



# YouthWORKS Microfranchising Project Evaluation

The YouthWORKS microfranchising pilot project is being implemented in Freetown and Kenema, Sierra Leone, by the International Rescue Committee with support from United Nations Development Program and the Ministry of Education Youth and Sports, funded by Irish Aid through the Youth Basket Fund



Ice Ice Baby Franchisees, Freetown

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# 1 Executive Summary

The International Rescue Committee (IRC) in Sierra Leone launched an innovative pilot project in February 2009 based on the newly emerging concept of *microfranchising*. The project sought to provide self-employment opportunities for 100 youth (ages 15-24) by facilitating franchise business relationships with existing companies that had products or services that could be distributed and sold independently by the youth. In addition to providing economic opportunities and skills for young people, the project shows potential to contribute to the overall development of the private sector in Sierra Leone.

During the conflict in Sierra Leone, many youth were deprived of educational opportunities. Currently, with the national unemployment rate at 70%, youth training, education, and other labour supply-side initiatives are necessary, but often not sufficient to address the challenge of youth economic participation. In this context, IRC identified youth interested in running a business, as well as local businesses interested in working with youth-owned franchise distribution businesses. Of the 100 youth selected for the pilot, 50 were in Freetown and 50 were in Kenema, with 46% being female. IRC offered basic business skills training and worked with local banks to encourage the youth to open savings accounts. IRC identified seven businesses namely: Jay1 Bread, Ice Ice Baby, and Africell (mobile phone) in Freetown and Senglema Cosmetics, MGK Fish, School Bakery, and ZAIN (mobile phone) in Kenema.

Working with IRC, each youth developed an individual business plan to become a franchisee to one of the companies identified. Youth pitched plans to the owners of the businesses and received feedback and guidance on customer service and selling strategies. Memoranda of understanding were established between IRC and the businesses, and between IRC and the youth and all 100 youth began operating their microfranchise businesses in July 2009.

After five months of business operations, the evaluation of the microfranchising project found that IRC's approach was innovative and relevant to the market conditions and organizational capabilities in Sierra Leone. Preliminary monitoring and evaluation data showed that 96% of youth microfranchisees were making a profit or breaking even. Those earning money reported that it was being reinvested into their businesses (42%), saved (24%), or used for household and other expenses, such as school fees (34%). Youth were also demonstrating adaptability, with 38% of them modifying their original plans in light of their experience. In focus groups and interviews, youth reported increased self-reliance, independence, and respect as a result of their business activities. Youth also reported learning important business skills, such as customer service, as well as important life skills, including understanding the difference between their wants and needs, and how to save and plan for the future. Additionally, youth benefited from the social and business support of working closely with a network of peers. For the franchisor businesses, many reported that the youth franchisees have increased their customer base and their profits, while allowing them to contribute to the development of their country.

Challenges that the project faces include the existence of a limited number of potential business franchisors in the country and the limited capacity of many of the potential businesses that do exist. Various challenges in the franchisor-franchisee relationships include differing expectations around support, product pricing, and branding materials. Moreover, there are challenges associated with helping the youth grow their businesses beyond a low-margin, undifferentiated, subsistence activity.

Given the many successes and the existing challenges, the evaluation of the project put forward eight recommendations with the aim of further strengthening the project and allowing it to achieve its potential to growing significantly and to be replicated in other contexts:

1. **The path to scale begins with refining the microfranchising model.** Further refining, testing, and systematizing the IRC's innovative model is necessary before aggressively scaling it up.
2. **Clarify goals of the microfranchising project.** After almost a year of piloting experience, it is an important time to explicitly reassess and define project goals for the project's next steps. At this stage, the project can be taken in many different directions. IRC should therefore be clear about the project's intended outcomes, which will have subsequent implications for all decisions, including youth recruitment, staffing, monitoring and evaluation, levels of support, and partner selection.
3. **Identification of potential franchisor businesses.** The limited number of potential partners precludes prematurely limiting the types of business franchisors selected; however, experience to-date indicates that local small and medium-sized enterprises (SMEs) that are financially well-established and share an interest in the social objectives of supporting youth self-employment may make for particularly engaged franchisors.
4. **Moving beyond subsistence.** Starting from low levels of business knowledge and experience, youth need sustained support from IRC in order to move beyond subsistence petty trading activities.
5. **Training.** For youth that want to grow their businesses, ongoing advanced training is needed. IRC could consider partnering with professional business development service providers.
6. **Mentoring and business networks.** Real-world business knowledge is essential. The project should help broker mentoring relationships with local business leaders and also support the development of youth entrepreneur peer networks. Further, IRC should support opportunities for businesses to come forward with franchising ideas to increase 'demand' for IRC-trained franchisees.
7. **Franchisor support.** Often with limited financial and business capacity themselves, franchisor businesses would benefit (as would their youth franchisees) from business development support.
8. **Monitoring and evaluation.** Conducting a baseline assessment, developing a monitoring and evaluation plan, and creating an efficient system for collecting important information (including franchisor information) will help gather the data needed to refine and ultimately scale the project.

As the IRC's microfranchising project moves from its initial pilot phase, builds on its successes and addresses existing challenges, this evaluation aims to allow IRC to further capture the inherent potential in its microfranchising model for youth self-employment and private sector development.

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### **3 Introduction**

The YouthWORKS microfranchising pilot project is an initiative of the International Rescue Committee (IRC), which has been working in Sierra Leone since 1999 on programs centered on child protection, education, health, and gender based violence. This one-year pilot began in February 2009 with funding from Irish Aid through the Youth Basket Fund and with support from Sierra Leone's Ministry of Education Youth and Sports and United Nations Development Program (UNDP). During the course of the project, IRC catalyzed the creation of 100 microfranchise businesses by acting as an intermediary between 100 trained youth (ages 15-25) and 7 local businesses in Freetown and Kenema. IRC also facilitated supportive relationships with local banks and other stakeholders.

Microfranchising has been seen as an especially promising and relevant approach to facilitate youth empowerment and local economic development in conflict-affected countries such as Sierra Leone. Since its launch, the microfranchising pilot has attracted significant attention from the youth-serving community within Sierra Leone as well as from microfranchising organizations and researchers internationally. This evaluation of IRC's microfranchising pilot is important in assessing the effect the project has had on participants and to determine the potential for the pilot to be scaled-up. It also strives to understand the potential for IRC's model to be replicated in other contexts. The purpose of the evaluation was to review the effectiveness and success of the year-long microfranchising pilot project and to look forward and offer recommendations for potential future expansion of the project. The specific evaluation objectives are included in Annex 1.

#### **3.1 Evaluation Methodology**

The general approach taken in this evaluation draws from the literature on *Utilization-Focused Evaluation* and *Outcome Based Evaluation* as well as the *DAC Principles of Evaluation of Development Assistance*. The two evaluation consultants initially worked with IRC staff to refine the goals and objectives of the evaluation. Existing descriptive documents and internal monitoring and evaluation data were reviewed. From November 11-23 one consultant travelled to Freetown and Kenema and conducted 7 focus groups with 61 distinct youth (plus 4 individual interviews), interviewed 7 representatives of franchisor companies and 22 stakeholders, as well as observed youth and their businesses. When possible, female participants were asked additional questions (individually and as a group) separate from the male participants to gain insight into gender differences. Annex 2 (youth interviews and focus groups), Annex 3 (youth focus group participants), Annex 4 (franchisor interviews) and Annex 5 (additional stakeholder interviews) summarize additional details on the youth focus groups and stakeholder interviews conducted for the evaluation. The recommendations emerging from the evaluation focus on what were seen as the most important project-wide strategic issues.

## 4 Project Description

### 4.1 Rationale

The microfranchising pilot was found to be a relevant and appropriate response to the needs and opportunities for youth empowerment in Sierra Leone. The pilot represents a branching away from IRC's immediate relief work with refugees towards seeking to develop youth capacity and to experiment with new models of local economic development. Importantly, this pilot also moves away from the standard supply-driven skills training programs that have been found to be inadequate in producing economic outcomes for youth.

In the post-conflict context of Sierra Leone, youth (ages 15-35) comprise a large proportion (34%) of the population, with almost 20% of youth aged 15-24<sup>1</sup>. Youth face significant constraints to economic participation with the national formal unemployment or underemployment rate at 70%. Compounding the problem, many youth – including many young women – were involved in the conflict in Sierra Leone, depriving them of educational opportunities. Sierra Leone's 2005 *Poverty Reduction Strategy Paper*<sup>2</sup> references the fact that the combination of trauma and violence with limited youth opportunities is both an indicator of, and catalyst for, potential future violence in a fragile post-conflict state. In addressing the challenge of youth employment and economic participation, IRC has recognized that training, education, and other labor supply-side initiatives are essential, but not sufficient. Existing private sector businesses in Sierra Leone, especially local small and medium sized enterprises, are themselves quite limited in their own capacity to expand their businesses and hire significant numbers of unemployed youth. In this context, IRC's microfranchising pilot is testing a new model of youth training and franchisor-franchisee relationship brokering that builds on locally available assets and capabilities, and seeks to align incentives among youth, businesses, funders, financial institutions, and the youth-serving community. In addition to supporting employment at the individual level, a number of project stakeholders also believe that the microfranchising project can play an important role in strengthening private sector development in Sierra Leone as a whole. Even if the contribution is modest, stakeholders felt that *any* opportunity to expand business activity is beneficial for the country.

### 4.2 Microfranchising

Microfranchising as a tool for poverty alleviation, job creation, and private sector development addresses three core problems that prevent many people from becoming economically self-reliant: the lack of skills needed to grow a successful business; the lack of jobs in developing countries; and the lack of goods and services available to the poor.<sup>3</sup> These problems are even more acute among youth in conflict-affected countries such as Sierra Leone. Microfranchising is the replication of a pre-existing microenterprise business idea and the formation of a franchise business relationship between an established franchisor company (small, medium-sized, or large) and an individual franchisee. Microfranchising is a market-based and enterprise-led approach to poverty reduction and as such, there

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<sup>1</sup> Ministry of Finance and Economic Development. (2009). Employment for Youth Brochure.

<sup>2</sup> IMF. (2005). *Sierra Leone: Poverty Reduction Strategy Paper*. Washington: International Monetary Fund. Accessed December 29, 2009 at <http://www.imf.org/external/pubs/ft/scr/2005/cr05191.pdf>.

<sup>3</sup> These core aspects of microfranchising are described by Jason Fairbourne in the introduction to his book *Microfranchising: Creating Wealth at the Bottom of the Pyramid* (2007). Edward Elgar Publishing. See Annex 10 for additional background literature on microfranchising.

is a strong emphasis on creating positive social and economic outcomes for individual franchisees, while at the same time seeking to create value for established franchisor businesses.

The concept of microfranchising as a tool for economic empowerment, poverty alleviation and job creation has emerged only recently, with the publication of Jason Fairbourne's book *Microfranchising: Creating Wealth at the Bottom of the Pyramid* in 2007 marking the first significant research work in the area. Since then, there have been a handful of research articles and reports exploring various aspects of the new phenomenon (see Annex 10). Most models of microfranchising focus on the franchise relationship between a franchisor business (for-profit, social business or NGO) and their franchisee microentrepreneurs. Attention is usually directed at describing the lessons learned from developing the microfranchise business model in a particular niche market—reading glasses, ice cream, health clinics, village phone service, etc. Most of the microfranchising literature begins with this basic assumption and level of analysis.

When NGOs play a role in microfranchising models, they do so in one of three ways. The first is by going into business and becoming a franchisor themselves (e.g. the Grameen Bank launching Grameen Phone and the village phone franchises in Bangladesh). The second is as a social investor, where the NGO invests in existing businesses that are, or have the potential to become, franchisors who are creating social and economic benefits for many low-income franchisees (e.g. the Acumen Fund investing in the HealthStore Foundation's microfranchise health clinics in Kibera, Kenya). The third role that NGOs can play in microfranchising is the role IRC plays: as an intermediary actor, facilitator and relationship broker between businesses that are not (usually) already franchisors and potential youth franchisees. IRC identifies and provides youth with necessary training, equipment, and business knowledge to establish and sustain a viable youth-managed franchisee business. IRC also identifies existing businesses that would benefit from franchise distribution of their products or services. IRC then catalyzes a business relationship between youth and business based on franchising principles. The resulting microfranchise businesses vary according to the industries that the company franchisors operate in.

IRC's microfranchising model is new and unique in the literature, representing a unique and creative adaptation of the microfranchising concept to the particular needs and resources in a low-income post-conflict context like Sierra Leone. The model shows great potential for replication and growth, and IRC has an important opportunity to leverage the expertise gained from its initial pilot project with donors and other potential partners to continue to develop and expand the model.

## 4.3 Process of Microfranchise Establishment

### 4.3.1 Selection Process

In February 2009, IRC initiated the project by working with several youth-serving organizations and clubs in Freetown and Kenema to identify youth interested in starting their own business. From the responses, 50 youth in Freetown and 50 youth in Kenema were selected, 46% of whom were female. At the same time, IRC approached several businesses in each city with known products and services that could have the potential to grow through additional youth-owned microfranchise distribution outlets. The identified businesses were:

- **Ice Ice Baby / Fish Fish Baby.** An ice and fish distribution business with 24 employees established in 2006 in Freetown by Wooder Joseph. Before the franchise project, most of the products were sold in the far east of Freetown through delivery vans. Since the establishment of the microfranchising project, 12 youth franchisees have been selling ice and fish closer to the center of town. The owner is planning a new water distribution business, Water Water Baby.
- **Jay1 Bread.** A bakery in Freetown with 17 employees established in 2003 by Mohamed Jawoh Bah. Before the microfranchise project, Jay 1 Bread's customers came directly to the bakery for products. Now 14 youth franchisees sell in various areas of Freetown.
- **Africell.** A mobile telecommunications company operating in Sierra Leone with approximately 800,000 customers. 24 youth franchisees are working with Africell to sell phone air time.
- **Senglema Enterprise Cosmetics.** A cosmetics business in Kenema owned and operated since 2002 by Amadou Wrie Bah. Initially this business was associated with a Freetown company (Idrissa Cosmetics). Now the owner operates independently and works with 18 franchisees.
- **MGK Fish.** A raw fish business in Kenema with six employees and six youth franchisees established in 1983 by Marie Gara Koroma. Originally, the owner worked with a supplier in Freetown, but now works as a sole proprietor in Kenema.
- **School Bakery.** A bakery in Kenema with 15 employees and eight youth franchisees established in 2002 by Mr. Abubakar Kargbo.
- **ZAIN.** A mobile telecommunications company (which operated under the Celtel brand until 2008) with 500,000 customers in Sierra Leone. 18 youth franchisees sell ZAIN airtime.

### 4.3.2 Business Skills Training

Once the youth were identified and while franchisor businesses were being selected, IRC brought in Street Kids International to begin the process of training the youth in basic business skills. Street Kids International trained IRC staff and partners, using a 'train the trainers' approach, and the trainers then delivered training to the 100 selected youth. IRC worked with youth to gather and analyze market information on the opportunity to become a franchisee to one of the seven partner businesses. IRC worked with the youth to survey potential customers, assess the demand for the various products and services, and calculate the potential selling prices and profits to be made. Based on this information and

analysis, the youth then worked with IRC to choose one of the businesses and develop a detailed business plan to become a franchisee distributor.

IRC facilitated meetings between the youth and the businesses where youth presented their franchisee business plans and received feedback on their plans on such things as their feasibility, location selection, and price points. In addition, the youth received general advice on how to run a business, such as the importance of customer service, from the franchisors. All of the proposed franchisee plans were then turned into microfranchise businesses with IRC providing franchisees with a start-up grant to purchase necessary start-up assets, such as bicycles and stands, and an initial inventory supply. IRC also reached out to two local banks (one in Freetown and one in Kenema) to speak to the youth and inform them about the benefits of opening a bank account and other available financial services. Over the course of the one-year pilot, IRC offered additional refresher courses in business skills and business planning in response to feedback from the youth.

#### **4.3.3 Memoranda of Understanding**

IRC created memoranda of understanding (MOUs) with each of the seven businesses, which outlined the expected roles and responsibilities of the youth franchisees, IRC and the businesses. The MOUs required monthly meetings between franchisors and franchisees to review financial progress, discuss business challenges, and address any problems that may arise. The franchisor businesses also agreed to provide branding materials, such as signs and t-shirts, to franchisees. The youth also signed the MOUs with their respective businesses and committed to pay the taxes necessary to run a private business.

## 5 Franchisor Findings

All of the franchisors except for Africell seemed engaged with the project and interested in continuing to work with the youth. IRC has collected quantitative monitoring and evaluation data since September 2009 (five months after the launch of the youth microfranchise businesses in July 2009) and selected initial data is presented in the tables below. In addition, recommendation 8 discusses project monitoring and evaluation in more detail to address some of the discrepancies found between the quantitative monitoring data presented below and the information gathered from interviews and focus groups.

The quality of the franchisor-franchisee relationship was a key issue for both franchisors and franchisees. Although there remain a number of outstanding issues, the information in Table 1 suggests that youth are becoming more comfortable in initiating meetings directly with their franchisor and that youth peer group support is an important resource for franchisees. It seems to have been particularly difficult for the youth to meet with their franchisors in the beginning, except in cases where the youth are required to engage with their franchisors on a daily basis, as with Ice Ice Baby and MGK Fish. A more detailed breakdown of franchisee-franchisor meetings by month and by franchisor business can be found in Annex 7. This preliminary data shows that meetings between youth and franchisors are lower for the large businesses (i.e. ZAIN and Africell), which was confirmed by focus group discussions.

**Table 1: Youth’s Relationship with Franchisors and with other Youth Franchisees**

	<b>% of Youth Who Initiated Meetings with Franchisor</b>	<b>% of Youth Who Feel Supported by Other Youth Franchisees</b>
September 2009	41%	87%
October 2009	69%	98%
November 2009	NA <sup>4</sup>	99%
December 2009	NA	100%

The information in Table 2 about problem solving approaches reflects a key learning from the youth training that the youth must be self-reliant and solve their own problems whenever possible. However, the percentage of youth resolving issues by seeking help from IRC as reported in Table 2 seems low in comparison to focus group feedback. It may be, however, that the youth rely on IRC particularly in the initial stages while they are establishing their businesses.

**Table 2: Primary Method for Resolving Issues**

	<b>Franchisor</b>	<b>Self</b>	<b>IRC</b>	<b>Franchisees</b>	<b>Other (Family)</b>
September 2009	21%	48%	15%	15%	0%
October 2009	26%	50%	10%	9%	4%
November 2009	30%	39%	19%	10%	2%
December 2009 <sup>5</sup>	8%	47%	22%	15%	9%

<sup>4</sup> Due to insufficient data collection on this indicator, data analysis cannot be completed for November and December. However, Table 2 supports the conclusions drawn that an increasing number of youth are utilizing franchisor for arising issues.

<sup>5</sup> Due to the holidays, many businesses were closed for most of the month of December making franchisee/franchisor contact minimal. IRC conducted a one-week training, accounting for the increase in youth using IRC staff to resolve issues.

## 6 Youth Findings

From the perspective of the youth, it was observed that they are extremely engaged and enthusiastic about the project. They all fully support continuing the project for both themselves and other youth throughout the country.

As of December 2009, 10 months after the start of the project, IRC is still working with the initial 100 youth selected. Table 3 illustrates the number of youth franchisees associated with each business, broken down by gender, and geographic location.

**Table 3: Youth Breakdown by Gender, Business, and Geography**

	Female	Male	Total Number of Youth
<b>Freetown</b>			
Ice Ice Baby / Fish Fish Baby	75%	25%	12
Jay1 Bread	50%	50%	14
Africell (mobile phone air time)	33%	67%	24
<b>Kenema</b>			
Senglema Enterprise Cosmetics	78%	22%	18
MGK Fish	83%	17%	6
School Bakery	0%	100%	8
ZAIN (mobile phone air time)	17%	83%	18
		Total	100

The most popular businesses with youth were mobile phone air time (42%) followed by sales of bakery products (22%). Sales of fish and cosmetics were equal at 18% each. Selling fish and cosmetics are primarily female-driven in both Freetown and Kenema, following traditional cultural roles. However, it is interesting note that one male youth is currently selling fish in Kenema along with some female youth in telecom industries who are reportedly doing quite well.

Preliminary monitoring data indicate that almost all youth reported a profit or breaking even (see Table 4). As with all of the numbers self-reported by the youth and collected by IRC, there is some concern about their accuracy, and two months of data is insufficient to be certain about trends. Noted at this preliminary stage, however, is the possible trend away from profitability (decrease of 12%) towards breaking even (increase of 9%) and towards losing money (increase of 2%). Developing information systems to capture challenges and reasons behind changes in profitability will be important for early detection of potential problems and the establishment of the necessary support systems for the youth.

**Table 4: Profit and Loss**

	<b>% Making Profit</b>	<b>% Breaking Even</b>	<b>% Losing Money</b>
September 2009	90%	8%	2%
October 2009	78%	17%	4%
November 2009	80%	15%	5%
December 2009	83%	16%	1%

Initial data indicate that youth are primarily using their profits for reinvestment into their business (see Table 5). However, comments from the youth in the focus groups suggest that the estimates for the 'other' category may be low based on the number of youth reporting saving their money to go back to school. In the focus groups, youth indicated that their profits were spent on a wide range of expenses, including food, general household needs, rent, transportation, medical, clothing, entertainment, school, saving for the future, and reinvestment into their businesses.

**Table 5: Primary Investment for Youth Reporting Profit**

	<b>Savings</b>	<b>Household</b>	<b>Business</b>	<b>Other</b>
September 2009	7%	28%	58%	4%
October 2009	24%	30%	42%	4%
November 2009	30%	36%	28%	5%
December 2009	43%	26%	32%	0%

**Bank Accounts.** As part of its training in financial literacy, IRC contacted ProCredit Bank in Freetown and First International Bank in Kenema to arrange workshops for bank representatives to speak to the youth about the advantages and processes for opening a bank account. IRC also arranged for First International Bank to lower the minimum initial deposit amount required to open a bank account (Le 30,000) for the youth. (ProCredit had already instituted a no minimum initial deposit policy.) As of December 2009, it is estimated that 100% of youth in Freetown and 58% of youth in Kenema have opened a bank account. During focus group discussions, it was discussed that some youth have not yet opened accounts due to saving up for school and/or thinking that they need to deposit a large amount in order to get started.

**Record Keeping.** Feedback from interviews indicates that the quality and accuracy of the youth's financial and inventory records are quite varied. Quantitative self-reported data indicate a significant decrease in record keeping—from 88% keeping adequate records in September to 79% keeping adequate records in October 2009. There are also concerns from IRC staff that even though the youth may be tracking certain aspects of their business, they are not all understanding how to use the information they are recording. Additional information on hours of operation, customer base, and microfranchise location for the months of September to December 2009 are included in Annex 6.

**Business Modifications.** Preliminary data indicates that many youth (38%) are recognizing and implementing changes that need to be made for their business to be more successful. Examples of changes include diversifying product offerings, deciding to walk around or use a bicycle instead of selling from a stand or booth, and accessing new markets by commuting to other communities.

## 7 Successes

### 7.1 For Youth

This section captures the benefits, successes, and impacts of the microfranchising pilot from the perspective of the youth. The section organizes benefits and successes into five categories: quality of life, education, business and life skills, access to financial services, and social support networks.

#### 7.1.1 Quality of Life

It was observed generally in all youth interaction that the youth feel their life is changing positively because of the project. The youth as a group were very articulate and expressive about both the positive impacts the project has had on their lives and the challenges they have faced or are continuing to face. Many youth expressed feelings of thankfulness for the opportunity to run their own business.

**Income.** The youth discussed making a profit and earning an income as a positive benefit from their microfranchise business activity. Although there were many days when the youth might lose money, on average, they report at least making some profit overall and improvements in their living situations.

**Independence and optimism for the future.** As one youth described: *"Initially we were street boys, street kids, some of us, so with the help of IRC we have moved out of the streets and we are independent for ourselves now."* Some youth expressed having new plans for their future because of their businesses.

**Recognition and respect.** A number of youth expressed that running their business has led to an increased sense of dignity and being valued in their community. As one youth commented: *"Before this time I used to have problems of having money, and before this time I was without bank account... Now, people can no longer molest me in the community... people cannot disrespect me again, my position in the community now is as a business man."*

#### 7.1.2 Education

**Returning to school.** Many youth discussed using their profits to finish high school or to continue their studies, or to save up for future studies, such as this participant: *"The cost to higher education in this country is very, very high, very expensive, so... we have been sitting for a long time without doing nothing but this business (has changed this)...the business money can help me go and acquire my university degree."* Many youth plan to have friends or family members run their businesses when they return to school, or are already doing so: *"I don't think it is necessary to stop the business ...we also employing people to help us so that does not stop us from going to school."* In some cases, youth are not only paying for their own educational needs, but also helping support siblings or other family members to attend school.

#### 7.1.3 Business and Life Skills

**Communication and management skills.** Youth talked about learning how to interact with their customers, understanding supply and demand, and calculating profits. Many stakeholders felt that the Street Kids International training gave a strong basic foundation and, combined with the additions IRC has made, that the youth have acquired a new set of transferable communication and management skills. Many of the youth also benefited from their relationship with their franchisor and seeing how a business operates first-hand.

**Planning.** Youth talked about the importance of saving for their future, demonstrating a new ability to plan ahead and make choices. For instance, one youth cited why he wanted to plan and save so that one day when he was married he would be able to support his family. The youth also often discussed the importance of now understanding the difference between their wants and needs.

**Resisting negative peer pressure.** Some youth talked about hanging out less and spending more time with their business, particularly as their businesses get busier and stronger. One youth also discussed how he found himself fighting less and getting into trouble less because he was spending more time with his business: *“Before this time ... I go fighting somewhere since I was not doing anything...but now, since I have a business, I don’t have time for that.”*

#### **7.1.4 Access to Financial Services**

**Savings Accounts.** Through the microfranchising project and the IRC-facilitated workshops with bank representatives, most of the youth now have a savings account with deposits that are generating interest. The UNDP discussed the importance of learning how to save and developing financial habits, which can help the youth in the future when applying for and repaying loans.

**Formation of Osusu groups and access to usefully large sums of money.** Two of the youth groups expressed starting loan support systems or osusu groups. For example, the 14 members of the Bread Committee in Freetown meet monthly and each member contributes Le 10,000 (about USD\$2.50) each month. This money could then be loaned to Bread Committee members for two months with the borrower being required to repay the principal plus interest. The youth save the collected money in one member’s bank account. Similarly, the eight School Bread microfranchisees in Kenema have formed a Contribution Club that collects a daily fee of Le 2,000 from each member. The money can be loaned if anyone has a problem, or, if the money is not loaned, each member gets their money back in a lump sum at the end of the month.

#### **7.1.5 Social Support Networks**

**Youth-to-youth peer mentorship.** It was both observed and discussed that the youth have new friends, a new peer group, and more support from each other through the project. The observed relationships between the youth were extremely positive and connected. All of the youth are meeting regularly and many discussed seeing each other daily or talking on the phone frequently. Some of the youth have formalized their meetings through explicit groups like the Bread Committee in Freetown. The youth also discussed that using their group dynamic can be powerful in negotiations with their franchisor. It was also observed that natural leaders have emerged within the groups, as some youth serve as mentors or as the group representative with their franchisor. The youth expressed interest in being positive mentors for the next round of youth if this pilot is scaled up, as well as the possibility of taking on official (non-volunteer) roles to help the next youth franchisees setup their businesses and provide ongoing advice. The youth also discussed wanting to meet the other youth in Freetown/Kenema through an event where all the youth could get together to learn from each other and their experiences.

**IRC mentorship.** The youth discussed the importance of IRC and its role as a mentor frequently. In Kenema, where youth can be visited as often as daily, it was observed that the IRC staff has become like family to many of them. As one participant mentioned, *“IRC is like our family...this NGO means a lot.”*

There is a strong bond between everyone involved and the youth feel strongly connected to IRC and their role in helping them resolve any issues that might arise.

**Franchisor mentorship.** When the relationship between the youth franchisors and the businesses are particularly strong, such as in the cases of MGK Fish in Kenema or Ice Ice Baby in Freetown, the youth are actively mentored by franchisors beyond the immediate requirements of their business activities.

## 7.2 For Franchisor Businesses

All franchisors (except Africell) were interviewed and expressed an interest in taking on more youth and continuing with the project, including working with the youth after the project ended. Specific franchisor successes include both business and social incentives.

**Business incentives.** Some franchisors discussed that employing the youth has already started to help them expand their distribution and profits, even if just slightly. As one franchisor described: *“Yes, it has been helpful because we are selling more, a little bit more than (usual) because they too go around and get their own customers...people we have never sold to.”*

**Social incentives.** Although financial incentives are important, the businesses that have made better franchisors seem to be the ones that are both established enough to be stable *and* care about helping the youth. Some companies expressed that helping the youth was their primary motivation for getting involved. One franchisor expressed: *“I feel like it is a mission to accomplish, to help my own sisters and brothers, not about the money... I believe I should help in my own way.”*

## 8 Challenges

**Economy, SMEs, and business environment.** Sierra Leone is typically a 'trading' environment (trading making up 90% of business) where there is very little manufacturing and most things are imported. There is a significant undersupply of small and medium enterprises in Sierra Leone. Estimates by the UK-based SME finance organization AFFORD (which organized the BusinessBomba business plan competition in 2009 with funding from DFID) suggest that there may only be approximately 50 SMEs in the formal sector in Sierra Leone. Potential franchisor businesses are limited in number, as well as very limited in their own financial strength and level of business knowledge and systems. In the case of Jay1 Bread in Freetown, for example, the company's only delivery vehicle has been a major challenge because it often breaks down so the youth are unable to receive their daily deliveries of stock. This situation reinforces the need for private sector development in the country and presents an opportunity for microfranchising to support the growth of local enterprises. In most economies in the world, it is the SME sector that makes the greatest contribution to employment and economic growth.

**Moving beyond subsistence.** One of the challenges of providing support for microentrepreneurs or self-employed traders in underdeveloped markets is finding a way to help facilitate the move beyond subsistence businesses. Low-income marketplaces are often saturated by a large numbers of undifferentiated, low-margin businesses or 'petty traders' whose owners make barely enough to survive from day-to-day. The potential promise of the concept of microfranchising is that youth opening up new businesses have the additional advantages of some business skills, start-up capital, relationships with an established company (and sometimes preferential pricing), branding materials to differentiate themselves, and a supportive microfranchise facilitating organization like IRC to keep the mutually beneficial incentives aligned between the youth and the franchisor businesses. However, even with the advantages of a microfranchise business approach, it will likely be a major challenge for many youth franchisees to grow their businesses beyond subsistence enterprises. For youth whose ultimate goal is to return to school or find a job, this may be less of a concern as they will pursue alternate paths out of poverty. However, for those youth interested in a career in business, much more additional training, mentoring and support are necessary to allow them to establish a small or medium-sized business, hire employees, and significantly improve their incomes and contribute to the economic development of the country.

This challenge also has implications for clarifying the ultimate goal of IRC's microfranchising project. Stakeholders suggested that the gap between petty trading and building a small business is considerable. The view of two stakeholders from the German Technical Cooperation (GTZ) and AFFORD, who have had experience working with and training petty traders, was that with support and training, subsistence business owners could improve their situation slightly, but not by much. The experience of these two stakeholders has led them to shift their focus away from supporting petty trading. GTZ has continued to provide some support for *groups* of traders, which in some cases has been more successful. Other stakeholders, including the UNDP, have expressed the view that in the context of few job prospects, any project that can facilitate basic self-employment is an important start and an improvement on not being involved in any kind of economic activity.

**Mentoring from local business leaders.** The youth feel that they lack strong mentors with business experience in Sierra Leone, a view supported by all stakeholders. Franchisors, private sector leaders, and

business development service providers felt that there is a disconnect when business training is being provided by people who have never run a business. As one youth noted: *"There is another thing we need...we need a mentor...the mentor would be someone who has already done this."*

**Franchisor-franchisee relationship and support.** The most important challenge for all youth groups was issues with their franchisor; while some have more than others, there were generally issues and frustrations across the board. In many cases, youth reported feeling they were not being heard and that they were not a high priority for the franchisors. Many felt that they were not able to meet with their franchisor early enough in the project. A number of youth felt that sometimes the franchisors were not holding up their end of the agreement, as documented in the MOUs. Youth also expressed frustration around the franchisor's branding materials, such as not receiving what they had expected, or not receiving enough materials or materials of sufficient quality. Some of the youth also expressed frustration about not receiving the price discounts that had been agreed upon in the MOUs. Despite some difficulties, the relationship between the franchisor and youth appear to be getting stronger, except in the case of Africell where the youth have had significant problems. In this case, they have always gone directly to IRC for assistance to bridge this gap. The youth explained that Africell does not listen because they think their business is too big and the youth only buy small amounts of inventory. At the time of the evaluation, the youth no longer talked to Africell at all and were buying their stock from authorized dealers instead.

**Retaining knowledge in a context of project-based funding.** All IRC staff are committed to the project. However, if additional funding is not secured by the end of the project in January, two of the four staff will need to seek other work as their contracts come to an end. The threat of losing important staff members can be a problem with any organization, but it is especially important in the case of a pilot project where the initial relationships and lessons learned are both new and important to the project's overall success.

## **9 Recommendations**

Based on the interviews with stakeholders and the overall project evaluation, the following eight strategic high-level recommendations are offered to further strengthen the project and allow it to grow towards achieving its full potential.

### **9.1 The Path to Scale begins with Refining the Microfranchise Model**

A priority for most development projects is how to “go to scale” so that positive impacts can be created for the greatest number of beneficiaries. Scalability, financial self-sustainability, and maximizing impact are also considerations behind the increasing interest in private sector partnerships and market-based approaches to development. Keeping the ultimate aim of future growth and scalability in mind, it would be valuable for the project to frame its current activities within the larger picture of organizational life cycles. Development initiatives, like businesses or other organizations, typically follow a path to scale over time where they move from 1) pilot to 2) tested model to 3) scalable solution.

The microfranchising pilot is currently in the first stage, which is characterized by putting a new model into practice based on the opportunities, resources, capabilities and constraints of the local actors, and partners. The second stage in the path to scale is characterized by refining and systematizing the elements of a model that has shown promise. Although constant learning and adaptation occurs at every stage, the second stage has inherited a basic working model and focuses on refining the incentives that keep all of the stakeholders participating in the enterprise, codifying tacit knowledge, making procedures and processes explicit and easy to implement, and creating clarity and trust around the roles and responsibilities of each major stakeholder in the enterprise network. This stage improves the efficiency and effectiveness of human and financial resources to achieve the desired outcomes. In the third stage, the focus is on significant expansion of the model or ‘going to scale’. This can be achieved through growth or replication, or both, and the specific strategies will depend on the particular circumstances.

Given the stages of the path to scale, the microfranchising pilot is in the first stage seeking additional investment to move to the second stage. Therefore, it may be valuable for IRC to frame the continued development of the microfranchising initiative as a successful initial pilot that needs continued start-up investment to systematize and refine its model before ultimately going to scale. Through the process, continued flexibility and openness in experimenting with and refining the microfranchising model is needed. Care should be taken to ensure that recruitment, incentive systems, and organizational culture continue to support this type of learning-oriented behavior, including a willingness to take risks and learn from mistakes.

### **9.2 Goal Clarification**

IRC’s ‘bottom-up’ microfranchising model that trains youth, identifies established businesses and facilitates microfranchising relationships between them has already attracted interest for its new approach and early achievements. Initial results indicate that the model has significant potential in Sierra Leone and other countries. However, an important step towards realizing this potential is further clarification of the project’s goals. Currently, IRC’s YouthWORKS proposal (a larger initiative of which the microfranchising pilot comprises about one third of project funds) states that its overarching project goal is to “promote stability in Sierra Leone by supporting youth (age 15-24 years) to have capacity and

well-being to engage in employment opportunities.”<sup>6</sup> The second of the project’s two objectives addresses the microfranchising component and states: “Objective 2: Urban and rural youth to engage in sustainable micro-franchising initiatives.” Interviews with stakeholders and the overall project evaluation suggest that after several months of learning, further refinement of the project’s goals objectives and desired outcomes is needed. The end of the current pilot and the prospect of developing a funding proposal to refine the model and take it to the next level provide timely opportunities for goal clarification as well.

When thinking through the goals and outcomes of the project, there are at least two important distinctions to keep in mind. Promoting youth employment has different implications than promoting youth entrepreneurship. Here, we understand employment to mean being hired as an employee by an organization – business, government or NGO. We take entrepreneurship to mean being the owner, decision maker, and usually creator of one’s own business enterprise. Within the context of being an entrepreneur, there is a second distinction that can be made: between entrepreneurship of necessity and entrepreneurship of opportunity. Entrepreneurship of necessity refers to people who engage in (usually informal) subsistence business activities, such as petty trading, because they have no other alternatives to earn an income. Entrepreneurship of opportunity refers to people who take the risk of pursuing a perceived gap in the market or the introduction of a new technology to pursue an opportunity for profit-making.

If, for example, the goal of the microfranchising pilot is to achieve youth employment, there are many ways to achieve this, and microfranchising may or may not be the most effective means. There are also significant differences in approaches that would follow from pursuing the goal of supporting entrepreneurship of necessity versus entrepreneurship of opportunity. The selection of specific goals and objectives has implications for target setting, the information collected by monitoring and evaluation activities, project staffing, and recruitment of youth into the project. Goal clarification also allows for the logic of the project to be assessed from the perspective of the most efficient and effective use of resources to achieve the desired goals. This is the rationale behind the widespread use of the ‘logical framework’ in development projects. If significant proportions of youth appear to have different goals (i.e. going back to school, getting a job) than those espoused by the project, this may be an issue of initial recruiting and selecting participants and ensuring that the goals of the project are clear, and reflected throughout the project.

Whereas, if the aim of the microfranchising initiative is to create entrepreneurs of opportunity or business owners with sufficient skills to manage and grow their enterprises beyond subsistence activities, then much more additional business training and mentoring is needed. Therefore, for the promise of the current microfranchise pilot to be fully realized, additional goal clarification is needed, and the goals should be aligned with all aspects of the project, including staffing, recruitment and selection of youth, monitoring and evaluation, mentoring, and future partnerships.

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<sup>6</sup> IRC YouthWORKS Proposal resubmitted to UNDP/YES, 30 October, 2008.

### 9.3 Identification of Potential Franchisor Businesses

This recommendation addresses the important question of what type of businesses IRC should be seeking to engage. Issues of business type, size, social commitment, sector, and region of operation all must be addressed. Experience to-date indicates that the ideal franchisor is a socially motivated, well-established SME that benefits from increased distribution of their products through youth franchisee distribution.

**Type.** There is a natural fit between IRC's microfranchise model and enhancing retail product distribution, and IRC should continue to look for businesses that have a distribution need. Distribution networks are often inefficient and undeveloped in Sierra Leone, and prices for some products can vary from one side of Freetown to the other. A specific opportunity to be explored further would be companies that currently distribute their goods through relatively large hubs and more formal channels. Youth microfranchisees can augment this existing arrangement by selling to the 'last mile' of currently underserved areas that are not covered by the company's existing distribution networks. Youth microfranchisees entering at this level may be able to grow to ultimately become formal larger-scale distributors. In addition, IRC should also explore working with companies that need locally produced inputs (such as agricultural produce, for example) and explore opportunities for youth to supply these inputs to the companies.

**Size.** Given the very limited range of potential business partners in Sierra Leone (potentially only 50 SMEs in the country and limited manufacturing), decisions on targeting businesses should not be unduly limited to certain sizes (or sectors) of business. However, when considering specific businesses as potential franchisors, a number of pros and cons relating to business size can be kept in mind. Large businesses may have the potential to absorb more youth and may have existing staff and systems in place to work with the youth franchisees. Some large businesses may also be motivated to help youth if they have an orientation to engaging in corporate social responsibility activities. On the downside, larger businesses may be less interested in youth franchisees if there is not a clear business motive for working with them (i.e. additional franchisee sales would be financially insignificant). There is also more risk of youth losing their champions or key contacts within large companies.

SMEs potentially make good partners if the volumes of product they are seeking to distribute are on a scale consistent with the volumes that youth franchisees can sell. With SMEs, the franchisee's relationship is usually with the founder/owner, allowing for direct communication. On the downside, SMEs in Sierra Leone are often seriously challenged themselves in terms of their organizational capacity and profitability. IRC's experience to-date with the pilot has indicated that it has been more difficult to engage with the larger businesses like Africell and ZAIN due to staff turnover and the very low volume of sales that the youth represent in their overall business. At this stage of the project, however, further experimentation and learning with organizations of different sizes is recommended before prematurely limiting the project's focus to one particular size of business.

**Commitment to social objectives.** A more important factor than the size of a business may be its commitment to social objectives and interest in supporting youth and developing the private sector of the country. The franchisors that have been the most engaged and supportive are those who also have a significant amount of social motivation (and are established, stable, and profitable enough to offer

strong franchisee support). In targeting businesses at this early stage in the project's development, IRC should continue to seek out those that are receptive to the social benefits on the franchisee, but also simultaneously recognize business benefits as essential for the financial sustainability and long-term success of the project.

**Sector.** Ideas for potential future franchisor businesses were collected from existing businesses, youth, and other stakeholders, and in Annex 8. Many specific company names were suggested in the beverage industry, suggesting that there may be significant opportunities in this sector. The beverage sector also lends itself to franchised distribution (as demonstrated by Coca Cola, for example). The idea of youth acting as 'supplier' franchisees in the agricultural sector was also suggested. Selling mobile phone time from other companies in addition to ZAIN and Africell were also suggested along with other general ideas for distributing consumer products.

**Geographic focus.** The youth in Kenema were perceived to be more engaged, more connected to IRC and easier to track, which seems due to the physical proximity of the youth and IRC staff in the smaller city. Smaller centers like Kenema also have less business competition (but also fewer business opportunities). However, the general levels of literacy and numeracy appeared to be higher in Freetown. IRC currently has offices in Freetown, Kenema, and Kono and in this context, IRC should continue to focus in both Freetown and Kenema, as it is where they can support the youth best until they can build up their capacity and further prove and refine their microfranchising model. The project would benefit, however, from having at least two people working with the existing youth in Freetown. Looking forward, IRC could develop regional hubs, perhaps in partnership with other organizations, in cities such as Bo. In Freetown, a more concerted effort is required to facilitate linkages and relationships between the youth as the size of the city and geographic distances make it more difficult for this to happen naturally.

## 9.4 Moving Beyond Subsistence

Youth expressed a strong interest in additional support from IRC. Youth feel that they have much to learn and are starting from knowing extremely little about business. Other stakeholders concurred that the more support that can be given, the higher the results that can be expected, especially in the current stage of proving the feasibility of the microfranchising model. Additional franchisee support will be essential to help the youth move beyond running subsistence 'petty trading' businesses. Estimates of suitable support ranged from 1-3 years. IRC was also responsive in organizing a number of follow-up trainings for youth in addition to the original training toolkit developed by Street Kids International.

In providing support, IRC must be conscious to balance supporting the youth as much as possible, while simultaneously encouraging self-reliance and independent problem solving. It is recommended that the budget for ongoing training and IRC support be increased in future projects, especially if the goal is to move youth beyond subsistence activities to grow their businesses. Many youth did not seem to demonstrate a real understanding of how to grow their businesses and accumulate capital other than to 'buy more inventory'. Overall, increased training and mentoring support seemed much more important to youth than increased financial support. Therefore, it is recommended that the ratio of IRC youth coordinator to youth should be reduced from the current level of 50:1 and IRC staff with business experience should be recruited whenever possible.

IRC could also create additional incentives for meeting business and personal goals by creating a tiered support system where certain subgroups that show improvement get more access to capital or more advanced training. Achievement milestones could include having a bank account, having a certain amount of sales, or creating employment. Youth themselves suggested basing incentives on achievement and not just time spent in the project. For youth genuinely interested in growing their businesses, IRC could also facilitate linkages to microfinance institutions.

## 9.5 Training

**How to grow a business.** The youth thoroughly enjoyed their initial and subsequent training, but felt that they needed ongoing and more advanced training, particularly on how to invest their profits, and use savings and osusu loans to grow their businesses. This is particularly necessary if the goal of the project is to move the youth beyond subsistence entrepreneurship.

**More business plan guidance.** As one youth said: *“This is the first time for most of us to run a business.”* This inexperience extends to not understanding everything they need when they are developing their initial business plans. For example, the ZAIN franchisees in Kenema said they now could use a generator, more phones, stabilizer, extension cord, and chargers, whereas the youth from Africell in Freetown had these materials given to them as part of their start-up funding because it was in their business plan. Although the model of allowing youth to select the businesses they are interested in has advantages from the perspective of empowering youth to make their own choices, it also has drawbacks, such as the tendency for youth to gravitate towards businesses that they are familiar with (such as mobile phone top-up), rather than businesses that may be more profitable but less familiar. One way to address this is to have the youth meet and interact with the businesses earlier on. In the future there is also the opportunity for new youth to be trained by and learn from the experiences of the youth in the current cohort.

**Understanding market prices.** From the franchisors’ perspective, conflicts over the prices charged to franchisees were one of the main challenges in the smooth functioning of their relationship. Prices fluctuate according to supply, demand and inflation, franchisors said, and all businesses need to adjust to market conditions. It is unrealistic to fix prices in an MOU (although margins may be fixed, for example). It is therefore recommended that youth training include more information on the nature of market prices and how businesses need to respond to them. For IRC, MOUs may perhaps include set percentage discounts or margins rather than fixed selling prices.

**Personal goal clarification.** Encouraging youth to clarify their personal goals should be done early on in the training. Youth should feel free to change their goals if their circumstances change, but should always have a clear goal in mind. Progress towards these goals could then be tracked by the youth themselves and used to monitor their progress. The personal goals of individual youth would be useful information for IRC to have as well as it continues to learn how to best tailor the microfranchising project to support the needs of youth. Furthermore, selection criteria for future youth should be aligned with overall project goals.

**Requirement of basic literacy and numeracy.** The success of the current model requires youth to have a minimum level of literacy and numeracy. Youth suggested that Junior Secondary School should be a minimum requirement and IRC found significant difficulties when they “tested” the training curriculum on an initial set of youth with lower literacy skills. Even so, the situation in Sierra Leone suggests that

even if applicants are required to possess a basic level of literacy, that literacy and numeracy be reviewed in the training to help strengthen the youth's skills. One implication of note is that the model does not target the poorest and most disadvantaged (some youth are planning to go to university), reflecting a tension in many enterprise projects between financial sustainability and poverty alleviation.

**Mobile Phone.** Immediate communication between the youth and the franchisor company is often essential for business success, such as in the case of bread delivery truck breakdowns. Youth should include the purchase cell phones in their original business plans.

**Non-entrepreneur trainers.** Franchisors, private sector leaders, and business development service discussed the fact that it was an “odd dynamic” that the youth were being trained by IRC staff who may have as little experience running a business in Sierra Leone as the youth themselves. It was felt that the greater the business experience and qualifications of the staff, the greater the transfer of important business knowledge to the youth.

## 9.6 Mentoring and Business Networks

**Mentoring.** In addition to mentoring from IRC, youth would benefit from mentoring by local business leaders. Suggested ideas include:

- Require the youth identify a personal mentor for themselves early in their training process.
- For those interested in growing their business, engage professional business advisors. Youth could explore membership with organizations like SLIBA, who provide coaching for their members.
- Use business leaders (including women entrepreneurs) in the initial and follow-up trainings.
- Hire youth franchisee alumni to train the other youth and share experiences and lessons learned.
- Incentivize existing franchisor businesses to provide sector-specific training to their franchisees.
- Create links to successful businesses beyond existing franchisors. Youth could undertake outreach days or “study tours” of other businesses.
- Tap into resources such as BusinessBomba.com, which is evolving into a resource for entrepreneurs.
- Create opportunities for businesses to come forward with franchising ideas to help increase the ‘demand’ for IRC-trained franchisees. For example, AFFORD would be interested in partnering to support this idea. They also have a conference in February that could help carry this idea forward.

**Building youth entrepreneur networks.** Building on IRC's current role as an intermediary between many key stakeholders, it is recommended that IRC play an important role in building a community of organizations dedicated to support youth entrepreneurship and private sector development in Sierra Leone. Entrepreneurial networks are beginning to emerge in the country and IRC could help ensure that youth entrepreneurs are included in these networks. For example, IRC could consider hosting an annual Youth Entrepreneurship conference or an annual exchange where microfranchise youth in Freetown and Kenema could meet. Participating in business and entrepreneur networks can also strengthen perceptions of IRC as a business-oriented organization, which in turn may improve relations with current and future company partners, banks, government and potential funders.

## 9.7 Franchisor Support

In Sierra Leone's post-conflict business environment, businesses themselves often struggle financially and with basic business practices, such as marketing, customer service, and record keeping. For example, Jay1 Bread has a well-known brand, but is still unable to make a significant profit due to weak technical and business knowledge. The capacity for the country's private sector to absorb additional franchisees from the microfranchising project is therefore limited by this constraint. To address this, IRC should consider incorporating business development services, including training and targeted financial support, for franchisor businesses as a component of its microfranchise project. For example, IRC could provide some kind of financial incentive (perhaps, loan, grant or loan guarantee) to build an additional cold room for fish or provide a reliable delivery vehicle for bread. IRC could also consider linking new and old franchisor businesses or businesses in different towns for capacity building and information sharing. Money to pay for some of these support services could come from IRC budgets with IRC partnering with professional business development providers to offer the training and other business support services. There also may be opportunities here for IRC to partner with the International Finance Corporation or with NGOs specialized in targeted business training, such as Winrock and MBAs Without Borders. IRC could also potentially offer guarantees for business loans in partnership with banks or microfinance institutions. The benefits for IRC offering franchisor business development services as part of its project include:

- Increasing the capacity of existing and new local businesses to take on additional franchisees.
- Contributing to economic development through strengthened private sector capacity in the country.
- Creating strong incentives for business to participate in the project and, in-turn, provide mentoring and training to franchisees.
- Positioning IRC as a business-oriented NGO knowledgeable about the needs and interests of the private sector.
- Building IRC's knowledge about and relationships with businesses and business service organizations

A voucher system could be instituted where participating franchisors can receive credit (based on a points system for how financially successful their youth franchisors have been, for example) for a certain number of hours of business counseling from a pool of business advisors. GTZ has used SLIBA previously in a system like this and has found it to be helpful.

## 9.8 Monitoring and Evaluation

A number of challenges to collecting monitoring and evaluation data have presented themselves, including staff time constraints and difficulty reaching franchisees in the large city of Freetown. Some disconnects between data collected on monitoring and evaluation forms and respondent comments in interviews and focus groups were also noted. Recommendations to further improve monitoring and evaluation efforts include:

**Undertake a baseline assessment.** Conduct a baseline evaluation of the youth entering the project before they start their training so a real change in life skills and business skills can be assessed. Particularly as the project grows, IRC should examine longer-term outcomes such 'how has the youth's life changed'. Initial information on these aspects is presented in Section 7 of this report.

**Structure an efficient system.** Review information gathering needs and priorities and devise a monitoring and evaluation plan. Continue trying to gather monthly data from the youth in their first year of operation but consider a less time-intensive system afterward, particularly in Freetown where distances are expansive. IRC should consider gathering the youth for short meetings (perhaps with additional incentives such as a brief refresher topic or guest speaker) in one location regularly, rather than chasing youth individually. Different pieces of information may be most appropriately and efficiently tracked at different intervals (i.e. monthly, quarterly, semi-annually, etc.).

**Collect monitoring information on the franchisor.** Information should be collected from the franchisor on their own progress and challenges. Make sure the collection of data respects any time constraints of the franchisor and includes gathering the franchisor's ideas about how the project could be improved.

**Include a gender lens.** It is recommended that IRC make their gender lens more explicit and aim to understand the differences that young men and women face in Sierra Leone as business people. Over time there may be issues that emerge which reflect the different types of support that the female youth need versus the male youth. For instance, more work could be done on monitoring the gender differences in savings (there is anecdotal evidence that suggests girls save more, but there is no systematic data) and who is having more problems with their franchisor (again, in some cases it is being reported the girls are having more troubles talking to their franchisor, but there is no systematic evidence).

## Annexes

### Annex 1: Evaluation Objectives for the Microfranchising Pilot

#### *To review the effectiveness and success of IRC's YouthWORKS microfranchising pilot project*

Data was gathered on the following to *look back* and assess effectiveness and success to-date:

- Level of youth engagement in their microfranchise business
  - The number of youth still engaged in their business
  
- Impacts on the youth and franchisors
  - Are the youth and franchisors both profiting from the microfinance initiative?
  - The impact of the project on the lives of the youth
  - The growth of the franchisor and other impacts
  - What characteristics describe the relationship between the youth and franchisors?
  
- How are the youth managing their finances including consumption, business expenditures, and savings?
  - The number of youth making a profit
  - The number of youth reinvesting into their business

#### *To offer recommendations for the potential future expansion and replication of the pilot project*

*Looking forward*, the project's potential for growth and replication was evaluated by:

- Identifying the key factors of project success and evaluating their ability to be further enhanced
  - What are the project's perceived strengths, weaknesses, opportunities, and threats?
  - Which elements of the initiative have most strongly contributed to success?
  
- Identifying key bottlenecks and constraints on growth and their ability to be removed
  - Which elements could be strengthened for greater success?
  
- What are the key lessons learnt for IRC on the implementation of the project?
  
- What is the potential for growth and replication based on the current business environment in Sierra Leone?
  
- What scale may be achievable for the initiative (and in specific target areas)?
  
- How innovative is the microfranchising pilot?

The evaluation was also cognizant of gender, business size (of franchisor), and geographical location.

## Annex 2: Youth Interviews and Focus Groups

Date	Interview / Focus Group	Number of Participants	Approximate Duration (minutes)
November 11	Jay1 Bread Focus Group	5	58:28
November 12	Africell Focus Group	7	52:37
November 12	Nenneh Sia Samura, Africell (Interview)	1	31:52
November 16	MGK & Senglema Enterprise Cosmetics Focus Group	19	45:01
November 16	MGK & Senglema Enterprise Cosmetics Focus Group (Female youth only)	12	17:55
November 16	Hawa Coomber, MGK Fish (Interview)	1	11:47
November 16	Sahr Koroma, Senglema Cosmetics (Interview)	1	18:37
November 17	ZAIN Focus Group	15	54:25
November 17	Festus Lahai, ZAIN youth (Interview)	1	30:36
November 17	School Bakery Focus Group	8	54:10
November 19	Ice Ice Baby & Fish Fish Baby*Focus Group	7	51:27
Total number of youth – Freetown		19	
Total number of youth – Kenema		42	
<b>Total number of youth</b>		<b>61</b>	

Note: In addition to interviews and focus groups, site visits were conducted to see the youth's microfranchises including Jay1 Bread and Africell in Freetown, and School Bakery, ZAIN, and Senglema Cosmetics in Kenema.

## **Annex 3: Youth Focus Group Participant List**

### **Freetown**

#### *Jay1 Bread –*

1. Raymond Brima
2. Phebian Fatu Sankoh
3. John Massah Conteh
4. Beatrice Samura
5. Isata Saidu Turay

#### *Africell –*

1. Brima Abdulai Kamara
2. Mohamed Marrah
3. Saidu Kargbo
4. Augustine Baio
5. Paul Timothy Sankoh
6. Hassan Mansaray
7. Nenneh Sia Samura

#### *Ice Ice Baby / Fish Fish Baby –*

1. Hussainatu Njai
2. Railatu Isata Mansaray
3. Fatmacy Brewa Conteh
4. Fatmata Mansaray
5. Kumba Yarjah
6. Hassan Sampah Conteh
7. Sarah Innah Kamanda

### **Kenema**

#### *MGK Fish & Senglema Cosmetics –*

1. Isha Sesay
2. Rugiatu Sennoh
3. Ramatu Kenneh
4. Francess Jonjo
5. Hawa Coomber
6. Bernadette Turoy
7. Masseh Karema
8. Sia Tillie
9. Sarah Lahai
10. Mohamed Konneh
11. Sahr J. Koroma
12. Esther Brima
13. Alpha J. Kamara

14. Mohamed B. Sesay
15. Fanah Ensah
16. Jennah Massaquoi
17. Salamatu L. Korimu
18. Fatmata U. Konneh
19. Susan Sellu

#### *ZAIN –*

1. Festus J. Lahai
2. Sheku G. Kamara
3. Patrick Lahai
4. Mohamed J. Bangalie
5. Jenneh Mustapha
6. Nabieu S. Boima
7. Bockarie Mansaray
8. Abdul Rahman Bah
9. Mohamed Vandi
10. Theresa S. Saidu
11. Thomas G. Ibrahim
12. Mark M. Kennah
13. Fatmatu J. Allieu
14. Fayia S. Bayou
15. Anthony Fayia

#### *School Bakery Bread –*

1. Kenneth M. Kawa
2. Koffalie F. Momoh
3. Sidikie Bundu
4. Yusuf M. Umaru
5. Alhaji M. Nyallay
6. Ibrahim Kallon
7. Ibrahim S Kallon
8. Prince Kamara

## Annex 4: Franchisor Interviews

Date(s)	Contact Person(s), Position	Organization	Approximate Duration (minutes)
November 12	Mohamed Jawoh Bah, Owner	Jay1 Bread	27:51
November 13	Mohamed Kanan, Managing Director	Ice Ice Baby	27:35
November 16	Marie Koroma, Owner Abubakar Kargbo , Owner	MDK Fish School Bakery	112:28
November 17	Amadou Wrie Bah, Owner Soulaïman Bah, Secretary Soloman Campbell, Payphone Eastern Region Supervisor	Senglema Cosmetics  ZAIN	42:37
November 20	Alhassan Fofanah, Manager	Fish Fish Baby	27:50

## Annex 5: Additional Stakeholder Interviews

Date(s)	Contact Person(s), Position, Department/Division	Organization	Approximate Duration (minutes)
October 14	Natasha Cassinath	Street Kids International	24:02
November 11 & 23	Annalisa Brusati, Child and Youth Protection and Development Coordinator  Barri Shorey, Child and Youth Protection and Development Program Officer	IRC	–
November 11	Aitor Sanchez Lacomba, Country Director	IRC	24:32
November 11	Dr. Helga Gibbons, International Monitoring and Evaluation Advisor, Youth Employment Scheme (YES) Secretariat  Yusaf Saidu Kamara Monitoring & Evaluation Officer	UNDP	43:49
November 12	Tom Cairnes	Manocap	30:28
November 13	Fatmata Jalloh	Creatin Links	35:24
November 13	Chukwu-Emeka Chikezie, Coordinator, Private Sector Development Strategy Program	Ministry of Trade and Industry	30:28
Nov. 16 & 17	Andrew Sellu, Youth Coordinator Kenema	IRC	–
November 16	Ahmed Lahor Jalloh, Branch Manager  Augustine Beckley, Credit Officer  Franklyn Amara, Head Credit and Marketing (Incoming Branch Manager)	First International Bank Kenema	26:48
November 17	Mark Sesay, Youth Officer	District Council	26:37
Nov. 19 & 20	Cherno Charga, Youth Coordinator	IRC	–
November 19	Stephanie Gigot, Private Sector Advisor, Employment Promotion Programme	German Technical Cooperation	35:30
November 19	Keith Wright, Principle Technical Advisor	UNDP	34:15
November 20	Andre Radloff, Regional Manager  Patrick S. Nyama, Retail Officer	ProCredit Bank Freetown	27:18
November 20	Nancy Smart	ILO	38:54
November 20	Charles Moin, Deputy Director of Youth	Ministry of Education, Youth and Sports	15:00
November 20	Shalin Jethi, Consultant for Business Plan Competition	AFFORD	44:49

## Appendix 6: Additional Quantitative Information on Youth and their Franchise Businesses

Data gathered by IRC for the months of September and October, 2009.

**Table 6: Hours of Operation**

	% of Youth Working:		
	< 30 Hours per Week	30-50 Hours per Week	50+ Hours per Week
September 2009	4%	62%	34%
October 2009	6%	59%	35%
November 2009	10%	65%	25%
December 2009	13%	62%	25%

**Table 7: Customer Base**

	% of Youth Serving:		
	Repeat Customers	New Customers	Unknown Customer Base
September 2009	71%	12%	17%
October 2009	64%	21%	15%
November 2009	68%	13%	19%
December 2009	72%	15%	13%

**Table 8: Microfranchise Location**

	% of Youth Operating:	
	At a Booth	On Foot/Bike
September 2009	65%	32%
October 2009	74%	26%
November 2009	67%	33%
December 2009	72%	28%

## Annex 7: Detailed Breakdown of Franchisee-Franchisor Meetings by Month and Franchisor Business

**Table 9: Franchisee / Franchisor Meetings – September**

Microfranchise	# of Youth per Franchise	#/% of Youth who Met with Franchisor in a Group Setting (at least once in September)	#/% of Youth who Met with Franchisor Individually (at least once in September)	% of Youth who Initiated Individual Meeting with Franchisor
Senglema Cosmetics	18	14 (78%)	3 (17%)	100%
MGK Fish	6	0	0	NA
School Bakery	8	7 (88%)	8 (100%)	88%
ZAIN	18	14 (78%)	1 (6%)	100%
Ice Ice Baby	12	12 (100%)	5 (42%)	100%
Jay1	14	12 (86%)	11 (79%)	100%
Africell	24	23 (96%)	16 (67%)	94% (15/16 youth)

**Table 10: Franchisee / Franchisor Meetings – October**

Microfranchise	# of Youth per Franchise	#/% of Youth who Met with Franchisor in a Group Setting (at least once in October)	#/% of Youth who Met with Franchisor Individually (at least once in October)	% of Youth who Initiated Individual Meeting with Franchisor
Senglema Cosmetics	18	0	11 (61%)	100%
MGK Fish	6	0	5 (83%)	100%
School Bakery	8	8 (100%)	8 (100%)	88%
ZAIN	18	0	1 (6%)	100%
Ice Ice Baby	12	12 (100%)	12 (100%)	100%
Jay1	14	14 (100%)	14 (100%)	100%
Africell	24	17 (71%)	15 (63%)	100%

## **Annex 8: List of Potential Microfranchisor Businesses**

This list was gathered from suggestions made by current franchisor companies, youth, and stakeholders.

### **Beverages**

1. Water Water Baby – An upcoming expansion into the water industry by Ice Ice Baby
2. Grafton Mineral Water – Located in Grafton
3. Magram Mineral Water – Located in Kissy Dockyard, Kissy
4. King Soft Drinks
5. Mega Cola
6. SL Brewery
7. Tropical Water
8. Liberty Drink
9. Family Choice

### **Agriculture and Related Processing – Supplier Franchisee**

10. Salt Factory – Located in Freetown, Waterloo Road
11. Flour Mill – Located in Cline Town
12. Cold Storage – Located in New England
13. Pineapple, cassava, rice, palm oil, etc.

### **Telecommunications**

14. Other Phone Companies (Tigo, Comium, SierraTel)
15. Authorized Phone Dealers (Raju's, La Juice, and D. Hassan), also:
  - a. Balani & Sons – Located in Kroo Town Road, Freetown
  - b. G. Shakandas & Sons – Located in Ferry Junction, Kissy

### **Electronic Money Transfer**

16. Splash – A finance distribution network for electronic money

### **Other Consumer Products**

17. Bread (Red Lion) / Coffee / Cocoa
18. Cotton / Clothing / Shoes
19. Provisions / Condiments (mayonnaise, tomato, onion, flour, sugar, corn)
20. Medicines
21. Firewood

### **Additional Suggestions**

22. Youth Development Movement (YDM): YDM is a partner enterprise of the UNDP that IRC could work with to expand activities and opportunities for youth in East Freetown. One idea from the UNDP was to develop a catering training center and restaurant customer service that could be setup under the YDM brand (i.e. satellite service centers).

## Annex 9: Microfranchise Toolkit Outline

There are two current Microfranchise Toolkits, namely:

- Street Kids International’s Microfranchising Toolkit – An introductory guide to models of standardized youth-owned and operated microbusiness in the developing world; and
- Jason Fairbourne’s Microfranchising Toolkit<sup>7</sup> - A practical toolkit that helps to understand the principles and systemizing and replicating a business into a microfranchise.

In light of these initial works, it is suggested that IRC focuses on developing a toolkit focused on IRC’s youth-related microfranchising model. IRC’s microfranchising model emphasizes training youth, identifying businesses, facilitating franchise business relationships between youth and businesses, providing ongoing support, and establishing relationships with other stakeholders.

A toolkit specific to IRC’s model might include sections on:

1. A primer: What is microfranchising?
  - a. Where has this concept come from?
  - b. What are examples of different microfranchising models that have shown success?
2. Rationale: Why microfranchising for youth in post-conflict contexts?
  - a. What specific elements make microfranchising a strong potential model for youth livelihood programming?
  - b. What specific elements make it feasible in conflict-affected environments?
  - c. What are the risks?
3. How does it work: IRC’s microfranchise model in Sierra Leone
  - a. Working with youth
    - i. Recruitment
    - ii. Initial training
    - iii. Business planning
    - iv. Identifying mentors
    - v. Pitching business ideas to potential franchisors
    - vi. Ongoing training
  - b. Working with franchisor businesses
    - i. Recruitment

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<sup>7</sup> Fairbourne, Jason. (2009). BYU’s Economic Self-Reliance Center.  
<http://marriottschool.byu.edu/selfreliance/shop/shop.cfm>

- ii. Type of businesses to approach
    - iii. The business and social case for youth microfranchising
    - iv. Developing a Memorandum of Understanding
    - v. Providing support for franchisors
  - c. Partnership development
    - i. Working with banks and microfinance organizations
    - ii. Working with Chambers of Commerce and entrepreneurial networks
- 4. Monitoring and Evaluation
- 5. Existing experience and case studies of franchisees and franchisors
  - a. Strengths and success factors
  - b. Challenges and lessons learned
- 6. Annex: Project Tools and Resources

## Annex 10: Microfranchising Books, Reports and Articles

Cassinath, N., McKague, K., and Lesau, O. *Microfranchising Toolkit*. Toronto: Street Kids International.

Christensen, L.J., Lehr, D. and Fairbourne, J. (2009). *Reluctant Retailers and Willing Workers: How Microfranchising Aids the Necessity Entrepreneur*, Working Paper.

Christensen, L.J., Parsons, H. and Fairbourne, J. (2010). Building Entrepreneurship in Subsistence Markets: Microfranchising as an Employment Incubator. *Journal of Business Research*. Available at [doi:10.1016/j.jbusres.2009.03.020](https://doi.org/10.1016/j.jbusres.2009.03.020)

Christensen, L.J. (2008). Alleviating Poverty Using Microfranchising Models: Case Studies and a Critique, in Wankel, C. (ed.) *Alleviating Poverty through Business Strategy*. Palgrave Macmillan.

Deelder, W., and Miller, R.A. (2009). *Franchising in Frontier Markets*. Dalberg Global Development Advisors. Available at [http://www.dalberg.com/PDFs/Frontiers\\_Markets\\_content\\_print\\_marks.pdf](http://www.dalberg.com/PDFs/Frontiers_Markets_content_print_marks.pdf)

Fairbourne, J., Gibson, S.W., and Dyer, W.G. (eds). (2007). *Microfranchising: Creating Wealth at the Bottom of the Pyramid*. Northhampton, MA: Edward Elgar.

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Lehr, D. (2008). *Microfranchising at the Base of the Pyramid*. Acumen Fund. Available at [www.acumenfund.org/uploads/assets/documents/Microfranchising\\_Working%20Paper\\_XoYB6sZ5.pdf](http://www.acumenfund.org/uploads/assets/documents/Microfranchising_Working%20Paper_XoYB6sZ5.pdf)

Magleby, K. (2007). *Ending Global Poverty: the Microfranchise Solution*. Provo, UT: Powerthink Publishing.