



Desjardins
Développement international



Realizing the full potential of entrepreneurs

2021 DID Intervention Framework

Table of contents

Background	2
Our vision	3
Our approach	4
Our theory of change.....	6
Moving from theory to action.....	7
Our process.....	11

"All humans are entrepreneurs not because they should start companies but because the will to create is encoded in human DNA."

Reid Hoffman, co-founder of LinkedIn

Background

Entrepreneurship is the primary source of employment and livelihoods for millions of people in developing countries, especially women. It helps combat poverty in economies where employment prospects are eclipsed by an abundance of job seekers, particularly among young people.

But entrepreneurship can be more than a survival strategy that typically does not allow entrepreneurs to break out of their own precarious economic situation or generate jobs. In spite of multiple barriers, women and men entrepreneurs manage to lift themselves out of necessity entrepreneurship by developing and growing viable, job-generating projects. They show that entrepreneurship can provide structural solutions to local poverty reduction, food security or environmental issues. This so-called opportunity entrepreneurship requires adapted action strategies to take hold and develop on a sustainable basis.



Through this intervention framework, DID seeks to support efforts to promote the shift from the predominant model of necessity entrepreneurship toward models that embrace economic opportunities and sustainable development. Under its ecosystem and innovation approach, it strives to effectively deploy the resources and levers of the various stakeholders, while fully integrating digital and entrepreneurship best practices.

DID has a long track record in improving access to financial products and services for women, young people, and business and agricultural entrepreneurs. In addition to financial institutions, entrepreneurship interventions require engagement from other ecosystem stakeholders. This framework proposes an approach that promotes entrepreneur and stakeholder involvement for local solutions to drive innovation and inclusive growth.

Our vision

DID's mission is to empower disadvantaged populations through access to diversified and secure financial services. The economic fabric of developing and emerging countries is dominated by micro, small and medium-sized enterprises (MSMEs), which are often informal and precarious in nature. Helping current and future entrepreneurs drive job creation, sustainable development and poverty reduction requires:

- broadening access to appropriate, affordable, high-quality financial services;
- expanding the availability and uptake of tailored support services;
- promoting entrepreneurship that embraces economic opportunities.

This will also require transformative strategies to overcome gender barriers that curb women's social and economic empowerment and their contribution to socio-economic and environmental goals.

	Financial services	Support services
Offering	<ul style="list-style-type: none"> • Little start-up financing availability • Missing link between small microfinance institutions and traditional financial institutions • Low digital finance uptake • High interest rates 	<ul style="list-style-type: none"> • Services not widely available or inaccessible • Offering poorly adapted to the needs and reality of MSMEs • Limited support for the formalization of entrepreneurs • Financing rarely combined with support
Demand	<ul style="list-style-type: none"> • Few assets to be given as collateral by women • Difficulty to raise multiple sources of capital and to provide the required financial information • Lack of stable income 	<ul style="list-style-type: none"> • Poor access to information, little use of existing services, illiteracy and remoteness • Limited business management knowledge and financial literacy



Entrepreneurship cannot fully contribute to sustainable development and poverty reduction goals until women entrepreneurs are meaningfully involved. Adopting a gender perspective in entrepreneurship interventions is key to overcoming the systemic barriers facing women and bolster their social and economic empowerment.

Our approach

DID proposes an integrated entrepreneurship approach designed to drive social, economic and environmental impacts. Entrepreneurs can more fully contribute to these objectives with a support action framework in place to deploy the ecosystem resources and levers to meet their needs and overcome systemic barriers.

Impact-oriented approach

Impacts

The impacts sought in terms of inclusion (women's empowerment, youth integration, poverty reduction) growth (jobs, income) and sustainability (fight against climate change)

Strategies

The strategies combine two axes:

- power and capacity to act;
- access to economic opportunities

Ecosystems

The strategies mobilize the levers of the ecosystem related to knowledge (literacy, coaching), capital (financing, venture capital) and environment (regulation, incentives)

Entrepreneurs

The different categories of entrepreneurs segmented according to their characteristics, their level of formalization or profile and intentions



To deliver this approach, DID relies on five principles:

Interventions focused squarely on entrepreneurs

Our strategy development starts with the needs of entrepreneurs. For a detailed understanding of the differentiated needs of entrepreneurs, DID integrates a gender perspective from the design stage of our interventions and refines knowledge according to standard profiles to better target interventions and increase the potential for adopting the desired changes.

Actioning ecosystem levers

To overcome the multiple barriers they face, entrepreneurs need a boost from more than one ecosystem lever. In its strategies, DID considers the key players, financing and support offering, and business environment.

Embracing economic opportunities

The needs of entrepreneurs evolve over the life cycle of their projects. Success in the most challenging times depends on the entrepreneur's capabilities and the prevailing business environment. DID has implemented a support action strategy based on a business continuum or path that strives to match capital and support needs to resources at all phases.

A better balance between supply and demand

The supply side of entrepreneurship often targets SMEs and is rarely tailored to micro and small entrepreneurs. As a result, support services for micro and small enterprises are often in short or restricted supply, or unsuitable. DID works to promote and stimulate a supply of services that better meets demand by strengthening the local service providers' ability to understand and integrate the needs of entrepreneurs and identifying with them ways to achieve better accessibility, quality, diversity and agility.

A tested and viable business model

DID defines a viable business model, tests it and improves it throughout the cycle of its entrepreneurship interventions. During the design phase, the extent of support services and the delivery methods are designed based on the entrepreneur's execution capabilities. The whole ecosystem must be involved. Lastly, the implementation phase has factored in steps to validate and test the business plan, and bring it to maturity by leveraging the lessons learned.



Our theory of change

DID believes an entrepreneurship strategy will more likely result in poverty reduction and inclusive growth:

IF entrepreneurs have access to a full range of gender-sensitive financial products and services tailored to their needs;

IF entrepreneur support services are available, adapted to the various entrepreneur profiles and stages of development, and proactively promote the growth and formalization of entrepreneurs;

IF ecosystem stakeholders work together to ensure financing is linked to support services and to deploy resources efficiently for entrepreneurs;

AND IF young women and men have equal access to economic opportunities and specific leadership and entrepreneurial capacity-building measures are introduced for women and girls.

Moving from theory to action

To put its theory of change into practice, DID uses a group of strategies and tools covering the Ecosystem mapping, the client segmenting as well as the mobilization of intervention levers:



Ecosystem mapping

Ecosystem mapping considers all support action stakeholders, the resources they can contribute, and their interests and expectations. It is also refined according to the entrepreneur's stage of development and the range of support services available.

Mapping of **stakeholders** typically includes government (ministries/departments, agencies and local authorities), financial sector (financial institutions and venture capital lenders), academic (universities, and technical and vocational training centres), civil society (NGOs, and professional and women's associations) and private sector entities (chambers of commerce, private service providers and corporations).

Ecosystem mapping of **resources** factors in human capital, financial capital, infrastructure, culture and incentives, and demand.

In addition, in its ecosystem analysis, DID assesses the availability and maturity of resources throughout entrepreneurs' **stages of development**.



Lastly, DID uses an entrepreneur support service matrix that classifies services based on:

- the entrepreneur's business **duties** and **skills** targeted by the support services: production (technical points and operations management), the marketplace (marketing and market access), administration (finance, management and leadership) and compliance (formalization and standards);
- support service **delivery methods**: training workshops, coaching, advice, mentoring, networking, referrals, incubation, technology transfers, subcontracting or franchising;
- the use of **digital technology**, both a delivery mode and an improvement tool (understanding needs and adapting services).



Client segmenting

Client segmenting helps to answer the question: who is the support action for? It determines the target client segment, based on a number of criteria. Depending on the type of support action, demographic, socio-economic, geographic, developmental and sometimes behavioural criteria may be considered.

Client segmenting must result in client segments that adhere to certain rules: measurability, size, uniqueness, appropriateness and accessibility.

Segmenting opens the way to a more in-depth analysis focused on one or more targeted customer segment(s). A more refined analysis of the behaviors and attitudes of these segments allows us to identify homogeneous sub-groups or profiles, to measure gender differences and to determine the common and specific needs for each type of profile. This provides a solid basis for tailoring interventions to the specific characteristics and barriers related to each entrepreneurial profile.

Client segmenting also depends on the perspective of stakeholders. The perspective of the entrepreneurial community often refers to entrepreneurs' **motivations** (necessity, opportunity and growth), while the perspective of financial institutions is based on **credit behaviour** (recovering, high-potential or new client segments).



Objectives and intervention levers

DID entrepreneurship interventions have two strategic focuses: **access to economic opportunities** (capital, productive resource and market access) and the **power and the ability to act** (exercising leadership and access to knowledge).

Interventions to **promote access to economic opportunities** aim to increase access to diversified financial services tailored to the needs of business and agricultural entrepreneurs. In particular, the levers deployed by DID in this regard include financial institution support (MSME and agricultural financing, women's inclusion and digital finance), collateral mechanisms and impact investment.



Interventions targeting the **power and ability to act** aim to:

- help ensure ecosystem capabilities more appropriately fit the differentiated needs of entrepreneurs (financial institution capabilities and role, service providers' capabilities, digital, infrastructure and facilitation);
- provide capacity building for established entrepreneurs—operational (formalization and accounting) and strategic (management, innovation, growth and leadership) capabilities;
- provide capacity building for start-up and future entrepreneurs (business model and value proposition).

Our process

To make a real difference, DID makes understanding and integrating the differentiated needs of entrepreneurs in terms of gender, profile and stage of development key aspects of each support action. These anchors help it design interventions that focus on connecting supply with demand, while identifying the key stakeholders and appropriate levers within the business ecosystem. The resulting program and schemes promote local innovations and strengthen the capabilities of local actors to improve entrepreneurs' access to economic opportunities and enhance their power and ability to act.

DID has a long track record of introducing and sustaining change in the financial sector of developing and emerging countries. This experience helps it design and conduct its entrepreneurship interventions based on a viable, proven business model.

As a result, DID support action strategies help drive the emergence and development of opportunity entrepreneurship, far beyond necessity entrepreneurship. With the right support, both women and men entrepreneurs generate benefits for their families and take part in the social, economic and environmental development of their communities.





Desjardins

Développement international