club as alliance partners, and Enviu and Afrilabs as implementation partners.

Financed by the Dutch Ministry of Foreign Affairs

Lead by SOS Children Villages Netherlands

In partnership with 1% Club and Enviu

Executed by Local Partners in Mali, Nigeria and Somaliland
The »Build your Business« incubator trained 235 start-ups of which 14% of the start-ups created their first revenue during the program and more than 32% increased their turn-over.

- 332 entrepreneurs / founders supported
- 122 female founders
- Jos, Nigeria and Hargeisa, Somaliland are frontrunners by having
- 70% female founders

More than 32% of the start-ups increased their turn-over after 6 months.

With an average increase of 155% in turn-over after 6 months.

14% (#29) of the start-ups made their first turn-over during the program.
The Next Economy team learnt that participants grow personally during the training, but need follow-up mentoring support for long-term success.

The path of founders of start-ups.

The journey of Precious, one particant, has mainly been accompanied with positive feelings and experience especially during the application process and towards the demo day.

How might we improve to best support in moments of pain?

» During the program participants are confronted with weaknesses of their businesses – ensure to communicate this as a chance

» Constant availability of mentors and trainers to overcome uncertainty during training and build confidence

» Create follow-up mentorship and funding opportunities, as well as access to networks to maintain energy and ensure progress.
The Next Economy team learnt that the hubs benefited strongly from the structured program, but need to build a stronger community

How might we improve to best support hubs in challenging moments?

**Recruitment and retaining start-ups**
- Ensure a sufficient marketing budget to enable high visibility across all media
- Clearly communicate the impact of the program, e.g. with stories of alumni's, etc.

**Access to investors and partnerships**
- Showcase start-ups at demo day and virtually on a website and social media and analog in the press to actively increase the chances for start-ups in setting up partnerships or finding investors
- Open up contacts to international networks

**Monitoring and evaluation**
- Weave data collection into the whole program structure by getting the entrepreneurs into the habit of knowing their numbers from the very beginning and enhance the mindset that »you need data to make it better«
- Keep it simple! Make data collection as easy as possible for the participants by creating short and regular only surveys that only take max. 5-10 minutes
Regional differences: **News ideas to embrace the local context and tailor an incubation program accordingly**

From the experiences and learnings of three years Next Economy we see potentials and new ideas that could be tested to adapt incubation programs even more to the local context:

**MALI, Bamako**

*Hidden Investment network* and little developed private sector that could support businesses to grow

Support events and meet-ups to foster the entrepreneurial exchange, support and spirit and set up private meetings

**NIGERIA, Jos**

*Insecurity and instability in Jos*

“Due to security issues, the unstable situation and sporadic attack, so many people prefer to start their business somewhere else.”

Support hubs to use social media usage and online/WhatsApp coaching (tailor a program that demands little data usage)

**Somaliland, Hargeisa**

*External money inflow*

Main money inflows are from the diaspora, development and aid programs; only little production and value creation and capture in the country

Create special prize category for start-ups that engage in agricultural or local production
Glossary

Constructive partnerships:

**Definition:** any partnership that significantly supports the start-up in its growth. So, e.g., if a start-up selling fruit juices manages to partner with a supermarket, or a start-up that builds websites for businesses partners with a large business network, those partnerships are considered constructive.

**Direct Job:**

**Definition:** any job that is associated with the daily operations of the start-up. For criteria on which jobs you can count, see below.

**Criteria & instructions:**
- The employee is between 15 and 35 years old
- Count jobs for male/female workers separately
- The employee works under a contract of / is employed for at least 12 months
  - If the employee works less than 12 months, convert to FTE. For example, someone who works full time for 3 months and then quits, counts as 0.25 FTE
- Receives a wage that is
  - Paid regularly
  - Conform the standards of the market the start-up operates in
- All direct jobs need to be converted to FTE (for explanation on how to do that, see below).

**Informal Job:**

**Definition:** any job that is associated with the daily operations of the start-up. For criteria on which jobs you can count, see below.

**Criteria & instructions:**
- The employee is between 15 and 35 years old
- Count jobs for male/female workers separately
- Any paid service related to [delivery to customers] / [distribution of products] / [support in production or service process] of the start-up, counts as an informal job. E.g. if the start-up builds an online platform that connects teachers and students, places nannies in households, or hires drivers to deliver products, these are all informal jobs that count!
- All jobs have to be converted to FTE. If information on hours worked per week is unavailable, count each informal job as 1 part-time job.

**Full Time Equivalent (FTE):**

**Definition:** The Full Time Equivalent (FTE) is a unit to measure the number of employees in a way that makes them comparable to each other, accounting for difference in nr of hours worked per employee per week. For example, a start-up can have 5 people working at an FTE of 3.1 full-time employee (1 FTE), and 4 employees that work part-time for 20 hours a week each, amounting to 0.5 fte, totalling 2.5 FTE.

**Calculation:** you can calculate the number of FTE per company with the following formula: [# of hours worked per employee per week] divided by [the # of hours that is generally considered as a full-time job]. The result should be between 0 and 1 for each employee. The drive has a calculation tool which you can use to calculate all part-time jobs within one company.