

Village Enterprise

Mandate: Village Enterprise's mission is to end extreme poverty in rural Africa through entrepreneurship and innovation. Our goal is to significantly contribute to the number one Sustainable Development Goal of ending global extreme poverty by 2030 adopted by the United Nations.

As a pioneer in the quest to help rural, ultra-poor Africans lift themselves from poverty, we are committed to further replicating our group-based Graduation model throughout the region. Village Enterprise is now at a critical nexus and on the cusp of rapid scaling. Our primary strategic goal is to alleviate poverty for over 20 million Africans by 2025 by starting over 1 million businesses through both direct program implementation and through strategic partnerships with mission-aligned organizations to achieve greater impact. Because over 75% of our entrepreneurs are women, we also aim to empower women and break the cycle of poverty by improving nutrition, education and health outcomes.

Graduation Lessons Learned:

1. Results of our Randomized Controlled Trial suggest that the training and mentorship components of the programs are important and should not simply be removed (or substituted for cash transfers), which is why we plan to replicate the full model as opposed to the often-requested technical assistance for broken out elements.
2. The Village Enterprise Graduation program is proven to be cost-effective, which is a core reason for Village Enterprise now providing technical assistance and replication support to donors and other implementing partners.
3. Women face particular hardships given standard household responsibilities and are often not perceived as financially responsible. Because of this, Village Enterprise has shifted its hours to accommodate the schedules of women, and incorporated a Family Support training module to address cultural barriers.
4. As frontline thought leaders, our business mentors are critical to bringing and integrating participant input into our feedback loop. Through this feedback loop, we identified several elements of our trainings that needed upgrades, which directly led to the creation of a new Business Development Kit to provides business owners local, practical information for specific businesses.
5. We have also learned how critical market linkages are to the success of our businesses, and are now designing market linkage strategies through technology that will allow Village Enterprise business owners to run more profitable and sustainable businesses.
6. Our grant size has been equivalent to USD\$150/business group of three people. While business owners have successfully launched and diversified their microenterprises with that, internal research indicated our program could be more impactful with a larger grant. We are now piloting a grant that is triple this size, with the support and encouragement of DFID as one of our DIB outcome payers.

Scale: Village Enterprise operates in Kenya and Uganda, and is expanding in Democratic Republic of Congo through a partnership with African Wildlife Foundation (AWF). Village Enterprise employs 140 staff across Kenya and Uganda.

Budget: Our annual operating budget this year is \$4,215,000.

Beneficiaries: Over the past 30 years, Village Enterprise has started over 43,000 businesses, trained over 169,000 first time entrepreneurs and positively impacted the lives of over 940,000 people. In 2019, we plan to create 5,000 small businesses and train 15,000 people living in rural extreme poverty in Kenya and Uganda.

Countries: Village Enterprise has its own operations in Kenya (current counties: Trans Nzoia, Bungoma, Migori, and West Pokot) and Uganda. In addition, we are expanding beyond East Africa through partnerships. Currently we providing technical assistance and embedded support to Africa Wildlife Foundation in the Lomako region of the Democratic Republic of Congo. In addition, we are currently in discussion with potential funders and implementing partners in Mozambique, Ethiopia, and Zambia.

HQ: Our Kenyan main office is in Kitale with two satellite offices in Migori and Nairobi. We also have 3 offices in Uganda (Soroti, Gulu and Kampala). Our US office is in San Carlos, California, USA.

Initiation: Since 1987.

Graduation work: Our 12-month Graduation program focused on microenterprise development includes five core interventions of a Graduation Model: targeting the extreme poor, seed capital grants in the form of a cash transfer, business and financial literacy training, ongoing mentoring, and the formation of village-level Business Savings Groups (BSG).



Sustainability and local leadership are core elements of our program and critical for reaching our ambitious goal of ending extreme poverty. 95% of our talented and experienced field team is East African as we employ

business mentors from the local communities where we work to deliver our program. An effective feedback loop connects the field and main offices, which fosters organizational agility and adaptability.

Sustainability is also achieved by empowering groups of three entrepreneurs per business to create, operate and sustain income-generating enterprises. Training occurs at the BSG level and includes modules on financial literacy, viable business opportunities, leveraging existing resources, marketing, profit and loss concepts, basic accounting methods, savings, and conflict resolution skills to improve the management and operational capacity of peer-owned business. Participants also create Business Savings Groups (BSGs) of 30 people or 10 business groups at the beginning of the program. BSGs are a self-generated, self-managed form of microfinance. Each BSG elects a leadership team, writes its own constitution, and allows members to pool savings and access loans. Groups increasingly set up accounts with formal financial institutions. BSGs provide members with ongoing protection against financial shocks and access to growth capital. Our Business Savings Groups serve as a safety net as well as our exit strategy.

Future plans: As a pioneer in the quest to help rural Africans lift themselves from poverty with over 30 years of experience in Sub Saharan Africa, we are committed to further replicating our group-based Graduation model throughout the region. Village Enterprise is at a critical nexus and at the cusp of rapid scaling. And we aim to impact over 20 million lives by 2025 by supporting the development of over 1 million businesses by direct program implementation and through partnerships.

Scaling through Partnerships: Village Enterprise Extend

We know that greater scale can be achieved by transferring our expertise to mission-aligned partners interested in replicating our cost-effective, evidence-based Graduation program in additional African countries, and by providing a platform for research and testing new

innovations. Building on our 30+ years of direct program implementation and 10 years of experience providing technical assistance to other non-profit organizations¹ and complementary programming adapted for partners focused on health, education, youth, refugees, conservation, and gender equity², we estimate that, by 2025, over 90% of our future impact will be achieved through partners serving as direct implementers of our Graduation Model.

In partnership with Spring Impact we have developed an Impact Goal Roadmap outlining our growth strategy from 2018-2025. By FY2025, Village Enterprise's scaling program will increase the income and net assets of more than 2.9 million households in multiple Sub Saharan African countries, transforming the lives of more than 19.2 million individuals living in extreme poverty.

Direct Implementation

Addressing the complexities of extreme poverty requires a continuous cycle of human-centered innovation. To this end, we will continue to expand our Core Programming in Kenya and Uganda increasing the number of businesses started directly by Village Enterprise by at least 15% annually, allowing us to iterate on and strengthen our depth of knowledge and experience in order to better serve the communities in which we work and support our replication partners.

To achieve this level of scale, Village Enterprise recently launched the first-ever Development Impact Bond (DIB) for poverty alleviation in Sub-Saharan Africa, and the largest DIB to date. This DIB will create an evidence-based, innovative funding mechanism to effectively scale up poverty alleviation efforts in Africa. At \$5.28M, our DIB is a unique investment opportunity to join a consortium of highly-respected funders and to transform the lives of 90,000+ people in rural Kenya and Uganda by creating 4,600+ small sustainable microenterprises. Outcome payers include an anonymous philanthropic fund, USAID Development Innovation Ventures, and DFID/UKAID. Investors include the Delta Fund, the Laidir Foundation, and Silicon Valley Venture Fund. Other contributing international development experts include Global Development Incubator, Instiglio, and IDInsight.

Where do you hope your organisation will be in 5 to 10 years?

We have ambitious goals for the next 5 years in Kenya continuing our expansion in Trans-Nzoia, West Pokot, Bungoma and Migori and adding 5 new counties using our cost-effective, evidence based Graduation Model. We are currently testing an increased grant size of \$450 for a group of three to hopefully increase the impact of our program, enabling participant to start larger, more successful and sustainable businesses, which will be evaluated with the DIB RCT. We are also planning to adopt relevant technologies for our staff and business owners to improve the quality and efficiency of our program delivery as well. Technologies include mobile money platform for cash disbursements, mobile savings accounts for our BSG and business owners, and market information via mobile phones, mobile training platforms. We are also further exploring partnerships for improved market linkages.

We are committed to advancing global learning for best practices for poverty alleviation through rigorous internal M&E processes, as well as third party evaluation. VE recently released the results from a 3-year, large-scale randomized controlled trial (RCT) conducted by Innovations for Poverty Alleviation (IPA). Studying over 6,168 houses across 138 villages

¹ Including BOMA, Geneva Global and WCS

² Including MercyCorps, Fhi360, Lwala Community Alliance and Geneva Global

with 5 treatment arms and 1 control group in rural Uganda, the RCT tested the impact of variations of VE's model and compared it to unconditional cash transfers.

After making programmatic adaptations based on the results of our first RCT, we are currently conducting a second RCT in Kenya and Uganda for our DIB and anticipate midterm results in 2020. These adaptations include refining our feedback loops and increasing performance management capabilities in order to test new efficiencies and innovation, as well as testing an increased seed capital grant amount. (\$450/business vs. \$150).

We are also considering conducting additional researches in the following areas:

- Longevity of the small business and sustainability of impact of the standard of life of our program participants.
- Resilience and Sustainable Poverty Escapes
- Evaluation of Village Enterprise integrated conservation and microenterprise development program in partnership with the Budongo Conservation Field Station in Western Uganda.
- Evaluation of our graduation program's adaptations for youth and refugees.

We aim to scale our one-year, group-based Graduation program to impact over 20 million lives by 2025 by supporting the development of over 1 million businesses by direct program implementation in Kenya and Uganda and through partnerships in 2-3 other Sub-Saharan African countries.

We hope to be actively engage in the graduation community of practice by disseminating results of our researches (DIB RCT) and sharing lessons learned and challenges of key initiatives of the organization such as the Development Impact Bond and our program adaptations for refugees and youth

We will build partnerships with mission-aligned organisations to expand outside of Kenya and Uganda. These partnerships will include providing technical assistance support to Governments, and technical assistance and implementation support to non-profit organizations that focus on working with people living in extreme poverty but lack expertise in Graduation programming.

Through adaptive management and based on the results of our upcoming DIB Randomized Control Trials, Village Enterprise plans to continue honing and improving our methodology. We do not anticipate that this will change from being a Graduation approach, but recognize that different contexts and populations require different strategies. For example, we are currently adapting our model to work with refugees, to work with youth, and to remote with communities that are in extremely rural areas of Sub-Sahara Africa without easy market connections. As we scale, we anticipate these adaptations will become more prevalent.