



Grassroots Business Initiative



NESsT

Peru



Background

NESsT is a nongovernmental organization dedicated to addressing critical problems in emerging marketing countries by developing and supporting social enterprises that strengthen civil society organizations' (CSOs) financial sustainability and maximize their social impact. NESsT works as a social enterprise catalyst worldwide through four initiatives: NESsT University, NESsT Consulting, NESsT Marketplace and NESsT Venture Fund, which is the initiative funded by GBI.

The NESsT Venture Fund (NVF) provides financial and capacity-building support to CSOs developing social enterprises, enabling them to achieve a greater mission impact and financial sustainability. The NESsT Fund responds to two key obstacles: insufficient start-up capital and insufficient capacity (business skills and systems). By addressing these issues, NESsT supports the development of high-impact social enterprises among CSOs.

The NESsT Venture Fund was initially launched in late 2001 in Central Europe and expanded later into Chile.

In each country, NVF conducts an initial screening to identify CSOs that could potentially qualify for the project. The screening is conducted through a Social Enterprise Competition whose winners receive NVF support in two stages:

- 1) **Early Stage Portfolio:** Capacity-building is provided to the participating CSOs to help them define the business concept, target market and demand, financial projections, and so on. At the end of this stage, which can last from 6 to 12 months, the CSO has a business plan ready to present to potential investors.
- 2) **Later stage portfolio:** The CSOs implement their business plans and are supported by NESsT for an average of 3 years during which the CSOs receive several rounds of financing and capacity building support (training and individual consulting). These services are provided directly by NESsT staff and a network of pro-bono local businesspeople that act as mentors (Business Advisory Network).

IFC's involvement

The IFC's Grassroots Business Initiative is supporting the expansion of the NVF model from Chile to Peru.

Specific project activities include:

- Conduct preliminary studies, including study on the legal environment for CSOs in Peru, and case studies of CSOs in Peru
- Conduct social enterprise competitions to identify CSO candidates to enter the early stage portfolio
- Support later stage portfolio activities, including venture grants to the participating CSOs, ongoing technical assistant to the selected CSOs and the development of a Business Advisory Network.

Results to date

Since the beginning of its operations, NESsT has introduced over 900 organizations to social enterprise and has provided capacity building support and financial support to 188 of them to assess and initiate social enterprises. Eighteen high impact social enterprises have been invited into the Fund's later stage portfolio, launching and expanding their enterprises.

Experience in Central Europe

NVF was initially launched in late 2001 in Central Europe and currently covers 6 countries: Croatia, Czech Republic, Hungary, Romania, Slovakia, Slovenia. The fund has assisted 119 organizations, building their internal capacity to assess and develop a social enterprise, and twelve have been invited into the later stage portfolio. Six organizations have exited to date, meaning that the CSOs have reached all the agreed upon social and financial sustainability goals and are no longer in need of NESsT support. Financially, the organizations have reached targeted financial projections, generating untied revenues and increasing their ability to sustain and plan for administrative and new programmatic areas.

Experience in Chile

NVF was launched in Chile in 2002. Since then, 69 organizations have developed an internal capacity to assess and develop a social enterprise in the Fund's early stage portfolio and six have been invited to develop their enterprise in the later stage portfolio. The fund is in its early phase and NESsT is expecting its first exit in 2007.