# LP4Y SCALABILITY REPORT

How can LP4Y scale its impact on youth inclusion ?

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# Executive Summary

Life Project 4 Youth's goal is to enable extremely marginalised youth (street youth, differently abled youth, ex-inmates, out-of school youth, young mothers…) to achieve professional and social integration. To this aim, LP4Y designed a special pedagogy based on experiential learning and entrepreneurship. Throughout a program (the Professional Training for Entrepreneurs) that lasts 18 months on average - including a final six month internship experience - the youth build entrepreneurial and job skills, through professional trainings (English, IT, communication…) and the creation and development of a micro-economic initiative. They are also coached to further their personal and interpersonal skills and to build their Life Project Plan.

LP4Y's pedagogy is innovative and so is its vision. Since its inception, LP4Y has focused its efforts on building a replicable model, conscious that, on its own, the impact it can reach is bound to be very limited in comparison to the magnitude of the problem of youth inclusion. Throughout seven years of development in 4 countries and 1000 supported youth in 17 centers, LP4Y has iterated on and enriched its model. When the model could be considered as ready and tested in multiple contexts, LP4Y decided to evaluate its results and its potential for scalability. Two M1 HEC Paris students, the authors of this report, were hired to carry out this evaluation. They conducted a 2-month mission in September and October 2016, from New Delhi, where they visited and lived in 2 LPCs, and exchanged with the Youth, the volunteers and the founders of LP4Y.

After a quick presentation of LP4Y's innovative pedagogy in part I, this report focuses on the evaluation of the first seven years of development. Key takeaways from part II are :

  ➢ Past choices of development of LP4Y are consistent with and show the strong commitment to the original vision : aiming at replicability ;
  ➢ Throughout its development, and as it has been confronted with new challenges, LP4Y has significantly enriched and complemented its model while keeping it simple and consistent ;
  ➢ The first observable results are positive even though a proper benchmark with alternatives still remains to be done ;
  ➢ Innovative aspects of LP4Y management and human resources enable it to maintain a strong cost-effectiveness and generate revenue even though its model, as it is today, is still dependent on external funding.

Part III applies to the LP4Y model a framework, the Scalability Assessment Tool (SAT), based on the analysis of the key characteristics of the successes and failures of NGOs that attempted to scale up their operations. Results of the SAT are :

  ➢ The LP4Y model has strong assets for scalability : observable results, a credible network of partners, a solution in line with most analysis and previsions to a problem that has become high on political agendas and is strongly felt by its target population, a well-defined, lean model which requires little inputs and supervision, and a cost-effective solution ;

➢ Yet, structural aspects of the LP4Y model would become important challenges when scaling up : i) its dependence on external funding as well as ii) the importance of the quality of the staff coupled with the strong turnover that entail significant necessary time and resources in selection and training of staff, experience transfer etc.

Part IV applies to LP4Y three scaling mechanisms that have proven successful for other NGOs, analyses the resources they would require, the results they could yield and the risks associated, and how they could be articulated into a consistent scaling strategy. Conclusions drawn from this analysis are :

➢ Organic growth requires resources too important to enable scaling operations, but remains an adapted growth strategy in especially challenging situations ;

➢ Tight affiliation (with contracts partly similar to franchise) with partner NGOs replicating the model with support from LP4Y could enable to scale operations, while maintaining what has been key to success so far ;

➢ Dissemination through advocacy, open-source initiatives, training of other actors, content edition etc could yield strong results with very little resources ;

➢ Organic growth, tight affiliation and dissemination can complement each other and be effectively articulated.

Part V consists of quantified examples that illustrate the strategies developed in Part IV and the differences in the resources they require. Results are the following :

➢ To achieve the same result (opening 3 zones of 15 LPCs in 5 years), the combined strategy designed in part IV is much more efficient than organic growth. It requires 2.4 less financial resources for the first five years and, from year 6, 3.7 less yearly financial resources and 4.2 yearly human resources to keep the LPCs running.

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# Part I : General presentation of LP4Y

## 1) Missions of LP4Y

Since its inception, LP4Y has remained 100% focused on the issue of youth inclusion, and has organized its action in three missions :

- Field-action : opening new centers, reaching more youth, enriching and replicating its program ;

- Advocacy : demonstrating that excluded youth can become assets for their communities, calling for their inclusion back into society ;

- Training : training other actors (NGOs, universities etc.) and helping them share best practices and transfer experience to enable them to better serve the youth.

## 2) Target population and addressed issue

There are 1.2 billion youth between 15 and 24 years old in the world today. 550 million, almost half of them, suffer from malnutrition, diseases, and violences. In 2025, 1 billion youth will live below the World Bank extreme poverty line (1,90 US$ / day).

The vast majority of these excluded youth live in urban areas of developing countries - on the streets or in the slums located on the peripheries of the cities. Abandoned to their own destiny, most of them survive through begging, stealing, prostitution or work in conditions where they are at risk of exploitation and abuse. They are also prone to risky behavior (addictions) and vulnerable to many forms of exploitation, trafficking, and sexual or physical aggressions. Lacking education and basic skills to obtain gainful employment, these youth have little to no opportunities to break out the poverty circle.

Life Project 4 Youth is targeting precisely these extremely excluded youth, whose demographic details are the following:

| Age | 15 to 24 years old |
|---|---|
| Gender | Men & Women |
| Family situation | Unsupportive or absent family, street youth, Young mothers |
| Educational background | Illiterate or low educational background |

| Health issues | Handicap, disease |
|---|---|
| Administration situation | Migrants, without ID |
| Professional situation | No qualifications, without regular employment |
| Financial situation | Below the extreme poverty threshold of 1,90 US$ / day |

Overwhelmed by the issues of child education and protection, NGOs struggle to meet the needs of this growing population of youth. As for the governments of developing countries, they often focus their efforts on those considered as more promising (with higher education). Skilling programs exist, but they are often ill-adapted to excluded youth :

- Most of the existing programs are not affordable to very low-income youth or are not designed for youth who have no education or a very low level of education (most of the programs are focusing on completion of postsecondary education) ;
- There are many vocational programs which train young adults in a specific sector, but there is a lack of programs that accompany the youth to find their own vocation (or Life Project) and impart them with professional skills (digital and computer skills for example) and life skills that are required to integrate permanently into the professional world (professional behavior, team-work, communication skills, problem-solving skills, leadership, financial education…) and adapt to tomorrow's job market ;
- Accompanying youth facing extreme exclusion and ensuring their lasting integration into the professional world requires longer and more comprehensive training than the average 6 months programs prevailing today. They need to be coached and mentored individually and in smaller teams of Young adults to increase their chances of successful professional integration.

LP4Y's goal is to address these shortcomings with a pedagogy 100% dedicated to the professional and social inclusion of extremely marginalized youth.

## 3) LP4Y's solution and pedagogy

Life Project 4 Youth's pedagogy of professional and social inclusion of youth facing exclusion is based on experiential learning and entrepreneurship. This pedagogy, has proven to be successful in the different countries where it has been developed since 2009 : to date, 340 youth are successfully integrated into the professional world in the Philippines, Vietnam, Indonesia and India.

The LP4Y youth follow the Professional Training for Entrepreneurs (PTE) in a dedicated place : the Life Project Centers (LPCs), pillar of LP4Y field action. Located close to poor areas, a LPC hosts 1 to 3 programs of 15 youth each. The youth commit as team members to join a program : they attend the LPC

5 days a week during 12 months on average, before a 6-month first job experience outside of the LPC during which they are still accompanied by their coach. The PTE is structured around 3 pillars:

- **WORK** (2 and a half days per week): creation, development and management of a micro economic activity (ex: healthy snacks, jewelry, solar lanterns renting, bakery, furniture, organic culture, restaurant…). Through the micro-business activity, the youth learn how to manage a business from its conception, administration and finance, to marketing and sales of the products. The micro-economic initiative is entirely managed by the youth : each of them has a responsibility in the business activity (packaging, inventory, sales, purchases…). This positive experience of managing a business activity enables them to acquaint themselves with the professional world and to gain self-confidence.
- **LEARN** (1 and a half days per week): English, IT, general knowledge, professional communication skills, and government alternative learning system (open school, night school, ie.).
- **GUIDE** (1 day per week): soft skills, financial education, coaching to further their personal skills and build their Life Project Plan.

Once they graduate from the PTE the LP4Y Young Adults are able to fulfill their Life Project Plan: joining a company, creating their own small business, or embarking on further studies. Then, be able to rebound if they lost their job by finding the next one.

*Figure 1 - The Professional Training for Entrepreneurs*
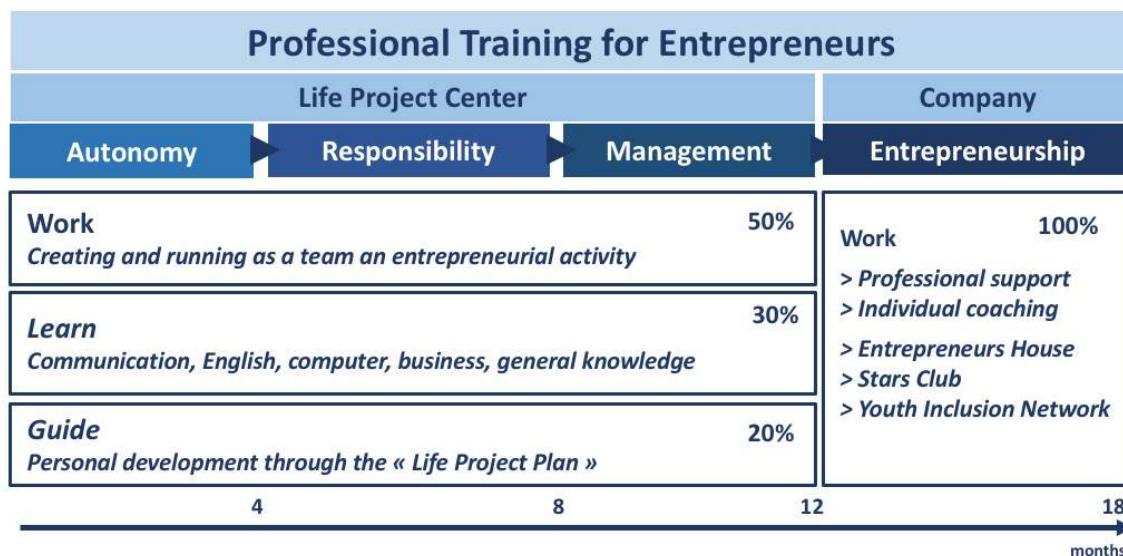


## 4) Innovative aspects of the model

**The Life Project Money**

One of the most innovative aspect of the program is "the Life Project Money". From the moment they join the PTE, the youth receive this weekly allowance (which is above the poverty threshold). This allowance is extremely crucial to enable very low income youth to follow the training on a full-time basis

as it covers their daily basic needs. It is above all a significant step in their journey to self-respect and financial independence, as they learn how to save every week for the first steps of their social and professional integration. In order not to create a dependency towards the program and to encourage them to look for a job, their allowance is inferior to the minimum wages. Once they are integrated, they receive decent regular wages which has a direct positive impact on their family and their personal living conditions.

**The youth are the entrepreneurs of their lives.**

LP4Y's approach that is guiding the program is the empowerment of the youth. Throughout their journey in the Life Project Centers, which is made up of 3 steps of 4 months each on average (Autonomy step, Responsibility step and Management), the LP4Y youth take progressively responsibilities and learn how to manage their own team. Once they reach the "Entrepreneurship Step", which is the last step of the PTE and their first professional experience outside the center, the youth are equipped with all the professional and life skills required to secure employment on their own and succeed on the job.

**The micro-economic activity: pedagogical tool & financial sustainability**

LP4Y's main tool for experiential learning is the micro-business activity that the youth develop in teams of 15. Through the creation and the management of this activity, they acquire practical business experience (in purchase, inventory, marketing, retailing, team management…), which is a real asset for their professional integration. In addition, the incomes generated by the micro-economic activities brings the LPC closer to financial sustainability.

**Building the youth integration ecosystem**

In order to navigate successfully into adulthood, the youth need a network of people (relatives, friends, trainers…) who accompany them in their personal and professional development. This integration ecosystems is often what they have been deprived of. To enable these youth to get out of extreme poverty, the program seeks to build this ecosystem with the youth. The key elements for an integration ecosystems are: an individual and team coaching, the involvement of the local communities and the families, and the creation of a network of public and private partners committed to assist in their integration (organisation of company visits, professional trainings, testimonies, job placements…).

## 5) LP4Y's theory of change

The following theory of change describes how the LP4Y method achieves the socio-professional integration of excluded youth.

*Figure 2 - Theory of change for one LPC*

| Resources | Activities | Output | Outcome |
| --- | --- | --- | --- |
| Infrastructure : one building to host the trainings and the MEI | Work : creation and development of a micro-activity, coached | The youth discover trust, respect, responsibility, teamwork. They | 15 youth are able to find and keep a decent a job, to launch their own entrepreneurial |

| | | | |
|---|---|---|---|
| Human resources : 1 coach-volunteer, backed by the LP4Y support team | by the volunteer | recover self esteem. They elaborate their life project. | project or to embark on further studies |
| | Learn : trainings to develop business skills, computer skills, English, and general knowledge | The youth experience a real professional job | The youth and their family's living standards significantly improve |
| Basic equipment : 4 computers, printer, tables, board | | The youth acquire basic hard and soft skills, and the experience of running a business. | |
| Equipment for the micro-economic activity | Guidance : personal development sessions, savings management, building of a life project (professional and extraprofessional) | The youth learn how to manage savings and are able to improve their family's living standards | The youth does not become a liability for the community (gang, criminality, prison) |
| LP4Y pedagogical support and methodology | Soft skills training | | The youth are more likely to start a home and a family, with well treated and schooled children. |

Out of this innovative pedagogy LP4Y has strived to build a model. Part II focuses on how LP4Y iterated and refined this model, and what results it has reached.

> *"Give a Man a Fish, and You Feed Him for a Day. Teach a Man To Fish, and You Feed Him for a Lifetime." Chinese proverb.*
> *"Experience the Youth how to create their own tools to fish and they will become actors of development" LP4Y*

# Part II : Analysis of the pilot phase

## 1) Building a scalable model : six years of iteration and validation

### a) Development map, key dates and figures

The "pilot" on which the following analysis will focus is constituted of what has been achieved by LP4Y on the field up to date, after more than 6 years of development. It includes a mature Southeast Asian zone (Philippines, Vietnam and Indonesia), and a newly opened South-Asian zone (India) in phase of consolidation.

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*Figure 3 - Key development dates*

- 2010 : creation of the **first LPC in the Philippines** (Manila)
- 2013 : While LP4Y Philippines only operates 5 LPCs, creation of **LP4Y Vietnam** and **LP4Y Indonesia**.
- 2014 : Opening of the South-Asian zone with the creation of **LP4Y in India** as a branch of a local NGO.

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*Figure 4 - Key development figures (source : LP4Y)*

|  | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** |
|---|---|---|---|---|---|---|---|
| Countries | 1 | 1 | 1 | 3 | 3 | 4 | 4 |
| LPCs | 4 | 5 | 5 | 10 | 11 | 13 | 17 |
| Programs | 4 | 5 | 7 | 15 | 18 | 18 | 31 |
| Supported Youth *(since creation)* | 48 | 87 | 120 | 279 | 476 | 652 | 996 |

*Figure 5 - LPCs & programs in 2016*



**b) A pilot project designed for scalability**

The adopted development strategy demonstrates LP4Y's strong commitment to its original goal : developing a unique, replicable solution, able to tackle all forms of youth exclusion.

● **Tackle all forms of exclusion**
From its inception, LP4Y has chosen to deal with very varied forms of exclusion rather than to develop an expertise on a specific issue. The very first centers were purposely opened in different cities and for youth from different backgrounds (involved in gangs, living in slums, differently abled, in jail, without a family, very young mothers). LP4Y began with 4 centers as of year 1 (2010) and quickly opened a center for deaf (2011) and two centers in jails (2013). Crucially, LP4Y used the exact same methods, pedagogy and tools in all programs. As a result, LP4Y built a unique model, made to be relevant for all forms of exclusion - and thus replicable.

- **Be a 'pure player'**
  Contrary to many NGOs that tend to develop a comprehensive approach to the issues of their local beneficiaries, LP4Y has chosen to remain a "pure-player". It focuses exclusively on its core mission - inclusion - and relies on partnerships with other actors for issues like housing or health. It is a challenging choice, but keeping the model as simple as possible is an asset for its replicability.

- **Test the model in various contexts**
  Rather than to consolidate its presence in the Philippines, LP4Y chose to export its model when still at a very early stage of development. When it launched in Vietnam and Indonesia in 2013, the project was 3 years old and there were only 5 centers in the Philippines. As of 2015, LP4Y opened 4 centers in India. The reason for this extensive strategy was to test the model in radically different cultural areas and to establish proof of its global relevance.

- **Develop as a bottom-up, federal network**
  LP4Y has developed as a network: it is not one legal entity but a federation made of various entities (as of 2016: Philippines, Paris, Lille, Belgium, Luxembourg, USA, Vietnam, Indonesia, India... - see Annex B) and a federal body, the Alliance. The choice of local autonomy and initiative over global control incites a stronger involvement of all units and crucially enables new members to join and make the network grow rapidly. For example, in India, LP4Y legally is the newly developed youth Division of a 25-year old local NGO (Tomorrow's Foundation).

These choices illustrate how LP4Y has been designed and developed for scalability. The first seven years of its development can be regarded as a pilot project whose purposes were to iterate on the original vision to build a strong model.

## c) Initiatives and improvement of the model

Throughout LP4Y's development, the LPC model had to adapt to the new challenges it faced, until reaching its final form. This was facilitated by the flexibility of a federal and collaborative structure constituted of autonomous entities, and the promotion of entrepreneurship as a core value of the project, not only for the youth but also for all the volunteers.

Here are some key evolutions of the model that demonstrate LP4Y's ability to innovate in a very pragmatic way.

| Issues / observation | Initiatives |
|---|---|
| A non-permanent volunteer team is a key element of the LP4Y project, but there is a potential loss of experience when a volunteer leaves. | **Creation a cloud-based collaborative information system**, used by all volunteers. All aspects of the LPC are exhaustively documented: individual follow-up of all youth that ever came to the center, management & processes of the MEI, local sponsors. Dozens of trainings & class material have been uploaded by generations of |

|  | volunteers. |
|---|---|
| There is a will to make more people benefit from LP4Y's pedagogy but also a need to keep optimal economical efficiency. | **Doubling of the capacity of the centers so that they can run 2 programs (2012).** Today, out of 16 LPCs, 16 centers host 2 or 3 programs. |
| When a youth reaches Entrepreneur step, or after finishing the program, three issues arise :<br>- The follow-up of his/her starting professional life ;<br>- The support he/she may need to develop a project or to find a job ;<br>- His/her involvement into the LP4Y community. | - **Creation of the Stars Clubs (2012)** The "Stars Clubs" are alumni networks of youth who have graduated from the PTE. As role models, they give back to the community by giving testimonies/mentoring to the youth on training. It has 150 members in Iligan, Cebu, Manila and Ho-Chi-Minh City ;<br>- **Creation of the Entrepreneurs House (2014)** This building is dedicated to the Young Adults that are starting their professional life. A place to meet, share experiences and support each others. The EH of Manille is a pilot that is to be replicated in the other cities ;<br>- **Launch of the first Entrepreneurs' Day (2012)** This yearly foundation day celebration gathers all current and former LP4Y students, in each city where LPCs are established. |
| The coaches lack of resources to both develop the micro-economic initiatives and carry out their pedagogical mission (guidances, trainings). | **Creation of a MEI support team** in charge of helping the coaches develop the Micro-Economic Initiatives. |
| The action of LP4Y is not the only way to fight youth exclusion at a large scale, which poses the challenge of involving other actors in order to advocate, design solutions and implement collective actions. | - **Creation of the youth 4 Change Network (2011)** This international action tank of NGOs in favor of the social & professional integration of vulnerable and excluded youth involves 20 NGOs in 2016.<br>- **Sports & Talents 2 Gether (2014)** Sport days to gather Youth from other NGOs together and involved Local Government Units.<br>- **Launch of the youth Inclusion Network (2016)** The YIN is a network of companies committed to take concrete actions for the inclusion of youth coming from exclusion. |
| As the number of volunteers and programs grows, coach training (one of LP4Y's core missions) is becoming a crucial issue. | - **Creation of a coach training program** consisting of a 2-week integration seminar (Welcome Week), biannual seminars (Asia seminar & country |

| | seminar), and a yearly Green Week (a week for the coach to visit another center and share best practices). |
|---|---|
| | - **Launching of the Green Village in Manila** (2013), and of the Sangam Vihar training center (2015) in Delhi to host seminars and trainings for the staff of LP4Y and partner NGOs. |
| | - **Seminar "Regard sur l'exclusion" in France (2016)**, as an experiment to develop training missions in Northern countries. |
| | - **Seminars on Youth Inclusion by entrepreneurship (2016)** have been conducted in Hanoi - Vietnam, Kolkata - India |

LP4Y has thus been able to learn and benefit from more than seven years of experience, without altering the flexibility of its unique model.

LP4Y's track record spreads over a significant period, and the model has been developed coherently, improving itself without drifting from the initial choices: it seems now possible to assess the relevance of the model by looking at the results yielded.

## 2) The pilot's observable results

**a) Inclusion of the Youth**

LP4Y has developed a series of tools to monitor and measure the programs' results in a quantitative and qualitative way :

- the Itinerary Tool is used by the coach to follow the youth's progress in the program ;
- the Central youth Database consolidates the data about all the youth that have benefited from LP4Y's programs since 2009 ;
- the Pcube is the self-assessment tool of the LPC to measure the results regarding organisation and management, coaching and pedagogy, activity and partnership development ;
- social impact assessments are outsourced to independent organizations ;
- interviews between the youth and his coach (youth self-assessment) are organized on a weekly basis, as well as regular interviews with their supervisor during their first six month of professional experience.

These tools enable to carry out a first reliable assessment of LP4Y impact.

**Integration figures**

Dedicated to excluded youth with no professional perspectives, the LP4Y program aims at giving them the means to achieve social and professional inclusion: basic English, business, communication and computer skills, self-esteem, professional experience etc. To measure the effectiveness of the LP4Y model, the main question to answer is : what happens to the LP4Y youth once they have left the LPC ?

Below is the way LP4Y communicates about its results. Each year are accounted:

1. The number of youth currently attending an LPC ;
2. The number of youth in "Entrepreneur step", the final part of the LP4Y program. These youth have graduated all the former steps of the LP4Y program: they are having a first job experience, generally a 3 to 6 month internship. They are out of the LPC, but are still regularly trained and supported by their coach ;
3. The number of "integrated" youth : even if they have not necessarily graduated the whole program, these youth have definitively left their LPC, have found a stable and decent job, are able to find another one in case they lose it, and live above the poverty threshold ;
4. The number of "No news" youth : this category includes the youth that have left their LPC and whose current occupation and location are unknown.

*Figure 6 - Integration figures 2014-2016 (source : LP4Y)*

|  | **2014r** | **2015r** | **2016e** |
|---|---|---|---|
| Youth in LPCs | 183 | 315 | 398 |
| Youth in Entrepreneur Step | 88 | 140 | 188 |
| Integrated Youth | 163 | 197 | 348 |
| *Incl. Star Club members* | *100* | *147* | *220* |
| "No News" | 42 | nc | 62 |

In 2016, LP4Y will definitely achieve the integration (as defined above) of 348 youth. 188 youth will be in "Entrepreneur Step", which means that they would have already significantly developed their soft skills, and have first on-job training, a one-year experience of running a business in an LPC, plus basic English and computer skills.

The raise of the living standards is a tangible indicator of integration : the first assessments conducted by LP4Y in 2012 measured that the daily wage of an integrated ex-LP4Y student raises by 5$ in average (from 1,6$ expected gain before insertion up to 6,6$ after insertion), to stand substantially above the World Bank poverty threshold of 1,90$.

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*Figure 7 : The success of the Hear Us! program*

In 2012, LP4Y inaugurated a program dedicated to deaf-mute youth in Iligan, Philippines. The LP4Y team that launched the program encountered very poor support on the field, as deaf mute people were considered unable to have a normal life and were deemed to live their whole life on the margins of society, reclused in care centers.

The ethnic jewelry creation activity of the center gets the youth of the program to experiment design, marketing, sales, production, logistics

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and management.

In 2014, less than 2 years after the opening of the program, more than 20 youth had completed the program and found a stable job with a decent salary : they are now waiters, cleaner, carpentry apprentice, assistant accountant, HR assistant… The LP4Y team on the field is now considering recruiting non-disabled youth because they couldn't find enough deaf-mute recruits to fill up the program!

**Ecosystems of integration**

Another way to make tangible the ability of the LP4Y action to insert disadvantaged youth is to look at the local *ecosystems of integration* that were built by the LP4Y team on the field, outside the LPCs.

*Figure 8 : LP4Y's ecosystems of integration*

The ecosystem of integration, in the LP4Y way of thinking, represents for a youth all the actors that potentially participate in its socio-professional insertion. As the excluded youth's ecosystem of integration is almost nonexistent, at best insignificant (it may be family or friends), LP4Y intends to reconstitute it for them. The people they meet in the LPC (the coaches, the benevolent trainers, the other students) are the first actors of its inclusion. Furthermore, volunteers on the field constantly work to create a network of local partners and potential actors of the youth's development: local firms, local subsidiaries of multinationals, foundations, NGOs, universities, local government units, the suppliers the Youth work with for the LPC's activity, the Stars Club members, etc.

A Pillar of LP4Y's ecosystem, the Youth Inclusion Network is a network of companies committed for the inclusion of youth issued from exclusion. Concrete actions were taken that directly benefited to the LP4Y students : company visits (e.g. at Sodexo's office in the Philippines), internship offers or training sessions. 20 firms attended the launching evening in March 2016 - among which Microsoft, Sodexo, L'Oréal, Total, Capgemini, and Accenture.

What we observe today is that LP4Y has succeeded in setting up diversified partnerships at a local scale, not only for financial and material assistance, but also for substantial support for the youth' professional integration :

- Pedagogical support : trainings, testimonies, job interview simulations ;
- Exposure to professional world : company visits, discovery internships ;
- Job opportunities.

In the Philippines, 6 years were sufficient to build a mature ecosystem of integration with a number of influential actors, among which **Accenture** (business administration trainings), **Capgemini** (business and computer trainings, encoding internship opportunities, job interview simulations), **Honda** (job interview simulations), **Microsoft** (encoding and IT trainings), **Sodexo** (6-month internships, company visits), **Mindanao State University IIT College of Education** (summer school), **University of Cebu** (weekly trainings), **University of Visayas**…

Even in India, where LP4Y recently settled, the model has already got support from a number of companies (Safran, Proparco, Capgemini, Decathlon), company foundations (Fonds Groupe Seb, Fondation d'entreprise Air Liquide, Fondation Véolia), NGOs (Tomorrow Foundation, Hope International, Salaam Baalak Trust)

*Figure 9 : CGI and LP4Y*

The partnership between CGI and LP4Y Philippines has shown that having a job usually granted to people that went to university, and this without a sole diploma, is possible. CGI found that some of the positions within the HRSS department (Human Resources Security Services) could be granted to youth that are not necessarily graduated from university, but that demonstrate basic English and computer skills, a good

sense of communication, and resourcefulness. CGI implemented a recruitment program dedicated to the LP4Y youth that included additional training and mentoring within the company.

Some of the LP4Y youth passed a series of recruitment tests and were integrated to the teams as HRSS administrators. They now deal with the requests of and assist the 40,000 employees of CGI worldwide, by following a specific procedure depending on the employee's profile : age, salary, resignation, benefits, etc.

Today, 8 former LP4Y students work at CGI under permanent contracts, and 1 LP4Y student is doing an extended internship in the company. As for now, the director of the department is fully satisfied with the LP4Y recruits and new positions will be available in December 2016.

The LP4Y project has thus yielded undeniable quantitative and qualitative results, by achieving the socio-professional integration of hundreds of youth and mobilizing a number of various actors into efficient ecosystems of integration.

### b) A competitive cost-structure

LP4Y's model significantly differs from the practices of traditional actors of the sector and thereby holds a competitive advantage in terms of costs. The most striking example is the staff: LP4Y only hires people on a long-term voluntary basis to constitute a highly skilled and committed team. There are no social workers in LP4Y but only volunteers, from various backgrounds (typically top universities graduates with 3 to 10 years' experience in business, administration or NGOs) that dedicate 1 to 3 years to the project. The impact on personnel costs is significant (see below).

LP4Y does not wish to compromise the quality of its intervention, so cost-effectiveness is not an absolute rule. For example, LP4Y purposely allocates important budgets to some items of expenditure (youth allowances, acquisition of professional equipment for the MEIs, Green Village etc). Rather, LP4Y has developed innovative ways to operate effectively with a low overall budget.

The model's cost-structure is based on:

- **Low administrative costs** (i.e. other costs than field action costs : communication & fundraising, Northern LP4Y entities, other administrative costs):
  The choice of a federative model based on autonomous entities has a positive impact on administrative costs: LP4Y has no permanent employed team, nor headquarter. Moreover, all the communication supports are produced in-house (except printing). Thereby, most administrative costs are linked to the creation of the LP4Y entities when opening a new country. Each year, administrative costs represent less than 7% of the overall budget ;
- **Low investments for the opening of new LPCs**
  - No buildings are bought, and much effort is put in finding very low rents (which often means dealing with renovation works) ;
  - the youth are involved as much as possible in the construction and renovation work of the LPC, as part of their training ;
  - The LPC is equipped (computer, equipment for the micro-economic activity) as much as possible through donations and help from local partners. For example, Capgemini is partnering with LP4Y to equip all the LPCs with computers. In 2015, the equipment of the LPCs accounted for no more than 7% of the programs costs.

- **Low operating expenditures**
  - ○ LP4Y recruits volunteers only. They are granted an allowance of 200 to 600 euros per month instead of a salary. In 2016, with 59 volunteers on the field, this is the equivalent of a 2,2M€ donation, on the basis of the average wage and social charges for an equivalent French NGO[1] ;
  - ○ Charges related to the LPCs are low, since the buildings are rented in the poorest areas of metropoles of emerging countries ;

*Figure 10 - LP4Y budget 2014-2016 (source : LP4Y)*

| Year | 2014r | | 2015r | | 2016e | |
|---|---|---|---|---|---|---|
| Donations | 433,886 | 87.46% | 475,837 | 86.95% | 891,843 | 81.15% |
| Micro-Economic Initiatives | 62,215 | 12.54% | 71,430 | 13.05% | 207,230 | 18.85% |
| Total revenues | 496,101 | 100.00% | 547,267 | 100.00% | 1,099,073 | 100.00% |
| Current expenses | 120,134 | 29.08% | 98,730 | 21.60% | 297,908 | 34.02% |
| Extraordinary expenses incl. Green Village project | 67,816 | 16.42% | 28,418 | 6.22% | 105,031 | 11.99% |
| Youth allowances | 131,155 | 31.75% | 186,540 | 40.80% | 253,480 | 28.94% |
| Volunteers costs | 94,014 | 22.76% | 143,500 | 31.39% | 219,337 | 25.05% |
| **Programs cost** | 413,119 | 100.00% | 457,188 | 100.00% | 875,756 | 100.00% |
| France, Belgium, Luxembourg, USA | 9,239 | 30.53% | 26,755 | 39.24% | 27,000 | 28.42% |
| Philippines, Indonesia, Vietnam, India | 21,024 | 69.47% | 41,430 | 60.76% | 68,000 | 71.58% |
| **Administrative costs** | 30,263 | 100.00% | 68,185 | 100.00% | 95,000 | 100.00% |
| Total charges | 443,382 | | 525,373 | | 970,756 | |
| Balance | +52,719 | | +21,894 | | +128,317 | |

- "Current expenses" include the current charges of the LPCs, as well as rental charges, equipment and renovation (not counted as fixed asset). Strong variations are observed when LP4Y opens new LPCs or programs : the 2016 rise corresponds to the opening of new programs in India ;
- MEIs revenues dramatically raise in 2016 due to the Green Village project : the Village is being built by three LP4Y's programs whose MEI is related to eco-construction, and is financed by EDF-EN and the Ministry of Foreign Affairs of Luxembourg. The GV project will also strongly impact the 2017 and 2018 budgets.

Furthermore, LP4Y has a significant capacity of control over the program costs. Most of the items of expenditure can easily be lowered, which makes it possible to balance the budget according to the available funds :

- Current expenditures (22% of programs costs in 2015) can be significantly lowered as all rental agreements can be terminated at any time ;
- The youth's allowances is the main item of expenditure (41%) but can be controlled by not replacing a youth that leaves an LPC ;
- The permanent team costs (31%) can also be reduced in the short-term since the volunteers work under renewable 1-year contracts.

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[1] Source : LP4Y

LP4Y's model is based upon an optimized and resilient cost-structure. Being in pilot phase, it might be biased to make a point-to-point comparison with other actors of the sector (for example, administrative costs of NGOs generally account for more than 20% of overall budget, but the difference is partly explained by the small size of LP4Y). However, LP4Y's clearly innovative and low-cost practices will constitute a strong asset when it comes to scaling the model.

**c) The Micro-Economics Initiatives : towards the financial sustainability of the LPC ?**

All the LP4Y entities are non-profit organizations mainly funded through donations. The model, however, is able to generate revenues from the activity of the Micro-Economic Initiatives (MEIs), the businesses run by the youth. The MEIs cannot be considered as for-profits because their number one priority remains LP4Y's pedagogical mission : make the youth learn through a real professional and entrepreneurial experience. However, an MEI able to generate profit presents strong assets : it gives the youth a more interesting business experience, and makes the LPC closer to sustainability. Consequently, it is an objective LP4Y is willing to reach.

For what we can observe of the current activities, the notion of the MEI's rentability is to be addressed carefully:

- Defining a rentability indicator for the MEI raises a few issues, in particular when determining which are the costs induced by the MEI. For example, how to include the allowances of the youth and the coaches, whose time is not 100% dedicated to the MEI? What are the current charges to be included, as the LPC hosting the program is not entirely dedicated to the activity but also to the trainings, and the living of the volunteers? LP4Y has started to measure the development of the MEIs by defining 3 levels of rentability:
    - sales cover direct costs (purchase, transportation, packaging, etc.)
    - sales cover direct costs, plus 50% of the youth' allowances
    - sales cover direct costs, plus 50% of the youth allowances, plus 25% of the LPC current expenses
- The activities are highly volatile. They are strongly dependent on the youth turnover, as the pace of sales logically slows down when youth that have completed the program are replaced by new students. Moreover the coach turnover (once a year) may also impact the activity : some coaches are more business-oriented than others who prefer to concentrate upon their pedagogical mission. Today, none of the MEI has a steady selling pace.

However, some of the MEI have proven to be sustainable, i.e. reaching at least the 1st level of rentability defined by LP4Y over a certain period, sometimes various months. Positive business dynamics (size of commands, sales growth) have come out from very different sector of activity : solar lanterns rent (3S program), bakery (Bread & Smile program), handicraft (My Craft program), eco-construction (Eco Construction I & II programs).

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*Figure 11 : Bread & Smile : the success of a youth-run bakery business*

Hosted in the LPC Quan Tam of Ho Chi Minh City, the Bread & Smile program opened in October 2013. Bread & Smile runs a bakery business and is dedicated to young girls coming from the District 8, one of the poorest area of Ho Chi Minh City.

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Professional equipment has been set up in the center. Saf Viet, a subsidiary of Lesaffre, the world leader of the yeast industry, regularly organizes bakery training sessions for the youth. Today, Bread & Smiles can thus produce, sell and deliver croissants, chocolate croissants, buns and other various bakery items.

The program receives commands from a wide range of clients : firms (HSBC, Total Gaz), universities (CFVG Business School), shops, expatriates, and local people, that are not only concerned about supporting an NGO, but also entirely satisfied with the professionalism of the service and the quality of the products.

Bread & Smile is constantly above the 1st level of rentability. Depending on the seniority of the youth, and benefiting from a few significant commands in the year, the program regularly meets the 2nd rentability level and occasionally reaches the 3rd level. The coach and the youth are currently working to organize the skill transfer between the student cohorts, and to start targeting restaurants and cafés as potential regular customers.

Given the current disparity of the successful programs, it is too early to determine the profile of businesses that actually yield positive results. However, the experience gathered for 7 years enables to identify general elements necessary to reach long-term sustainability : investment in professional equipment, pedagogical partnerships for the acquisition of technical skills, targeting of regular customers to lower the dependence to one-time or irregular big commands, organization of the skills and knowledge transfer between the students cohorts and between the coaches, etc. Constituted in 2012, a support team dedicated to the development of the MEIs is working on those matters and should be of precious help to strengthen LP4Y's ability to self-finance part of its field action.

Micro Economic Initiatives Study in progress

Within New Generation Consulting (NGC*), a pro-bono non-profit consulting initiative, organized by CEMS Master's in International Management** students and alumni, a group of five top international business-school students, passionate for improving society through supporting Social Enterprises and NGOs, have been conducting, since end of September 2016, a study on LP4Y micro-economic initiatives (MEIs).

The aim of this study was three-fold:

1-Assess the positioning of the existing LP4Y MEIs in markets where we are and will establish (which MEI is successful? What makes it replicable?);

2-Develop recommendations of new MEIs; and

3-Identify potential partner companies for setting up and developing future MEIs.

*NGC Consulting:  www.ngccems.org*

**CEMS: www.cems.org - The Global Alliance in Management Education is an international organization bringing together top management talents from 30 leading business schools from around the world – currently ranked 4th worldwide among Masters in Management in the Financial Times ranking*

# Part III : Scalability assessment

## 1) The Scalability Assessment Tool

In order to conduct an objective and credible scalability assessment of the LP4Y model, this section relies on the Scalability Assessment Tool (SAT) designed by Management Systems International[2], an international development consulting firm, based in Washington D.C., and whose clients include government agencies and NGOs, most notably USAID. The SAT has initially been developed by MSI based on a review of the literature on the diffusion of innovation and scaling up. It has evolved and taken its final form based on field experiences from scaling up initiatives in Mexico, Nigeria, and India.

We will apply this tool to the "LP4Y model", considered as the slimmed down collection of all the inputs and processes used by LP4Y to achieve the youth socio-professional integration: pedagogy, principles, organizational model, etc.

The SAT tool is a table of criteria that enables the recognition of contextual factors affecting the scalability of a model, and the key features that are intrinsic to the model itself. The output of this exercise is not a yes or no answer regarding the scalability of the model, but a rough indication of the scalability of the model and a basis for anticipating the challenges that will be faced. Some of the criteria are to be considered carefully as they might take different meanings depending upon the methods of expansion (that are the subject of the next section).

Annex A further explains the SAT's terms and concepts.

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[2] *Scaling Up : From Vision to Large Scale Change. Tools and Techniques for practitioners*, December 2012

| | | A | <= Scaling up is easier | B | Scaling Up is harder => | C |
|---|---|---|---|---|---|---|
| **A. Is the model Credible?** | 1 | | Based on sound evidence | | Little or no solid evidence | |
| | | | Evidence is based on a 7-year track record, the launch of 31 programs and the successful integration of over 340 youth. | | | |
| | 2 | | Independent external evaluation | | No independent external evaluation | |
| | | | The social impact has been evaluated in the Philippines by the independent NGO Planète d'Entrepreneurs / IM(PROVE) in 2014. The study identified a positive social impact. | | | |
| | 3 | | There is evidence that the model works in diverse social contexts | | There is no evidence that the model works in diverse social contexts | |
| | | | The model has been tested and validated in very different cultural areas, and various social contexts (youth involved in gangs, young mothers, disabled persons). | | | |
| | 4 | | The model is supported by eminent individuals and institutions | | The model is supported by few or no eminent individuals and institutions | |
| | | | LP4Y benefits from the active support of a significant network of partners : companies (Microsoft, Accenture, Veolia), NGOs (Tomorrow's Foundation, Hope International), universities (Kolkata, Cebu, Visayas). | | | |

| | | A | <= Scaling up is easier | B | Scaling Up is harder => | C |
|---|---|---|---|---|---|---|
| **B. How observable are the model's result** | 5 | | The impact is very visible to casual observation; tangible | | The impact is not very visible; not easily communicated to public | |
| | | | Indicators of positive social impact have been identified and are easy to communicate to the public :<br><br>● Personal & professional development : the youth develop communication & soft skills, basic English, computer literacy, professional behavior ;<br><br>● Inclusion : the youth have a job and are part of a community ;<br><br>● Improvement of the living standards: the youth earn a salary superior to the poverty threshold and get a decent lifestyle.<br><br>However, the data remains only partially available, since those indicators were not systematically measured in all the zones where LP4Y has settled LPCs | | | |
| | 6 | | Clearly associated with the intervention | | Not clearly associated with the intervention | |
| | | | Association with the intervention can be clearly proven (e.g. : a partner company hires LP4Y graduates) or more loosely established (e.g. : a youth finds a job on his own). What can undoubtedly be associated to LP4Y is : hard and soft skills, CV, network, support to find job opportunities etc. We can reasonably consider that those elements triggered the successful integration of youth that used to suffer from total exclusion. | | | |
| | 7 | | Evidence and documentation exists with clear emotional appeal? WTF? | | Currently little or no evidence with clear emotional appeal | |
| | | | Studies and communication with emotional appeal do exist: a social impact study (2014), well documented and regularly updated website, newsletters, publications (*Scarred for Life*, 2016 and *Portraits*, 2014), testimonies, videos. Furthermore, the volunteers of the Northern LP4Y entities are actively dedicated to advocacy, which is one of LP4Y's core missions and a major element of taking any intervention to scale. | | | |

| | | A | <= Scaling up is easier | B | Scaling Up is harder => | C |
|---|---|---|---|---|---|---|
| **C. How relevant is the model ?** | 8 | | Addresses an objectively significant, persistent problem | | Addresses a problem which affects few people or has limited impact | |
| | | | The problem is massive and is unlikely to decline in the coming years: in 2014, 500 million youth were unemployed, underemployed, or working insecure jobs. Youth are up to 4 times as likely as adults to be unemployed. Over the next decade, a billion more young people will enter the job market (World Bank 2014) | | | |
| | 9 | | Addresses an issue which is currently high on the policy agenda | | Addresses an issue which is low or invisible on the policy agenda | |
| | | | Public and private sectors share a new awareness of the youth exclusion challenge. The context played a crucial role : the Arab spring, the subsequent youth-led uprisings in Venezuela, Turkey, Brazil, and Hong-Kong ; millions of youth on the move seeking opportunities in cities or refuge from conflict, war, disaster. New targets related to the youth employment added in the United Nations Sustainable Development Goals reflect this recognition : "Unemployment, particularly youth unemployment, is a major concern" (*Transforming Our World : The 2030 Agenda for Sustainable Development*, 2015, United Nations). In 2012, the United Nations created Youth UN, a branch dedicated to youth employment. | | | |
| | 10 | | Addresses a need which is sharply felt by potential beneficiaries | | Addresses a need which is not sharply felt by potential beneficiaries | |
| | | | Exclusion has consequences sharply felt by the youth : unemployment, precarity, absence of perspectives, etc. Indirect beneficiaries (family, community) also suffer from youth exclusion : for the family the youth is an economical burden, and for the community there might be a risk of insecurity and degraded social environment (gangs, drug traffics, delinquency) | | | |

| | A | <= Scaling up is easier | B | Scaling Up is harder => | C |
|---|---|---|---|---|---|
| **11** | | Current solutions for this issue are considered inadequate | | Current solutions are considered adequate | |

There is no  adequate alternative solutions :

- universities and training institutes mainly concentrates on hard skills and vocational trainings, whereas LP4Y believes that soft skills are the greatest weapons against exclusion. They also are usually very expensive, while integrating a LP4Y program is free, and weekly allowances enable the Youth to provide for their basic needs ;
- most of the NGOs acting in the training or education field are focused on children ;
- A few innovative solutions do exist (e.g. Digital Divide Data and Year Up, that are presented in part IV), but are still in pilot phase in a few places. Moreover, Year Up is targeting a different population (Year Up students generally are Americans with basic education). DDD and Year Up remain focused on hard skills training.

| | A | <= Scaling up is easier | B | Scaling Up is harder => | C |
|---|---|---|---|---|---|
| **12** | | Superior effectiveness to current solutions is clearly established | | Little or no objective evidence of superiority to current solutions | |

**D. Does the model have relative advantage over existing practices?**

There is very little available data that would enable to compare the capacity of integration of the LP4Y model with current solutions. Nevertheless, the LP4Y solution has already yielded results (see Part II), and the relevance, if not the superiority, of its differentiation strategy (focus on entrepreneurship and soft skills) is proven by existing literature on the subject (see Annex C):

- around the world, employers often stress the importance of non-cognitive or behavioral skills and the difficulty in finding young workers that possess them (Aring, 2012) ;
- there is a strong correlation of non-cognitive measures in young people with later well-being, including labor market outcomes such as job performance and wages (Klauz *et al.*, 2014) ;
- across all youth employment intervention types (including skills training

intervention), entrepreneurship promotion stands out as having the highest impact in terms of employment and earnings outcomes (Kluve *et al.*, 2016).

| 13 | Superior effectiveness to other innovative models established | Superior effectiveness to other innovative models not established |
|---|---|---|

Once again, there is very little available data that would enable one to compare relevantly LP4Y effectiveness with other innovative solutions for youth inclusion (e.g. Digital Divide Data or Year Up).

| | | A | <= Scaling up is easier | B | Scaling Up is harder => | C |
|---|---|---|---|---|---|---|
| **E. How easy is the model to transfer and adopt?** | 14 | | Implementable within existing systems, infrastructure, and human resources | | Requires new or additional systems, infrastructure, or human resources | |

This of course depends on the potential adopters of the model. Additional necessary resources are likely to be moderate though, as the model requires few and basic inputs. The only infrastructure requirement is a building with an IT room, a training room with basic equipment (tables, board) and a workshop adapted to the micro-economic activity. Additional equipment depends on the activity. The human resources needed are one full-time coach for 15 youth. As no specific profile/skills are required, the coach can be recruited among existing staff if workforce is available. If the organization implements the model at a larger scale, the coaches can be backed by LP4Y's support team, or a new support and coordination team can be set up, depending on the mode of adoption of the model (cf. Part IV).

| 15 | Contains a few components easily added onto existing systems | Is a complete or comprehensive package of multiple components |
|---|---|---|

LP4Y is a 'pure player' and has designed a lean model, focusing exclusively on what is core to the inclusion of youth, with as few components as possible.

| 16 | Small departure from current practices and behaviors of target population | Large departure from current practices and behaviors for target population |
|---|---|---|

Target population are asked to radically change behaviors (punctuality, hard work, team spirit, discipline). Yet, LP4Y's model is designed so as to fairly compensate these changes in order to have low dropout rates, and high levels of commitment from the

beneficiaries :

- the centers are situated in the area the target populations live in ;
- the Youth are recruited based on their motivation, and sign a contract with LP4Y ;
- the Youth get a weekly allowance, conditioned to attendance, so that they can provide to their basic needs while attending the program ;
- the Youth are entitled to "savings" when they complete the program.

| | | | | |
|---|---|---|---|---|
| **17** | Small departure from current practices and culture of adopting organization(s) | | Large departure from current practices and culture of adopting organization(s) | |

The model goes against the existent paradigm, in terms of organizational design (federal organization composed of independent entities), human resources (100% volunteer, no professional social worker), and practices (payment of monetary allowance to the youth). However many of these principles can be regarded as consistent with developing trends in management and aid.

| | | | | |
|---|---|---|---|---|
| **18** | Few decision makers are involved in agreeing to adoption of the model | | Many decision makers are involved in agreeing to adoption | |

Only the decision makers within the organization (board, directors) are involved in agreeing to the adoption of the model, as the opening of a program based on the LP4Y model is not conditioned to the decision of external decision makers (local administration for example).

| | | | | |
|---|---|---|---|---|
| **19** | Demonstrated effectiveness in diverse organizational settings | | Demonstrated effectiveness in only one/pilot organizational setting | |

The only tested development strategy has been the launch of new LPCs and programs LP4Y had full ownership on. The franchise-model has yet to be tested (a pilot franchise is to open in the coming months).

| | | | | |
|---|---|---|---|---|
| **20** | The model is not particularly value or process intensive | | Process and/or values are an important component of the model | |

Values are core to LP4Y's model, from the way beneficiaries are treated (trust, responsibility) to the focus on soft skills development. The role of the coach implies significant multitasking and tacit knowledge. LP4Y's model relies heavily on the organizational culture and will thus be time and resource-intensive to transfer to a non-

permanent team with a high turnover (volunteers commit for no more than 3 years).

| 21 | Low technical sophistication of the components and activities of the model | High technical sophistication of the components and activities of the model | |
|----|---|---|---|

The model is not technically sophisticated. It does not require highly skilled implementers. Training of personnel is simple and effective: reading materials before onboarding, two weeks seminar when joining, completed by on-the-job learning and transfer of experience.

| 22 | Key innovation is a clear and easily replicated technology e.g. vaccine | Focus of the model is not a technology, or one which is not easily replicated | |
|----|---|---|---|

The model does not involve a "hard" technology but soft innovation: a pedagogical vision that focuses on entrepreneurship and behavioral skills. Even though the pedagogical principles are simple and well documented, this of course involves more human commitment than a technological solution (e.g. an educational app).

| 23 | Does not require the building of trust, relationships, permissions, trainings and skills | Requires the building of trust, relationships, permissions, trainings and skills | |
|----|---|---|---|

The LPC's efficiency lies in its integration in the local community : the long-term ambition is to build a mature ecosystem, by establishing pedagogical and professional integration partnerships with firms and universities, finding local suppliers and customers in order to develop the micro-economic activity, creating synergies with local NGOs, etc. Building of trust and relationships is time- and effort-costly. However, we can temper this criterion of the SAT : existing literature on that subject generally puts forward that the success of transformative scale strategies often hinges on the involvement of local communities in the formulation and implementation of the solution (Bradach & Grindle 2014, Beauvy *et al.* 2010).

| 24 | Includes little supervision and monitoring | Includes substantial supervision and monitoring for implementation | |
|----|---|---|---|

The implementers of the LP4Y solution are the coaches, that are carefully recruited and trained. If help is needed, they can constantly refer to well documented handbooks and to the dedicated support teams, so that they can work effectively independently. Thus,

there is no need of heavy monitoring but scarce control (e.g. annual LPC visits) of the correct implementation of the LP4Y principles.

| | | A | <= Scaling up is easier | B | Scaling Up is harder => | C |
|---|---|---|---|---|---|---|
| **F. How testable is the model?** | **25** | | Able to be tested by users on a limited scale | | Unable to be tested without complete adoption at a large-scale | |
| | | | Experience shows that a LP4Y unit can achieve true effectiveness and ability to resist new challenges at a limited scale (typically 2 centers / 4 programs in the same city). Realistic tests can be run without engaging large resources. | | | |

| | | A | <= Scaling up is easier | B | Scaling Up is harder => | C |
|---|---|---|---|---|---|---|
| **G. Is there a sustainable source of funding?** | **26** | | Superior cost-effectiveness to existing or other solutions clearly established | | Little evidence of superiority in terms of cost-effectiveness | |
| | | | The LP4Y model significantly differs from the practices of traditional actors of the sector, and holds a competitive advantage in terms of costs : no headquarters, a 100% volunteer workforce, choice to remain a pure-player by proposing a unique solution focused on youth integration. However, these practices were not initially designed to build a low-cost model, which could have impacted the quality of the intervention. | | | |
| | **27** | | Requires a large commitment of funds at scale | | Requires a small absolute commitment of funds at scale | |
| | | | Scaling the model would require a large commitment of funds given the size of the target population, and the necessary resources (centres, staff etc). However, i) the | | | |

| | | | | |
|---|---|---|---|---|
| | | investment remains relatively limited due to the low-cost aspect of the model (see part II) and ii) identified strategies of expansion enable a multitude of actors to share the total necessary investment (franchise and open-source development - see part IV). | | |
| | **28** | The model itself has its own internal funding (e.g., user fees) or endowment | No internal funding; the model is dependent on external funding source | |
| | | LP4Y is a nonprofit, currently clearly dependant on external funding. However, the model is able to generate revenues through the micro-economic activities, that aim at financing part of the programs' costs. For some of the programs, the revenues cover direct costs and part of the allowance of the Youth (the main item of expenditure of the program). One can reasonably think that the development and improvement of the performance of the micro-economic activities may lead to reduced dependence on donations. | | |

With a score of 15 As (factors that make the model easier to scale), and 5 Cs (factors that make the model harder to scale), it seems the LP4Y model has strong structural advantages for scaling up, though LP4Y would have to overcome important challenges. Below are general recommendations, drawn from the previous analysis, to leverage the model's strengths and offset its weaknesses.

## 2) Conclusion : What we can draw from the SAT

| SAT Categories A&B | Credibility and Observability |
|---|---|
| Positive results | • A 7-year track record establishes positive observable results ;<br>• Qualitative evidence with emotional appeal enables a successful advocacy to a wide audience ;<br>• The strong network of active partners reinforces LP4Y's credibility. |
| Challenges | • Social impact data is only partially available ;<br>• LP4Y remains a small NGO with limited resources. |
| Recommendations | • Improve the follow up of KPIs, as this data will prove crucial at scale ;<br>• Conduct an updated and comprehensive social impact study by an independent organization, especially in countries that have not been audited yet ; |

| | |
|---|---|
| | • Gain support of international funding agencies to add legitimacy to the model. |
| **SAT Categories C&D** | **Relevance of the model and Comparison to alternatives** |
| Positive results | • The model addresses a problem identified as being crucial and pressing by policy makers and beneficiaries ;<br>• The solution is in line with current analysis and previsions on that matter ;<br>• Wherever it is established, the model involves the local community. This increases the capacity of successful scaling up. |
| Challenges | • Superiority of the model over existing solutions and other innovative models is not properly established. |
| Recommendations | • The effectiveness of key intuitions of the model (soft skills importance for employability, 100% volunteer workforce) has to be demonstrated with results and scrupulously confronted with other innovative solutions. Various way of evaluation can be considered : internal testing, qualitative research and analysis, cooperation with organizations of the sector that have different practices, in order to share data and identify the most efficient solutions, etc. For example the organizations of the Youth 4 Change Network could be involved in this work. |
| **SAT Categorie E** | **Ease of transfer and Adoption** |
| Positive results | • Allowance & savings system guarantees a strong adoption by target population as it constitutes a crucial factor of motivation for the Youth ;<br>• No external decision-maker is involved in agreeing to the adoption of the model ;<br>• The model is lean, with a clear theory of change, little necessary inputs, and does not require implementers with specific sets of skills ;<br>• The organizational structure is flat, made of autonomous units that require little supervision and monitoring. |
| Challenges | • Franchise and alternative expansion strategies have yet to be tested<br>• The transfer of experience and of a strong organizational culture to a non-permanent volunteer team implies significant amounts of time and resources. |
| Recommendations | • Work closely with other actors to replicate the model within their organization (franchise). As detailed further in Part IV, this will imply constituting support teams able to assist field-action staff on tasks that can be partially centralized (fundraising, workforce recruitment and training) or challenges that require specific experience (opening a new centre, dealing with natural disasters etc.). This will also require building a team dedicated to franchisee recruitment, and creating an exhaustive documentation on how to launch and run an LPC for future franchises ;<br>• Develop volunteers training programs relying heavily on technology (MOOC, video tutorials, open-source softwares), and effective processes (transfer of |

| | experience) to make it as scalable as possible. |
|---|---|
| **SAT Categories F&G** | **Ease of further testing and funding** |
| Positive results | ● Realistic small-scale tests can be run with limited resources ;<br>● The model is low-cost. |
| Challenges | ● The model depends on external funding. |
| Recommendations | ● Redouble efforts to make the model a step closer to sustainability : reinforce the MEI support team with specific and targeted recruitment, improve the MEI sharing of best practices ;<br>● Secure long-term partnerships with actors that have large financial capabilities (international funding agencies, multinational foundations) ; |

On a theoretical point of view based on the analysis of the characteristics of previous successes and failures of NGOs that attempted to scale up, LP4Y seems to have what it takes to succeed at reaching a whole new level of impact.

But this preliminary analysis should be completed by further considerations : **how** can LP4Y grow exponentially ? Is the current approach to growth sufficient to quickly develop, or should radically different strategies be considered ? What means and resources are necessary to operate a scaled up LP4Y ? How can the model overcome identified challenges ? This is the purpose of part IV.

# Part IV - Scaling Strategies

Part II has highlighted the successes of LP4Y in building an effective solution for the inclusion of marginalized youth. Part III has demonstrated that this model has the potential for scaling up.

To prevent well identified risks associated with scaling up (the organization's identity being altered, its processes becoming ineffective, its staff losing motivation, etc.), LP4Y needs to carefully design a strategy that i) enables to radically change the magnitude of its impact but that ii) remains strongly attached to what has been core to past successes : small agile teams, dedicated staff, strong autonomy etc.

In this section, we study three different expansion models that have proven successful for other NGOs, weigh their pros and cons and see how they could apply to LP4Y, and try to articulate them into a consistent large-scale growth strategy.

## 1) Organic growth

*Definition*

Organic growth, as it is used in this section, refers to a mode of expansion where LP4Y is the sole implementer of the model and provides all the human and financial resources needed. This is the way LP4Y has expanded to date.

This strategy offers the greatest potential for central coordination and generally requires the greatest investment of resources by the central organization. Organic growth is particularly attractive when the model depends on tight quality control, specific practices, and strong organizational cultures[3].

*Specific challenges*

As any growth strategy, organic growth poses obvious issues in terms of financing, human resources, and organizational design. These have been partly stressed out in the SAT (keeping a strong organizational culture to a large non-permanent team, developing strong monitoring processes, etc.) .

However, we can point out the specific challenges related to organic growth, taking into account LP4Y's particular organizational structure. Indeed LP4Y's organic expansion to date has had the specificity to rely on a decentralized and collaborative structure : LP4Y has created country-entities that are legally independent, have their own decision makers and carry out a fundraising activity[4]. Organic expansion can thus be considered without huge central office and management teams, but as a consortium of numerous relatively autonomous entities that bear the same project and work in a collaborative way. Of

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[3] Gregory Dees & Beth Battle Anderson, "Scaling Social Impact", *Stanford Social Innovation Review*, Spring 2004

[4] As for fundraising, entities are complementary and interdependent : Northern entities do most of the fundraising and inject the funds into the programs according to the needs, while southern entities are necessary to attract local partners. All the entities share contacts and efforts in a collaborative way.

course, important functions such as Human Resources are currently still centralized, and would have to be adapted carefully when the organization enlarges.

Below are the identified specific challenges :

- Implementing a controlled and large-flow recruitment system ;
- Adapting the training process and capacity of training infrastructure, in order to welcome a growing number of volunteers while maintaining the quality of training ;
- Reorganizing and enlarging the transversal support teams, as the need of human resources for support increase proportionally with the number of programs ;
- Build a professional organization and structure around the fundraising model, which would greatly involve the Northern entities in the scaling process (this may imply creating new Northern entities and restructuring existing Northern teams).

*SWOT analysis*

The following SWOT sums up the main elements about organic growth to have in mind when the question of LP4Y's expansion strategy arises.

*Figure 12 - SWOT analysis of scaling up using organic growth*

| Strenghts | Weaknesses |
|---|---|
| <ul><li>LP4Y has direct control on the expansion : choice of implantation, no vetting and negotiation with external implementers are needed.</li><li>Organic growth is a tried and tested strategy of expansion : the South-East Asian zone can be used as a template to open new zones.</li><li>LP4Y has direct control on the programs (through the country-entities)</li><li>Organic growth makes it easier to maintain LP4Y's strong organizational culture.</li></ul> | <ul><li>Strain on the company transversal resources : strong reinforcement of the transversal support team is needed.</li><li>All the costs are borne by LP4Y (opening of new LPCs, volunteers training, programs).</li><li>Low economy of scale is expected for LP4Y since costs are mainly variable.</li><li>Significant resources needed implies slow expansion. Zones, countries and LPCs open one-by-one.</li></ul> |
| **Opportunities** | **Threats** |
|  | <ul><li>Entering in new ares where LP4Y has limited knowledge of or experience with local culture, administration, business practices.</li><li>Strong field building is needed each time LP4Y opens an LPC in a new zone : establishing the eco-system of integration from scratch is time- and effort- consuming.</li></ul> |

This general SWOT analysis about organic growth is to be qualified or adjusted depending on how organic growth is undertaken. For example, when the question of where to establish the new LPCs arises, two options exist, each of them having its own justification :

- Giving priority to the densification of existing LP4Y entities (e.g. opening 10 new LPCs in Manilla) :
  - Enables faster growth since there is a good knowledge of the ground and an existing ecosystem of partners ;
  - Helps the entities to reach more autonomy, notably in terms of fundraising.
- Giving priority to an extensive development (e.g. opening 10 new LPCs in a brand new Mediterranean zone) :
  - Enabled to make a proof of concept so far, by validating the model in different cultural areas ;
  - Reduces the contextual risk during expansion : if a country-entity suffers from unsupportive political or macro-economical environment, the impact is lower for LP4Y ;
  - Leads the way to alternative expansion modes in the different areas where LP4Y already has a foothold (see section 2).

In both cases, a pure greenfield organic growth is resource-intensive and will not enable to quickly reach a large scale. If LP4Y manages to open 50 new programs next year (which would nearly double the current number of programs), it will be able to integrate another 750 youth per year only. Scaling up in this incremental manner is not sufficient to reach a truly transformative scale, given the size of the target population. The question then is how to scale impact rather than organizations, or, as a Bridgespan consultant puts it : "How to reach 100x impact with 2x the organization?"[5].

## 2) Affiliation : the "franchise" model

In a recent paper[6], Jeffrey Bradach and Abe Grindle, cofounder of and a consultant at The Bridgespan Group, highlighted 9 methods to bring an NGO's impact to a whole new level. One of them is "Recruit (and train!) others to deliver the solution", defined as "teaching a collection of unrelated nonprofits or agencies to deliver a successful program to far greater numbers of beneficiaries." They illustrate it with the example of Year Up, a US-based association.

*Figure 13 - Year Up's plan to scale up*

Year Up provides job training and educational support to urban young adults. Its innovative model shows impressive results (after a one-year program, 84% of graduates find a job or enroll in university within 4 months). After 10 years of steady grow, they reached a target of 2000 students annually in 12 cities - not quite enough to solve the addressed problem. To go to scale, they decided to partner up with community colleges : they train them and help them design programs that mirror the Year Up model and key principles. They now aim to spread this partnerships with community colleges all over the USA to reach 100,000 students a year.

[5] Jeffrey Bradach, "Scaling Impact," *Stanford Social Innovation Review*, Summer 2010

[6] Jeffrey Bradach & Abe Grindle, "Emerging Pathways to Transformative Scale", *Stanford Social Innovation Review*, Spring 2014

The HealthStore Foundation is another example of an NGO that scaled its impact by training other actors to implement a model. This corresponds to a classic social franchising model, which is widely used in the health services sector.

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*Figure 14 - The HealthStore Foundation micro-franchising model*

The HealthStore Foundation addresses the lingering issue of poor distribution of essential medicines in remote communities. To avoid centralized bureaucracy and build a scalable solution, it used an adapted form of the traditional model of franchising. Since its creation in 2000, it has created a network of 65 micro pharmacies and clinics in Kenya. In 2014, the network served half a million people. The micro-franchises are run by independent workers that seek profit-making. They receive extensive training and continuous support, and have to comply with a set of rules and procedures. They are regularly controlled, and must produce reports - they can be revoked if they fail to achieve the standards set by the franchisor.

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The benefits of enabling other actors, franchisees or partners, to replicate a model are huge. It dramatically increases the reach of the NGO, triggers crucial network effects, creates synergies with existing organizations, divides the necessary investments among multiple entities etc.

Parts II and III show that LP4Y has carefully designed its model so as to make it replicable. Leveraging this replicability could thus mean enabling other actors to open centers mirroring the LP4Y pedagogy, management and methods. This is why we analyzed what form could take an LP4Y movement gathering a variety of different actors trained to effectively implement the LPC model.

*Definition*

For convenience, in this report we use the word "franchise" to describe such actors, even though this expression is to be taken cautiously. The franchises would indeed have many things in common with traditional franchises : they would be trained and supported in replicating a proven method, would share the same brand, would have to comply with a set of rules etc. However it is important to have in mind that the LP4Y franchises would necessarily be an adapted form of the traditional business (and even social) franchises. The main reason for this is that they would not be for-profit entities, as the LPCs have not yet proven consistently sustainable and that the social mission of LP4Y has been defined as much more of a priority than revenue generation.

LP4Y "franchises" would thus be NGOs, associations, agencies, etc. They would sign a contract with LP4Y Alliance - the franchisor - and a charter to become part of the LP4Y network. Below, we describe how this network could work, what roles would have the different entities, and how they could work together to go to scale.

**a) Franchises would constitute a federation of independent entities tied to LP4Y Alliance...**

**Nature of franchisees**

As mentioned above, franchises would be non-profit entities. LP4Y would preferably target existing organizations - typically education NGOs, orphanages, vocational training centers, shelters for youth or any kind of small or big entities with which strong operational synergies are possible. These

organizations would create and run LPCs under a specific division or branch of their organization (as LP4Y India, which legally is a division of Tomorrow's Foundation). Franchises could also be newly formed associations - typically by people wanting to create an NGO and eager to adopt a proven model - which have the advantage of adaptability, as they do not have an existing organizational culture.

**Nature of the partnership**

The franchisees would sign a licensing agreement with LP4Y Alliance, the franchisor, formalizing the set of rules, standards, procedures and reports they would have to comply with and what they would be entitled to in exchange. The table below sums up the main features of the mutual agreement, whose main goal is to assure the correct implementation of the model.

*Figure 15 - Nature of the franchise partnership*

| Franchisees' entitlements | Franchisees' commitment |
|---|---|
| <ul><li>Use of the LP4Y brand</li><li>Access to LP4Y pedagogical supports and collaborative cloud</li><li>Access to LP4Y's network of partners</li><li>Access to LP4Y's federation and system of governance</li><li>Access to a wide range of services, detailed in section c)</li></ul> | <ul><li>To use a LP4Y-trained staff only</li><li>To abide by LP4Y's pedagogical principles, methods and reporting rules</li><li>To communicate by LP4Y standards</li><li>Neither to deliberately harm or compete with the other LP4Y members, nor to extract unjustified advantages from LP4Y membership</li></ul> |

Moreover, the signature of a charter by which the franchisee commits to embracing the values and principles of LP4Y would make official its integration in the LP4Y federation, which is constituted of all LP4Y's entities.

**Staff training**

As the importance given to staff training has been core to the effectiveness of LP4Y on the field, it would be essential to focus important resources on training the franchisees' staff in order to maintain the same level of performance at scale. High workforce turnover has given LP4Y strong experience in training new personnel on which it would have to capitalize to provide franchisees' staff with extensive and regular trainings. Existing handbooks on how to open and run an LPC would have to be continuously improved to provide all the information and best practices needed by the franchisee to do a good job. New training centers within LPCs that have large facilities such as the existing ones in Manila (Green Village) and Delhi (Sangam Vihar) would be opened to host seminars where staff would be able to meet the Youth and learn through experimentation.

**Autonomous units**

As independent entities, franchisees would bear the initial investment and then be responsible for every aspect of running their LPCs, including making it financially sustainable (through the revenues of the MEI, donations, and their own existing financial channels). This franchisee model has major advantages. By fostering the emergence of fully independent human-scale units, it enables scaling up while re-

creating the proven conditions of LP4Y's past successes : strong staff commitment, cohesive team, focus on local field action etc.

The constitution of a federation of independent members, as proposed above, has already been successfully experimented by nonprofits willing to scale their impact, as shown by the following examples.

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*Figure 16 - Successful experiments of the federal model*

**Social Venture Partners** was founded as a single organization in Seattle in 1997, to engage individuals philanthropists in donating their time, money and expertise for partnerships with non-profit. The model was then replicated organically in a few American cities, by constituting a loose network of independent organizations bound together by the SVP name and a set of shared principles. Social Venture Partners International was created in 2001 to support and advance the local network and to build and maintain the SVP brand name. SVP International facilitates information exchange and sharing of best practices, allowing affiliates significant local autonomy. It protects the SVP brand through a licensing agreement, which allows affiliates to use the SVP name in exchange for adherence to shared mission and principles. Social Ventures Partners International has thus grown into an international federation of 40 loosely affiliated organizations.

**Dress for Success** is an international not-for-profit organization that empowers women to achieve economic independence, by providing donated suits and support to low-income women for job interviews and beginning employment. The founder, Nancy Lublin, decided to adopt a tightly controlled affiliation strategy, convinced that brand consistency and awareness were necessary to conduct rapid expansion. Thereby, every affiliate looks basically the same, operates the same well-defined programs through independently incorporated nonprofits that are members of the Dress for Success Worldwide network. Since its creation in Harlem in 1996, the organization has expanded to 145 cities in 21 countries and has helped more than 925 000 women[7].

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*Figure 17 - SWOT analysis of scaling up using a franchisee model*

| Strengths | Weaknesses |
|---|---|
| ● Quick growth enabled by the combined strengths of multiple actors<br>● The necessary financial investments are divided among many actors<br>● Flexible structure than enables to partly delegate some of the currently centralized functions (e.g. support teams, recruitment) | ● Time- and resource-intensive efforts to find, select and train franchisees<br>● Complex organization with multiple entities and possible conflicts of interests |
| Opportunities | Threats |
| ● Network effects : opportunity to involve the franchisees' existing partners in supporting the LP4Y movement<br>● Strong synergies with NGOs opening franchises : credibility in and knowledge of the local ecosystem, existing infrastructure and staff, strong links with the target population. | ● Risk of image and reputation if issues develop at centers operated by franchisees<br>● Risk of decrease of overall efficiency if the model is not 100% perfectly applied in franchises |

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[7] Dress For Success <https://www.dressforsuccess.org/>

However, autonomous franchises does not mean that they should be left alone : a dedicated organization, LP4Y Support, would be created to provide central resources as well as help and advice to all local units.

**b) … benefiting from resources provided by a support division ...**

Some aspects of running one or many LPCs are not strictly operational : communication, fundraising, recruiting and training volunteers etc. Moreover, certain times can be particularly challenging (typically finding a location for the center, facing a natural disaster, or experiencing a decline in the activity of the MEI). This is why a support division would be needed to help franchisees. This division, LP4Y Support, would be composed of experts : typically LP4Y volunteers with 2+ years of experience, or volunteers with previous professional experience in the domain of their mission. Its role would be to compensate the lack of time of little independent franchises to run tasks that are unrelated to direct field action, and their lack of experience for dealing with certain specific challenges.

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*Figure 18 - The role of a support center in the success of YouthBuild affiliation scaling strategy*

**YouthBuild** is a US-based non-profit. In 1984, after several years of iteration, it designed an innovative education and job training program for 16- to 24-year-old high school dropouts, with 50% classroom time and 50% working time (restoring abandoned building or building affordable housing in the local communities). Its scaling strategy has been analyzed by G. Dees in a paper published in the Stanford Social Innovation Review[8] :

*"Stoneman [the founder] initially adopted a scaling strategy based largely on dissemination. She believed that getting the funds and general program concepts into the hands of community groups would be enough to have an impact. At its peak in 1986, nine nonprofit organizations were replicating the program, but by 1988, only three replication efforts remained in operation. Stoneman saw that, when implemented well, the new program design was having dramatic impact serving disadvantaged young adults. It was ready to scale nationally. But, she also saw that spreading the program through dissemination or even loose affiliation did not work well. From Stoneman's perspective, the failures stemmed from a lack of training and technical assistance, coupled with the absence of a handbook from which organizations could learn. To reduce the risks of failure, a central organization would have to take responsibility for standard setting, quality control, training, technical assistance, and program development. This organization could significantly increase the returns by coordinating a national fundraising coalition and serving as a source of support for local affiliates. [...] Stoneman established YouthBuild USA, a nonprofit support center incorporated in 1990 to orchestrate the national replication of the renamed YouthBuild program.*

*YouthBuild has continued to adjust its scaling strategy [...]. And the returns have been strong. The program that started with one project in East Harlem now has operations at some 200 sites in 44 states. More than 25,000 youth have built more than 10,000 units of low-income housing nationwide. Sixty percent of program participants "graduate" from YouthBuild, and 83 percent of these graduates move on to college or full-time jobs."*

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In order to effectively answer to each franchisee's specific needs, the intervention of LP4Y Support would not be systematic but rather "à-la-carte". A large existing NGO with well-established operations in an area would not need financial support or advice on where to open the centers, but it might need help on how to launch an MEI if its staff is mainly composed of social workers with little professional experience in companies. On the contrary, a newly formed association of ex-entrepreneurs would be able to launch a successful MEI on its own but might need help in fundraising.

Each franchisee would be entitled to ask for assistance from LP4Y Support for specific needs. LP4Y Support will provide this help in exchange for financial compensation - moderate prices set to make

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[8] Gregory Dees & Beth Battle Anderson, "Scaling Social Impact", *Stanford Social Innovation Review*, Spring 2004

support very accessible while not encouraging abuses from the franchisees. Note that staff training is the only exception to this : as it is of the outmost importance for LP4Y to have franchisees with well trained staff in line with its values and principles, the seminars and trainings would be mandatory. And as they are mandatory they would be financially taken care of by LP4Y, not the franchisee.

Here are some of the key resources that LP4Y Support would made available to franchisees:

**Financing**

Little franchisees that only operate a few centers might not have adequate resources to dedicate to fundraising. Moreover, when dealing with some actors, typically funding agencies or large company foundations, it makes more sense to seek for funds in a centralized fashion as they wish to have a single point of contact within LP4Y and are eager to fund large-scale projects. That would be the role of a fundraising division within LP4Y Support. It would create clusters of LP4Y's and franchisee's centers to answer call for projects and distribute the funds among them, in exchange for a moderate fee.

For example if the Chanel Foundation launches a call for educational projects for young women in Africa, LP4Y Support would create a cluster with all the LP4Y and franchisees' centers operating in Africa and having programs for women, and answer to the Foundation's call. It would then distribute the funds among the LPCs and ask for a small percentage of them as a fee to cover its costs.

LP4Y support would also be able to deliver direct financial support by providing small interest-free loans or start-up grants for franchisees that start from scratch.

As a result, each franchise would be responsible for generating revenues from the MEIs, and their financial channels (in the case of existing NGOs) or by building financial channels of their own (typically opening new Northern entities as they grow) but would also be able to rely, if needed, on a central entity able to reach for higher grants and distribute them.

**Partnerships**

The same logic applies. On the one hand, local units would be responsible for developing local partnerships. On the other hand, a central unit within LP4Y Support would deal with partnerships that require an important critical mass and would distribute what comes out of these partnerships among the different entities.

For example, LP4Y currently has a partnership with Capgemini that provides computers for all LPCs. At scale, the role of the partnership division of LP4Y Support would be to ensure global partnerships of this kind exist for all LP4Y entities, and that, in this example, franchises also benefit from computers provided by Capgemini.

Crucially, franchises will obviously be able to use the LP4Y brand, and benefit from LP4Y's network of partners.

**Human Resources**

Some franchisees would have to recruit new staff as they open LPCs, and might not have resources to dedicate to or experience in recruiting. As the number of centers grows, LP4Y Support would thus have to open a division dedicated to recruiting for local units, in exchange for minor fees. It would be able :

- To leverage its existing links with organizations training long-term volunteers (DCC, Fidesco, etc.) or create one of its own if needed, as the number of volunteers grows ;
- To lend its experience in dealing with different types of contract (VSI, Service Civique, etc.) ;
- To develop an expertise at selecting applicants and convincing them to join LP4Y ;
- To assign the right candidate to the right job within the whole LP4Y federation ;
- To leverage LP4Y's growing reputation among volunteers (650 applicants for 20 volunteering opportunities in 2016)

This HR division of LP4Y Support would also be able to help the different entities of the LP4Y federation put in common their human resources so as to allow volunteers or staff to go from one entity to the other in order to share best practices and enable transfers of experience (e.g. a coach from a franchisee A with strong experience in Kolkata could go join the staff of a franchisee B opening a new center in this area).

This HR support division also represents a good way for LP4Y to encourage franchisees to test the benefits of long-term volunteers without forcing them (and especially the existing organizations with different management cultures) to adopt its 100% volunteer model.

**Advisory & Consulting Services**

As mentioned above, there can be very tricky challenges to opening and running centers. On these occasions, franchisees would be able to ask for the intervention of an expert from the LP4Y Support consulting division, for a minor fee. Examples of interventions are :

- Finding an appropriate location for a new center and advice on how to get it up and running
- Helping defining what the center's MEI activity would be
- Creating new financing channels
- Dealing with a natural disaster

**Communication**

Communication would be dealt with in the same way as traditional business franchises. The franchisee would be responsible for communication at the local level and would have to strictly respect communication guidelines. A communication division of LP4Y Support would take care of global communication and provide local units with the necessary communication material.

**Auditing**

In order to be able to monitor the performance of local units and to keep track of the results (social impact, cost-effectiveness etc) of the whole federation, a team within LP4Y Support would be dedicated to :

- Defining effective and easy-to-implement reporting guidelines, and support franchises in complying with them ;
- Consolidating reports, and producing analysis and recommendations for the federation ;
- Making sure regular evaluations by external organizations (social impact studies, auditing of the accounts etc.) are conducted to make LP4Y results credible ;
- When needed, conducting audits in franchises where problems have been reported.

**Development**

In order to fully leverage the assets of the franchisee model, LP4Y should strive to find and convince as many organizations qualified for opening new centers as possible. That would be the role of a dedicated team within LP4Y Support, in charge of recruiting and selecting new franchisees.

All these examples show how "à la carte" resources provided by a support division can enable LP4Y to maintain the on-field effectiveness of a bottom-up, decentralized structure while offsetting its weaknesses in "support functions" (finance, HR, etc).

But franchises would not be left alone in dealing with field action either. The federation will be organized so as to make them work closely together.

**c) … closely working together at a local scale ...**

In LP4Y's past successes, cross-LPCs support teams have proven essential for LPCs to effectively conduct their mission. Moreover, creating a local ecosystem of inclusion (companies, universities, NGOs, alumni etc) through the collaboration of local units has emerged as one the most important factor of success.

In a franchise model, maintaining this would thus be very important. Collaborating with other LPCs, whether or not they belong to other entities, would have to be one of the commitment made by franchisees when they enter the federation. This collaboration would be structured in the same way as the proven winning formula : human-scale groups of geographically close LPCs with a dedicated cross-LPCs support team.

**Human-scale groups**

Helping each other, sharing experience, best practices but also tips about the city, insights about the local culture etc is way easier to implement between people that know each other. That is why, on top of institutionalized collaboration, informal links between LPCs are important to maintain. As it growed, LP4Y has thus been careful not to create large vertical teams but to form human-scale flat teams of people who knew each other at a personal level (they meet at the welcome seminar, invite each other to their LPCs, and often even become friends). Maintaining this strong proximity between franchisees operating in the same area will thus be a top priority of LP4Y : it is crucial that they feel part of the same team.

**Geographically close LPCs**

Operational synergies between LPCs are present at the local level because the key factor of success of mature LPCs is the creation of a local ecosystem of inclusion : companies, NGOs, universities, alumni. This is why collaboration between LPCs should not be structured upon legal linkages but upon the criterion of geographical proximity. It makes less sense for a franchisee that has 5 centers in India and 5 in Vietnam to develop its own zone with a cross-country support team than to let his centers become active parts of the existing local zones in India and SouthEast Asia.

**Dedicated cross-LPCs support team**

Part of LP4Y's model is the support team. It involves 5 specialized people in charge of assisting the coaches for specific aspects of running an LPC :

- **Pedagogy Project leader** : in charge of creating content (trainings), and consolidating content created by coaches ; advising and supporting coaches on how to make good trainings, consistent programs etc ; leading trainings for trainers (LP4Y coaches or staff from other NGOS - see part III on open-source) ; punctually doing trainings for the Youth in LPCs
- **MEI Project Leader** : in charge of helping and advising the coaches in launching new MEIs : choosing the right activity, doing market study, making the initial investments (searching for material, managing quotations etc) ; monitoring and reporting the performance of the MEIs ; general advice (new products to launch, team restructuring, changing the business model etc) ; punctual operational help (peak sales season)
- **Partnerships Project Leader** : in charge of developing the local ecosystem (partnerships with universities, companies, NGOs, local alumni "Stars Club"), organizing events (Entrepreneurs' day, Sports festival etc), assisting the different entities in their fundraising efforts
- **Organization & Management Project Leader** : in charge of logistics (renovation and interior works in the centers, safety), HR management, development planning and supervision, and finance (investment, cash management, sharing best practices).
- **Coordinator** : point of contact for the coaches and project leaders and in charge of the relationship with the federation and LP4Y Support : reporting, asking for support services, etc. ; responsible for making the LPCs work together ; role of advice, transfer of experience and help for all LPCs ; direct point of contact of external actors such as external evaluation agencies

This configuration has proven effective and would thus be maintained for new zones composed of LP4Y's or different franchisees' LPCs. The same logic as LP4Y Support would apply : the different entities forming the zone would have to pool their resources appropriately (typically in proportion to the number of LPCs they have in the zone) to build the local support team (mainly paying for their allowances, and hosting them in the centers).

In conclusion, there are key advantages to structuring the LPCs around geographical zones with human-scale teams from different entities pooling their resources and working together to strengthen the local ecosystem. Indeed, it enables to make tangible and deeply root the principles of a collaborative federation by making it part of the day-to-day field job of all members of the LP4Y movement and crucially reduces the risk of rivalry and conflicts of interests.

And this federation logic only takes it full extent when entities that compose the federation have an active role in the management of the federation itself.

**d) … and actively participating in the management of the federation.**

The whole idea of developing a federation rather than building a centralized organization is to leverage the commitment, the force of proposal, and the diversity of views of autonomous units. In order to do that, all the entities composing the federation would have to be treated with in equal tems and not to

be limited in dealing with their local responsibilities but to be given a true role in managing the federation itself. The central divisions of the federation (LP4Y Support, LP4Y Alliance - see below) should not be controlled by the "original" LP4Y but collaboratively managed by all entities according to their weight in the movement.

This system would rely on elections and pooling of resources. Board members of central divisions would be elected by and among all entities alike in order to be representative and inclusive (typically a board member for each large franchisee, board members representing little franchisees, board members from the original LP4Y structure). Another consequence is that large franchisees would have to dedicate resources (staff and financing) to the operations of the Alliance and of LP4Y Support.

*Figure 19 - LP4Y federation's organizational scheme*

Field collaboration between different entities structured in zones

Local Support Team

Local Support Team

Local Support Team

Provides support and central resources
Select and train new franchisees

**LP4Y SUPPORT**
- Finance
- Consulting
- Development
- Partnerships
- Communication
- HR
- Audit

Pay minor fees in exchange for support
Pool human and financial resources

Defines strategic guidelines
Franchisor : can revoke franchisees
Nominates executives of LP4Y Support

Composed of and elected by the different entities
forming the federation

**LP4Y ALLIANCE**

- Life Project Center operated by LP4Y
- Life Project Center operated by Franchisee 1
- Life Project Center operated by Franchisee 2
- Life Project Center operated by Franchisee 3
- Life Project Center operated by Franchisee 4
- Teams composed of staff from the different entities.

*Conclusion on the franchise model*

The potential of an expansion strategy through franchises is huge. Contrary to organic growth, it allows scaling up the impact to a transformative level. If pilot franchises prove successful and a consistent federation combining effectively autonomy, central support and collaboration emerges, then hundreds of education NGOs, agencies, schools, orphanages, shelters around the world could replicate the model.

However, this does not mean LP4Y should not strive to keep on growing organically. Organic growth can indeed be effectively articulated with franchises. Typically, when opening centers in a new country, LP4Y could i) provide sound support to a franchisee with strong local presence (eg : an existing NGO) to open the first centers ii) then develop centers of its own to start building a strong local ecosystem of inclusion iii) and, as LP4Y's local reputation grows, encourage local partners to open LPCs. Combining organic growth and franchise expansion is actually a good way to solve the tension mentioned earlier (section 1)) between densifying or expanding the model.

For all its assets, the franchise model remains structurally limited. Indeed, in this section, as we elaborated on how it could be implemented, it appeared very clearly that a franchise model could not work without some kind of control (even a soft control would involve selecting and training franchisees, asking for regular reports and conducting occasional audits.), or without a strong insistence on the uniformity of the solution (same values, principles, method, pedagogy, management etc.). That poses two strong limits : control means the number of potentially involved actors is structurally reduced, uniformity of practices means the ways of producing impact are structurally limited.

This is why we analyzed how LP4Y could also use uncontrolled non-uniform ways of producing impact.

## 3) Dissemination

*Definition*

A dissemination strategy consists in freely sharing a model, with an open-source approach : providing information and/or informal support to organizations (NGOs, entrepreneurs, policymakers, companies, etc.) that would like to bring the innovation to their community. The model's principles and methods can thus be freely replicated or adapted by others, in the sense of propagation and learning rather than mimicry. This scaling strategy is the simplest and the less resource-intensive, and potentially enables to reach a dramatic impact.

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*Figure 20 - When Digital Divide Data experiences dissemination*

Digital Divide Data (DDD) is a US-based social enterprise that delivers outsourcing services such as data entry, document digitization, and database support to clients worldwide, applying India's outsourcing model to Southeast Asia. DDD offices in Cambodia, Laos and Kenya employ 17-24 youth with disabilities or from impoverished communities, scrupulously recruited, and offer them scholarships to pursue college educations. Since 2001, DDD has trained over 2 000 youth, employed more than 1 500, and graduated over 500 to better paying jobs. With clients including Yale University, Harvard Business School and the International Finance Corporation, DDD was able to generate more than $3,2 million in fiscal year 2011[9].

DDD had already expanded from Cambodia to offices in Laos and Kenya, but sought for additional ways to expand, in order to more effectively fulfill its mission of "creating better future for disadvantaged youth in developing countries through employment in financially sustainable business". In 2011, DDD engaged a replication strategy by partnering with Portland State University to launch a Replication School, that would focus on training social entrepreneurs to replicate the model and on bringing them business, social innovation and leadership skills.

Less than one year after the Replication School concluded, first results were evaluated : a program founded in Pakistan has provided 2 500 new jobs to women and individuals with special needs, a program in Nairobi had hired 412 college students to provide them with work experience, soft skills training and additional revenue, and another program in Nairobi had trained 20 entrepreneurs, who in turn had hired 54 young employees from disadvantaged populations. Those three initiatives were designed during the Replication School, or based on

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[9] Digital Divide Data <http://www.digitaldividedata.com/>

proposals developed during the Replication School.

*LP4Y and the Youth 4 Change Network*

Despite it being efficient and proven on the ground, the mere replication of the LPC model is not the one and only solution to reach LP4Y's ultimate ambition: the social and professional integration of vulnerable and excluded youth worldwide. LP4Y thus created early 2012 the Youth 4 Change Network (Y4CN), constituted of NGOs that share this very objective, to develop and share operational practices in favor of the integration of the youth. The Y4CN already benefits from the shared knowledge and experience of 20 NGOs, and could become the powerful driver of a dissemination strategy that goes beyond the mere replication of a unique model.

*How would LP4Y embark on dissemination?*

**Advocacy**

Raising awareness and altering attitude and beliefs is a key element of a scaling-up strategy. That is especially true for youth inclusion, a worldwide issue that was not paid attention to until recently[10]. Since it was created, advocacy in favor of youth inclusion has been one of LP4Y's core missions (publications, events, partnerships) and should not be left behind while scaling-up. As the organization grows, it should be able to be heard by actors with significant political, economical, or financial clout to achieve youth inclusion worldwide, e.g. policy makers, big companies (as potential employers of excluded youth), and funding agencies. The most relevant actors to carry out and strengthen LP4Y's advocacy as it grows are :

- LP4Y's Northern entities, that can leverage their geographical proximity with powerful actors (companies' headquarters, lobbies, foundations, etc.) ;
- The Y4CN, which is a credible spokesperson and stronger than LP4Y alone.

**Edition and content creation**

Another way to capitalize on the work of the members of the Y4CN is to spread the knowledge and know-how they built in youth education and inclusion by creating open resources, available to any public for free or for a minor fee.

LP4Y, for example, has consistently strived to document its processes, experiences, and knowledge - partly because of its structurally high turnover. Volunteers systematically share the trainings they create, the follow up of each youth, their insights about the MEI etc. Handbooks have been created, and are constantly updated with all the information needed to launch and run an LPC. This information is a key asset for LP4Y's staff, and would be a great advantage for its franchises. But it would also be of great interest for a much higher number of people working in the field of education and inclusion.

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[10] For example, United Nations' branch "Youth UN" was created in 2012, and new targets about youth employment were inserted in the UN Sustainable Development Goals in 2015 (see part III).

This is why a dedicated team of the Y4CN in charge of producing and spreading content adapted to the needs of external actors would be able to leverage its impact with little resources. The team would be composed of staff from different members of the Y4CN in order to benefit from as many insights and experiences as possible.

Concrete examples of what this team would do are :

- Writing books targeting a wide audience (inspiration, story-telling). For example, a volunteer of LP4Y has written a book, Scarred for Life, relating her experience at LP4Y, which has dramatically increased spontaneous volunteer applications ;
- Creating handbooks and video tutorials for NGOs, teachers, social workers, with guidelines on how to build trust, foster positive team spirit and hard-work among excluded youth, examples of training exercises, etc.
- Conducting MOOCs that would enable many actors to interact and share their own knowledge ;
- Animating communities of contributors (students and teachers across the world, professionals, and alumni) on open-source knowledge platforms such as Quizlet, Moodle etc.

**Trainings and Seminar for NGOs, teachers, education workers**

The DDD example (see figure 9 above) has shown that training entrepreneurs willing to know how to create a social outsourcing business yielded significant results in a short time. To go further into sharing this know-how, the Y4CN could also provide external actors with actual trainings. How to deal with cultural differences, with exclusion? How to give responsibilities to your beneficiaries without fostering abuses? What do you really need to teach the youth to give them marketable professional skills? Are all questions a very large number of actors (from universities to social businesses) have much to learn on from the consolidated experience of the Y4CN members?

The Y4CN has already launched a few initiatives of this nature:

- In April 2016, 4-day seminar was organized in Hanoi, Vietnam, in partnership with the Center for Women and Development. The objective for the participants was to develop skills to work with young excluded women, and to learn how to set up a business.
- A LP4Y's center in Kolkata hosted a 3-day seminar in June 2016 about entrepreneurship-based pedagogy.

Overall resources for leading such an initiative at a global scale remain low: existing facilities can be used, experienced staff would have to dedicate some of their time to it, and a small coordination team would be set up at the Y4CN level. Moreover, revenues could be generated through minor fees for the trainings.

*Figure 21 - SWOT analysis of dissemination strategies*

| Strengths | Weaknesses |
|---|---|
| ● No need for control: any actor can be reached (through a conference, a book, a MOOC etc.). The number of beneficiaries is thus greatly increased.<br>● Leverages the combined strengths of a network of actors involved in youth education and inclusion (YC4N) | ● Impact is indirect, thus very complicated to measure, which makes it difficult to allocate important resources to such projects |
| **Opportunities** | **Threats** |
| ● Triggers popular appeal for the model which has positive indirect effects : more applicants for volunteering, more private donations etc. | ● Risk that actors that are not franchisees or part of the LP4Y network claim to apply its model (limited risk of image and reputation) |

## 4) Conclusion : the five R's

In this section, we have studied the assets and liabilities of three different mechanisms aiming to scale LP4Y's impact : organic growth, affiliation (franchise), and dissemination. To find the most promising scaling strategy, which often is a combination of mechanisms, Dees and Anderson recommend to use the five R's model for guidance[11]. This model identifies 5 key elements to consider when designing a scaling strategy : Readiness, Receptivity, Resources, Risks and Returns. Below we apply this framework to the three strategies analyzed in this section.

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[11] Gregory Dees & Beth Battle Anderson, "Scaling Social Impact", *Stanford Social Innovation Review*, Spring 2004

*Figure 22 - 5 R's framework*

| | Organic growth | Affiliation (franchise) | Dissemination |
|---|---|---|---|
| | + + | - | - - |
| **Readiness** - Is the innovation ready to scale ? | Even though scaling organically would pose new challenges, LP4Y has developed a method and demonstrated a strong executive capacity to grow fast. On the contrary, the franchise model needs refining and testing : a first phase of iteration is needed before considering this expansion strategy as "ready". This also goes for the open-source model, which still is under construction (first seminars to other NGOs, recent creation of the YC4N and the YIN) | | |
| | + + | + + + | + + + |
| **Receptivity** - is the innovation likely to be accepted in new locations ? | As mentioned in the SAT, the problem of youth inclusion is i) strongly felt by the target population ii) high on the political agendas. Experience has thus proven that the innovation is well-accepted in new locations. However, as it relies on actors strongly established locally, affiliation has an advantage over organic growth for receptivity. It is also valid for open-source because it does not imply constraints for any stakeholder. | | |
| | - - | + + | + + + |
| **Resources** - does the innovation require relatively low resources ? | Even though the LPC model is low-cost, generates revenues and relies on multiple source of fundings, it is not self-sustainable, and mainly involves variable costs. This means that even if the necessary financial resources are low, they would have to be scaled if LP4Y scales organically. In a franchise model, the necessary investments would be split among many entities. If dissemination is chosen, low overall resources are needed. | | |
| | + + | + | - - |
| **Risks** - is the innovation likely to be implemented badly ? | The autonomy given to local units involves a risk of bad or poor implementation. This is especially true for franchises. Nevertheless, they would be given strong support and even if it can be considered as soft, control over local units exists : they are selected, well-trained, have reporting obligations - which crucially reduces the risk. As for dissemination, its quantitative approach means neither strong support or control are achievable, and following a MOOC is not a guarantee for good | | |

| | implementation. | | |
|---|---|---|---|
| **Returns** - can the innovation reach more people and serve them well ? | - - | + + + | ++ |
| | While dissemination can reach a lot more locations more quickly, its impact is indirect and assessing its effectiveness is difficult. Franchise also enables fast growth, and the strong ties with affiliates enable performance monitoring. Growing organically enables to maintain the current level of performance, but is not sufficient for reaching a truly transformative scale. | | |

Here are the conclusions we can draw from this framework :

- Organic growth requires very large resources and cannot truly scale the impact but merely increase it. That said, this strategy has important assets : much experience has been built in opening new centers in new areas, acceptance of the innovation is high, and risks of bad implementation is low. This is why we think it is an adapted growth strategy for expansion (not densification), which is by nature more difficult. LP4Y should thus continue to dedicate some of its resources to organic growth in order to keep on building experience and know-how and focus its efforts in new areas where growing is especially challenging ;

- An affiliation strategy has a very strong potential. With relatively low resources, it can dramatically scale LP4Y's impact while maintaining a low risk of bad implementation. This is why LP4Y should strive to make affiliation ready for large scale implementation. This involves i) refining the franchise model (work on the charter, the contracts, the staff trainings etc.), ii) iterating : multiplying franchise initiatives with in-house support teams able to help the franchisees and fully understand what they need, what challenges arise etc, iii) start gathering the resources and forming the teams necessary for an efficient central support division (LP4Y Support) ;

- The dissemination strategy approach is loose and thus structurally implies that i) a certain percentage of dissemination initiatives will fail to have impact ii) impact will be difficult to measure. However this strategy remains the one with the most significant potential leverage : with very little resources it can generate tremendous impact. This is why LP4Y should accept the risk, and build a strong team with appropriate resources in charge of disseminating the innovation.

# Part V - Quantified Examples of Scaling Strategies

The goal of this section is to give a concrete form to what has been detailed in part IV, by :

- Mapping LP4Y's extension through two different modes :
  - pure organic growth ;
  - organic growth coupled with franchise development ;
- Giving a rough approximation of the financial and human resources needed in both cases.

What follows does not aim at being an accurate and comprehensive modelling of future scaling up, but rather applied and costed examples, whose hypotheses are simplified but mostly based on what has already been experienced on the field.

Furthermore, even if LP4Y's scaling strategy would include the development of its 3 core missions (field action, training of trainers, and advocacy) the following examples focus on field action (the LPC model) that is easier to map and more resource-intensive than the two others.

## 1) Modelling results

*Pure organic growth*

This example considers the opening of 3 zones of 15 LPCs each over 5 years, through pure organic growth. Each zone is developed over the whole period, in parallel with the others.

*Figure 23 - Opening 15 LPCs in 5 years through pure organic growth*

| Five years of development | |
|---|---|
| Overall budget | €8,326,374 |

| From year 6 and on | |
|---|---|
| Yearly Youth capacity | 2 025 |
| Staff | 150 |
| Annual budget | €3,124,184 |

*Organic growth coupled with franchise development*

This example considers the opening of 3 zones of 15 LPCs each over 5 years, through organic growth coupled with franchise development. Each zone is developed over the whole period, in parallel with the others.

The chosen strategy for opening a zone is the following : a first franchise center is launched as early as year 1 in order to benefit from the local experience of a well-established partner. In parallel, 3 LPCs run

by LP4Y are launched in year 1 and 2, to benefit from its expertise at building an ecosystem. Then efforts are focused on launching new franchise centers and finding new franchisees.

*Figure 24 - Opening 15 LPCs in 5 years through organic growth coupled with franchise development*

| Five years of development | |
|---|---|
| Overall budget | €3,463,012 |

| From year 6 and on | |
|---|---|
| Yearly Youth capacity | 2 025 |
| Staff | 36 |
| Annual budget | €838,497 |

*Comments*

The exercise's results highlight the significant advantages of a franchise strategy in terms of necessary resources. The constitution of a franchise network enables to reach the same impact (2 025 accompanied Youth per year within 5 years) with only 27% of the annual budget and 24% of the staff required by pure organic growth, as financial and human resources are divided among many actors.

Obviously, some parameters were not taken into account by this simplified model, e.g. the geographical factor: it might be more difficult to build simultaneously 3 different zones through pure organic growth than through a network of franchisees that potentially already know the field.

Finally, one should bear in mind that the exercise's results are about resources and does not contemplate the notion of risk : each of the two modes of expansion are associated with specific risks (see part IV) that will have to be carefully considered while defining LP4Y scaling strategy.

## 2) Modelling extracts

**a) Organic growth**

**Opening of a Zone : Pure Organic Growth**

| | | |
|---|---|---|
| Number of LPCs | 15 | |
| Period (year) | 5 | |
| Nomber of programs per LPC | 3 | |

**Zone constitution schedule**

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 |
|---|---|---|---|---|---|---|
| Opening LPC | 3 | 3 | 3 | 3 | 3 | - |
| **Total LPC** | **3** | **6** | **9** | **12** | **15** | **15** |
| | | | | | | |
| Opening program | 3 | 9 | 9 | 9 | 9 | 6 |
| **Total programs** | **3** | **12** | **21** | **30** | **39** | **45** |
| | | | | | | |
| Yearly Youth capacity (EoP) | 45 | 180 | 315 | 450 | 585 | 675 |

**Team constitution schedule**

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 |
|---|---|---|---|---|---|---|
| *Support team constitution* | 2 | 5 | 5 | 5 | 5 | 5 |
| | | | | | | |
| Support staff | 2 | 5 | 5 | 5 | 5 | 5 |
| Coaching staff | 6 | 15 | 24 | 33 | 42 | 45 |
| **Total staff** | **8** | **20** | **29** | **38** | **47** | **50** |
| | | | | | | |
| New volunteers to be trained | 4 | 16 | 19 | 24 | 28 | 27 |
| Senior volunteer to be trained | 4 | 4 | 10 | 14 | 19 | 23 |

**Budget (k€)**

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 |
|---|---|---|---|---|---|---|
| Renovation work | 18.0 | 18.0 | 18.0 | 18.0 | 18.0 | - |
| Basic equipment | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 | - |
| MEI equipment | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 | - |
| **LPC launching expenses** | **40.5** | **40.5** | **40.5** | **40.5** | **40.5** | **-** |
| | | | | | | |
| LPC current charges | 9.0 | 27.0 | 45.0 | 63.0 | 81.0 | 90.0 |
| Training expenses | 0.8 | 5.7 | 10.5 | 15.4 | 20.3 | 23.5 |
| Youth's allowances | 20.8 | 145.5 | 270.3 | 395.0 | 519.8 | 602.9 |
| Coaches allowances + expenses | 18.8 | 47.1 | 75.4 | 103.6 | 131.9 | 141.3 |
| **Programs direct costs** | **49.4** | **225.3** | **401.2** | **577.0** | **752.9** | **857.7** |
| | | | | | | |
| Support team allowances + expenses | 8.8 | 21.9 | 21.9 | 21.9 | 21.9 | 21.9 |
| Communication & advocacy | 2.6 | 7.6 | 12.2 | 16.8 | 21.5 | 23.1 |
| Partnership & Fundraising | 2.6 | 7.6 | 12.2 | 16.8 | 21.5 | 23.1 |
| **Indirect costs** | **14.0** | **37.0** | **46.3** | **55.6** | **64.8** | **68.2** |
| | | | | | | |
| New volunteers training expenses | 12.0 | 48.0 | 57.0 | 72.0 | 84.0 | 81.0 |
| Senior volunteers training expenses | 6.0 | 6.0 | 15.0 | 21.0 | 28.5 | 34.5 |
| **Staff training expenses** | **18.0** | **54.0** | **72.0** | **93.0** | **112.5** | **115.5** |
| | | | | | | |
| **Total expenses** | **121.9** | **356.8** | **560.0** | **766.1** | **970.7** | **1 041.4** |

## b) Organic growth coupled with franchise development

*Opening of a Zone : Organic Growth coupled with Franchise Development*

| | |
|---|---|
| Number of LPCs | 15 |
| Period (year) | 5 |
| Number of programs per LPC | 3 |

### Zone constitution schedule

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 |
|---|---|---|---|---|---|---|
| - New LPCs by LP4Y | 2 | 1 | - | - | - | - |
| - New LPCs by Franchisees | 1 | 2 | 3 | 3 | 3 | - |
| **Total new LPCs** | **3** | **3** | **3** | **3** | **3** | **-** |
| | | | | | | |
| - Total LPCs run by LP4Y | 2 | 3 | 3 | 3 | 3 | 3 |
| - Total LPCs run by Franchisees | 1 | 3 | 6 | 9 | 12 | 12 |
| **Total LPCs** | **3** | **6** | **9** | **12** | **15** | **15** |
| | | | | | | |
| Number of Franchisees | 1 | 2 | 4 | 5 | 5 | 5 |
| LPCs / Franchisees | 1 | 2 | 2 | 2 | 2 | 2 |
| | | | | | | |
| - New programs by LP4Y | 2 | 5 | 2 | - | - | - |
| - New programs by Franchisee | 1 | 4 | 7 | 9 | 9 | 6 |
| **Total new programs** | **3** | **9** | **9** | **9** | **9** | **6** |
| | | | | | | |
| - Total programs by LP4Y | 2 | 7 | 9 | 9 | 9 | 9 |
| - Total programs by franchisees | 1 | 5 | 12 | 21 | 30 | 36 |
| **Total programs** | **3** | **12** | **21** | **30** | **39** | **45** |
| | | | | | | |
| Yearly Youth capacity (EoP) | 45 | 180 | 315 | 450 | 585 | 675 |
| Total number of accompanied Youth | 45 | 225 | 540 | 990 | 1 575 | 2 250 |

### Team constitution schedule

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 |
|---|---|---|---|---|---|---|
| **Staff - Coaches** | **6** | **15** | **24** | **33** | **42** | **45** |
| - in LP4Y run LPCs | 4 | 8 | 9 | 9 | 9 | 9 |
| | | | | | | |
| **Staff - Local support team** | **4** | **5** | **5** | **5** | **5** | **5** |
| - contribution of the Franchisees to the support team | 33% | 50% | 67% | 75% | 80% | 80% |
| | | | | | | |
| New personel to train | 5 | 9 | 11 | 13 | 16 | 16 |
| Senior personel to train | 5 | 11 | 18 | 25 | 31 | 34 |
| | | | | | | |
| **Staff - LP4Y Support** | **7** | **8** | **9** | **10** | **10** | **10** |
| - Development (franchisee recruitment, training and animation) | 1 | 1 | 1 | 1 | 1 | 1 |
| - Consultant | 2 | 2 | 3 | 3 | 3 | 3 |
| - HR | 1 | 1 | 1 | 1 | 1 | 1 |
| - Audit | 1 | 1 | 1 | 1 | 1 | 1 |
| - Finance & Partnerships | 1 | 2 | 2 | 2 | 2 | 2 |
| - Communication | 1 | 1 | 1 | 2 | 2 | 2 |
| *contribution of the Franchisees to LP4Y Support* | 33% | 50% | 67% | 75% | 80% | 80% |

| Budget (k€) | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 |
| Renovation work | 12.0 | 6.0 | - | - | - | - |
| Basic equipment | 5.0 | 2.5 | - | - | - | - |
| MEI equipment | 10.0 | 25.0 | 10.0 | - | - | - |
| **LPC launching expenses** | **27.0** | **33.5** | **10.0** | **-** | **-** | **-** |
| LPC current charges | 1.0 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 |
| Training expenses | 1.1 | 3.8 | 4.9 | 4.9 | 4.9 | 4.9 |
| Youth's allowances | 27.7 | 97.0 | 124.7 | 124.7 | 124.7 | 124.7 |
| Coaches' allowances + expenses | 12.6 | 25.1 | 28.3 | 28.3 | 28.3 | 28.3 |
| **Programs direct costs** | **42.4** | **127.4** | **159.4** | **159.4** | **159.4** | **159.4** |
| Contribution to local support team (allowances + expenses) | 11.7 | 11.0 | 7.3 | 5.5 | 4.4 | 4.4 |
| Contribution to LP4Y Support | 16.1 | 14.5 | 12.4 | 10.7 | 8.6 | 8.6 |
| Communication & advocacy | 1.8 | 4.1 | 4.3 | 4.1 | 4.1 | 4.1 |
| Partnership & Fundraising | 1.8 | 4.1 | 4.3 | 4.1 | 4.1 | 4.1 |
| **Indirect costs** | **31.4** | **33.7** | **28.4** | **24.4** | **21.1** | **21.1** |
| New volunteers training expenses | 15.0 | 27.0 | 33.0 | 39.0 | 48.0 | 48.0 |
| Senior volunteers training expenses | 7.5 | 16.5 | 27.0 | 37.5 | 46.5 | 51.0 |
| **Training expenses** | **22.5** | **43.5** | **60.0** | **76.5** | **94.5** | **99.0** |
| **Total expenses** | **123.2** | **238.1** | **257.7** | **260.2** | **275.0** | **279.5** |

## 3) Hypotheses

*Main hypotheses for pure organic growth*
- Launching of a LPC : the openings of new LPCs are linearly distributed over the period. Each LPC hosts 3 program and opens according to the following scheme :

|  | 1$^{st}$ semester | 2$^{nd}$ semester | 3$^{rd}$ semester | 4$^{th}$ semester |
|---|---|---|---|---|
| Step | Opening of the LPC. 6 months are needed to map the area, search and renovate the building, establishment of local partners, etc. | Opening of the 1$^{st}$ program. Preparation of the 2nd program's opening (recruitment, MEI definition, etc.). | Opening of the 2$^{nd}$ program. Preparation of the 3rd program's opening. | Opening of the 3$^{dr}$ program. |
| Human resources | 2 coaches | 2 coaches | 3 coaches | 3 coaches |

- **Constitution of the support team** : the support team of the zone will be constituted of 5 people : 1 Coordinator, 1 Pedagogy support, 1 Partnership support, 1 MEI support, 1 Organization & Management support. Two support team members are recruited as soon as year 1 to assist the coaches in launching the zone. The rest of the team is constituted in year 2 ;
- **Staff turnover** : the coaches and staff of the support team commit to an average of 2 year-volunteering. We suppose that in year 1, half of the volunteers have already achieved 1 year of volunteering (so that experienced volunteers are involved in the opening of the zone). Every year on, half of the existing staff has to be renewed and trained ;
- **MEI** : for the sake of simplicity, we suppose that all the MEIs directly reach the 1st level of rentability : sales revenues cover direct costs. Thus, it has no impact on the overall budget, apart from the expense of the initial MEI equipment.

*Main hypotheses for organic growth coupled with franchise model*
Most of the pure organic growth example's hypotheses are also applied in the second example. Differences and additional hypotheses are the following :

- **Constitution of the local support team** : 4 supports are recruited as soon as year 1, as the franchisees will require stronger support ;
- **Staff turnover**: the same hypotheses as above apply to the staff of LP4Y-run LPCs. However we suppose that the franchisees' staff turnover is lower, as they might not adopt the 100% volunteers model of LP4Y. Thus only ¼ of the existing franchisees' staff is renewed and fully trained by LP4Y each year ;
- **Franchise development strategy**: in the model, year 1 corresponds to the launch of a first franchise center (to benefit from the local experience of a well-established partner) together with the opening of 2 LPCs run by LP4Y (to benefit from its expertise at building an ecosystem). As of year 2, another LP4Y center opens but efforts are focused on launching new franchise centers and finding new franchisees ;

- **Franchisees' LPCs** : We suppose that a franchisee first opens one LPC, and then 1 to 2 new ones in the following years, bringing the average number of LPCs/franchisee at 2.5 ;
- **Constitution of LP4Y Support**: the model takes into account the constitution of the central LP4Y entity that carries out the support and development of the franchise network for the 3 zones altogether. It assumes that a team of 10 people is totally constituted by year 4. Franchisees' contribution to LP4Y Support is proportional to the number of LPCs they operate.

# Annex A : The Scalability Assessment Tool's terms and concept

*The following is an extract of a publication of Management Systems International :* Scaling Up : From Vision to Large Scale Change. Tools and Techniques for practitioners*, December 2012*

Terms

**Model** : This refers to what is to be scaled up; however, it is not simply the original technical intervention. It is the slimmed down collection of all the inputs and processes both necessary and sufficient to achieve desired results in a variety of settings. Inputs include personnel, funding, and external support (popular and political). Processes include not only technical activities but administrative processes such as human resources, financial systems, and incentives to implement change.

Concepts

**1. Based on statistically significant, sound evidence of sizable impact.** This refers to scientific evidence. The more credible the evidence, the easier it is to convince policy and decision makers and other stakeholders of the value of the model. Statistically significant quantitative or qualitative evidence of impact is preferable. It is important to note that while impact data is more desirable than outcomes, and outcomes more desirable than outputs, etc., it is often the case that while pilots are constrained in proving impact so that "lower" levels of evidence are accepted, it is only acceptable if the logic connecting lower (outcomes) and higher (impact) levels is clear and confirmed by other studies or international evidence.

**2. Independent evaluation by respected and reliable sources.** Evidence from independent sources, such as an independent external evaluation, increases credibility. Often pilots rely on data conducted, collected, or analyzed by the organization itself, which even when of high quality and good design, can be perceived as biased. For scaling up purposes, there is a strong preference for a formal external evaluation of the model. A second best alternative is the rigorous external review of internal evaluations combined with an external advisory panel in the design and implementation of the research design and monitoring and evaluation framework. Publication in a well-regarded peer-reviewed journal can usually be considered equivalent to an external evaluation or review.

**3. Model works in diverse social contexts.** A model works in diverse social contexts because it has been successfully implemented in multiple and diverse settings, or within a wider institutional context, such as access to and quality of services or commodities. Examples of relevant social variables might include population density, attitudes on family planning and size, degree of poverty, and access to services, etc. Examples of relevant institutional variables are: availability of transportation, availability and cost of family planning commodities, and quality of care. For the purposes of scaling up, there is a strong preference for projects that have been piloted in multiple sites and settings, i.e., that have both internal and external validity. This is particularly true in countries like India or Nigeria where even within national boundaries there is huge diversity in social norms, infrastructure, governance, incomes, etc. The

following list combines measures of internal and external validity. The further up the ladder of success listed below, the stronger the candidate.

- ❖ Innovation (minimal objective evidence)
- ❖ Promising Practice (anecdotal reports)
- ❖ Model (positive evidence in a few cases)
- ❖ Good Practice (clear evidence from several cases)
- ❖ Best Practice (evidence of impact from multiple settings and meta-analyses)
- ❖ Policy Principle (proven, a "truism" essential for success)

**4. The model is supported by eminent or credible individuals and institutions.** Support or endorsements from eminent individuals or institutions help in advocacy efforts. These can be either recognized experts who confer legitimacy, e.g., the Indian College of Medical Research or the World Health Organization, or well-known and famous personalities who confer status, whether from the media, sports, politics, or other fields, e.g., first ladies, or the Indian actor/model Amitabh Bacchan's support for polio vaccine.

**5. The results are visible to casual observation, tangible.** It is easier to convince people of the impact of things that they can easily see and experience for themselves then those they cannot. Experience has shown that it is easier to scale up interventions like bednets or treatments that stop maternal hemorrhage than those where the results are less visible or tangible, such as the empowerment of women or communities.

**6. Results are clearly associated with the intervention.** It is easier to convince people if the impact is not just a byproduct of an intervention, but easily attributable to the model itself. This criterion emphasizes the fact that decisions to adopt and implement models are often not made, or are only made, on the basis of objective, statistical evidence despite an increased emphasis on high-quality evidence and evidence-based policy making. Outcomes in health, education, or other fields are often driven by multiple factors. Skeptics may claim that the results observed were not due to the intervention but to other factors. While a good experimental or quasi-experimental design can address this for a technical audience, the ability to literally see the causal relationship can be an important factor for a non-technical audience. Models that are difficult to scale up are those in which impact is lagging or delayed or the causal mechanisms are not straightforward, e.g., the effects of psychosocial development on childhood performance. Counterexamples are Oral Rehydration Therapy (salts) to reduce childhood diarrhea, an intervention with a direct, immediate, and simple causality. Sometimes models are able to go to scale, or at least convince key decision makers to approve adoption and funding, without strong evidence because their internal logic is inherently compelling; this is often true of models that involve training or have evidence from the literature. However it is often the case that there are several other assumptions which need to hold true for the causal chain to achieve desired outcomes, and it is important to test the validity of these assumptions.

**7. Evidence and documentation that have a strong emotional appeal exist.** This criterion emphasizes the fact that decisions to adopt and implement models are often not made on the basis of objective, statistical evidence but on emotions (despite the increased emphasis on high-quality evidence and

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evidence-based policy making). Seeing a sick baby healed or a woman who is bleeding to death revive and recover could be more important than dry statistical evidence to many policy and decision makers. Successful advocacy uses both scientific and other evidence to advance change, especially through stories, photos, video/film, and other media that are able to convey a message with an emotional appeal.

**8. Addresses an objectively significant, persistent issue.** It is easier to successfully advocate for social problems and issues when those issues affect large numbers of people in a significant way. In other words, it is easier to scale up models that an objective outside observer would rank as one of the major challenges in health, education, etc., for a country, population, or subregion. In health, for example, this may be an issue that is a leading cause of death or recognized as an easily preventable or treatable cause of death or disease with permanent debilitating effects. That is why tuberculosis, malaria, and polio have all become major health priorities. In education, this may be levels of malnutrition and stunting in young children with the effect of permanent and destabilizing mental abilities. It is important to point out that just because an issue is objectively important, it does not mean that it is a major policy priority. One of the actions that can come out of a scalability assessment is precisely what needs to be done to move an objectively important issue higher up on the policy and social priority list. Early childhood education is a good example of an objectively important issue which, in many cases, has not received adequate attention.

**9. Addresses an issue that is currently a high (policy) priority of potential adopters and is aligned with organizational goals, mission, and vision.** This item is particularly relevant when scaling up is being considered by the government, where government approval, funding, or other roles may be important. When an issue is high on the policy agenda, it means that the government is actively looking for solutions and willing to provide funding. It is easier to scale up something which is already an important priority than to move something up the agenda. For example, a current environmental intervention that addresses maternal mortality is also a Millennium Development Goal; therefore, it is easier to scale up than interventions that address the health of gay, lesbian, bisexual, and transgender populations. It is a plus when organizations and their constituencies already consider the issue a high priority and when it is already aligned with the organization's mission and vision; thus, expansion is facilitated when an organization's funders or board of directors think the issue is important.

**10. Addresses a need sharply felt by potential beneficiaries or participants in the target area.** A felt need means that if survey research, focus groups, or other forms of interviews were conducted, the issue that the model addresses would emerge from participants as a major priority. It is easier to mobilize popular and grassroots support for interventions that address felt needs to achieve acceptance of new programs and interventions. Felt needs tend to be tangible and immediate like poverty and livelihoods, safe drinking water, and curative care as opposed to issues where benefits are captured in the future, e.g., preventive care, or where there lacks the perception that the status quo could or should be different, e.g., levels of infant or maternal mortality, or number of births per family.

**11. Current solutions for this issue are considered inadequate.** Current solutions refer to programs or policies already in place to address the issue. It is easier to advocate for the model if people and decision

makers assess that the current solution is not working, or if there are no solutions at all. If there are no current solutions in place, this concept refers to whether people think the lack of a solution is a problem at all, e.g., providing child health interventions solely through facility based approaches.

**12. Superior effectiveness to current solutions is clearly established.** This criterion should be self-evident. If the model being proposed for scale up has evidence of greater impact or effectiveness than existing solutions, it is easier to scale up.

**13. Superior effectiveness to other innovative models established.** Advocacy of a particular model or solution must compete with other approaches for the attention of policymakers. The model should be able to demonstrate success in achieving results, but also superiority over alternative approaches. It is also important to assess if there are any foreseeable potential opposition from vested interests or social/cultural groups. Some issues or solutions (the intervention) can threaten vested interests or become controversial for certain elements of the population. In public health, interventions which shift tasks from skilled to less-skilled professionals can threaten the former's authority, prestige, and perhaps most importantly, livelihoods, even when they are already overburdened. For example, having VHWs in rural areas give injections of antibiotics to newborns with sepsis was opposed to by neonatologists, even though there was no evidence of complications in the administering of injections nor were there any neonatologists who actually served those populations. Similarly, (unqualified) rural medical practitioners have opposed the management of public primary health clinics by NGOs because they fear the loss of business if the quality of care, and therefore competition, improves. In many areas, adolescent sexuality and health education can be opposed by conservative social or religious groups on ethical or religious grounds. The lack of opposition can increase the prospects for scaling up. It is important to establish some clear standardized criteria for comparison with a common denominator, preferably in terms of outcomes and impacts.

**14. Implementable within existing organizational systems, infrastructure, and human resources.** It is easier to implement a model at scale if it can use existing systems, i.e., if they can be grafted on, then if they require the creation of a whole new infrastructure, organization, management, and systems. This is because investing in new systems and infrastructure is usually expensive and can be politically threatening to existing bureaucracies and organizations. However, on some occasions, creating a new system may have advantages in terms of circumventing political and bureaucratic obstacles and weak capabilities. Models which require long and intensive training periods for staff are more difficult to scale up and face opposition from potential adopters due to the costs and time involved.

**15. Contains a few components easily added onto existing systems.** The fewer the elements of a model, the simpler it is to scale up. The Home-Based Newborn Care model that was originally implemented had several distinct components which made large-scale implementers wary of scaling it up. Thus, while designing a scaling up strategy, it was important to simplify the model so that implementation on a larger scale was easier.

**16. Small departure from current practices and behaviors of the target population.** It is easier to implement a model if does not require significant changes from the existing behaviors, beliefs, and practices of the target population, clientele, or beneficiaries of the model, e.g., counseling mothers on using food cooked for the family as supplementary feeding for children, versus advocating the cooking of meals separately.

**17. Small departure from current practices and culture of the adopting organization(s).** This concerns the intervention's compatibility with the culture, practices, physical infrastructure, and resources of the adopting organization(s). It is easier to implement a model if does not require significant changes from the existing behaviors, beliefs, and practices of the organization that will implement the model at scale. For example, in a government system that emphasizes delivery of curative medical services, the introduction of community mobilization, treating clients with respect and dignity, preventive services, or working with and through non-professional VHWs may require a substantial changes in culture or norms. It is important to note that even in the case of Expansion, where the implementing organization remains the same, a major challenge may be in maintaining its organizational culture, practices, and roles as the organization grows. This criterion also assesses the extent to which adoption/scaling of the model is likely to meet internal opposition, resistance, or support within the adopting or expanding organization.

**18. Few decision makers are involved in agreeing to the adoption of the model.** This criterion addresses the number and hierarchy of decision makers required to approve scaling up. For example, the Home-Based Newborn Care model required not just the approval and buy-in of policy makers and programme implementers in the public health system, it also needed the approval of the Indian Academy of Paediatrics and the National Neonatology Forum. This process of engagement and negotiation with multiple decision makers can be tedious and slow the scaling up process.

**19. Demonstrated effectiveness in diverse organizational settings.** Compatibility with systems and infrastructure within diverse organizational settings is best demonstrated by actual evidence in those types of settings. This can help convince organizations and skeptics in general that the intervention will work, and serves as a strong counterweight to the "not invented here" argument—indicating that there is evidence that the model has had similar impact when implemented in multiple and diverse organizational settings whether it be a NGO, government, or private sector actor; or a tertiary, secondary, or primary facility in health. Diversity can refer to variances in quality in terms of infrastructure, equipment, supplies, and the effectiveness of the organization that is implementing the model. The more evidence available on the robustness and resilience of the model in different organizational settings, the easier it is to scale up.

**20. The model is not particularly value or process intensive.** Here, value or process are defined as models that focus on tacit knowledge, i.e., how things are done or delivered versus the technical content (which focuses on drugs, equipment, procedures, and information such as changing attitudes, knowledge, and practices). Value or process intensive models are much more difficult to implement at large-scale because: (a) quality is usually important, (b) they tend to be time and resource-intensive to transfer to others, and (c) are often a substantial departure from existing practices in organizations with

large-scale capacity because they are difficult to systematize, relying heavily on organizational culture. Examples of values or process intensive components include: community participation, community mobilization, teaching service providers to treat beneficiaries with dignity or respect, and free play in early childhood education versus lectures and rote learning.

**21. Low technical sophistication of the components and activities of the model.** Models can be sophisticated or not whether they are technology/content-intensive or process intensive. The more sophisticated they are, the more they require either higher skilled and trained implementers or greater investments in the training and capacity building of personnel to implement them successfully. Thus, less sophisticated models are easier to scale. For example, standardized doses of drugs that require only one dose, do not require cold chains, are the same dosage regardless of body weight, and do not need monitoring of potential negative after effects are easier to scale up than those where multiple elements require a number of complex decision points.

**22. Key innovation is a clear and easily replicated technology.** A model which has a single element such as delivering a vaccine through an existing service delivery mechanism stands a much better chance of approval for scaling up. For instance, a childhood pentavalent vaccine was introduced only in states that had robust immunization programs, where it was perfected over several decades and easily scaled up with minimal modifications to the infrastructure and reporting mechanisms.

**23. Low complexity model, simple with few components added onto existing systems.** Models that are complex, have multiple elements, and need updated delivery mechanisms often require long lead-in times during which permission is obtained from gatekeepers and leaders, and acceptance and buy-in has to be created among participants, beneficiaries, and community leaders. In some cases, this can take a year or more; in other cases, it is not necessary because piloting organizations have already established trust and credibility based on their long-term relationships and presence in the localities in which they work. Regardless, models which require the building of trust, relationships, and permission from gatekeepers are harder to scale up or at least, take much longer. Models vary widely in terms not only of the pre-conditions necessary before a model is implemented, but the training, skills building, and general capacity required of front-line implementers, supervisors, and other staff. Capacity building is time, effort, and resource-intensive and often difficult to replicate at scale when all three of these elements are scarce.

**24. Model requires little supervision or monitoring.** Models which require intensive monitoring and supervision are harder to scale up. Many organizations with large capacity are weak in these areas, and it can be difficult to enforce monitoring and supervision at large-scale. Models in which implementers are either self-motivate or where they can work effectively independently are easier to scale up. Monitoring intensive models can be made simpler by the use of monetary and non-monetary incentives, and by using electronic data collection systems supported by on site supervision as required.

**25. Able to be tested by users on a limited scale.** This means that organizations that are interested in adopting the model should be able to run their own pilots without having to commit substantial resources or undergo significant organizational changes to see if it works.

**26. Superior cost-effectiveness to existing and competing solutions clearly established.** Models not only need to be more effective than existing or competing solutions to have a chance of being scaled up, they need to be more cost-effective. This requires getting comparable measures of cost-effectiveness, which can be hard to come by in low-resource situations.

**27. Requires a large commitment of funds at scale.** Models that require substantial upfront commitments are generally complex and require changes in existing systems. Advocacy for this is facilitated by demonstrating high impact, extensive stakeholder support, and importantly, a good understanding of the unit cost (or some other measure of impact) per resources spent. This needs to go beyond simple calculations such as the total project budget divided by the number of beneficiaries, communities, etc., which often underestimates costs by ignoring the contributions of management and technical assistance or which overestimates them by including evaluation costs which will not be replicated at scale. Having solid cost data is necessary for successful advocacy, and knowing whether or not an intervention is affordable given the available resources and objective need can make or break an intervention in terms of scalability.

**28. The model has its own internal funding (e.g., user fees), corpus or endowment, or some other long-term sustainable funding source, or overall funding for this sector is a priority.** Funding here refers to the funding of the model and not the project which piloted the model. It means that the model includes an internal mechanism of recovering costs whether they are user fees, profit margins on goods or services provided, etc. Overall funding for this sector is a priority and growing, to the extent that there are unspent funds. Funding refers to public sector support for the general sector in which the model works, e.g., health, education, livelihoods, poverty, or women and children. When thinking about this issue, it is worth considering if there are alternative sources of funding.

# Annex B : LP4Y legal organization

Life Project 4 Youth is a federation of legally independent entities distributed over 6 countries. The collective body of this federation, LP4Y Alliance, gathers the presidents of the 8 LP4Y organizations. It carries out arbitration and sets out strategic guidelines.
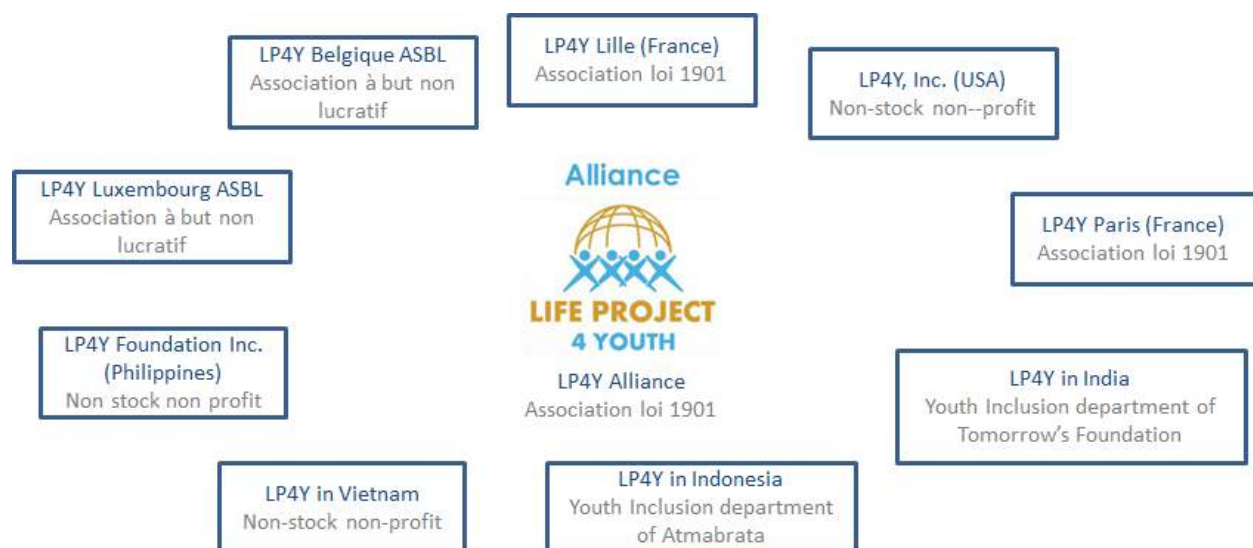


- **In France, Belgium, Luxembourg**: LP4Y organizations are associations with a Conseil d'Administration, and a Bureau with a President, a Vice President, a Treasurer and a Secretary. The Conseil d'Administration gathers 6 times per year and General Assemblies with all the adherents are hold twice a year. At the end of 2011, the European organizations were constituted of nearly 400 adherents ;
- **In the United States, the Philippines**, LP4Y local organizations are non-stocks nonprofit with a Board of Directors that gathers at least twice a year ;
- **In India and Indonesia**, LP4Y exists as a branch (a Youth inclusion department) of local non-profits.
- **In Vietnam,** LP4Y is an International NGO

# Annex C : How labor markets in low-and middle-income countries will change in the next two decades and how young people can be best prepared to meet these changes ?

*What follows is an extract of* Toward Solutions for Youth Employment - A 2015 Baseline report*. This report is a publication of Solutions for Youth Employment, a multi-stakeholder coalition initiated by the World Bank, Plan International, the International Youth Foundation (IYF), Youth Business International (YBI), RAND, Accenture, and the International Labour Organization (ILO) with a view to contributing to a world where all youth have access to work opportunities.*

"Labor markets and the nature of work are in a state of transition across the globe, with profound implications for young people entering the workforce in the next several decades. Among these changes in labor markets are:

**Growing dominance of the private sector and services:** The vast majority of new jobs will be created by the private sector, which now accounts for some 90 percent of job creation (World Bank 2012). Further, job growth is likely to be dominated by services, not just in developed countries but in developing ones as well. For many countries, especially in East Asia, rapid growth of manufacturing employment has been a pathway toward opportunity. However, despite continuing expansions of outsourcing of manufacturing to developing countries, improvements in technological efficiencies will place limits on the expansion of such employment in these countries. Indeed, in contrast with the pattern seen in now-industrialized nations of declines in agriculture shares and increases in manufacturing—followed only later by an increase in services related to manufacturing—many developing countries have been moving toward developed country service-sector shares without this prior rise in manufacturing. It is not yet clear whether a service orientation can lead to massive poverty reduction through expansion of productive employment, and what the implications for youths' work prospects will be.

With regard to agriculture's role in employment, this sector remains very important in regions such as in Africa and South Asia. [...] However, the share of agricultural employment is falling and will continue to decline, mostly reflecting rapid urbanization [...]. More than half the population in developing countries is expected to be living in cities and towns before 2020. As a result, far more young people will be entering the nonagricultural labor force, seeking employment in services and industry.

**Increasing integration into global value chains:** Technological change and advances in communication in recent years have made it dramatically easier for developing countries to participate in expanding

global values. Outsourcing of manufacturing and services has increased as multinational firms find it easier for activities along the value chain to be more finely split up and carried out in different locations. The rapid increase in offshoring of information technology (IT), back-office processing, and customer support services to countries such as India illustrates this trend. Integration into global value chains provides new opportunities for economic growth, employment, and well-being among young workers, particularly young women. A strong example is seen in focus country Bangladesh, where in little more than two decades employment in export-oriented garment manufacturing rose from to essentially zero to 3.6 million, with 80 percent of these jobs held by women (World Bank 2012). These jobs typically represent a significant improvement over alternative opportunities.

**Increasing reliance on flexible employment and informal employment:** At the same time, due in part to broader global competition as well as technological change, firms in both the developed and developing world have been moving from formal wage employment to more flexible, task-based, and temporary or semi-permanent jobs. In low- and middle-income countries such as India and elsewhere, this is reflected in, among other things, the rise in the temporary staffing industry. Because workers under these arrangements do not have permanent employment contracts and usually lack job benefits, employment in global value chains is becoming significantly "informalized." While this benefits employers and, potentially, economic growth through greater labor market flexibility, there are generally negative implications for working conditions, job security and social protection, and tax revenues.

It is expected that the majority of new jobs (for youth) in low- and middle-income countries will be created in the informal sector. Other, possibly even more important, causes including demographic trends and rural-urban migration [have to be considered], along with slow growth of the formal private sector in many countries and declining public sector employment— which together mean more young people entering the labor force but finding fewer formal sector jobs. Within the informal sector, small and microenterprises will play a very significant role in job creation, not just in poor countries such as Ethiopia, where they account for virtually all manufacturing employment, but also in middle-income countries such as Chile, where they account for almost 40 percent (World Bank 2012). The increasing diversity of the informal sector in low- and middle-income countries needs to be recognized. In addition to featuring a multitude of tiny home-based enterprises operating at low productivity, this sector also contains highly dynamic, high-skill firms that are informal largely to avoid the tax and regulatory burdens of formality.

**Changing requirements for skills:** Of particular relevance for young people entering the workforce in the coming several decades—and for policy makers—are changes in the skills required by the new labor market. Globally, low-skill occupations and non-routine manual jobs still make up more than 45 percent of total employment, with medium-skill routine jobs accounting for about 37 percent (ILO 2015). However, in part due to increased trade and offshoring, medium-skill jobs in advanced economies are declining, while they are increasing in low- and middle-income countries. For economies such as China and India, these new jobs will be at the high end of the skills scale nationally even though they might be

considered medium-skill jobs in industrialized countries. Therefore the shift via outsourcing and offshoring of these jobs to developing countries points to an increase in the demand for higher-skilled labor in these countries. Among member states of the Association of Southeast Asian Nations, for example, it is estimated that by 2025 the higher skills mismatch (ratio of under-qualified workers to higher-skill employment) will be 10 percent in Vietnam, 25 percent in the Philippines, and a staggering 65 percent in Indonesia.38 Having young people enter the workforce with the skills required for this work will be important for both the youth and for the country's economic growth.

The nature of skills demanded, not just their level as measured by level of schooling, is likely changing substantially as a result of this and other trends. In general, as economies develop and diversify, the demand for more general, higher-level cognitive skills increases relative to that for manual skills specific to a particular job. This pattern may be reinforced by the trend noted above toward nonpermanent employment: When such arrangements become common, broader, transferable cognitive skills rather than narrower job-specific skills are more valuable for workers as well as potential employers. More frequent transitions between positions and sectors also increases the importance of youth having a system of credible skills certification that allows them to signal their qualifications to employers. Finally, noncognitive or soft (behavioral) skills may become more valuable. This would be expected, for example, based on the growing importance of services—including offshored customer service operations—that require interaction with customers and clients. Task-based and short-term employment both require the ability to be flexible and adaptable to new situations, which is itself an important noncognitive skill. Finally, more and more jobs in low- and middle-income countries, including outsourced online support jobs and many higher-skilled occupations, will require a high degree of computer literacy. However, it is important to keep in mind that the share of the workforce actually impacted by these changing skill requirements will vary from country to country, which will in turn condition policy responses.

[...]

**What skills are needed?**

Skills matter for better jobs and improved welfare: They lead to higher productivity and incomes, and ultimately, economic growth. As discussed above, the nature of the skills needed is changing rapidly, raising the stakes—and the difficulty—of identifying and remedying skills gaps. The skills relevant for work include general academic or cognitive skills, technical skills, and soft or non-cognitive behavioral skills. While all types of work involve some measure of each skill, the amounts required will vary by occupation, sector, and level of technology, hence will vary widely within and across countries. Nevertheless, consistently across the globe, surveys of employers and other sources identify difficulties of getting workers with the right skills as a serious constraint to productivity (Aring 2012; Sparreboom and Stavena 2014; AfDB and OECD 2012). The nature of the skills challenge varies by region and sometimes the problem is an overall lack of skills, especially in poorer countries, but elsewhere (or also)

the problem is one of skills *mismatches*, whereby individuals may be well educated but not in the areas demanded by the labor market. Such a phenomenon is manifested in high unemployment among college-educated youth coexisting with high levels of vacancies for positions in some sectors. In the Middle East especially (but not exclusively), young people continue to obtain degrees in the humanities when the private sector is demanding skills for IT, engineering, and other technical fields.

Further, the skills mismatch problem may be getting worse globally (World Bank 2012). This may reflect the quickening of technological advances and globalization that are changing the nature of work and the skills required (see above), and which would tend to make existing patterns of education and training go out of date more quickly. Further, skills shortages in low- and middle-income countries seem greatest for firms that are more dynamic or are involved in exporting (World Bank 2013). In contrast, agricultural or small informal enterprises are less likely to report skills bottlenecks.

The types of skills that are needed most are not limited to technical skills or academic skills: around the world, employers often stress the importance of noncognitive or behavioral skills and the difficulty in finding young workers who possess them (Aring 2012). Significant strides have been made in recent years by researchers in psychology, economics and other disciplines toward understanding the nature and range of noncognitive skills that matter for work success. Research in the United States by James Heckman and colleagues shows a strong correlation of noncognitive measures in young people—in particular the "Big Five" personality traits of openness, conscientiousness, extraversion, agreeableness, and neuroticism—with later wellbeing, including labor market outcomes such as job performance and wages (Kautz et al. 2014). The most important trait for labor market outcomes among the Big Five was "conscientiousness," which captures basic behaviors like being responsible and organized. Which noncognitive skills will matter most? That will likely vary by occupation, location, and even culture, and is an important area for research. As noted earlier, adaptability or flexibility may become especially valued in a future task-based labor market of frequent shifts among employers. Diagnosing which skills matter and which are in short supply is an essential direction for research and policy. Recent approaches have taken a fine-grain approach to measuring the demand and supply of work-relevant skills. Among them, Skills Towards Employability and Productivity (STEP) surveys collect detailed assessments of adult competencies, in both technical and soft skills, and also collect surveys from employers of the skills of their workers and on skill needs. STEP is focused on low- and middle-income countries and has been implemented in 13 countries to date with several more planned (World Bank 2014). Detailed survey approaches like these provides a means of understanding the distribution of competencies in the working-age population and gaps between needs and supply of such skills, allowing for a more nuanced and policy relevant understanding of where skills gaps exist for specific occupations or sectors."

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