



PARTNERING TO ACCELERATE ENTREPRENEURSHIP

YUNUS SOCIAL BUSINESS: SOCIAL ENTERPRISES IN UGANDA

Through the U.S. Global Development Lab's **Partnering to Accelerate Entrepreneurship (PACE) Initiative**, the U.S. Agency for International Development (USAID) aims to catalyze private sector investment into early-stage enterprises by identifying and testing innovative models or approaches that help entrepreneurs bridge the pioneer gap—thus unlocking the potential of thousands of promising enterprises around the world.

THE CHALLENGE

Entrepreneurs play a vital role in driving economic growth, creating jobs and innovating to improve people's lives through market-based solutions. In low-income countries, small- and medium-sized enterprises contribute to 78 percent of full-time employment. Yet these businesses often struggle to grow, due to limited access to financing, high cost of financial services and lack of technical assistance available to help these enterprises become investment-ready.

Social enterprises, designed to create both social impact and financial profit, are increasingly important drivers of economic growth. In 2011, Muhammed Yunus co-founded Yunus Social Business (YSB), a non-profit fund that provides financial and long-term business support to help increase the sustainability and impact of social enterprises. As the fund grew, YSB partnered with USAID to effectively address the many challenges facing social enterprises.

THE PARTNERSHIP

In July 2013, USAID and YSB signed a memorandum of understanding to demonstrate mutual commitment and outline a plan to work together to support social businesses that effectively address the needs of low-income, vulnerable and underserved communities in Uganda, Albania and Haiti. In each country, YSB and USAID are implementing incubation and investment approaches that provide both technical assistance and seed-stage investment for social businesses. YSB and USAID work together to monitor and evaluate various investment approaches to determine their effectiveness and opportunities for improvement.

In Uganda, with support from USAID's Partnering to Accelerate Entrepreneurship (PACE) Initiative, YSB Uganda has established an investment fund alongside incubation and acceleration programs to provide tailored support and business development services that entrepreneurs, specifically women, need to

grow their enterprises. YSB Uganda and USAID also developed a system of community libraries in rural areas of Uganda to support education, career training and development in underserved communities.



USAID PARTNERS

- Swedish Postcode Lottery
- Dutch Postcode Lottery
- Gates Foundation

THE RESULTS

Under the partnership, YSB Uganda has supported 40 businesses through its accelerator programs as of April 2017. The partnership has catalyzed more than \$3 million in private funding for YSB Uganda's investment fund. To date, this fund has invested in seven social businesses that had gone through the accelerator programs. One example is SPOUTS of Water, a social enterprise that created a ceramic water filter, made using only local materials that can affordably, effectively and sustainably provide clean water to Ugandans. With technical assistance and seed-stage investment from YSB Uganda, as well as a grant from USAID's Development Innovation Ventures, SPOUTS has distributed more than 13,000 filters to low-income households, schools and refugee camps; thereby providing access to safe drinking water to more than 65,000 Ugandans since 2015.

Additionally, YSB Uganda works to match several social businesses that do not fit its criteria to other intermediaries better suited to the entrepreneur's needs. YSB Uganda has linked social businesses to mentors from organizations such as Deutsche Bank, institutional markets like Office of the United Nations High Commissioner for Refugees, as well as funding opportunities from GIZ, Heifer International and UN Capital Development Fund. YSB Uganda is also contributing data to the Global Accelerator Learning Initiative, a PACE-supported research initiative program to understand the effectiveness of accelerator programs.

For More Information

To learn more about the PACE Initiative, visit www.usaid.gov/pace.

About the U.S. Global Development Lab

The U.S. Global Development Lab serves as an innovation hub. The Lab takes smart risks to test new ideas and partner within USAID and with other actors to harness the power of innovative tools and approaches that accelerate development impact.

The Lab is a reflection of USAID's broad embrace of innovation to bring about positive change and solve some of the world's most pressing challenges. It works across USAID and within the broader international development community to test innovative tools and methods. When a new approach proves effective, the Lab works to increase its adoption throughout USAID and with our partners.