



Can generating income support locally led development?

The funding environment for international non-governmental organisations (INGOs) has been difficult for a while now due to the cost-of-living crisis, cuts to the UK aid budget, Covid-19 and loss of funding from the European Union. INGOs are increasingly competing for smaller pots of money from philanthropic partners, many of whom are shifting their priorities away from international funding.

Income generation is not new for INGOs.

Some organisations have been generating income for many years through social enterprises and consultancy, to name a few approaches, but this is not the norm. Most INGOs have a more traditional, grant-led business model, and the increasingly uncertain and competitive environment is making things hard.

Many INGOs criticise grant funding as inflexible, highlighting donors' rigid due diligence requirements, and it is often seen as barrier to having an equitable relationship with communities in lower- and middle-income (LMIC) countries. While this is not necessarily true, and INGOs do have the power to change how they fundraise and interact with communities in LIMCs, the grant funding model does create challenges for them.

It is these challenges, and the increased competition for limited grant funding, that led us to document these case studies. We wanted to see if generating income and shifting away from the grant funding model can not only help organisations achieve financial sustainability but also support a shift in power to social activists and communities. These case studies have been collated to help INGOs understand that business models are not just about organisational sustainability; they can also help support strategic objectives and values, and shift power to local communities.

TIP: Don't jump head-first into generating income without considering how it fits with your charitable objectives

The three models

When we first started our conversations, we struggled to understand the difference between an INGO developing a trading venture for its own sustainability and an enterprise programme in one of the countries in which an INGO works. With help from Tej Dhami from the Change Coefficient, we identified that income generation/trading models for INGOs can be broken down into the following three categories:

- Monetising expertise and networks - For example, a consulting model in which an INGO sells its expertise.
- Monetising organisational assets - This encompasses brand, so it includes charity shops and t-shirt sales that use the charity's brand name to generate income, but it also includes

generating income through other assets, such as renting out space if an INGO owns a building.

- Trading models that deliver targeted outcomes - This includes social enterprises, enterprise-led development, development impact bonds and other income generating activities that help an organisation achieve its charitable objectives.

There are examples where some models overlap between categories, such as ChildHope International's South 2 South network. ChildHope monetises its expertise while also strengthening the capacity of local partners, which is one of ChildHope's strategic priorities. But overall, these categories are helpful when deciding which approach is best for your organisation.

The case studies

[Restless Development: the consulting model](#) - Monetising expertise and networks, such as consulting models where INGOs sell their expertise.

[Choose Love: generating income through a well-known brand](#) - This encompasses brand, so it includes charity shops and t-shirt sales that use the charity's brand name to generate income, or it could mean generating income through other assets, such as renting out space if the INGO owns a building.

[Ripple Effect : a social enterprise](#) - This includes social enterprises, enterprise-led development, development impact bonds and other income generating activities that help an organisation achieve its charitable objectives

[What have we learned?](#) - Find out what we learned from the case studies, and what advice you can take forward with you.

Restless Experts

Providing youth-led expertise to generate income

Restless Experts is part of Restless Development, an international non-governmental organisation that supports young leaders to create a better world.

Every year Restless Development trains, mentors, nurtures and connects thousands of young people to use their youth power and lead change. Restless Development takes a power shifting approach. The organisation is committed to proactively shifting power to ensure every young person is able to lead and create a better world. Restless Development is feminist, inclusive, gender transformative and anti-racist in its work. It recognises the barriers that women, girls, non-binary people, people with disabilities and young people of different ethnicities, religion and sexual preferences face in the communities in which the organisation works. Restless Development recognises historical power inequalities and aims to decolonise development.

Restless Experts is part of Restless Development's resource mobilisation strategy and provides the organisation with a different way to deliver its work. The initiative supports young people to provide regular advice and guidance to institutions, governments, partners and corporations on how to develop strategies and approaches that include youth perspectives.

Restless Experts provide expertise on how to set up youth advisory panels, convene youth audits and develop recommendations and youth strategies. They also offer support with organisational change

to ensure that meaningful youth engagement principles are embedded in organisational culture, for example, by supporting organisations to effectively include young members on steering committees and boards or create successful youth designed and led programmes, activities and campaigns.

Recent examples of Restless Expert's work include reviewing the Danish Ministry of Foreign Affairs' youth-related engagements, assessing Family Planning 2020's approach to meaningful youth engagement, training USAID staff and implementing partners and developing recommendations to guide the Solutions For Youth Employment (S4YE) Coalition on how to meaningfully engage young people in its work.

The business model

Restless Development has a diverse funding model. It gets funding from a range of institutional funders; some give the organisation restricted project funding and others provide more flexible unrestricted funding which the organisation can use to finance its strategic objectives. Restless Development also raises funds from the public through appeals, campaigns and events, and it partners with corporate organisations on specific programmes and sponsorship.

Restless Experts is one of Restless Development's new ventures and part of its 2022 – 2030 strategy. It makes up a small but important part of the organisation's business model, generating income but more importantly helping Restless Development achieve its strategic objectives to champion the power of young people and restore power to communities. The scheme enables the organisation to offer expertise to the development sector on youth leadership and shifting power to communities. The young people, including staff and volunteers, which the initiative works with are the experts. Where possible, young people deliver the work based on their expertise without bringing in external consultants. This way of working restores power and voice to young people and communities and redefines expertise.

Restless Experts use the following six principles to help decide which projects they support:

1. They must be doing the consultancy for someone else/another organisation
2. They must be paid to deliver against key outputs or objectives
3. The consultancy must have financial value (i.e., it covers costs and generates strategic income)
4. They are bound by a terms of reference or a contract
5. The consultancy is aligned with advancing Restless Development's power shifting commitments
6. The consultancy must be focused on influencing the development sector to champion the power of young people or support growth and learning

Restless Experts' consultancies must generate an income and contribute to running costs. Restless Development does not shy away from this model, as demonstrated by its use of the term 'positive income' instead of profit. Normally, Restless Experts' costs are based on staff salaries plus a contribution to overheads. But, depending on the nature of the work, the budget is sometimes based on the activities and the size or scale of the project. Costs include direct compensation for the young people involved, data costs and attendance costs to ensure fair remuneration for young people and encourage diverse participation.

Some Restless Experts teams or hubs have experienced challenges with budgeting. But a key lesson that has been learnt is that agreeing a clear terms of reference will ensure that work can be correctly costed.

Why has the organisation taken this approach?

- Restless Development decided to set up Restless Experts for the following reasons:
- It gives young people the opportunity to advocate for and champion youth engagement.
- It puts more young people in decision-making spaces, offering them more opportunities to influence donors, processes and donors' country strategies.
- Restless Development was already training and supporting young people to build their career prospects; Restless Experts gives young people an opportunity to put this to the test. It clearly supports the organisation's strategic priorities to shift and restore power to young people and communities.
- The initiative provides opportunities for a wide range of staff to get involved in consultancy work – this is really motivating as it enables staff members to be seen as experts.

How are they doing it?

Restless Experts is Restless Development's way of offering its expertise on youth leadership and shifting power to the sector. The model does not employ a group of specialised experts as consultants; rather the young people are the experts.

Importantly for Restless Development, the initiative gives young people career pathways and opportunities to progress. It provides opportunities for more junior staff members to develop in their careers. It also provides young people and staff with credibility, helping them to generate networks and move forward in the development sector.

Restless Experts offer the following services:

- **Youth Hacks** - Developing and delivering interactive, youth-led sessions to enable collaboration, foster new ideas and empower young leaders. The sessions aim to define problems, design solutions and drive global or local change.
- **New or updated youth strategies** - Supporting youth strategy development, whether an organisation is creating a youth strategy for the first time, just starting to think about how to engage young people in its work or trying to take youth leadership in the organisation to the next level.
- **Tailored training on meaningful youth engagement** - Developing and delivering bespoke online and offline training for staff and leadership on meaningful youth engagement.
- **Youth-led research** - Gathering young people's unique perspectives through interactive consultations, which can be used to inform policies, campaigns, strategies, programme designs and more.
- **Youth advisory / sounding boards** - Helping organisations ensure their work stays relevant, impactful and accountable by supporting them to set up and manage youth advisory or sounding boards.

How effective has this approach been?

Restless Experts had a £200,000 target for the year 2022, and by Q4 80% of this target had been met. The income that Restless Development generates from Restless Experts is unrestricted and is reinvested into the organisation. Restless Development hopes that, in the future, Restless Experts will contribute to the sustainability of the organisation and its ultimate aim of supporting youth civil society to thrive.

Restless Experts has been really successful in helping Restless Development shift power. One of the reasons why the organisation used the Restless Experts approach was because it believes that being an expert gives young people an opportunity and career pathway that would not otherwise be open to them. Young people are trusted to lead and contribute to consultancy projects; they are seen as the authority on and expert in youth leadership, and this transforms and shifts power to them. The model also helps move flexible income around Restless Development, which contributes to the strategic objective of decentralising power across the organisation.

What has the organisation learnt?

- Using a people-centred approach helps to build relationships, grow networks and develop relationships with clients.
- Being people centred has allowed Restless Development to cultivate relationships and build credibility within the development sector. Restless Experts' clients are pleased with their work, and this has increased the organisation's visibility and credibility. This is a low-cost resource that has increased Restless Development's impact.
- Restless Experts has helped Restless Development redefine 'expertise'. It has enabled the organisation to demonstrate that expertise can be found anywhere, not just in Western countries, including among young people in low- and middle-income countries.
- Because Restless Experts are selective with the opportunities they proceed with, their work is aligned with the organisation's values and strategy. Restless Experts' clients include international donors, governments and other influential bodies, which has created additional opportunities to influence.
- It's helpful to allow each hub or team to take a flexible approach to how they offer their expertise and which consultancies they accept. This ensures greater opportunity and outreach.
- The Covid-19 pandemic changed the way people do things. It provided opportunities for Restless Experts, as they had already built strong relationships with young people and communities so they were able to continue working with them, whereas many other organisations had to step back. This gave Restless Experts a clear advantage over other organisations and international stakeholders.

What are they planning to do next?

Even though they have already seen benefits from the flexible model, Restless Development are continuing to gather evidence on this approach. This will help them monitor their impact and create an offer that can be scaled up and replicated by other organisations.

By creating a methodology that can be used by others, Restless Development intends to create a ripple effect that will enable other organisations and collectives to generate their own income and promote career pathways for young people.

Restless Experts' financial targets have been set for the next two to three years, and these targets have been set at a level that means the initiative is not under pressure to grow too quickly. Restless Development sees these next few years as a learning and testing phase to inform growth and development.

Choose Love

This is a case study of a start-up, originally called Help Refugees, which grew and rapidly evolved into a widely trusted organisation that works globally and is now known as Choose Love

Choose Love is a pioneering new movement in humanitarian aid, which provides fast, flexible, transparent, accountable funding and support to refugees.

It has filled a critical void in networks of first responders by raising funds for essential grassroots and civil society organisations serving people on the move, in particular organisations led by communities into which displaced people have arrived and the displaced communities themselves.

The team is passionate about what they do and is deliberately lean, driving a fast-paced, global movement across 27 countries. Since its inception in 2015, the organisation has raised tens of millions to directly and flexibly support grassroots, community-based organisations, creating a movement of people who are putting love into action around the world. Choose Love's narrative is not one of charity but of solidarity. One of its core beliefs is that the people who experience and respond to displacement crises are the ones best placed to advocate for their solutions.

The business model

Choose Love has disrupted the traditional charitable model. With social justice values at its core, Choose Love also views itself as a powerful brand. We spoke with Josie Naughton, co-founder and CEO of Choose Love, who said:

“We really think of Choose Love as a brand; a business where our profit is impact. To fundraise strategically to best meet the needs of our partners, we need to think like a business so we can do the very best by the communities we support. We are entrepreneurial – it is in our DNA.”

Choose Love is also a careful risk taker. Going to where the needs are greatest, the organisation has developed an agile model that responds quickly in rapidly evolving crises.

It spends a lot of time assessing the risk involved. Over the last seven years, Choose Love has developed a new and necessary model of democratising funding to provide community-based services to displaced people in a responsive and person-centred way. Continually striving to shift conventional international development models, many of which perpetuate inequity, Choose Love is learning how to build a strong organisational infrastructure as it grows.

Choose Love was born on social media and close to 50% of its income is generated from public forms of fundraising. The other 50% comes from traditional philanthropy, trusts and foundations and high-net-worth individuals. Having a diverse income stream is extremely important to Choose Love's model. Where possible, the organisation always tries to raise unrestricted income so it can be responsive to its partners' ever-changing needs.

Income breakdown:

1. 18% from crowdfunding
2. 55% of fundraising from trusts and foundations
3. 2% from high-net-worth individuals and corporates
4. 16% from the Choose Love Shop
5. 3% from merchandise

6. 1% from events

In 2020, just 6% of Choose Love's funds were spent on core costs, 5% were spent on fundraising, and 2% went to Prism the Gift Fund for its governance and accounting work. As Choose Love has grown and stabilised, its operational costs have increased to ensure it provides a high-level of support to its continually growing ecosystem of partners. However, Choose Love has made a commitment that these costs will never go above 20% of its total income.

When Choose Love's founders Josie Naughton, Dawn O'Porter and Liana Bird started working together in 2015 – as the 'refugee crisis' hit Europe, prompted in large by the situation in Syria – they had no experience of working in or with NGOs, nor of applying for institutional funding. They were just ordinary people, compelled to support fellow human beings. The only thing they could do was raise unrestricted income from the public, so this is what they did, and the Choose Love movement was born.

When they began raising funds in 2015, they didn't go in with an agenda, rather they instinctively asked the very few organisations supporting the people in the refugee camps what was needed. And Choose Love listened. It worked across sectors, understanding that needs varied drastically across different contexts. Crucially, having access to unrestricted funds raised from Choose Love's generous supporter base meant the organisation could meet the majority of requests it received. At the time, Josie, Dawn and Liana didn't realise that being able to work in this way was not the norm. As Josie reflects, "I didn't realise how unusual and valuable it was to have unrestricted funding."

As Choose Love grew, Josie realised that the downside of solely depending on the public for funds was that the organisation did not have any income secured over the longer term. This was crucial to provide sustainable support to partners. Josie and colleagues turned to trusts, foundations and philanthropic organisations as a way of achieving this and realised the importance of these grants for stabilisation. In fact, they learnt:

1. You can't count on money until it is in the bank.
2. You can't depend on one, two or even three donors or sources of income; diversification is key to Choose Love's business model.

Bringing funders along

As Choose Love developed, it was able to access funding from trust and foundations. But Choose Love realised that having traditional grants was at odds with its flexible, rapid way of working. As an intermediary funder, Choose Love bridges the gap between traditional philanthropic models of fundraising and its partners' continually shifting needs and limited administrative capacity. As a result, Choose Love has had to take some of its funders on a journey to understand radical solidarity and the organisation's more flexible and rapid approach to working. It is incredibly fortunate to have a broad base of supporters and donors who intimately understand the challenges of working in an ever-changing context and who provide unwavering support to Choose Love and its partners.

Choose Love has had to formalise its processes and systems, which has inevitably caused tension with its way of working. "Over time, working in the contexts that we do, you do need to put further systems in place to protect the communities you work with and the organisation itself," says Josie. "So, the process we take partners through has become more formalised and we work within frameworks. There is always a tension there. We want to find a way to walk that tightrope

and remain responsive to the needs of the grassroots network whilst having strong due diligence systems in place. Never losing the reason we exist in the first place is very important to us.”

The refugee crisis is not going away. With over 100 million people now displaced in the world, the needs are greater than ever.

Radical transparency as a key part of the business model

- **Being visible** - Being visible to the public and constantly talking about what Choose Love does is key to keeping supporters engaged.
- **Offer a platform** - Choose Love gives partners a platform through the organisation’s social media, showing people exactly where and to whom their money is going.
- **Make sure you tag** - Choose Love tags its partner organisations and tells stories via videos and reels.
- **Build trust** - This approach to social media has resulted in its followers really trusting the organisation’s work and feeling invested in the people involved.

This is one of the reasons Choose Love’s supporter base is so strong. It is largely made up of young, compassionate people who are also active on social media. In fact, the organisation’s ‘brand’ is trustworthy and cool.

Celebrities are not only an important part of Choose Love’s supporter base but are proud to put their own personal brands behind the organisation. Celebrities fuel considerable income generation for the organisation and act as role models, showing solidarity for refugees and raising awareness of the refugee crisis and problematic, discriminatory government policies.

The Guilty Feminist and Jameela Jamil’s I Weigh are among the well-known platforms that spotlight Choose Love and put on events to raise money for the organisation from their own followers.

Choose Love’s trustworthiness has paid dividends. The organisation is now at a stage where brands and celebrities approach it to form partnerships to raise funds for the charity.

Choose Love’s trustworthy and relevant brand fuels the diversification of its business model.

A relevant, socially conscious and fashionable brand

Another source of income is Choose Love’s merchandise shop. This is where the organisation’s entrepreneurial DNA is the most visible. Choose Love’s merchandise has evolved through different partnerships, and this keeps it fresh. Choose Love does its merchandising successfully; it isn’t just about wearing a fashionable t-shirt, tote bag or bucket hat, it is about making a statement about who you are as the wearer. A supporter can be eco-conscious through the Choose Earth collection, an ally or proud member of the LGBTQ+ community, or simply a social justice campaigner.

Choose Love has developed, evolved, sold, distributed and marketed its merchandise in different ways. Its Katharine Hamnett designed t-shirts are iconic and so much more than your average charity clothing. Whoever Choose Love partner with to distribute their t-shirts they make sure not to drift from their principles, paying close attention to the value chain and sustainability issues.

Why did the organisation decide to use a funding approach with diverse income streams?

How effective has it been in generating income/sustainability and supporting a shift to locally led development?

In short, really effective. Choose Love has been able to prioritise what is needed by listening to the teams it works with in country, rather than going in with its own expectations. Being needs-led is at the core of the work, and flexibility is built into the organisation's funding strategy.

It has invested in a strong programmes team to work with partners and keep donors abreast with up-to-date information from the ground. Choose Love adopts a network-based approach, having key thematic areas of focus, including supporting unaccompanied children and LGBTQ+ people. It has trialled regional open calls, assessed by an advisory committee consisting of people with lived experience of forced displacement from that geography. In certain contexts, this is harder. In regions where people are transitory and living in refugee camps for short periods of time, fewer refugee-led organisations are sometimes found. Choose Love strives to connect to local networks and find grassroots leaders who can build projects, with the community involved at all stages of programme design.

What is the organisation planning to do next?

"Choose Love celebrated our seven-year anniversary in 2022. When we first began in 2015, we could never have anticipated the scale of our organisation today, although we of course wish we didn't have to exist" says Josie.

Our success is built on the strength of the relationships with our partners, the public, our donors, and all driven by a very focused and hard-working team. This strength is reinforced by the unshakeable roots Choose Love has developed in supporting the ecosystem of grassroots organisations along key migration routes, with these networks coming to the fore in times of immense hardship as we have seen this year.

The last year highlighted more than ever the importance of Choose Love remaining flexible in its approach and responsive to emerging situations. Just as conflict can emerge quickly (as the world saw with Russia's invasion of Ukraine), similarly dire situations can also disappear from public sight. The organisation endeavours to find a balance between remaining true to its core values and understanding the scale of impact it can have, with a model that can adapt to humanitarian crises as they occur.

Choose Love isn't seeking growth for growth's sake. It knows it is crucial to build a structure that is sustainable, one that does not rely on specific individuals and can stay at the forefront of a constantly evolving world. Shifting audiences on social media platforms requires the team to stay ahead of the curve by investing in video editing skills, as still images are no longer favoured by algorithms.

Future planning must be done in consultation with the communities Choose Love seeks to support. Remaining accessible and listening to partners is essential to building funding models that can involve genuine co-production.

What has the organisation learnt? And what would it do differently?

Choose Love believes that a key piece of the solution to effectively support forcibly displaced people is to ensure that the local, grassroots and community-based organisations working with them are effectively resourced, serviced and networked. It addresses this in coordination with the formal sector, including large-scale INGOs, government ministries and local authorities. This collaboration is

necessary to best support people on the move as each actor brings its own strengths to the response (for example, large INGOs are best placed to implement cash programmes).

While the formal sector provides certain resources at scale, its interventions often reduce people on the move to beneficiaries, overlooking the power of grassroots, community-led interventions, and lacking the flexibility to adequately respond to ever-changing circumstances on the ground. Grassroots organisations, though receiving less than 1% of the globally available funding, are filling life-saving and long-term gaps within the refugee support system. Staying true to its mission to support these underfunded groups is at the core of Choose Love's work.

With increased grant-making and fundraising comes the need for increased internal capacity. Choose Love's rapid response in Ukraine is a clear example of how successful the investment in its infrastructure has been. Within hours of the Russian invasion, its team was able to launch a crowdfunder and a campaign to engage its public supporters, reach out to high-net-worth individuals for larger donations, begin to identify local partners on the ground through pre-existing networks and distribute funds quickly, and ensure that a steady and accurate information stream was fed back to donors. Working in an active conflict zone is high risk.

The resources and energy Choose Love has poured into its internal systems has given the public and donors confidence in its processes when donating, reflecting its transparent and honest approach to delivering humanitarian aid. Choose Love remains completely committed to ensuring that every pound it receives is spent in the most impactful way.

Ripple Effect

Ripple Effect has been working with farming communities across East and Southern Africa since 1988. Farmers working alongside Ripple Effect learn more, grow more and sell more. They can feed their families nutritious food, and by having a surplus to sell they can invest in their farms, send their children to school and build sustainable agri-businesses.

Ripple Effect focuses on three areas:

- **Sustainable agriculture** - It trains farmers to adopt sustainable agroecological farming practices which have a climate-positive impact and can make their land an asset for building food security and financial resilience.
- **Gender and social inclusion** - It has a diverse network that advocates for the inclusion of groups that have been marginalised so that these groups can be heard, have influence in their communities and meaningfully participate in economic activities. It is bringing more young people and women into its work.
- **Enterprise development and innovation** - Once farmers are food secure, Ripple Effect encourages them to develop and grow their farm as a business so they can generate more income and have greater control over their future.
- **The business model** - Ripple Effect has always had a traditional grant model, working with institutional funders and trusts and foundations. Over the last few years this approach has become more challenging, not just because of increased competition for funding and

changing funder priorities, but because funders have placed unreasonable expectations on grant recipients. To survive, Ripple Effect knew it needed to make a change.

The leadership team realised there were lots of opportunities open to Ripple Effect due to its background in sustainable agriculture. They started to embed a more entrepreneurial mindset in the organisation in an attempt to drive sustainability. Initially, they investigated whether they could set up a development impact bond as they liked the focus it would have brought on measuring impact, innovation, learning and scaling up. However, they found the set-up costs and ongoing management would be too much for their size of organisation. They decided they would only consider exploring this further if they had the support of a significant lead outcome funder.

They went back to the drawing board, and realised that their expertise in agriculture meant there were other ways to generate income. It's still early days, but the organisation is now developing two new models:

1. Peer farmer trainers

Ripple Effect adapted its traditional grant-funded programme, in which community farmers were trained up and volunteered their time, to a paid-for service that generates an income for farmers. It is a common misconception that people with limited economic resources are unwilling to pay for services, as most smallholder farmers in Africa pay commercial operators for specialist agricultural services. This approach uses the market to deliver farming methods to communities in a sustainable way.

A peer farmer trainer is a farmer who is selected by Ripple Effect to receive additional agricultural training, such as training on soil fertility building, vegetable growing in the homestead, soil and water conservation or tree planting. This is especially helpful in communities where an urgent agricultural need has been identified. For example, in Kenya and Uganda, peer farmer trainers manage a monthly poultry vaccination programme for disease control management.

Ripple Effect is only at the beginning of this work. The hope is that this will become a fully-fledged social enterprise that will provide farmers with specialist training so they are able to go out and support their own communities with agriculture and food production. It is a paid-for service, whereby local farmers pay the peer farmers for their services, which Ripple Effect intends to scale up in the organisation.

2. The Biosafe Hub

Building on the entrepreneurial mindset that is beginning to embed within Ripple Effect, the organisation aspires to set up another social enterprise. This enterprise will promote and sell biosafe inputs with and to farmers, instead of chemical fertilisers.

This will be a hub that will bring together peer farmer trainers, private sector seed companies and educational establishments to champion biosafe methods, engage with stakeholders and scale up the approach. The organisation is at a very early stage with this project. It is currently developing a business case for its board, based on a pilot programme in Kenya. But the expectation is that eventually this will generate income for Ripple Effect.

How the organisation is hoping to do it

Ripple Effect is combing its expertise in agriculture, and its understanding of the market and what smallholder farmers need and want, to develop these new funding approaches. Ripple Effect has

invested time in building relationships with the communities it works with; people from these communities are referred to as 'participants' not 'beneficiaries'.

Ripple Effect directly trains and upskill farmers to become peer farmer trainers, rather than using a consultant who does not understand the context. It works with local people (peer farmers) who are connected to and are part of the communities Ripple Effect works with. This creates strong bonds and builds social capital with farmers and communities.

Ripple Effect supports the farmers as they develop their businesses, providing mentorship and the right linkages for them to succeed. The organisation trains farmers to build new skills when there are needed, such as vaccinations for poultry, and it provides starter kits with the necessary equipment. The peer farmer trainers offer a slightly cheaper rate than a commercial business for their services. They can undercut commercial businesses as they are already based in the communities and don't need to travel to remote villages.

Ripple Effect will use its expertise and understanding of the market, combined with its relationships with private sector companies, to develop the Biosafe Hub. The organisation hopes this will become a fully scaled franchise model with distribution networks across regions. Through the peer farmers Ripple Effect will encourage smallholder farmers to use biosafe rather than harmful chemicals, and in this way the peer farmers will become embedded into the Biosafe Hub. Peer farmer trainers will be given the opportunity to become distribution agents, and by doing so peer farmer trainers and biosafe products will be offered as a bundled service to farmers.

Why did the organisation decide to use this approach?

Ripple Effect found that it was getting increasingly difficult to motivate its farmers to volunteer. At the same time, it was also getting harder and more competitive to secure grant funding for this work. The organisation wanted to restore power and dignity to the communities it works with. Adapting the peer farmer trainer model to a market-based approach has generated income for farmers and their communities, and at the same time ensured the long-term sustainability of Ripple Effects' work.

The Biosafe Hub will be a social enterprise. Ripple Effect has decided to use this approach to generate income that will contribute to sustaining the organisation while also promoting safer fertilisers and inputs for smallholder farmers.

How effective is this approach?

Generating income

The peer farmer trainer model is a social enterprise that is being piloted and is already generating income for farmers. There is demand for the peer farmers' services, and the customer base is growing from word-of-mouth recommendations. Unlike the grant model, where farmers volunteered their time, Ripple Effect is not struggling to recruit peer farmers, instead farmers are coming to them and asking to be trained.

The Ripple Effect/peer farmer trainer brand is building, but as this social enterprise is still at an early stage it is difficult to know what the business will achieve. Ripple Effect hopes demand will continue to rise and the model can be turned into a scalable business. In the long term, Ripple Effects hopes it will generate enough income so it can scale up in other countries and communities.

The Biosafe Hub is less developed as a project so it not yet generating income.

Supporting a shift to locally led development

Locally led development is integral to Ripple Effect. The organisation recently changed its name from Send a Cow to Ripple Effect because, as the organisation's communications manager Jenny Stevenson explains, "'sending' – donations, or expertise – isn't sustainable, and it isn't empowering". Rather than giving grants, which are not sustainable, and maintain reliance on Ripple Effect, the peer farmer trainer model uses market forces to sustain the programme and generate income for farmers.

The farmers feel valued, power is shifting, and they are being paid to deliver a service rather than being passive recipients of development. beauty of this approach is that people are being supported by farmers their community, rather than a contractor as they would be in the grant model. Ripple Effect's approach restores dignity to farmers and their communities.

What has the organisation learnt and what challenges has it experienced/overcome?

Generating income can create tensions for INGOs

Ripple Effect is still at the start of its journey exploring income generation, and it has not been easy. There is always tension for a charity around income generation, and it is important for Ripple Effect to ensure it does not go against its values of serving people who cannot afford to pay for services. Ripple Effect has developed the following principles to help guide its discussions and decision making: Vision, mission and mandate: The success of alternative models will be judged on how far they advance Ripple Effect's vision, are supportive of its mission and in line with its values. Being commercial in nature, alternative finance models must not risk the organisation's charity status or reputation.

Inclusion and participation

Ripple Effect is committed to inclusive development and ensuring that people who have been marginalised, such as girls, women and people with disabilities, can participate in development and benefit equally. The organisation will ensure its programmes are broad and cater for everyone, including those who are unable to pay.

Trust and transparency

The organisation commits to being open and creating understanding with communities, its supporters and partners about the purpose, processes and operations of its alternative models. Adequate systems should be in place to ensure transparency with communities and supporters.

Mutual benefit

Ripple Effect will ensure that families and communities benefit from such arrangements and that there is shared responsibility. The organisation expects that any income generated will be reinvested in the community it came from or used to support other communities within the country strategies. At no point should Ripple Effect benefit at the expense of the communities it serves.

Communities already have the resources they need to build successful businesses

Ripple Effect's slogan – 'It starts on the African farm' – acknowledges the strength and assets that communities already have. They have inherent wealth in their land, indigenous knowledge and communal networks, which they can utilise to move away from a reliance on grant funding and INGOs, towards generating their own income. Ripple Effect sees its added value as its expertise and its ability to do development in a way that addresses the modern-day challenges farmers in East and Southern Africa face.

There is a market for providing support for smallholder farmers

Governments don't provide additional agricultural support and services for farmers. This has impacted food productivity and security in Africa. The new model for peer farmer trainers is helping farmers build their specialised skills, and it is opening up a new 'paid for' market for the peer farmers, one that can compete for business against commercial organisations.

Agroecology is the future

Climate extreme events have led to a decline in agricultural productivity and a loss of crops, livestock and fish. It is easy to think that we need to go back to basics on food production by encouraging farmers to return to more traditional farming methods, but this is not the case. The peer farmer trainers and the Biosafe Hub will help Ripple Effect promote agroecology in agriculture, bringing skills and technology together to promote responsible food production and nutrition. These things are often harder for traditional funders to support. Agroecology is the future, and by promoting it through peer farmer trainers and the Biosafe Hub, African communities and neighbourhoods can sustain themselves. Ripple Effect has recently signed an agreement with KickStart International, an agritech solutions company, which will further develop this work.

What is the organisation planning to do next?

One of Ripple Effect's key priorities is for the new peer farmer trainer model to generate income for farmers. This is essential for proving the business model works so it can then be scaled up into other key countries and communities. Once Ripple Effect has done this, it wants to package its approach, sharing its research so that other organisations can benefit from what it has learnt. The organisation knows it needs to heavily invest in its training so that the peer farmer trainers are trained to a high standard and can build a larger market for their services, including getting repeat customers.

The Biosafe Hub is at an earlier stage. The next step is for the business case to be signed off and the partnerships cemented.

What have we learned?

1. It's really challenging to generate income and change a business model

It is hard to change a business model. Business models set the tone and culture of an organisation, so you are effectively trying to change the culture of an organisation when you change a business model, and this is not a quick fix. It may be challenging to bring staff along on the journey, especially those who have been with the organisation for a long time and have more of a traditional approach to development. Being comfortable generating a profit requires a mindset change, and many people are more comfortable talking about a surplus rather than profit.

Choose Love shows us that it is easier to embed an entrepreneurial spirit at the time an organisation is founded, rather than to try change an older, more traditional organisation. We spoke to a number of organisations that had a consulting model, but interestingly many of them were finding it challenging to make a profit and some had not even considered that as an option.

Generating income requires different skills to a more traditional income model. Often, organisations have to recruit externally to bring in the expertise they need. This can be expensive, but it will benefit them in the long-term. Programmes like Access' enterprise development programme provide

guidance, expertise and support to organisations to help them strengthen their capacity and knowledge on how to generate income. Areas of support include financial planning and management, marketing and how to develop a pricing strategy.

2. You may not get it right

To generate income, along with a mindset change the organisation – particularly its leadership team – needs to challenge itself and embrace risk. Transform Trade explored a number of ways to generate income, including a viability study on setting up its own consultancy, but it did not proceed with this in the end and chose a different, more profitable option. It's important that the board and trustees are supportive of the organisation and leadership team and give them the flexibility to try new things, some of which will work and others that won't.

3. You can learn from others

As income generation and locally-led development are new to many organisations, the sector should take the opportunity to share experiences, both good and bad. Organisations should be comfortable sharing their experiences of failure and success to encourage more organisations to try new approaches.

Sharing experiences won't just support other INGOs, it will educate funders. It will encourage funders to invest in supporting organisations to generate income and shift to locally-led development. Choose Love staff described how they have taken their funders on a journey, educating them on the best way to support the organisation. They have had particular success with getting funders to match fund, as this encourages the public to buy more of their products.

4. Income generation provides unrestricted funds which can go to locally-led causes

Having unrestricted funds means an organisation doesn't have to follow the money. It can choose to spend unrestricted income however it wants. This gives organisations the freedom to invest how they want and focus on what is important to them. Organisations can also provide unrestricted funding directly to community organisations and social activists for them to invest as they see fit, including investing in their own financial sustainability.

A good example of this is Transform Trade which is using its income to become a participatory grant maker and shift power to communities.

5. Developing trading models or enterprises with communities

INGOs can support communities to develop their own social enterprises or provide microfinance to fund such ventures. A good example of this is Ripple Effect, who are supporting Peer Farmers to develop their own businesses that provide specialist agricultural services to fellow farmers. It is a common misconception that poor people are not willing to pay for services, yet most smallholder farmers in Africa are already paying commercial operators for specialist agricultural services.

Ripple Effect provide the training, initial startup packages and connect the farmers with a customer base. The Ripple Effect farmers can compete with commercial sector as they are based in the communities and already have existing relationships with the local farmers.

Generating income gives a community purchasing power and social capital to build a market for its products. And it can give communities the power to make decisions on what is best for them. The

process of developing an enterprise can also help communities strengthen relationships, develop new skills and build financial sustainability so they don't have to rely on overseas donations or INGOs.

6. Handover mechanisms

An INGO can build a handover mechanism into an income generating project, which can also shift power. For example, if an INGO is facilitating an investment or setting up a business, it can slowly hand its equity share to a local partner or community. Restless Development is planning to develop guidance and a methodology so that other organisations can replicate its consultancy approach.

When national and local organisations generate their own income, they become less reliant on INGOs or donors for funding. A good example of this is when a local community has an asset, such as a building or venue that it can hire out. This generates unrestricted income, which reduces the community's reliance on external funding.

What does it mean?

We know that generating income can contribute to a shift in power, but there are still challenges to overcome. Institutional funders may be difficult to navigate and report to, but investors require even more reassurance, detailed reporting and due diligence. And access to finance is difficult. If you are not well connected then it's likely you will struggle to get investors to engage, and this may be particularly difficult for those based in LMICs. Generating income requires different skills and mindsets to managing a traditional grant model. These skills can be learnt, but this requires investment, being comfortable with taking on risk and understanding organisational costs and pricing, which is difficult for some.

While it is clear there are challenges, there are also opportunities. Organisations need to be specific about what they want to achieve, otherwise they can easily fall into a trap of generating income for generating income's sake, while ignoring the bigger picture and their purpose.

Generating income is not going to solve the challenges that we face to shift power, but for an organisation that is committed to both decolonising development and locally-led development, it can contribute to it.

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