NESsT Responds to the Global Pandemic and Impending World Recession

Contingency Plan

www.nesst.org
Our Mission Matters More Than Ever

NESsT transforms lives by investing in locally-based enterprises that empower low-income communities to access quality jobs.

We do this by accompanying these resilient entrepreneurs to manage and overcome multiple challenges, crisis or no crisis, as they grow their businesses.

These businesses and the people they serve are acutely vulnerable to the global pandemic.

We are working closely with portfolio companies to streamline and pivot their businesses to maintain jobs and position for future growth.
Our Mission Matters More Than Ever

Support Social Enterprises to:

1. Sustain quality jobs.

2. Provide wellness & worker safety support to their employees & suppliers.

3. Streamline costs and downsize their businesses.

4. Pivot to new business models and position for future growth.
Steps Taken to Date

Reassure entrepreneurs, offer our support, lay out process for contingency planning.

Conducted online surveys to assess the impact of the crisis on companies, their employees, and suppliers, & determine new opportunities.

Launch of webinars in each country for entrepreneurs to engage in peer exchange and support.

Launch of relief fund with 100% of proceeds directed at social enterprises in the form of grants (launched 04/14).

Guidance of the NESsT Incubation and Fund portfolio 21 companies on creating contingency plans. Compile & launch NESsT's short and long-term response.
Contingency Planning by Type of Business
## Contingency Planning: Biodiversity Businesses

<table>
<thead>
<tr>
<th>Business Status</th>
<th>Social impact</th>
<th>Financing</th>
<th>New opportunities</th>
<th>Funding needs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Biodiversity essential businesses (i.e. food)</strong></td>
<td>Employees and suppliers continue to work at-risk</td>
<td>Continue to pay their loans</td>
<td>Increase or transition to online sales</td>
<td>Safety needs</td>
</tr>
<tr>
<td>Demand is steady or increasing.</td>
<td>In some cases are working part-time or with smaller contracts</td>
<td>Terms might need to change</td>
<td>Shift from exports to national market (home, supermarkets)</td>
<td>Capex</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Develop new products</td>
<td>Technology</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Manage logistics &amp; transportation</td>
<td>Working capital</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Manage lower supplies</td>
<td></td>
</tr>
<tr>
<td><strong>Biodiversity non-essential businesses.</strong></td>
<td>Same as above</td>
<td>Restructure loans given cash flow constraints</td>
<td>Continue to produce in order to meet already established demand</td>
<td>Same as above</td>
</tr>
<tr>
<td>Continue to produce for increased demand and contracts currently on hold</td>
<td></td>
<td>Stockpiling</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Develop new more essential products</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# Contingency Planning: HoReCa Businesses

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>HoReCa</td>
<td>Employees are working part-time; revolving schedules</td>
<td>Restructure loans when applicable</td>
<td>Pivot to online sales</td>
<td>Payroll</td>
</tr>
<tr>
<td>Catering services, pubs, restaurants, laundry services for hotels</td>
<td>Furlough starting in Q2.</td>
<td></td>
<td>Pivot B2B to B2C</td>
<td>Fixed costs</td>
</tr>
<tr>
<td>All closed and pivoting to online sales and deliveries.</td>
<td>Suppliers facing reduced livelihoods</td>
<td></td>
<td>Develop new product formats (longer preserved)</td>
<td>Capex</td>
</tr>
<tr>
<td></td>
<td>Employees with disabilities are on leave (Poland)</td>
<td></td>
<td>Target medical community</td>
<td>Technology</td>
</tr>
</tbody>
</table>

- Restructure loans when applicable
- Pivot to online sales
- Pivot B2B to B2C
- Develop new product formats (longer preserved)
- Target medical community
- Develop new packaging
- Identify logistics & transportation providers
- Develop online marketing & sales strategy
- Credit for farmers/fishers to improve quality
- Marketing
# Contingency Planning: Training & Placement Businesses

## Business Status

<table>
<thead>
<tr>
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<th>Funding needs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Online Training &amp; Placement</strong></td>
<td>Women &amp; at-risk youth increase their demand for IT training</td>
<td>Investments completed and directed towards uploading new curriculum &amp; dissemination Monitor cash flow</td>
<td>Expand e-learning with new courses Increase tracking and targeting of B2C market Engage &amp; educate employers to manage and set-up remote jobs</td>
<td>Technology Marketing Support to at-risk women to pay for training</td>
</tr>
<tr>
<td>Demand for upskilling is increasing.</td>
<td>Uncertain if there will be jobs for placements</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>In-person Training &amp; Placement</strong></td>
<td>At-risk youth need access to food/health/technology to continue to participate in trainings (CL suspended program for at-risk youth)</td>
<td>Investments completed and directed towards transitioning to online platforms Monitor cash flow</td>
<td>Set up robust e-learning platform; Use apps for monitoring impact Decrease costs from online training Expedite use of recruitment app</td>
<td>Technology Stipends for youth Payroll</td>
</tr>
<tr>
<td>Pivoting to online platforms but this will take time</td>
<td>Will be difficult for enterprises to pay their own employees starting Q2</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Response to the Global Pandemic and Impending World Recession

- **Technology**
- **Marketing**
- **Support to at-risk women to pay for training**

- **Stipends for youth**
- **Payroll**
### Contingency Planning: Ethical Fashion & Tourism

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Ethical Fashion &amp; Circular Economy</td>
<td>Stores are closed, recycling halted.</td>
<td>Employees are working part-time, or salaries reduced; might need to be furloughed</td>
<td>Restructure loans; delay payments</td>
<td>Payroll</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Suppliers selling but lower volumes; income decreased</td>
<td>Borrow from friends &amp; family</td>
<td>Fixed costs</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Postpone payment of loan for park purchase</td>
<td>Technology</td>
</tr>
<tr>
<td>Tourism</td>
<td>Parks &amp; other sites are closed, tourism at a standstill.</td>
<td>Llama breeders no longer receive income</td>
<td>Postpone payment of loan for park purchase</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lack access to healthcare; Safety information is not in Quechua</td>
<td>Team has financing to subsist for five months</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Preservation of llamas also at risk</td>
<td>Not many opportunities</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Advance online sales</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Pivot to handicrafts but not essential</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Livelihoods and health safety of 74 supplier families</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Losses for remainder of year.</td>
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</tr>
</tbody>
</table>
## Contingency Planning: Health Businesses

<table>
<thead>
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<th>Funding needs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health/ Nursing services</td>
<td>Caregivers still working to take care of residents</td>
<td>Restructure loan for facility (non-NESsT)</td>
<td>Energy savings for facility; Advocate on behalf of elderly &amp; chronically-ill</td>
<td>Payroll</td>
</tr>
<tr>
<td>Business not highly impacted</td>
<td>Reduce hours for everyone to keep working</td>
<td>No outstanding debts</td>
<td>Test breathing machines for patients</td>
<td>Fixed costs</td>
</tr>
<tr>
<td></td>
<td>Employees still working on a new product that can help to address the</td>
<td></td>
<td>Prioritize selling to hospitals; Build online customer intake process for</td>
<td>Refinancing</td>
</tr>
<tr>
<td></td>
<td>impact of the crisis over the long-term</td>
<td></td>
<td>customers</td>
<td>Utilities</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Consider delivery or pick-up for new orders</td>
<td>Other monthly operating costs during the short-term</td>
</tr>
</tbody>
</table>
Stories of Resilience
Encauchados
Location: Para, Brazil | Joined NESsT Portfolio: 2018

Processes and commercializes the native rubber bought from an indigenous cooperative in the Amazon. The enterprise trains the suppliers and pays them a fair price for their product. It then produces a compost made of rubber mixed with açai fiber to produce a line of household and fashion products. Both the rubber and the açai are biodiverse products that thrive only when the plants around them are also sustained.

- **2020 goal for indigenous people trained (no change in response to COVID-19):** 250
- **2020 goal for indigenous people receiving livable wage (no change in response to COVID-19):** 125
The social enterprise trains youth from low-income backgrounds, 25% of whom were previously incarcerated, for general administrative positions in high-growth industries. The apprenticeship program leverages the eight years of knowledge, methodologies, and reputation of its nonprofit that seeded the business.

- **Goal for low-income youth trained**: 500
- **Goal for low-income youth placed**: 250
- **Goal for low-income youth employed by SE**: 25
Future Collars teaches programming and digital skills to support women and people with disabilities with developing careers in tech, IT, and remote work. Diversity in tech is a priority for FutureCollars, which is why the company focuses on courses and events for women who want to start working in technology. As the only programming school in Poland, it has prepared a learning platform for people with visual and motor disabilities.

Goal for women trained: 170

Goal for women placed: 110

Goal for women placed by 2023: 445
Dalba

Location: Puck, Poland | Joined NESsT Portfolio: 2018

DALBA is an award-winning craft beer brewery in Puck, Poland that employs people with intellectual disabilities. It is the first in Poland and sixth in the world of its kind. The business addresses one of the most serious social problems in Poland: labour exclusion and social marginalization of people with intellectual disabilities. Today, only 10% of people with disabilities participate in the labor market.

6  Goal for people with disabilities trained

42 Goal for people with disabilities employed

2  Goal for people with disabilities placed
Epanacombi
Location: Peru | Joined NESsT Portfolio: 2020

This social enterprise produces high quality empanadas that are sold in convenience stores (i.e. Repsol) throughout the country, as well as through their own catering business. The enterprise trains and provides people with disabilities quality jobs in gastronomy--often their first--both as bakers as well as caterers.

70 Goal for people with disabilities trained

4 Goal for people with disabilities employed
PIXED
Location: Peru | Joined NESsT Portfolio: 2020

This social enterprise produces a line of low-cost prosthesis products made accessible to children and adults. Pixed accompanies the client on the use of the technology, adapting it as the person grows (particularly in the case of children) while providing psychological support. The enterprise provides clients with accessible payment options. NESsT invested in the company particularly to ensure the inclusion of adult users and parents of children users into the workforce.

2020 goal for people receiving prosthetic products & trained for workforce integration (no change in response to COVID-19)

84

Goal for people directly employed by the social enterprise

4
Short-Term Relief & Long-Term Response
Short-term Relief

Keeping people safe and employed during the pandemic.

• Guide companies through contingency planning & downsizing/streamlining.

• Restructure loans

• Provide funding in form of grants to sustain jobs and ensure worker safety.

• Support companies with accessing emergency funding (i.e. government, philanthropic, clients).

• Evaluate high-stake, short-term decisions alongside entrepreneurs.

• Provide guidance to companies on worker safety.
Entrepreneur Reflection

Marco Piñatelli, Founder of Inka Moss, shares his thoughts upon receiving news of NESsT's plans for support during COVID-19 and the impending recession.

“If there is something that characterizes the social entrepreneurship companies in the NESsT portfolio, it is their immunity to the problems and challenges that we have had to overcome throughout our development, with a positive mind, no matter how bleak the horizon may be, because there is always an out and we have always felt supported and accompanied by NESsT.”
Long-term Response

Creating and sustaining quality jobs for those most affected by the world recession.

- Assist companies to *pivot* their business models.
- Launch new financial products (e.g. short-term working capital loans, bridge funding)
- Support companies to launch online business models and e-commerce offerings.
- Evaluate new product & business opportunities alongside entrepreneurs.
- Leverage new funding to support companies as they transform themselves & expand into new industries.

Brazil Portfolio Incubation Call
Long-term Response (Continued)

Creating and sustaining quality jobs for those most affected by the world recession.

- Evaluate and ensure *gender inclusive* support (i.e. addressing caregiver & employment double burden; surge of domestic violence experienced by women while sheltering in place)
- Connect companies to mentors for day-to-day decisions.
- Train entrepreneurs in new skill areas (e.g. HR practices, crowdfunding, online marketing/sales).
- Organize peer-to-peer exchanges for support and sharing best practices (e.g. launch of NESsT Entrepreneurs Slack workspace, online Masterclasses).
Support NESsT to continue to support its portfolio

- Access new grant funding to meet portfolio short-term & long-term needs.
- Establish loan guarantee funds.
- Move incubation support to online platform & train team on new software.
- Creation of new modules and masterclasses (e.g. How to build e-commerce capabilities).
- Expand communications bandwidth.
- Provide wellness support to team.
- Provide transportation stipends to team (post shelter-in-place).

Poland Portfolio Incubation Call
Funder Spotlight

Encouraging the public to lend their support to enterprise in the frontlines.

Translation of LinkedIn Post by Citi Brasil

*Citi Foundation makes social investments that transform people's lives. Through partnerships with …NESsT, we support financial inclusion projects, develop economic opportunities for young people and support initiatives for sustainable cities. Generating a positive impact for the low-income population is one of our commitments.*

*Talk to our team about co-authoring and/or cross-posting content regarding entrepreneurship in times of COVID-19 and beyond.*
For more information, contact Nicole Etchart or Loïc Comolli
netchart@nesst.org, lcomolli@nesst.org