

# Accelerating Learning to Earning through Innovative Finance

We find ourselves at a tipping point in the youth employment system. Involving at once the education sector, labor markets and the workforce development industry, this system is failing to adequately meet the needs of both young learners and employers: one in five young people globally are not engaged in employment, education, or training; at the same time, employers struggle with persistent skills shortages. The system is plagued by a linear and siloed approach, leading to fragmented service delivery along the learning-to-earning journey, skewed investment priorities, and poor data flow between job markets and educational institutions.

The capital deployment strategies in this area compound these challenges, with an over-reliance on grant funding that promotes short-term solutions at the expense of long-term systemic change, and creates dependencies that shift power away from local stakeholders. A systems approach to investing is needed to navigate these complexities and design new financial instruments that can enable sustained changes.

To truly transform the system, we need to draw upon the full continuum of capital including debt and equity, as well as explore blended capital instruments. This shift will help catalyze necessary changes in behaviors, mindsets, and power structures, driving us closer to achieving Sustainable Development Goal 8.6 - substantially reducing the proportion of youth not in employment, education or training.

We will be exploring the central question: how can we use innovative finance in the Learning to Earning (L2E) pathway to bring more underserved young people into work that brings self sufficiency, dignity and purpose?

# The Impact We Hope to Achieve

In response to this urgent challenge, <u>World YMCA</u>, <u>Generation Unlimited</u> and <u>SecondMuse Capital</u> have joined forces through YMCA's L2E Initiative and SecondMuse Capital's Future Economy Lab<sup>TM</sup>. Our goal is to guide more underserved young people beyond skills training and into meaningful work in both the formal and informal labour markets around the world. We want to do this by increasing the flow of capital to initiatives that have impact using a more diverse range of financing mechanisms. Through this lab we aim to:



ADVANCE NEW FUNDING PRACTICES to promote more inclusive, collaborative and community led approaches



**ATTRACT NEW CAPITAL SOURCES** beyond government and philanthropy by mobilizing private, impact investing capital to meet the needs of the young people we seek to serve



**DESIGN NEW FINANCING MECHANISMS** that can span across impact bonds, outcomes financing, income sharing and blended finance that bring together a range of investor profiles

# Introducing The Future Economy Lab<sup>TM</sup>



# A New Approach to Building Economies

SecondMuse Capital's Future Economy Lab is a global research and design lab focused on innovating how we create financial mechanisms and strategies that support the growth of inclusive and resilient economies.

We begin by deeply understanding a particular system or sector, and then develop a common vision of our desired future state. Our community-centered design approach actively involves a wide variety of local stakeholders, including investors, government entities, entrepreneurs, and community members.

Instead of starting with a specific financial mechanism or product in mind, the FEL allows ideas and solutions to emerge from its process, after learning about the unmet needs and barriers faced by community members. Our approach intentionally readies all stakeholders to engage in meaningful dialogue, regardless of their level of finance expertise.

### The Process

2024

















2025+



#### **Ecosystem Landscape**

Leveraging desk research and select interviews, this phase will provide an overview of the current state of innovative finance within L2E pathways and related impact areas. It will also produce a map of the current stakeholder ecosystem.

We are Here

#### **Envision**

During this phase partners will articulate the vision and desired future state for the use of capital along the L2E pathway (i.e., "North Star") that we are aiming to reach through this process.

#### **Define**

This involves engaging a diverse set of stakeholders within the L2E ecosystem to collaboratively identify options for innovative finance across global north and south markets, model high potential opportunities and validate their suitability to progress to design stage.

## Design\*

In designing financial mechanism, we engage with both the supply and demand sides in the local / regional markets. We will develop an investment strategy, establish a risk framework, construct a financial model, and identify a sample pipeline of investments and potential collaborators.

#### Launch\*

Lastly, we will **prepare the solution for fundraising**. This includes creating essential collateral for fundraising, including a pitch deck, initial conversations with potential investors, and a data room outline.

## Join Us

To build this, we need visionary thinkers like you. Our structured, phased approach is collaborative in nature, and we are committed to designing with not only for the community. We invite you to join 12 YMCAs and GenU sites from around the world on the Future Economy Lab journey as participants and partners, beginning with the Envision and Define Phases, which consist of three online workshops from September - December 2024. Let's work together to reimagine the financing of future youth employment systems. Click the icons below to learn more about the organizations and to reach out for more information about joining us.





