



# **Evaluation of the GEF-UNIDO Global Cleantech Innovation Programme**

## **Approach Paper**

**February 2018**

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## Introduction

1. The GEF is the financial mechanism for several multi-lateral environmental conventions. It works primarily with the public sector in developing countries providing grants to national governments and aims to expand private sector engagement in developing environmental solutions across GEF's focal areas and initiatives. Since its inception in 1991, the GEF has provided developing countries and countries with economies in transition with more than US \$ 10.5 billion in grants. The GEF Secretariat provides support to GEF Council and ensures that Council decisions are implemented. Projects financed by the GEF are implemented by 18 GEF Agencies. The GEF Independent Evaluation Office has a central role in ensuring the independent evaluation function within the GEF. More information about the GEF Evaluation Office can be found at Office's website: [www.gefieo.org](http://www.gefieo.org).

## Background

2. An effective way for countries to meet their commitments under various international environmental conventions and agreements is to promote the development and deployment of clean technologies. This is particularly the case in the case of the United Nations Framework Convention on Climate Change (UNFCCC). In order to promote development of and deployment of clean technologies, various support programs and initiatives have been implemented to identify innovators and support innovative small medium enterprises (SMEs) during their start-up phase.
3. The concept of providing business assistance services to early stage companies first emerged in the United States in the 1980s in response to perceive limitations in the prevailing economic development strategies, which focused largely on large corporate expansions. As others recognized the potential economic value of investing in and supporting new business, communities around the world developed business incubation programs to support the growth of new ventures<sup>1</sup>. Accelerators and incubators are the most recognizable start-up assistance programs and there are distinctions between the two. Accelerators usually provide time limited support to startup teams using structured programming and mentorship services designed to accelerate high-potential firms to success or failure. Incubators cater to early stage entrepreneurs usually providing longer tenure for participating firms and a broader suite of services in terms of access to physical space and mentorship.
4. The predominant metaphor for fostering entrepreneurship as an economic development strategy is the "entrepreneurship ecosystem" which describes the culture, enabling policies and leadership, availability of appropriate finance, quality human capital, venture friendly markets and a range of institutional and infrastructural supports for SMEs. Each entrepreneurship ecosystem is unique and the various actors have different motivations for the success of the ecosystem. For public officials, job creation and tax revenues may be primary objectives, for banks a larger and more profitable loan portfolio may be the benefit. For universities, knowledge generation and reputation may be the benefits and for entrepreneurs and investors wealth creation could be the main motivating factor. Collectively, many stakeholders must benefit and these characteristics lead to eventual self-sustaining of the ecosystem and tipping points arise where government involvement can and should be reduced.

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<sup>1</sup> Evaluating Business Acceleration & Incubation in Canada: Policy, practice and Impact. Deep Centre 2015.

## Global Cleantech Innovation Programme

5. In 2011, UNIDO, with support from the GEF, implemented the “Greening the COP17 program. One of the components was focused on the design of the first South Africa Clean Technology competition for green entrepreneurs and SMEs. This competition was in line with the GEF’s Revised Strategy for Enhancing Engagement with the Private Sector and a specific modality to encouraging innovation in small and medium enterprises through a competition and incubation pilot<sup>2</sup>.
6. The need for further support to policy and regulatory frameworks and to build institutional capacity for cleantech entrepreneurship as learnings of the South Africa pilot resulted in the expansion of the program by UNIDIO and GEF into the [Global Cleantech Innovation Programme](#) (GCIP) into other countries in 2013, namely Armenia, India, Malaysia, Pakistan, Turkey. Thailand joined in 2014, Morocco in 2016 and Ukraine in 2017. The GCIP has now operated in nine countries. See Table 1. Another dozen or more additional countries have been identified for further expansion as part of a Phase II.

**Table 1. GCIP Countries and Grant Amount**

GEF ID	COUNTRY	GEF GRANT (\$USD)	START	DURATION
5146	Malaysia	990000	September 2012	36 mos
5505	Turkey	990000	July 2013	36 mos
5515	South Africa	1,999,000	August 2013	36 mos
5145	Armenia	547946	January 2013	36 mos
5218	India	1,000,000	January 2013	36 mos
5553	Pakistan	1,369,863	August 2013	36 mos
5800	Thailand	1,826,500	April 2014	36 mos
9485	Morocco	913,242	April 2016	36 mos
9811	Ukraine	1,452,875	March 2017	36 mos
Total		11,089,426		

7.

The GCIP is in line with the GEF’s Climate Change Mitigation Focal Areas Strategy under the GEF-6 Programming Directions and the Private Sector Strategy as well as UNIDO’s mandate to promote Inclusive and Sustainable Industrial Development. The programme uses a similar model in each country and supports a cleantech competition from which winners are selected to be trained through a business accelerator program. Entrepreneurs are chosen across four main clean technology categories (see below). Additional categories such as Green Building, Transportation and Advanced Materials and Chemicals have also been included in competitions for certain countries.

- Renewable energy,
- Energy efficiency,
- Waste to energy, and
- Water efficiency.

8. The nature of the business assistance spans topics such as business model validation, product/technology validation, finance, funding, legal and intellectual property issues, sustainability,

<sup>2</sup> Revised Strategy for Enhancing Engagement with the Private Sector. GEF/C.41/09/Rev.01 November 10, 2011

corporate partnerships, government relations and regulations, sales, marketing, crowdfunding, angel and venture capital investment, scaling up and going global.

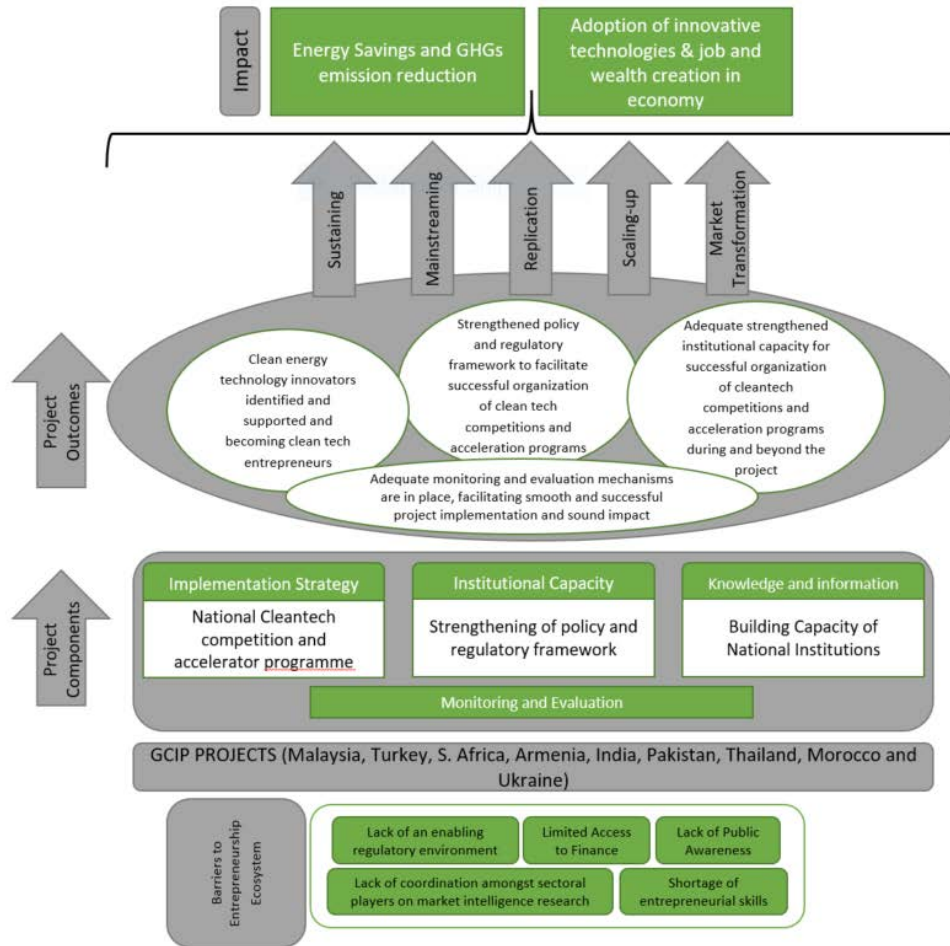
9. National winners are then invited to a global competition hosted by the US-based CleanTech Open in California every year. Platforms at the national and international level introduce the entrepreneurs and link them with investors, business and commercial partners with a view to commercialization of the services or products.
10. Through program planning, GCIP also has an aim to promote an innovation ecosystem in the countries where it operates by coordinating existing national programs relating to the promotion of development and deployment of clean technologies. Figure 1 presents the GCIP approach to build an entrepreneurship ecosystem. Through this cleantech ecosystem and accelerator approach, the GCIP expects to catalyze investment to support and accelerate start-up entrepreneurs towards the development and commercialization of their innovative ideas.
11. Strengthening the policy and regulatory framework for the development of a supportive local innovation ecosystem is another hallmark of the project and entails reviewing the policies and regulations relating to the promotion of SMES working on clean technologies in order to identify those that need to be developed or improved upon including those governing the protection of intellectual property rights, sponsorship agreements and rights of different stakeholders (competition organizers, entrants, judges, mentors, etc.).
12. A third component entails institutional capacity building for the executing organizations, namely the government ministries and research institutions associated with the competition and accelerator program. This can include communication and advocacy strategies and other tools to support the collection of contestant entries and subsequent sustainable delivery of the program. Figure 2 presents the IEO reconstructed Theory of Change of the GCIP
13. Each national project is a Medium Sized Project (MSP) receiving between \$1-\$2M in funding for about 3 years. The intention is to hold 2-3 cycles of the annual program. At the end of three years the aim is for each national project to be fully operational with sustainable support from the public sector and private sector co-sponsors.

Figure 1: GCIP approach to an innovation and entrepreneurship ecosystem



Source: UNIDO brochure - Fostering Clean Technology Innovation, 2015)

Figure 2: GCIP Theory of Change



Source: Developed by the IEO based on project documentation

### **Scope and Purpose of the Review:**

14. The scope of the evaluation will cover the GCIP as a whole but will do in-depth case studies on a sample of SMEs in four partner countries that have participated in the GCIP since its inception in 2013: India, South Africa, Turkey and Pakistan. These four countries are approaching the end of their project duration and have a cadre of entrepreneurs that have gone through the accelerator with whom one can assess outcomes and progress to impact.
15. The purpose of the evaluation is to independently assess the benefits and effect on SMEs after having gone through the GCIP program. Have the accelerators produced viable companies? Created jobs? Produced windfalls for the founders and investors? Elicited greater private investment in start-ups? Generated global environmental benefits?

### **Evaluation Objectives:**

- (a) Assess the quality of advisory services provided by the program
- (b) Assess the outcomes and benefits of the program in a variety of ways – environmental outcomes and economic outcomes of SMEs;
- (c) Assess the legal regulatory frameworks introduced and whether they have enabled cleantech SME ecosystem innovation
- (d) Assess the demonstration effects of the program—replication/scaling up?

### **Approach and Methodology**

16. The Evaluation will be carried out as an independent study using a participatory approach whereby all key parties associated with the project will be informed and consulted throughout the process.
17. The review will use mixed methods to collect data and information from a range of sources and informants. It will pay attention to triangulating the data and information before forming an assessment. The main instruments for data collection will be:
  - (a) Desk and literature review of documents related to the projects including but not limited to:
    - (i) Original project documents (endorsements), monitoring reports, mid-term review reports and terminal evaluations and relevant correspondence
  - (b) Stakeholder Consultations will be conducted through structured and semi-structured interviews and focus group discussions. Key stakeholders to be interviewed include:
    - (i) UNIDO Management and staff involved in the project
    - (ii) GEF Secretariat staff involved in the design of the projects
    - (iii) Representative SMEs

- (iv) Representative stakeholders from academic institutions, research institutions and private sector such as competition judges, mentors and sponsors
- (v) Country government officials
- (c) Online Survey with SMEs that have been through the accelerator program
- (d) Field visits associated with Terminal Evaluations to Turkey, India, South Africa and Pakistan will also be factored into the analysis.

### **Key Evaluation Questions**

- (a) What is the relevance and additionality of this initiative in the participating countries?
- (b) What gaps is this program seeking to address?
- (c) What is the comparative advantage of the GCIP? How is the GCIP any different?
- (d) What is the rationale for selection of country in the program?
- (e) How effective has the programme been in meeting its planned outputs and outcomes?
- (f) What direct and indirect impacts did this initiative deliver?
- (g) Is the program on track to bring SMEs to commercialization? (evidence of contracts, evidence of investment?)
- (h) What are the most important benefits to SMES of going through the GCIP?
- (i) If GCIP was designed as a Programme right from the beginning (rather than individual country projects), what would have happened to the Programme's performance and results? Would the benefits and effects on SMEs been different?
- (j) Which policies or regulations were initiated, established or supported to create an enabling environment for the scale-up of project initiatives?
- (k) What types of institutional capacity has been created in the country because of the GCIP?
- (l) How efficient was project/programme delivery?
- (m) Were resources allocated sufficiently to achieve the expected results, particularly for the 'strengthening of policy and regulatory framework' component
- (n) Is the timeframe and budget realistic to support the startup companies to reach commercialization?
- (o) To what extent are the program's results likely to be sustained in the long term?
- (p) What is the likelihood of scale-up and/or replication in the representative country?
- (q) Has there been a viable entrepreneur ecosystem created for cleantech SMEs?
- (r) What is the likelihood of the program continuing after the GEF project ends?



## Team Composition

18. The Evaluation Team will be managed by Ms. Baljit Wadhwa, Senior Evaluation Officer, IEO with oversight and backstopping from Geeta Batra, Chief Evaluation Officer and Deputy Director, IEO. The team will be supported by one international consultant, an expert in entrepreneurial ecosystems evaluation and an IEO Evaluation Analyst, Molly Watts Sohn.

## Workplan

Activity	Nov 2017	Dec 2017	Jan 2018	Feb 2018	March 2018	April 2018	May 2018	June 2018	July-Aug 2018	September 2018	October 2018	Nov. 2018	Dec. 2018
Document Collection	■	■											
Document Analysis		■	■										
Interviews with SMEs			■	■	■								
Interviews with UNIDO/GEFSEC/Cleantech Open Mgmt			■	■			■						
Survey design		■											
Survey administration				■									
Survey Analysis					■	■							
Cleantech Open Global Forum			■										
Field visit to India				■									
Field visit to S. Africa/Pakistan									■				
Report drafting										■	■		
Report presentation													■
Knowledge dissemination													■

## Annex 1: Evaluation Matrix Global Cleantech Innovation Programme

<i>Key Evaluation Question</i>	<i>Pillar</i>	<i>Information Sources</i>	<i>Possible Approaches</i>
<p><b><i>What is the relevance and additionality of this program in the countries selected?</i></b></p> <ul style="list-style-type: none"> <li>• What gaps is this program seeking to address?</li> <li>• What is the comparative advantage of the GCIP? How is the GCIP any different?</li> <li>• What is the rationale for selection of country in the program?</li> </ul>	<b>Relevance</b>	<p>Council and GEFSEC Documents</p> <p>Data/Results from Surveys, Interviews</p> <p>Terminal evaluations</p>	<p>Document review</p> <p>Interviews</p> <p>Surveys</p> <p>Meta-Evaluations</p> <p>Comparative analysis with other accelerator programs</p>
<p>(s) How effective has the programme been in meetings its planned outputs and outcomes?</p> <p>(t) What direct and indirect impacts did this initiative deliver? Is the program on track to bring SMEs to commercialization? (evidence of contracts, evidence of investment?)</p> <ul style="list-style-type: none"> <li>• What are the most important benefits to SMES of going through the GCIP?</li> <li>• If GCIP was designed as a Programme right from the beginning (rather than individual</li> </ul>	<b>Effectiveness</b>	<p>Data/Results from Surveys, Interviews</p> <p>Terminal Evaluations</p> <p>Supervision documents</p> <p>Interviews with UNIDO staff</p> <p>Interviews with GEFSEC staff</p> <p>Interviews with PMU Staff</p>	<p>Document review</p> <p>Interviews</p> <p>Surveys</p> <p>Meta-Evaluation</p>

<p>country projects), what would have happened to the Programme's performance and results? Would the benefits and effects on SMEs been different?</p> <ul style="list-style-type: none"> <li>• Which policies or regulations were initiated, established or supported to create an enabling environment for the scale-up of project initiatives?</li> <li>• What types of institutional capacity has been created in the country because of the GCIP?</li> </ul>			
<p>(u) How efficient was project/programme delivery?</p> <ul style="list-style-type: none"> <li>• Were resources allocated sufficiently to achieve the expected results, particularly for the 'strengthening of policy and regulatory framework' component</li> <li>• Is the timeframe and budget realistic to support the startup companies to reach commercialization?</li> </ul>	<b>Efficiency</b>	<p>Council and GEFSEC Documents</p> <p>Terminal evaluations</p> <p>Supervision Documents</p>	<p>Document review</p> <p>Interviews</p> <p>Surveys</p> <p>Meta-Evaluation</p>
<p><b><i>To what extent are the program's results likely to be sustained in the long term?</i></b></p>	<b>Sustainability</b>	<p>Terminal evaluations</p> <p>Interviews with PMU Staff, Cleantech Open and UNIDO Staff</p>	<p>Document review</p> <p>Interviews</p>

<ul style="list-style-type: none"> <li>• What is the likelihood of scale-up and/or replication in the representative country?</li> <li>• Has there been a viable entrepreneur ecosystem created for cleantech SMEs?</li> <li>• What is the likelihood of the program continuing after the GEF project ends?</li> </ul>		Data/Results from Surveys, Interviews	<p>Surveys</p> <p>Meta-Evaluation</p>
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## Annex 2: Literature Review

1. The following section presents a brief review of some key pieces of literature. The review is not meant to be exhaustive or describe the entirety of information reviewed in considering the impact of business acceleration, training and mentoring.
2. The development community has for long supported the idea that a prosperous private sector is essential for economic growth. Enterprises have been praised as the engine of economic growth, playing a critical role at the heart of entrepreneurship, especially in developing countries. Enterprise development has been hailed as the source of most new employment and productive investment, and the basis for growth and poverty reduction. But despite their enormous potential, enterprises face several challenges related to access to resources, finances and services, which limit their potential for growth. Financial and non-financial services to support enterprises in their start-up and growth stage are being provided by governments, NGOs, microfinance organizations and business centers. While these services are common and widespread out, the measuring of the impact of business incubation, investment, training and mentoring is limited, mainly due to the challenges of doing so.
3. At the outset it is important to note that there is a distinction between accelerators and incubators. Accelerators are typically for-profit organizations, owned and operated by venture capital investors who intend to generate returns from equity-based investments in their client firms. Accelerators provide a range of services to early stage firms, including financial support, business advice and complementary services offered by partner organizations. Incubators are typically not-for profit organizations that offer similar services to accelerators but tend to provide longer tenure for participating firms and a broader suite of services in terms of physical space and mentorship. Incubators are often sponsored by universities, colleges, or economic development corporations<sup>3</sup>.
4. Accelerators offer impact enterprises support across their spectrum of needs as they seek to scale. There are several different platforms that can support enterprises as they grow. Many focus on just one of the myriad of challenges that face enterprises. For instance, impact investment firms, challenge funds, grant-making organizations, and crowd-funding platforms all address financing needs but rarely support enterprises in refining their business models or establishing relationships with partners. Conversely, social entrepreneurship schools and social venture networks provide enterprises with this support, but they often do not help with funding or with establishing a rigorous monitoring and evaluation system. Accelerators focus not just on a single issue but typically aim to support a broad spectrum of impact enterprise needs as they seek to scale. This support is provided through an array of resources and services, offered both by accelerators themselves and through their networks.
5. Over the past several years, several incubators and accelerators focused specifically on impact enterprises have emerged. In a 2013 landscaping exercise conducted by The Rockefeller

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<sup>3</sup> Circum Network for the National Research Council Canada. Evaluation of the Canada Accelerator and Incubator Program. Evaluation Report. September 2016.

Foundation and Monitor Deloitte<sup>4</sup>, more than 160 of these “impact accelerators” were found just in the United States, Sub-Saharan Africa (SSA), and Southeast Asia. The average age of the accelerators surveyed through this work was less than five years.

6. In their study for the Rockefeller Foundation, Monitor Deloitte sought to identify best practices and innovative new ideas for scaling impact enterprises. There were several phases of work under this project. The first phase focused on understanding the needs of impact enterprises as they seek to scale. In the second phase, the team conducted primary and secondary research and developed a landscape of more than 160 impact accelerators in the United States, Sub-Saharan Africa, and Southeast Asia to understand both the typical support accelerators provide for impact enterprises as well as promising new practices. The Rockefeller Foundation and Monitor Deloitte team began this research project by identifying the eight discrete needs or steps that impact enterprises follow in order to grow their organizations. They are:

- **Market Research:** Research and analytics on market dynamics, relevant policies, customers, and potential competitors. This research informs and shapes the development of business strategy.
- **Business Development and Strategic Planning:** Business structures and strategies that enhance the performance and impact of the enterprise. This category includes all the needs of an impact enterprise as they establish and develop their business, such as the procurement of physical office space, establishment of back-office functions (such as information technology (IT) support and human resources (HR)), recruitment of human capital, and any legal support. In addition, this category includes the development of a business plan and ongoing business strategy.
- **Financing:** Seed funding; funds for ongoing operations, such as equipment, raw materials, marketing, and inventory; and funds for expansion.
- **Supply Sourcing and Production:** Sourcing of raw materials and production of goods.
- **Sales and Marketing:** Promotion and sales of goods or services.
- **Distribution and Market Access:** Access to appropriate distribution channels - both individuals and organizations - to reach target markets and consumers.
- **Monitoring and Evaluation:** Performance and impact metrics of the enterprise that provide insights on how to adjust and optimize the business model.
- **Leadership Skills and Business Acumen:** Leadership and business skills of the enterprise team — this component is the core of the enterprise and supports success in all other areas. It addresses the inherent qualities that make an impact enterprise leader not just

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<sup>4</sup> Monitor Deloitte. Accelerating Impact. Exploring Best Practices, Challenges and Innovations in Impact Enterprise Acceleration. Funded by the Rockefeller Foundation. February 2015.

a social visionary, but also someone who has the skills to commercialize an idea and perform basic management tasks, such as conducting meetings, overseeing employees, and coordinating disparate workstreams.

7. As an impact enterprise grows, it will repeat the cycle and go through these eight steps again, but with nuanced needs depending on the stage. For instance, an early stage company will focus on developing the right business plan and getting seed funding while a more mature company will need to refine its strategy on an ongoing basis and secure growth capital.
8. A literature review on the impact of business incubation, mentoring, investment and training on startup companies by the Overseas Development Institute<sup>5</sup> assessed the existing literature and discussed the challenges of measuring impact in these areas including that there is no standard methodology for measuring incubator performance, which makes comparisons between studies challenging. There is limited data available to measure the impact of business incubation which can be explained by a number of reasons. Incubation can be difficult to assess as the outcomes may take years to materialize, basically, the time it takes an enterprise to develop its market and scale its production.
9. On average it takes about three to four years to incubate a successful enterprise, and if one would like to measure the viability and growth rate of the incubated firms one would have to wait at least another three or four years after graduation. Few studies capture the full impact of business incubation, for example taking a measure of incubation impact over the incubation period rather than longer term, ignoring entrepreneurial learning and subsequent activity as a result of business failure. Moreover, lack of data is also due to the fact that many business incubators do not track their results beyond the number of enterprises they graduate. For those incubators that do track results, many times the data is not reliable.
10. Another constrain in measuring the impact of business incubation is that few studies have applied a robust evaluative approach to assessing the economic contributions of incubators. Many quantitative academic studies aim at assessing the impact of incubators on enterprises have more conservative results than industry studies, and their findings are often contradictory. Dee et al<sup>6</sup>, argues that taken together these studies are indicative of the approaches that might work, but given the relatively small number of studies and the lack of comparability between them, any conclusions should be treated as indicative at best.
11. The most common type of accelerator support is capacity building for impact enterprises. Accelerators often provide formal training or workshops to teach entrepreneurs how to refine their model and scale their business. This can include specific courses regarding financing, marketing, or business plan development. Many accelerators also provide access to useful

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<sup>5</sup> Pompa, C. Literature Review on the Impact of Business Incubation, Mentoring, Investment and Training on Start-up Companies. Overseas Development Institute. February 2013.

<sup>6</sup> Dee, N.J. et al. Incubation for Growth. A review of the impact of business incubation on new ventures with high growth potential. London. NESTA. 2011.

networks for enterprises - introducing them to investors and other funders, potential partners, suppliers, mentors, and customers and beneficiaries.

12. Looking across grantees and the broader impact accelerator landscape, Monitor Deloitte identified a number of best practices for successfully accelerating impact enterprises. They are:

***Develop a localized or sector-specific model***

13. As the impact accelerator market matures, there is increasing recognition that a one-size-fits-all approach is not effective. Market dynamics are highly unique in different industries or geographies, and thus it is most useful to give enterprises lessons and resources that are directly related to their specific niche. Accelerators are increasingly developing customized models of support with local or sector-specific case studies, mentors, and instructors.

***Build a strong ecosystem of support***

14. No accelerator can provide support for all enterprise needs on its own. They must build a strong ecosystem of support around the enterprise — including mentors, investors, and sector stakeholders. Through partnerships, accelerators can provide better curriculum, connections, and expertise on specific geographic or sector dynamics

***Carefully screen impact enterprises for appropriate fit***

15. Depending on the type of support provided by an accelerator program, some impact enterprises will benefit more than others. Accelerators must screen their applicants to ensure an appropriate fit with the program. A robust, up-front screening process ensures impact accelerators can be effective in providing support and prevents impact enterprises from wasting time in a program that addresses skills they already have or that they are not ready for.

***Develop a holistic model, but tailor support for individual enterprises***

16. Accelerators distinguish themselves from other intermediaries by offering holistic support across multiple scaling needs. They have a range of resources and curriculum from which they can draw. However, they are increasingly tailoring this holistic support to the needs of individual enterprises - taking the customized model highlighted above one level deeper.

***Foster collaboration amongst impact enterprises***

17. Impact enterprises share a motivation to address complex social and environmental issues. Additionally, starting a business to address these issues involves common growth challenges, which all impact enterprises face. This creates a unique opportunity for collaboration. These enterprises can provide highly constructive guidance to their peers given their on-the-ground perspective. Collaboration also allows impact enterprises to share best practices, make connections for one another, and even partner together.



### ***Maintain long-term enterprise engagement***

18. The scaling process is often long and arduous. Impact enterprises must test new ideas, fail, and refine them over time. Accelerators acknowledge that providing long-term support through this process is desirable to ensure enterprises remain on track with their plans. It is also beneficial to provide new connections for enterprises as their needs evolve over time.
19. The Monitor Deloitte report also highlighted common impact accelerator challenges. Below is an overview of the common challenges that face impact accelerators as they seek to support impact enterprises and scale their impact.

### ***Lack of awareness***

20. The relative nascence of the impact accelerator market means many investors, impact enterprises, and other key stakeholders are unaware of their benefits. This challenge is especially acute in developing economies, where knowledge of even traditional accelerator models is not widespread. This limited awareness constrains accelerators' ability to attract both enterprises and relevant partners to their program. To mitigate, many accelerators cultivate strategic partnerships with other ecosystem players to raise awareness. These partnerships allow accelerators to present their work at industry trainings and conferences and make connections to investors, enterprises, and other key partners such as potential mentors. Other accelerators have taken to traditional advertising mediums, such as radio interviews, to reach broader audiences.

### ***Developing a sustainable funding model***

21. The majority of impact accelerators cite funding as an acute constraint to their program. Accelerators reliant on philanthropic capital often find that donor timelines and spending requirements misalign with their own needs. For example, donors often need to fund specific initiatives that generate easily identifiable, large-scale impact, while accelerators often need funding to simply maintain and scale their operations or to test (potentially failing) innovations that could enhance their models. To mitigate, accelerators focused on philanthropic capital are more consciously selecting funders who have long-term goals that align with their program. Partnering with more niche funders allows accelerators to develop ongoing relationships with fewer spending restrictions.

### ***Balancing business versus social impact***

22. For impact accelerators, "scaling" enterprises has many different facets. Impact enterprises need to focus on business growth, measured through traditional metrics such as revenue growth or employee growth. At the same time, they also need to increase social impact, measured through impact-specific metrics such as jobs created or GHG emission reduced. It is challenging for impact accelerators to determine the right models where enterprises repay the cost of services over time, or equity stakes that enterprises can focus between scaling business impact versus scaling social impact. Often, they struggle to balance these two objectives and

identify the appropriate support to provide enterprises. To mitigate, some accelerators inherently link these two goals, whereby the social impact only increases as the business scales. Other accelerators focus on defining clear impact goals for an individual enterprise and then help the enterprise develop a strategy to meet these goals.

### ***Balancing standardization and customization***

23. Standardized curriculum enables materials to be refined and perfected over many iterations and eases the process of scaling an accelerator program. On the other hand, customized curriculum, case studies, and other tools allow impact enterprises to understand how to apply general lessons or theory to their own businesses. Accelerator programs need both, but finding the right balance is a challenge. Furthermore, customized programming is highly resource intensive. To mitigate, some accelerators have identified a set of issues that nearly all impact enterprises experience and have crafted a standard curriculum that addresses them. They then layer on tailored services by drawing on relevant case study examples or appropriate mentors from their network.

### ***Human capital resource constraints***

24. Impact accelerators need talented human capital to both deliver existing programs effectively and to scale their model. However, limited philanthropic funding for overhead costs, lower salaries compared to other private sector jobs, and often “unattractive” locations means that impact accelerators frequently cannot obtain the necessary talent. To mitigate, many impact accelerators rely on mentors or sector experts who are willing to contribute their time free of charge. Some accelerators utilize private sector secondees or graduate students to provide temporary support on a specific initiative (e.g., developing a new course). Others focus on finding members of the local community that are capable of implementing a program and have the passion to support impact enterprises.

### ***Limited quantitative data to support insights on best practices***

25. Right now, there is limited data being collected and analyzed to understand the quantitative impact of different accelerator methods and approaches. Insights remain qualitative. To help accelerators feel even more confident in their choices and help other accelerators make informed decisions, the field must augment the types of qualitative insights found in this report with quantitative verification. Greater impact measurement by impact enterprises and impact accelerators, and better tracking by all parties will ensure innovative models and initiatives can be tested, validated, and scaled. To mitigate, nearly all impact accelerators are prioritizing monitoring and evaluation, both for themselves and their impact enterprises. The key is to standardize this data collection and share it with researchers, who can develop cross-cutting quantitative insights around what is working and what is not working in impact acceleration. To make this successful, accelerators and researchers need to collaborate and work together on standardizing data.