Thematic Input Paper "Impact@Scale" - F2F event 2019 e+i network & CEP

Every one of us has a "special project" that seems to be unique – maybe we visited a project and saw the difference it makes to a community at first hand; or maybe an evaluation showed outstanding results. Probably, one of the elements that strikes us most in such a project is its impact, i.e. the fact that it contributed to concretely improve the conditions of vulnerable people. However, how far does our "special project" contribute to improving the lives of tens, or perhaps hundreds of thousands of people? What has been the project team's strategy to plan successful interventions with impact at scale?
This paper serves as an input to the Face-to-Face (F2F) event 2019 of the SDC's employment and income (e+i) network and the Competence Centre for Engagement with the Private Sector (CEP). It defines key terms and outlines two conceptual frameworks to reach impact at scale, which shall be further discussed with the F2F participants during the upcoming event.

Defining impact, scale, sustainability and systemic change

The **development impact**, to which the SDC strives to contribute, is framed by the 17 Sustainable Development Goals (SDGs). SDG 1 aims at ending poverty in all its forms everywhere by 2030 – quite an ambition! Focusing on just three SDG targets which are particularly relevant from an e+i perspective, by 2030 *all women and men everywhere* shall have

- equal access to affordable and quality technical, vocational and tertiary education (target 4.4)
- full and productive employment and decent work and equal pay for work of equal value (target 8.5)
- access to inclusive banking and insurance services (target 8.10).

Many countries will not be able to meet the SDGs – and their implied scale! – without undertaking significantly greater efforts. This is anticipated through goal 17 which seeks to strengthen global partnerships bringing together national governments, the international community, civil society and, last but not least, the private sector (see box).

Engagement with the Private Sector (EPS)
Impact at scale is the main reason why EPS is a strategic priority for SDC. SDC will step up its involvement in EPS projects across regions and thematic areas, whenever such an approach enables to leverage resources from the private sector and achieve development objectives in an effective, broader, and more rapid and sustainable manner. In EPS projects, the private sector invests together with SDC into joint development endeavors according to the principle "shared value, shared risks and shared costs". The private sector comprises companies of all sizes, from multinational corporations to SME's, as well as social enterprises, impact-driven investors and grant-giving foundations.

One dimension of scale is the **breadth of impact**, i.e. the number of women and men who benefit from a given project, for example in terms of getting jobs and earning (more) income. Another dimension of scale, which is equally important, is the **depth of impact**, i.e. the degree to which these benefits concretely improve the life of the target group - e.g. the average level of additional income and the related poverty reduction. Breadth and depth of impact should be in a reasonable balance. The concept of scale is closely linked to the concept of **sustainability**. Impact at scale is truly reached when it *lasts and spreads* beyond the intervention period of a project. To achieve scale, the SDC aims at changing the economic, social and environmental dimension of systems and the behaviours of actors within these systems so that *they* work in a way that is beneficial for poor women and men on a lasting basis – this is what we call **systemic change**.

We understand by impact@ scale our common desire to achieve broad and deep impact that lasts and spreads beyond the planned interventions and even after the project term.

The different dimensions of impact at scale are illustrated in Fig. 1.

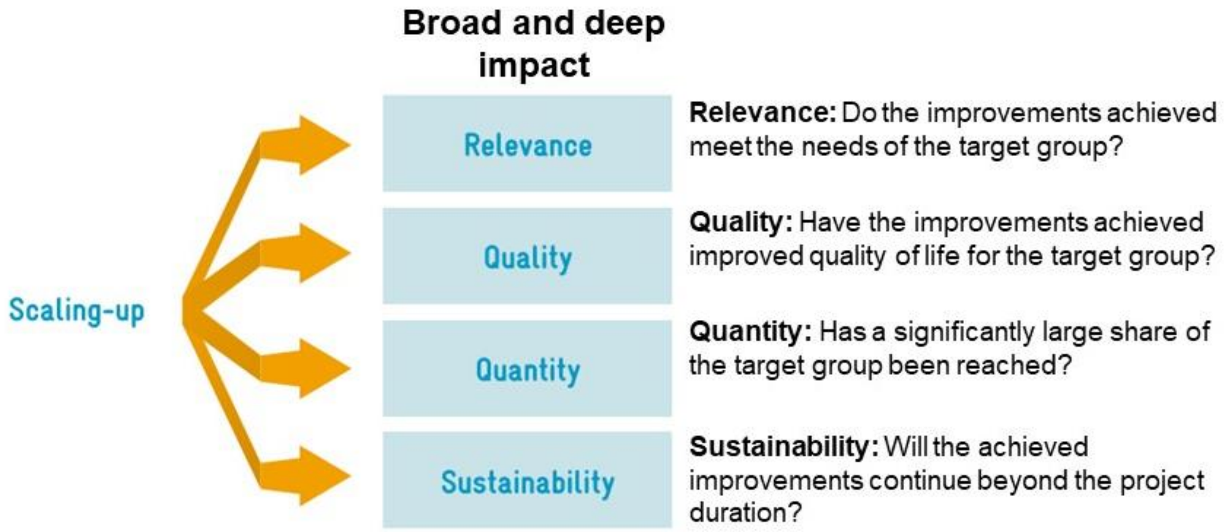

Figure 1: Scaling-up and impact. Adapted from GIZ (2016), Guidelines on scaling-up for programme managers and planning officers.

Two conceptual frameworks for scale, sustainability and systemic change

A lot of projects invest time and money in setting-up successful pilots which never get momentum nor big outreach. The two following frameworks support e+i and EPS projects to think through scaling-up strategies from the beginning. They also provide criteria that help communicating about scaling-up strategies, including decisions about discontinuation of strategies if criteria are not met. The first framework focuses on transferring approaches, methods or lessons horizontally, vertically or functionally; it often resonates well with projects with a strong public-sector dimension. The second framework emphasizes on reaching scale through systemic change; it is considered particularly helpful for projects with strong private sector engagement.

1. Scaling-up Strategies: Horizontal, Vertical and Functional

The vision to reach impact at scale shall be an integral part of project resp. programme planning. Based on GIZ Guidelines for scaling-up (2016), to achieve broad impact as visualized in Fig. 1, three main scaling-up strategies can be distinguished:

- **Horizontal scaling-up**: Comprehensive, step-by-step replication and expansion of the outreach of an innovative approach (for example geographical expansion, expansion of the target group in terms of population reached).
- **Vertical scaling-up**: Creating the organizational and political framework needed to reach a larger scale (institutionalization, for example through setting standards and introducing laws or policies that can be implemented to disseminate innovative approaches nationwide).
- **Functional scaling-up**: Transfer of successful approaches to another function or even to another context by adaptations.

In many cases horizontal and vertical scaling-up must go hand in hand: expanding programs to cover more people across wider geographic areas requires working with higher level institutions.

Illustration example for the three scaling-up strategies: MOLI Project, Georgia

The SDC funded MOLI project (Market Opportunities for Livelihood Improvement) worked from 2011 to 2018 in the livestock market system in Kakheti region of Georgia. One intervention (among others) aimed at improving productivity and thus income through the introduction of a new business model for small input supply shops. The innovation consisted in selling concentrated feed for pig fattening to smallholder farmers. After the successful pilot intervention with one distributor of concentrated feed and 10 small input supply shops, the following scale-up strategies were implemented:

- **Horizontal scaling-up:** The project team attracted additional small input supply shops to copy the business model and sell concentrated feed to smallholder farmers in other areas of Kakheti region.
- **Vertical scaling-up:** The project team successfully promoted the business model to other nationwide operating big input suppliers to sell concentrated feed to small input supply shops, even in other regions of Georgia. This business model was institutionalized in the sales strategies of the two biggest input suppliers – quite a change given that smallholder farmers were not considered as an interesting target group before. Realizing the big potential, the two companies improved their supply of information material (agricultural advice) for end clients. This allowed small input suppliers to better serve and advise smallholder farmers.
- **Functional scaling-up:** With the good example of concentrated feed for pig fattening, the big input suppliers started offering concentrated feed as well for other animals like milking cattle and poultry.

While the pilot intervention targeted 3'000 smallholder families, through the successful **combination of scaling-up strategies**, within 2-3 years around 27'000 smallholder farmer families in Kakheti region benefitted from an average additional income of 200 USD per year.

2. The ADAPT-ADOPT-EXPAND-RESPOND (AAER) framework

The following conceptual framework from the Market Systems Development (MSD) approach[1] can help projects in thinking through how to foster systemic change that creates impact at scale. This framework – called "AAER[2]" – is explained in Figure 2 as well as through an illustration example below.

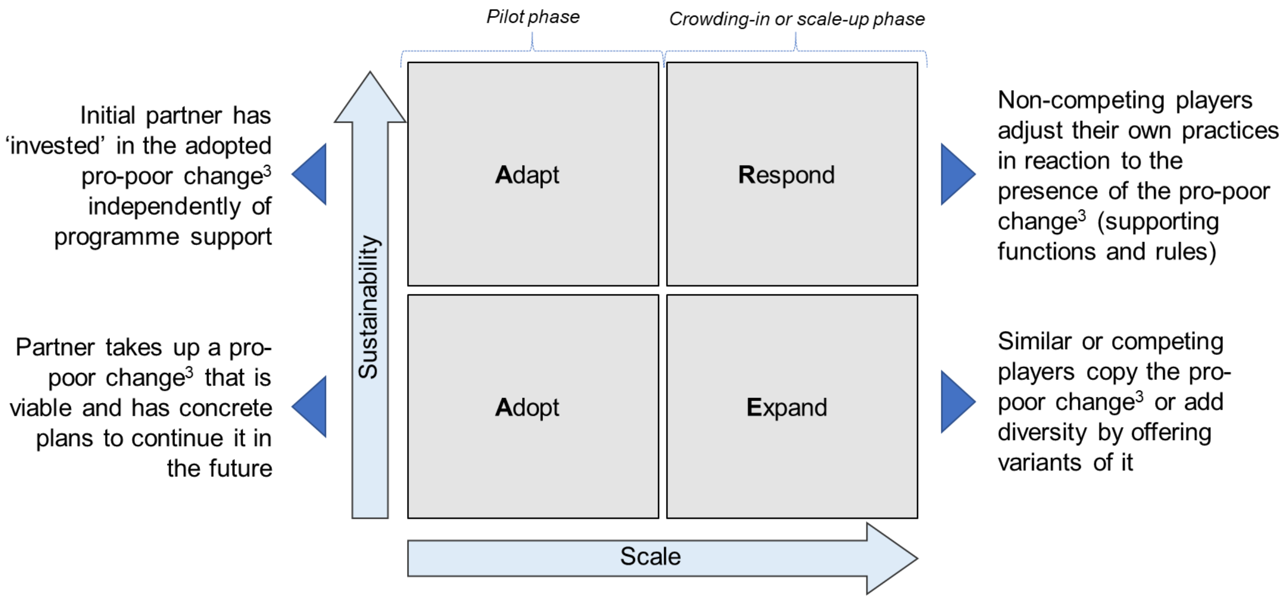

Figure 2: Conceptual framework on systemic change, scale and sustainability. Adapted from The Springfield Centre (2015), The Operational Guide for the Making Markets Work for the Poor (M4P) Approach, 2nd edition funded by SDC & DFID

[1] https://www.shareweb.ch/site/EI/Pages/eiHowTo/Resources-on-the-M4P-Approach.aspx; https://beamexchange.org/guidance/intervention-stages/moving-scale/

[2] Springfield Centre (2014), Briefing Paper: https://beamexchange.org/resources/130/;

[3] Definition of "Pro-poor changes or innovations": these may be products; services; role changes and the uptake of new or changed responsibilities; amendments or additions to business models and how organisations cater to a particular segment; but, are always, in some shape or form, behaviour/practice changes.

The challenge for most projects is to move from pilot stage (ADOPT, ADAPT) to scale-up or crowding-in stage (EXPAND, RESPOND). Successful strategies depend on the context and require local ownership: actors within the systems need to have the *motivation* and *capacity* to take up and spread pro-poor change as well as adjust to it. One general strategic recommendation of the AAER framework is to identify and support "second movers" beyond pilot partners.

Illustration example for the AAER framework: Enhancing Youth Employment (EYE) project, Kosovo
Job matching services (JMS) – such as information on vacancies, recruitment services, training on application procedures, etc. – are important for labour demand (employers) to meet labour supply (job seekers). ***ADOPT:*** The EYE project supported two private JMS providers (online job portals) to develop sustainable business models. ***ADAPT:*** The two JMS providers invested own resources in better services, which were then widely used and paid for. ***EXPAND:*** Seven new market entrants ("second movers") started providing JMS and copying the two market leaders' basic services. In addition, about 190'000 new job seekers started using the services of market partners. About 4'430 new private employers started paying for services. ***RESPOND:*** The national government responded to the changes in the JMS market by drafting secondary legislation to enable the market to further grow. In addition, the government established a formal licencing system for JMS providers.

Different actors' roles in reaching impact@scale

As stated above, SDC aims at changing systems and influencing the behaviour of actors within these systems so that *they* work in a way that creates impact at scale for poor women and men. There are different groups of actors with different roles in view of achieving impact at scale. The role of some of these groups is described below. In the scaling-up strategies of development projects, it is crucial to harness the potential of these different actors and to promote the collaboration between them in a multi-stakeholder approach.

- **Private companies**

Businesses are in a pole position to accelerate impact. If a pro-poor innovation or change can be introduced by a viable business model, private sector actors have an important incentive to strive for scale: the more people they sell to or source from, the better for their business. As opposed to development projects, which are temporary actors, private sector companies have the ambition to stay in business, hence enhancing the likelihood of sustainable impact. Examples of private sector's role in fostering employment and income include private training offers that help young people to develop the required skills in the labour market, or wholesalers that purchase sustainable agricultural products and in this way contribute to increase the income of farmers. Also, private companies are often key drivers for adopting new technologies that are crucial for reaching out to many poor women and men and for improving their lives. The private sector's role in achieving impact at scale is especially powerful when businesses are already involved in the design stage of an intervention ("co-creation").

- **Investors**

Whenever private companies strive for reaching impact at scale, investments are needed. Private investors are increasingly searching for impactful investment opportunities. At the same time, pro-poor innovations and inclusive business models often struggle to attract purely commercial investments. Therefore, combining private with public finance ("blended finance") becomes an important driver to boost pro-poor innovations and attract private investors into financing such type of innovations. The instrument of the Social Impact Incentive (SIINC) as described below is an example how SDC aims at reaching scale by fostering inclusive business models through blended finance.

How to achieve scale through blended finance: SOCIAL IMPACT INCENTIVES (SIINC)

About SIINC: SIINC is a new blended-finance instrument that was co-developed by Roots of Impact and SDC. It provides premium payments to social enterprises to reward them upon achievement of pre-defined social outcomes. In this way, it improves their income statement and makes them more attractive for private investors. Through SIINC, social enterprises are empowered to raise new private investments and to grow sustainably while creating positive social impact.

The social enterprise Inka Moss: One of the social enterprises that SIINC rewards is Inka Moss in Peru, which generates work for very low-income indigenous communities by sustainably harvesting white moss. White moss grows wild in the Andes and has unique properties with high international demand, especially as an efficient natural substrate in horticulture (e.g. for orchids).

SIINC's role: The role and rationale of SIINC is to reward and incentivize Inka Moss to increase its impact on income generation for the Andean communities. The premium payments are made for additional social impact such as number of new harvesters, or number of harvesters who jump up an income bracket. The premium payments shall empower the social enterprise to become more profitable and attractive to investors, who would provide additional capital investments and loans to the company, increasing further its impact.

Results: With SIINC Inka Moss was able to successfully raise investment and greatly increase its outreach. In the six years up to the SIINC transaction, Inka Moss had incorporated 20 communities in its production chain; with SIINC they have doubled that number. Rural communities increased their income by 35%. With further investment and SIINC backing, the enterprise will continue scaling, expanding the number of communities as well as its harvest areas and production capacities.

- **Public institutions**

In many interventions, it is important to work very closely with public institutions to reach scale. With their regulatory power and their capacity to define policies or enact laws that foster – or hinder – the business environment, public institutions have an important role to play in promoting impact at scale. Conducive regulations are crucial as they influence entire countries and sectors. In other cases, the public sector plays even an active role in the scaling-up strategies: e.g. when, upon adoption of a national strategy for Vocational Education and Training that lays the ground for rolling-out apprenticeship training, state-managed vocational schools implement this new approach in close cooperation with companies.

- **Civil society**

Business models are not necessarily pro-poor and government regulations are not automatically conducive for sustainable development. In many cases, civil society actors represent the interest of poor women and men and have an important role in pushing for pro-poor innovations and for their sustainability. Furthermore, civil society groups can be instrumental in spreading pro-poor innovations through – physical or virtual – social networks.

Implications for project management and conclusions

Scaling-up is a learning process and requires a culture which allows for experiments, searches for innovations and learns from failures. Monitoring and results measurement are thus essential for ensuring constant reality checks and adapting pathways to scale. Also, it is of utmost importance to learn from successful strategies and to rely on past experiences. Valuable resources are available in the following platforms in which SDC participates: Donor Committee for dual Vocational Education and Training (DCdVET), Donor Committee for Enterprise Development (DCED) including BEAM Exchange, Convergence Platform on Blended Finance and Aspen Network of Development Entrepreneurs (ANDE).

In conclusion, to embark on the pathway to scale, a clear purpose and strategy, evidence of impact and, of course, resources are required. To make impact at scale the norm, we need to have in place a rigorous monitoring system and to include the assessment of the scaling-up practices in every evaluation. We must also expand the use of innovative approaches, unite in partnerships for knowledge-sharing and joint funding, make scaling-up an explicit part of our early program planning, and ultimately: THINK BIG when it comes to achieving sustainable, systemic change as the foundation for impact at scale and for changing the lives of the poor.

List of recommended documents for further reading

Fowler B., Feld M., Sparkman T. (2016), USAID: Reconsidering the concept of scale in market systems development. Download here.

Keddie, Dr. J, Blewett, J. Van Hummelen, S. (2016) Impact at scale: The challenge of moving from pilot interventions to sustainable and widespread change. Download here.

GIZ (2016), Guidelines on scaling-up for programme managers and planning officers Download here

Focal Point e+i and CEP, April 2019