



AMBASSADOR'S FUND GRANT PROGRAM

Encouraging Social Entrepreneurship



The Ambassador's Fund Grant Program (AFGP) is a five-year (2017-2022) initiative of the United States Agency for International Development (USAID) managed by the Trust for Democratic Education and Accountability (TDEA). The purpose of the Fund is to award grants to improve the economic and social conditions of the people of Pakistan.

The Fund supports high-impact activities focused on five priority areas: Culture and the Arts, Disaster Preparedness, Energy Solutions, Social Entrepreneurship and Vulnerable Populations. This document explains the Encouraging Social Entrepreneurship priority area, provides advice about designing a grant project related to this priority area, and describes a sample project.

What is "Social Entrepreneurship"

Social entrepreneurship is the use of business strategies to develop and implement financially-viable solutions to social, cultural or environmental issues. It is different from ordinary entrepreneurship, which focuses primarily or exclusively on making an income or profit. Social entrepreneurship combines earning income with solving social challenges.

Social entrepreneurship usually involves innovation, or "thinking out of the box". For example, providing skills training to vulnerable individuals is not enough to establish a social enterprise. The trainings may increase opportunities for jobs or small-scale businesses, and that is valuable, but not sufficient. The key components of social entrepreneurship typically include:

Addressing a social, cultural or environmental issue

Planning for financial viability and sustainability

Generating income for the people directly involved

Examples could include using recycled materials to make products that can be sold, such as transforming waste paper into beautiful jewelry or decorative bags. Or purchasing new equipment for small agro-processing activities that add value to agricultural products, such as fruit-drying machines that help extend the life of a natural resource and avoid spoilage.

Another example might involve mobilizing community members to solve a collective local problem profitably, such as cleaning up a site where children have been injured and creating a park where visitors pay a small fee. Getting women involved in selling household energy-saving products to other women, such as solar lanterns or energy-efficient stoves, is another example of innovative social entrepreneurship.

For the USAID AFGP, grant projects related to the Priority Area of Social Entrepreneurship should support or help establish social enterprises to address social problems through innovative, sustainable, and scalable business opportunities. Grant applicants, including small businesses across a variety of sectors, should apply commercial strategies to maximize improvements in human, social and environmental well-being.







Social Entrepreneurship grant funds may be used for developing a business plan, training and technical assistance, equipment and supplies, and enhancing the business skills and market links of entrepreneurs. Grant projects may include agro-processing activities that add value to agricultural products. However, most agricultural production activities cannot be funded by AFGP grants, including the use of pesticides and fertilizers.

Grant Application Approach

Social Entrepreneurship grant applications should address the following questions:

- I. What is the social, cultural or environmental issue that you want to address? Why is this issue important?
- 2. How exactly will the project activities address the issue you have identified?
- 3. What is the business model of the project? How is the project financially viable?
- 4. How have women and men been involved in developing the plans for the project? How many women and men will benefit directly from the profit earned through the project?
- 5. How will the benefits be sustained after the project ends?

Social

Enterprises can address problems related to:

The Environment



Agricultural Spoilage



Lack of Information



Community Cohesion



Energy Needs



Weak Social Services



Grant Project Example

XYZ town has a population of about 20,000 people, but no waste collection system. Residents are frustrated. ABC Development Society consults with town leaders and holds Focus Group Discussions with residents to think of ways to solve the problem. They develop a creative strategy that could be profitable, and therefore sustainable. A consultant drafts a business plan for ABC and the town so that the project has the best chance of financial success.

ABC develops training materials on health and safety for trash collection and segregation, recycling options for various waste materials, waste management and business management. Women and men in the community apply for 90 positions in a training course. After the course, ABC hires five managers and 40 workers. These 45 community members are facilitated to establish a cooperative enterprise to solve the town's waste problem. ABC will manage the project for six months and then transfer leadership to the cooperative.

Workers collect and segregate local trash into categories, including glass, plastic and aluminum. They set up relationships with various companies that have uses for each material, and earn money for each delivery. Some materials, such as old newspapers, are recycled into products for sale, such as decorative gift bags. The cooperative composts organic waste and produces fertilizer for sale throughout the district.

After six months, the cooperative is able to pay salaries to its workers and managers and earn a small profit, which is reinvested in the social enterprise. Their efforts resolve a serious social and environmental issue and provide livelihoods for 45 people. The initiative begins to attract media attention, which helps to sell more recycled products. The ABC project ends, but the impact for the women and men of XYZ town continues.

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