

# ARGIDIUS FOUNDATION 2018 REPORT

DIGNITY AND SUSTAINABILITY:  
A BLUEPRINT FOR BETTER BUSINESS

## LETTERS

FROM THE CHAIRMAN  
AND THE EXECUTIVE  
DIRECTOR

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# A LETTER FROM THE CHAIRMAN

On behalf of the Argidius team, I am happy to present the foundation's 2018 annual report, which aims to provide an overview of our activities and progress in 2018, as well as our objectives for 2019.

Small businesses and the entrepreneurs who lead them are important contributors to sustainable and inclusive economic growth and human development. They create economic and social value within the societies where they operate, through income growth, increased employment and continuous learning for employees and peers.

Argidius' mission is to support partners who identify and work together with passionate and capable entrepreneurs, to build and expand their businesses.

Some of the challenges entrepreneurs come up against include gaining access to finance and to effective networks and markets, finding and retaining the right staff, and setting up strong record-keeping systems.

Argidius addresses these challenges by connecting entrepreneurs with business development service providers, who work on business acceleration, organisational development or access to finance. In conjunction with its partners, Argidius

ensures that its research and findings are shared widely, benefiting other organisations working in the sector.

2018 has been a productive year for the Argidius team. We have gained a deeper understanding of the impact our programmes are having on the businesses we support. This year's report gives an overview of our work, what we have learned and the impact achieved in the last few years. We share stories from some of the entrepreneurs who are being supported by our partners, highlighting how their businesses are improving lives in their communities in a lasting way.

Whilst financial return is necessary for a sustainable business, social and environmental impact also needs continuous monitoring and development. Our annual report gives examples of entrepreneurs and businesses who have made social and environmental issues an integral part of their operations.

Cooperation and leverage are essential to help grow and advance the sustainability of business development services and ensure the work has a

lasting impact. A chapter on collaborative philanthropy shows how Argidius works with other foundations to develop and share the insights we have acquired from our research and programming.

Finally, a section on impact and learning highlights the effectiveness of different types of interventions on business development. We believe that Argidius is contributing to the work of many good partners in the sector, accelerating the impact of small and medium enterprises and supporting markets to facilitate inclusive economic and social growth.

Herman Brenninkmeijer  
Chairman, Argidius



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## A LETTER FROM THE EXECUTIVE DIRECTOR

One of our partners approached us this year saying: “We have a problem.” My immediate reaction was: “Oh dear!” But then I adjusted my frame of mind, and instead thought, “great that they can share their problems with us.”

“Yes, we have been wracking our brains trying to think of something new to offer you to fund. We know foundations like that!”

They do, I fear, but in this case, we simply wanted to continue to fund what our partner was doing. It was achieving high impact on a cost-effective basis in a learning organisation that was continually alert to how it could improve. What more could we want? It is exactly what we look for in a good partnership.

Because we are now finding these ideal partnerships, we have been able this year to launch our first strategic partnerships with Impact Hub (100 hubs in 57 countries) and TechnoServe (active in 29 countries). Our aim? To help these organisations meet the challenges of delivering ever improving and evolving programming across the whole scope of their global reach.

We have been able to host our first learning event for our partners in East Africa, continuing to learn together about what good practice looks like and how we can adjust our work accordingly. Some of our partners, like BPeace in Guatemala, had already rethought their offering in ways that are

now showing improved impact results. This has helped us interact with our funding partners to initiate a wider discussion about how best to allocate resources to proven models of business development (as discussed in Chapter 3).

We should never forget, however, that all this work at a sectoral level – nudging the system to be more collaborative with others – must always translate into effective work on the ground to help entrepreneurs build better businesses. That is, businesses that are better in themselves – growing and evolving, becoming more resilient and generating jobs – but also with an eye to the quality, as well as the quantity, of the employment created.

We want to create businesses that effectively serve their communities both through their supply chains and through their customers. We want businesses, even small ones, to develop more sustainable modes of production. This report highlights examples of these from

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WE WANT BUSINESSES, WHERE POSSIBLE, TO DEVELOP MORE SUSTAINABLE MODES OF PRODUCTION. BUSINESSES THAT REFLECT OUR CORE PRINCIPLES OF HUMAN DIGNITY AND SUSTAINABILITY THAT ANIMATE WHAT WE DO AND WHICH ALWAYS CHALLENGE US TO DO BETTER.”

over 8,000 businesses that our partners supported last year. These are all businesses that reflect our core principles of human dignity and sustainability. They animate what we do and always challenge us to do better.

An example is Mayela Rivas, discussed in Chapter 1, who is using her talent for design to help Mayan communities in Guatemala improve their income, and protect and develop their traditions. Mayela is also participating in a global movement towards ‘slower’ more durable and enduring fashion. She is a living example of enterprise as a force for good.

Nicholas Colloff  
Executive Director, Argidius



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# CHAPTER 1

## DEVELOPMENT IN DIGNITY

Human dignity and the rich potential embedded in every person are at the centre of our values. We believe that everyone should flourish and we are committed to supporting people to discover their talents so that they grow and contribute to their communities and society. We are also acutely aware that the circumstances of a person's life – their place of birth, their family, history, and events beyond their control – can jeopardise their ability to achieve these ideals.

In this chapter, we bring you stories of people living on the margins – a Guatemalan couple whose children were born with complex special needs who urgently needed medical treatment they just could not afford; a Kenyan woman with a profound desire to enable women and girls living in the Nairobi slum of Sinai to give birth safely and in dignity; a young Guatemalan fashion designer working with indigenous Mayan communities bringing traditional fabrics to contemporary fashion.

We hear of the ways these individuals were able to turn their lives around, and those of others, by accessing support from some of the remarkable organisations that Argidius funds.

Foundations like Fundap, set up in Guatemala 38 years ago when the country was engulfed in a brutal civil war and which is now doing ground-breaking work training a new generation of

entrepreneurs in the Western Highlands. Thrive, whose unusual blend of financing and social commitment inspires a culture of philanthropy in challenged communities, as well as helping create new jobs. TBN, which has mobilised over £65 million in investment to small and medium enterprises in East Africa and Southeast Asia, explain why they took a risk to work with a social entrepreneur in one of the poorest slum communities of Nairobi and the major impact this has had on the healthcare of local people.

"We are inspired when we learn of the impact entrepreneurs are having in their communities," says Nicholas Colloff, Executive Director of Argidius. "Creating more opportunities for individuals to have formal employment is the best indicator of people moving out of poverty. When we see this happening it gives us a great sense of achievement."



# THRIIVE ENTERED OUR WORLD LIKE A MIRACLE

Christian Herrera and his wife Dora Solares were living a hand-to-mouth existence with two critically ill children when they started their business six years ago. They describe the dramatic turnaround in their lives when they came across the organisation Thrive.

When Dora Solares and Christian Herrera were told that the lives of their twin boys would be greatly limited as a result of the genetic condition they'd been born with, they refused to accept the prognosis.

"Our babies were going from one crisis to the next," explains Dora. "They needed intensive, on-going care and we had no money to pay for it."

The twins were eventually diagnosed with Williams-Beuren Syndrome, a rare genetic condition that affects many parts of the body and can give rise to developmental challenges. Physical therapy can help children with Williams-Beuren syndrome but at the cost of \$70 a day in Guatemala City where they lived, Dora and Christian felt that their children's health would be compromised if they didn't act quickly.

"We sold everything including our car and moved to Quetzaltenango, where the cost of treatment was \$5 a day," says Christian.

"That was better but we scarcely had enough means to buy food. We also had babies who needed our complete attention. Then my parents, who'd helped us a lot with the boys, died. It was a terrible time."

In desperation, Christian, who'd previously worked as a pastry chef and baker in Guatemala City and the US, remembered a doughnut recipe he had learned in the States and decided to make a batch.

"We didn't have an oven where we lived," says Christian. "But what we did have was a small pan. I fried some doughnuts and Dora took them to the local market. She sold everything! That day we had enough money to buy food. We were so happy."

Christian and Dora began a routine of frying the doughnuts early in the morning when the children were asleep and then taking them to the market. Demand started to grow. It was then that a friend in California told them about Thrive and suggested they apply for a grant.



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THE MAJORITY OF THRIIVE ENTREPRENEURS ARE SO INSPIRED BY THE IMPACT THEIR GIFTS HAVE ON OTHERS THAT THEY CONTINUE TO GIVE.

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Argidius began partnering with the organisation Thrive in 2013, drawn to its unique blend of financing and social commitment. Thrive offers interest-free financing to small businesses. These loans are repaid not in cash but by donating an equivalent value of job training or basic necessities to the most vulnerable in their communities.

“When we were accepted for the programme, we couldn’t believe something good was finally happening,” Dora smiles. The couple received an Italian food mixer, weighing scales and a computer.

Thrive gets to know every business it makes a loan to, as well as the communities and ‘end recipients.’ This helps them create a network of socially responsible businesses that serve their communities over the long term.

“Of equal importance to us was the advice and mentoring we were given from Thrive,” Christian says. “It helped us identify new markets, improve our customer service and, most of all, set a price for the doughnuts that reflected their worth. That made a big difference for us as a small business. We doubled the price of doughnuts and they continued to sell. And then demand grew.” The couple have a good sales model – a team of travelling reps who purchase and then resell the doughnuts to schools and markets.

“The turn-around has felt like a miracle,” says Dora. “Since Thrive began supporting the

company, we’ve had a 200% growth in sales. Our boys are also doing well. They go to school twice a week and also help us with the business. We never use the word disability in our home. We involve them as much as we can in our working lives.”

Dora and Christian’s charity ‘repayment’ is helping other parents of children with Williams-Beuren Syndrome. “We teach parents how to bake and sell their own products and how to do this whilst enjoying their children’s company,” says Dora. “We encourage them to accept their children as they are and embrace the life they’ve been given.”

“The majority of Thrive entrepreneurs are so inspired by the impact their gifts have on others that they continue to give, transforming themselves from someone in need to someone whose donations help fortify their community,” says Jenny Mejia from Thrive Guatemala. “Fifty-nine percent of Thrive entrepreneurs keep making long-term donations to their communities.”

Christian and Dora say that whilst they are happy with what they have created for their family and business, they have dreams to expand it further. “We want Donas California to be the biggest doughnut centre in the region, with different franchises,” Dora enthuses. “Our journey so far has not always been an easy one,” Christian adds. “But I wouldn’t change my life for anything.”



Hear more from Dora Solares and Christian Herrera

## WE EXIST TO GIVE WOMEN AND GIRLS THE DIGNITY THEY DESERVE

It’s early afternoon in Sinai slum, Nairobi and Josephine Suleiman is tiptoeing her way around pools of rain. Dressed in a brightly coloured blouse and dark jeans, she walks with her head raised, eyes lighting up when she sees a teenage girl washing clothes in a bucket by the side of the road, a sleeping child strapped to her back.

Josephine embraces the girl, introduces her as Faith and kisses the baby on the top of its head. Faith’s face brightens, she exchanges a few words with Josephine but she seems restless. Calling to an older woman selling charcoal, she unstraps the baby, planks it on the woman’s lap and runs off down the street.

“She has a young baby but nobody to support her,” Josephine explains. “She’s on the move trying to find work, washing clothes and fetching water to make ends meet as well as caring for her baby. It’s not easy but she’s trying hard.”

Josephine opened Olivelink Healthcare maternity clinic in 2013, wanting to create a safe place for women and girls to give birth. “I was working in a hospital about seven kilometers from here and I kept meeting women from this slum who were walking long distances to get maternity care,” she says. “I discovered that many women were giving birth at home, sometimes in

squalid conditions because of the lack of maternity services.”

Sinai is one of around 200 slum settlements in Nairobi and is home to an estimated 100,000 people and the main provider of labour to the city’s industrial area. Most residents live in extreme poverty in over-crowded shacks and lack access to basic amenities including clean drinking water, electricity and toilets.

Josephine had saved some money from her previous job working in a bank. The women from Sinai who had become her friends helped identify a place where she could rent premises. “That’s how the clinic started,” Josephine smiles.

“Rates of violence against women are high in Sinai,” says Josephine. “Rape is common and there are a lot of single mothers. We have girls as young as thirteen giving birth in the clinic. Few have been to school and it’s hard to break



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THEIR GREATEST NEED IS TO HAVE A PLACE TO BE TREATED LIKE HUMAN BEINGS, TO FEEL SAFE. ”

the cycle of poverty. Some engage in sex for money and if they get pregnant, the men don't tend to stick around. I wanted to do something to support them. Olivelink Healthcare is here to give women and girls the dignity they deserve and their children the best start in life.”

As well as maternity care, Olivelink Healthcare provides immunisations and general treatment of both children under five and adults, dental services, HIV testing and counseling, and laboratory investigations. It also has a pharmacy. The clinic employs 30 staff, including community health workers.

It's busy in the centre, an exhausted-looking girl of around seventeen who has just given birth is being tucked up in bed by a nurse, whilst her older sister sits close by, rocking the newborn baby in her arms. In a tiny neighbouring ward, a young woman has just gone into labour.

Lamusia Anzaya is the investment manager at TBN East Africa. He works with a team which has supported Josephine to fund the opening of a second clinic in another slum. Beyond capital

raising, TBN has given Josephine six months of business training and coaching. TBN's mission is to build entrepreneurial ecosystems in emerging markets to help stimulate economic growth. Over the past fifteen years TBN has mobilised over £65 million in investment for small and medium enterprises in East Africa and Southeast Asia.

“We have been very impressed by Josephine's work,” says Lamusia. “She is enterprising and has deep conviction. Josephine is relentless in surmounting the challenges Olivelink has faced in providing affordable healthcare for the most vulnerable in a hard-to-reach community and in the process creating valuable jobs.”

Josephine is determined to reach even more women and children and her vision is to grow Olivelink into a much larger chain of clinics. “From the start, the community have owned the project and advised me on what they needed for themselves and their children. This is one of the reasons we have been successful. Their greatest need is to have a place to be treated like human beings, to feel safe.”

Hear more from Josephine Suleiman

## A GUATEMALAN DESIGNER SHAPING THE FUTURE OF SLOW FASHION

On a busy side-street in downtown Quezaltenango, Mayela Rivas is trying not to stop the traffic. Standing against an orange and pink painted wall, wearing an ankle-length coral raincoat, the children crossing the road find it difficult not to stop and stare.

“Go to school, go to school,” Mayela teases, warmly embracing one of the girls who runs towards her for a hug. “But come and see me later!”

Mayela runs her business from her home studio in Quezaltenango in south-western Guatemala and employs a small team of tailors who work on her designs. The designer has been a socially aware entrepreneur for over five years, working with indigenous communities to bring traditional fabrics to contemporary fashion.

“Guatemala is a wonderful assembly of colour and culture,” Mayela says. “The clothes created by Mayan women are the products of artistry going back generations, inspired by nature and the seasons. For so many years, they have been discriminated against. It's important that we work to strengthen our people by cultivating knowledge and promoting a spirit of entrepreneurship and service to one another.”

There are 22 Mayan ethno-linguistic groups. Intricate emblems, styles and different colours are woven into all types of dress. It's possible to

distinguish a person's native town from the distinctive pattern in their clothes. These textiles are woven into blouses, shirts, *huipiles* and dresses.

Mayela's collections tell their own story. She fuses traditional Mayan fabrics with modern fashion designs, collaborating with Mayan weavers to create designs that are respectful of their heritage.

“The beauty of our locally made textiles and clothes is something we as Guatemalans need to celebrate and share,” she says.

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AS SOON AS WE STARTED WORKING WITH MAYELA, WE SAW THAT SHE HAD A CLEAR SOCIAL MISSION. ”

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IT'S IMPORTANT TO LOOK FOR AND SUPPORT RESPONSIBLE FASHION. WHAT WE CREATE – AS ARTISTS, WEAVERS AND CLOTHES-DESIGNERS – SHOULD BE LIFE-SUSTAINING.”

Mayela has been involved with the voluntary foundation Fundap since 2017 when she joined their 'micro-MBA' entrepreneur programme and received a grant and coaching to expand her business. Anna Sofia Molina is the coordinator of the programme.

“As soon as we started working with Mayela, we saw that she had a clear social mission,” she says. “She is passionate about promoting indigenous women’s organisations and making sure that Mayan craftswomen receive the recognition they deserve.”

“The majority of our country’s fashion designers are based in our capital city where there are more opportunities,” she continues. “Mayela’s vision is closely connected with our region, the heartland of the Maya people. This is where her

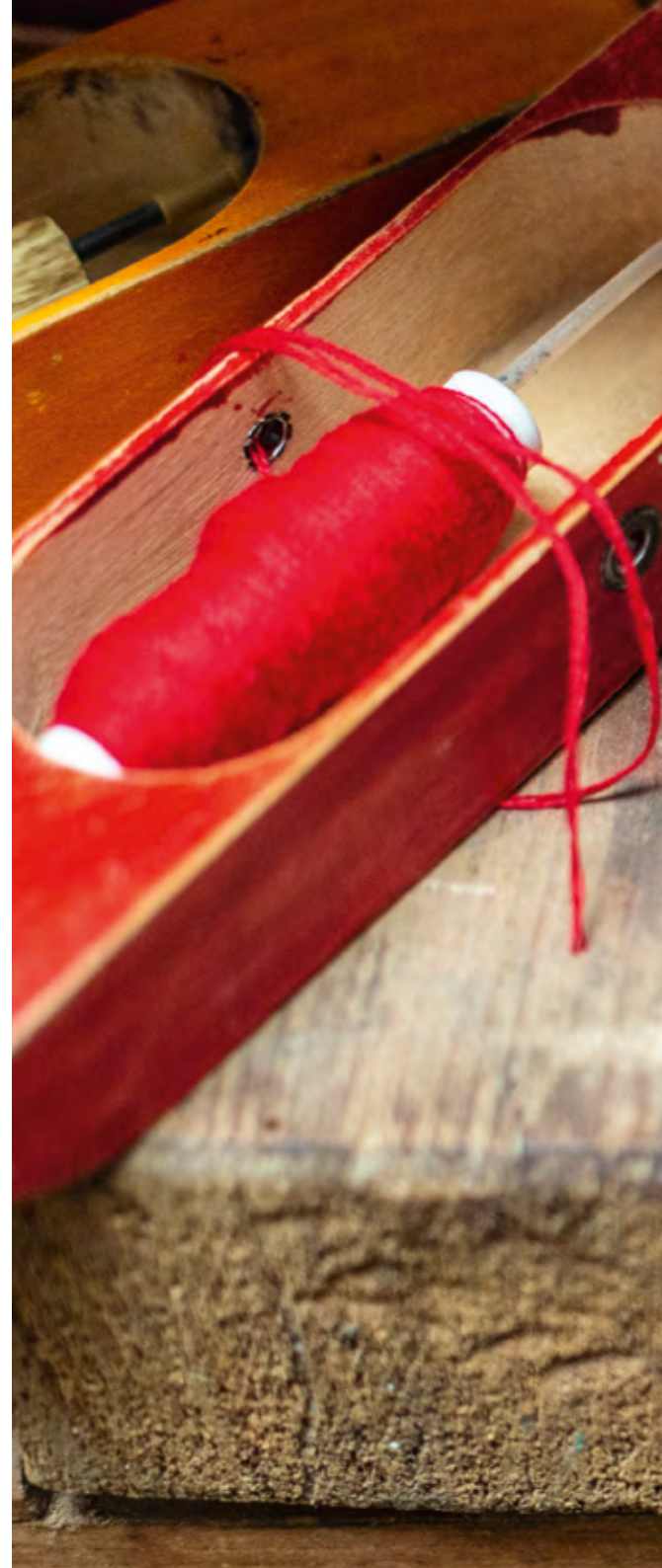
business is currently growing, and where it could really thrive.”

“When people of one culture assimilate to another, the traditional dress style can disappear,” Mayela continues. “This has not happened in Guatemala. The costumes of Mayan people – called the traje – are their identity.” Mayela wants society as a whole to move away from 'fast fashion' to handmade items that support local industries on an economic, social and environmental level.

“It’s important to look for and support responsible fashion. What we create – as artists, weavers and clothes-designers – should be life-sustaining. Art and beauty are intrinsic to life.”



Hear more from Mayela Rivas



## CHAPTER 2

# RETHINKING BUSINESS SUCCESS TO DELIVER ON SUSTAINABILITY

Argidius aims to help entrepreneurs build profitable businesses and contribute to the sustainable development of their communities. Small and medium enterprises can make a great contribution on many fronts: engaging with local communities, creating a more diverse work force, bringing jobs back to hard-to-reach areas.

Many of the entrepreneurs we support live in communities where the spirit of innovation can, at times, be sorely tested. There are a multitude of reasons, from the impact of climate change, the daily grind of poverty, to gender expectations. In this chapter, a young entrepreneur in Kenya tells us why she was determined to defy convention and become a beekeeper, a profession still considered taboo for women in her country.

Marco Barbi explains why he quit a financially profitable but spiritually empty existence running bars in Ibiza to set up an organic, fair-trade company in Guatemala, a country with one of the highest corruption rates in the world. We also hear from the investment company iungo capital about

why they decided to take a risk on a small horn manufacturing company operating out of a slum in Kampala, despite the fact that no other investor would touch them.

“Time and time again, we find ourselves impressed by the resilience, tenaciousness and vision of the entrepreneurs and partner organisations we fund,” says Nicholas Colloff, Executive Director of Argidius. “Many operate in some of the most challenging environments on the planet yet their capacity to achieve success when given the right tools and support, at the same time positively impacting the lives of others, is extraordinary.”

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## THE HAPPY SOUL PROJECT

Marco Barbi wants his business to make people think differently about what they consume and how they live.

In 2009, Marco Barbi moved to Guatemala in search of a more peaceful existence after living in Ibiza where he had been running cocktail bars, restaurants and nightclubs.

"I had a longing for a more spiritual life and to give back to society," he says. "I thought that anyone could sell alcohol and make money as I had been doing in Ibiza, but I wanted something different."

Marco lived for a period near Lake Atitlan in Guatemala's south-western Highlands, learning yoga and meditation. "I spent some time in silence and observing the beauty of the natural surroundings," he says. "Then I began teaching meditation and yoga and I became increasingly happier."

It was during this time that Marco was given a bottle of kombucha, a fermented, slightly fizzy drink made from sweetened tea, popular with health conscious consumers, as a gift. "I loved it but when I tried to find the drink in shops locally, it wasn't available. That's when I had the idea to start a small business brewing it."

Marco moved to the city of Antigua and found premises to start his business, Yogi Super Foods. As well as brewing kombucha he started testing the market to see what other products might sell.

Antigua, as a popular tourist city with many restaurants and cafes and an outward looking population, was a good place to be based. "I was convinced that the market would be out there. All the trends were moving in the same direction globally, towards a healthier lifestyle, led by young people," he says.

He began producing apple-cider vinegar, cacao and super-food powders including moringa, turmeric, spirulina and matcha, sourcing as much as possible from organic and fair-trade farmers locally and getting to know his suppliers personally. "I wanted to supply health-enhancing, chemical and preservative-free products that made people feel good physically," says Marco. "It's important to me that consumers feel uplifted emotionally and spiritually. Our packaging is simple and beautifully designed and each item has a motivational message on it."

In 2018 Marco began receiving support from the organisation TechnoServe, which works with enterprising people in the developing world to build competitive farms, businesses and industries. Founded in 1968, TechnoServe measures success in terms of the increased revenue these farms, businesses and industries make as well as new jobs and wages they create.

Lucía Juárez from TechnoServe says that the organisation was drawn to Marco because Yogi Super Foods were producing products that weren't easily available in Guatemala, which also had the potential to reach new markets outside the country. "We could see that he was pushing boundaries and creating excellent products sourced from forward-thinking suppliers," she says. "He also has strong principles, such as his commitment to communities nearby that provide 50% of the raw material in his products."

Yogi Super Foods currently employs seven members of staff. Their biggest clients in Guatemala are Walmart and the supermarket chain, LaTorre.

"Building partnerships between organisations and small businesses can be challenging in emerging economies like Guatemala where unemployment is high and corruption is endemic. But the payoff can be significant," says Lucía Juárez. "Truly transformative results do not happen overnight and require patience," she adds. "In TechnoServe's work with our partners and entrepreneurs, we have seen time and again that getting the collaboration right is essential for raising business and community incomes."

"I call my work the Happy Soul Project," says Marco. "Hopefully, this is the start of humans thinking deeply about what they are consuming, the effects of that on the planet, and applying this to every part of their lives."

“ I WANTED TO SUPPLY HEALTH-ENHANCING, CHEMICAL AND PRESERVATIVE-FREE PRODUCTS THAT MADE PEOPLE FEEL GOOD PHYSICALLY,” SAYS MARCO. “IT’S IMPORTANT TO ME THAT CONSUMERS FEEL UPLIFTED EMOTIONALLY AND SPIRITUALLY.” ”



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## COMPASSION - A UNIQUE APPROACH TO BUSINESS SUCCESS

When Bosco Hallelujah slipped into an HIV-related coma two years ago, his wife feared for the worst: the loss of her husband, high medical bills, destitution for herself and her six children. What she didn't expect was that her husband's employer, a small cattle-horn processing company operating out of a slum community in Kampala, would take care of her family and pay for Bosco's hospital treatment.

Bosco spent two weeks in a coma before responding to treatment. Four months later, he was well enough to return to work. During the entire period, he continued to receive a salary.

"This care for a worker is rare in my country," says Bosco, an athletic-looking man with bright eyes, pausing whilst carrying a heavy load of horn tusks. "My boss visited me in the hospital and at home. He told me my job was there as soon as I got my strength back." Bosco, who started at Horn as a labourer is now a workshop supervisor, making sure orders are produced on time to a high standard.

"Why wouldn't we look after one of our men?" says Charles Ggalla, a jovial-looking man in his mid-fifties and the manager of Horn Products

Ltd. "Bosco is a loyal worker and highly skilled. "This is a family business and the people who work for us are family." Charles set up Horn Products Ltd in 2003, seeing a niche in the market to process cow horns from the Ankole cattle breed into buttons for the clothing industry as well as handicraft items. The company started with ten employees. It now has 30 full-time staff.

The company buys and collects raw cattle horns from abattoirs locally and also from neighbouring countries including South Sudan, Kenya, Tanzania and DR Congo. The horns are brought back to the company's workshop in Kalerwe, Kampala and dried before being processed.

"Ankole farmers were not aware that the horn, which is a by-product after cattle have gone for slaughter, was a valuable resource," says Charles. "It can be carved and made into beautiful bowls, bangles, vases and jewellery and sold for export. Ugandans don't really appreciate the product yet, but we have growing demand overseas for the items we make."

Horn's manufacturing process leaves almost no waste. Chipped horn and offcuts, rich in keratin,



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ONE OF THE REASONS WE WERE ATTRACTED TO HORN PRODUCTS WAS BECAUSE THEY USE LOCAL PRODUCTS THAT ONCE WERE DISCARDED, SO CREATING A MARKET THAT PREVIOUSLY DIDN'T EXIST.”

are crushed into powder, packed and sold to farmers and fertiliser manufacturers. The bone inside the horn is detached, burnt to ash and then sold to manufacturers of animal feed.

Roeland Donckers is a co-founder of the East Africa-based investment company iungo capital, which provides small businesses with advice and financial support. iungo's main aim is to get businesses to a stage where they can create more jobs and income opportunities.

When iungo capital started supporting Horn Products in 2018, the company had little collateral and so wouldn't have qualified for the criteria banks would request for a loan. This didn't dissuade iungo; instead they saw the potential of what Horn could offer.

"One of the reasons we were attracted to Horn Products was because they use local products that once were discarded, so creating a market that previously didn't exist," Roeland says. "In the process they create employment as well as generating additional income for cattle-owning farmers in Uganda." There is a growing market for Horn's products globally. The company is also creating new employment in a country with a

young population and high figures of unemployment. Currently, half of Horn's workforce is between eighteen and thirty-five years old. "These are young, low skilled artisans who have full employment contracts, health insurance and who receive training on the job. This is unusual for a small company anywhere but especially in East Africa," says Roeland.

Small and medium enterprises like Horn Products create jobs four times more quickly than large firms. They also create revenue and add to a country's GDP six times faster. With iungo capital's working capital investment and non-financial support, Horn expects to double its top line, whilst generating a 30% increase in new jobs. It is also on track to acquire twice as much raw material in its value chain.

"We want to keep growing and have bigger markets internationally," says Charles Ggalla. "We have a good product and we're helping our country by employing people. Business is growing."



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## TURNING HONEY INTO MONEY

Beekeeping has always been a male-dominated profession in Kenya. As a child, Joan Kinyanjui would watch in envy the men in her village going into the forest at night to gather wild honey. "Climbing trees in search of a bee colony and smoking them out was considered too dangerous for women and girls," she says. "In fact it was taboo for women to be beekeepers."

Years later, when Joan graduated in agricultural economics from the University of Nairobi and she was considering which career path to choose, she found herself drawn to apiculture.

"It wasn't the dangerous profession I had been lead to believe as a girl and I discovered that there were modern ways of keeping bees," she says. "I also realised that there was a big demand for honey in Kenya which wasn't being met."

Joan attended a training session run by African Beekeepers Ltd. Convinced it was the right business for her, she left with ten beehives and opened her own company, Yatta Beekeepers, producing honey on a small piece of land 30 km north of Nairobi. She later decided to expand the project to Kiambu County in central Kenya where her family lived. "My parents were nervous as they thought that people would be attacked by the bees," she explains. "But when I told them the bees would be fine as long as they weren't disturbed, they agreed to let me have a go. I also spoke to people in my village about how important bees are for our planet."

One of the initial challenges for Joan was finding harvesting equipment, which she eventually decided to import. "I bought a centrifuge machine, which allows you to extract honey from honeycombs without damaging them," she explains. "A number of people asked me where they could get one too. I saw this as another business opportunity selling honey-harvesting equipment."

Joan then decided to produce propolis, lotions, lip balms and honey-coated nuts under the Yatta business umbrella. Interest in honey farming was growing in her home community in Kiambu, especially amongst young people without work. She decided to train them for free.

Carol Kimari is the country director of YGAP Kenya, a not-for-profit organisation with an innovative approach to poverty alleviation. In 2019, Joan applied to YGAP's accelerator programme, which backs social entrepreneurs running early stage ventures addressing major root causes of poverty. "We were attracted to Joan's passion and vision and her interest in supporting young people living in rural areas to

become beekeepers," says Carol. "In a country like Kenya, which has high rates of unemployment, with young people often migrating to urban areas to find work, we felt this was a venture truly worth supporting. Honey-making doesn't require a lot of resources and beekeeping is an easy way for farmers to diversify food production and enhance their income."

Teyras Kemani, age 20, did a beekeeping course with Joan in 2018 and has since installed twenty beehives on his family farm, 60 kilometres from Nairobi. "I used to be terrified of bees," he laughs. "But now I have no fear. Honey production is helping me create a good income."

"There's a world shortage of honey, especially organic," Joan says. "This is an excellent trade for young people. The price of honey is high, as is international demand." Joan has trained 100 beekeepers in honey production and works closely with 20 farmers who sell her their honey and wax, which Yatta repackages and resells. "Many are searching for ways to be more self-sufficient and live a more sustainable life style," Joan says. "Keeping bees is a first step down this path."

Joan still comes up against resistance from people who think women should not be beekeepers but this doesn't deter her. YGAP has supported her to roll out more programmes in beekeeping, training young people and women. "So many women in

Kenya are farmers, even though many of them are not allowed to own land. They gain new skills and a valuable income from honey farming," she notes.

"Entrepreneurs like Joan are in fact our new generation of community leaders," says Carol Kimari. "Communities know the solutions to their problems and their leaders can help solve them. If you can make a solution more sustainable, like Joan is doing, it means it is continuous long after the people bringing in the change disappear."

“COMMUNITIES KNOW THE SOLUTIONS TO THEIR PROBLEMS AND THEIR LEADERS CAN HELP SOLVE THEM. IF YOU CAN MAKE A SOLUTION MORE SUSTAINABLE, LIKE JOAN IS DOING, IT MEANS IT IS CONTINUOUS LONG AFTER THE PEOPLE BRINGING IN THE CHANGE DISAPPEAR.”


 Hear more from Joan Kinyanjui



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## CHAPTER 3

# COLLABORATIVE PHILANTHROPY

## COMBINING FORCES – TO ADVANCE LARGE SCALE CHANGE

There is a general consensus that private philanthropic donors and foundations can be, and should be, more innovative in the way they use their resources and influence. In the light of what we know, to drive large-scale change and enduring impact, we need communities of committed global philanthropists to share funding, networks and to learn from one another.

Karina Wong is Senior Executive at Small Foundation, a philanthropic foundation based in Ireland. The foundation creates income-generating opportunities for extremely poor people in rural sub-Saharan Africa. Argidius and Small are currently co-funding ten organisations based in Sub-Saharan Africa. “What is particularly beneficial about partnering with another foundation, is the ability to share feedback about organisations we are both funding, as well as information on potential partners on a regular, informal basis,” says Wong.

“Collaborating with another foundation can give us a better picture of the challenges an organisation may be facing,” she adds. “The organisation may need more capital, or a different type of support than what we as individual foundations can offer. Pooling ideas, feedback and resources can help organisations be more sustainable and in turn grow further.”

Argidius and Small are currently supporting the French investment group, I&P (Investisseurs &

Partenaires). The group gives impact funding to small and fast-growing African enterprises, including start-ups, with high social and/or environmental impact. Small Foundation is providing investment into one of I&P’s funds and Argidius is supporting its technical assistance facility. “Our work is complimentary,” says Wong. “As foundations we learn from one another too. What we have been particularly impressed with is the evaluation and learning framework of Argidius and the way they deliberately measure impact on the ground. We are trying to do something on these lines.

The Lemelson Foundation is another organisation with whom Argidius collaborates closely. Established by prolific US inventor Jerome Lemelson and his wife Dorothy in the early 1990’s, it enables the next generation of inventors and invention-based enterprises to promote economic growth in the US, and social and economic progress in developing countries.



Rob Schneider is Lemelson’s Senior Director of Strategy and was previously division chief with USAID. In 2012, Schneider realised, after discovering that Argidius, Lemelson, USAID and other donors were funding a variety of business accelerator programmes, that there was no real sense of the success these accelerators were having in actually accelerating company growth. Schneider and colleagues at USAID also became aware of the nascent Entrepreneurship Database Program (EDP) started by Emory University. In order to better understand the effectiveness of the accelerators they were funding, and start to provide robust research to inform others considering similar investments, Schneider led a coalition of funders, including USAID, Lemelson, Argidius and Omidyar Network to build on the EDP to create GALI - the Global Accelerator Learning Initiative - to initiate research about the hundreds of accelerator programmes which have been launched around the world since 2005.

USAID funded 50% of the initiative and Argidius, the Lemelson Foundation, Omidyar Network, the Aspen Network of Development Entrepreneurs (ANDE) and Emory University co-funded the rest. “The collaboration helps create a better understanding of how accelerators affect the growth of entrepreneurs over time,” says Schneider. “We need robust evidence to understand the growth trajectories of small and growing businesses and how best to support them.”

Schneider believes that it would not have been possible to create such an initiative without collaborative funding, and find the patience required to wait for the results to start filtering through.

“Each foundation has also brought a different piece to the puzzle,” he adds. “USAID supplied the lion’s share of funding and Argidius brought a very good monitoring evaluation framework to the initiative. Argidius has also been able to spend more time and energy on individual projects than we were able to at Lemelson or USAID. The great thing has been taking advantage of each foundation’s individual strengths to deliver better outcomes.”

Chris Jurgens, acting Chief of Staff at Omidyar Network, agrees. “Founded by philanthropists Pierre and Pam Omidyar, Omidyar Network has committed more than \$1 billion to innovative for-profit companies and nonprofit organisations to catalyse economic and social change.”

“We are interested in identifying what works and what doesn’t work and sharing that with other organisations with similar aims,” says. “We want resources to flow to business development services in the most impactful ways. We also want to hear from other foundations about what they are finding and discovering.”



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WHAT IS EXCITING FOR US IS SEEING CHANGE HAPPEN AND ORGANISATIONS GROWING AND GETTING BETTER.”

Argidius, Small, Lemelson and Omidyar Network are all members of ANDE. ANDE’s members provide financial, educational, and business support services to small and medium enterprises in emerging economies. Alongside the Dutch Good Growth Fund, Small and Argidius are currently working with ANDE to develop its Uganda Entrepreneurial Ecosystem Initiative, a two-phase initiative aimed at bolstering entrepreneurship in two regions of Uganda.

Rob Schneider says that one of the reasons that it is helpful for the Lemelson Foundation to partner with Argidius is because of its ability to stay with the organisations it funds for a long time. “This stability of funding and true partnership is what is particularly needed and valued by those organisations and critical to keep driving forward growth,” he says.

Schneider says that if he has one suggestion for Argidius it is that the organisation can take better advantage of its convening power and respected position among donors to more frequently “rally the troops and get other organisations together.” “They are usually happy to collaborate if you come to them,” he says. “But they are not often the initial builders of partnerships. I think they could benefit the

field significantly if they stepped forwards in that direction.”

Nicholas Colloff, Executive Director of Argidius, says that this is actually something “we hope to be able to do - with the appropriate capacity.”

Colloff adds that good collaboration between foundations can yield solid engagement and results. “We have done some very simple things like sharing the same reporting about the organisations we fund. Now, you might not think that is terribly exciting but from the point of view of the recipient, they are no longer having to create four different reports for funders, just one. That gives them more time and energy for the actual delivery of their work.”

“There is sometimes a natural itch for foundations to be innovative,” he adds. “Some of us have to resist that itch and keep focusing on what we’re doing well, which is significantly increasing impact for the entrepreneurs and entrepreneurial eco-systems we support. What is exciting for us is seeing change happen and organisations growing and getting better.”

## CHAPTER 4 IMPACT & LEARNING

Impact measurement, focused mainly on revenue growth and employment creation, aims to improve the effectiveness and reach of small and medium enterprise development services and plays an important role in Argidius’ learning agenda. Key performance indicators and internal and external evaluations help us to monitor and manage our portfolio’s impact on business performance, and benchmarks enable us to compare the effectiveness of different types of interventions.

We are continually learning what drives effectiveness. This is informing our decision making as we strive to make Argidius and our partners more impactful.



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## PORTFOLIO IMPACT

Over the course of five years implementing Argidius' strategy to improve the effectiveness and reach of SME-development services:

**56** active or completed programmes, implemented by **43 partner organisations**, have reported back to us, while directly supporting **8,437 enterprises**.

### 62% of respondents

(of those with two to five years of performance data) have generated **€450 million** in incremental revenues (reflecting a median annualised **growth rate of 16%**), while creating **9,232 full-time jobs**, and mobilising **€510 million** worth of finance.

The average **ROTI** (return on total investment) is **5.5**, and the cost per full-time job created is **€8,500**.

These headlines look back over the implementation period of our current strategy. Complete data on all of the businesses that have received our partners' support is not available. The 62% response rate, and the absence of data from a number of partners, reflect ongoing challenges with data collection, and therefore we are under-reporting the results.

### LEARNING WHAT WORKS AND WHAT DOESN'T

In 2013 Argidius set out on a journey to understand how enterprises are best supported to grow revenue and create employment. The aim was to enable business development support organisations, and their funders, to improve the effectiveness of support to enterprises by implementing what works. During this time, we have funded 56 projects, delivered by 43 organisations, delivering services such as coaching, consulting, networking, and training to thousands of enterprises of varying sizes, ages and types.

Using a data-driven approach, we have tracked the performance of 62% of the enterprises that have accessed this support, and undertaken internal and external evaluations to understand if, how and why support changes performance. We can see that business development services are cost-effectively growing small businesses and supporting the creation of employment, across a range of sizes, ages and types of business.

Some organisations have been highly effective at supporting enterprise growth (high performers), whereas some haven't (low performers). This picture is repeated across other publicly available datasets and a growing number of academic studies in this field. So what is it that distinguishes the high performers from the low performers?

Argidius have identified five key distinguishing lessons for effective enterprise development to SCALE. They all share the old adage that it's not what you do that's important, it's the way you do it.

### APPLYING LESSONS IMPROVES PERFORMANCE

Argidius have used these lessons to support partners in the implementation of their own respective programmes. One partner, Business Council for Peace (Bpeace), who were running a volunteer-based consulting programme, had observed limited changes in performance of the first cohort of enterprises. Based on Argidius' feedback around the key lessons, Bpeace adjusted their model. The second cohort of enterprises have created twice the number of jobs of the first cohort, in half the time, and the return on total investment has increased more than tenfold.

These lessons are also being applied in the allocation of our funding. Increasing support is being directed to high performing organisations; capacity-building activities in key areas are being supported, and we are withdrawing support for low performing organisations in a responsible manner.

#### 5 KEY LESSONS FOR EFFECTIVE ENTERPRISE DEVELOPMENT:

1. **Select the right enterprise for success**
2. **Charging enterprises for services improves performance**
3. **Address problems: entrepreneurs learn best through problem solving**
4. **Learning by evaluating enterprise performance creates results**
5. **Lead by Example: Improve your own organisation to better serve enterprises**

Find out more at [www.argidius.com](http://www.argidius.com)



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## NICARAGUA: RESILIENCE IN CRISIS

In April 2018, Nicaragua, one of Argidius' focus countries, began to experience a widespread political and economic crisis which led to an immediate decrease in consumer spending and business confidence.

Almost 80% of the reporting businesses supported by our partners, experienced a decrease in revenue, reporting an overall total loss of 450 full-time jobs across all businesses.

Nevertheless, 44% of the supported enterprises are still generating higher annual revenues than when they first joined one of our partners' enterprise development programmes prior to the crisis. We have also observed business closures at below market rates amongst enterprises supported by our partners. This suggests, at least in the short term, that business development support services might help enterprises manage economic crisis compared to the market as a whole. With partners such as TechnoServe, we will be looking at this further to learn how enterprises are best supported in crisis contexts.

## SHARED LEARNING TO STRENGTHEN THE SECTOR

Concerted efforts are being made to effectively communicate these five lessons in an attempt to both shift the sector towards making more impact, and draw more attention and resources to organisations capable of efficiently delivering high impact support.

A first of a kind report for Argidius: "Networking works: Peer-to-peer business networks help Small and Growing Businesses grow revenues and create jobs", shared the success factors behind two business networks which Argidius has supported that have consistently delivered impact. All major grants are subject to external evaluation. The first of these evaluations have been published on our website.

Structured learning events have been held in each of our focus regions: East Africa and Central America, and at relevant global conferences.

The final touches are being made to turn the key lessons into a series of short animations, aimed at helping enterprise development practitioners, and their funders, think about how they might be applied to their work.

## CONTINUING TO LEARN

Learning is never finished. The evidence base around effectively supporting enterprises to grow is expanding, but that does not necessarily mean knowledge is being put into practice. What's more, there is still much we do not understand about how to best support firm growth and create quality jobs.

Argidius' partnership with the International Growth Centre (IGC) and the Aspen Network for Development Entrepreneurs (ANDE) summarised the latest research, defined an initial research agenda, and has seeded the Small and Growing Business (SGB) Evidence Fund, supporting collaborations between researchers and practitioners to understand the most effective ways to support SGBs and the economic and social impact of SGB growth. The Global Accelerator Learning Initiative has gathered data on over 19,000 ventures that have applied to accelerator programmes around the world. New findings have been made by looking at enterprises which have joined accelerator programme compared to those that had their applications rejected. The latest phase of the Global Accelerator Learning Initiative is focussed on supporting these accelerator programmes to apply lessons learned, and be better equipped to use the data they generate to better inform decision making.

## LEVERAGE

Beyond the results on enterprise performance, and the attempts to use knowledge to leverage impact, Argidius' venture-philanthropy approach includes high-engagement organisational support, and invests in partners' core capacity. This enables the business development partners we support to attract a diverse mix of funders, develop revenue models, attract investors, and scale. Argidius support has a leverage ratio of 5.4.

For more information, please see:  
[www.argidius.com/category/how-we-work/#evaluation](http://www.argidius.com/category/how-we-work/#evaluation)



# CREDITS

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