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Youth Voices:

Youth-Led Social Entrepreneurship in East Africa and the Middle East

A report by Digital Opportunity Trust's Youth Leadership Advisory Board (YouthLAB)

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EXECUTIVE SUMMARY

The rise of social entrepreneurship is changing the nature of work and the face of development in countries around the world. Confronted with high levels of unemployment and dissatisfied with the myriad social challenges that continue to exist in their countries and communities, youth in particular are embracing social entrepreneurship.

There is growing interest among private and public sector organizations and institutions to support the enthusiasm young men and women have for "doing well by doing good," and its potential to provide new and potentially transformative solutions to struggling health and education systems, increasing gaps between the rich and poor, and high levels of unemployment and poverty.

Yet, despite this enthusiasm, little is known about the social entrepreneurship journeys youth take in volatile economic settings, and the barriers and enablers they face along the way.

This research report aims to shed light on the journey of young men and women who have embraced social entrepreneurship in Kenya, Ethiopia, Lebanon, Rwanda, Uganda and Tanzania.

Informed by a research project designed and led by Digital Opportunity Trust's Youth Leadership Advisory Board (YouthLAB), this report presents the struggles and triumphs of 101 youth social entrepreneurs by highlighting enablers and barriers that were common to all of them, despite different contextual circumstances.

The research had three primary aims:

01 To discover the support systems available to young social entrepreneurs in each country;

02 To better understand the tools, tactics and strategies they use when they encounter barriers;

03 To inform private and public sector organizations and institutions, including DOT, about how they can support a growing youth social entrepreneurship movement.

This report highlights the three main findings that emerged from the research:

01 There are opportunities to thrive as a social entrepreneur. The existence of social challenges is a catalyst for social entrepreneurship, and a passion to solve a challenge is often at the root of a young person's decision to embark on a social entrepreneurship journey.

02 Digital technologies are important tools for many young entrepreneurs. Often the more digitally savvy and connected youth have greater success in growing and scaling their enterprise. They are able to use online marketing to build trust and find new customers. Gaps in locally available training and networking can also be addressed by leveraging online platforms and courses.

03 The demand for support is greater than the current supply of resources. Young social entrepreneurs need a continuum of support from ideation to scale; training to develop sustainable business models; and access to networks throughout the different stages of the enterprise lifecycle. Supporting organizations can play an enabling role to facilitate youth social entrepreneurship by strengthening and investing in service providers that can offer long-term and targeted support to young entrepreneurs.

The research conducted by DOT's YouthLAB demonstrates that – with ecosystems of support, mindsets, digital skills, and social enterprise encouragement – youth are delivering economic and social impact in their communities. This paper provides insights into how youth are harnessing opportunities and navigating their social innovation journeys.
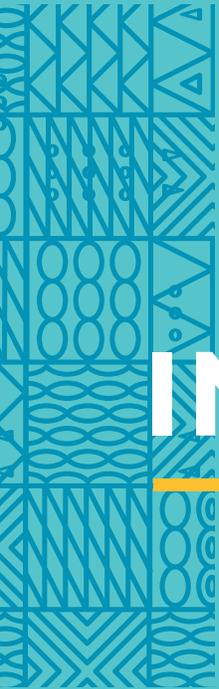
INTRODUCTION

Youth will define the future social and economic development of many countries throughout the world. As the future decision-makers and drivers of development in their communities and countries, there is a tremendous opportunity for youth-led movements to catalyze social change.

However, in order to do this, there is a need for public and private sector entities to support youth-led movements by putting young men and women in the driver's seat, where they are positioned to define the challenges they face and empowered to identify and pursue solutions.

This requires a fundamental shift away from traditional development and service models that position youth as passive beneficiaries of assistance towards a strategy that harnesses the power of youth, and their flexibility, creativity, resilience and capacity for risk.

DOT has established a Youth Leadership Advisory Board (YouthLAB) as a key step to ensuring the voices, needs, opinions and desires of youth are at the front and center of organizational decision-making and program implementation.

In doing so, DOT is shifting from a model-based approach to youth development to one that is catalyzing future leaders, and supporting youth-led movements for social change.

The YouthLAB team that worked on this research, report, and set of recommendations are all aged 18 to 29 and represent six DOT countries: Kenya, Ethiopia, Uganda, Rwanda, Tanzania and Lebanon. The team was selected based on their leadership ability, ability to raise the voices of youth in their countries, and to help DOT pioneer a new approach to youth-led development and empowerment.

YouthLAB members have three core functions within DOT's global team:

01 **Researcher:** Trained in qualitative research, YouthLAB members collect feedback from youth in their community on issues that are central to DOT's mission. In this way, they bring evidence about what truly works and doesn't work to support young men and women to become leaders and social innovators.

02 **Strategic Counsel:** Through regular sessions with DOT global and affiliates, YouthLAB provides feedback on DOT programs and services to help ensure they are relevant and useful to young men and women, and to provide advice on programmatic adaptations.

03 **Youth Ambassador:** YouthLAB members champion the voices of youth in their communities within DOT, and with DOT's stakeholders and partners, including national governments and international agencies. They leverage opportunities to speak about their research and about youth issues in their countries in a variety of national and international forums. YouthLAB also promotes DOT among their peers, raising awareness and creating demand for programs and services.

This report documents the findings of a 12-month long research project exploring the rise of youth social entrepreneurship in YouthLAB countries.

YouthLAB members carried out this research to inform their work with DOT, helping to ensure programs are rooted in the needs of young social innovators.

OUR YOUTHLAB RESEARCHERS

Regine Mutamutse, Rwanda

Regine is a passionate educator who has experience delivering both face to face and blended learning programs. She joined DOT in 2012, and has remained an active member of the DOT Rwanda network, empowering young men and women with digital literacy skills. As a YouthLAB member, Regine strives to represent Rwandan youth to a global audience. Regine shares: "Learning about youth requires actively listening to them."

Kamau Mugure, Kenya

Kamau is passionate about youth and women's self-determination and he endeavors to ensure that young people get opportunities to actualize their potential. As an entrepreneur, Kamau facilitates activities that promote youth employment and entrepreneurship, access to capital for youth and women, and digital inclusion for youth and women in order to level the playing field for their participation and leadership in community development. "My involvement in YouthLAB has exposed me to a global community of emerging leaders who are effecting change in their communities more deliberately and with a lot of passion. Importantly, it has also increased my confidence in my own capabilities and those of my fellow youths in shaping the future of our communities. I feel very privileged to have met and represented the voices of the youth and women in my community and also globally."

Ng'walu Kidayi, Tanzania

Ng'walu has been an active member of the DOT network since 2013, when she first began offering entrepreneurship and ICT skills training for underprivileged community groups in Dar es Salaam. Passionate about developing and sharing compelling stories, she worked as a communications officer for DOT Tanzania before taking on her YouthLAB role. Ng'walu is a committed advocate for gender equality and is particularly interested in the challenges, opportunities and strategies young female social entrepreneurs encounter. "I now have a clear picture of the challenges that are faced by youth, and my experience will help me to represent and advocate for my fellow youth in their communities, supporting them to take on valued roles and address issues that are important to them."

Tomas Atsbeha, Ethiopia

Tomas is a committed young leader and strives to be a role model for other youth in his community. Since joining DOT as a community facilitator in 2014, he has provided empowerment, entrepreneurship and ICT skills training for young women and men. "Before my involvement in YouthLAB, I was not familiar with the concept of social entrepreneurship. Now, not only have I gained more knowledge around social entrepreneurship, but also my participation in YouthLAB has allowed me to meet with innovative social entrepreneurs. This experience has motivated me to establish my own social enterprise in the future."

Samson Matua, Uganda

Samson has been part of the DOT network since 2014 when he began offering empowerment and ICT skills training to youth in Northern Uganda. Through his involvement with YouthLAB, Samson has expanded his professional networks and opened his mind to new opportunities. He hopes that YouthLAB's research on youth and social entrepreneurship reaches civil society and governmental entities, businesses, as well as young people themselves and is used to shape the future of the social entrepreneurship ecosystem. "Leadership is courage in the face of fear, timidity and uncertainty, taking bold decisions and actions with regard to the challenges and opportunities you face. These young social entrepreneurs have demonstrated the courage to lead as changemakers in their communities, despite challenging odds."

Mira Hatoum, Lebanon

Mira has been working in the education and development sectors in Lebanon to increase opportunities for youth across the country, particularly in rural areas. She credits her involvement in YouthLAB with creating new opportunities for her to be involved in national and international youth leadership events, and expanding her networks. "Seeing the passion of young social entrepreneurs – that they really do trust and believe in their communities – has motivated me to think about what contribution I really want to make."

RESEARCH METHODOLOGY

The Youth-led Research Process

Inspired by the rise of entrepreneurship in their regions, and recognizing that a lack of high quality data is keeping youth social entrepreneurs from receiving the attention they deserve, the YouthLAB team chose to focus on the youth social entrepreneurship journey in their research activity with DOT.

Building on their own country-specific experiences and supported by the DOT team, YouthLAB developed a qualitative research methodology and completed research training during their first face-to-face meeting in Nairobi in January 2017.

Research training was designed to build the capacity of YouthLAB members to develop research plans, recruit participants, conduct and record interviews and observations, and undertake data analysis. The training also introduced YouthLAB to systems thinking, and guided them in developing a collaborative social entrepreneurship systems map to guide data analysis.

Through this collaborative design process, YouthLAB identified the following research objectives:

01 To identify the enablers and inhibitors that young social entrepreneurs face on their journey from idea to scale;

02 To discover the supports that exist in each country, and identify gaps in the enabling environments;

03 To draw out insights related to common tools, tactics and strategies social entrepreneurs use when they face barriers;

04 To highlight strategies that youth development organizations such as DOT and other national and international stakeholders should develop to support the growing youth entrepreneurship movement.

Data Collection and Analysis

YouthLAB chose informant interviews as their primary data collection method, as it provided the opportunity for a detailed description of youth social entrepreneurship in their communities. Using a snowballing sampling approach to identify participants, a total of 101 youth social entrepreneurs (40 women and 61 men) were interviewed across six countries.

DOT country staff helped to identify potential interviewees from among their own networks, and YouthLAB members also attended social enterprise events and business competitions to recruit participants. As a result, the data presented should not be considered representative of the entire youth social enterprise ecosystem in each country. Rather, it serves as a snapshot to identify themes and uncover insights that are common to youth social entrepreneurs in different contexts, regions and country settings.

The aim of the research is to bring forward the voices of young social entrepreneurs who may not define themselves as such, and highlight their stories of change.

To avoid excluding potential interviewees and their perspectives, and to ensure that a diversity of voices were included in the research, YouthLAB researchers targeted youth running small and medium organizations that adopt non-profit, for-profit and hybrid approaches, including:

01 **Innovative nonprofits:** Organizations that may be registered as NGOs but have innovative products or services to address particular development issues, or innovative business models.

02 **Social enterprise:** Organizations that are registered as companies, and have created a new product or service that attempts to address a social issue. Profits are reinvested back into the company to advance a social change agenda.

03 **Hybrid:** Organizations that are registered as either an NGO or company, but that mix business models to create a new product or service that addresses a social challenge.

04 **Non-incorporated:** Organizations that are not yet registered because they are prototyping or testing their product or service, trying to secure start-up capital, or are trying to determine which registration option is best for them.

Supported by the DOT team, analysis was grounded in systems thinking, and involved categorizing data into thematic areas, grouped loosely under "enablers" and "inhibitors" to youth social entrepreneurship.

Collaborative group discussions were used to collectively identify common themes, and to ground and validate the themes with examples from each country. The following themes were identified through collaborative group discussions:

01 **Enabling environments** are a key determinant of success for social enterprises, and include legal frameworks, supports, market readiness and public perception of social enterprise.

02 **Entrepreneurial mindsets** such as motivation, a risk-taking spirit and resilience drive the most successful and promising young social innovators.

03 **Passion for social change** often forms the impetus for a young person to turn to social entrepreneurship rather than more established sectors.

04 **Digital innovation** helps fuel social entrepreneurship by broadening and deepening networks of support, allowing innovators to develop new solutions to old problems, and extending the reach of training programs and other support systems.

05 **Gender,** including norms related to traditional roles for women, influences access to available supports and networks for young women.

06 **Social enterprise ecosystems**, including access to incubators, investors, seed funding and mentoring and training, are important drivers of success for young entrepreneurs.

Within each of these themes, YouthLAB members identified the opportunities, tools, tactics, strategic decisions and trade-offs youth make as they encounter barriers and facilitators along their journeys as social entrepreneurs.

Finally, drawing from the pool of research participants, YouthLAB members each identified one interviewee in their country for an in-depth follow-up interview, and developed a case study that documents the journey of an inspiring youth social entrepreneur.

Limitations

Given the unclear definitions that exist for social entrepreneurship, and the nascent nature of the sector, which in many countries is concentrated in capital cities, some of the YouthLAB members had difficulty identifying interviewees, and relied on DOT staff to help recruit research participants.

As a result, many of the interviewees have participated in DOT training programs or other events and may not represent the average youth social entrepreneur who has not had access to the networks and other resources that DOT provides.

It was also challenging for most of the researchers to recruit equal numbers of male and female interviewees, since the field of social entrepreneurship tends to be dominated by men in the countries where the research took place, as well as globally. As a result of these limitations, the conclusions and recommendations presented in this report should be considered indicative of broad trends in youth social entrepreneurship rather than completely representative of the sector.

WHAT IS SOCIAL ENTREPRENEURSHIP?

There is an undeniably powerful and positive trend taking hold in countries throughout the world: the rise of young social entrepreneurs.

From high-income countries like Canada and the United States to low and middle-income countries like Kenya, Lebanon and Ethiopia, social entrepreneurship is transforming youth livelihoods, inspiring innovation, and creating new solutions to old problems. Africa in particular, with its growing middle class and deepening markets, is spurring social entrepreneurial activity throughout the continent. Similarly, our YouthLAB Researchers countries in the Middle East, like Lebanon, are embracing entrepreneurship to overcome sluggish economies and high unemployment rates.

Determined to help solve problems related to poverty and underdevelopment, young men and women in Africa and the Middle East are turning to social entrepreneurship as a way to radically improve the state of development in their countries and beyond.

Despite the growing global enthusiasm for social entrepreneurship, there is a level of fuzziness in defining exactly what it is. What makes a social enterprise different from a traditional business, or from a non-profit or civil society organization? What are the conditions under which social enterprise operates? What balance of revenue and social goals do entrepreneurs need to strike to fit the definition of a social enterprise?

There are no clear answers to these questions. Most definitions stress "three I's" as key to any social enterprise: Impact, Innovation and Income[1]. But not all enterprises strike the same balance of impact, innovation, and income.

Some prioritize impact over income, and appear more like a non-profit or civil society organization than a business. Others stress income as the driving force and are hard to distinguish from more traditional businesses. And some, such as many tech start-ups, take innovation as their starting point, viewing profit and social impact as important but secondary outcomes.

It is important to view social entrepreneurship as a spectrum, with enterprises incorporating all three 'I's to varying degrees. This does not mean that some traditional businesses or non-profits don't also incorporate all three elements, and many of them increasingly do. For this reason, many social enterprises see themselves as hybrid organizations, falling somewhere between a non-profit and a business. The Social Enterprise Alliance provides the following definition:

> *[Social enterprises are] organizations that address a basic unmet need or solve a social problem through a market-driven approach.[2]*

This research project takes as its starting point that, despite areas of overlap, a social enterprise is a distinct entity from either a non-profit or a traditional business, and has the following characteristics:

01 It has a social mission at its core, and its main objective is to solve social problems and benefit disadvantaged people.

02 Unlike a non-profit, a social enterprise aims to generate profits that are reinvested back into its social mission.

03 A social enterprise generates impact by creating income to help lift people out of poverty, or provides essential services and products to underserved and disadvantaged communities.

[1] *https://www.oecd.org/sti/inno/47861327.pdf*
[2] *https://socialenterprise.us/about/social-enterprise/*

THE LANDSCAPE OF YOUTH-LED SOCIAL ENTERPRISE

ETHIOPIA

The Government of Ethiopia is committed to expanding the scope for youth entrepreneurship as a part of the country's Growth and Transformation Plan. Young entrepreneurs are encouraged to organize themselves in groups in order to access microfinance and receive training and startup capital for small and medium enterprises (SMEs). In 2013, the Ministry of Urban Development and Construction, in partnership with UNDP, launched an Entrepreneurship and Development Program to provide skills training and funding to SMEs started by youth, women and new graduates. However, no policy framework exists for social enterprises; they must register as an SME or NGO.

KENYA

Kenya has a strong community of social entrepreneurs and the highest volume of social enterprises in East Africa. Kenya is a regional hub for social entrepreneurship and hosts many regional and global events. There is a well developed ecosystem for social enterprise, with a well established impact investing sector, high level of openness and collaboration from government, and a number of incubators, training programs, and capacity building opportunities. While there is no policy framework for social enterprise, many policy areas have supportive legislation, such as a liberal policy environment for IT infrastructure, which has led to the establishment of many tech-focused enterprises and accelerators.

LEBANON

There is a relatively high level of cultural acceptance for youth entrepreneurship in Lebanon and a solid base of support for small businesses and start-ups. However, the social enterprise sector remains underdeveloped. There is no legal status for social enterprise in Lebanon and entrepreneurs must decide to register either as an NGO or a commercial enterprise, with the majority choosing to register as a company given the difficulty in registering and obtaining permits for NGOs. Despite this lack of formal recognition, in recent years, the social enterprise sector has become increasingly more active. It is extremely difficult for social enterprises to access bank loans and they often rely on government or donor grants in early stage development.

RWANDA

The Government of Rwanda puts a heavy emphasis on entrepreneurship as a way to overcome youth unemployment, create economic growth and development, and lift people out of poverty. However, the focus on private sector development has not transferred over to social entrepreneurship, which remains an underdeveloped sector. The majority of social enterprises operate as NGOs that have a small aspect of revenue generation to improve sustainability. Rwanda has a weak ecosystem for social enterprise, but a high level of collaboration between the government and private sector. Despite the lack of government support, there are many international and regional grants available to social entrepreneurs in Rwanda.

TANZANIA

In Tanzania, the government has targeted youth entrepreneurship as a solution to overcome high levels of unemployed and working poor youth. However, Tanzania is among the least developed social enterprise sector in East Africa. No legal framework for social entrepreneurship exists. There is little awareness about social entrepreneurship and "entrepreneur' is often a term associated that has negative connotations. Most social enterprises are part of the informal sector or are NGOs that have incorporated some aspect of revenue generation.

UGANDA

There are many locally established social enterprises in Uganda, pointing to recognition of the sector and an emerging enabling environment that supports social entrepreneurship. Social entrepreneurs primarily operate in the health, education and energy sectors. There is no specialized legal form of social enterprise, though hybrid forms are available, such as NGOs with an income-generating element. Funding is a challenge as banks have high interest rates for loans and government banks and MFIs focus mainly on the agriculture sector. Most private donor grants are reserved for specific sectors, such as clean energy.

Why Focus on Youth?

Youth, many of whom are unemployed and underemployed in East Africa and the Middle East, are best positioned to take advantage of the new opportunities social entrepreneurship provides, and they are doing so at ever increasing rates.

As a result, Africa has the highest rate of youth moving from job-seeker to job-creator in the entire world.[3] Recognizing the gap that exists between available jobs and the number of men and women entering the labour market every year, many Low- and Middle-Income Country (LMIC) governments are creating programs to encourage and support self-employment and business creation.

While many initiatives are focused on helping youth start businesses as a way to escape poverty, there is a growing emphasis on the potential for young men and women to become drivers of innovation and economic growth.

Youth are typically the earliest adopters of new technology, and have greater risk tolerance than older adults. For this reason, there is an emerging trend that views youth entrepreneurship as an opportunity rather than solely as a necessity.

Dissatisfied with the state of development in their countries, youth are also increasingly seeing self-employment as a way to address social challenges, and are drawn towards social entrepreneurship for its unique ability to drive economic growth while delivering products and services that improve the lives of people living in their communities.

Youth social entrepreneurship is an important shift away from a focus on necessity-driven solutions to opportunity-driven solutions.[4]

[3] *Intellecap, 2015. Catalyst for Change: Creating an Ecosystem for Young Entrepreneurs in East Africa.*

[4] *See for example: Llisterri, J.J., Kantis, H., Angelelli P.; Tejerina, L. (2012). Is Youth Entrepreneurship a Necessity or an Opportunity? A First Exploration of Household and New Enterprise Surveys in Latin America. Inter-American Development Bank Technical Papers.*

A Systems Thinking Approach to Youth Social Entrepreneurship

A systems thinking approach **is a way of understanding how different parts of a system are linked together, and how they affect and influence one another.**

Since social entrepreneurs are embedded in wider economic and social systems that affect how they operate, systems-oriented strategies can help to produce the greatest impact.

In order to better understand enabling environments for youth social entrepreneurship – including identifying barriers and facilitators – DOT's YouthLAB developed a social enterprise systems map in collaboration with DOT staff.

The systems mapping approach helps to identify leverage points across the social enterprise ecosystem: for example, places in the system where interventions have the greatest potential to support social entrepreneurs on their journey.

Through design thinking exercises, YouthLAB members identified the following leverage points in their social entrepreneur ecosystems:

01   Enabling environment

02   Resilience

**03**   Sustainable solutions

04   Digital technologies

The **enabling environment** includes the legal framework in each country, the level of market awareness and readiness, and access to business training opportunities and start-up capital.

Resilience refers to social entrepreneurs' ability to attract funds, market their products, and their ability to overcome the barriers and challenges they encounter along their journeys. It also includes the traits and supports a social entrepreneur needs to possess to help overcome barriers, such as supportive family and friends, and motivation, passion and creativity.

Sustainable solutions relates to the ability for social entrepreneurs to identify an innovative solution to a community challenge, assess market readiness, develop a sustainable business model and adapt and iterate based on testing and prototyping.

The final leverage point in the social enterprise system is related to the ability for social entrepreneurs to integrate **digital technologies** to innovate products and services, market their enterprises, and scale the reach and impact of their solutions.

Systems Map
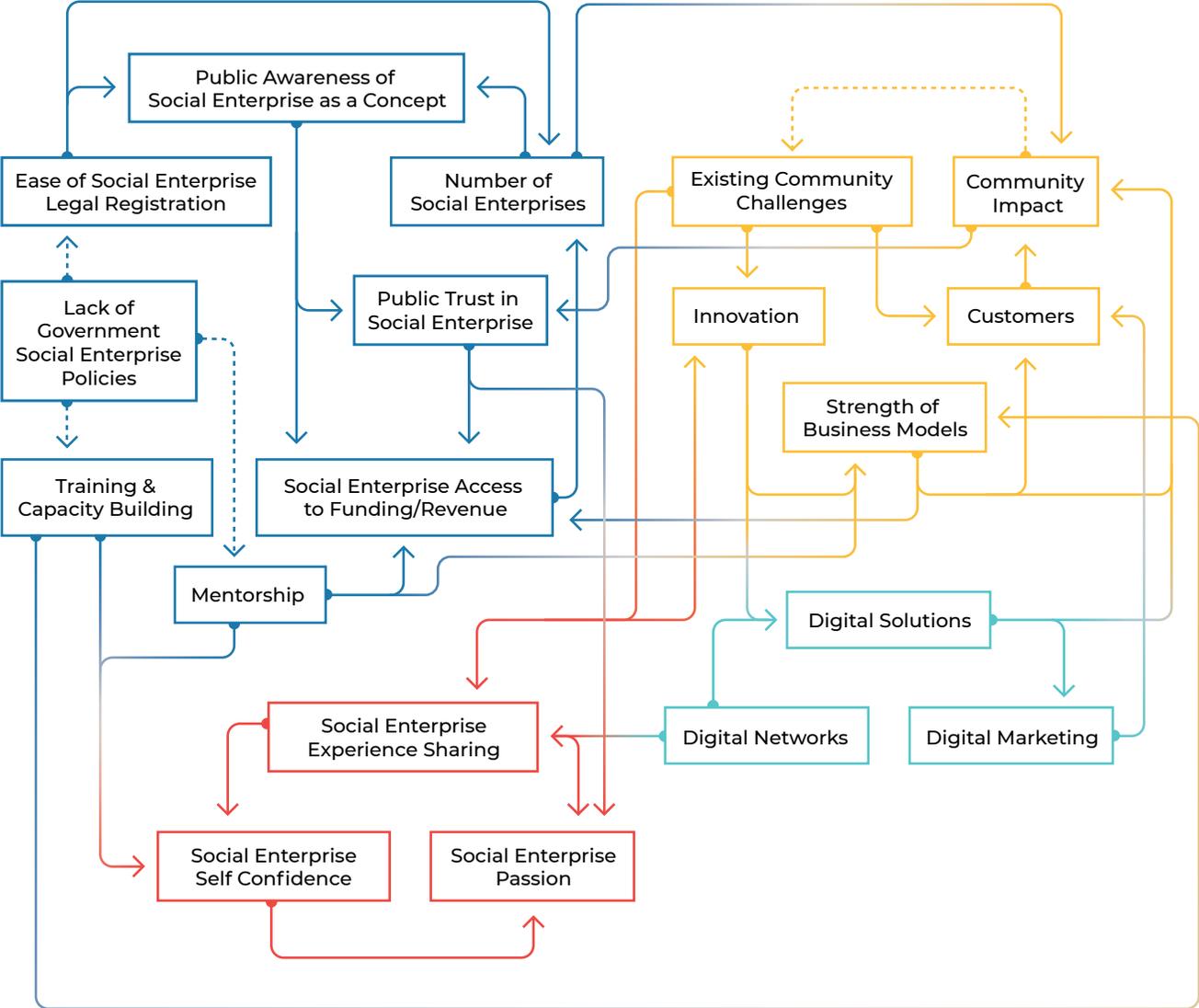
LEGEND

CATEGORY

- ■ Enabling Environment
- ■ Social Entrepreneur Resilience
- ■ Sustainable Solutions
- ■ Digital Technologies

LINE TYPE

- —— Positive Contribution
- ······ Negative Contribution

RESEARCH HIGHLIGHTS

Each of the insights presented here are derived through a systems thinking approach to analysis, where the enablers and inhibitors identified by individual youth social entrepreneurs through interviews were mapped onto one another to identify larger trends and themes that are shared across different country settings and contexts.

These findings include consolidated feedback from individual interviews conducted by YouthLAB members in urban and rural locations across Ethiopia, Kenya, Uganda, Tanzania, Rwanda and Lebanon.

Enablers to Social Entrepreneurship

The interviews with young social entrepreneurs helped YouthLAB identify a number of enablers to social enterprise that are shared across their settings.

An entrepreneurial mindset – including motivation, passion, and a willingness to take risks – is necessary for success in emerging social enterprise markets.

Social entrepreneurship is a new sector in all of the countries surveyed by YouthLAB. Successful youth entrepreneurs stress the need to develop an "entrepreneurial spirit" that includes passion to solve problems, an ability to identify market niches, and creativity to come up with solutions that overcome the barriers they will inevitably face.

Programs that support budding social entrepreneurs to develop problem-solving and entrepreneurial skills help to turn necessity-driven entrepreneurs into opportunity-driven entrepreneurs.

SIDAI ACADEMY   Kajiado, Kenya

Agnes Lunkat Tuya launched Sidai Academy – a mobile literacy school – to address the high rates of illiteracy among children in remote Maasai communities. She initially faced a roadblock when families were unable or unwilling to pay for her service. By employing an entrepreneurial approach to the challenge, she introduced a business model where families could trade livestock in exchange for literacy education for their children.

Previous experience with a social issue or sector determines success for many young social entrepreneurs.

The inspiration for a social enterprise idea often comes from an entrepreneur's prior engagement with the social issue she wants to address – either through personal experience with the problem, or through previous employment in the same social sector. In fact, many new entrepreneurs continue employment in the same sector during the early stages of enterprise development while they try to save enough start-up capital to devote themselves entirely to their social enterprise. Many of the interviewees shared that prior knowledge of the sector was an important enabler, as it allows them to identify gaps to be filled, and to leverage existing contacts.

TEBITA AMBULANCE Addis Ababa, Ethiopia

Kibret Abebe is a registered nurse with significant experience in the healthcare sector in Ethiopia. He noticed that many vulnerable people were not able to access emergency health services, and he set out to address this issue. In 2008, he sold his house to launch his enterprise. Criticism from family and friends did not deter him from his passion, and today he has more than 60 employees and has provided emergency health care services to more than 40,000 people.

Networking that supports access to investors, connections with peers and industry experts, and the chance to showcase businesses across sectors are high value opportunities for young social entrepreneurs.

The majority of interviewees cited participating in networking opportunities, such as trade fairs, business competitions and hub spaces as a critical enabler in the establishment, growth and development of their social enterprise. Events provided as examples include those hosted by international donors such as the British Council, international NGOs such as DOT and the Young African Leaders Initiative (YALI), and by government agencies that support youth entrepreneurship. Networking opportunities have helped young entrepreneurs gain access to start-up capital, learn about mentoring and training opportunities, and find like-minded partners and collaborators that support their social mission and bring complementary sets of skills to the table.

HIVE CO-LAB Kampala, Uganda

Gilbert Arinda, a social entrepreneur and manager of Hive Co-Lab, knows the value of networking and mentoring for young social innovators. Hive Co-Lab is an innovation and incubation hub for youth in Uganda, which is helping young social entrepreneurs expand their networks, support one another, and gain access to peer mentors. Hub spaces like Hive CoLab contribute to building enabling environments for social entrepreneurship.

Access to incubator and accelerator programs, mentoring, and business training at critical points in a social entrepreneur's journey greatly increases their chance of success.

The overwhelming majority of social entrepreneurs who were interviewed attribute successes along their social entrepreneurship journey to training opportunities provided by NGOs, governments, and universities. Support encompasses three loosely defined phases across a variety of formats, including face to face learning, online learning, and blended learning:

01   Start-up support that helps social entrepreneurs develop their ideas, create a business model and prototype;

02   Incubation and acceleration programs that transform prototypes and business models into minimum viable products;

03   Funding acquisition support, which entails either direct funding or access to financing networks.

Most social entrepreneurs report receiving support during the first phase, with fewer accessing support services during the second and third phases of development due to limited availability.

Support from family, friends and acquaintances that share the same values helps to propel a social entrepreneur forward.

Founders often bring partners into the company who are friends, relatives or classmates that share similar viewpoints about a social issue. Many social entrepreneurs rely on the financial and emotional support of family and friends to overcome the challenges they face in starting their enterprise and getting it off the ground. Supportive friends and family members often commit their time and personal savings to projects as a sign of their commitment to the vision.

Digital is an important enabler to many young social entrepreneurs.

New digital technologies are allowing social entrepreneurs to create innovative and disruptive approaches to social problems, and develop effective and efficient methods for marketing and building trust at scale. Entrepreneurs are also leveraging new technologies to access training opportunities, mentoring and networks beyond their immediate locale, which is particularly valuable for youth who do not live in major urban centers where networking events, workshops, incubator opportunities are often clustered.

UGABUS   Kampala, Uganda

Ronald Hazikasta launched UgaBus – an online bus booking and payment service – to address problems with the informal and chaotic bus system in Kampala. As an engineer, he understood the power of new technology to provide solutions to old problems. By building an app that combines a scheduling service with mobile money, he is leveraging the power of digital to help people use public transit more efficiently and safely.

Barriers to Social Entrepreneurship

Through their research, YouthLAB members identified a number of barriers that are common to the young social entrepreneurs they interviewed.

Young social entrepreneurs often lack knowledge about how to navigate existing legal frameworks, and develop suitable business models within them.

Since there is no legal registration for social entrepreneurs in any of the countries involved in this research, founders reported choosing between non-profit, for-profit and, to a more limited extent, hybrid registration options. The youth social entrepreneurs interviewed shared that they chose the easiest or cheapest option, which varies from country to country. Many research participants identify this decision as one of the most difficult hurdles in the early stages of their enterprise, as the decision they make influences how they operate and scale moving forward. A lack of business know-how limits the ability of new social entrepreneurs to weigh the strengths and weaknesses of each option, and to make an informed decision.

The public has low levels of trust and awareness of social enterprise, which creates skepticism about an entrepreneur's product or service.

Many interviewees identified low public trust as a significant barrier to the success of their enterprise.

" Due to a lack of public knowledge of social enterprise, the public often feels that they should not pay for services in the social sector, which are traditionally provided by NGOs free of charge. "

During early stage development, some social enterprises – particularly digital initiatives – find that they need to provide free services in order to attract clients. In many cases, solutions targeting poor communities must rely on donor funds to cover costs, as consumers are often unable to pay for the service.

New products also face skepticism, as consumers are wary of potentially fraudulent claims – particularly in the agriculture and nutrition sectors, where companies often overstate the benefit of their products.

Social entrepreneurs need to invest time and resources into building trust for their product or service within the marketplace, but often do not possess the skills or experience to develop marketing and outreach strategies, or have strong relationships with donors who can offset costs for solutions designed for poor communities.

Some youth who participated in this study came up with creative strategies for overcoming this barrier, such as providing a free sample of the product. For example, Mark Kwizera started his social enterprise, Global Hope, in Nyamasheke, Rwanda in 2016, making nutritionally fortified flour for pregnant women. Initially, Mark faced significant skepticism among community members and chose to distribute free samples in order to build trust.

SANITATION AFRICA   Kampala, Uganda

When Samuel Malinga started Sanitation Africa, which turns waste into fuel briquettes and pumps waste from latrines in slum areas, he struggled to find a market for his service. Most people living in slums cannot afford sanitation services and feel they should be provided by NGOs free of charge. Samuel developed a plan to provide his services for free to households that had no adult caregiver. Once neighbours saw the benefit of the service, they were more willing to pay for it, and the enterprise grew rapidly.

There is limited social and cultural awareness of what social enterprise is, which affects the ability for entrepreneurs to establish high quality partnerships.

Many entrepreneurs quickly realize that they do not possess all of the skills and start-up capital to become successful on their own, and that their enterprise will not survive without partners. However, a common lack of awareness about what social enterprise is means they struggle to find partners that have the expertise they need, as most people prefer traditional, waged employment. As a result, most social entrepreneurs reported that they recruited partners from among their peers, who often have similar skills and levels of experience.

A lack of business knowledge prevents many social entrepreneurs from scaling.

There is a need for quality technical support and funding throughout multiple stages of start-up and growth. There are many supports for entrepreneurs at the ideation and start-up stage, where numerous incubators and accelerator programs support the establishment of a social enterprise. However, there are few ongoing supports or funding schemes that help entrepreneurs navigate various hurdles along the way, which limits their ability to grow. For this reason, many social enterprises that have early successes – such as winning business and innovation competitions – fail over the long-term due to underdeveloped business models, low human resource capacity, weak marketing and poor financial management.

The financial sector is generally uninterested in funding social enterprises, and many young entrepreneurs do not have financial histories or assets that would help them secure loans.

Particularly during the start-up phase, social entrepreneurs struggle to secure traditional bank financing due to a lack of performance indicators, limited business plans, or business plans that can sound too risky.

"There is a need for young entrepreneurs and social innovators to identify and learn how to navigate other potential sources of financing,"

such as microloans, crowdfunding, and membership-based services, and to establish banking histories and capital assets to become more attractive to lenders as they grow. There is also a need to link social entrepreneurs to intermediaries who can help them gain access to investors or social venture capital funds.

AFRICA HARVEST ENTERPRISES Morogoro, Tanzania

Ritchie Raphael, founder of Africa Harvest Enterprises, has experienced the struggle to finance an early stage enterprise. Africa Harvest Enterprises is an agricultural start up that aims to improve the livelihoods of small-scale pig farmers. Ritchie was able to use his savings in combination with financial support from friends and family to start his enterprise and purchase land, but he does not have sufficient funds to buy the machinery necessary to become operational. While he has an established business case, he has not successfully secured a bank loan, and does not have links to social investors.

The Social Entrepreneur's Journey

A social entrepreneur's journey is not a straightforward one. Particularly in places where social enterprise is still a nascent sector, such as in many parts of Sub-Saharan Africa and the Middle East and North Africa, social entrepreneurs face hurdles in transitioning from traditional wage-earning careers to self-employment, including skepticism from potential clients, criticism from family and friends, and few supports to help them overcome the barriers they will inevitably face.

A SOCIAL ENTREPRENEUR'S JOURNEY: **INSPIRATION**

Young men and women decide to start a social enterprise for diverse reasons.

Many young social entrepreneurs are necessity-driven, facing few employment options.

The majority of youth interviewed for this study in Uganda, Ethiopia and Tanzania turned to entrepreneurship primarily to escape unemployment and underemployment. Other young social entrepreneurs are opportunity-driven: recognizing a social problem that they are uniquely positioned to address.

The majority of youth interviewed in Lebanon, for instance, classify themselves as opportunity-driven — first and foremost committed to tackling community challenges. Some young social entrepreneurs are driven a bit by necessity and a bit by opportunity.

Many youth who were interviewed in Kenya turned to social entrepreneurship after graduating from university because they were unemployed, bored and dissatisfied with the state of development in their communities.

Similarly, in Rwanda, where the government is promoting entrepreneurship as a livelihood option for youth, many young social entrepreneurs entered the sector both from a desire to capitalize on the opportunities in self-employment and to contribute to positive social change.

TRASH TO WEALTH AND HEALTH   Kigali, Rwanda

Trash to Wealth and Health is a social enterprise that provides kitchen waste management services to households and restaurants in rural areas. Founder Valery Ndayishimiye is an opportunity-driven entrepreneur who had a vision of turning waste into profit. She developed the idea for her social enterprise after taking an online course with Acumen. From the outset, she wanted to develop a business model that balanced income and impact, so that profits generated could be reinvested back into advancing her social impact goals.

A SOCIAL ENTREPRENEUR'S JOURNEY:
UNDERSTANDING THE PROBLEM YOU WANT TO SOLVE

One of the first major hurdles social entrepreneurs need to overcome on their journey is developing an understanding of the social issues they seek to address.

To have a social impact it is crucial that social entrepreneurs are able to understand and define the social problems they seek to address.

Many of the more successful youth interviewed for this study were able to apply prior experience from the social sector to their social change idea.

In Kenya, many youth began their journey by creating a community-based organization that they transform into a social enterprise to enhance sustainability.

Social entrepreneurs without a deep understanding of the social issue they seek to resolve quickly face roadblocks in growing their businesses, as they are unable to understand the market, or to identify gaps and opportunities.

Hammad Sioufi, founder of *Beyond Leaning* in Lebanon, learned this first-hand when he started his social enterprise to train children and youth in life skills and leadership. Without extensive experience in the education sector, he initially faced resistance from teachers and parents when he wanted to host training camps at schools.

Similarly, Judith Nantume, who started *Wastics Recycling* in Uganda after growing up in a slum area where trenches were always blocked with plastic waste, faced significant hurdles during the start-up phase. She did not have extensive knowledge of the recycling sector, including the government regulations or fee structures for collecting waste. In order to overcome this lack of experience, she found partners with deep knowledge of the sector, took online courses, and joined the Uganda Recyclers Association.
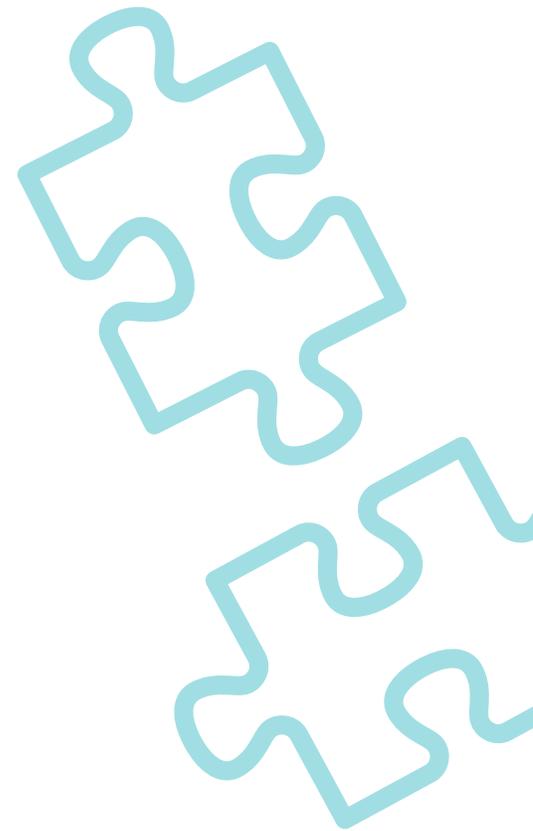
### PEACE WITHIN PRISONS PROJECT Kenya

The Peace Within Prisons Project (PWPP) provides reintegration support, yoga instruction and yoga teacher training to prisoners in Kenya, both to enhance their well-being and to provide them an income generation opportunity upon release. PWPP initially started as a community-based organization, but after attending training in social entrepreneurship, the founders re-established it as a social enterprise, developing an income generating business model to enhance sustainability.

A SOCIAL ENTREPRENEUR'S JOURNEY:
KNOWLEDGE AND NETWORKS

Social enterprise founders who come from the non-governmental or development industry use their knowledge and networks to address social problems and acquire funds.

For example, Samuel Malinga, who is trained as an engineer in Uganda, started *Sanitation Africa* after working in water, sanitation, and hygiene for many years on United States Agency for International Development projects with large organizations, where he noticed that the impacts of such projects were often not sustainable. Samuel was able to use his expertise and leverage his contacts in the sector when he decided to launch his own enterprise, which delivers affordable sanitation services to poor households.
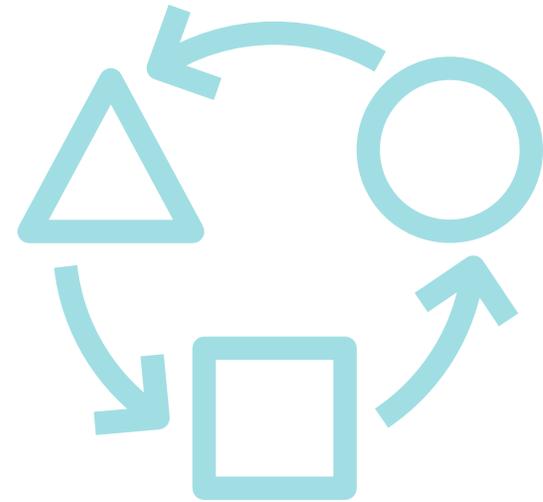
A SOCIAL ENTREPRENEUR'S JOURNEY:
ACCESS TO FINANCE

During the start-up phase, social entrepreneurs find it hard to attract investors and rely on donor funding or business competitions. This allows them to focus on impact, often to the detriment of sustainable business models.

Many of the interviewees face difficulty attracting institutional investors or securing bank loans, and in turn target funding from donor organizations such as international agencies or local support organizations offering seed funding. Other entrepreneurs invest their own money, or turn to family and friends for support.

For example, Shirley Koriana of Sironka Briquettes - a social enterprise in Kenya that uses waste from charcoal to produce fuel briquettes as an alternative energy source - shared that grants have gone a long way to support her enterprise during the start-up phase. Donor funds enabled her to purchase machinery to scale up production, and in turn to hire underprivileged women, and she is now primarily generating income through sales.

At the same time, dependence on donor funding can result in social entrepreneurs focusing more on social issues rather than financial sustainability, both in terms of their business models and day-to-day activities.
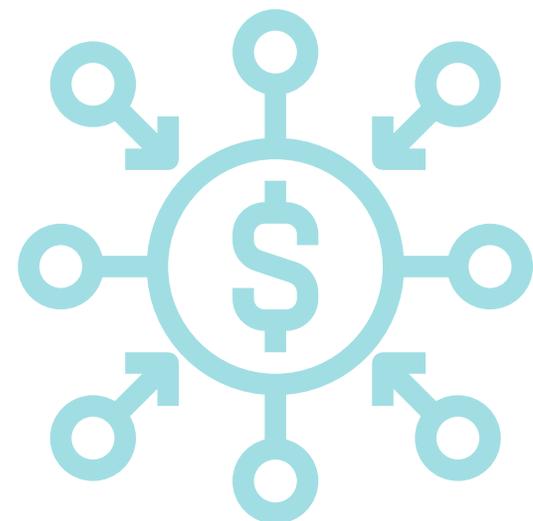
Dependency on donor funds also places social entrepreneurs in the position of competing with funding trends. In Lebanon, where many social enterprises rely on grant-based funding due to underdeveloped financial supports in the sector, shifting donor priorities to support Syrian refugees has led to a decrease in funds available for other sectors.

Successful social entrepreneurs can overcome a lack of access to finance by developing creative business models and leveraging their networks to find windows of opportunity.

IKIZAMINI Kigali, Rwanda

Elisha Muhigirwa started Ikizamini after many of his high school friends failed to pass their driving test, not only limiting their mobility, but also their job prospects. He simplified the process by developing an online learning course; however, his target market was unwilling or unable to pay for the service. By partnering with mobile providers like Airtel, he now provides the course free of charge to anyone with a data connection and receives a percentage of the revenue generated from the telecom company. His popular service receives 1,000 new views to the website each day.

A SOCIAL ENTREPRENEUR'S JOURNEY:
BUILDING THE RIGHT TEAM

As social entrepreneurs grow their enterprises, they need to recruit a team that has the talent, motivation and can-do attitude needed for success.

Out of the youth social entrepreneurs who were interviewed, many attributed successful growth to their ability to attract other like-minded young people to join their team.

For example, Wangui Ndifuna, founder of *Kusoma Tu Foundation Trust*, a social enterprise in Kenya that developed a phonic and sensory-based reading program for low-literacy adults - credits a strong team as the key driver of growth. His team has different and complementary skill sets, and they work together to brainstorm creative solutions to challenges they face.

Other social entrepreneurs have not been as lucky, and difficulties attracting and retaining skilled, talented and experienced expertise on the team have been a significant barrier.
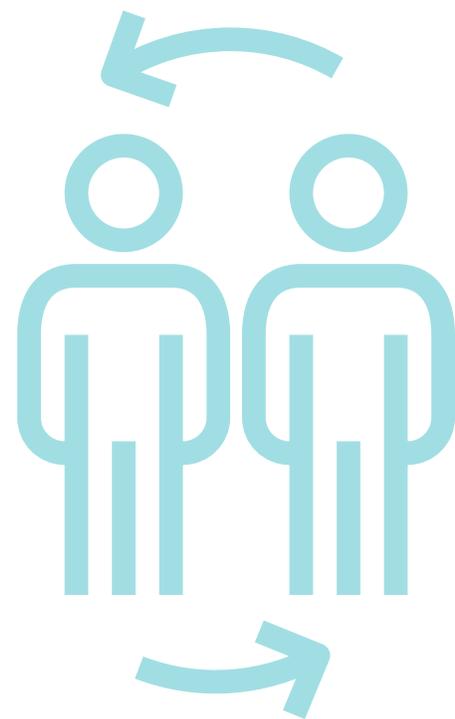
Gender Insights

In DOT YouthLAB countries, social entrepreneurship is a male-dominated field. For this reason, many of the available support systems - such as innovation competitions and networking events - are targeted towards men. While they don't exclude or discourage women from participating, they also don't provide supports that help women learn to navigate a male-dominated ecosystem.

Across the YouthLAB research, three primary gender-related insights emerged.

There is a different opportunity cost for women than men.

Many female social entrepreneurs are necessity-driven, starting an enterprise as a way to gain a livelihood in the face of unemployment. Most of these social enterprises are informal microenterprises.

The majority of entrepreneurs who are opportunity-driven — starting a social enterprise after noticing a social challenge they could address — come from privileged backgrounds, and often have family support. This affords them the luxury of trying something that has a high probability of failing.

For many women who do not have this stability, the opportunity cost is too high for them to start a social enterprise. They also often have different responsibilities, such as raising children or managing a household, that limit their time and ability to take risks.

Social norms can limit the types of work women are able to do.

Women often lack the experience, confidence, and networks to move outside of traditional female sectors. Another contributor to this are social norms about what is considered appropriate female work, which limits women's options when they are considering new and innovative market opportunities.

Business networks are also often male-dominated, so women's participation in them is limited. This can be due to a lack of knowledge of how to access the networks, fear of harassment, or disapproval from friends, family and society at large.

The gender digital divide is pervasive.

While technology is an important enabler for many social entrepreneurs, women's lower levels of technology access and use prevents them from fully embracing the digital revolution to propel their enterprises forward.

The tech sector is male dominated, reinforcing perceptions around the suitability of technology for women. Women have less access to technology due to affordability, lack of knowledge, and social norms. For these reasons, many young women lack the skills, access and confidence to effectively leverage digital technology.

Successful female social entrepreneurs often credit access to female mentors, supportive friends and families, and empowerment training as factors that gave them the skills and confidence to participate and succeed in male-dominated spaces.

SOLAR LIGHT Kigali, Rwanda

Ariane Umuringa, the founder of Solar Light in Rwanda, is aware of how difficult it can be for women to be successful social entrepreneurs. Ariane participated in a variety of professional development and mentorship programs at all stages of growth of her initiative. Many of these were specifically targeted at women, and helped her to connect with other female social entrepreneurs who provided mentorship and support. Because of this, Ariane has been able to scale her initiative and develop a successful business model that is leading her to sustainability and profit.

CONCLUSION

Social challenges are often the catalyst for a young person to embark on a social enterprise journey.

In all of the countries the DOT YouthLAB surveyed, social challenges such as failing education and healthcare systems, widening gaps between the rich and poor, and high levels of unemployment significantly impact the lives of young people.

This research highlights that the existence of social problems can be a catalyst for social entrepreneurship. A number of the youth-led enterprises represented in this research were started because the founder noticed a need in his or her community. In particular, many youth are inspired to help communities most impacted by these challenges – those who are most in need, but who are also the least likely to be able to afford to pay for services.

SAFIE TOILETS Dar es Salaam, Tanzania

By 2030, 60% of people will be living in urban centers. This urban sprawl is causing massive development challenges in highly populous cities like Dar es Salaam. Social entrepreneur Barnaba Shio started SafiE Toilets, which provides low-cost portable toilets to high density urban communities, after he noticed the increase in people living without access to running water or hygiene services. He won an innovation competition that provided him with start-up capital, but was only able to grow through government investment, since his target market is unable to pay for the service.

Young social entrepreneurs require broad systems of support.

Young entrepreneurs face particular challenges while launching and growing a business. With the additional complexities of missions rooted in social impact and unclear legal frameworks for social enterprise, social entrepreneurs face an uphill battle.

Entrepreneurs on their journey from ideation to scale require an ecosystem that combines capital, business advisory support as well as networking and peer-learning/peer mentoring opportunities.

Often young entrepreneurs are unaware of peer groups and mentoring opportunities, are inexperienced at leveraging social networks. Many young entrepreneurs encounter moments in their journey where they lack a particular set of skills needed to grow their enterprises, and need to recruit partners and collaborators that share the same vision and possess the requisite skills. Many interviewees stress that peer networks help them overcome the isolation they often feel from taking a less-traveled path.

Social enterprises generate impact in many different ways.

Some enterprises are creating community-level impact by providing an innovative solution to a social challenge. Others are providing basic services to improve the health, education and wellbeing of people in places where the reach of government and NGO services is limited, tenuous or failing. Still other enterprises are focused on civic participation, working to improve the inclusion of marginalized communities in decision-making processes. And many youth-led social enterprises are improving the lives and livelihoods of other youth by providing much-needed employment opportunities.

TEENCAB   Beirut, Lebanon

Reem Abdalah started Teen Cab, a low-cost taxi service exclusively for teenagers, to help young people get from rural areas into the city in the absence of safe public transit. Through Teen Cab, she is helping youth travel safely, while also providing jobs for unemployed youth in rural areas who are hired as drivers.

Young entrepreneurs struggle to convince bankers and investors to back their enterprises.

With no credit history, often no collateral and limited experience, young entrepreneurs need investors who understand early stage businesses, and have the risk appetite and patience to provide them with financial and non-financial support. They also require business advisory support that helps them and their inexperienced teams to better manage their businesses.

Stakeholders must invest in strengthening services that can offer long-term and targeted support to young entrepreneurs.

Stakeholders in the success of young social entrepreneurs, including governments, donors and other support organizations, can play an enabling role to catalyze youth entrepreneurship by investing supportive services that provide long-term and targeted support to young entrepreneurs.

Networking events and business and innovation competitions are often one-off kinds of support. YouthLAB's research highlights the need for a continuum of support that young social entrepreneurs can access throughout the life cycle of the enterprise — from idea to scale.

YouthLAB Recommendations

As a result of their research, DOT YouthLAB members developed a set of recommendations to inform stakeholders in the social enterprise ecosystem about how organizations can best support the growing youth social entrepreneurship movement.

01 Youth need help linking with government agencies, companies and NGOs that are supporting youth and small and medium enterprises.

Organizations need not only to deliver training and skills to aspiring social entrepreneurs, they also need to provide linkages to supporting structures such as financial institutions, investors, and peer mentors.

By acting as an intermediary, support organizations can help build an enabling environment for social entrepreneurship. This is especially important in the countries surveyed by YouthLAB, where the enabling environments are growing rapidly to provide opportunities for entrepreneurship, but are lagging in terms of supporting social entrepreneurship.

02 Young social entrepreneurs need help building their digital skills.

The research highlights that new digital tools and services are helping many youth become social entrepreneurs or grow their enterprises.

Digitally savvy youth are taking online courses in social entrepreneurship or business development, which is helping them develop their ideas, prototype, and figure out what how to grow. Youth are also participating in online courses to become more familiar with the particular social sector they are working in. A number of youth are taking advantage of peer networks online as sources of support, which helps them seek advice for difficult issues like the registration process.

Some social entrepreneurs are using digital technologies as the basis of their social change idea. For example, developing online solutions to poor education systems. Some are piggybacking on the mobile money movement to create online systems for ordering, booking and paying for services. Some youth entrepreneurs are also turning to online approaches to build trust and create demand for their products and services, recognizing that face-to-face relationship-building limits how many people they can reach.

However, despite the potential for digital to help social entrepreneurs expand their networks, access training, and increase their reach, many do not have the know-how to benefit from this. There is a need for business training that focuses on how youth can use new technologies to advance their social change mission.

03 Support organizations need to design programs that are tailored to the type of enterprise and the capacity of the entrepreneur.

The type of social enterprise a young person launches can lead to unique support needs. For instance, social enterprises at different stages of ideation and growth need different types of targeted support.

Likewise, social entrepreneurs have a diversity of capacities and skill levels that are informed by socioeconomic, cultural, and educational backgrounds, as well as their gender and a number of other complex factors.

Given the diverse needs of young social entrepreneurs on the continuum from growth to scale, training programs should offer a diverse menu of content.

Priority areas of focus should include custom supports for:

01 **Rural youth:** Extending services to aspiring social entrepreneurs who live outside of major urban centers is necessary to overcome their lack access to training and accelerator programs, or business and innovation competitions.

02 **At-risk communities:** There is a need for support organizations to make concentrated efforts to reach youth based in communities that are often most in need of innovative solutions to social and economic challenges.

03 **Young women:** Female-led enterprises often need different types of mentoring and support than male-led ones.

A Final Note from the YouthLAB Researchers

Recognizing the power and potential of youth-led social entrepreneurship, we set out to hear from young innovators in our countries about the barriers and facilitators they face along the way.

By drawing out common themes, we were able to develop some conclusions about the supports that government, international organizations and the private sector can provide to advance youth-led social entrepreneurship in emerging economies around the world.

Thanks go to DOT for the organization's support and belief in the power of research conducted by youth for youth. We look forward to working closely with DOT and future members of its Youth Leadership Advisory Board to integrate our findings into DOT's strategy and programs, and to work with DOT's partners and stakeholders to do the same.

Regine Mutamutse, Rwanda

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