



# Market-Driven

**Developing the  
Commercial  
Capacity of  
Organizations  
through Innovative  
Financing**

***Does market-oriented financing  
catalyze the development of  
a business outlook?***

## The Presentation will cover:

- Grassroots Business Fund
- Experience and Lessons Learned
- New Offerings
- Discussion

# ***The Grassroots Business Fund***

## OUR MISSION

PROVIDING SUSTAINABLE ECONOMIC  
OPPORTUNITIES TO THE POOR, HARD-TO-  
REACH AND DISADVANTAGED AS  
ENTREPRENEURS, PRODUCERS AND  
CONSUMERS

# OUR APPROACH:

## 1 *Invest in grassroots business organizations*

Combine grant and non-grant funding

## 2 *Scale-up innovative business-oriented models*

## 3 *Build the field through networking and knowledge*

Develop partnerships, roundtables, reports..

# ***Experience & Lessons Learned***

# *Lessons Learned*



## **Youth Enterprise Organizations need support to improve:**

1. Delivery of tailored technical assistance, mentoring and business development services;
2. Access to finance;
3. Institutional capacity and governance;
4. Sustainability; and
5. Monitoring and evaluation systems/metrics.

# ***New Offerings***

# Developing the Commercial Capacity of Organizations through Innovative Financing

**Commercial Non-Grant Financing**



**Small Grants for Tailored  
BDS/Institutional  
Capacity-Building**

**Market-  
Oriented  
Approach**

**Well-Prepared  
Entrepreneurs**

# New Financial Offerings for Youth



## Funding to support wealth-creating businesses that is:

1. Long-term, Low interest
2. Equity-like, or micro-equity
3. Delivered like venture capital
4. Portfolio guarantees
5. Purchase of exposures from underwriters
6. Performance-Based Incentives

# ***With Coordinated Technical Assistance***



## **Pairing funding with capacity-building and business development services to:**

1. Develop local providers
2. Engage local business talent in mentoring
3. Provide performance-based grants
4. Fund core operations, not just specific activities
5. Supplement non-grant funding for entrepreneurs
6. Develop solid standards and performance metrics

# ***Discussion***

# Market-Driven

Does *market-oriented financing*

*catalyze the development of a **business outlook**?*



- Does encouraging an organization to think like a business help its clients?
- How does financing affect an organization? Is it more effective at the organization level or the entrepreneurial level? Can varying financial mechanism create varying incentives?
- Should financial offerings be reserved for youth clients or the wholesale organization?
- Why would organizations with easy access to donor funding be interested in more commercial financing?
- What offerings best serve the sector?
- What are the best ways to structure a performance-based grant?