



## Supporting social entrepreneurship through youth employment interventions

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*This Knowledge Brief<sup>1</sup> aims to serve as basic guidance on developing and designing a social entrepreneurship program to combat youth employment challenges. This is the second in a series<sup>2</sup> of two Solutions for Youth Employment (S4YE)<sup>3</sup> Knowledge Briefs that study the role of social enterprises in youth employment through two main dimensions (1) as youth employment programs and (2) in creating entrepreneurs that launch social enterprises. Below we briefly outline the key features of social enterprises and why youth are well placed to launch them, compare social entrepreneurship programs to conventional ones, and discuss UNICEF's UPSHIFT program<sup>4</sup> in Kosovo, an innovative youth social entrepreneurship program that is being replicated and adapted internationally in over 12 locations.*

### 1. Social entrepreneurship in youth employment

#### 1.1. Overview of the social enterprise model

Social enterprises (SEs) are organizations that apply commercial strategies with the aim of increasing their community's welfare. They come in all shapes and sizes, from micro and self-employed workers to subsidiaries of large corporations, sole proprietorship to corporate ownership companies, using various combinations of

<sup>1</sup> This brief was co-authored by Jose Manuel Romero (S4YE) and Hana Sahatqia (UNICEF). It does not necessarily reflect the views of individual institutions or specific S4YE partners.

<sup>2</sup> The first brief in the series is Romero and Hockenstein (2018).

<sup>3</sup> S4YE is a multi-stakeholder coalition among public sector, private sector, and civil society actors that aims to provide leadership and resources for catalytic action to increase the number of young people engaged in productive work. For more information please go to <https://s4ye.org/>.

<sup>4</sup> The UPSHIFT program is a member of the S4YE Impact Portfolio, a community of innovative and promising youth employment projects. For more information on the Impact Portfolio see S4YE (2017).

donor, private, and self-funding sources. While there is no definitive classification for an SE, the fundamental aspects of the SE model are (i) engagement in commercial revenue generating activities by selling products or services, and (ii) generating social impact. Moreover, while SEs are distinct from profit-driven enterprises, generating social benefits is not exclusive to the SEs. For example, a community may need sidewalks to improve public safety. A profit-driven construction company or SE can be commissioned by the government to fill this need, and either would improve public safety. However, the organization's decision-making processes are different. A profit-driven enterprise is interested in fulfilling contracts, regardless of social benefits being generated, while a social enterprise focused on pedestrian safety might seek the project out or even do local advocacy to direct funding towards sidewalks<sup>5</sup>.

## 1.2. Programs to develop youth social entrepreneurs

The appeal of youth social entrepreneurship in developing countries is that lean fiscal resources create voids in public services that serve as natural entry-points for newly created small firms, while simultaneously providing economic opportunities or employment to youth. Such gaps generate demand for services and products that translate into commercial opportunities. Small firms can fill local needs that youth entrepreneurs are able to launch despite limited access to start-up capital. Social entrepreneurship programs train youth in deprived communities to specialize in identifying these opportunities.

Social enterprises often require innovations which youth are also well placed to make. Being able to find a commercially viable solution for a social problem requires innovative thinking and often means taking full advantage of new technology. This is evident in many recently launched SEs. In Vietnam, one UPSHIFT team developed an intelligent bracelet which can detect and monitor epileptic seizures for medical treatment. The idea is to put the bracelet into use for children with epilepsy when they are out in the public or alone to be used as a warning/information system to parents, careers or medical services. In Jordan, the UPSHIFT program trained youth, who identified the inactivity caused by limited opportunities in refugee communities as a problem and developed cardboard VR glasses in response. Knowledge about new technology and tools, also supports youth to be prepared for future occupations that do not yet exist. For example, Stumpf (2014) lists several occupations that will be created by social entrepreneurs working across Africa, including diversity designer, university founders, wellness coach, invisible executive, ecosystem advocate, alien experience advisor, nutrient banker, and climate change adaptability agent.

From the donor perspective, benefits outside of the labor market also make social entrepreneurship promotion appealing. Many donors have goals beyond addressing youth employment challenges and social entrepreneurship programs can make additional progress on these fronts as well. For example, an SE launched by a young person can provide services that increase female safety for women at night in their community's high traffic areas and, in doing so, produce benefits related to female empowerment. Moreover, such additional benefits, referred to as social externalities, are increasingly being accounted for in ex ante assessments of development projects to yield higher economic rates of return in their cost benefit analysis<sup>6</sup>.

Finally, social entrepreneurship is a noteworthy option because the approach is not a divergence from the conventional program but, rather, a supplement. Standard components of entrepreneurship programs can be adjusted to enable effectively launching SEs. For example, training in access to finance and fundraising can incorporate access to donor funding or how to leverage combined donor and private sector funding in scenarios

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<sup>5</sup> A more extensive discussion of the social enterprise model can be found in the first Knowledge Brief of this series, "Social Enterprises: A win-win approach for youth employment" available online.

<sup>6</sup> See Robalino and Walker (2017).

such as matching grant schemes. Table 1 lists several illustrative examples of the adjustments that can be made to a conventional entrepreneurship program's component.

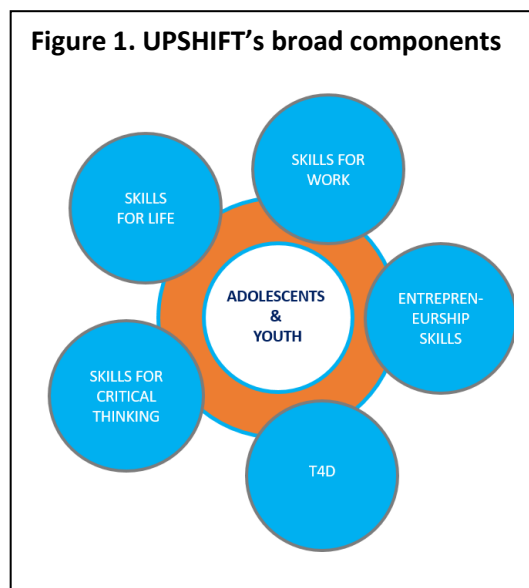
**Table 1. From conventional to social entrepreneurship promotion: illustrative examples**

<b>Entrepreneurship training component</b>	<b>Focus on Conventional entrepreneurship intervention</b>	<b>Twist for social entrepreneurs</b>
<b>Generating business ideas &amp; market research</b>	Markets needs and profitability	Intersection of community and market needs
<b>Marketing and branding</b>	Product placement, pricing, target customers, and product differentiation	Making marketing and branding inclusive to ensure reach and access of disadvantaged populations
<b>Product making and costing</b>	Fixed and variable costs, economies of scale	Designing innovative products or services for marginalized communities and employing of disadvantaged populations
<b>Book keeping and budgeting</b>	Accounting	Understanding national legislature and where SEs can have tax benefits and various other financial/budgetary support structures
<b>Business plan development</b>	Pitch, feasibility analysis, financials, identifying audience	Training in pitching to donors in addition of private sector financiers. Can also include public sector or donor support in profitability measures within feasibility analysis
<b>Business management</b>	Quality control processes, efficiency gains, and performance measurement	Measuring performance based on social impacts in addition to income and revenue.
<b>Access to finance, fundraising, and saving</b>	Traditional financial instruments	Applying a hybrid model that taps into traditional mechanisms, private funding, as well as public funding
<b>Human resource planning</b>	Skill set assessments, training strategies, employee motivation approaches	As mentioned earlier, employment of disadvantaged populations

## 2. UPSHIFT in Kosovo: Creating Social Entrepreneurs

### 2.1 Summary of UPSHIFT

UPSHIFT was launched by UNICEF in 2014 and combines some of the leading approaches to youth development, social innovation, and entrepreneurship, to develop social innovators and entrepreneurs<sup>7</sup>. The target populations are youth in minority, rural, poor, disability, out of school, or repatriated communities and youth in conflict with the law. While the discussion here is limited to the social enterprise component, the broader UPSHIFT model has two other components: one focused on building transferable skills, such as problem solving, communication, creativity, teamwork and leadership skills and one that focuses on empowerment and civic engagement, as per Figure 1 below. Both of these are also relevant for wage employment. UPSHIFT is fully grounded into the human-centered design (HCT) approach. It is designed by youth and for youth to translate ideas into products or services to meet social unmet needs. In this case, the by youth-for youth approach is well



connected to the HCT techniques, reflecting the uniqueness of this programme. UPSHIFT in Kosovo has led to the creation of SEs that includes over 500 direct beneficiaries and 3,000 indirect beneficiaries (through the services of the SEs) in each cycle. Since 2014, it has produced 213 youth-led projects<sup>8</sup>, of which half were female led, 12% by youth in minority groups, and 5% by youth with disabilities. Moreover, beneficiaries have helped to establish 20 revenue generating businesses and 28 civil society organizations.

### 2.2. Rationale for applying the social entrepreneurship model in Kosovo

Youth employment is a challenge in Kosovo and this has large implications for its development because it is the youngest country in Europe, where it is the only country considered to have a Demographic Dividend window of opportunity. People under the age of 25 constitute nearly half of Kosovo's population of

approximately 1.8 million inhabitants. Approximately 27.1% of young people between 15 to 24 years old are neither employed nor in education or training and have on average long transition from school to work<sup>9</sup>. Because Kosovo is classified as being in the early first Demographic Dividend, and considering the age structure of the present and future population, UPSHIFT offers an opportunity to invest more on the workforce from a human capital perspective. Currently, the UPSHIFT approach is being accredited into the national curriculum of secondary education to ensure that every adolescent who graduates from secondary school is equipped with entrepreneurial skills and skills for life relevant to 21<sup>st</sup> century.

Second, young entrepreneurs (broadly) were facing obstacles that made it clear entrepreneurship interventions were needed. The main avenues to accessing start-up investments and finance in Kosovo were not well suited for youth start-ups. On one hand, the formal financial sector (e.g. banks) do not finance start-ups with less than 6 months of operations as they do not have well suited financial instruments for them. On the other hand, there was growing presence of incubators/accelerators, but many youths were not prepared to join or even aware of them. UNICEF found they had a role to play by preparing and connecting youth with existing incubators, including signing Memorandums of Understanding (MOUs) between UPSHIFT and the incubators.

<sup>7</sup> The distinction between social entrepreneurs and innovators is that some beneficiaries can resolve the social challenge they are focused on through means other than social enterprises, such as advocacy.

<sup>8</sup> Not all were enterprises.

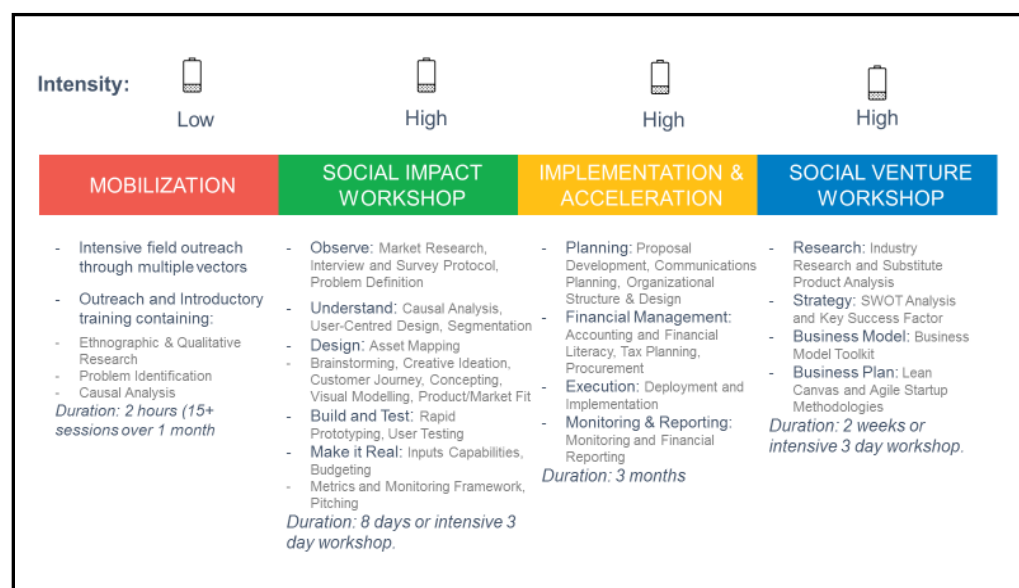
<sup>9</sup> For example, it takes about 10 years for young males to transition from school to work.

The motivation for adopting a social rather than conventional entrepreneurship programs was mainly three-fold. First, one of the main draws from social entrepreneurship is that social enterprise output can address multiple UNICEF priorities: social protection, education, nutrition, health and gender equality. Second is that the 1999 conflict left many unmet social needs and social scars on the population that permeated other dimensions such as civic participation and public institutions. Third, by increasing opportunity of the most disadvantaged groups, social entrepreneurship helps address diversity challenges to ease existing social tensions. In this context youth are uniquely placed to make an impact as social entrepreneurs or innovators to fill these needs because they have high capacity to absorb the social entrepreneurship mindset as a core principle to guide their actions across various aspects of life and more likely to gain a fundamental shift in perspective towards change-making, empathy, and giving back to your community.

### 2.3. UPSHIFT's approach to creating social entrepreneurs

While the program's principles are similar to those of a conventional entrepreneurship program, the key adjustments stem from having a clear understanding of how ideas translate into products and services to meet social unmet needs. SEs must meet one of three criteria (1) product or service innovation designed for a marginalized community, (2) employment of marginalized people, or (3) distribution of a portion of profits to the needs of the community. Thus, focusing on solutions rather than the market is the fundamental difference; beneficiaries start with a social problem and use the tools and concepts in entrepreneurship to tackle it. The program is comprised of a sequence of four components (summarized in Figure 2): Mobilization, the Social Impact Workshop, Implementation and Acceleration, and the Social Venture Workshop. Each component serves as a pre-requisite for the next and only a proportion of select beneficiaries move to the next component at each stage. At the same time, the level of engagement and support (and per beneficiary cost) increases at each component.

**Figure 2. Stages of UPSHIFT**



**The Mobilization component** entails the recruitment of youth, done through a workshop that takes place at various types of venues including high schools, universities, youth centers, and local youth action councils (among others). The workshop entails light touch training on problem identification and community needs assessment to set expectations on the skills that would be acquired in the program. Basic relevant skills are covered, such as ethnographic research, identifying and defining key community problems. Then participants form teams around specific challenges (using the skills taught) and subsequently apply to enter the full UPSHIFT programme, starting with the Social Impact Workshop<sup>10</sup>. Depending on application quality and the criteria, a specific portion of the applicants are then selected based on both the potential for social outcomes and potential for a successful SE launch<sup>11</sup>.

**The Social Impact Workshop component** is where the core social enterprise building skills are taught and best example of how the social entrepreneurship curriculum compares to a conventional one. The training is done through a combination of lectures and guided applications and broken down into five phases, as follows:

1. Phase Observe: The focus is on conducting research to assess significance of a specific social problem. Youth are trained in how to conduct interviews, and, subsequently, provided tablets that include questions crafted during the training. They go out to their communities to conduct qualitative research of all identified stakeholders. Once the field work is complete the qualitative data is compiled and analyzed through visualizations. While the skills are applied largely on social impact, they are also applicable for conventional market research such as target market mapping.

2. Phase Understand: Participants are taught problem solving with tools including the problem tree methodology and Six Sigma's "5 Whys" root cause identification technique (among others). As before, while the skills taught here are applied to analyzing the social problem, they are transferable soft-skills with broader applications.

3. Phase Design: Developing the solutions to the analyzed social problems are taught here. Emerging methods from the HCD framework are taught as well as design thinking in marketing, technology, and service and product design. The Design Challenge technique<sup>12</sup> is used for conducting end state analysis, and creative and visual ideation techniques for generating model product and/or service interventions.

4. Phase Build and Test: This covers methods for rapid prototyping (utilizing industry recognized approaches including storyboarding, paper prototyping for digital tools, and physical modelling), user testing for iterative, user-centered design, and working with feedback.

5. Phase Make It Real: During this final phase, beneficiaries learn how to identify inputs, required resources (e.g. budget creation), revenue models, creating sustainability plans, and developing pitches for their products and/or services. During this phase 21st century skills are also covered, including financial literacy skills.

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<sup>10</sup> During each application cycle youth from previous cohorts are also able to apply again if they did not get in their previous application.

<sup>11</sup> Criteria include whether applicants are from vulnerable groups, level of 'grit' and effort shown by submission, the impact of the proposed problem in terms of severity, scope, and effect on vulnerable groups, and the alignment of the challenge with UNICEF's priorities (Health, Nutrition, Early Childhood Development, Education, Child Protection, Social Protection, and Youth Participation and Empowerment, among others.).

<sup>12</sup> The Design Challenge essentially consists of answering the 5 W's and 1 H of journalism (what, who, when, where, why, and how) in framing in exact, specific terms, what the team's goal is.



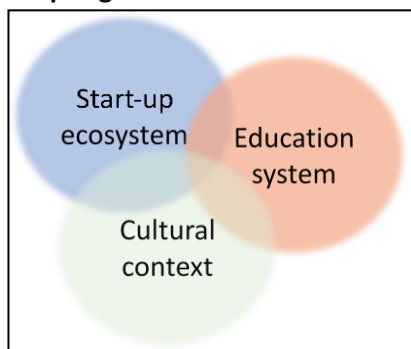
The Phases highlight the unique combination of skills that it takes to be a social entrepreneur. Specifically, how analysis of social problems and identifying solutions are a big part of the SE. An argument can be made that some of the skills are more applicable to policy development than to profit-driven enterprise development. Nevertheless, other skills are equally, or even more, relevant for launching a commercial enterprise. While the work from Phases 1 through 3 are geared more towards thinking through the social problem, Phases 4 and 5 focus on launching a product or service which is not significantly different to those that would be applied to a conventional commercially-driven process. Of course, most skills taught are transferable and have relevance to both effectively making a social impact and launching and running a business. For example, the application of HCD methods to design and market a product (taught in Phase 3) is a little different whether the product is meant to purely generate revenue or to create a social impact since its focus is on user/customer feedback loops.

The last part of the Social Impact Workshop is developing a pitch for a proposed project. The pitch, lasting about 10 minutes, is made in front of judges that choose projects based on their potential for scalability and feasibility, among other factors. Judges include a member of UNICEF, one from the implementation partner, and an external expert, generally from the private sector. About 50% of pitches are successful and move on to the Implementation and Acceleration component.

**During the Implementation and Acceleration component** beneficiaries receive seed funding (up to EUR 2,000), mentorship, connections with experts, and other support services with the aim of setting up their SE or project. The tasks during Implementation and Acceleration Phase vary depending on the specific solution being addressed. For example, funding might be used towards creating the prototype of the product or hiring lawyers to make sure the SE is following regulations.

**The Social Venture Workshop component** is meant to get the SE off the ground through additional funding (up to EUR 5,000) and further support services. Selection into the Social Venture Workshop component is limited since there are higher per-beneficiary costs. This component of the program was started later and came as a result of seeing the need for additional support among the participants of UPSHIFT who had made it this far. Currently nearly 800 youth have entered this phase over the course of the program's implementation.

**Figure 3. Principle dimensions of adapting the UPSHIFT model**



#### 2.4. Adapting and scaling the UPSHIFT model to different contexts

The overarching strategy for scaling UPSHIFT focuses more on adapting the program ultimately so that no one is *left behind and young people are resilient and better prepared*, rather than directly replicating it in different contexts. This strategy has resulted in UNICEF's expansion<sup>13</sup> of the model into 12 countries that include established programmes in Montenegro, Tajikistan, Moldova, Lebanon, Jordan, Vietnam, Myanmar. Ukraine, Sudan, Italy and Macedonia are also in the process of launching pilots, with many other countries (across all regions) in the planning stage. Adaptation needs to consider the intersection of three dimensions:

<sup>13</sup> They are at different stages of expansion.

cultural context, education, and start-up ecosystem (Figure 3). **On education**, the key is the skill level of the target group; when the target has lower levels of education, the program is simplified and adapted to rely more on visual materials and action-oriented processes and less on writing. **On the cultural context**, the program needs to be adjusted to conform to the economic opportunities and social norms present in the context. For example, in Jordan, where there is a large refugee influx, UPSHIFT is being delivered via innovation labs within non-formal education and focuses on skills development due to limited employment and enterprise creation opportunities for young refugees. **On the start-up ecosystem**, the key is understanding the menu of services and financing options available and, which ones youth have access to. For example, Lebanon has a vibrant tech ecosystem, and the focus is therefore creating partnerships and opportunities for marginalized youth to gain the skills and opportunities to access start-up capital and support.

## 2.5. UPSHIFT's social entrepreneurs

In Kosovo some of the main areas that youth social entrepreneurs have gravitated to are healthcare, social inclusion, and youth empowerment. A good SE example is Modicular, a furniture maker that focuses on social inclusion. It was founded by three young architects who went through the program and offers furniture and accessories designed for people with special needs (e.g. disabilities). Modicular works with individual clients from their target population to build tailored furniture fitting their needs as well as companies ordering standard types of furniture to generate further revenue. Another example is Purple Muse, founded by a group of young women from Gjakova, Kosovo, which focuses on producing hand-made knits from quality materials with modern designs. Purple Muse focuses on social inclusion by employing widows who were affected by the 1999 conflict in Kosovo. Gjakova was one of the most heavily affected areas of the conflict and the casualties included a large proportion of its male heads of households. Widows left in charge of households often had limited work experience and employability skills. Other UPSHIFT graduates in Kosovo, based the analysis methods learned in training, built a much needed interactive “match-making” application for people who are in a need of blood donations and blood donors in coordination with the Ministry of Health.

## 2.6. Lessons learned on implementation

During the program's implementation, it became clear there were important factors for the social entrepreneurship program's success. While some of the factors apply to youth employment programs generally, they merit extra attention in the case of SEs. These included:

- Having effective collaboration with external partners to produce the necessary diversity in points of view, support mechanisms, and networks. Private sector partners are especially important in social entrepreneurship since they provide expertise and knowledge of markets.
- Developing a clear understanding of the cultural context, social challenges, youth education levels, and business ecosystem, jointly, is needed to identify both social needs and market opportunities. They also inform scalability of the program through adaption to different settings. These vary significantly across countries.
- Having an ex ante strategy to effectively work with multiple stakeholders in the public sector and incorporate the SE agenda into their programming. In Kosovo, UNICEF has worked with the Ministry of Education, Ministry of Innovation, Ministry of Culture, Youth, and Sports, and the Faculty of Education of the State University of Prishtina to incorporate the UPSHIFT model into secondary education curriculums, as part of the civic education courses. The curriculum reform started in February 2018 with the goal of including the reformed curriculum in the 2019 academic year. This process has taken longer and required a greater effort level than anticipated. Nevertheless, introducing social entrepreneurship skills at this scale encourages collaboration and would produce a greater country-level social impact.



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