

# ACCELERATING ENTREPRENEURS



Insights from USAID's  
Support of Intermediaries



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# ACCELERATING ENTREPRENEURS: INSIGHTS FROM USAID'S SUPPORT OF INTERMEDIARIES

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## FOREWORD

Investing in the success of entrepreneurs is vital to supporting countries in their goals to achieve sustained development and inclusive, economic growth. At the U.S. Agency for International Development, our mission is to help communities progress beyond the need for our assistance. Only by supporting the advancement of robust and diversified markets, underpinned by a vibrant and growing entrepreneurial ecosystem, will we be able to achieve this goal.

On the occasion of International Women's Day, I am pleased to share this report which offers a unique understanding of trends in access to capital and non-financial support for entrepreneurs in fragile and emerging markets. The insights you will find here reflect both successes and significant gaps in supporting the needs of early-stage entrepreneurs. In particular, the study's Findings highlight the incredible potential of women entrepreneurs. They reveal that we still have work to do to mitigate gender bias to enable these women and their businesses to reach their full potential.

USAID is dedicated to testing ways to support these enterprises and creating conditions to enable entrepreneurs to succeed. The Partnering to Accelerate Entrepreneurship (PACE) Initiative is catalyzing private-sector investment into early-stage enterprises and identifying innovative approaches to unlock the potential of thousands of promising enterprises around the world. PACE intermediaries — incubators, accelerators, impact investors — are effective vehicles for realizing a range of strategic development objectives, including rural development, women's economic empowerment and job growth. The evidence to-date shows that PACE-supported businesses have grown revenues and created jobs at a pace exceeding OECD and Bureau of Labor Statistics benchmarks for high-growth firms.

Just as importantly, the report shows that women-led small and growing businesses significantly outperform their peers, growing revenues 1.5 times faster and jobs twice as fast. Yet, despite owning faster-growing businesses, women do not raise significantly higher amounts of capital. This is why we must seek better ways to mitigate unconscious bias in providing access to capital for entrepreneurs, and we must continue to create financial products that meet women business-owners' needs.

Small and medium-sized enterprises (SMEs) owned by women represent 30 percent of all SMEs in emerging markets. These women-led businesses have unmet financial needs of between US\$260 billion and US\$320 billion a year, their largest barrier to growth. Closing that gap represents an opportunity not just for women entrepreneurs, but also for financial investors, families and communities, and the global economy.

Sarah Glass  
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March 8, 2018  
International Women's Day

## EXECUTIVE SUMMARY

Entrepreneurs drive economic growth, job creation, and innovation worldwide. However, many critical barriers limit them from reaching their full potential, including access to financing networks, market information, business development services, and market infrastructure. These entrepreneurs find themselves in the “pioneer gap” — too big for seed funding, but too risky for traditional investment.

The U.S. Agency for International Development (USAID) aims to unlock the potential of entrepreneurs by taking a systems-change approach to closing these gaps. USAID works with intermediaries, investors, and other donors to improve entrepreneurial ecosystems, while also supporting individual entrepreneurs and ecosystem-focused learning initiatives.

**USAID’s Partnering to Accelerate Entrepreneurship (PACE) initiative aims to catalyze private sector investment into early-stage enterprises and help entrepreneurs bridge the pioneer gap** — thus unlocking the potential of thousands of promising enterprises around the world.

Working in partnership with more than 40 incubators, accelerators, and seed-stage impact investors, USAID creates public-private partnerships dedicated to testing ways to help entrepreneurs overcome barriers to growth. These partnerships are expected to leverage \$145 million<sup>1</sup> in combined public and private investments over their lifetime.

## OBJECTIVES AND METHODOLOGY

**To better understand how working with intermediaries supports entrepreneurs around the world, USAID conducted a mid-term strategic review of the PACE initiative.**<sup>2</sup>

The review drew on qualitative and quantitative information from 17 intermediaries that received funding from USAID between 2014 and 2017. These intermediaries provide coordinated technical assistance and/or financing to more than 800 small and growing businesses (SGBs) across at least 13 sectors and 27 countries.<sup>3</sup> PACE-supported intermediaries (“PACE intermediaries”) are still in the process of implementing their activities.<sup>4</sup>

The report provides three kinds of insights:

- How different types of intermediaries contribute to the growth of the firms
- How to assess the efficiency of investments into intermediaries
- The extent to which intermediaries can realize financially sustainable business models

This strategic review aims to inform the decisions of public funders, private investors, and policymakers who are interested in working with intermediaries in entrepreneurial ecosystems.

## HOW DO INTERMEDIARIES AFFECT SGB PERFORMANCE?

**There is compelling evidence that PACE intermediaries successfully identify and serve growth-oriented firms.** While more time and data are required to fully assess the degree to which SGBs’ growth can be attributed to intermediaries, SGBs supported by PACE intermediaries increased revenues by 68 percent and jobs by 77 percent in a one-year period.<sup>5</sup> This growth exceeds OECD and Bureau of Labor Statistics benchmarks for high-growth firms.

**Beyond direct support to SGBs, PACE intermediaries strengthen the ecosystems in which SGBs operate.** Intermediaries contribute in different ways to at least six of the eight defining features of an entrepreneurial ecosystem — business support, markets, finance, policy, human capital, and research and development.<sup>6</sup>

**SGB performance differs considerably across PACE intermediaries. Several patterns shed new light on how intermediaries** might affect SGB performance.

- **Women-led SGBs working with PACE intermediaries significantly outperform their peers, growing revenues 1.5 times faster and jobs twice as fast.** Yet, despite owning faster-growing businesses, women do not raise significantly higher amounts of capital.
- **SGBs working with intermediaries that primarily provide equity investment see 1.5 times faster revenue growth than SGBs** that work with debt-providing intermediaries or intermediaries that broker capital from other sources.
- **SGBs that receive shorter, less individualized technical assistance — such as cohort-based, time-bound incubators and accelerators — demonstrate an average revenue growth over two times and job growth over one-and-a-half times that of other SGBs.** These other SGBs work predominantly with intermediaries providing more in-depth and customized training.
- **Entrepreneurs operating in more robust entrepreneurial ecosystems fare better than those in less developed ecosystems.** U.S. and South Asian SGBs supported by PACE intermediaries achieve about double the revenue growth (2.6 and 1.7 times higher, respectively) compared to the portfolio average of 68% per year.

## DO INTERMEDIARIES EFFICIENTLY SUPPORT SGBS?

**Preliminary estimates suggest that donor investment in intermediaries is an efficient use of funds.<sup>7</sup>**

- On average, an increase of one job at an SGB required \$11,918 of donor support per job.
- For every dollar of donor support, SGB revenue increased by an average of \$3.07.
- For every dollar of donor support to intermediaries, SGBs received nearly \$10 in private investment.<sup>8</sup>

These ratios are comparable to available job creation benchmarks, as well as USAID's goals for leverage from private investment, providing early indications that supporting intermediaries is a cost-effective use of donor funds.<sup>9</sup> However, these outcomes cannot yet be conclusively attributed to the funding provided by donors.

## CAN INTERMEDIARIES BE FINANCIALLY SUSTAINABLE?

**Despite supporting broader economic growth for SGBs, few intermediaries have established sustainable SGB business models for themselves.**

- On average, grant revenue accounts for over 70 percent of intermediaries' total SGB revenue. Intermediaries earn non-grant revenue through a mix of fees to SGBs, fees to investors, and returns on their investments in SGBs. Each of these revenue streams faces challenges: many SGBs are reluctant to pay fees, often because they can get free technical assistance from other programs; most intermediaries are young and need to demonstrate profitability prior to charging investor fees; and most intermediaries' investments in SGBs have not had time to mature and show returns.
- Intermediaries supported by USAID for two years show roughly the same need for grant support in Year 2 as they did in Year 1. It is likely that many PACE intermediaries will not attain financial sustainability (i.e., fully cover costs through earned revenues) during the period of USAID's support, which is generally three years.

**Intermediaries that provide capital and longer, more tailored technical assistance to SGBs incur greater costs per SGB served.**

- Intermediaries that primarily provide SGBs with capital incur costs of about \$70,000 per business. The need to rapidly deploy capital drives significant due diligence and SGB acquisition costs — on average, 1.5 times those incurred by intermediaries that primarily provide technical assistance, and more than two times those of intermediaries that balance support with investment.
- Intermediaries that provide longer, more tailored technical assistance to SGBs see 1.5 times higher costs (about \$60,000, varying significantly depending on intensity of support) per SGB served than intermediaries that provide shorter, less tailored support (about \$40,000). Given the challenges in constructing robust, comparable data on costs across intermediaries, further validation will be needed to confirm these results.

## PRACTICAL INSIGHTS FOR FUNDERS, INVESTORS, AND POLICYMAKERS

### How do intermediaries contribute to different types of strategic development objectives?

**Intermediaries are effective vehicles for realizing a range of strategic development objectives,** including rural development, women's economic empowerment, and job growth. The key, however, is to choose the kinds of intermediaries that are best positioned to deliver on specific objectives. Successful intermediaries tailor their services to very specific contexts, such as geography, sector, or type of SGB.

- While primarily equity investments perform well across the PACE portfolio, intermediaries combining debt and technical assistance offerings appear to be better options for funders aiming to support agricultural enterprises. In PACE's experience, these types of intermediaries show the highest growth in agricultural revenues and jobs.
- Intermediaries equipping SGBs with equity financing are well suited to support high-growth enterprises, particularly young SGBs that do not have the collateral, cash flow, or performance history to attract debt capital.
- Intermediaries with highly tailored, hands-on approaches to support services seem to be more appropriate for markets with high risk and/or lower average levels of entrepreneurial capacity.

**This study challenges the widespread belief that high-intensity and highly tailored support drives higher job and revenue growth than less-intensive, less-tailored approaches.** The PACE experience seems to indicate that over a 1 year window, shorter, less-tailored technical assistance approaches, including time-bound, cohort-based incubators and accelerators, can deliver similar or better results for certain types of firms (e.g., those that retain trained managers or have access to strong mentors) in certain environments (e.g., markets with robust entrepreneurial ecosystems). These intermediaries may offer better value to social impact funders, based on both cost per SGB and cost per unit of revenue and job growth.

**Funders and entrepreneurs alike have had difficulty in defining the types of intermediaries most likely to be effective in spurring growth.** One way that funders are working to achieve greater clarity is by funding activities — such as the Global Accelerator Learning Initiative<sup>10</sup> — that measure the effectiveness of intermediaries and expand the quantity and quality of evidence available to the field.

## What should funders expect for financial sustainability, and how can funders help intermediaries to achieve this?

**Funders should not expect financial sustainability in the near-to-medium term.** Most intermediaries are far from financially sustainable and are making slow, if any, progress. Those that take equity stakes have promise, but most have yet to realize any substantial returns. However, additional pathways to financial sustainability are currently being tested and are worth exploring further: (1) payment sharing for intermediary services with corporations interested in supply chain management, (2) bundling loan payments with technical assistance payments, (3) delayed payments, and (4) embedded services.

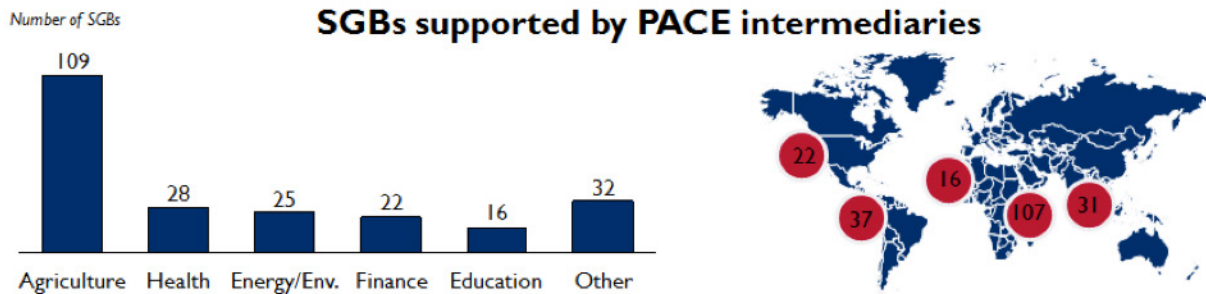
## How can funders promote gender equality in entrepreneurship through intermediaries?

**Women-led SGBs receive disproportionately less follow-on financing.** Despite outperforming their peers in revenues and job growth, women-owned businesses struggle to receive investment. At the time of this review, women lead just one-third of PACE-supported SGBs. Promoting high-performing, women-led SGBs would seem to require that intermediaries take even more intensive measures, including:

1. Mitigating unconscious bias in the SGB screening process, e.g., through automated tools
2. Providing financial products that meet women's needs and unique constraints, e.g., loans that do not require significant upfront collateral
3. Proactively identifying women-led SGBs to support, e.g., by connecting with networks of women entrepreneurs
4. Sharing more lessons learned, e.g., via partnerships with organizations such as the Aspen Network of Development Entrepreneurs or Value for Women

## How can funders measure the impact of the intermediaries that they fund?

**In order to set conclusive benchmarks for performance among intermediaries, funders need more and better data.** Since intermediaries are the source of this information, funders must provide them with better incentives to collect and share data.



### Performance of SGBs supported by PACE intermediaries

68%  
Revenue growth<sup>1</sup>

77%  
Job growth<sup>1</sup>

\$66.5M  
Capital raised<sup>2</sup>

### What PACE is learning



Women-led SGBs outperform their peers, growing revenues 1.5x faster and jobs 2x faster.<sup>4</sup>



SGBs that operate in more robust entrepreneurial ecosystems see stronger revenue growth than those in less developed ecosystems.



SGBs that work with intermediaries that primarily provide equity investments see 1.5x faster revenue growth than other SGBs.



SGBs that receive shorter, less bespoke approaches to technical assistance show over 2x revenue growth than seen by other SGBs.



SGBs supported by gender-sensitive and/or investment-led PACE intermediaries raise 3x the capital of their peers.

Notes: (1) Job and revenue change figures are for a single year and calculated by estimating the weighted annual average growth rate in SGB jobs and revenues for each intermediary individually, weighting each intermediary's rate by the number of SGBs for which data were available, and then combining these rates into a single number. This analysis includes data from 11 of 17 intermediaries in the Strategic Review. (2) Capital raised is for 2016. (3) Ratios of revenue to total donor investment and capital raised to total investment are reported for the five intermediaries with the most robust data between 2014-16. (4) All revenue and job growth figures are for 2015-16.



## SECTION I: INTRODUCTION

**The purpose of this report is to shed new light on a key question facing policymakers and investors alike: how to accelerate the growth of small firms, and in doing so, create more inclusive forms of economic growth.** Small and growing businesses (SGBs) are a key driver of economic growth and job creation, attracting interest from private investors and policymakers. An increasingly popular form of supporting small business growth is through intermediaries. These organizations offer a blend of technical assistance and financial products in a coordinated way to accelerate the growth of a cadre of firms, often chosen through a highly selective process.<sup>11</sup> For example, the 260 members of the Aspen Development Entrepreneur Network (ANDE) have collectively invested over \$13.4 billion into 712,000 SGBs. Over 70% of ANDE members provide some form of capacity development to SGBs.<sup>12</sup>

**In the last two years, several reports have provided insights into both the promise and shortcomings of various types of incubation and acceleration providers.**<sup>13</sup> Initial Findings are encouraging. Incubation and acceleration correlate with higher growth rates (revenues and job creation) for SGBs, although more robust data are needed to prove a causal link. These reports also show that incubator/accelerator characteristics, SGB characteristics, and the context of the enabling ecosystem may determine the size of the effect.

**This report showcases new evidence on how to support SGBs.** It uses data and insights drawn from three years of USAID's PACE initiative. USAID established the PACE initiative to learn more about what works, while also contributing to economic growth, job creation, and advancing market-based solutions to development challenges around the world (see Box 1). The dataset for this report emerged from PACE's Strategic Review process. This Strategic Review is a mid-term review of PACE's impact, efficiency, and financial sustainability.

**PACE funds a wide range of organizations that provide SGBs with support; throughout this report, these organizations are described as “intermediaries.”**

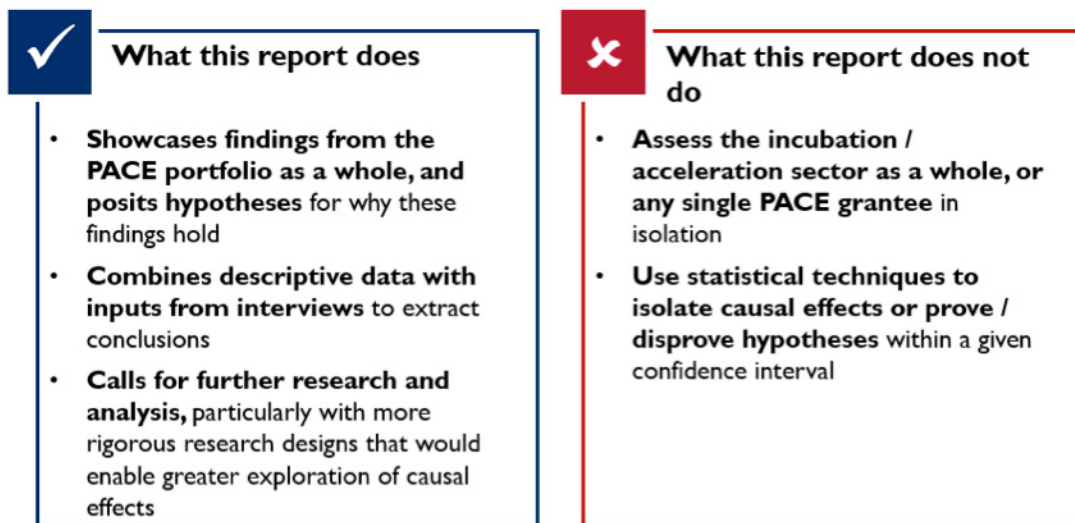
These include incubators, accelerators, investment funds, and other types of models that support SGBs, e.g., through advisory services, a franchise approach, or by providing loan guarantees. See the Annex for a list of intermediaries included in the Strategic Review and a description of their activities.

### **Box 1: SUPPORTING ENTREPRENEURSHIP AT USAID**

Since 2014, USAID has committed nearly \$20 million through the PACE initiative. These funds are used to identify, test, and implement potentially financially sustainable models that catalyze private sector investment into early-stage enterprises promoting broad-based economic prosperity or addressing development challenges. PACE is just one of many efforts at USAID to support entrepreneurship around the world.

**Some data limitations are worth noting.** The source material is a self-reported, non-representative sample of SGB performance within PACE intermediaries. It is subject to a survival bias — i.e., the sample does not include SGBs that incubator / accelerators may have stopped supporting mid-way. Data quality and availability vary by intermediary. This is primarily because the dataset emerged from a mid-term review; PACE intermediaries began operating at different times, and many are still in the process of implementation. Nonetheless, these data offer a starting point for future research seeking to link different types of intermediaries with the differential effects they have on a range of SGBs (see Figure 1).

Figure 1: Overview of report









**This report is organized into six sections.** It begins with a description of the PACE portfolio and PACE’s approach to supporting entrepreneurship (Section 2). It then discusses lessons from the PACE experience thus far, as seen through the lenses of performance (Section 3), efficiency (Section 4), and financial sustainability (Section 5). Section 6 concludes by drawing out implications of the Findings and lessons learned, particularly for funders.

# SECTION 2: OVERVIEW OF PACE INTERMEDIARIES

The **PACE portfolio exemplifies the diverse landscape of support available to SGBs**. As shown in Figure 2A and the Annex, the 17 PACE intermediaries vary in:

- Geographic spread — some operate globally, others in a single country or region.** PACE intermediaries operate across 27 countries. These include globally established organizations (e.g., Village Capital and Factor (E), which work across six and five continents, respectively); regionally focused organizations that may or may not be seeking to expand (e.g., Jibu and I&P, which work in sub-Saharan Africa), and single-country organizations (e.g., Edge/ASISA and Catalyst for Growth (C4G), both based solely in South Africa).
- Emphasis on providing technical assistance (TA) vs. capital to SGBs — although almost all provide both to some degree.** Some PACE intermediaries (e.g., Root Capital and Unitus Seed Fund (“Unitus”)) focus on primarily providing capital with some technical assistance. Others, such as Intellectap and OCA, primarily provide technical assistance, although they also may facilitate access to financing from other sources. PACE also supports organizations that emphasize both, such as Enclude and Yunus Social Business.
- Length and extent of customization of technical assistance provided to SGBs — ranging from a few weeks to multiple years, and from a purely cohort-based approach to highly customized engagement.** For example, technical assistance services range from the bespoke business development training provided by Edge or Villgro to SGBs in South Africa and Kenya, which spans multiple years, to the shorter, cohort-based, time-bound training provided by Village Capital or Root Capital.

Figure 2A: Categorizations of PACE intermediaries

	Categorization	Meaning
 Geographic focus	Single-country	One country
	Regional	One continent
	Global	Multiple continents
 Type of support	Investment-led	Primarily provides capital to SGBs. May have a secondary focus on TA or spend no time on TA
	TA-led	Primarily focuses on providing technical assistance to SGBs. May have a secondary focus on investment or spend no time on investment
	Balanced	Places relatively equal emphasis on TA and investment
 Approach to capital	Equity provider	Primarily makes equity investments in SGBs
	Debt provider	Primarily lends to SGBs
	Capital catalyzer	Partners with third-party organizations to broker investments in SGBs
 Approach to TA	Shorter, less bespoke	Provides intermittent support in time-bound modules, the majority of which are pre-designed group trainings
	Longer, more bespoke	Provides continuous support through the length of the relationship with each SGB, customizing most services to individual SGB needs
 Maturity	Young	In operation <3 years
	Mature	In operation 3+ years
 Gender-focus	Gender Transformative	Focuses entirely on women entrepreneurs and provides products & services tailored to women’s needs
	Gender Sensitive	Deliberately seeks out women entrepreneurs or expends disproportionate resources to support women
	Gender Neutral	Does not specifically focus on women

- **Type of capital provided — from equity to debt to facilitating access to financing.** Some intermediaries take equity stakes in SGBs (e.g., Edge, Unitus, Sangam Ventures), others lend to SGBs (e.g., MCE, Enclude), and still others do not directly provide financing options but rather link SGBs to other sources of capital (e.g., IIX Foundation and Shell Foundation).

**Regardless of these differences, PACE intermediaries all work toward the program’s objectives of driving economic growth, creating jobs, and advancing market-based solutions to development challenges.** PACE supports SGBs in partnership with a broad spectrum of impact investors, governments, development finance institutions, and academics. PACE focuses on catalyzing private investment into early-stage enterprises, and works with a range of partners — including investors such as JP Morgan, commercial banks such as Banco de America Central (BAC), and grant makers such as the Argidius Foundation — to further this goal. PACE’s direct support to intermediaries increases the availability of funding and helps to crowd in additional finance for entrepreneurship. In addition, PACE’s emphasis on rigorous data and analysis of the models within its portfolio increases the amount of information available about the businesses and helps make the social impact case for investing in entrepreneurship.



# SECTION 3: PERFORMANCE OF SGBS SUPPORTED BY PACE INTERMEDIARIES

**Objective:** USAID analyzed variations in the performance of PACE intermediaries to help funders and policymakers learn more about how different types of incubator and accelerator models contribute to SGB growth.

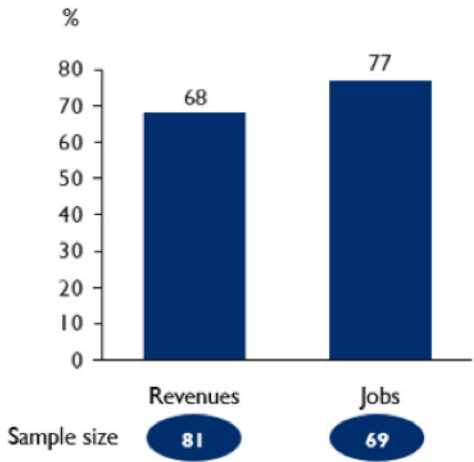
**Methodology:** The PACE portfolio is not set up to conduct rigorous quantitative analyses of impact, because individual intermediaries within the portfolio use a diverse array of impact evaluation approaches. The available data about the firms within PACE’s portfolio do not enable the level of analysis that can attribute change in SGB performance to any specific intervention by PACE intermediaries. This evaluation examines differences in performance across the portfolio to glean insights into the characteristics of both the intermediaries and firms that experienced the strongest relative performance.

## OVERALL PERFORMANCE OF SGBS SUPPORTED BY PACE INTERMEDIARIES

**SGBs that receive support from PACE intermediaries grew at a similar rate to other SGBs that receive incubation/acceleration.** Almost all SGBs supported by PACE intermediaries experienced double-digit estimated growth in jobs and revenues (2015 – 2016).<sup>14</sup> These growth rates are consistent with recent estimates by the Global Accelerator Learning Initiative (GALI) and Catalyst For Growth — the former shows that enterprises in emerging market accelerator programs grew revenues annually at 39%; the latter shows revenue growth of 59% a year for SGBs supported by seven South African business development service (BDS) providers.<sup>15,16</sup>

**These growth rates exceed benchmarks for “high-growth” firms.** The OECD, for example, defines high-growth enterprises as those with a base of 10 or more employees that grow at an average annualized rate — in employees or revenue — of more than 20% a year over three years.<sup>17</sup> The Bureau of Labor Statistics in the United States, similarly, defines as “high growth” any firm with fewer than 10 employees that grows by eight or more employees over a three-year period. Although no single benchmark can be fully relevant to all PACE intermediaries, compared to these benchmarks, the SGBs in PACE’s portfolio can be classified as “high growth.”

Figure 3: Estimated single-year changes in jobs and revenue for SGBs across PACE intermediaries



## EFFECT OF PACE INTERMEDIARIES ON SGB PERFORMANCE

**Two reasons potentially account for such strong performance by PACE intermediaries' SGB portfolios.** These drivers are not mutually exclusive; both might generate a pattern of SGB outperformance:

- PACE intermediaries may select firms that are prone to outperform, with or without the PACE intermediaries' assistance. Several factors might drive this selection, including but not limited to the skill level of staff at the intermediaries, the intermediaries' location, and the intermediaries' sectors of focus.
- PACE intermediaries might provide services to the SGBs that help them to consistently realize faster or more durable growth rates.

### **Box 2: DEFINING IMPACT OF AN INCUBATOR/ACCELERATOR**

There is not yet, nor is there likely to be, a consensus in the literature on what defines the “impact” of an incubator/accelerator. Researchers and funders often measure for-profit accelerators by the financial performance of the SGBs they support and impact-oriented accelerators by social performance (e.g., jobs created, lives touched). This report does not rely on any single metric of impact. Rather, it analyzes the PACE portfolio both through quantifiable and intangible metrics. Callout boxes highlight effects of PACE intermediaries beyond SGB jobs and revenue.

**Four factors appear most relevant to SGB performance at PACE intermediaries:** the gender of the entrepreneur, the type of capital the PACE intermediary provides, the type of technical assistance the intermediary provides, and the entrepreneurial ecosystem in which the SGB operates. Other factors tested but not presented due to inconclusive results and/or data limitations include: SGB size, the proportion of the intermediaries' SGBs that are social enterprises, the sectors in which the intermediary operates (e.g., agriculture, education), the primary type of support the intermediary provides to SGBs (TA or investment), and the intermediary's geographic spread.<sup>18</sup>

### Box 3: SUMMARY STATISTICS: PACE INTERMEDIARIES

#### SGB annual revenues in 2015, by gender out of 71 SGBs:

Gender	Small: 0–67K USD	Medium: 67K–314K USD	High: 314K + USD	Total
Women Owned Businesses	8	12	4	24
Men Owned Businesses	22	14	11	47
Total	42	35	20	97

#### SGB annual revenues in 2015, by sector out of 71 SGBs:

SGBs by sector	Number of SGBs	SGBs by region	Number of SGBs
Agriculture	39	East Africa	53
Education	10	East Asia	1
Energy/environment	15	Latin America	7
Finance	14	South Africa	7
Health	13	South Asia	24
Housing development	2	USA	14
Infrastructure/facilities development	4	West Africa	7
Supply chain services	3		
Technology/ICT	5		
Textiles/Other	3		
WASH	5		

**FINDING #1 – Gender: Women-led businesses supported by PACE intermediaries grew revenues 1.5 times faster and grew jobs two times faster in a one-year period.** Women-led businesses on average grew by 99% in 2015–16. Intermediaries supporting women-led businesses fall into three categories:<sup>19</sup>

- **Gender-transformative** – intermediaries that focus entirely on women entrepreneurs and provide products or services that are tailored to women's needs (~10% of the portion of PACE's portfolio that reported data 2015–2016).
- **Gender-sensitive** – intermediaries that deliberately seek out women entrepreneurs to support or expend disproportionate resources to support women (~30% of PACE's portfolio).
- **Gender-neutral** – intermediaries that do none of the above (~60% of PACE's portfolio).

**In PACE's experience, women-led SGBs that work with gender-transformative and gender-sensitive intermediaries experience faster growth.** One gender-sensitive intermediary appears to drive most of the faster revenue growth for the PACE portfolio. However, this does not hold true for jobs growth, which is high across SGBs supported by several gender-sensitive and gender-transformative PACE intermediaries. The literature suggests several general reasons why women-led businesses may grow revenue or create jobs faster. Women often outperform men on metrics of leadership competencies, and a number of studies have associated leadership teams that include women with stronger decision-making.<sup>20</sup> Women-led businesses are more likely to be diverse, and diversity is associated with stronger decision-making.<sup>21</sup> Given that women face greater barriers to networking, education, and capital, women-led businesses may also benefit disproportionately from intermediary services relative to their male-led counterparts.<sup>22</sup>

**However, on average women-led SGBs are not raising substantially more capital.** Women-led businesses raise only 1.1 times more capital despite growing revenues 1.5 times faster. The GALI 2016 Summary showed that ventures with women on their founding teams are significantly less likely to attract equity investors.<sup>23</sup>

**There is one exception: SGBs supported by gender-sensitive intermediaries raise roughly three times the capital of their peers.** The average capital raised per SGB at intermediaries with a gender-sensitive approach was \$936,544 in 2016, as compared to an average of \$157,405 per SGB raised at other intermediaries.

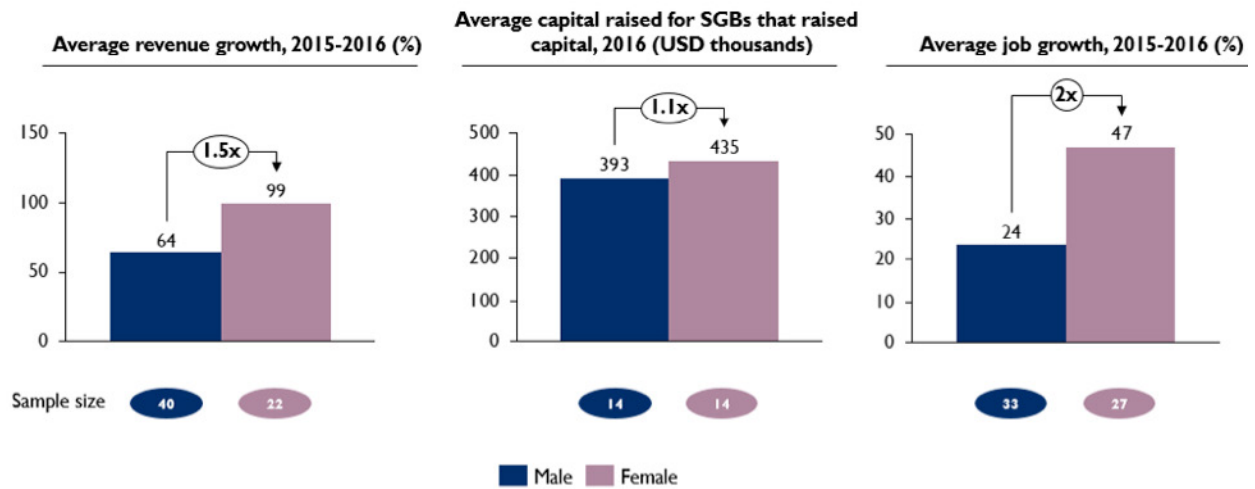
**PACE intermediaries reported that the female entrepreneurs they support encountered a range of gendered barriers to raising capital.** Intermediary representatives pointed to multiple reasons why women entrepreneurs raise less capital than men — chief among them, the lack of time and mobility, reliance on informal finance, and lack of trust in financial institutions. These broader constraints appear to be suppressing some women's willingness and ability to access formal capital. In one PACE intermediary's experience, "We do not see women, on their own, knocking on the door of an investment fund [in West Africa]." While women entrepreneurs are confronting and overcoming these constraints, PACE intermediaries argue that more needs to be done to support them. In particular, they cite three needs:

- **Strengthen the pipeline of women entrepreneurs.** PACE intermediaries in East Africa noted that the majority of applicants to their programs were male; one noted that 90% of applicants were men.
- **Increase resources and technical expertise available to intermediaries themselves.** One intermediary based in India has deprioritized a gender-sensitive approach because it believes that, as an organization, it lacks the technical capacity to support women-led SGBs.
- **Provide products and services tailored to women's needs.** Intermediaries advocated for developing and deploying products and services that lift constraints, such as products that lower collateral requirements for loans and services that link women entrepreneurs to each other to share insights. Other studies that look at gendered barriers to capital for women led-SGBs have made similar recommendations.<sup>24</sup>

PACE grantees are addressing many of these needs. See Section 6 for more on how funders can support intermediaries in their work with women-led businesses.



Figure 4: SGB outcomes by entrepreneur gender<sup>25</sup>



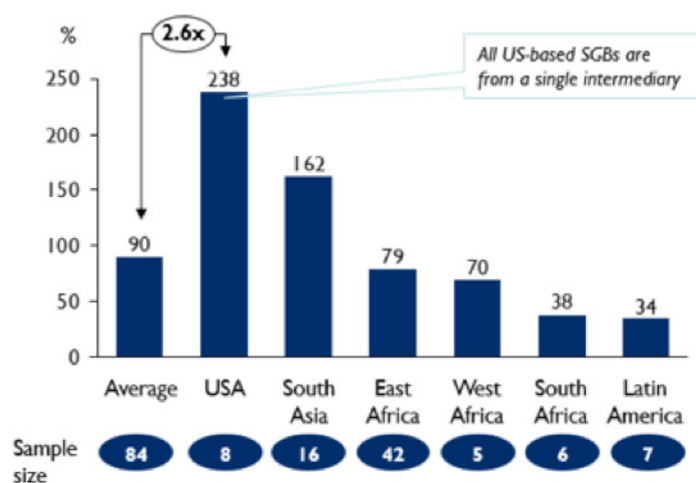
**Box 4: ECOSYSTEM AFFECTS OF PACE INTERMEDIARIES – LIFTING BARRIERS TO CAPITAL FOR WOMEN ENTREPRENEURS IN NICARAGUA**

**Enclude’s experience highlights how product design can lift gendered barriers to accessing capital.** Enclude provides variable payment obligation (VPO) loans to women entrepreneurs in Nicaragua, in partnership with a commercial bank (Banco de America Central). The loan product has soft collateral requirements and a repayment schedule that tracks the business’s cash flow, in contrast to standard loans that often require upfront collateral. As of July 2017, Enclude has supported seven women entrepreneurs in accessing finance through this product.

**The VPO loans have been associated with women receiving more finance, on more favorable terms.** The Enclude-facilitated loan represents the first formal business bank loan for all but one of these entrepreneurs. Prior to receiving the Enclude-facilitated loan, four borrowers had received personal loans from banks — but the average was \$9,750 at an interest rate around 18%. In addition, several of the borrowers had previously received loans from MFIs or credit cooperatives averaging roughly \$4,000 at 24% interest. In contrast, Enclude’s partnership with BAC has allowed these business owners to take out commercial business loans that average over \$28,000 and start at 12% interest for the first two years (before increasing by 2% in each of years 3–5).

**Finding #2 – Geography: Entrepreneurs that receive incubation or acceleration and operate in more robust, entrepreneurial ecosystems grew revenues faster than those in developed ecosystems.** For example, across the PACE intermediaries’ combined portfolios, the revenue growth rate for SGBs in the U.S. is 2.6 times the portfolio average; for SGBs in South Asia (all but one of these SGBs is in India), the revenue growth rate is 1.7 times the average. Among the countries in which PACE intermediaries operate, the U.S. ranks first and India ranks third in global metrics of entrepreneurial ecosystems (as noted by the GEDI Index).<sup>26</sup> While the data are sparse — just a single intermediary supports all U.S.-based SGBs in the portfolio and there are only 16 South Asian SGBs in the dataset — this Finding is broadly consistent with the literature.<sup>27,28</sup>

Figure 5: SGB revenue growth by SGB geography, 2015 – 16



**According to interviews with intermediaries, investors, and SGBs, accessing financing in regions with less-mature ecosystems is more challenging for two reasons.** First, there are fewer local investors that invest in SGBs — particularly in East and West Africa. This forces SGBs to cast a wider net to raise financing, which is more costly and time consuming. Second, misaligned expectations between U.S.-based investors and non-U.S. based SGBs makes it difficult to raise and retain financing from overseas. These misaligned expectations tend to center around rates of return, timelines for return, and the nature and frequency of communication. A recent GALI report on differences between SGBs in emerging markets and those in developed countries also highlighted this gap, noting a “mismatch between what investors and entrepreneurs look for,” and suggesting that a “cultural bias” among investors contributes to the challenge.

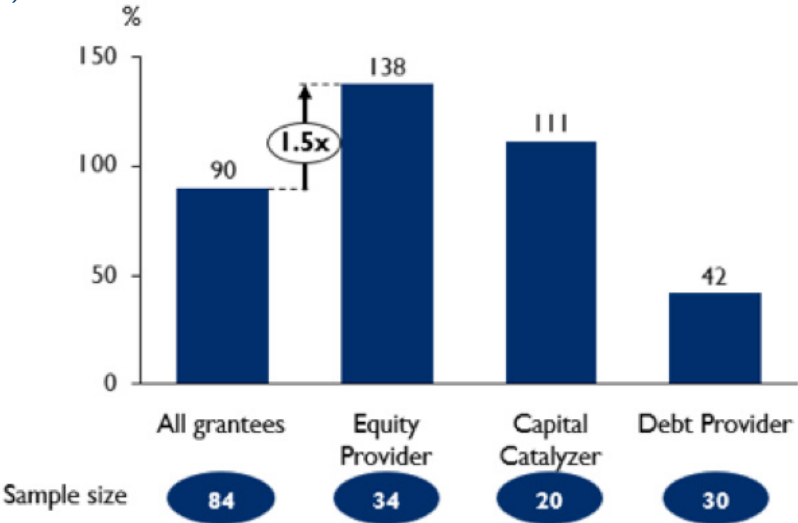
**Macro-economic and political shocks may also contribute to higher revenues in developed countries, as demonstrated by the performance of SGBs based in East Africa.** SGBs based in East Africa saw strong revenue growth of close to 80%. However, intermediary representatives reported that growth would have been higher without the passing of an interest rate cap in Kenya in September 2016. The legislation hampered capital flows to, and expansion of, some SGBs. Similarly, the intensification of the Sudan conflict and subsequent lowered export demand affected revenues in 2016 for Uganda-based SGBs, which form over half of the 42 SGBs in East Africa.

**These findings confirm the need for funders to help build local entrepreneurial ecosystems,** particularly robust local capital pools, over the longer term. Building ecosystems can include supporting industry networks, engaging in policy advocacy to strengthen tax and regulatory environments, and building a pipeline of entrepreneurs through investments in universities and technical trainings (see Box 5).

**The above findings indicate that funding globally-based intermediaries leads to portfolios that support SGBs in developed countries.** This could be a desirable strategy, depending on the funder’s mission. For example, a bilateral donor like USAID whose foreign assistance has always had a “two-fold purpose of furthering America’s interests, while improving lives in the developing world” may welcome supporting SGBs at home and abroad, as well as the learning opportunities that accompany the global approach to incubation/acceleration.<sup>29</sup> A private philanthropist, on the other hand, may want to see a more concentrated focus on a single country or region.

**Finding #3 – Capital: SGBs that work with primarily equity providers see 1.5 times faster revenue growth than the portfolio average.** SGBs saw average revenue growth rates of 138 percent between 2015 and 2016, with similar patterns in job growth.

Figure 6: SGB revenue growth, by capital focus of PACE intermediary, 2015–16 (%)



**Two large PACE intermediaries drive this finding.** Both provide equity, are global, have been operating for over three years, and operate in regions that experienced high growth rates over the Strategic Review time frame. Yet, studies suggest that provision of equity capital may have played a vital role in the growth of the SGBs these intermediaries served. Equity capital is in acute shortage among SGBs; studies estimate that less than 10% of micro, small, and medium-sized enterprises (MSMEs) receive equity — and those that do receive it experience higher growth rates than those that do not.<sup>30</sup> Equity funding allows SGBs to make capital investments without shouldering debt service payments, often helping SGBs expand operations quickly. Equity is the instrument that a high-growth-oriented firm would require and seek out to make the kind of investments that drive growth.<sup>31</sup>

**Intermediaries that catalyze capital see more variation in revenue growth in their portfolios of SGBs.** Intermediaries in this category supported SGBs that achieved growth rates from 50 to 150 percent per year (average of 111%). In contrast, intermediaries that directly provide equity or debt to SGBs do not see such high variation in their SGB portfolio. It is possible that capital catalyzers select SGBs with more variability in their potential to grow revenues, or that the effects of catalyzing capital are more variable than the effects of providing debt or equity.

**Intermediaries that catalyze capital work with smaller SGBs (by revenue) than do intermediaries that directly provide debt or equity.** Funders aiming to support smaller SGBs may want to consider funding capital catalyzers — in PACE's experience, these intermediaries appear particularly capable (as compared to equity or debt providers) in selecting and supporting smaller SGBs.

### **Box 5: ECOSYSTEM EFFECTS OF PACE INTERMEDIARIES – CAPACITY BUILDING FOR INVESTORS AND SOURCING ENTREPRENEURS**

#### **PACE intermediaries contribute to an ecosystem of SGB incubation / acceleration.**

For example, Sangam Ventures, an incubation and financial services provider for clean energy companies in India, is working to bring investors with patient capital into the clean energy technology space. It found that SGBs typically need more time to refine their product-market fit than many investors are willing to give them. I&P (an fund out of West Africa), meanwhile, invests in local funds in countries where there is significant lack of impact investors (Burkina Faso and Niger). To build interest in healthcare entrepreneurship in Kenya and identify entrepreneurs at the idea stage, Villgro has conducted outreach through a hack-a-thon on maternal child health, a speaker series, and a student business plan competition. For the competition, the company selected three of 60 entrants and gave each a small grant (between \$1,000 and \$2,000); six months later, the applicants had developed prototypes and were ready to enter Villgro's incubator

**Debt-focused intermediaries showed the slowest growth in their SGB portfolios.** SGBs that work with debt-focused intermediaries showed significantly slower revenue growth than PACE's other SGBs. Without a larger sample size, it is impossible to establish for certain why this is the case. However, PACE data, complemented by interviews with investors, SGBs, and PACE intermediaries, indicate one potential reason. SGBs working with PACE intermediaries that primarily provide debt are smaller, earlier stage, and more likely to operate in slow-growth sectors. These types of SGBs show less short-term revenue growth potential than other SGBs in the PACE portfolio, which are more likely to work with PACE intermediaries providing equity. In other words, it is possible that the nature of the SGBs themselves, as opposed to the nature of the intermediaries' services, drives slower growth within debt-focused intermediaries' portfolios.

**Debt-focused intermediaries predominantly attract agricultural SGBs.** Almost half of the SGBs work with debt-focused intermediaries are in agriculture. This is not unexpected, given the well-documented need for debt-based finance in this sector. These agricultural SGBs working with debt-focused intermediaries see 39 percent annual growth on average compared to agricultural SGBs that work with primarily equity providers (362 percent average annual growth) or with capital catalyzers (156 percent average annual growth).

**Finding #4 – Capital Provision vs. Capital Brokering: SGBs supported by investment-led PACE intermediaries raise approximately three times the capital of their peers.** Investment-led intermediaries primarily provide capital, either by directly providing equity or debt to SGBs or by brokering investment into SGBs. (These intermediaries may have a secondary focus on TA, or they may spend no time at all on TA.) The SGBs supported by equity providers raised three times the capital — and the SGBs supported by debt providers raised two times the capital — as those SGBs supported by capital catalyzers. This Finding supports the idea that brokering capital is inherently more uncertain than providing it directly.

**Finding #5 – Technical Assistance Type: Shorter, less bespoke approaches to technical assistance in incubation / acceleration can be successful:** SGBs that worked with the intermediaries that provide assistance in a less tailored format saw an average revenue growth between 2015 and 2016 of 135 percent, more than twice the growth rate of those working with the intermediaries that provided more in-depth and customized training. Similar trends hold for jobs: SGBs that worked with shorter, less bespoke technical assistance providers saw 1.6 times the job growth of SGBs that worked with longer, more bespoke technical assistance providers (62 percent, compared to 38 percent). Ultimately the success of an accelerator or incubator is a function of its ability to select SGBs that need its precise types of offerings.

Figure 7: SGB capital raised by technical assistance focus of PACE intermediary, 2015–16

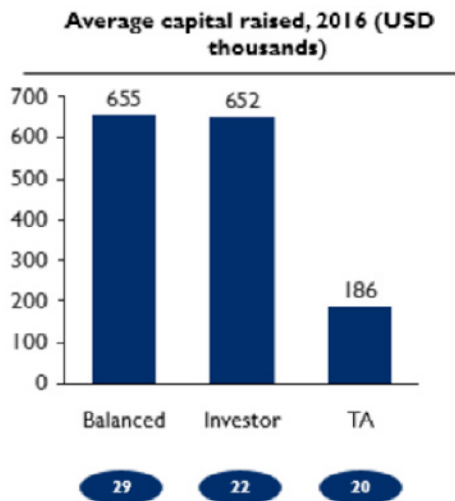
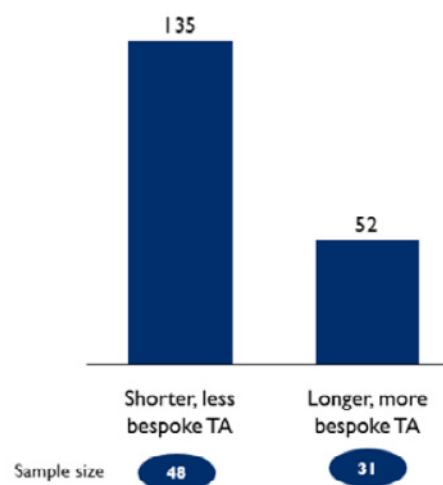


Figure 8: SGB revenue growth by technical assistance focus of PACE intermediary, 2015–16



**In PACE’s experience, intermediaries that take shorter, less bespoke approaches to technical assistance work well in more robust entrepreneurial ecosystems.** Intermediaries that take such approaches disproportionately work in the U.S. and South Asia (predominantly in India), where half of the 48 SGBs in the sample are based. These are regions with the fastest average SGB revenue growth in the PACE portfolio (238% and 162%, respectively; see Figure 5) and regions with relatively more robust capital pools and strong entrepreneurship ecosystems (as discussed above). Intermediaries in this category also disproportionately work with SGBs in the fastest growing sectors within these countries — education and health — and offer SGBs a diverse array of complementary services. For example, intermediaries in this category connect SGBs to corporate value chains and support SGBs in customizing their products to a corporate audience.

## SECTION 4: EFFICIENCY OF PACE INVESTMENTS

**Objective:** USAID analyzed changes in employment, SGB revenue, and capital investments associated with donor funding to PACE intermediaries. There are two objectives to this analysis. One is to help PACE reflect on its early returns. A second is to help funders and policymakers set expectations for how investments in SGB support will translate into changes in jobs, revenues, and capitalization. These Findings should help funders and policymakers to assess investment tradeoffs and manage performance expectations among investees.

**Methodology:** PACE is at a mid-point in its funding activities: some intermediaries have operated for over two years with PACE support; some for just a year. Some of these intermediaries have rigorously tracked changes in jobs, revenues, and capital at the SGBs they support; some have not. Therefore, efficiency ratios are available only for a cadre of the more mature PACE intermediaries: those that have been in operation for at least a year and have collected and reported SGB data. Five of these intermediaries, representing around 30% of the intermediaries in PACE's portfolio, meet these criteria. Efficiency analysis of these models only partially reflects PACE's overall efficiency.

The methodology is a before-and-after analysis of total jobs, total revenue, and total capital of firms that received support from PACE intermediaries.<sup>32</sup> The next step is to calculate the ratio of these changes to the funds that all donors — not just PACE — invested in the intermediary (i.e., donors' "cost"). These ratios are presented as a ranged estimate of donor funding efficiency. This analysis does not estimate the opportunity cost of donor capital, nor compare different alternatives for achieving the same results. It also does not use statistical methods (e.g., randomized assignment, difference-in-differences, matching estimators, instrumental variables) to attribute job and revenue creation with statistical certainty. PACE did not set up its portfolio to allow for this type of analysis, and even if PACE had, the mid-term nature of this review limits the insight this analysis would provide. Therefore, readers should interpret this analysis as a directional point-in-time estimate of donor funding efficiency, and not as a definitive assessment of cost-effectiveness.

**Finding #1: The ratio of donor funding to total job change within the PACE portfolio outperforms most available benchmarks.** An increase of one job at an SGB required \$3,867 to \$31,121 of donor investment per job (average of \$11,918), depending on the intermediary. This is comparable to and in many cases better than available benchmarks. Many job creation investments in developing countries show costs per job created between \$11,000 and \$88,000.<sup>33</sup> The benchmark is only partially relevant, as costs-to-total-job-change and cost-per-job-created are not equivalent ratios.<sup>34</sup> Yet, the large difference between the observed efficiency ratios and these benchmarks suggests that PACE intermediaries are relatively efficient investments in job growth. Notably, the intermediary showing the best efficiency ratio differs in several specific ways from others in the sample. It focuses on a single country, serves large cohorts of SGBs, and primarily provides them with investment. All others in the sample that showed higher cost-to-job change ratios generally operate across multiple countries, provide a mix of technical assistance and investment, and serve smaller cohorts.

**Finding #2: SGBs are growing their revenue at multiple times the value of donor investment.** For every dollar of donor support, SGB revenue increased between \$0.17 to \$10.22 (average of \$3.07). This is an encouraging Finding for two reasons: first, because PACE intermediaries are serving SGBs that grow revenues rapidly; second, because these SGBs' single-year revenue growth often exceeds donor investment. PACE intermediaries' services alone cannot explain this growth. However, several studies on SGB incubation and acceleration indicate that the services provided by intermediaries are one driver.<sup>35</sup>

**Finding #3: For every dollar of donor support to intermediaries, SGBs raised \$9.80 in capital.** PACE intermediaries reported receiving approximately \$6.7 million in combined grant funding during 2014–2016. These same intermediaries reported that their SGBs received a combined \$66.5 million in investment from third parties. In interviews, PACE intermediaries consistently note that achieving these investment outcomes would have been impossible without donor funding.



# SECTION 5: FINANCIAL SUSTAINABILITY

**Objective:** This section explores the ability of PACE models to make progress toward financial sustainability. It must be noted, however, that financial sustainability is not necessarily a prerequisite for successful incubation/acceleration. For example, a study by ANDE and Village Capital found no significant difference in enterprise success rates (as measured by profitability and capital raises) and survival rates between accelerators that relied on grants and those that did not.<sup>36</sup>

**Methodology:** The analysis examines the costs and revenue structures of PACE intermediaries using self-reported accounting data. The analysis covers only the specific initiative that PACE is supporting within the broader intermediary’s scope of operations (e.g., if PACE supports operations in only one country, the data reported by intermediaries is just for operations in that country, even if the intermediary itself operates globally).

**Finding #1: Most PACE intermediaries are not yet financially sustainable.** As Figures 9A and 9B illustrate, grants constituted more than 70% of total revenues across PACE-funded initiatives in 2016, indicating that intermediaries are not currently financially sustainable.

**Most intermediaries are young: of the eleven that report both revenue and costs data, six have launched new PACE-funded initiatives within the past three years.** These are primarily new initiatives launched by existing organizations, but also include new organizations. Taking a broader view of the field, the ANDE and Village Capital study found that three out of four accelerators needed donor funds to survive, and philanthropic capital made up over 53% of revenues for the 50 accelerators surveyed (72% of these accelerators were under five years old).<sup>37</sup> PACE intermediary performance in this regard, therefore, is in line with how intermediaries fare more broadly.

Figure 9A: Average and median revenues and costs of PACE intermediaries, 2016, USD thousands

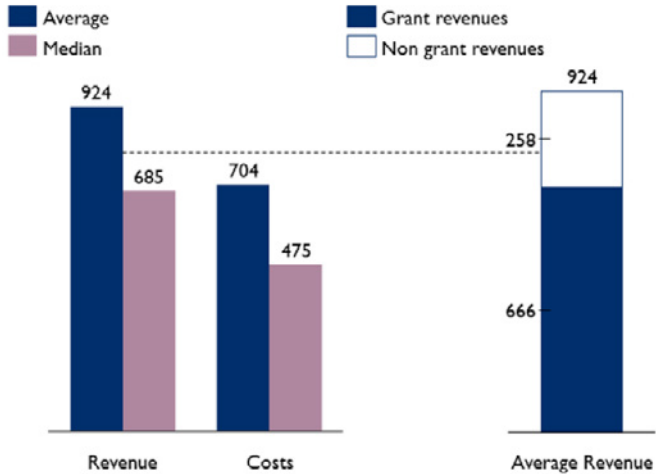
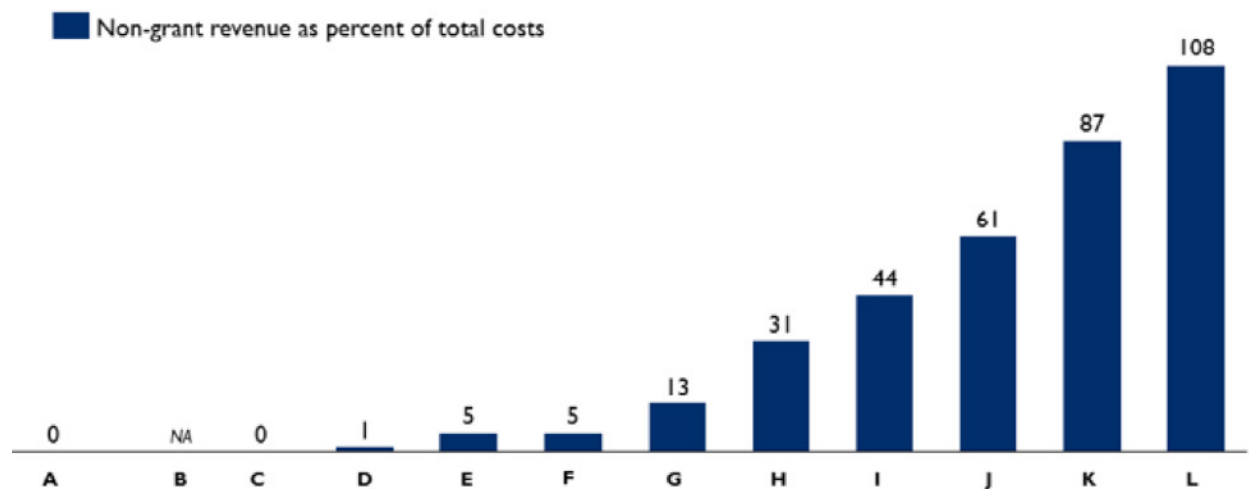




Figure 9B: Intermediary Revenues and Costs, 2016, for the sake of the report the intermediaries have been left anonymous and are indicated by an arbitrary letter A – L



**PACE intermediaries are using funds to test new approaches and take risks, which is another reason why they are distant from financial sustainability.** Grant funding gives PACE intermediaries freedom: they can experiment, innovate, and learn what works and what does not in supporting early-stage enterprises. This, of course, is one of the central goals of the PACE initiative. Unitus, for example, is filling a market gap by strengthening intermediaries and accelerators throughout India, something that would be challenging without grant funding. No other venture capital fund has a similar model, at least in the Indian context.

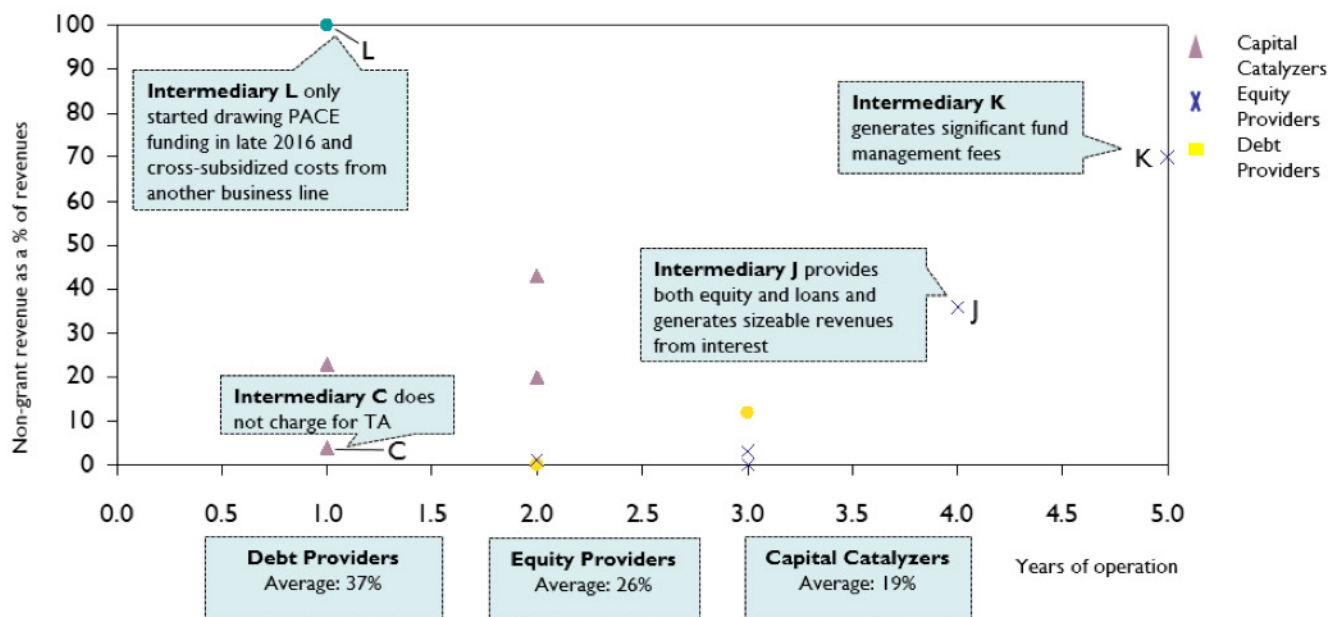
**More time is needed to reveal PACE intermediaries' potential to become financially sustainable.** It is clear from PACE's experience supporting a diverse portfolio of intermediaries that financial sustainability is unlikely within the first 3 – 5 years of a given initiative, and that there is no specific type of approach that is more likely to be immediately financially sustainable. Funders adopting a patient, long-term strategy to supporting intermediaries is essential for intermediaries to survive and thrive. See Section 6 for further exploration of this recommendation.

**Finding #2: PACE-funded initiatives generate less than 30% of their revenues from earned revenue on average.** PACE intermediaries are experimenting with a wide range of ways to earn revenue:

- Fees and/or returns on investments: Intermediaries that provide debt financing to SGBs (e.g., MCE Social Capital, Root Capital) earn revenue through loan fees and interest income while those that take equity stakes in SGBs (e.g., Unitus, Village Capital) earn returns from medium-to-long-term equity exits. Some even provide convertible debt (e.g. Factor (E)) and enter into revenue sharing agreements with SGBs (e.g. Village Capital).
- Fees for technical assistance: Some intermediaries charge SGBs fees for investment readiness services (e.g., Open Capital Advisors, Intellectap), which typically are structured as a small upfront fee combined with a success fee following a capital raise.
- Fees for ancillary services: Other intermediaries charge for ancillary services such as organizing conferences or advisory services for development organizations (e.g., Intellectap, Villgro).
- Other fees: A few intermediaries have unique revenue streams — for example, Jibu earns franchise fees and Catalyst for Growth charges subscription fees to platform users.

Figure 10 below shows earned revenue as share of total revenue in 2016. This ratio averaged below 30% across 12 intermediaries and did not vary significantly by revenue source for the intermediary. For example, in 2016, debt providers earned on average 37% of their total revenue from non-grant sources such as loan fees; equity providers generated 26% of revenues from sources such as fund management fees. Capital catalyzers earned 19% of their total revenue from charging for technical assistance and/or ancillary services. SGB-focused intermediaries simply do not yet generate sufficient earned revenue to cover their costs: in 2016, equity and debt providers covered 37 – 41% of their total costs with earned revenue while capital catalyzers covered 22% of their costs.

Figure 10: Initiative non-grant revenue / total revenue (%) and years of operation, 2016<sup>38</sup>



Two factors drive low non-grant revenues: **where** intermediaries are in their business life cycle and **how rapidly** specific revenue streams bear fruit.

- **Debt providers have not yet scaled their loan portfolios to generate sizable revenue from interest income and loan fees.** This is not surprising since two out of three of these intermediaries are less than two years old. The Enclude-managed Variable Payment Obligation (VPO) Program in Nicaragua, for example, was in its start-up phase in 2016. It needed to refine and test the market potential for a new product — a cash-flow-based loan with loan payments tied to revenue generation — as well as streamline selection criteria, build the pipeline of borrowers, and develop the systems and processes to roll out the loan. Grants funded these foundational activities; as the program scales, non-grant revenues may become increasingly significant. This is not to say that scale is always a pathway to financial sustainability. Representatives from intermediaries that work with smaller SGBs in more variable growth sectors like agriculture point out that there are inherent risks to financial sustainability with such portfolios, regardless of the number of SGBs served.
- **Equity providers take long-term stakes in SGBs so are not yet generating significant returns on investment.** PACE intermediaries in this category have been in operation for two to five years, but generally have a five-plus-year time horizon for equity exits. One intermediary has exited a few investments, yet is not structured to earn returns until investors in its fund are paid out. Another source of revenue for equity providers are fund management fees, but intermediaries vary in their ability to charge these fees from day one. Some are small funds with higher cost structures, which cannot be sustained by market-rate fund management fees (e.g., 2–3% or less). It is not, of course, in the interest of private investors to pay higher-than-market-rate fees, so one intermediary covers these expenses for the first five years of the fund through grants.
- **Capital catalyzers experience delays in payment from SGBs.** PACE intermediaries in this group charge SGBs an upfront fee for investment readiness services (to ensure that SGBs have a financial stake in using these services) followed by another fee upon successfully raising capital. A representative from one capital catalyzer notes, however, that SGBs can take 1–2 years to raise additional capital after receiving investment-readiness services. Upfront fees earned by two capital catalyzers accounted for 20% and 1% of total revenues in 2016, while fees for successful capital raises were 1% of total revenues for both these organizations.
- According to intermediaries, **investors have little appetite for contributing to the cost of SGB pre-investment readiness.** One intermediary noted that investors prefer to pay for shorter, less-bespoke technical assistance prior to an investment and then work with the SGB after the investment to address other business challenges.

**Aside from the type of capital provided, PACE intermediaries also report that generating revenues from technical assistance fees is challenging.** For example, agricultural SGBs often receive free technical assistance through development programs, which makes it difficult to charge fees. Yet, PACE's experience suggests that it is possible to earn revenue from technical assistance by adopting innovative billing models. The Enclude-managed VPO Program, for example, shows early promise in bundling technical assistance fees with loan payments. Other studies of incubators and accelerators underscore the challenges of getting entrepreneurs to pay fees for support.<sup>39</sup> Enclude's experience is that entrepreneurs find paying for technical assistance more palatable when they can make small payments each month rather than a single large payment.

**The experience of more established intermediaries suggests that charging for services may require providing upfront subsidies to demonstrate value.** This holds for fees from investors, SGBs, and even other BDS providers that intermediaries may be supporting. For example, one intermediary charges approximately \$1,000–\$1,500 per month for technical assistance services. SGBs currently pay 50%, but the intermediary reports that SGBs are more willing to pay once they have experienced the benefits of their first technical assistance engagement. Another intermediary is taking a similar approach to generating fees from BDS providers it supports — providing one year of free services in anticipation of charging fees in year two. A third is using grant funding to subsidize investor costs in the first five years of operating a fund.

**Finding #3: Intermediaries supported by USAID for two years show roughly the same need for grant support in Year Two as they did in Year One.** The ratios of non-grant revenue to total cost remained in the 20–40% range across PACE intermediaries, with no significant change from Year One to Year Two at most intermediaries for which data are available. It is likely that many intermediaries will not attain financial sustainability during the period of PACE's support, which is generally three years. Intermediaries can require more than five years to achieve a sustainable scale, and there is also no evidence to date that investors or SGBs are willing to pay the full cost of SGB support.

**Yet, some PACE intermediaries expect to make rapid progress toward financial sustainability.** One intermediary in India began in 2013 with \$100,000 investment ticket sizes. This figure has steadily increased to \$250,000–\$300,000, and even \$500,000 in recent years, leading to a more than doubling of revenue from fund management fees, from approximately \$200,000 per year to over \$500,000. The intermediary reports that this is a function of the market maturing in India, as well as demand from entrepreneurs for larger sums of capital to demonstrate impact within a 12–18-month period. Other intermediaries plan similarly rapid increases in their non-grant revenues in the 2018–2020 time frame.

**Looking forward, funders can continue to support intermediaries in exploring new approaches to generate revenue.** These could include, for example, new sources of finance for incubation/acceleration (e.g., corporations interested in supply chain management, industry associations interested in sector building) and new pricing models (e.g., bundling services, subscription based models). See Section 6 for further exploration of these recommendations.

**Finding #4: It is uncertain if mature PACE intermediaries can reduce their costs over time, particularly if they expand into new markets.** As Table 1 indicates, as intermediaries mature, their average costs per SGB served decline (although most intermediaries for which data are available have been in operation for fewer than three years). This Finding needs to be further validated, given the diversity of business models within the PACE portfolio and the significant challenges in constructing robust, comparable costs data across intermediaries (see Box 6).

**Intermediary representatives also report that expanding across markets may drive up costs as they experience greater variation in operational expenses, plus the need to adapt to local conditions.** One intermediary representative reports that operating costs in one of its markets are two to three times higher than in another. Launching in new markets, especially where intermediaries have no prior experience, also requires a significant investment of time and resources to build relationships with SGBs, mentors, and investors.

**Table 1: Intermediary costs by maturity**

Type	Average total costs, 2016	Median total costs, 2016	Average number of SGBs served, 2016	Average total costs per SGB
Young intermediaries (fewer than 3 years, n=5)	\$0.59m	\$0.38m	10	\$56,479
Mature intermediaries (3+ years, n=4)	\$0.74m	\$0.57m	22	\$34,249

**Funders can help drive efficiency in early-stage enterprise incubation / acceleration by shedding light on the true costs of supporting SGB development.** By supporting dialogue and research, funders can highlight challenges intermediaries experience in tracking costs, encourage the development of standardized financial reporting tools, and then require their use by intermediaries. This could, in turn, lead to the development of global, regional, and country-level cost benchmarks across different types of intermediaries. See Section 6 for further exploration of these recommendations.

**Finding #5: Intermediaries that invest in SGBs incur higher costs per SGB than do those that provide TA.** Investment-led intermediaries incur 1.5 times the costs of TA-led intermediaries and greater than two times compared to intermediaries that take a balanced approach. Two PACE intermediaries drive these high costs per SGB served. They engage in intensive, ongoing investment-related activities with a small set (<10) of SGBs. This support (estimated at two days a month for several months both before and after the investment) includes board participation, assistance in raising additional capital, and linking SGBs to corporate supply chains to help them expand revenue. In contrast, another investment-led intermediary that takes a less hands-on approach sees significantly lower costs per SGB served, at \$20,000 per SGB. This intermediary also works with a much larger cohort of SGBs (30 in 2016).

**Table 2: Intermediary costs / SGB served by type of support provided**

Type of support	Average costs / SGB supported in 2016	Average grant funding received per SGB supported in 2016
TA-Led (n=2)	\$56,584	\$60,253
Investor-Led (n=2)	\$70,077	\$61,898
Balanced (n=4)	\$28,759	\$35,784

**Finding #6: Intermediaries that take a bespoke approach to technical assistance incur greater costs and attract more grant funding per SGB.** Intermediaries that provide longer, more bespoke technical assistance face 1.5 times higher costs and receive two times more grant funding than do intermediaries that take a shorter, less individualized approach (Table 3). They also work with smaller cohorts of SGBs (11 SGBs per intermediary in 2016 as compared to 21).

As discussed in Section 3, SGB revenue growth does not correlate with receiving longer, more individualized TA. In PACE's experience, intermediaries providing more bespoke technical assistance services to SGBs (a) incur higher costs per SGB, yet (b) are associated with lower SGB revenue growth. This observation deserves further scrutiny; as PACE intermediaries continue to make progress on disaggregating their cost data (see Box 7), it will become possible to identify the drivers of this cost differential.

**Table 3: Intermediary costs / SGB served by type of support provided**

Type of technical assistance	Average costs per SGB supported in 2016	Average grant funding received per SGB supported in 2016
TA-Led (n=2)	\$40,029	\$35,982
Investor-Led (n=2)	\$60,070	\$66,666
Balanced (n=4)	\$46,493	\$48,825

**Box 6: CHALLENGES FACED IN COST DATA COLLECTION FOR INTERMEDIARIES**

**PACE intermediaries invest significant time and effort in collecting data on their costs, but constructing robust, comparable, disaggregated cost data remains a challenge for at least three reasons.**

- **Intermediaries spread costs across business lines:** Some intermediaries have multiple business lines and provide incubation/acceleration services in conjunction with other types of services (e.g., lending to MFIs). Tracking costs and allocating them to incubation / acceleration is both complex and time-consuming for such intermediaries. Many instead choose to report costs in the aggregate.
- **Partnerships complicate matters:** Many intermediaries provide a fuller suite of services to SGBs in partnerships with other intermediaries or funds. Tracking cost flows across entities to provide a unified view of the costs of service provision to SGBs remains a challenge. Again, many track these intra-partnerships cash flows loosely or not at all.
- **Intermediaries adopt diverse approaches to cost-based accounting, partly due to capacity differences:** Intermediaries diverged in how they measured and tracked basic cost categories such as personnel salaries (some treated these as overhead costs, others as the costs of goods and services). Variations in intermediary capacity and business model drove this divergence.

## SECTION 6: IMPLICATIONS

The insights from this analysis have implications for a number of questions that matter to funders:

- **Why invest in accelerators, incubators, and other business support intermediaries?**  
What kinds of objectives can funders realize through investing in accelerators, incubators, and other business intermediaries?
- **How can funders choose the right type of intermediary to fund?**
- **How should financial sustainability be defined and interpreted across different intermediary models,** and how can funders help intermediaries to realize progress toward sustainability?
- **How important is it to take gender into account when supporting intermediaries?**  
How can funders apply this gender lens effectively?
- **How can funders better measure the impact of the intermediaries that they fund?**

### *Why invest in accelerators, incubators, and other business support intermediaries?*

- **Finding: Intermediaries in the PACE Portfolio are making positive contributions to a wide spectrum of goals held by USAID and other funders, including rural and agricultural development, women's economic empowerment, and job creation.** Almost every SGB in PACE's portfolio experienced double-digit revenue and job growth over a one-year period. This is compelling evidence that intermediaries, at the very least, identify and serve growth-oriented firms that are also contributing to various development impacts; it is also very likely that their services are contributing to SGBs' growth.<sup>40</sup>
- **Implication for action: Funders should continue to invest in intermediaries as an effective way to accelerate growth of a range of high-growth, socially-impactful businesses.**

### *How can funders choose the right type of intermediary to fund?*

- **Finding: Successful intermediaries tailor their services to very specific contexts (e.g., geography, sector, SGB type).** Intermediaries that can articulate a clear, specific, context-sensitive investment thesis are more likely to achieve their goals. PACE intermediaries provide a wide range of different financial and non-financial services to the SGBs that they serve, yet the majority have in common the ability to articulate a clear investment thesis about the specific type of firms that they target, and how their financial and non-financial support is tailored to the needs of these firms. Insights from the PACE portfolio suggest:
  - *For funders aiming to support agricultural enterprises:* Intermediaries that blend financing (primarily debt) and technical assistance offer a powerful catalyst for growth for agriculture SGBs. While debt financing is a well-documented constraint in the sector, a close look at the PACE portfolio reveals that well-structured and integrated technical assistance plays an important role in helping firms to better manage risks inherent in agricultural business models.<sup>41</sup>
  - *For funders aiming to support high-growth enterprises:* Intermediaries equipping SGBs with equity financing are well suited to support high-growth enterprises, particularly early-stage SGBs that do not have the collateral, cash flow, or performance history to attract debt. This is especially true in countries where significant regulatory constraints limit the forms of collateral that businesses can pledge to secure loans.

– For funders aiming to drive outcomes in markets with more challenging operating environments or less developed entrepreneurial ecosystems: this Strategic Review finds intermediaries with more bespoke hands-on approaches to technical assistance fare better, as their technical assistance offerings enable firms to better manage the riskier conditions in which they operate. Models that use lighter-touch approaches, such as standardized group trainings, are better suited to markets with more conducive business environments.

- **Implication for action: Funders should consider impact objectives first and the type of intermediary (or intermediaries) to support second** when building an investment portfolio. The choice of intermediary models to include in a portfolio should follow directly from a robust analysis of the actual needs of target end-client SGBs. There are particularly important choices funders will need to make between intermediaries that provide (a) debt versus equity and (b) more versus less bespoke technical assistance services.
- **Finding: Funders and entrepreneurs alike struggle with how to define the types of intermediary partners most likely to be effective in spurring growth.** Both the PACE portfolio and the sector face challenges with definitions. Many types of entities label themselves as accelerators or incubators, while the actual range of services that they offer vary dramatically — from one-off intensive training sessions to multi-year relationships that blend financial and non-financial forms of support. Without a clearer taxonomy to distinguish across these various types of models, confusion will continue to reign — among funders, but more challengingly, among entrepreneurs themselves — around how to select the kind of partner that is most capable of delivering results.
- **Implication for action:** Funders should continue to fund sector-building efforts such as GALI that are bringing greater coherence to the overall field. Specifically, funders should consider efforts to provide greater clarity and transparency to entrepreneurs and donors alike around (a) the different types of support that intermediary models deliver and (b) the types of support that are best suited to different types of entrepreneurs at different points in their venture's life cycle.
- **PACE Finding: Entrepreneurial ecosystems — e.g., market activity, policy frameworks, financing options — heavily influence intermediaries' ability to drive SGB growth.** ANDE identifies eight features of an entrepreneurial ecosystem — business support, markets, finance, policy, human capital, research and development, infrastructure, and culture.<sup>42</sup> PACE intermediaries are contributing to at least six of these. Quantitative and qualitative data support the idea that these ecosystem features have a large effect on SGB performance. Almost all PACE intermediaries strengthen business support for SGBs by providing technical assistance. Intermediaries such as Edge build markets by linking SGBs to corporate supply chains. Sangam Ventures, I&P, and Village Capital are working to bring more financing into supporting SGBs (by attracting more impact investors and strengthening the capacity of existing investors). Jibu, Shell Foundation, and Edge are advocating for more favorable policy environments, either directly or via industry associations. Villgro and Village Capital build human capital through competitions that seek to match the best idea to a given problem; Unitus does so by scouting for the best talent across India. C4G builds and disseminates research on what works in incubation/acceleration. More data are needed to definitively prove the impact of these efforts.
- **Implication for action:** Intermediaries have important indirect effects, which amplify the performance of other intermediaries and SGBs near their location. Funders should consider prioritizing intermediaries that can articulate a detailed, action-oriented approach to transforming their local SGB ecosystem.



## How should financial sustainability be defined and interpreted across different intermediary models, and how can funders help intermediaries to realize progress towards sustainability?

- **Finding: The PACE portfolio demonstrates that while there are a range of options for intermediaries to earn revenue, few of these options, at this stage, demonstrate potential to fully replace grant funding.** On average, grant revenue accounts for over 70% of intermediaries' total revenue. Intermediary representatives report that SGBs' willingness to pay for technical assistance varies significantly, and has not yet shown promise as a revenue stream. Similarly, investors seem unwilling to pay for pre-investment readiness services. Yet, PACE's experience suggests that several pathways to financial sustainability are worth exploring:
  - Funders can explore payment sharing for intermediary services with corporations interested in supply chain management. More than 750 multinational corporations currently make some form of venture capital investments. Evidence points to this increasing over time.<sup>43</sup> PACE intermediaries emphasized this trend and its promise in interviews. These investments are often inclusive of incubation / acceleration services, tightly aligned with the parent company's overall business strategy, and aimed toward absorbing SGBs into supply chains.<sup>44</sup>
  - PACE's experience suggests that bundling loan payments with technical assistance payments shows promise in terms of strengthening SGBs' willingness to pay for technical assistance services. SGBs express and exhibit more willingness to pay for technical assistance when they pay for it on a subscription basis and when it is part of a bundled package of financing.
- **Implication for action: Funders should continue to experiment with new approaches to revenue generation — particularly those highlighted above —** to support sustainable investing in this space and attract returns-focused investors. At the same time, they should moderate their expectations of intermediaries attaining financial sustainability without transformative innovation in revenue generation.

## How important is it to take gender into account when supporting intermediaries?

- **PACE Finding: The PACE portfolio demonstrates that intermediaries that do not take a very proactive approach to incorporating gender are much more likely to inadvertently exclude, and thereby, miss out on growth opportunities in women-led firms.** SGBs supported by PACE intermediaries are more likely led by men (by roughly 50%). While women-led firms within the PACE portfolio show strong growth rates, they are much less likely than their male counterparts to secure follow-on rounds of investment in their firms.
- **Implications for action: To address these constraints, funders can:**
  - **Invest in ways to mitigate unconscious bias in the accelerator's process for selecting firms:** PACE's experience offers some powerful examples of how accelerators and incubators are overcoming bias when selecting entrepreneurs. For example, Village Capital's Startup Team Aptitude and Readiness tool measures founder potential using a dataset culled from the hundreds of firms it has analyzed or supported in the past. Village Capital has found that using

this tool to predict performance increases the likelihood of selecting women-led businesses, reducing investor biases towards backgrounds, experience, and common personal traits. Another grantee worked with a gender-focused consulting firm to identify and mitigate gender-related biases in the assessment process.

**– Support intermediaries in connecting with networks of women entrepreneurs:**

PACE intermediaries often draw on these sources to identify women entrepreneurs.

For example, one grantee participates in the Women in Technology network and partners with the USAID-supported SPRING accelerator. It currently serves slightly more women-led SGBs than the portfolio average (37.5% versus 32%), and aims to achieve 50% women-led SGBs in the next 2–3 years.<sup>45</sup>

**– Encourage and support knowledge sharing on what works in supporting women-led SGBs:** Many PACE intermediaries already focus on women entrepreneurs and have valuable insights to share with other intermediaries that may be just beginning to incorporate a gender lens in their work. There is also a robust broader ecosystem of organizations that work to share this type of knowledge, including, for example, ANDE's Gender Inclusion Learning Lab and Value for Women.

**– Design or support tailored products that meet women's needs:** As discussed in Section 3, PACE intermediaries have deployed financial products that address these barriers. These have shown promising results — Enclude's VPO program in Nicaragua, for example, has increased the size and term of financing for women, even while decreasing the interest rate. Funders can continue to support products tailored to women's needs.

## How can funders better measure the impact of the intermediaries that they fund?

- **PACE Finding: Two key factors are constraining overall efforts to understand the impact of accelerators and incubators:** (I) intermediaries must have the capacity — technical expertise and team time — to devote to more rigorous data gathering and analytics and (II) there must be clear incentives for them to make these investments.
- **Implication for action:** Funders that are already supporting SGBs need to continue to provide resources, direction, and better incentives for intermediaries to provide reliable data. Funders that plan to invest in intermediaries or directly in SGBs should ensure that they institute processes to consistently collect data on SGB performance, as well as data on comparable SGBs that did not receive the intermediary's services. Having data on this counterfactual pool of SGBs will enable an array of analyses that could establish a causative link between intermediaries' actions and SGB outcomes.

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## END NOTES

- <sup>1</sup> All dollar figures in this report refer to US dollars.
- <sup>2</sup> The PACE initiative began in 2013; funding for current grants ends in 2020.
- <sup>3</sup> This report uses the Aspen Network of Development Entrepreneurs (ANDE) definition for SGBs: commercially viable businesses with five to 250 employees that have significant potential and ambition for growth.
- <sup>4</sup> The 17 intermediaries included in the Strategic Review are Catalyst for Growth, Edge Growth/ASISA Fund, Enclude, Intellectap, Investisseurs & Partenaires, Jibu, MCE Social Capital, Open Capital Advisors, Root Capital, Shell Foundation with Factor (E) and Sangam Ventures, the IIX Foundation, Unitus Seed Fund, Village Capital, Villgro, and Yunus Social Business Uganda.
- <sup>5</sup> Job and revenue change figures are calculated by estimating the weighted annual average growth rate in SGB jobs and revenues for each intermediary individually, weighting each intermediary's rate by the number of SGBs for which data were available, and then combining these rates into a single number. This analysis includes data from 11 of 17 intermediaries in the Strategic Review.
- <sup>6</sup> ANDE, "Entrepreneurial Ecosystem Diagnostic Toolkit," (2013).
- For the purposes of this report, the term "donor" refers to all providers of grant funding to intermediaries, including USAID and various foundations.
- <sup>7</sup> Depending on the intermediary, an increase of one job at an SGB required between \$3,867 and \$31,121 of donor support per job, and for every dollar of donor support, SGB revenue increased between \$0.17 and \$10.22.
- <sup>8</sup> Many job creation investments in developing countries show costs per job created between \$11,000 and \$88,000. Most of these benchmarks emerge from studies that, like this review, did not find statistical significance. (McKenzie, "Identifying and Spurring High-Growth Entrepreneurship: Experimental Evidence from a Business Plan Competition," (2015)).
- <sup>9</sup> The Global Accelerator Learning Initiative (GALI) is a partnership between USAID, Omidyar Network, The Lemelson Foundation, the Argidius Foundation, the Aspen Network of Development Entrepreneurs (ANDE), and Emory University to investigate the effectiveness of accelerator programs around the world. Learn more at [www.galidata.org](http://www.galidata.org).
- <sup>10</sup> There are no standardized definitions of incubators or accelerators. Incubators are typically programs that help early-stage entrepreneurs set up and incorporate businesses by providing them with services such as workspace, accounting, business management advice, and links to potential investors and/or customers. Although accelerators vary in their specific approaches to supporting entrepreneurs, they tend to be distinguished from other support programs by i) offering intense training and mentorship for a limited time (often several months), ii) working with a cohort of early-stage entrepreneurs that pass through the training as a group, and iii) focusing to a great extent on linking investors to entrepreneurs. GALI, <https://www.galidata.org/>, (July, 2017).
- <sup>11</sup> ANDE, "State of the Small & Growing Business Sector – 2016 Impact Report," (2016).
- <sup>12</sup> See, for example, GALI and Village Capital, "What's Working in Startup Acceleration" (2016); GALI, "Accelerating Startups in Emerging Markets" (2017); C4G, "Catalyst for Growth Beta Update Report" (2017).
- <sup>13</sup> Jobs in this report refer to full-time jobs.
- <sup>14</sup> GALI, "Accelerating Startups in Emerging Markets," (2017). This includes two PACE-funded programs.
- <sup>15</sup> Catalyst for Growth (C4G) is an analytics platform for business development services (BDS) providers serving small and medium-sized enterprises (SMEs) in South Africa. As part of its work, C4G collects and publishes SGB performance data. C4G, "Catalyst for Growth Beta Update Report," (2017). Refers to median revenue growth for enterprises that were established between 2011 and 2016 and supported by seven BDS providers on the C4G platform.
- <sup>16</sup> OECD, "Entrepreneurship at a Glance," (2015).
- <sup>17</sup> For this analysis, a social enterprise is defined as an organization that applies commercial strategies to maximize improvements in human and environmental well-being. PACE intermediaries reported whether or not each of the SGBs they worked with was a social enterprise.
- <sup>18</sup> UN Women, "Glossary", <https://trainingcentre.unwomen.org/mod/glossary/view.php?id=36>, (July, 2017).
- <sup>19</sup> See, for example, Catalyst, (2013), "Why Diversity Matters", ICIC; "Creating Inclusive High-Tech Incubators and Accelerators: Strategies to Increase Participation Rates of Women and Minority Entrepreneurs," (2016); MSCl, "Women on Boards!" (2015); Peterson Institute for International Economics, "Is Gender Diversity Profitable? Evidence from a Global Survey" (2016); Oxfam, "The Problem of Underinvestment in Women-Led Small and Growing

- <sup>20</sup> Businesses in Latin America and the Caribbean,” (2014).
- <sup>21</sup> *ibid.*
- <sup>22</sup> *ibid.*
- <sup>23</sup> GALI, “2016 Year-End Summary,” (2017).
- <sup>24</sup> See for example, Value for Women, “Strengthening the Ecosystem for Women Entrepreneurs in México,” (2014); ANDE, “Beyond the Threshold: Investing in Women-led Small & Growing Businesses,” (2013).
- <sup>25</sup> Nine outliers are excluded from the full set of revenue growth data due to data quality, e.g., revenue growth 10x in a one year period These are spread across 4 intermediaries and not concentrated in any intermediary type.
- <sup>26</sup> ANDE, “Entrepreneurial Ecosystem Diagnostic Toolkit; Global Entrepreneurship and Development Index,” (2017).
- <sup>27</sup> GALI, “Accelerating Startups in Emerging Markets,” (2017).
- <sup>29</sup> Fehder and Hochberg, “Accelerators and the Regional Supply of Venture Capital Investment,” (2014).
- <sup>29</sup>“USAID: Who We Are,” <https://www.usaid.gov/who-we-are> (July 2017).
- <sup>30</sup> IFC, “Access to Credit among Micro, Small, and Medium Enterprises,” (2010).
- <sup>31</sup> To quote from an OECD study, “Debt financing is the most common source of financing for small, young firms, including innovative ones, although innovative and high-growth firms seek equity financing more than other types of small firms.” OECD, “Financing High-Growth Firms: The Role of Angel Investors,” (2011).
- <sup>32</sup> Not all jobs are equal. Some SGBs provide full-time jobs, some part-time, some seasonal, some temporary. Some jobs pay above national averages, some below. Some are in markets with low unemployment rates, some are in markets where unemployment is the norm. Jobs vary widely in quality, as well, and it may be worthwhile for funders to spend more to support jobs that are higher quality or in less-developed regions. This analysis does not account for job quality, as PACE intermediaries generally do not track this information.
- <sup>33</sup> Most of these benchmarks emerge from studies that, like this review, did not find statistical significance. See a collection of these benchmarks at [https://www.poverty-action.org/sites/default/files/publications/McKenzie\\_YouWin\\_BusinessPlanPaperOct2015.pdf](https://www.poverty-action.org/sites/default/files/publications/McKenzie_YouWin_BusinessPlanPaperOct2015.pdf).
- <sup>34</sup> Estimating job creation requires a reliable counterfactual, as well as a calculation of indirect and induced job creation effects. Total job change is a simpler, less expensive-to-collect, yet ultimately less-reliable benchmark.
- <sup>35</sup> See GALI 2017 for a review of the casual chain of impact from funders to intermediaries to SGBs. <https://www.galidata.org/>
- <sup>36</sup> Village Capital and ANDE, “Bridging the Pioneer Gap: The Role of Accelerators in Launching High-Impact Enterprises,” (2013).
- <sup>37</sup> *ibid*
- <sup>38</sup> The financial sustainability analysis includes twelve intermediaries; it excludes five due either to data unavailability or the early stage of the intermediary.
- <sup>39</sup> See for example, ANDE, “State of the SGB Sector,” (2013); Asian Venture Philanthropy Network and DBS, “Effective Social Incubation: First Insights from Asia,” (2016).
- <sup>40</sup> The PACE initiative requires more time and data to assess the degree to which the SGBs’ growth can be attributed to these intermediaries’ services. See Section 3 for more details.
- <sup>41</sup> Dalberg and Skoll Foundation, “Catalyzing Smallholder Agricultural Finance,” (2012).
- <sup>42</sup> ANDE, “Entrepreneurial Ecosystem Diagnostic Toolkit,” (2013).
- <sup>43</sup> BCG Perspectives, “Incubators, Accelerators, Venturing, and More,” <https://www.bcg.com/en-us/expertise/capabilities/innovation-product-development/incubators-accelerators-venturing-more.aspx>, (July 2017); Global Corporate Venturing, “Annual Review” (2016).
- <sup>44</sup> *Ibid.*
- <sup>45</sup> The SPRING accelerator is a “partnership between the UK’s Department for International Development (DFID), the Nike Foundation, and USAID designed to accelerate economic empowerment for girls in parts of Africa and Asia by delivering technical and financial support to early-stage enterprises developing life-enhancing products and services that enable girls to safely learn, earn and save.” USAID, “Spring Accelerator,” <https://www.usaid.gov/what-we-do/gender-equality-and-womens-empowerment/spring-initiative> (July 2017).

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