

SGB EVIDENCE FUND

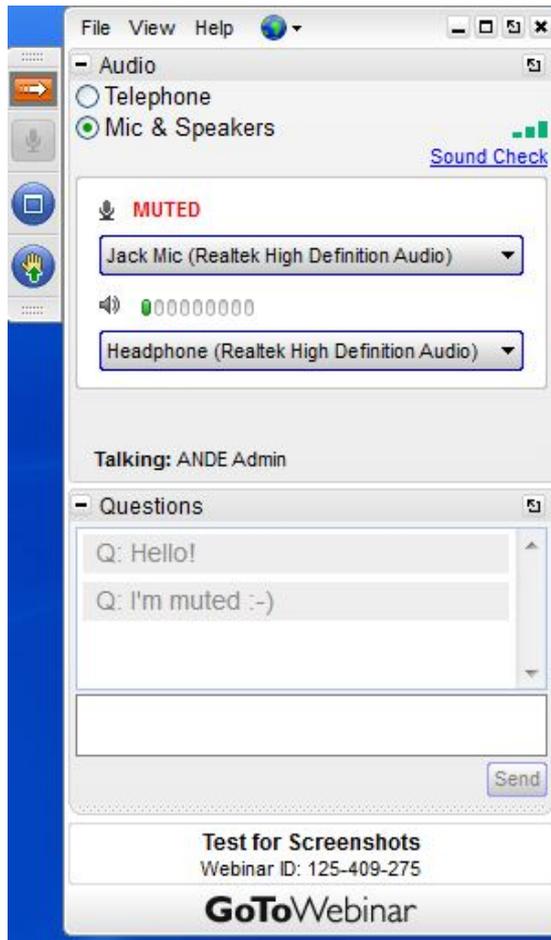
Finding what works in supporting
small and growing businesses



argidius

IGC
International
Growth Centre





Questions for the panelists? Questions on how this webinar platform works?

Please type all questions here so the panelists can answer them during the Q&A. Your question will only be sent to the webinar organizer, who will send it to the panelist.



The Aspen Network of Development Entrepreneurs (ANDE) is a global network of organizations that propel entrepreneurship in emerging markets. ANDE members provide critical financial, educational, and business support services to small and growing businesses (SGBs) based on the conviction that SGBs will create jobs, stimulate long-term economic growth, and produce environmental and social benefits.



The International Growth Centre (IGC) aims to promote sustainable growth in developing countries by providing demand-led policy advice based on frontier research. The IGC directs a global network of world-leading researchers and in-country teams in Africa and South Asia and works closely with partner governments to generate high quality research and policy advice on key growth challenges. Based at LSE and in partnership with the University of Oxford, the IGC is majority funded by the UK Department for International Development (DFID).



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What is the Fund?



The Small and Growing Business (SGB) Evidence Fund will support rigorous research projects that:

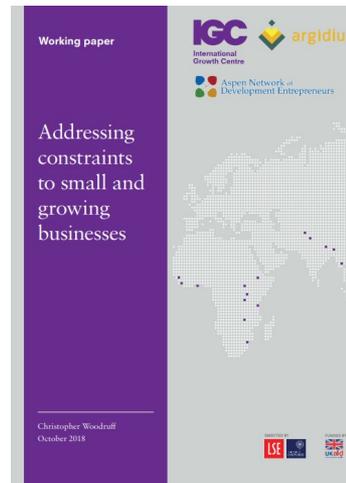
- Involve collaborations between researchers and practitioners
- Help us understand the most effective ways to support SGBs* **or** the economic and social impact of SGB growth
- Focus on Asia, Africa, or Latin America
- Contribute to public bodies of knowledge (rather than just internal organizational knowledge)

**Small and Growing Businesses (SGBs) are defined by ANDE as commercially viable businesses with five to 250 employees that have significant potential, and ambition, for growth. Typically, SGBs seek growth capital from \$20,000 to \$2 million.*

Why did we create the fund?

This builds directly on a [literature review](#) conducted by the IGC and ANDE which identified significant gaps in evidence on SGB support and impact.

We believe that filling these gaps and building a rigorous evidence base is critical to making the SGB support sector more effective in helping SGBs grow and create impact.



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Business

Six Ways to Support Small and Growing Businesses in Emerging Markets

Entrepreneur support programs are popular among donors, but many fail to incorporate rigorous research on the most effective ways to help businesses grow. Insights from current academic literature can help improve program design.

What are the initial focus areas for the fund?



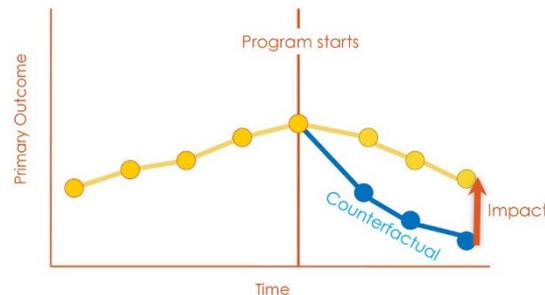
To fill these research gap, we welcome proposals on **any topic related to growth and impact of SGBs** in Africa, Asia and Latin America, though are particularly interested in:

- The effectiveness of different accelerator models, building on the broad analyses of the [Global Accelerator Learning Initiative](#)
- The effect of peer learning, mentoring, and other information sharing mechanisms
- The effect of new models of finance on SGB growth for [different segments of SGBs](#)
- The role of management training in improving productivity and SGB growth
- The economic and social impact of SGB growth, including job creation, poverty alleviation, and social benefits from access to beneficial products or services

What sorts of projects are eligible?



- Joint proposals from a practitioner organization and an external researcher that tests an existing program or approach
- Use rigorous methods to address a research question, generally involving testing some sort of comparison of outcomes, and particularly a *counterfactual* assessment of impact (i.e. account for what *would* have happened anyway)



Source: JPAL, Why Randomize? Available at <https://slideplayer.com/slide/14912549/>

- Result in a publication (probably in an academic journal or similar outlet, with ANDE and IGC summarizing results for practitioners and policymakers)
- Up to £100,000 GBP (though smaller budget projects will be considered favorably)

What might these projects look like?



Researchers worked with Start-Up Chile to **test the effect of adding an additional entrepreneurial schooling component to their co-working space.** The researchers were able to use application scores to show convincingly that the additional component adds value to the program by **comparing those whose scores are just above the application score cut-off with those whose score are just below.**

Researchers worked with the African Management Initiative to **test the impact of a light touch management program on small firms.** They randomly selected the companies to support out of their applicants for the training, allowing them to compare results between those who received training and those who did not to assess the value of this relatively cheap training approach compared to more expensive high-touch training.

Compartamos Banco in Mexico worked with researchers to understand **how demand for their loan product changed depending on the interest rate.** They randomized their interest rate offered across different regions, and then used the administrative data on borrowers to determine the impact.

Why should practitioners get involved?



The fund offers an opportunity to answer important strategic and communications questions in a credible way, while helping to build evidence for the sector.

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Helped determine whether to keep an addition to the program design (while proving to funders the impact)

Helps AMI decide the value of higher vs. lower touch programs, and encourage local businesses of the value



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Helps Compartamos price their products to maximize impact

What are the types of projects/questions that don't fit?



- **What is the market size for fintech start ups in Rwanda?**
 - Does not directly address a question about supporting SGBs or impact of SGBs
- **How much aggregate investment have the entrepreneurs in my accelerator received?**
 - Does not involve any sort of comparison or counterfactual, or address a question about how best to support the entrepreneurs
- **What do my entrepreneurs say they gain from connections to mentors?**
 - Does not involve any sort of measurement of outcomes for comparisons
- **How much would entrepreneurs be willing to pay to participate in my program (for an internal strategy assessment)?**
 - Does not produce knowledge for the sector

How can we make these questions into a better fit?



What is the market size for fintech start ups in Rwanda?



Can market linkage support programs help fintech SGBs scale in Rwanda?

How much aggregate investment have the entrepreneurs in my accelerator received?



Does equity or quasi-equity lead to faster revenue growth for the entrepreneurs in my accelerator?

What do my entrepreneurs say they gain from connections to mentors?



Do international and local mentors lead to different outcomes for my entrepreneurs?

How much would entrepreneurs be willing to pay to participate in my program (for an internal strategy assessment)?



How do different pricing models affect entrepreneur applications to my program (for a public paper)?

Why are we using research-practitioner partnerships?



The fund will support **research partnerships** that answers **practical and actionable questions** for the sector.

Researchers will ensure:

- Rigor in research design
- Creativity in using methods (including experimental approaches) to understand what causes impact

Practitioners will ensure:

- Applicability of research questions to their work
- Ability to use actual programs to tweak, test, and measure different approaches to SGB support

Partnerships combine rigor with usefulness

How does matchmaking work?



While proposals can come from any partnership focused on SGBs in Africa, Latin America, and Asia, ANDE and IGC will be running a **hands-on matchmaking process** to help develop strong concepts.

The first matchmaking workshop will be held over two days in July in Nairobi, Kenya.

Organizations interested in attending this workshop must indicate their interest on the form on the Fund website (and will be sent out after this call)

While workshop attendance does not guarantee funding, we anticipate that this workshop be extremely useful in helping organizations develop strong proposals.



What is the process and timeline going forward?



How will this fund be supported?



- Our seed funding to set up the structure and cover some initial projects is generously provided by the Argidius Foundation.
- This is structured to be a vehicle for funders to support any sort of rigorous research for the SGB sector through new research verticals; for example, the fund could use the same matchmaking and funding process to support:
 - ✓ Research on the most effective ways to support women entrepreneurs
 - ✓ Research on how SGBs can most effectively impact different Sustainable Development Goals
 - ✓ Research on financing models for youth entrepreneurs



How can you stay looped in?



- Check out the materials on the SGB Evidence Fund website: <https://www.theigc.org/sgb-evidence-fund/>
- Fill out this interest form which will be sent after this webinar and is on the website: <https://www.surveymonkey.com/r/BGWJ5Q9>
- Email Matthew Guttentag matthew.guttentag@aspeninstitute.org or Sarah Logan S.Logan1@lse.ac.uk

QUESTIONS?