

EVALUATION REPORT

In relation to the joint evaluation of two related SDC programmes: Promoting Social Entrepreneurship in Latin America and Social Impact Incentives for scaling high impact Social Enterprises in Latin America and the Caribbean

Final Evaluation report by STORI

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Acronyms

Agri-SME: Agricultural small- or medium-sized enterprise

BB: Building Block of the PES programme

BoP: Bottom of the Pyramid

B4B: Bridge for Billions

CdA: Clínicas del Azúcar

CEP: Competence center for Engagement Private Sector

FLII: Latin America Impact Investing Forum

IDB: Inter-American Development Bank

IDB Lab: Innovation laboratory of the Inter-American Development Bank

IED: Inclusive Economic Development

ILF: Open Platform for Impact-Linked Finance

LatAm: Latin American countries

LeFil: LeFil Consulting

M&E: Monitoring and Evaluation

PES: Promoting Social Entrepreneurship in Latin America

SE: Social Enterprise

SDC: Swiss Development Cooperation

SFA: Social Finance Academy

SIINC: Social Impact Incentives for scaling high-impact Social Enterprises

STEM: Science, Technology, Engineering and Mathematics

TA: Technical Assistance

VC4A: Venture Capital for Africa

VIA: Village Infrastructure Angels

VSD: Vocational Skills Development

1. EXECUTIVE SUMMARY

Background of the review, the programmes, and the institutional change

The Inclusive Economic Development (IED) Cluster of the Swiss Agency for Development and Cooperation (SDC) commissioned STORI to **conduct a joint evaluation of two of its flagship private sector engagement programmes**: Promoting Social Entrepreneurship in Latin America (PES) and Social Impact Incentives for scaling high- impact Social Enterprises in Latin America and the Caribbean (SIINC).

The PES programme was launched in 2014. PES is currently in its second and final phase of implementation. The programme aims to strengthen the social entrepreneurship ecosystem in Latin America and contribute to poverty alleviation and inclusion in the region. In Phase 2, PES has supported 59 social enterprises (SEs), who are active in 13 countries of the region and operate in 13 different sectors.

The SIINC programme was launched in 2015. SIINC's objective is to use social impact incentive to attract private investment capital and scale high-impact social enterprises in Latin America. SIINC is supporting 6 SEs to date. SIINC has completed 2 transactions, 4 transactions are still ongoing, and 3 transactions are in the pipeline.

SDC is currently going through an institutional restructuring. This reform will lead to the adoption of a new organizational structure, which is set to be operational by September 2022. SDC's bilateral cooperation will be focused on four regions: North Africa and the Middle East, Sub-Saharan Africa, Central, South and South-East Asia, and Eastern Europe. This means SDC will exit from Latin America and reallocate its bilateral development cooperation resources currently used in Latin America to the four priority regions.

Evaluation Purpose and Methodology

STORI conducted the review with the objectives (1) to assess PES and SIINC based on the OECD-DAC criteria; (2) generate learning for future strategic and programming decisions; (3) and provide recommendations for the steering and future designing of similar programmes in SDC's new institutional structure. STORI used the following tools to gather data, generate findings and formulate recommendations:

1. **Desk review**: collected and synthesized available information from SDC and implementing partners.
2. **Survey**: directly assessed social entrepreneurs' perceptions about the programmes.
3. **Interviews**: directly interviewed stakeholders from SDC, implementing partners, supported enterprises, investors, as well as external experts.
4. **Field visit**: attended the FLII in Merida (Mexico) to conduct interviews with social entrepreneurs.
5. **Meetings with a reference group**: STORI participated in meetings with SDC officials from various divisions to steer the review process and fine tune findings and recommendations.

Evaluation of the PES programme

- **Relevance**: The comprehensive approach adopted by PES is its main value added and contributed to fill an important programmatic gap in the region. Since the end of phase 1, PES has improved its selection of social entrepreneurs: consequently, more market-based

organizations are now participating in the programme. However, there is a trend showing a decline in the quality of SEs pre-selected for the accelerator. The relevance and quality of the gender and lean data training provided (in Building Block I; see figure 1 below) were deemed insightful by SEs. From a financial perspective, PES helped SEs expand their access to financing opportunities and in some cases the grants and loans provided were crucial for SEs' survival. Overall, the support provided through PES is considered of high quality and helped grow SEs operations and scale their impact.

- **Coherence:** PES is filling an important gap in the ecosystem by providing SEs at different stages of development with a comprehensive and coherent set of activities focused on scaling their social impact. On the other hand, SEs indicated that the onboarding process and communication about the different activities could be improved.
- **Effectiveness:** PES has been highly effective in scaling social impact, but less so on the generation of economic growth and systemic change. The programme's monitoring and evaluation system allows to monitor progress at the SE level and make crucial changes during implementation. In contrast, the selection of partners for the different Building Blocks (BBs) could be more strategic and intentional.
- **Efficiency:** The programme's efforts to attract private investment and foster organic growth in SEs show positive cost-effective results. The acceleration programme has an important impact on supporting companies in the raising of funds. The capacity building activity, particularly the training on gender, shows very high impact on the way SEs operate.
- **Impact:** The efforts made to improve data collection and measurement at the SE level has certainly contributed to document PES' impact. The most recent data show that, since entering the programme, SEs have added 625,585 new direct beneficiaries, 17% of which are attributable to PES. The overall impact of PES on the ecosystem is very hard to capture through the M&E system.
- **Sustainability:** In its second phase, PES has made some improvements which allowed the programme to move towards supporting mostly market-based companies and ensure that the business models of supported SEs were sustainable. The programme's implementing partners are established organizations with solid expertise in their respective areas. These partners will most likely continue to do similar work after the upcoming closing of PES.

Recommendations for the future replications of PES include suggestions for the design of future programmes. These propose making the selection of partners more strategic and intentional, involving country offices from the design phase, improving the communication of activities with programme participants, tailoring the mentorship to varying company sizes, and scaling-up activities on gender mainstreaming. They also suggest making activities focused on systemic change more strategic. In terms of programme management, the evaluation suggests improving the governance structure of the programme.

Evaluation of the SIINC programme

- **Relevance:** The SIINC strategy has successfully promoted the adoption of impact-linked instruments in the SE ecosystem. The programme's strategy was relevant in addressing an existing financial gap, creating additional income for SEs, employment, and improving livelihoods for low-income households. The SE selection process has benefited greatly from the partners' network and expertise. An even greater impact can be achieved by focusing on ready-to-scale SEs.
- **Coherence:** SIINC mobilized both concessional funds and private investments to support social entrepreneurs. The review shows no signs of SIINC overlapping with other initiatives

and no sign of a crowding-out effect in the Latin America region. In some cases, the outcome-payments were used to deepen SEs' social impact with lower-income households and smallholder farmers.

- **Effectiveness:** Overall, SIINC is effective in serving more low-income beneficiaries. The SIINC transactions have successfully created additionality. The amount of catalytic investment raised through SIINC is in line with the programme's targets. Despite some gaps in the due diligence and verification processes of certain transactions, the implementation of the programme allowed an effective level of accountability and transparency.
- **Efficiency:** Despite the limited data for a thorough assessment of SIINC's efficiency, the findings point towards a positive social return on investment for donors, impact investors, and social enterprises. The operating costs seem above what could be expected, but one must recognize that it is a pilot and overall, the programme is efficient considering its high impact.
- **Impact:** The programme has proven to be impactful not only in filling a financial gap but also in creating additional income for low-income beneficiaries. SIINC also makes an impact on the SE ecosystem, at least on the investor level.
- **Sustainability:** Most of the SEs supported through SIINC are on the path to become economically sustainable and will likely keep operating even when SDC phases out from Latin America. Beyond SDC, donors and implementing partners are promoting innovative financing solution inspired by SIINC, which means the sustainability of the programme is ensured.

Recommendations for the future replications of SIINC include specific points regarding the programme's design and the selection process. These suggest scaling-up the budget and number of transactions, anticipating on potential issues with partners, focusing on commercially viable businesses, and focusing on one country and/or sector (when the pool of SEs in this country/sector is large enough). The report also recommends improving way in which the programme is managed, including standardizing outcome metrics, developing clear rules for due diligence and verifications, and improving the reporting of the programme's performance and expenditures.

Findings: the Institutional Review

- **Communication:** The programmes have achieved their goals in communicating results and innovations throughout the institution. But this communication relies very often on personal relationships and personal interest for the topic. The lack of systematic and institutional communication of lessons learnt to a larger audience (regional division, thematic divisions, country offices, etc.) hinders the ability of mainstreaming innovations throughout the institution. Beyond the institution, it is worth noting the external communication efforts on SIINC's model and accomplishments, including through the Social Finance Academy, the collaboration with the University of Zurich, and the publication of articles.
- **Programme Design:** The integrated approach (an approach supporting different SEs with various level of maturity, with services ranging from incubation to acceleration) is a strength of the PES programme. Similarly, the SIINC programme provides SEs with incentives and technical support on both economic and social aspects. This comprehensive design is supported by an innovative partnership built around various partners managing each segment of the programmes according to their area of expertise. The mix of global experience and local expertise helped design relevant and innovative programmes to support a very diverse group of SEs.
- **Funding:** The incremental financing of SIINC allowed SDC to experiment and adjust new blended-finance approaches to support SEs. However, the review suggests that there is room

for the institution to be more strategic in funding such pilot programmes.

- **Management:** The management of PES and SIINC raised both internal and external challenges for SDC. At the internal level, the challenges lie with the partial lack of responsiveness of country offices despite headquarter's attempts to actively engage with them. . At the external level, the challenges come from SDC's sometimes blurred roles with partners on the management of the programmes.
- **Potential of Replication:** The comprehensive approach of PES and the innovative tool of SIINC are two innovations that could be used by SDC to replicate programmes supporting SEs. The diversity of the SEs supported by PES and SIINC and the range of contexts in which these programmes have been implemented give them a high potential for replicability. However, neither PES nor SIINC included built-in replication strategy in their design.

Recommendations for the institution

1. Strengthen the funding of SIINC with a stable multi-year budget and prompt for a multi-donor blended-finance facility in priorities regions or countries.
2. (a) Strengthen the ability of the global division to lead and implement pilots. (b) Increase country offices and regional advisors' involvement at the early stages of programme design. (c) Systematically explore co-financing opportunities to enhance programme ownership from country offices.
3. Develop the ecosystem linkages necessary for long-term changes through partnership with local stakeholders (policymakers, other donors, foundations, national and regional funds, etc.) and the expansion of the pool of investors.
4. (a) Increase and improve coordination and systematization of the knowledge sharing including in policies and processes. (b) Develop a systematic knowledge sharing strategy between geographical areas and across thematic networks.

2. INTRODUCTION

The Inclusive Economic Development (IED) Cluster of the Swiss Agency for Development and Cooperation (SDC) commissioned STORI, a Swiss-based advisory firm specialized on positive social impact initiatives, to conduct a joint evaluation of two of its flagship private sector engagement programmes: Promoting Social Entrepreneurship in Latin America (PES) and Social Impact Incentives for scaling high- impact Social Enterprises in Latin America and the Caribbean (SIINC LATAM).

This report details the main findings and recommendations from the review of both programmes, as well as from the review of the institutional aspects of designing, implementing, and monitoring of such programmes in the future.

3. BACKGROUND OF PROGRAMMES AND THE INSTITUTIONAL CHANGE

3.1. The PES programme

The PES programme was launched in 2014. Currently in its second and final phase of implementation (2018-2022), it aims to strengthen the social entrepreneurship ecosystem in Latin America by (i) working with different partners, who bring diverse expertise and knowledge to this field; (ii) spreading knowledge; and (iii) identifying and supporting a pipeline of social enterprises (SEs) through a comprehensive set of interventions: from technical assistance to (TA) mentorship, capacity building, financial support (through grants or loans), and access to networking opportunities and investors.

The end goal of the programme is to contribute to poverty alleviation and inclusion by: (i) creating net additional income (including expenditure saved) and employment, in particular for low-income groups; (ii) improving gender equality; and (iii) improving livelihoods for low-income populations. The programme therefore specifically targets low-income populations through an increase in the organic growth of SEs (i.e., economic growth or stronger social impact orientation); an increase in non-organic growth (i.e., investments in or partnership with other SEs or commercial enterprises); and an expansion of collaboration across the ecosystem (i.e., collaborative efforts are built to solve social problems with partners from public and private sector and civil society).

The programme's interventions are organized in building blocks (BBs), as described in Figure 1 below.

Figure 1: Building Blocks



In Phase 2, the programme supported (as of the end of 2021) a total of 59 social entrepreneurs, who are active in 13 countries of the region and operate in 13 different sectors.

3.2. The SIINC programme

The SIINC programme was created in 2015 as a partnership between SDC, Roots of Impact, and the IDB. SIINC transactions attract investors to areas where there is a high social impact, but market conditions or the state of the company's operations would provide only below-market-rate financial returns. The transactions provide the SEs with income, provided (1) they reach pre-agreed targets with regards to their social impact and (2) they manage to raise a pre-agreed amount of money from private investors.

In addition to SIINC transactions, other activities have been conducted as part of the SIINC programme, namely:

- Creating the Social Finance Academy (SFA), a capacity building platform for impact enterprises to access finance
- Creating the Open Platform for Impact Linked Finance, a knowledge and resource hub on Impact-Linked Finance
- Testing a way to implement SIINC through social impact investors for financing high impact SMEs
- Testing Vocational Skills Development (VSD) SIINC as a potential thematic outcome fund

The programme has supported 6 SEs to date. Two transactions are now complete (Clínicas del Azúcar and Village Infrastructure Angels), while four are still ongoing (Inka Moss, Novulis, Programa Valentina, and Root Capital). There are three VSD transactions in the pipeline.

3.3. The institutional change at SDC

SDC is currently carrying out a profound reform which will lead to the adoption of a new organizational structure. This new structure is set to be operational by September 2022. In this new setting, SDC's bilateral cooperation will be focused on 4 regions: North Africa and the Middle East; Sub-Saharan Africa; Central, South and South-East Asia; and Eastern Europe. SDC is planning to exit from Latin America and to reallocate its bilateral development cooperation resources currently used in Latin America and East Asia to the four priority regions.

In addition to the geographic focus, SDC will also focus its operations around 4 thematic priorities: jobs, climate change, migration, and the rule of law. The engagement with the private sector plays an important role in the creation of jobs. SDC intends to diversify and strengthen collaborations with the private sector, including social enterprises and impact investors. The new section “Economy and Education” within the global division will be working on all topics related to employment, income, vocational skills development and basic education, as well as on the engagement with the private sector. But it remains to be decided whether this unit, under the new structure, will manage global programmes, regional ones, advise geographical divisions and country offices to develop country programmes or a combination of all three.

4. EVALUATION PURPOSE AND EVALUATION QUESTIONS

4.1. Evaluation purpose

STORI was engaged by SDC to conduct a review with the purpose to:

1. Assess the results and impact of each of the two programmes based on the OECD-DAC criteria
2. Assess the institutional set-up and knowledge management mechanisms to generate lessons for future strategic and programming decisions for SDC considering its impending reorganised structure
3. Make recommendations for the two programmes going forward, for similar programmes to be designed in other regions, and for the management of these programmes in the new institutional structure

4.2. Evaluation questions

The evaluation set to answer several evaluation questions, the list of which can be found in the Annexes 7.1 and 7.2.

For the programmatic review, it evaluated each of the programmes against the following criteria:

1. Relevance: are the programmes doing the right things?
2. Coherence: how well do the programmes fit in the Latin American ecosystem?
3. Effectiveness: are the programme achieving their objectives?
4. Efficiency: how well are the programmes’ resources being used?
5. Impact: what differences do the programmes make?
6. Sustainability: to what extent will the effects be maintained when SDC’s support ends?

In addition, for the institutional review, it evaluated SDC as an institution against the following criteria:

1. How innovative was the design, implementation, and management of these programmes and what good practices have been learned?
2. What recommendations can be made for continuation, knowledge transfer or set-up of similar programmes?

4.3. Methodology

The review’s methodology consisted of a first phase of collecting information from the various

stakeholders and a second phase of cross-referencing and analyzing this information to make an assessment and formulate recommendations going forward.

The STORI team conducted the following activities to collect and analyze the information:

1. Desk review: collected and synthesized available information from SDC and implementing partners
2. Survey: directly assessed participants' perceptions about the programmes through an online survey which yielded a 55% response rate from all SEs participating in the two programmes
3. Interviews: selected and directly interviewed 56 key stakeholders (SDC, implementing partners, supported enterprises, investors) as well as external experts
4. Field visit: attended the FLII in Merida, Mexico and visited SEs in Mexico City
5. Reference group: the team participated in two meetings of a group of SDC officials from various divisions, which helped steer the review process

For the analysis of the PES programme, the team looked at each building block independently. For SIINC, the same was done with each activity of the programme, beyond the individual transactions.

The institutional review used the results of the programmatic analysis and included targeted interviews with SDC officials. It discusses lessons in terms of programme design, management, and implementation and assesses the extent to which the two programmes are a good fit for SDC in achieving its overall objectives. The analysis provides specific recommendations for the development of similar programmes in other contexts and/or globally.

4.4. Survey

A questionnaire was prepared in two languages, English and Spanish, using the online tool SurveyMonkey. The English version of the questionnaire can be found in Annex 7.3. The partner organization responsible for programme coordination (LeFil) sent the survey link to the social enterprises supported by either programme (phase 2 of PES as well as all SIINC transactions for which a disbursement had been made at the date of the review), and the STORI team followed up. Out of all the enterprises supported by the programmes, a relatively high rate of response (55%) was obtained. Information regarding the response rate on the survey per programme is detailed in the table below. A list of respondents is available in Annex 7.4.

Table 1: Survey responses

	Total	PES	SIINC
Number of responses	36	32	4
Out of total number of SEs	65	59	6
Response rate	<u>55%</u>	<u>54%</u>	<u>67%</u>

4.5. Interviews

The evaluation team conducted 56 semi-structured interviews with individual stakeholders of both programmes and other experts. The list of interviewees can be found in Annex 7.7. In total, 11 officials from SDC were interviewed, as well as 12 individuals working for the 7 implementing partners. In addition, the STORI team interviewed 3 people representing

investors that participated in the programmes, and 5 experts of programmes to support entrepreneurship, including both public and private investors.

The team also interviewed beneficiaries of both programmes. For the PES programme, 26 social enterprises were selected at random from the list of supported businesses. The selection included enterprises from each of the building blocks of the programme. Ultimately, interviews were conducted with the 20 SEs that accepted to participate. For the SIINC programme, thanks to the limited number of transactions, the STORI team was able to interview each of the 6 supported businesses. The STORI team thus conducted interviews of 25 SEs in total¹.

Table 2: Total number of interviews, per stakeholder group

Stakeholder group	Number of interviews conducted
SDC	11
Implementing Partners	12
SEs supported with PES	20
SEs supported through SIINC	6
Investors	3
External experts	5
Total¹	56

The main objectives of the interviews and key themes discussed with the different groups of stakeholders are detailed in the Annex 7.5. The interview guides for the semi-structured interviews are included in Annex 0.

4.6. Scope and limitations

This review rests on the information provided to the STORI team either orally or in writing, which includes the programme documents (and among them, operational reports issued by implementing partners), as well as the information provided by interviewees and survey respondents. Beyond cross-referencing this information between different interviewees and the evaluators' own expertise of the topics at hand, the information provided was deemed truthful and honest accounts of the programmes' activities and impact.

Also, rather than directly assess the impact the programmes had on ultimate beneficiaries, the STORI team based its review on the information provided by the designers of the programme, by the managers and implementers, and by the enterprises supported by the activities of the programmes. Due to the limited time and resources, the team only indirectly assessed the impact the programmes had on ultimate beneficiaries (i.e., on clients, on employees, on suppliers of the social enterprises, and ultimately on low-income households).

Finally, the review interviewed a limited number of participants in the programme. However, the number of people interviewed allows the STORI team to be confident that its assessment is based on information provided by a representative sample of the programmes' stakeholders.

¹ Note that one enterprise (Programa Valentina) is supported by both PES and SIINC, which is only counted once in the total

5. LESSONS LEARNED AND RECOMMENDATIONS

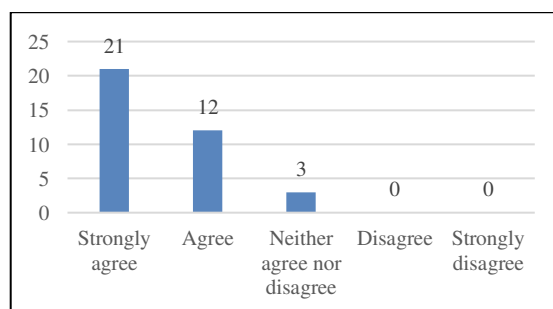
5.1. Overview of the two programmes

Programmes such as PES and SIINC, which promote both the social impact of small- and medium-sized enterprises and support a conducive social entrepreneurship ecosystem are highly relevant in the Latin American region. Latin America is one of the poorest and the most unequal region in the world. Achieving the Sustainable Development Goals in the region requires concerted efforts that go beyond governments and donors, and the private sector has a major role to play. With more than 200 million people living in poverty,² which represents almost 33% of its population, but high potential for scaling social impact and innovations, investing in this social entrepreneurship ecosystem was a relevant and strategic move for SDC.

Social entrepreneurs supported by PES and SIINC were mostly positive about the two programmes. Out of all the survey responses received, the enterprises are quasi-unanimously satisfied with the support they received from either of the programmes. Indeed, 21 respondents strongly agree with the expression of this satisfaction, 12 agree, and 3 neither disagree nor agree. No company expresses disagreement. This shows that the support received by most of the businesses were received as such.

Figure 2: Satisfaction

“I am fully satisfied with the support received through the programme.”



Similarly, respondents mostly indicated that the programmes had a positive effect on the social impact that their business generates (81%), on improving the measurement of impact (75%), on growth (78%). In particular, the ability to serve more low-income clients is attributed to the programme by 69% of respondents. Also, gender equality was promoted thanks to the programme for more than two thirds of the respondents.

² Social Panorama of Latin America 2021, Economic Commission for Latin America and the Caribbean

Figure 3: Social Impact

“My business generates more social impact thanks to the programme.”

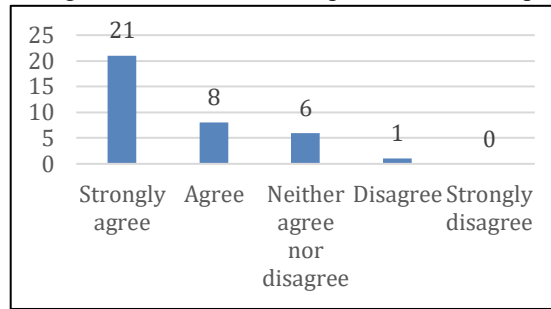
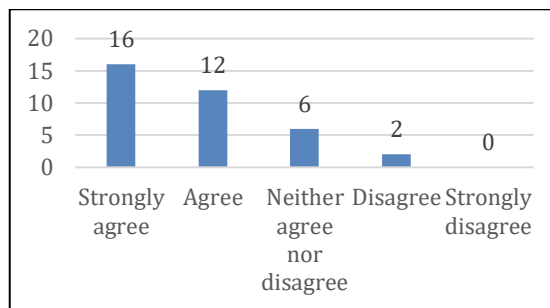


Figure 4: Growth

“My business has grown its operations thanks to the programme.”



Regarding SEs’ access to necessary financing, both programmes had a substantial effect.

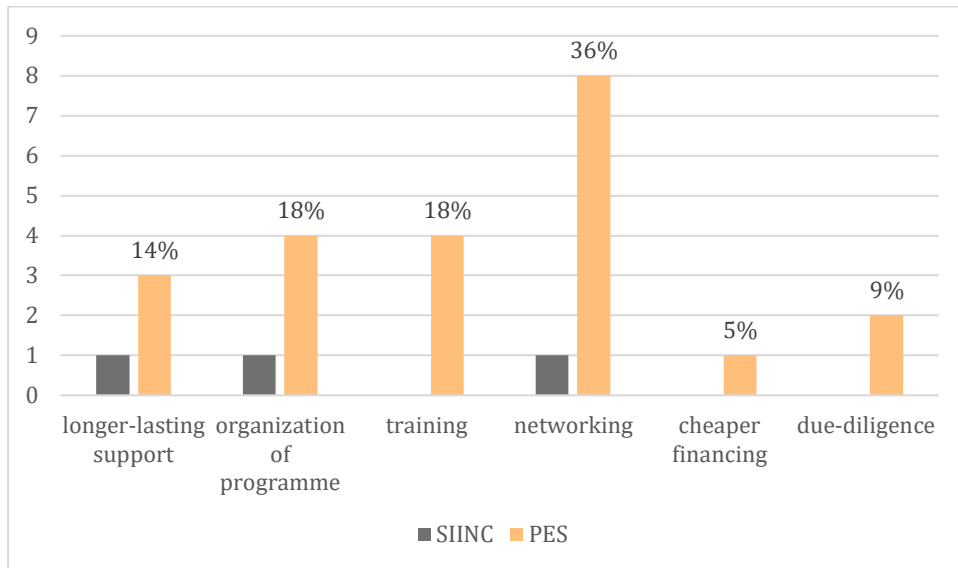
Ten respondents strongly agreed that their business has access to enough financing at the time of filling the questionnaire, versus only 2 strongly agreeing to their business meeting financial needs before participating in the programme. However, it is important to note that many entrepreneurs who responded to the survey did not seem to be lacking access to financing before being supported by the programmes’ activities.

Most suggestions for improvement concerned the expansion of networking opportunities, improved training, and better programme organization, particularly in communications.

Some of the respondents suggested ideas such as “interacting more with other entrepreneurs in the programme”, “more frequent opportunities to receive individual feedback”, and “more information about all the opportunities for support that the programme offers”.

Figure 5: Areas for improvement

“What would you recommend to improve in existing or future programmes?”³



While most of the responses were positive, there were some responses that indicated that the programme had not offered the support they expected. For areas of improvement, these respondents mostly pointed out better mentorships, and better assistance to access financing.

5.2. PES programme findings

PES' strategy has proven relevant to achieving most of its key objectives. First, the improved selection of SEs (compared to Phase 1) has allowed for the inclusion of mostly market-based enterprises. Second, the programme has expanded its social impact, thereby benefitting more low-income households and improving the livelihoods of bottom-of-the-pyramid populations. Third, although still small in scale, the programme also had an impact in gender mainstreaming at the SE level. On the other hand, PES' potential impact on systemic change is still anecdotal. These key findings are discussed in detail below, following the themes from the evaluation questions.

5.2.1. Relevance: unique design filling an important programmatic gap

PES' main value-added is its comprehensive and holistic approach , which fills an important programmatic gap in the region. The integration of different building blocks with a wide range of activities – from TA and capacity building, to direct or indirect financial support, and contacts/network – makes the programme uniquely comprehensive. It offers support to organizations at different stages of development allowing them to improve their access to investors. It also provides a space for interaction between a heterogeneous group of SEs, so that they can learn from one another by looking at what peers in their same – or

³ Open question, coded by the evaluation team

complementary – sectors are doing. This integrated approach, as well as its strong focus on social impact, distinguishes the programme from others in the region.

On the other hand, PES does not necessarily fill a financial gap. Many supported SEs were able to meet their financial needs before entering the programme, and about one-third of those surveyed receive support from other programmes. PES' COVID response (SIINC Emergency/BB8) did, however, provide resources to several SEs when it was crucial for them, although the disbursement of funds was not made as quickly as entrepreneurs expected, considering the context.

The selection of social entrepreneurs has improved from Phase 1: more market-based organizations are now part of the programme, together with a few non-profits. The programme's revision of the selection process per building block, with specific tools and metrics targeted at the different BB goals, seems to have led to positive results. Apart from a few non-profits interviewed, which still depend on grants⁴, all other interviewed entrepreneurs are leading market-based organizations.

However, there is a declining trend in the quality of SEs pre-selected for the accelerator (BB3), which is one of PES' most appreciated and largest components. This trend was confirmed by different partners, who mentioned that SEs being brought for the selection process had very low potential for scaling social impact and that several of them were not market based. For this reason, the cohort of organizations pre-selected in 2022 was almost entirely rejected and the call for proposal had to be re-opened.

Despite this declining trend, the programme's social impact focus and rigorous measurement of impacts contribute to its relevance. Thanks to PES, most SEs have increased their focus on low-income households. Most entrepreneurs interviewed mentioned that the TA support provided helped them improve their business models, reach further low-income households, and better track these impacts. This is also confirmed by the survey: most respondents from PES said that the programme improved the social impact that their business generates (78%); their measurement of impact (72%); and their ability to serve more low-income clients (69%).

Gender mainstreaming activities also led to interesting results at the SE level. The programme invested in gender awareness training and the provision of some seed money for selected SEs to test ideas on how to review their operations, products, clients, and markets with a gender lens (BB1). By the end of 2021, 23 enterprises had completed the gender training course, and 15 had received a small grant support to pilot gender mainstreaming activities (an average of \$4,000 for 70% of the entrepreneurs that took the course). All SEs interviewed highlighted the relevance and quality of this specific training, and the cases that received financial support for the pilots showed interesting results (see Box 1). Also, two-thirds (66%) of PES survey respondents affirmed that gender equality was promoted thanks to the programme.

⁴ Mostly Ashoka fellows who received some TA and grant support as part of BB2, BB4, BB5 and/or BB8.

Box 1: Reducing gender biases to expand gender-powered growth

One relevant case to highlight is that of 1bot, a Guatemalan SE that brings Science, Technology, Engineering and Mathematics (STEM) education to primary schools. After attending the gender training, the company realized that its teaching materials were heavily biased towards boys. Thanks to a PES grant of \$6,200, they hired a specialized consultant to help them review their curriculum for any gender biases. By the end of 2021, with a first and only government-approved curriculum on STEM education in the country, they saw a sharp increase in girls' participation and a 58% increase in girls' interest in their programmes. Something similar happened to Listo, which distributes a nutritious package snack to fight children's malnutrition, also in Guatemala. After taking the gender training, the company realized that its communications and marketing strategies were alienating men/fathers from this conversation and reinforcing the gender stereotype that childcare is a responsibility to be borne only by women. The company then changed its sales strategies, carried out several focus groups, and implemented programmes to engage fathers, whose interest for the company's products increased by 90%.

Sources: LeFil Consulting. 2021. Operational Report S1 2021, S2 2022; LeFil Consulting. 2022. The Gender Fund Project.

The programme design included several efforts to promote systemic change. Systemic change can be understood as an impact of the programme beyond the operations of an individual SE⁵ and can improve the overall environment for social enterprises broadly speaking. PES addressed the objective of promoting systemic change through different interventions: it has a specific course on system change, provided in BB1, which aims at inspiring SEs to change their own systems; a specific component -BB4 - that provides technical assistance and funding for selective SEs with high non-organic system change potential to test system change strategies; and another component – BB5 – that aims at promoting collaborations and partnerships with the private sector and larger businesses and among SEs and other players. Also, it could be argued that the ES2LATAM platform, regional networking events or the Angel investor network (BB6) could indirectly influence the broader ecosystem, although this would be difficult to measure.

However, PES results related to systemic change are still timid. Beyond the training provided on the matter, evidence on non-organic growth (i.e., SEs scaling impacts without necessarily growing their organization)⁶ is still anecdotal. Although some partnerships with local governments to advance impact and few collaborations between SEs are highlighted in operational reports, few entrepreneurs highlighted these as benefits of the programme. Broader impacts in the LatAm ecosystem (e.g., influence at the public policy level, promotion and advancement of impact-linked finance structures, crowding-in from other donors, etc.) are yet to be seen. In addition to that, implementing partners acknowledged the challenges faced in

⁵ The operations of a social enterprise must be understood here as including this enterprise's supply chain as well as its downstream partners and customers

⁶ Project documents exemplify non-organic growth as “crowding-in, induce commercial enterprises to go social, technology-based solutions to grow outreach exponentially, social franchise, open source, change of regulation” (Credit Proposal LATAM Nr. 7F-08735.02: “Public Private Development Partnership: Promoting Social Entrepreneurship in Latin America and the Caribbean- Phase 2” (2018-2022), p. 4).

promoting these changes.

Overall, the support provided through the different building blocks was considered of high quality, although technical assistance and mentorship could be improved. There was an overall agreement on the high-quality TA and mentorship provided, although there were a few criticisms about the delivery in some cases and some lack of flexibility to adapt to specific challenging contexts. Several interviewees also suggested better tailoring mentorship to startups, mentioning that some high-profile mentors were better suited for larger businesses. Lean data and gender training were particularly mentioned as of great value, as well as networking opportunities, while the use of the ES2LATAM platform seems not to be well exploited yet. The platform was developed in Phase II of the program with the objective of creating a space to bring together social entrepreneurs, mentors and investors/donors linked directly or indirectly to the program. It was also thought as a mechanism that could facilitate the implementation and integration of the other building blocks. **On the financial side, in most cases the combination of the different activities and opportunities helped SEs grow their operations, scale impact, and expand access to financing; in a few cases, grants or loans provided were crucial for SEs' survival.** Of the 32 PES SEs who responded to the survey, 78% agreed or strongly agreed that their business has grown its operations thanks to the programme. A few beneficiaries of BB2 or BB8 mentioned that grants received allowed them to keep their businesses running. Beneficiaries from BB8 also mentioned the relevance of the financial support to scale impacts in a moment of crisis.

5.2.2. Coherence: integration with a need for better communication

As previously mentioned, PES filled an important gap in the regional ecosystem by providing SEs at different stages of development with a comprehensive and coherent package of opportunities and a social impact focus not seen in other programmes. The interrelation of the different building blocks with partners with complementary expertise, and who will continue to do this work in the future, has the potential to influence the LatAm social entrepreneurship ecosystem even after the programme ends.⁷

At the same time, the onboarding process with SEs and the communication between the different activities could be improved. Several SEs mentioned not having enough clarity about what the programme has to offer, and perhaps not taking advantage of all the opportunities provided. This overall perception – confirmed by both the interviews and survey responses – could be partially explained by the fact that communications with SEs mostly focus on building blocks in which the SEs participate and not on other activities and services that the programme offers.

In addition to that, SDC country offices and regional advisors⁸ could be more engaged in

⁷ For example, New Ventures has other acceleration programs, Ashoka is the largest network of fellows in the region, Bridge for Billions has an extensive experience of incubation of more market ready companies, and VC4A has the successful experience from Africa of the design of a regional online platform promoting and supporting entrepreneurship.

⁸ The geographical scope of the PES programme extends to countries where the SDC does not have

the programme from the design stage. Although many efforts were made by headquarters to engage with local offices, there was little participation from local offices in the programme, except for Bolivia and to a lesser extent Nicaragua.

5.2.3. Effectiveness: strong M&E with, overall, mostly positive effects

PES has been highly effective at scaling social impact, but less effective in generating economic growth. According to the latest operational report, the programme has overachieved its social impact goals, when measured in terms of reaching additional and generating additional income for low-income households. Although most survey respondents and interviewees confirmed that the programme contributed to their growth, the latest operational report shows a smaller effect of the programme on economic growth. By the end of 2021, PES supported SEs had reached more than 3.3 million low-income clients, achieving 187% of its the programme's target goal. They had also created an additional income attributable to the programme, especially for low-income groups, of \$16.5 million, reaching 79% of the goal one year prior to the end of the programme. On the other hand, out of the \$42.2 million revenue generated by SEs since the beginning of the programme – which represents 30% of the target goal, only 17% is attributable to the programme.

While most of the programme's participants and partners emphasize the relevance of the combination of activities, some building blocks are more effective than others. The accelerator (BB3) is the one with the largest number (30) of SEs and most of them are market-based organizations. It also has the largest number of direct beneficiaries - over 3.3 million people, or 85% of the total number of direct beneficiaries of all BBs combined. The fellowship activity (BB2), on the other hand, focuses on early-stage ventures and most of the NGO-type SEs. It represents only 2% of the total number of beneficiaries of the programme, although it has the second largest number of SEs supported (13) and proportionally most outcomes attributable to the programme (e.g., 88% of new direct beneficiaries and 69% of new indirect beneficiaries of BB2 are attributable to PES, versus 16% and 11%, respectively, for BB3) (see Annex 0).

In BB1, the majority of SEs highlighted the high quality of the gender mainstreaming and data leaning trainings. These courses, coupled with mentorship and technical assistance provided throughout the programme, have led to improved SE M&E systems with effects on application for additional funding and improved gender policies.

On the other hand, the ES2LATAM platform does not seem to be used intensively by participants or investors for other purposes than capacity building, but improvements recently made could yield promising results. The programme has recently invested in additional human resources to improve the communications strategy of the platform. Despite a tardy start, the platform's use now seems to be taking off according to partners' view and the latest metrics (e.g., increase in the number of campaigns, almost 5,000 ventures signed, new investors, etc.). However, this is still not reflected in SE perceptions, according to both survey responses and SE interviews. In addition to that, SEs and partners alike raised concerns about

country offices. This lack of local presence, however, does not mean that specific insights do not exist within the institution: regional knowledge can be shared between national country officers, regional advisors, and headquarters.

the sustainability of the platform.

Finally, although BB8 – Emergency SIINC – was not delivered in an “emergency” manner, it provided crucial support to SEs in a time of high financial and operational constraints, also contributing to scale impacts. Disbursements took longer than SEs expected in several cases, mostly because the development of target impacts took time. For example, Open Road loans took on average three months – longer than their regular ones, which take an average of six weeks, but are also not impact-linked. The level of TA and reporting required was also heavy for some SEs, considering the emergency context, and for others, the development of impact measurement was deemed challenging. Nonetheless, the support provided was crucial, and BB8 design allowed the program to help SEs at different stages of development. For the loan component, the program was strategic in its selection, investing in those that could take advantage of the crisis to further their social impacts (e.g., Doktuz, a Peruvian SE that works on medical care). Others are now able to access other types of financing because of the risk taken by the program (e.g., Grupo Murlota, focused on small agriculture in Mexico; and Altitud, a Mexican organization that provides rural women with sewing machines and training). For those who received grants, it provided crucial support in a moment of strong financial constraints (e.g., D&E, a manufacturer and distributor of energy technology in Haiti, and Trabajo y Persona, which provides professional training to Venezuelan poorest populations).

Table 3 summarizes the overall results of the analysis per BB..

Table 3: PES LATAM Analysis per Building Block – Key Findings

BB	Assessment	Positive Findings	Improvements Needed
1 -Capacity-building and online regional platform	Mixed results	<ul style="list-style-type: none"> • Trainings on gender and lean data are praised by all SEs, with direct reported impacts in operations. • The creation of a regional platform for the SE ecosystem to sustain PES’ legacy and institutional memory could be a good exit strategy. 	<ul style="list-style-type: none"> • Systems’ change course could be improved. • ES2LATAM needed a better implementation and communications’ strategy. SEs don’t seem to be maximizing its use, and there is a need to ensure further local knowledge from the implementing partner. Additional human resources have been added to correct this, and more recently it seems like the platform started to catch up, although that was still not reflected in SE perceptions.
2 - Access to stipend, network/ exposure, TA for financial profitability	Good Results	<ul style="list-style-type: none"> • Financial support & TA had impacts in SEs’ consolidation. • Inclusion of additional partner Bridge for Billions (B4B), with more experience with market-based SEs, seems to have been a good strategy to ensure BB would achieve its objectives overall. 	<ul style="list-style-type: none"> • Networking opportunities with other SEs and investors could be further explored for BB2 fellows. • Ashoka SEs clearly not market based, which makes the BB less impactful in terms of scalability and social impacts.

BB	Assessment	Positive Findings	Improvements Needed
3 – Accelerator - Access to finance, business modelling and TA for organic growth	Good Results	<ul style="list-style-type: none"> One of the most important activities of the programme for its multi-layered support SEs. FLII highly praised by SEs for connections with peers and investors and knowledge about the ecosystem. 	<ul style="list-style-type: none"> Declining trend in the pre-selection process of market-based SEs, despite changes in the evaluation system. Mentoring and TA could be better tailored to startups. Contact with investors could be improved. A more explicit space (e.g., on the platform) where SEs could look for target investors (i.e., specialized in certain sectors) and contact them could be helpful. Since this space already exists on the platform, it seems that its design is not well set up for direct contacts, or that this is part of the content offered that entrepreneurs are not fully aware of.
4 - Access to networks and strategy planning for non-organic growth through systems change	Limited Results	<ul style="list-style-type: none"> One of the few programmes to invest directly in systemic change. 	<ul style="list-style-type: none"> Opportunistic and less strategic, with very few anecdotal evidence of system change possibilities.
5 - Collaborative action involving larger private sector and/or groups of SE	Limited Results	<ul style="list-style-type: none"> One of the few programmes to invest directly in systemic change. 	<ul style="list-style-type: none"> Also less strategic, with anecdotal evidence of results (collaborations between SEs and larger private sector, public sector, civil society). Although some cases documented are relevant and interesting (e.g. NeutralFlight and CAINCO chamber in Bolivia), outcomes of these are still timid, with few exceptions (e.g., 1Bot and Elemental School, where the partnership led to increased sales for both). Although this BB seemed to have performed better than BB4, implementing partners also confirmed that the approach to this BB lacked an overall strategy.
6 - Insights, best practices knowledge documented and shared within and beyond Program	Unclear	<ul style="list-style-type: none"> Relevant to have a BB dedicated to knowledge development and sharing as part of the programme's design. 	<ul style="list-style-type: none"> Potential of this BB could be further explored; Knowledge sharing within and beyond SDC could be improved.

BB	Assessment	Positive Findings	Improvements Needed
7 – Project Management/M&E	Good Results	<ul style="list-style-type: none"> • Programme management has been effective, with constant changes and improvements being made to address challenges. • Well-designed M&E system that helped to track outputs and outcomes and contributed to improvements in measurement at the SE level. 	<ul style="list-style-type: none"> • Coordination among partners could be improved, with systematic sharing mechanism established from the start. • Governance structure could be reviewed to improve collaboration among partners, with clear definition of roles and decision-making powers from the beginning.
8 – COVID-Response – Emergency SIINC	Good Results	<ul style="list-style-type: none"> • Impact-linked grants and loans proved to be positive to help some SEs cope with lack of resources due to the COVID crisis, and others in scaling impacts. TA provided also helped some make the crisis as an opportunity to adapt businesses models. • Flexibility on the use of funds to achieve impact was crucial. • Combination of grants + loans was essential to reach different types of SEs. • Created an opportunity for some investors to understand how to structure and implement outcome-based loans.⁹ 	<ul style="list-style-type: none"> • In some cases, SEs thought that the programme was slow to disburse, and SE was unclear about initial terms. • Reporting workload for some SEs was heavy and should be reconsidered for emergency contexts.

Overall, the programme’s monitoring and evaluation system (M&E) is very effective, contributing to monitor progress at the SE level and allowing for crucial changes throughout implementation. The M&E and reporting requirements were mentioned by almost all interviewed SEs as rigorous but helpful. For earlier stage SEs, it allowed to improve their own social impact measurements, the way they report to other donors, and to raise funds from impact investors. In addition, PES’ M&E system was further improved during throughout the implementation of the programme, with retrofitting mechanisms developed (e.g., through the Steering Committee) based on lessons learned. Significant efforts were made to address gaps identified in the mid-term evaluation. The programme’s activities improved as a result: for example, through increased efforts to search for financially sustainable SEs who could have more non-organic growth potential, through the improvement of impact management and measurement at the SE’s level, or through gender mainstreaming.

⁹ For New Ventures, for example, it led to the creation of 2 new funds of this kind (Mar Invest and Diversa Dreilinden). For Viwala, it allowed them to better understand and test blended financing instruments.

On the other hand, coordination among partners could be improved. Systematic mechanisms for information sharing, such as the Steering Committee, could be further explored: partners mentioned that it became a space for reporting on each partner's targets, where it could have been also used as a mechanism to work collectively. This could have helped finding creative solutions to the challenges that the programme faced. Also, this may have promoted synergies among partners.

Although the overall management of the programme has worked well, the selection of partners for the different BBs could be more strategic and intentional from the design stage. For example, if the ultimate goal is to move towards market-based companies, all partners selected need to have substantial experience dealing with those. Ashoka, for example, which used to lead BB2, had a change in mandate only in 2019 to focus just on non-profits. Although the organization used to work with market-based companies, it had always been skewed towards non-profits or for profits but without a business model as market based targeted by PES. The outreach of market-based companies for BB3 by New Ventures also lacked the adequate human resources and seniority to evaluate them in the pre-selection process. High staff turnover (mentioned for both Ashoka and New Ventures) was also an issue during implementation and for some SEs receiving mentorship. Finally, the search for partners for the development of the platform under BB1 could also have been broadened, allowing for the selection of a candidate with more local/regional knowledge.

Finally, the governance structure of the programme could be reviewed to foster better cooperation among partners, leading to cooperation. Clearly defining roles, responsibilities and decision-making powers from the start to all actors could avoid tensions throughout implementation and contribute to more collaboration. Existing coordination mechanisms could also be used for more strategic and creative discussions, rather than just operational reporting.

5.2.4. Efficiency: some activities were more efficient than others, particularly the accelerator and the gender training

The programme's efforts to attract private investment and foster organic growth in SEs show positive cost-effective results. For example, SDC spent \$992K on BB3 and the participating SEs raised capital for \$16.5m, with approximately \$1.8m attributable to the programme. This represents a decoupling of the institution's investments.

However, financial metrics show a poor performance of the programme against certain of its targets with regards to fundraising, revenue, and sustainability. For example, looking at all building blocks together, the total amount of funds raised by participating SEs was almost \$20m, which represents only 11% of the target. The cause of this poor performance seems rooted in the small size of the participating SEs, which are not yet seeking to raise large amounts of capital.¹⁰ The latest operational report¹¹ mentions three initiatives to course-correct this situation. First, VC4A will run the Venture showcase, an 'engagement campaign' that seeks to connect companies seeking Series A investment with investors' support and mentorship. Second, LeFil will coordinate a competition to provide TA support and investor connections to SE facing the 'missing middle' funding gap. While the results of these initiatives are to be seen,

¹⁰ This is corroborated by the survey results, which show that a majority of SEs had access to enough financing at the time of filling the questionnaire (see section 5.1)

¹¹ PES operational report, S2 2021, LeFil Consulting

they seem to be promising not only as a value for money but to strengthen the LatAm ecosystem. Third, LeFil will work on the Unicorn support, which will work on identifying and supporting 2-3 large and commercially-driven companies working in sectors with high impact potential. Although the success of this initiative should improve the programme's KPIs (e.g., fundraising and revenue), the effect on efficiency is uncertain.

The analysis shows that the activities on gender have been efficient in raising awareness and looking for social impact initiatives with a gender lens. With an investment of approximately \$298,000¹², the programme significantly increased SE's gender mainstreaming capabilities, either measured by its index (which has more than doubled since the beginning of the programme), the information gathered during the interviews, or study cases (as discussed previously in Box 1).

5.2.5. Impact: significant social impact with less systemic change

PES M&E system captures in a comprehensive manner the results and impacts of the programme, and the efforts to improve data collection and measurement at the SE level has certainly contributed to that. The system's design, heavily focused on direct, indirect, and broader impacts/outcomes, as well as good tracking of outputs, is a great tool to monitor the programme's gaps and successes. Although most of the M&E indicators are mainly self-reported by the SEs (plus verification), the evaluation found this approach to be appropriate to the context.

According to the most recent data in the M&E system, since entering the programme the supported SEs have added 625,585 new direct beneficiaries, of which 17% are attributable to PES. Of this total, 55% are women and 68% are low-income/vulnerable populations. In addition to that, 4.7m new indirect beneficiaries have been added by SEs since entering the programme, 18% of which are attributable to it, reaching a cumulative total of 53.3m people indirectly benefitting from PES-supported SEs. At the same time, an additional net value of more than \$163m per year for SEs' direct beneficiaries has been created, of which 13% are attributable to the programme; and a cumulative \$42m in new revenue (excluding grants) has been generated by all SEs over the same period, of which 5% is attributable to PES (see Annex 0). **On the other hand, evidence of impacts on the overall ecosystem is still anecdotal and hard to access.** The M&E system tries to capture, to the extent that is possible, impacts at this level (e.g., through the number of partnerships and collaborations built; number of SEs that have adopted new ways to expand non-organic growth; replication, crowding-in through other SE or commercial enterprises in same or other countries, etc.). Although some cases have been documented (e.g., RIL, from Argentina, mobilized complementary funding to replicate its Local Innovators Programme globally; Neutralflight from Costa Rica signed a partnership with the chamber of industry of Santa Cruz; 1Bot from Guatemala established a partnership with an Elemental School from Bolivia), these still seem anecdotal. Also, they do not allow for an overall assessment of impact on the broader ecosystem.

¹² This amount includes a budget of \$281,000 from Capacity-building on gender, and \$16,800 from Workshops on lean data and gender mainstreaming during kick-off/FLII.

5.2.6. Sustainability: SEs on a sustainable path but legacy of PES still unclear

In its second phase, improvements made to PES’ design allowed the programme to move towards supporting more market-based companies and to ensure that the business models of supported SEs were sustainable. As previously mentioned, only one organization – out of the 57 – went out of business, and most of the others have grown since entering the programme, while also scaling up their social impacts. Changes made in the selection process for the different BBs ensured the supported SEs were financially sustainable. In addition, the high number of SEs supported by BB2, with the inclusion of a cohort selected by B4B, compensating for the reduced number of early-stage SEs supported by Ashoka, helped to ensure that most SEs would be financially viable after the programme ends. Today, most seem to be on a path of sustainable growth. Of PES participants who responded to the survey, 63% declared that they are now able to meet their financial needs. This is an improvement, considering that 53% stated that that was the case prior to participating in the programme. Several SEs interviewed also highlighted that being part of PES helped them increase their credibility towards investors and has given them additional tools to look for additional financing.

Implementing partners selected are also solid organizations in their respective areas of expertise; they will probably continue to do similar work after PES ends – most likely with some lessons learned from the PES experience, which helped push them in some areas (e.g., stricter M&E and social impact measurement, mainstreaming a gender lens). Sustainability of the programme and its impacts on the ecosystem will also depend on the support to the right local partners, promoting engagement of selected SEs beyond the programme, and supporting platforms/ associations.

The sustainability of the programme, however, is still unclear. The initiative of building the ES2LATAM platform is a pertinent strategy to ensure that the programme’s institutional memory will last longer than the programme itself. However, based on the reports of SEs and their lack of engagement with ES2LATAM, it is unlikely that SEs will, for example, continue to use the capacity-building system developed through PES after the programme ends.

Conclusions

In sum, PES LATAM is perceived as a good programme, has achieved good results in most of its objectives and has been very well and coherently designed. Its COVID response piloting impact-linked loans also had positive results, although it was not implemented as fast as expected by SEs, but perhaps inevitably so, given the complexity of establishing impact-based loans in a context of crisis. Most SEs supported seem to be currently sustainable or on the path to sustainability. However, some building blocks/activities could be made more effective and efficient, especially those related to the promotion of systemic change. Finally, it is unclear if/what of the programme’s legacy will be sustained over time. Table 4 illustrates these general findings, according to the key evaluation themes and questions of the assessment.

Table 4: PES LatAm results according to evaluation themes

Evaluation themes	Good results	Mixed results	Limited results
Q: Is the programme doing the right things?			
Systemic change			✓
Improve livelihoods	✓		
Support provided	✓		
Sustainability of SEs		✓	

Evaluation themes	Good results	Mixed results	Limited results
Selection of SEs		✓	
Addressing financing gap		✓	
Q: is it a good fit?			
Fills regional gap	✓		
Q: is it effective?			
BBs effectiveness		✓	
M&E effectiveness	✓		
Q: is it efficient?			
Less costly than others		N/A	
Efficiency per BB		✓	
Q: is it impactful?			
Overall impact measurement	✓		
Impact on ecosystem		✓	
Q: is it sustainable?			
Sustainability considered in the design		✓	
SEs financial viability after programme		✓	
Continue use of capacity building system			✓
PES crisis response	✓		

5.3. Recommendations for PES LATAM and its potential replication in other regions

Since the programme is about to end, the recommendations provided below are mostly focused on its potential replication moving forward, rather than corrections to be made for its final year of implementation. However, several of these recommendations could be valid for both. They are divided into three main categories: programme design and strategy, selection process and programme management.

PROGRAMME DESIGN & STRATEGY

- 1. Make selection of partners more strategic and intentional.** Although the overall management of the programme has worked well, and partners are competent and complement each other's expertise, their selection could be more strategic. A thorough search for partners should be done to ensure: (i) their institutional relevance in the field in the region; (ii) that they have frameworks and guidelines developed for their specific tasks; and (iii) that they have the adequate human capacity to carry out the task and not a high turnover rate.
- 2. Involve country offices more and from the design phase.** Engaging SDC country offices from the design stage, to take advantage of their local knowledge and networks may allow the programme to leverage their expertise. Periodic knowledge exchanges on successes and challenges of programmes focused on social entrepreneurship, where local offices can also share their experiences and knowledge about national programmes, may also be helpful to promote ownership and engagement. This would allow the programme to take in more from the local culture and knowledge, which may lead to adaptations for specific contexts. Also, the programme could then leverage existing channels and partnerships that local offices may have with local development banks, chambers of entrepreneurs, other networks, etc. Strengthening this engagement may also contribute to the sustainability of the programme's efforts and expand its potential to influence the ecosystem (i.e., through their connections with other key

national actors).

3. **Improve communication between and about activities to help SEs make the best of the programme.** PES' comprehensive design requires a strong onboarding and communication strategy to make sure entrepreneurs take advantage of all the activities they are entitled to. Even though some of this information is available on the platform, and communicated via email, newsletters, etc., there seems to still be a gap in communications. SEs suggested that information flow could be better organized. A question could be included on the periodic surveys with SEs to inquire about the best ways to make this communication more effective.
4. **Ensure that the TA/mentorship provided is adequate for startups.** High-level consultants from the corporate world may not necessarily understand the challenges faced by early-stage SEs. Mentorship for these should be different than for established or fast-growing SEs. Mentors could potentially include entrepreneurs from the pool of SEs that successfully completed the programme.
5. **Expand scale of investments in gender mainstreaming.** Pilot trainings and small grants have proven successful so far to ensure that all SEs – not only led by women – have gender mainstreamed in their operations. Investments and scale on gender mainstreaming could be expanded. This could also be done at the investor level in future programs: for example, by suggesting that investors also analyze opportunities through gender dimensions.
6. **Make the systemic change activities more strategic.** PES activities focused on systemic change need a more strategic and less opportunistic approach. More support could be provided to initiatives that support multiple actors (e.g., coalitions, networks, rather than just individual SEs), which could create bigger changes. Although some of that has happened, it has not been done systematically. SEs have also expressed that they would like to be more connected to one another, which could expand the programme's potential for peer learning, policy influencing, etc. More analysis should also be done to understand where the ecosystem is moving toward – to identify key gaps (e.g., sectors with higher impact potential and less funding, where more innovations are happening, where more efforts should be made to influence governments at the policy level etc.). Also, engaging more with other key “influential actors” in programme's activities – beyond SEs and investors – who are looking for systemic change could also help in that regard (e.g., academia, UN agencies, etc.).

SELECTION PROCESS

7. **Improve the outreach process to SEs.** The initial search for SEs could be improved by expanding the initial analysis done, consulting more with regional and national networks and coalitions.
8. **Clarify and strengthen the weight given to the gender dimension in the selection process.** Although different selection tools (e.g., BB2 and BB3) include that as part of the criteria, it is unclear how gender mainstreaming by the SE weighs in the final decision.

PROGRAMME MANAGEMENT

9. **Ensure a well-defined governance structure at design stage.** Clearly define roles, responsibilities and decision-making powers between all partner institutions. This will help to prevent tensions among partners and can help to create a more positive environment for collaboration. Establishing “rules of engagement” and a formal accountability/feedback mechanism to prevent personal tensions between different personalities that could affect the program could help to ensure all partners feel comfortable with the team.

10. Improve coordination among partners, establishing systematic mechanisms for information sharing and strategic discussion from the start. While efforts were made by headquarters to foster coordination and cooperation among partners, further opportunities for partners to participate in the implementation of the program as a whole should be encouraged, for example through the inclusion of a bottom-up review process. Intensive exchange should also be in place from the start, with mechanisms for systematic sharing of information. The Steering Committee should also be used more strategically: some partners mentioned that it had become a space for reporting on activities only, whereas it should be an opportunity for collective action and creative thinking, for example to make the programme more effective when it comes to systemic change.

5.4. SIINC programme findings

SIINC's strategy has proven relevant to achieving most of its key objectives. With six transactions to date, it was able to create financial and development additionality¹³ and to reach and improve the livelihood of low-income households. Moreover, evidence shows it has positively contributed to systemic change in Latin America and beyond. Nonetheless, there is room for improvement in the monitoring and verification processes. These key findings and others are discussed in detail below.

5.4.1. Relevance: strategic design well aligned with overall goals

This section is about the relevance of the SIINC programme's strategy to achieve the desired results in the areas of systemic change, additionality, sustainability, and income and well-being of beneficiaries.

The programme's strategy was relevant in creating additional income, employment, and improving livelihoods for low-income households, by making payments to SEs provided they met two requirements: (i) attract private investment, and (ii) develop and deepen their social impact. While the latter supports scaling-up operations and reaching out to more beneficiaries, the former gives market-based signaling of economic viability. The combination of these two principles has positively resulted in partnerships with SEs capable of ultimately serving more low-income customers sustainably.

On the selection of SEs, the programme made adequate use of its partners' networks, however more focus can be given to ready-to-scale commercial enterprises. The result is SEs in diverse geographies, sectors, and stages of development. For instance, Clínicas del Azúcar (CdA) had a profitable and ready-to-scale business model but needed specific incentives to serve the bottom of the pyramid population (BoP). Instead, Programa Valentina has a clear impact on women and low-income households but required adjustments to improve its scalability and sustainability.

The programme was clearly relevant to addressing an existing financing gap. In four cases (Inka Moss, Novulis, Programa Valentina, and VIA), SEs indicated having struggled to raise the funds necessary for their development. SIINC provided vital income that kept these companies afloat through the covid-19 crisis – albeit with varying degrees of success: Programa Valentina is still in the process of raising the capital it needs to develop, and in the case of VIA, the income did not suffice to salvage the company. In the cases of Root Capital and CdA, the companies had access to capital but, as standalone businesses, they lacked the drive to use this capital to attempt deepening their social impact. SIINC provided them with the incentive to issue loans for lower ticket sizes, in the case of Root Capital, and to target lower-income populations in the case of CdA. Both groups demonstrate that SEs often face challenges to finance the most socially impactful activities and SIINC payments helped address that

¹³ Financial additionality refers to situations where finance is mobilised and an investment is made that would not have materialised otherwise. Development additionality is described as "...the development impacts that arise as a result of investment that otherwise would not have occurred" (OECD, 2016). For a full discussion, see "Evaluating financial and development additionality in blended finance operations", OECD, 2021.

challenge.

The SIINC strategy effectively promoted the adoption of impact-linked instruments in the ecosystem. SIINC pushed for systemic change through complementary channels. First, the creation of the Social Financial Academy (SFA) and the Open Platform for Impact-Linked Finance (ILF) worked as knowledge-sharing vehicles not only for SDC personnel and SIINC-related stakeholders but for the external community as well.

Second, it has strategically allocated the project management of SIINC to a firm specialized in impact (Roots of Impact) with the interest and capacity of mobilizing blended finance resources beyond SIINC and Latin America. The firm was able to expand relationships with donors and partners beyond SDC, which resulted in the structuring of new blended-finance instruments and funds.

Third, the decision to engage local and regional partners has provided the programme with context-specific knowledge, which helped in the selection of SEs. Involving Ashoka, as the largest network of SEs in the world, contributed to ensure a region-wide outreach. However, Ashoka's network is generally skewed towards non-profit SEs and their involvement should be reconsidered. New Ventures is specialized in identifying SEs in the acceleration phase with a clear market-based focus, and with a rich network of donors and investors.

5.4.2. Coherence: innovation without overlapping

The review shows no signs of overlapping with other initiatives conducted by SDC or in the SE ecosystem in Latin America. On the contrary, as an impact-linked financing programme, it complements other initiatives that provide technical assistance, financial and business modeling advisory, capacity building, or networking. In fact, some SEs that are part of SIINC also benefited from the PES LatAm programme as participants of the i3 building block. It is confirmed that none of the support provided through PES and SIINC duplicate.

The review shows no evidence of a crowding-out effect. On the contrary, four out of six transactions turned to SIINC because they were unable to grow and raise capital without the additional income stream provided by SIINC. For the two transactions with firms that had already access to financing, CdA and Root Capital, the outcome-payments were used to deepen their social impact with lower-income households and smallholder farmers. Without SIINC, it is likely that neither of the two groups would have managed to invest in activities that deepened their positive social impact.

5.4.3. Effectiveness: encouraging results for future replications

While the overall evaluation of the SIINC programme shows that it was effective in serving more low-income beneficiaries, not all transactions performed as expected. Looking at the transactions separately, four of the supported SEs¹⁴ were able to reach the targeted number of additional low-income households, after considering the adjustments induced by the pandemic. The Root Capital transaction alone encompasses loans to 32 agri-

¹⁴ CdA, Inka Moss, Novulis, and Root Capital.

SMEs, which serve low-income farmers. This transaction surpassed by 3,000 the targeted 6,500 beneficiaries. VIA reached out to over 1,000 households, yet the company went out of business before the completion of the transaction.¹⁵ The only active VSD transaction, Programa Valentina, is currently on hold because even though it met some outcome targets and got a first round of private investment, it was unable to complete the second round.

SIINC shows satisfactory results in the amount of investment raised. Individual transactions attracted \$3.6m from private investors, vs. \$3m targeted, with SIINC payments projected to amount to approximately \$970,000. Root Capital mobilized \$12m with an incentive of \$ 1m. In both cases, it surpassed the programme’s respective targets.

The analysis confirms the importance of complementing outcome payments with specific Technical Assistance (TA) support. This is especially the case for recipients that are in early stages of development. There is positive evidence about the services offered by Roots of Impact, including refining what defines the social impact of the enterprises, as well as the enterprises generating their own measurement information. However, the operational documents do not show the type, nor the funds devoted to TA with each transaction. Furthermore, IDB’s TA services are less clear since the information collected is anecdotal and does not allow us to assess the effectiveness of IDB’s contribution.

The combination of due diligence, monitoring, and verifications generally created an appropriate level of accountability and transparency, but gaps need to be assessed. In this regard, one key positive aspect is the flexibility shown by Roots of Impact to pragmatically design and review targets, for example when SEs were negatively affected by the COVID-19 pandemic. Furthermore, only a few of the verifications made resulted in an adjustment of the payments to SEs.¹⁶ However, some aspects of the transactions raised concerns. In the case of VIA, the SIINC payment created a “perverse incentive” for the company to contract an unnecessary loan. To receive the outcome payment, the company was required to raise private investment. VIA did so, borrowing a relatively large amount that was subject to interest, despite not needing the funds for its activity. Unfortunately, the due diligence did not detect this specific issue at the time. Also, with Root Capital, high additionality¹⁷ claims are somewhat mitigated by the fact that only a small portion of the borrowers (13 borrowers, representing 33% of the total) were new customers of the investment fund.¹⁸ The analysis shows that it should be feasible to adjust both the pipeline and the methodology to ensure that independent due diligence and evaluations of outcomes are systematically obtained and reported to the Steering Committee.

Overall, the monitoring and verification system had a very positive contribution in the

¹⁵ VIA faced implementation issues and the area where the company operated were hit by two hurricanes followed by the COVID-19 pandemic.

¹⁶ In the case of Root Capital, verifications were conducted on a selection of the 39 loans and minor discrepancies were detected during this process, mainly on loans reported as high additionality – some of which had to be reclassified to medium additionality (How Impact-Linked Financing Incentivizes High-Impact Investment in Agricultural SMEs, 2022, Root Capital)

¹⁷ Root Capital defines additionality as follows: medium additionality – a loan that the business could not access in the same amount and on the same terms from a commercial lender; high additionality – a loan that a business could not access in the same amount and on the same terms from any lender.

¹⁸ According to Root Capital, 77% of the 39 loans have created high additionality and intensified targeting BoP beneficiaries

preparation phase for each transaction. However, it is necessary to stress that there is room for improvement in the way it is carried out after transactions are signed and how operational reports present the programme's progress. For example, a summary of the state of the programme costs, money disbursed per transaction, and a pipeline of projected disbursements was not readily presented in the operations reports. While the information was compiled as soon as the evaluation team requested it, it only partially presented the amount disbursed per transaction. Also, the monitoring system does not provide the net additional income generated to beneficiaries for all transactions.

5.4.4. Efficiency: SEs improve at a slower pace than expected.

The efficiency analysis of this programme faces some limitations. The programme does not have all the data that would be necessary to build a thorough efficiency assessment through cost-benefit analysis. For instance, IDB and SDC allotted significant resources that are not budgeted, and for those that are detailed, a precise record of expenditures would be needed. Similar details would be needed from SEs. Additionally, since SIINC is a pioneer and pilot programme, using other social entrepreneurship programmes as a benchmark is not appropriate.

With these caveats, **the social return on investment of SIINC is very attractive for donors, impact investors, and social enterprises.** For instance, Root Capital has estimated a social return on investment of \$13 per one dollar invested by SDC and IDB.¹⁹ While this estimation is well constructed, the figure could end up being somehow lower, depending on how the Rapid Response Fund and the Debt-Relief Fund are finally allocated across SIINC borrowers.²⁰ Adjusted estimations show a lower-bound return on investment of \$10 per dollar invested, which still makes the social return on investment very attractive. Similarly, by looking at money disbursed and the number of beneficiaries of the programme overall, the target of over 4,000 individuals reached with \$1 million in outcome payments was attained.

Operating costs of active and closed transactions are above targets but still within reasonable boundaries, especially considering that this is a pilot programme. The cost analysis of running the programme versus the money disbursed in outcome-payments can be addressed from different angles. Looking at outcome-payments and costs on transactions, estimates show that SIINC required between 60 and 77 cents per dollar disbursed, depending on how the Rapid Response and Credit Enhancement Funds are allocated. However, scaling up replication of the programme by increasing the number of transactions and implementing some specific adjustments, such as systematized outcome-payments metrics and verification, it will surely bring costs down and make a SIINC programme even more attractive.

With regards to Vocational Skills Development (VSD), these transactions are in the pipeline but are running behind schedule due to unintended delays from IDB, making it impossible to assess the programme's efficiency in this activity. Three transactions are currently in the pipeline, pending from IDB final due diligence and signing.²¹ IDB received these potential transactions over 6 months ago and the delay seems to be based on a shift in

¹⁹ See "How Results-Based Financing Incentivizes High-Impact Investment in Agricultural SMEs. A Case Study of Root Capital's Social Impact Incentives (SIINC) Project", page 27.

²⁰ Both Funds were introduced in the 4th SIINC Additional Credit. Their allocation is not available at the moment of writing this evaluation.

²¹ These transactions are: Serigrafía de la Gringa from Guatemala, and La Cana and Jelp, from Mexico.

their institutional priorities. Unfortunately, the programme seems not to have an exit strategy to mitigate this challenge.

5.4.5. Impact: investment and households results exceeded targets

The M&E system does not coherently reflect the number of low-income beneficiaries impacted and the amount of private investment raised through each SIINC transaction.

For example, influence of COVID-19 required adjusting the number of beneficiaries targeted by three out of six transactions. While this seems reasonable, the operational reports do not provide the necessary information to evaluate of these adjustments.

The programme proved to be impactful by filling a financial gap and creating additional income for low-income beneficiaries.

In fact, reports show \$24 million in additional income for over 9,500 small farmers that indirectly benefited from the Root Capital transaction. For individual transactions, there is no estimation on the additional income generated to beneficiaries all cases,²² making it hard to have a portfolio impact assessment. Nevertheless, evidence points to the deep impact generated by transactions with some information (CdA, Novulis and Inka Moss).

The analysis shows that there is room for improvement in the reporting without incurring major costs.

For example, the reporting is not clearly structured to compile the impact of individual transactions, the performance of the programme against targets, and the fulfillment of individual metrics.

Beyond its contribution to participating SEs, there is direct and indirect evidence pointing to SIINC's contribution to change in the social entrepreneurship ecosystem, particularly at the investor level.

There are at least nine initiatives that promote the development of initiatives with social and environmental impact through payment-for-impact schemes, including those led by SIINC implementing partners Roots of Impact and New Ventures.

Box 2: Systemic change: SIINC helped partners to launch impact-linked funds

Since the beginning of SIINC, New Ventures has been working as an expert implementing partner, focusing on identifying potential SEs and private investors. New Ventures' participation in this process brought their attention to how impact-linked transactions work in practice and allowed them to have first-hand experience to learn the processes involved from its design to transaction signing. Additionally, New Ventures impact fund, Viwala, participated as a partner and lending institution in the Emergency SIINC initiative of PES programme.

These experiences provided New Ventures and Viwala the necessary exposure to convince themselves that impact-linked funds were suitable solutions to explore. As a result, in 2020 Viwala partnered with Dreilinden to structure Diversa, an outcome-based programme that promotes financial inclusion for "LGBTQIA" entrepreneurs. In the same vein, Viwala has, in partnership with the Mesoamerican Reef Fund, created the MAR+INVEST fund, an impact-linked initiative that seeks to unlock private capital for investment in reef conservation by

²² This limitation could be expected due to (i) the complexity and cost associated with estimating beneficiaries' pecuniary impact; and (ii) the heterogeneity of enterprises involved in SIINC transactions; however, the operational reports do not mention these issues. Due to these limitations, it is not possible to assess the impact of the whole programme in terms of income generated to the BoP.

supporting commercially viable projects that deliver on coral-reef-positive outcomes.

Sources: interviews conducted with New Ventures and Viwala executives.

5.4.6. Sustainability: SEs and partners will continue after SIINC

The effects of the SIINC programme will eventually persist beyond SDC's support, mainly through three stakeholders: (i) social enterprises supported; (ii) implementing partners; (iii) other ecosystem players. Below, the sustainability of each stakeholder is assessed.

Not all SEs achieved sustainability, but a majority are on the path to become economically sustainable and, therefore, will continue operating their businesses in the social impact arena once the programme ends. On the one hand, CdA, Inka Moss, Novulis, and Root Capital seem to have built robust operations while maximizing their impact. On the other, Programa Valentina is not yet on a path to become sustainable, and VIA has had to stop operating. This shows that besides the contribution of outcome-payments, achieving sustainability was highly determined by selecting firms that have a clear business-driven model with strong scalability.

Expert implementing partners are promoting this innovative financing solution by structuring this type of funds with donors, beyond SDC. New Ventures and Roots of Impact became not only allies as programme managers and implementers, but as advocates of impact-linked funds.

The knowledge sharing, the SFA and the Open Platform for Impact-Linked Finance is helping to promote systemic change. First, encouraging philanthropic and development funds to structure blended finance mechanisms like SIINC requires more than executing transactions successfully – it requires to disseminate knowledge and promote the model with these other organizations. The analysis shows that both activities helped position SIINC as a successful innovation.²³ Second, SDC support for this programme is time bound: the organization has an exit and sustainability strategy (in 2021, the SFA did not need further contributions from SDC) for both projects. Third, SDC benefited directly from the services of SFA, since its own management team received specialized training, and other partners (Roots of Impact, the University of Zurich, etc.) committed their own resources to grow and ensure the sustainability of each initiative.

However, the legacy of the programme in other LatAm ecosystem players is mixed. On the one hand, SIINC successfully achieved private actors securing the continued and sustained prosperity of the participating SEs. On the other hand, there is no evidence of a public-sector exit strategy. The IDB, an institution able to mobilize substantial fundings, seems to have lost interest instrumenting impact-linked finance solutions for social entrepreneurship. Finally, the knowledge-sharing efforts, which have influenced and attracted the attention of more actors outside LatAm, seem to be progressively gaining ground in the region.

5.4.7. Conclusions

The SIINC programme has been highly relevant in the SE ecosystem of Latin America. It also

²³ The information reviewed shows that, for instance, SIINC was featured in the Harvard Business Review, in DEVEX, and is taught at Kellogg Business School, University of Zurich, North Eastern University and INCAE Business School.

proved effective at creating additionality and promoting systemic change and it supported most SEs in deepening their social impacts as well as in improving their sustainability. In the context of COVID, it responded positively, overall, by adjusting targets. Areas of improvement include the monitoring and evaluation system; technical assistance offered alongside outcome-based payments; and efficiency, particularly with the reduction of costs thanks to economies of scale.

Table 5 illustrates these general findings, according to the key evaluation questions of the assessment.

Table 5: The SIINC programme's results according to evaluation themes

Evaluation themes	Good results	Mixed results	Limited results
Q: Is the programme doing the right things?			
Systemic change	✓		
Improve livelihoods	✓		
Support provided	✓		
Sustainability of SEs		✓	
Selection of SEs		✓	
Addressing financing gap	✓		
Q: is it a good fit?			
Fills regional gap	✓		
Initiate additionality	✓		
Q: is it effective?			
Improve livelihoods BoP	✓		
Technical Assistance		✓	
Knowledge sharing	✓		
Monitoring & eval.		✓	
Q: is it efficient?			
Less costly than other programmes		N/A	
Transactions		✓	
Other activities		✓	
Q: is it impactful?			
Overall impact measurement		✓	
Impact on investors and donors	✓		
Other ecosystem impact			✓
Q: is it sustainable?			
Social enterprises		✓	
Partners	✓		
Crisis response/ flexibility	✓		

5.5. Recommendations for the SIINC programme and its potential replication in other regions

The programme has been running for 7 years and it has 2 years until it ends. Considering this timeframe, the recommendations below are intended to help adjust current operations, but mostly inform the design of future SIINC replications. Recommendations are divided into three main categories: programme design and strategy; selection process; and reporting, monitoring, and verification.

PROGRAMME DESIGN & STRATEGY

1. **Scale up the budget and the number of transactions**, given the positive results and the experience gained with the implementation of SIINC, scaling up the programme. Additionally, it would bring efficiency gains through a reduction in the average operating costs.
2. **Include an exit strategy or stricter deadlines for partners managing funds**. It is possible that implementing partners that manage SDC funds either experience a shift in their priorities or do not perform as expected. Therefore, SIINC should provide an exit strategy that avoids unnecessary delays and quickly restores the internal mechanisms that allows SIINC to continue operating. One possibility is creating a pipeline for approving transactions and disbursements with stricter deadlines. Another is simply to introduce provisions that allow replacing a key partner when necessary.
3. **Foster additionality by excluding existing clients**. Creating development additionality is certainly one of the strong positive outcomes of the programme. Furthermore, involving an experienced impact lender such as Root Capital proved to be catalytic. However, there was a natural tendency for the implementing partner to allocate funds to enterprises that, while socially impactful, are already in their portfolio. As a result, the level of additionality created by the programme's partner might have been lower than it could have been.

SELECTION PROCESS

4. **Focus on commercially viable or growing businesses**. Even in the context of the pandemic, successful transactions are highly correlated to social enterprises with an ex-ante stable demand and commercially viable business models. Continue to focus on companies that can deepen their social impact but that have commercially viable business models would be a low-hanging fruit principle to follow.
5. **Target one or few specific countries or sectors**: focusing on one specific country should reduce implementation costs. However, this strategy would work only in countries that are big enough to find suitable SEs. In the same vein, it may prove interesting to concentrate on particularly impactful sectors such as VSD (as is currently being done), clean energy, water and food systems, or financial inclusion.

REPORTING, MONITORING AND VERIFICATION

6. **Implement the standardization of metrics for social outcomes**. Finding common indicators, at the sectoral level for example, should be feasible and it would be an effective way to reduce the implementation costs of future programmes.
7. **Improve due diligence and verification processes**. Given that one transaction was approved despite a company having circumvented one of the requirements of SIINC, the evaluation recommends re-assessing under which criteria due diligence and outcome verification processes are performed on certain transactions.
8. **Develop better reporting of performance and expenses**. While annual operational reports provide key information about each transaction and the status of most outcomes and outputs included in the log frame, there is scope for improvement in the reporting by presenting the evolution of actuals vs. targets, the programme's aggregate performance, outcome-payments by transaction and over time, as well as programme expenditures, by activity and over time.

5.6. Institutional Review findings

The objective of the Institutional Review (IR) is to assess the institutional set-up (including knowledge management) at SDC and implementing organizations so as to promote the use of innovative, impact-linked financing mechanisms and support social enterprises in Latin America and beyond.

This section contains the findings to the main evaluation questions following the evaluation questions for the IR (see Annex 7.2).

5.6.1. Communication

The programmes have achieved their goals in communicating results and innovations throughout the institution. But this communication relies very often on personal relationships and personal interest for the topic. The lack of systematic and institutional communication of lessons learnt to a larger audience (regional division, thematic divisions, country offices, etc.) hinders the ability of mainstreaming innovations throughout the institution. Beyond the institution, it is worth noting the external communication efforts on SIINC's model and accomplishments, including through the Social Finance Academy, the collaboration with the University of Zurich, and the publication of articles.

SDC country offices and regional programs in West Africa, Eastern and Southern Africa, Bangladesh, Zimbabwe, and Zambia have started or are in the process of launching programmes supporting SEs. For instance, in April 2021, through a partnership with Roots of Impact and iGravity, the Eastern and Southern Africa Division launched the Impact-Linked Financing Fund. The objective of this fund is to provide financial solutions to market-based organizations: the solutions directly link financial rewards to the achievement of positive social outcomes, in accordance with the SIINC model.

Other divisions within the institution have also developed projects geared toward supporting SEs and these programmes have been using tools and innovations developed in Latin America. For example, the Global Programme Water of SDC independently developed a portfolio of projects engaging in social water and sanitation through entrepreneurship.

The design of these programmes has largely benefited from the innovations developed by the PES and SIINC programmes in Latin America. Hence, they prove that the results and innovations derived from both programmes are being disseminated within the institution. However, findings suggest that communication around these innovations still relies on personal relationships between programmes managers. This suggest that the communication outreach about results and innovations from PES and SIINC is still limited and that it could be made to a broader audience and in a more systematic way. For instance, setting up quarterly “lessons learned” meetings across units, thematic or geographical division to potentially reach a “new public”.

In terms of external communication, it is worth underlining the efforts undertaken by ROI to make the various SIINC's innovations known outside SDC through the Social Finance Academy, the collaboration with the University of Zurich and the publication of articles, etc.

5.6.2. Programme design

The integrated approach (an approach supporting different SEs with various level of maturity, with services ranging from incubation to acceleration) is a strength of the PES programme. Similarly, the SIINC programme provides SEs with incentives and technical support on both economic and social aspects. This comprehensive design is supported by an innovative partnership built around various partners managing each segment of the programmes according to their area of expertise. The mix of global experience and local expertise helped design relevant and innovative programmes to support a very diverse group of SEs.

This comprehensive approach sets PES and SIINC apart from other programmes, which usually focus on one or two market segments. Development agencies' support to SEs tends to be done with a siloed perspective: the investor's perspective, the accelerator's perspective, the technical assistance perspective, etc. The PES approach uses a collaborative method that aims to bridge the siloed perspectives mentioned above. The support is provided throughout different building blocks by distinct organizations experts in their field. Similarly, SIINC engaged with specialized partners, each contributing with specific services at the global, regional, and local levels. This partnership structure and the nature of the partners could inspire the design of other SDC programmes. Most of the partner organizations have both global experience and local roots or links with local organizations. Their global experience allows them to rely on a detailed knowledge of global issues. Their local presence allows them a better understanding of the local context and ecosystem.

5.6.3. Funding

The incremental financing of SIINC allowed SDC to experiment with new approaches adjust activities along the way. At the same time, the funding allocation seemed sometimes “opportunistic” and left an impression of inconsistency. The review suggests that there is room for the organization to be more strategic in funding such pilot programmes.

The SIINC programme was initially launched with a limited budget (CHF 1.6m) to support a first wave of SEs with SIINC transactions. The project has since been scaled up through four successive budget increments. At the end of 2016, a first additional credit (CHF 300k) contributed to the creation of the Social Finance Academy (SFA). At the end of 2018, a second additional credit (CHF 900k) contributed to the launch of an innovative pilot with Root Capital in agri-finance. At the end of 2019, a third additional Credit (CHF 1.7m) was approved to test a sectoral approach for SIINC operations in Vocational Skills Development (VSD). A fourth addition was approved at the end of 2020, to build on the pilot with Root Capital.

The four waves of additional credits allowed for experimentations and adaptations (Social Finance Academy, engagement in agri-finance; sectoral approach in Vocational Skills Development) within the timespan of the programme. Some interviewees suggested that given the current structure of SDC, this iterative process constituted the only way to get funding for such new ideas and experiments. However, the way the additional credits has been structured and delivered seemed “opportunistic”, it complexified the monitoring and steering of the activities of the programmes, and the funding may leave at times an impression of inconsistency.

In any case, it should be noted that for SDC to increase the impact of SIINC programmes and scale up its engagement in the area of blended finance, the institution needs to move towards a

more stable and more strategic funding approach – even to develop further innovations.

5.6.4. Management

The management of PES and SIINC raised both internal and external challenges for SDC. At the internal level, the challenges lie with the partial lack of responsiveness of country offices despite headquarter’s attempts to engage with them. . At the external level, the challenges come from SDC’s sometimes blurred roles with partners on the management of the programmes.

The design and supervising of the programmes have been done from SDC’s headquarters, which is understandable given that both PES and SIINC are programmes initiated, steered and oversaw from the headquarters. From an outsider point of view, the limited level of country offices’ active involvement in the implementation of the programmes is rather noticeable. However, it is also important to observe that great efforts have been made by headquarters to involve relevant country offices during implementation. Several reasons have been put forward to explain the relative lack of responsiveness from country offices: country offices already have their portfolio of programmes to manage, which does not include PES or SIINC. Also, SDC colleagues working in country offices have little time to devote to these pilot projects initiated from headquarters. As a result, the involvement of national officers to assist in the management of the programmes, or specific activities, is requested on a case-by-case basis. Ultimately, the input from national officers relies on personal relationships and personal interests for the topics.

The management of the programmes also raises issues with external implementers. Both PES and SIINC programme are managed by partner organizations, but the role of SDC is not always clear from a management perspective. One might assume that strategic decisions are made by SDC, and operational decisions are left to the main partners (LeFil and Roots of Impact). However, it appears that the role of SDC in its relationship with the main partners of the two programmes is not consistent. LeFil, for example, seems to rely more on SDC for making decisions. In contrast, Roots of Impact seems to act more autonomously regarding SIINC transactions. This means that SDC should be more specific about its role in this type of partnership. Which level of involvement in programme management should the global division have? The answer to this question is important for SDC to clarify their position: more involvement of SDC in the management or more independence granted to the partners?

5.6.5. Potential for replication

The comprehensive approach of PES and the innovative tool of SIINC are two aspects of the programmes that could be replicated in other regions and contexts. Similarly, the diversity of the SEs supported by PES and SIINC and the range of contexts in which these programmes have been implemented provide important lessons learned for the future. However, neither PES nor SIINC included built-in replication strategy by design.

The integrated approach of PES and SIINC consisted in supporting SEs regardless of the segment they belong to. In addition, the programmes have been carried out in countries with different level of development and different socioeconomic characteristics. As a result, the knowledge gathered from both programmes comes from different contexts and therefore covers

more particularities, thus it is also more generalizable. This means that the lessons learned from PES and SIINC programmes have a high potential for replicability. To achieve this potential, the main challenge is the lack of built-in replication strategy in the programmes' design.

5.7. Recommendations for the institution

The four recommendations presented in this section have been formulated based on the findings of this review as described in the section above.

#1 Strengthen the funding of SIINC with a stable multi-year budget and prompt for a multi-donor blended-finance facility

The way SIINC programme has been funded allowed experiments and innovations, but for SIINC to scale-up beyond the pilot, there will be a need for a more stable and more substantial funding structure. It is the condition under which SDC will be able to support a larger pool of SEs and help establish ecosystems more favorable to social entrepreneurship.

It is also important to recognize that funds from SDC alone are likely to be insufficient to scale up SIINC to its full potential. A multi-donor-funded blended-finance facility could be created with the specific mission to fund selected SEs in some agreed geographic areas or sectors. By contributing to the facility, SDC will be in position to work in countries and regions where its presence is limited and shed some attention on specific development issues or sectors for which investments are lacking (climate change, small enterprises, WASH, women employment, etc.). This type of multi-donor facility is a powerful tool to promote increased co-ordination and knowledge sharing among development agencies.

Given that SDC is recognized as a pioneer in the field of blended finance, there is an opportunity for the institution to be more strategic with its funds. SDC is in a position to advocate for development agencies to expand their funding through catalytic investments from the private sector and contribute to the Sustainable Development Goals (e.g., create jobs for marginalized groups, protect the environment, reduce poverty, and promote local economic growth), including by sharing lessons learned from PES and SIINC with other public donors.

#2 (a) Strengthen the ability of global programmes to lead and implement pilots. (b) Increase country offices and regional advisors' involvement at the early stages of programme design. (c) Systematically explore co-financing opportunities to enhance programme ownership from country offices.

The institutional review suggests the importance for global divisions to keep implementing projects. It is through programmes like PES and SIINC that SDC can trigger the innovation process which is vital for any organization. In fact, to fully play their role of "idea suppliers" for country offices, to assess the chances of success, but also to identify the relevant partners, the global division needs to have the ability - including financially - to design and test innovations beforehand in the field.

The review shows that the replication of a successful programme supporting SEs depends on the local context. Therefore, SDC's presence in the field and its network of local implementing partners will facilitate programme replication.

In an ideal scenario, the global division would design and implement pilot programmes, ensuring that these programmes include a built-in replication and/or scaling-up strategy in their design. This design would identify resources needed, establish strategic choices and shape next steps, making it easier for country offices to pick up new ideas and implement them.

Country offices should provide inputs to the development and the implementation of these pilots. Once the pilots are a proven success, the global division should be proactive with country offices to develop replications. These would be co-designed and co-financed by both parties, ensuring ownership of the initiative. A strategic moment for the unit to approach country offices is when the country offices are engaged in the process of drafting their multi-year strategy.

It would be valuable to SDC if this close working relationship between global programmes and country offices is made systematic. On one hand, country offices have the local knowledge to inform the design, identify the right partners, select SEs, and monitor evolutions. On the other hand, the global division has the expertise on the topic and the knowledge from the pilot to strategically advise the design as well as the implementation of programmes.

It would also be beneficial for regional advisors to be involved in the development of replications, thanks to their position, in between headquarters and country offices. Regional advisors' role would be to contribute to the operational management of the programme supporting SEs, especially if the programmes cover several countries.

#3 Develop the ecosystem linkages necessary for long-term changes through partnerships with local public institutions and the expansion of the pool of investors.

SDC aims to increase the impact of programmes supporting SEs and to ensure that this impact is sustainable. In order to ensure that programmes have a positive and long-lasting impacts on beneficiaries, the organization should broaden the impact of its programmes beyond the SEs it supports, towards other actors whose work also affects SEs.

The Biniyog Briddhi programme currently being implemented in Bangladesh is a good example of what is possible to do in supporting SEs through strengthening the ecosystem. The programme is being implemented around 3 pillars: capacity building, catalytic funding, and advocacy. The first two pillars were already included in the SIINC programme in Latin America. However, the advocacy pillar is what gives originality to this project and could potentially ensure its long-term impact: it targets improving the general policy framework and allowing social entrepreneurship to thrive.

#4 (a) Increase and improve coordination and systematization of the knowledge sharing including in policies and processes. (b) Develop a systematic knowledge sharing strategy between geographical areas and across thematic networks.

SDC is gradually exiting its bilateral development cooperation with Latin America and the Caribbean. The full withdrawal will be effective in 2024. What will become of the extensive knowledge accumulated during all these years during which the agency worked in this region? When these programmes close in 2024, personnel will be deployed elsewhere. As a result, these people will take the knowledge they acquired, in the 4 years during which they have worked on these programmes, to other regions. This staff turnover can be considered as a form of knowledge transfer within the organization. However, often, redeployed staff find themselves

working on different topics once they are transferred. This can be an important loss for the institution in terms of knowledge sharing. In addition, it is not clear how the knowledge and experience of the local staff who have worked for years on these programmes will be transferred within the institution.

A deliberate strategy would therefore be needed to capture and share this local staff knowledge. Until now, it seems there is no explicit plan at SDC to harvest and use that expertise.

Thematic Networks are potentially a good entry point and efficient relay for sharing knowledge acquired and disseminate recent innovations from PES and SIINC. The ideal scenario would see a focal point of a specific thematic network allowed to dedicate a portion of their working time to other thematic networks. This needs to be recognized in their job description.

6. CONCLUSION

PES and SIINC programmes have proven their ability to support companies to develop and deepen their social impact, particularly with low-income households in Latin America. While these two programmes are coming to an end, they can inspire replications in other regions with the help of the lessons learned in these pilots. At the same time, SDC is going through a demanding institutional change. The efforts to renew and expand the engagements with the private sector need to be accompanied by a change of paradigm for SDC, which has a long history of working almost exclusively with NGOs. The necessary changes will take time. However, the expected results are promising for the institution.

7. ANNEXES

7.1. Evaluation questions for the programmatic review

Key Evaluation Questions
A. Relevance – <i>Are the programmes doing the right things?</i>
A1. To what extent were the two programmes’ strategies relevant in creating systemic change in the field of social entrepreneurship support / impact linked finance in LatAm? creating additional income, employment, and improved livelihood for low-income households? providing adequate and required support services to the social entrepreneurs? Ensuring social enterprises could grow sustainably?
A2. Has the choice of SEs been relevant, i.e., market-based oriented, target the needs of low-income households, and gender sensitive?
A3. Is SIINC (SIINC programme as well as Emergency SIINC activity within PES) addressing a real and persisting financing gap for enterprises that have a positive social impact?
B. Coherence – <i>How well does the intervention fit?</i>
B1. Do the programmes fill a gap or complement efforts and activities in the Social Enterprise ecosystem in LATAM?
B2. Do the SIINC interventions have a crowding-out effect on the funding of SEs, or do they initiate additionality in attracting new funding opportunities for SEs or in enabling/encouraging them to have additional/deeper impact?
C. Effectiveness - <i>Do the results contribute to overall goals as planned?</i>
C1. How effective were the different building blocks of PES in achieving their respective goals?
C2. How effective were SIINC’s different blocks of activities (Transactions, TA, Social Finance Academy etc.) and its different approaches (large individual SIINC vs Roots Capital vs VSD SIINC) in achieving the programme’s goals?
C3. Did the programmes implement effective monitoring and evaluation systems to track outputs and outcomes and identify challenges/gaps?
D. Efficiency - <i>Were the results achieved in a cost-effective way?</i>
D1. Are there other programmes in the region that yield similar results in promoting social entrepreneurship, but at a lower cost?
D2. Were there some activities of PES or SIINC that were more cost-efficient than others?
E. Impact - <i>How are the programmes contributing to the overall goal?</i>
E1. To the extent possible, can the impact achieved by the programmes be quantified? Is the M&E tracking system in place able to/contributing to quantify impact?
E2. Is there evidence that the programmes directly or indirectly changed the ecosystem in support of social entrepreneurs in LatAm? If yes, at which level (sector level, investors, or government action, etc.)?
F. Sustainability - <i>To what extent will the effects be maintained when the SDC’s support ends?</i>
F1. Did the programmes’ design sufficiently take the sustainability of social enterprises and ecosystem players (including implementing partners) into account?
F2. Do the participating SEs seem financially viable, even after the two interventions of the SDC end?

F3. Does it seem that SEs will continue to use the capacity-building system developed through PES, even after the programme ends?

F4. Did the programmes react adequately to exogenous shocks, such as the Covid-19 crisis?

7.2. Evaluation questions for the institutional review

Key Evaluation Questions
G. Innovation/Good Practice
G1. Have the programmes well communicated results and innovations within the SDC as well as with implementing partners?
G2. How could innovations from PES or SIINC further inspire other SDC programmes?
G3. Was the approach to scale the programme (additional credits) in SIINC LatAm in sum positive or negative?
G4. How lessons from PES or SIINC programmes (programme design, partner selection, programme management, monitoring & evaluation, etc.) can improve SDC's engagement with social enterprises in other geographic areas?
H. Recommendation for continuation, knowledge transfer or set-up of similar programmes
H1. Is there potential for supporting social enterprise programmes in Latin America beyond SIINC and PES programmes? and beyond Latin America to other focus regions of the SDC? Particular attention will be given to SIINC interventions.
H2. What are the opportunities offered by the SDC reorganization to scale-up and -out PES and SIINC programmes institutionally and geographically? What could be challenges?
H3. How to facilitate knowledge transfer processes within SDC to make recommendations towards a future set-up for SDC's support to social entrepreneurship?
H4. Are there any suggested adaptations for scaling up support to social enterprises in Latin America for the remaining duration of the programmes?

7.3. Survey questionnaire

The survey in English:

1. Your name: _____
2. Your role in the company: _____
3. The name of the project/enterprise that was supported by the programme: _____
4. Which programme supported this project/enterprise: PES, SIINC, or both
5. Is your project/enterprise currently supported by the programme? [Yes / No]
6. Does your business currently receive support from other programme(s)? [Yes / No] If yes, which type of support? _____

Please fill-in the following section (7-16) by indicating whether you strongly agree, agree, neither agree nor disagree, disagree, or strongly disagree to each of the following statements.

7. I am fully satisfied with the support received through the programme.
8. My business generates more social impact thanks to the programme.
9. My business has improved the way in which it measures and manages impact.

10. My business has improved its financial situation thanks to the programme.
11. My business has grown its operations thanks to the programme.
12. My business has now access to enough financing to meet the needs of its operations and perspectives for growth.
13. Before participating in the programme, my business was able to meet its financial needs.
14. My business is now able to serve more low-income clients thanks to the programme.
15. My business has been able to increase the salary of employees thanks to the programme.
16. My business has been able to promote gender equality thanks to the programme.

Please answer the following open questions (17-21):

17. What type of support did your enterprise receive from the programme? Please describe the activity that your enterprises benefited from and indicate the related timeframe.
18. What is, in your opinion, the most effective aspect of the programme? Why?
19. How do you think the programme could have contributed more to develop your enterprise's operations and/or its social impact?
20. What other comments do you have in relation to the programme you are participating in?
21. What would you recommend to improve in existing or future programmes?

7.4. Survey respondents

	ENTERPRISE	PROGRAMME	COUNTRY
1	Caminnos	PES	Bolivia
2	Altitud	PES	Mexico
3	SiembraCo	PES	Colombia
4	Red Nueva Empresa	PES	Bolivia
5	Zolvers	PES	Multi-country
6	NECH-CIEH	PES	Haiti
7	Lacana	PES	Mexico
8	Elemental School	PES	Bolivia
9	RIL	PES	Argentina
10	Dokutz	PES	Perú
11	Biodent	PES	Mexico
12	Maya Mountain Cacao	PES	Belize
13	Specialisterne	PES	Multi-country
14	Incluyeme	PES	Argentina
15	Grupo Murlota	PES	Mexico
16	Orkidea Andina	PES	Bolivia
17	Smartraining	PES	Chile
18	Lluvia Solida	PES	Mexico
19	Flourish Savings	PES	USA
20	Kuepa EduTech	PES	Colombia
21	Neutralflight	PES	Multi-country
22	1bot	PES	Guatemala
23	Lekol	PES	Guatemala
24	Listo Guatamela	PES	Guatemala
25	Suyo	PES	Colombia
26	aeioTU Fundacion Carulla	PES	Colombia
27	Radikal	PES	Haiti
28	TuGerente	PES	Bolivia
29	Humana Introspecta	PES	Mexico
30	Red Argentina de Municipios frente al cambio climatico	PES	Argentina
31	ADA School	PES	Colombia
32	Red por la Infancia	PES	Multi-country
33	Inka Moss	SIINC	Peru
34	Programa Valentina	PES & SIINC	Guatemala
35	Root Capital	SIINC	Multi-country
36	Clínicas del Azucar	SIINC	Mexico

7.5. Interview matrix

	SDC	Implementing partners	Social enterprises	Investors and (other) donors	SE Experts
Objectives	To know what worked, what didn't, especially in terms of: partner selection, programme management, knowledge sharing. Also, to know about the organizational change and opportunities for a global programme	To know what worked, what didn't, especially in terms of: SE Selection, programme management, reporting	To know what worked, what didn't, especially in terms of: support received, change and scale of social impact, programme management	To know how programmes influenced their decision to invest, their role in promoting mission drift of SE, recommendations for improvement	Learn about: other similar programmes, other regions, overall gaps in the ecosystem, existing opportunities & recommendations
Main themes	Innovations Lessons learned Knowledge sharing Organizational Change	Activities of the programmes Selection of SEs Impacts Management of the programmes Reporting	Impact on ultimate beneficiaries Impact on business operations Support received by the programmes (what activities/BBs were more/less useful to the SE growth and sustainability) Programme Management	Activities of the programmes Contribution beyond financial Additionality / financing gap Sustainability of programme effects	Context of SE ecosystem in the region and beyond Gaps in the SE ecosystem Opportunities in the SE ecosystem and recommendations Additionality & investment incentives tools

7.6. Interview guides

SDC	
Theme	Questions
General information	<p>Could you explain what has been your specific/personal role or engagement in PES LatAm? In SIINC?</p> <p>From your perspective what has worked well, what has not? Could you explain why?</p> <p>Were there any unexpected results of these programmes? Provide some examples.</p> <p>What do you think will last about these programmes, for SDC specifically? and more generally?</p>
Innovations	<p>From your perspective, what are the main innovations of PES LATAM? And SIINC?</p> <p>From your perspective, which features of PES LATAM and SIIC remain challenging? Why do these challenges still persist?</p>
Lessons Learned	<p>From your perspective, what are the main lessons learned of PES LATAM and SIINC?</p> <p>From your perspective how did these lessons help improve the management of the programmes during implementation?</p> <p>Did these lessons inform other programmes or operations inside your unit?</p> <p>For example, did it change the way you carry out some processes, design, monitoring, and evaluation? How? Provide specific examples.</p> <p>What are the key challenges and successes with the implementing partners in both programmes?</p> <p>How could/should things be done differently in other regions?</p>
Knowledge Sharing	<p>How did the programmes share achievements and lessons within and outside SDC? (i.e., activities, framework etc.)</p> <p>Do you think this has been effective, or what are current challenges? What would be the best way to share it, in your view?</p>
Organizational Change	<p>How do you see SE programming moving forward in SDC given the current organizational change?</p>

PES LATAM/ SIINC Implementing Partners	
Theme	Questions
General information	<p>Could you briefly explain your organization's role in the project?</p> <p>How does the participation in the programme/ the programme complement other work you do in this area?</p> <p>What do you think has worked well in the programmes, what did not work, what could be improved?</p>

Activities of the programmes	<p>What type of activity implemented by the programme do you think has been more relevant to the SEs and, more broadly, to systemic change? Which activities worked well and why, which could be improved?</p> <p>PES: What capacity building (gender, lean data/measurement, system change), areas have had more demand and absorption by SEs/ results?</p> <p>Comparing with similar programmes, do you think this programme has filled a gap and complemented others? if so, how?</p>
Selection of SEs	<p>PES-LATAM: what were the changes made in selection process between Phase 1-2?</p> <p>[LeFil/SDC]: what changes were made in the selection for the sister programme in Africa, which incorporated lessons from PES Phase 1? Why did that project stop?</p> <p>SIINC: were the most social enterprises? The ones with the most robust economics?</p> <p>How could the selection processes be improved??</p>
Management of the programmes	<p>Do you think the programmes could have been implemented more efficiently? How?</p> <p>SIINC: Once SEs were selected, how were targets set?</p> <p>SIINC: in your opinion, have SIINC investments replaced investments from the private sector? How can you tell?</p> <p>What recommendations would you give for the replication of similar programmes in the future, and potentially in other regions?</p>
Impacts	<p>Where did you see most positive impacts on SE businesses and beneficiaries? How? How could that be improved?</p> <p>How could SEs be further incentivized to grow sustainably and keep/broaden their social impact?</p> <p>SIINC: To what extent do you think the programme was able to support SEs and beneficiaries cope with COVID impacts?</p>
Reporting	<p>How easy has it been to collect the necessary/useful information from the beneficiaries of the programme?</p> <p>How was the impact measured? Do you think this measurement could have been improved?</p> <p>How was the process of reporting to the SDC? Did it allow for tweaking the programme? Sharing success as well as challenges?</p>

PES LATAM/ SIINC Social Entrepreneurs	
Theme	Questions
General information	<p>Could you briefly explain what your company is about, and what social impact you are trying to achieve?</p> <p>How do you measure your social impact?</p> <p>Could you tell us about your engagement with the programme?</p> <p>Have you been part of similar programmes before?</p>
Support received by the programmes	<p>What type of support provided by the programme has been more relevant to your company, and in what way?</p> <p>Regarding capacity building (gender, lean data/measurement, system change), which areas have been more useful? How? How could that be improved?</p>

	<p>What type/how often have you received technical/advisory support? Has it been sufficient? How would you rate the quality and time provided?</p> <p>Would you/have you paid for this technical assistance? If you haven't, to what kind of assistance you would be willing to pay for?</p> <p>Were you able to receive support that you had not or don't think would have otherwise?</p> <p>What could be improved in the activities provided by the programme?</p>
Impact on business operations	<p>What changes were introduced in your company due to your participation in the programme?</p> <p>Did you achieve the expected outputs/outcomes after joining the programme? In what sense?</p> <p>Are you operating at a profit? If not, when do you foresee it happening?</p> <p>Have you been able to expand your reach to low-income households, especially women? If yes, how?</p> <p>What are the key factors facilitating/limiting the sustainability of your enterprise (i.e., financial, social, environmental, economic)?</p> <p>Has the programme helped you in that sense? How?</p> <p>Was sustainability addressed during the selection process and the execution of the programme? How?</p> <p>SIINC: how relevant is the programme contribution nowadays? (e.g, % debt service, % profits, etc.)</p>
Impact on ultimate beneficiaries	<p>What effect did the programme have on your beneficiaries (employees, investors, suppliers, customers)?</p> <p>Did the programme help you in creating additional income and employment, or improved gender equality? How?</p>
Programme Management	<p>How supportive (and efficient) have been the programme partners you interacted with? Did you receive the support expected?</p> <p>If you interacted with more than one partner, are efforts coordinated?</p> <p>What could be improved in the programme's management and coordination?</p>

PES LATAM/ SIINC Investors	
Key research dimension	Questions
General information	<p>How did you find out about the programme and started investing in SEs selected by it?</p> <p>Where/ in which SE(s) did you invest, and why did you invest in these(s) social enterprise, specifically? Do you invest in other SEs, and if so, through different incubator/accelerators programmes (or how)? Any specific sector?</p> <p>Which sectors do you think are more covered</p>

Activities of the programmes	Was your decision (to invest) affected by the participation of the SE in the programme? How? How was your experience with implementing partners and the overall management of the programme? What was the role of the Programme's partners in your onboarding as investor? How would have it been better? How do you think the programmes could be improved?
Contribution beyond economic	Besides capitalization, have you contributed in other ways to the SEs? How? Do you think higher social impacts could be pursued? How could SEs be further incentivized to expand impact? Do you think that higher profit margins could be pursued? How?
Additionality / financing gap	SIINC: Without the programme contribution (money), would you have invested in the SE? Given the current SE profile, business plan and growth expectations, would you have found out about the investor and invested in the SE? SIINC: to what extent the financial incentives received by the programme mattered to estimate your rate of return?
Sustainability of programme effects	What are the key challenges in ensuring sustainability of the SE (in the one you have invested, and in general)? What recommendations would you give for the replication of similar programmes in the future, and potentially in other regions?

5. SE Experts	
Key research dimension	Questions
General information	Could you explain what has been your experience in the world of social entrepreneurship?
Context of SE ecosystem in the region and beyond	How would you describe the recent evolution of Social Entrepreneurship in Latin America (or other region(s) if applicable)? From your perspective what are the main strengths and challenges of the Social Entrepreneurship Ecosystem in LATAM? Which sector have advanced more/are the strongest, which ones less? Why do you think that is?

Gaps in the SE ecosystem	From your perspective which types of support are needed by social entrepreneurs in LATAM (or other region(s) if applicable)? How can different actors provide such support – investors, private sector more broadly, donors, public sector, etc.?
Opportunities in the SE ecosystem and recommendations	How do you incentivize SEs to deepen their social impact (i.e., stimulate non-organic growth)? Do you know of any programmes that have been/are still crucial to help accelerate SE development and impacts? If yes, which ones, and how have they been able to support the ecosystem? What are key elements of success and key risks/challenges for accelerator programmes in this area (for SEs and implementers)?

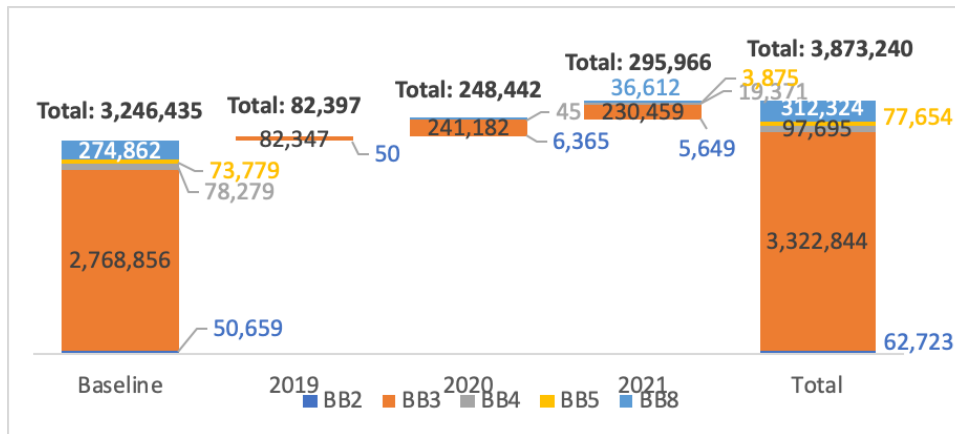
7.7. Interviewee list

#	Stakeholder group / Name	Organization
SDC		
1	Andrea Inglin	SDC Bern
2	Peter Beez	SDC Bern
3	Luca Etter	SDC Bern
4	Diepak Elmer	SDC Bern
5	Katharina Jenny	SDC Bern
6	Lukas Lüscher	SDC Bern
7	Simon Zbinden	SDC Bern
8	Lars Buechler	SDC Bern
9	José Luis Pereira	SDC Cooperation Office in Bolivia
10	Erika Tinoco	SDC Cooperation Office in Nicaragua
11	Ameena Chowdhury	SDC Cooperation Office in Bangladesh
Implementing partners		
12	Jessica Graf	LeFil
13	Linda Peia	Ashoka
14	Armando Laborde	New Venture
15	Cecilia Celorio	New Venture
16	Julie Murat	Bridge for Billions
17	Bertil van Vugt	VC4A
18	Daniela Bolivar	PES LATAM/VC4A
19	Bjoern Struewer	Roots of Impact
20	Patrizia Baffioni	Roots of Impact
21	Rory Tews	Roots of Impact
22	Antoine Cocle	Kaya Impact
23	Natalie Vergara Giron	Kaya Impact
Investors		
24	Franklin Mora	Open Road Capital
25	Karla Gallardo	Viwala
26	Dieter Wittkowski	IDB Lab (retired)
SE Experts		
27	Elaine Tinsley	World Bank
28	Michelle Arevalo Carpenter	IMPAQTO Capital
29	Paty Meza Farias	Amplifica Capital
30	Mariana Jimenez	AV Ventures
31	Sushant Sharma	Bonart Foundation
SEs		

32	Elizabeth Teague	Root Capital
33	Javier A. Lozano	Clínicas del Azucar
34	Stewart Craine	Village Infrastructure Angels
35	Juanjo Ladines	Inka Moss
36	Greg Krupa	Novulis
37	Katia Cerwin	Programa Valentina
38	Edgar Martinez	Biodent
39	Duquesne Fednard	D&E
40	Alex Epstein	Doktuz
41	Itzel Suárez	Grupo Murlota
42	Gabriel Pablo Marcolongo	Inclúyeme
43	Carola Capra	Red Nueva Empresa
44	Alejandro Marius	Trabajo y Persona
45	Juan Jose Asensio	Ibot
46	Gabriel Rivera	Altitud
47	Jessica Eting	Flourish Savings
48	Paula Wachter	Red por la infancia
49	Mauricio Martinez Miramontes	La Mano del Mono
50	Juan Claudio de Oliva	Neutralflight
51	Ady Beitler/ Karla Campos	Nilus
52	Omaira Saucedo	TuGerente
53	Ricardo Bertolino	Red Argentina de Municipios frente al cambio climático
54	Claudia Riche	NECH-CIEH
55	Guillermo Pou Mund	Orkidea Andina
56	Martín Mazza	Pago46

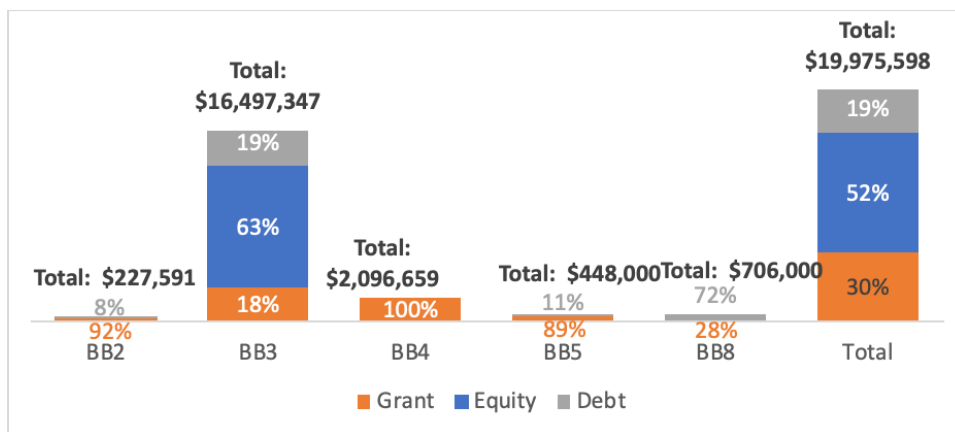
7.8. Impacts of PES LATAM per Building Block

Figure 6: Total number of direct beneficiaries impacted by PES' Social Enterprises, per BB (2018-2021)



Source: LeFil Consulting. Impact and Effectiveness Analysis S2 2021 Power Point Presentation. April 19, 2022.

Figure 7: Amount of funds raised by type and BB (cumulative since programme start)



Source: LeFil Consulting. Impact and Effectiveness Analysis S2 2021 Power Point Presentation. April 19, 2022.

Management response to the Evaluation Report of the joint evaluation of two related SDC programmes: Promoting Social Entrepreneurship in Latin America (PES LATAM) and Social Impact Incentives for scaling high impact Social Enterprises (SEs) in Latin America and the Caribbean (SIINC LATAM)

Management Response

The Management Response (MR) states the position of the SDC on the recommendations of the evaluation of PES and SIINC LATAM. The MR provides the basis for strategic decision-making.

Assessment of the evaluation

The evaluation was conducted by STORI in accordance with international standards. The evaluation process was well managed and included close involvement of a thematic reference group consisting of SDC thematic experts from different sections and domains.

The main objectives of the evaluation were threefold: 1) to assess PES and SIINC LATAM based on the OECD-DAC criteria; (2) generate learning for future strategic and programming decisions; (3) and provide recommendations for the steering and future designing of similar programmes in SDC's new institutional structure. These objectives have been met by the evaluators. The SDC appreciates the comprehensiveness of the evaluation report and the sound analysis of key elements of the SDC's performance in PES and SIINC LATAM.

The report's analysis and resulting recommendations are considered to be useful for strengthening the strategic orientation of the two projects, but also more broadly SDC's support to social entrepreneurship and engagement in innovative finance.

Main findings

The evaluation found that overall programmes such as PES and SIINC LATAM, which promote both the social impact of small- and medium-sized enterprises and support a conducive social entrepreneurship ecosystem are highly relevant in the Latin American region. Social entrepreneurs supported by PES and SIINC LATAM were mostly positive about the two programmes. Out of all the survey responses received, the enterprises are quasi-unanimously satisfied with the support they received from either of the programmes. Similarly, respondents mostly indicated that the programmes had a positive effect on the social impact that their business generates (81%), on improving the measurement of impact (75%), and on growth (78%). Regarding SEs' access to necessary financing, both programmes had a substantial effect. Ten respondents strongly agreed that their business has access to enough financing at the time of filling the questionnaire, versus only 2 strongly agreeing to their business meeting financial needs before participating in the programme. However, it is important to note that many entrepreneurs who responded to the survey did not seem to be lacking access to financing before being supported by the programmes' activities.

Evaluation of PES LATAM

The evaluation of **PES LATAM** found that its strategy has proven relevant to achieving most of its key objectives. Its main value-added is its comprehensive and holistic approach which fills an important programmatic gap in the region. The table in Annex 1 summarizes the

main findings regarding PES LATAM per "Building Block" (BB).

Overall, the evaluation concluded that PES LATAM is a well-designed and largely effective programme. The main positive findings include (i) highly relevant programme design, working on improving SE selection towards more market-based businesses; (ii) fills an important programmatic gap in the region, notably through its holistic and integrated approach (technical assistance, networking, grants, loans); (iii) contributed to SEs' growth, scale of social impact, data and impact measurement, and gender mainstreaming; (iv) strong and well-balanced Monitoring and Evaluation system that allowed for improvements along the way to address gaps; (v) helped some SEs cope with an external shock and this approach could serve as a model for future activities.¹

On the other hand, improvements could be made in relation to the following points: (i) not all mentorships were a good fit for all participating SEs; (ii) further support may be needed to help SEs reach the first mile to raise capital; (iii) systemic change is still a gap; (iv) some BBs/activities are more cost-effective than others, particularly the accelerator and the gender training; (v) links made for SEs between different activities could be improved; (vi) sustainability and legacy still unclear.

Evaluation of SIINC LATAM

The evaluation of **SIINC LATAM** found that SIINC's strategy has proven relevant to achieving most of its key objectives. With six transactions to date, it was able to create financial and development additionally and to reach and improve the livelihood of low-income households. Moreover, evidence shows it has positively contributed to systemic change in Latin America and beyond. Nonetheless, there is room for improvement in the monitoring and verification processes.

The programme's strategy was relevant in creating additional income, employment, and improving livelihoods for low-income households. The programme was clearly relevant to addressing an existing financing gap. The SIINC strategy effectively promoted the adoption of impact-linked instruments in the ecosystem. Moreover, the combination of due diligence, monitoring, and verifications generally created an appropriate level of accountability and transparency, but gaps need to be assessed.

Institutional Review

The objective of the **Institutional Review (IR)** was to assess the institutional set-up (including knowledge management) at SDC and implementing organizations so as to promote the use of innovative, impact-linked financing mechanisms and support social enterprises in Latin America and beyond.

- The integrated approach (an approach supporting different SEs with various level of maturity, with services ranging from incubation to acceleration) is a strength of the PES LATAM programme. Similarly, the SIINC LATAM programme provides SEs with incentives and technical support on both economic and social aspects. This comprehensive design is supported by an innovative partnership built around various partners managing each segment of the programmes according to their area of expertise. The mix of global experience and local expertise helped design relevant

¹ In fact, the first window of the Impact Linked Finance Fund for East and South Africa precisely did this, taking the learnings from LATAM into account to support Social and Impact Enterprises from the sister programme in Africa.

and innovative programmes to support a very diverse group of SEs.

- The incremental financing of SIINC LATAM allowed SDC to experiment with new approaches and adjust activities along the way. At the same time, the funding allocation seemed sometimes “opportunistic” and left an impression of inconsistency. The review suggests that there is room for SDC to be more strategic in funding such pilot programmes.
- The management of PES and SIINC LATAM at headquarters raised both internal and external challenges for SDC. At the internal level, the challenges lie with the partial lack of responsiveness of country offices despite headquarters’ attempts to engage with them. At the external level, the challenges come from SDC’s sometimes blurred roles with partners on the management of the programmes.
- The comprehensive approach of PES and the innovative tool of SIINC LATAM are two aspects of the programmes that could be replicated in other regions and contexts. Similarly, the diversity of the SEs supported by PES and SIINC and the range of contexts in which these programmes have been implemented provide important lessons learned for the future. However, neither PES nor SIINC LATAM included built-in replication strategy by design.

Overall Statement regarding Evaluation Findings

The SDC appreciates the work of the evaluators. The evaluation combining three distinct, but interrelated objectives was quite complex, but the evaluators were able to distil the vast amount of information into a succinct, useful evaluation report. We concur with the overall evaluation results and most of the main findings. We are pleased with the overall positive assessment of the PES and SIINC LATAM programs and find the recommendations constructive and actionable.

While we agree with most recommendations (see list below), there are some elements of the evaluation we are not fully in agreement with. In particular, we feel that the due diligence process regarding SIINC transactions was not always properly described in the evaluation report. We also think that the evaluators put too much emphasis on the seeming lack of involvement of SDC offices which we don’t think would have added much value to the programmes. Finally, in terms of capturing the systemic impact in particular of the SIINC LATAM programme, the evaluation report could have been a bit more diligent in highlighting the impact of the programme on innovative financing for social enterprises globally.

In the table below, we highlight the main recommendations of the report and actions taken and/or planned by SDC to address them. The list of recommendations responded to here is not comprehensive as the list was quite long. Rather, we try to focus on those with the biggest strategic implications and/or recommendations we do not (fully) agree with the evaluation team.

Overview of recommendations, management response and measures

Institutional Recommendation 1		
Strengthen the funding of SIINC with a stable multi-year budget and prompt for a multi-donor blended-finance facility in priorities regions or countries.		
Management response		
Fully agree	Partially agree	Disagree
We fully agree with this recommendation. With the establishment of the “Impact-linked Finance Fund” (ILFF), which SDC supported, an instrument exists that can pool various funding sources and provide SIINC and other impact-linked finance instruments in sectors and countries relevant to SDC’s work. Three funding windows have been opened to date, co-funded by SDC and other partners.		
Measures	Responsibility	Timing
Continue to promote the establishment and use of impact-linked finance funds.	<u>E+E</u>	<u>ongoing</u>

Institutional Recommendation 2		
(a) Strengthen the ability of the global (i.e. thematic) division to lead and implement pilots. (b) Increase country offices and regional advisors’ involvement at the early stages of programme design. (c) Systematically explore co-financing opportunities to enhance programme ownership from country offices.		
Management response		
Fully agree	Partially agree	Disagree
We agree with this recommendation, even though the response to the three sub-recommendations vary. Regarding (a) we believe that the new SDC structure with the Economy and Education (E+E) section will increase our capacity to lead and implement pilots; on (b), we have to differentiate between programmes led by headquarters and field offices. With headquarter led initiatives, it will remain difficult to fully involve field staff. On (c) we fully agree that co-financing / co-creating initiatives such as ILFF between operational units and E+E will be an important part of SDC’s support to Social and Impact Enterprises (SIEs) and the use of Impact Linked Finance (ILF) moving forward. We even would go one step further that the lead should be ideally outside E+E, with E+E’s role being helping in setting up, co-finance parts that go beyond the regional or thematic budgets.		
Measures	Responsibility	Timing
a) Improve SDC’s capacity to co-finance / co-create Private Sector Engagement (PSE) programmes between the E+E section and operational units. b) Foresee E+E budget for co-financing (junior partner budget parts) where necessary	<u>E+E / SDC Management</u>	<u>December 2022</u>

Institutional Recommendation 3		
Develop the ecosystem linkages necessary for long-term changes through partnership with local stakeholders (policymakers, other donors, foundations, national and regional funds, etc.) and the expansion of the pool of investors.		
Management response		
Fully agree	Partially agree	Disagree

We partially agree with this recommendation. At the global level, SDC together with its partners, will continue to promote the role of ILFF and strengthen ecosystem building and policy dialogue where possible with our limited resources. At the local level or regional level in Latin America it is questionable whether SDC will continue to stay engaged with certain innovative initiatives after the withdrawal of bilateral cooperation programs.

Measures	Responsibility	Timing
1) The section E+E at headquarter will continue supporting and engaging engagement with other donors as well as selected strategic players like the European Venture Philanthropy Association (EVPA), foundations like Jakob's Foundation, and organizations like Roots of Impact and iGravity in order to promote and disseminate ILF, SIINC and innovative, impact linked finance instruments. Local stakeholder and investors will be supported in the context of projects and/or colleagues thematically working regionally or nationally.	E+E	Ongoing
2) For specific ecosystem building initiatives in Latin America, the role of SDC will depend on the future engagement after the end of SDC's bilateral cooperation programs.	Latin America and Asia Division	Q1 2023

Institutional Recommendation 4

(a) Increase and improve coordination and systematization of the knowledge sharing including in policies and processes. (b) Develop a systematic knowledge sharing strategy between geographical areas and across thematic networks.

Management response

Fully agree	Partially agree	Disagree
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We fully agree with this recommendation. We already started with the systematization by elaborating and disseminating a guidance² note on supporting Social Entrepreneurship which borrowed heavily from learnings of the SIINC and PesLatam Programs. In addition, we support an open platform for ILF (run by Roots of Impact) and multiple trainings for SDC staff and others since many years.

Concerning b) this task is of general nature for SDC which should take as well rotation into account. Nevertheless E+E is providing its part by animating a community of practice on ILF where programme managers working on ILF or trying to get into it exchange experience between programmes (Education, East and South Africa, SIINC Latam, PES LATAM Covid response, GIFF: gender inclusive finance fund) and support each other by working on concrete cases. This is a showcase of working across geographical and thematic silos

Measures	Responsibility	Timing
Strengthen internal learning on ILF / Support to Social Entrepreneurship.	E+E Network	Ongoing

² https://www.shareweb.ch/site/EI/Documents/PSD/Social%20Entrepreneurship/CEP_Guidance_Social_and_Impact_Enterprises_in_Development_Outcomes.pdf

SIINC Recommendation 5		
Scale up the budget and the number of transactions given the positive results and the experience gained with the implementation of SIINC. Additionally, it would bring efficiency gains through a reduction in the average operating costs.		
Management response		
Fully agree	Partially agree	Disagree
We agree with this recommendation and implementation has partially started (see management response to Institutional Recommendation 1). For the remainder of the ongoing SIINC Latam project, however, this recommendation cannot be implemented as only one to two more transactions are foreseen.		
Measures	Responsibility	Timing
Plan the scaling up of impact linked finance within one or several programmes (co-creation with other operational units)	E&E	4 th qu. Of 2022 and then implementation in 2023 and ongoing
Discuss possibility to create a global SIINC / outcome payment facility managed by the E+E section.	E+E	Q1 2023

SIINC Recommendation 6		
Include an exit strategy or stricter deadlines for partners managing funds. It is possible that implementing partners that manage SDC funds either experience a shift in their priorities or do not perform as expected. Therefore, SIINC should provide an exit strategy that avoids unnecessary delays and quickly restores the internal mechanisms that allows SIINC to continue operating. One possibility is creating a pipeline for approving transactions and disbursements with stricter deadlines. Another is simply to introduce provisions that allow replacing a key partner when necessary.		
Management response		
Fully agree	Partially agree	Disagree
We fully agree with this recommendation. SIINC is a new financing instrument for many partners, so approval processes are not (yet) standardized. That said, we do need to make sure that investees do not face unnecessary delays in getting transactions approved. Choosing agile partners that can process transactions in an efficient manner will be important moving forward.		
Measures	Responsibility	Timing
Take recommendation into account in future programmes	E+E	ongoing

SIINC Recommendation 7		
Foster additionality by excluding existing clients. Creating development additionality is certainly one of the strong positive outcomes of the programme. Furthermore, involving an experienced impact lender such as Root Capital proved to be catalytic. However, there was a natural tendency for the implementing partner to allocate funds to enterprises that, while socially impactful, are already in their portfolio. As a result, the level of additionality created by the programme's partner might have been lower than it could have been.		
Management response		
Fully agree	Partially agree	Disagree

We partially agree with this recommendation. This is a useful input relating in particular to the application of SIINC in the context of Root Capital's transactions. We will discuss this with Root Capital, to see if indeed additionally could be increased by focusing more on new clients. That being said, additionality should not be defined by whether or not SIINC is provided to new clients alone. In the segment Root Capital is working in, it takes time to get ready for a commercial funder, so providing multiple loans to the same cooperative can make sense.

Measures	Responsibility	Timing
Discuss finding with Root Capital	<u>E+E</u>	<u>Q4 2022</u>

SIINC Recommendation 8

Focus on commercially viable or growing businesses. Even in the context of the pandemic, successful transactions are highly correlated to social enterprises with an ex-ante stable demand and commercially viable business models. Continue to focus on companies that can deepen their social impact but that have commercially viable business models would be a low-hanging fruit principle to follow.

Management response

Fully agree	Partially agree	Disagree
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We fully agree with this recommendation. With the further development of impact-linked finance instruments, they need to be applied in a more efficient manner. Commercially successful companies that can deepen their social impact should be a prime target for SIINC transactions moving forward. We nevertheless think that for the sake of innovation (e.g. in sectors like sanitation), experimenting with hybrid models needs to be done as well, but being the exception not the rule.

Measures	Responsibility	Timing
Translate recommendation into the selection criteria within each programme	<u>E+E</u>	<u>ongoing</u>

SIINC Recommendation 9

Target one or few specific countries or sectors: focusing on one specific country should reduce implementation costs. However, this strategy would work only in countries that are big enough to find suitable SEs. In the same vein, it may prove interesting to concentrate on particularly impactful sectors such as VSD (as is currently being done), clean energy, water and food systems, or financial inclusion.

Management response

Fully agree	Partially agree	Disagree
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We partially agree with this recommendation. Limiting to one country is rarely possible - given the size of the market for SIEs in many of SDCs priority countries. Limiting to one sector, needs at least a regional, often better a global approach. .

Measures	Responsibility	Timing
Strike the balance between lowering complexity and transaction cost with the size of the SIE market. This is usually part of the ToR for feasibility/scoping studies and E+E recommends it to operational units accordingly.	<u>E+E / Operational Units</u>	<u>ongoing</u>

SIINC Recommendation 10		
Implement the standardization of metrics for social outcomes. Finding common indicators, at the sectoral level for example, should be feasible and it would be an effective way to reduce the implementation costs of future programmes.		
Management response		
Fully agree	Partially agree	Disagree
<p>We agree with this recommendation and the standardization of outcomes should indeed be a goal for ILF programmes moving forward. First programmes (Aceli; CEI Africa) have started using standardized metrics for impact linked payments. The extent to which SIE indicators can be standardized remains to be seen.</p> <p>However, many insights from our work could even benefit SDC as a whole (we mandated extensive background work on impact measurement and management and start support of other units on integrating insights into their portfolio) but this would need the buy in from SDC management and quality assurance and more resources from E+E to roll it out for SDC as a whole.</p>		
Measures	Responsibility	Timing
E+E to invest time and human resources to continue work with 60db, Roots of Impact, Proof of Impact and others.	<u>E+E</u>	<u>ongoing</u>

SIINC Recommendation 11		
Improve due diligence and verification processes. Given that one transaction was approved despite a company having circumvented one of the requirements of SIINC, the evaluation recommends re-assessing under which criteria due diligence and outcome verification processes are performed on certain transactions.		
Management response		
Fully agree	Partially agree	Disagree
Measures	Responsibility	Timing
Raise issue with Roots of Impact.	<u>E+E / Roots of Impact</u>	<u>Q4 2022</u>

SIINC Recommendation 12		
Develop better reporting of performance and expenses. While annual operational reports provide key information about each transaction and the status of most outcomes and outputs included in the log frame, there is scope for improvement in the reporting by presenting the evolution of actuals vs. targets, the programme's aggregate performance, outcome-payments by transaction and over time, as well as programme expenditures, by activity and over time.		
Management response		
Fully agree	Partially agree	Disagree
We agree with this recommendation.		
Measures	Responsibility	Timing

Discuss better reporting template at next SIINC Steering Committee meeting.	E + E	Q 1 2023
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PES Recommendation 13		
<p>Make selection of partners more strategic and intentional. Although the overall management of the programme has worked well, and partners are competent and complement each other's expertise, their selection could be more strategic. A thorough search for partners should be done to ensure: (i) their institutional relevance in the field in the region; (ii) that they have frameworks and guidelines developed for their specific tasks; and (iii) that they have the adequate human capacity to carry out the task and not a high turnover rate.</p>		
Management response		
Fully agree	Partially agree	Disagree
<p>We agree with this recommendation with respect to new programmes. However, with PSE it is not just about finding the "best" partner in region, e.g. through a tender looking for service providers, but for a partners that is also willing to comply with SDC's PSE requirements, e.g. co-financing. Also, as PES LATAM is in its second phase, most partners were already part of the programme and some of them have developed and went through (major) internal changes over the past eight years, which is not within the control of the programme, nor is partner's staff turnover. Also, adaptive management sometimes means to react quickly and hence some of the new partners had to be identified quickly in order to fulfil the programme's goals, e.g. for the Covid-19 response.</p>		
Measures	Responsibility	Timing
Ensure strategic,criteria based selection of partners for future programmes.	E + E	ongoing

PES Recommendation 14		
<p>Involve country offices more and from the design phase. Engaging SDC country offices from the design stage, to take advantage of their local knowledge and networks may allow the programme to leverage their expertise. Periodic knowledge exchanges on successes and challenges of programmes focused on social entrepreneurship, where local offices can also share their experiences and knowledge about national programmes, may also be helpful to promote ownership and engagement. This would allow the programme to take in more from the local culture and knowledge, which may lead to adaptations for specific contexts. Also, the programme could then leverage existing channels and partnerships that local offices may have with local development banks, chambers of entrepreneurs, other networks, etc. Strengthening this engagement may also contribute to the sustainability of the programme's efforts and expand its potential to influence the ecosystem (i.e., through their connections with other key national actors).</p>		
Management response		
Fully agree	Partially agree	Disagree
<p>Information exchange with country offices is possible and is taking place within PES LATAM. However, it is a challenge to involve country offices with their already limited human resources in programmes that are then not part of their portfolio, which means that there is very limited ownership. Co-creation with co-financing are different (see Institutional Recommendation 2). PES LATAM has selected partner that are active in LATAM and will stay engaged in the region beyond the programme to ensure sustainability. It has put a lot of effort in reaching out to all local Swiss representations multiple times throughout the programme to establish links between the PES and its partners,</p>		

with very limited success capitalizing synergies and leveraging channels and partnerships. The exception being the Embassy in Bolivia, where we now have a joint initiative, supporting a seed capital provider and a local ecosystem actor.

Measures	Responsibility	Timing
Explore options for co-creation and co-financing with SDC representation in the design of future programmes. For headquarter led initiatives, consult with local Swiss representation to what extent they want to be informed and or involved.	E + E	ongoing

PES Recommendation 15

Improve communication between and about activities to help SEs make the best of the programme. PES' comprehensive design requires a strong onboarding and communication strategy to make sure entrepreneurs take advantage of all the activities they are entitled to. Even though some of this information is available on the platform, and communicated via email, newsletters, etc., there seems to still be a gap in communications. SEs suggested that information flow could be better organized. A question could be included on the periodic surveys with SEs to inquire about the best ways to make this communication more effective.

Management response

Fully agree **Partially agree** Disagree

PES LATAM puts a lot of effort in keeping SIEs informed about its offers through different communication channels. It is thus surprising that SIEs feel like they are not informed well enough and hence might not use all opportunities offered by PES LATAM. Our perception is rather that SIEs do not have the bandwidth – irrespective of the communication channel – to engage in too many offers. On the one hand they need to run their core business and on the other hand there are different opportunities offered by the ecosystem – not just by PES LATAM – out of which they need to choose selectively and then make scarce human resources available to really profit from these offers.

Measures	Responsibility	Timing
Discuss with the PES LATAM team to what extent onboarding of and communication with SIEs can be improved for the remaining of the programme.	PES LATAM Team (during SteerCo)	October 2022

PES Recommendation 16

Ensure that the TA/mentorship provided is adequate for start-ups. High-level consultants from the corporate world may not necessarily understand the challenges faced by early-stage SEs. Mentorship for these should be different than for established or fast-growing SEs. Mentors could potentially include entrepreneurs from the pool of SEs that successfully completed the programme.

Management response

Fully agree Partially agree Disagree

Finding the right TA/mentorship support is crucial for the development of SIEs and hence for the success of PES LATAM. Hopefully, the newly launched collaboration with PUM (expert volunteer organisation) and the mentorship section on the VC4A platform are useful offers to match SIEs with mentors.

Measures	Responsibility	Timing

Discuss with PES LATAM team	PES LATAM Team (during SteerCo)	October 2022
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PES Recommendation 17		
Expand scale of investments in gender mainstreaming. Pilot trainings and small grants have proven successful so far to ensure that all SEs – not only led by women – have gender mainstreamed in their operations. Investments and scale on gender mainstreaming could be expanded. This could also be done at the investor level in future programmes: for example, by suggesting that investors also analyse opportunities through gender dimensions.		
Management response		
Fully agree	Partially agree	Disagree
We fully agree and believe that PES LATAM is rather unique with its approach supporting SIEs with gender mainstreaming providing a lot of added value.		
Measures	Responsibility	Timing
Continue and expand the work on gender mainstreaming within PES LATAM including not just SIEs, but also (impact investors). An additional credit proposal for a “Gender mainstreaming scale-up initiative” within PES LATAM is in preparation. This experience can then be used as a learning for future programs.	E + E	October 2022-2024

PES Recommendation 18		
Make the systemic change activities more strategic. PES activities focused on systemic change need a more strategic and less opportunistic approach. More support could be provided to initiatives that support multiple actors (e.g., coalitions, networks, rather than just individual SEs), which could create bigger changes. Although some of that has happened, it has not been done systematically. SEs have also expressed that they would like to be more connected to one another, which could expand the programme’s potential for peer learning, policy influencing, etc. More analysis should also be done to understand where the ecosystem is moving toward – to identify key gaps (e.g., sectors with higher impact potential and less funding, where more innovations are happening, where more efforts should be made to influence governments at the policy level etc.). Also, engaging more with other key “influential actors” in programme’s activities – beyond SEs and investors – who are looking for systemic change could also help in that regard (e.g., academia, UN agencies, etc.).		
Management response		
Fully agree	Partially agree	Disagree
<p>PES LATAM is collaborating with multi-actor initiatives, e.g. “red de impacto” and “Latimpacto”, but could have done this more strategically, analysing the ecosystem and identifying “influential actors”. Influencing governments at the policy level is difficult in a sector agnostic regional program.</p> <p>PES LATAM has also put a lot of effort into connecting different entrepreneurs e.g. that work in the same sector, and financially supported co-creation. However, our conclusion is, that early-stage SIEs only have limited bandwidth for such initiatives (see also management response to recommendation 15), while more established entrepreneurs are well connected with their peers, but success depends as well on windows of opportunities that can rarely be influenced by a regional programme.</p>		

Measures	Responsibility	Timing
Discuss recommendation with PES LATAM team and take it into consideration for future program. Take it as an input for the next version of the SIE guidance paper.	E + E	ongoing

PES Recommendation 19

Improve the outreach process to SEs. The initial search for SEs could be improved by expanding the initial analysis done, consulting more with regional and national networks and coalitions.

Management response

Fully agree	Partially agree	Disagree
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Fully agree. Even though the outreach process has been adapted and improved throughout the course of the program, for future programs this is a key element that needs to be designed better from the beginning (e.g. within the Gender mainstreaming scale-up initiative).

Measures	Responsibility	Timing
Discuss recommendation with PES LATAM team and take it into consideration for future program.	E + E	ongoing

PES Recommendation 20

Clarify and strengthen the weight given to the gender dimension in the selection process. Although different selection tools (e.g., BB2 and BB3) include that as part of the criteria, it is unclear how gender mainstreaming by the SE weighs in the final decision.

Management response

Fully agree	Partially agree	Disagree
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Fully agree. The selection process has been adapted and improved throughout the course of the program, but gender as a selection criteria and its weight remained somewhat unclear. For future programs this is an element that needs to be designed better from the beginning (e.g. within the “Gender mainstreaming scale-up initiative”).

Measures	Responsibility	Timing
Discuss recommendation with PES LATAM team and take it into consideration for future program.	E + E	ongoing

PES Recommendation 21

Ensure a well-defined governance structure at design stage. Clearly define roles, responsibilities and decision-making powers between all partner institutions. This will help to prevent tensions among partners and can help to create a more positive environment for collaboration. Establishing “rules of engagement” and a formal accountability/feedback mechanism to prevent personal tensions between different personalities that could affect the programme could help to ensure all partners feel comfortable with the team.

Management response

Fully agree	Partially agree	Disagree
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Fully agree. The programme’s agile set-up and adaptive management, allowed for quick transformations when needed – e.g. during the Covid-19 crises – and thus led to different modifications. These included adjustments to different building blocks as well as on-boarding new partner organisations and – due to staff turnover within organisations –

new individuals. This resulted in certain ambiguities and intensified (existing) personal tensions. Better on-boarding processes as well as better defined, documented and especially better communicated, governance structures would have allowed for a more efficient overall program management, especially related to those transitions, as well as a more positive environment for collaboration.

Measures	Responsibility	Timing
Continuously discuss concrete measures with the PES LATAM team to improve communication and collaboration for the remaining of the programme. Ensure well-defined governance structures in future complex multi-partner programmes.	<u>PES LATAM Team</u> <u>E+E</u>	<u>During remaining SteerCos</u> <u>ongoing</u>

PES Recommendation 22

Improve coordination among partners, establishing systematic mechanisms for information sharing and strategic discussion from the start. While efforts were made by headquarters to foster coordination and cooperation among partners, further opportunities for partners to participate in the implementation of the programme as a whole should be encouraged, for example through the inclusion of a bottom-up review process. Intensive exchange should also be in place from the start, with mechanisms for systematic sharing of information. The Steering Committee should also be used more strategically: some partners mentioned that it had become a space for reporting on activities only, whereas it should be an opportunity for collective action and creative thinking, for example to make the programme more effective when it comes to systemic change.

Management response

Fully agree	Partially agree	Disagree
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PES LATAM is a space for all of its partners to collaborate among each other and respective systemic mechanisms are in place, one of them being the SteerCo which is meant to have strategic discussions with SDC. This has become more of a challenge as the programme's complexity and the number of partners have increased. However, it is in the interest of all partners and also their responsibility to make the SteerCo to what they want it to be. The same counts for other opportunities of this partnership. From information sharing to cooperation to collective action: Everything depends on the partner's willingness to engage and invest human resources, beyond each partner's individual interest, but for the sake of reaching the programme's goal and developing the ecosystem beyond PES LATAM.

Measures	Responsibility	Timing
Discuss with PES LATAM team how to improve the SteerCo, information sharing and collaboration, and come up with concert measures which are then piloted and evaluated.	<u>PES LATAM team</u>	<u>During remaining SteerCos</u>

Annex 1: Evaluation Findings for PesLatam by Building Block

BB	Assessment	Positive Findings	Improvements Needed
1 -Capacity-building and online regional platform	Mixed results	<ul style="list-style-type: none"> • Trainings on gender and lean data are praised by all SEs, with direct reported impacts in operations. • The creation of a regional platform for the SE ecosystem to sustain PES' legacy and institutional memory could be a good exit strategy. 	<ul style="list-style-type: none"> • Systems' change course could be improved. • ES2LATAM needed a better implementation and communications' strategy. SEs don't seem to be maximizing its use, and there is a need to ensure further local knowledge from the implementing partner. Additional human resources have been added to correct this, and more recently it seems like the platform started to catch up, although that was still not reflected in SE perceptions.
2 - Access to stipend, network/ exposure, TA for financial profitability	Good Results	<ul style="list-style-type: none"> • Financial support & TA had impacts in SEs' consolidation. • Inclusion of additional partner Bridge for Billions (B4B), with more experience with market-based SEs, seems to have been a good strategy to ensure BB would achieve its objectives overall. 	<ul style="list-style-type: none"> • Networking opportunities with other SEs and investors could be further explored for BB2 fellows. • Ashoka SEs clearly not market based, which makes the BB less impactful in terms of scalability and social impacts.
3 – Accelerator - Access to finance, business modelling and TA for organic growth	Good Results	<ul style="list-style-type: none"> • One of the most important activities of the programme for its multi-layered support SEs. • FLII highly praised by SEs for connections with peers and investors and knowledge about the ecosystem. 	<ul style="list-style-type: none"> • Declining trend in the pre-selection process of market-based SEs, despite changes in the evaluation system. • Mentoring and TA could be better tailored to startups. • Contact with investors could be improved. A more explicit space (e.g., on the platform) where SEs could look for target investors (i.e., specialized in certain sectors) and contact them could be helpful. Since this space already exists on the platform, it seems that its design is not well set up for direct contacts, or that this is part of the content offered that entrepreneurs are not fully aware of.
4 - Access to networks and strategy planning for non-organic growth through systems change	Limited Results	<ul style="list-style-type: none"> • One of the few programmes to invest directly in systemic change. 	<ul style="list-style-type: none"> • Opportunistic and less strategic, with very few anecdotal evidence of system change possibilities.

BB	Assessment	Positive Findings	Improvements Needed
5 - Collaborative action involving larger private sector and/or groups of SE	Limited Results	<ul style="list-style-type: none"> • One of the few programmes to invest directly in systemic change. 	<ul style="list-style-type: none"> • Also less strategic, with anecdotal evidence of results (collaborations between SEs and larger private sector, public sector, civil society). Although some cases documented are relevant and interesting (e.g. NeutralFlight and CAINCO chamber in Bolivia), outcomes of these are still timid, with few exceptions (e.g., 1Bot and Elemental School, where the partnership led to increased sales for both). Although this BB seemed to have performed better than BB4, implementing partners also confirmed that the approach to this BB lacked an overall strategy.
6 - Insights, best practices knowledge documented and shared within and beyond Programme	Unclear	<ul style="list-style-type: none"> • Relevant to have a BB dedicated to knowledge development and sharing as part of the programme's design. 	<ul style="list-style-type: none"> • Potential of this BB could be further explored; • Knowledge sharing within and beyond SDC could be improved.
7 – Project Management/M&E	Good Results	<ul style="list-style-type: none"> • Programme management has been effective, with constant changes and improvements being made to address challenges. • Well-designed M&E system that helped to track outputs and outcomes and contributed to improvements in measurement at the SE level. 	<ul style="list-style-type: none"> • Coordination among partners could be improved, with systematic sharing mechanism established from the start. • Governance structure could be reviewed to improve collaboration among partners, with clear definition of roles and decision-making powers from the beginning.

BB	Assessment	Positive Findings	Improvements Needed
8 – COVID-Response – Emergency SIINC	Good Results	<ul style="list-style-type: none"> • Impact-linked grants and loans proved to be positive to help some SEs cope with lack of resources due to the COVID crisis, and others in scaling impacts. TA provided also helped some make the crisis as an opportunity to adapt businesses models. • Flexibility on the use of funds to achieve impact was crucial. • Combination of grants + loans was essential to reach different types of SEs. • Created an opportunity for some investors to understand how to structure and implement outcome-based loans.³ 	<ul style="list-style-type: none"> • In some cases, SEs thought that the programme was slow to disburse, and SE was unclear about initial terms. • Reporting workload for some SEs was heavy and should be reconsidered for emergency contexts.
