Partnerships for Forests. Effectiveness of the Forest Partnerships Assessment Framework, Grant Making and Incubation Processes.

Cycle 1 – Thematic Case study 1

15 July 2018

ACKNOWLEDGMENTS

The evaluation team would like to thank the Partnerships for Forests staff for investing their time in providing data and sharing experiences for this case study. The evaluation team would also like to thank DFID staff who contributed to the case study, in particular - Jenny Lopez for her research, as well as employees of the Forest Partnerships who supported this work.

Acronyms

DD	Due Diligence
DFID	Department for International Development (UK)
EA	East Africa
EL	Evaluation and Learning
EM	Evaluation Manager
FP	Forest Partnership
FPMF	Forest Partnership Maturity Funnel
IDH	Sustainable Trade Initiative
IFSLU	Investments in Forests and Sustainable Land Use
IP	Intellectual Property
KPIs	Key Performance Indicators
LOE	Level of Effort
MEL	Monitoring, Evaluation & Learning
MoU	Memorandum of Understanding
PCN	Project Concept Note
PRC	Project review Committee
P4F	Partnerships for Forests
PO	Project Officers
ROI	Return on Investment
SEA	South East Asia
SI	Surrey Incubation
SLT	Senior Leadership Team
SMT	Senior Management Team
SC	Seed Camp
TEA	Total Energy Access
ToR	Terms of Reference
VC	Venture Capital

VilCap	Village Capital
WCA	West and Central Africa

Version Control

Version no.	Purpose/Changes	Author	Date
001		Rebecca Adler, Lizzy Whitehead. Checked by Paddy Abbot.	28 May 2018
002	Integration of comments from P4F team	Rebecca Adler and Lizzy Whitehead	15 July 2018

LTS International Limited (UK)
Pentlands Science Park
Bush Loan
Penicuik
Nr. Edinburgh EH26 0PL
Scotland

(+44) 131 440 5500

(+44) 131 440 5501

mail@ltsi.co.uk

@LTS_Int

www.ltsi.co.uk

Registered in Scotland Number 100833

Executive Summary

This thematic study by the Partnerships for Forests Evaluation Manager sought to answer the following evaluation questions: 1) How effective is the process in attracting key actors (potential partners) and what are their views of the process? 2) How effective is Partnerships for Forests in assessing the suitability of ideas and proposals, generating business ideas with clear pathways to maturity, generating projects with expected outcomes at a scale needed to realise the Partnerships for Forests programme objectives? 3) How does the Partnerships for Forests selection and incubation process compare with other models and can any learning be exchanged or adopted in order to share good practice or improve delivery for Partnerships for Forests?

The evaluation team gathered evidence from a range of sources to answer these evaluation questions – including a document review, structured interviews with Partnerships for Forests staff focused on operations, assessment and management, observation at key Partnerships for Forests meetings, deeper case study analysis of six purposively selected Forest Partnerships (two from each region), selected interviews with a comparator incubator and rejected Forest Partnership leads.

Partnerships for Forests is an ambitious development programme which if successful may be repeated in its form if not in its specific objectives. The pressure to demonstrate results to DFID, test options in an experimental programme and build credible, investible, business ready projects within the time frames is acute given that it is operating in a non-tested space. This review of Partnerships for Forests activities against comparators has focused on the pre-funnel activities, as that is where the programme has focused attention up until the time of this review.

The evidence suggests that the timescales involved in taking Forest Partnerships through the pre-funnel stages is lengthy compared to other incubators and accelerators, reducing the amount of time available for funnel activities which will yield programme results. Given that Partnerships for Forests is designing and building an investment model in unchartered space, the timescales involved are understandable but put increasing pressure on rapid progress through the funnel for selected Forest Partnerships.

Evidence suggests that Partnerships for Forests is attracting a broad range of actors and that applicants describe the grant making process as fair but burdensome. The overall process is fit for purpose, broadly understood and coherently applied across the regions and doesn't warrant significant alterations. However, consideration could be given to smaller changes that will improve the efficiency of processes, particularly to Forest Partnerships once they have entered the funnel and move through different decision gates. Decision making processes and the number of stakeholders required to achieve consensus at each process can ensure each Forest Partnership offers a strong proposition but may be too onerous relative to the size of funding offered to the Forest Partnerships.

Any incubation or acceleration process is expected to have risks and high rates of failure, but the Partnerships for Forests systems are designed to reduce risks for Partnerships for Forests

and DFID. This places pressure on Partnerships for Forests staff to have sufficient experience in identifying and managing risks. It also places a large burden on Forest Partnerships to hold high levels of risks which in comparator programmes would be lower.

Establishing relationships with global private sector partners has been challenging in some regions. Partnerships for Forests is operating in a space where the investments offered could be seen as too small for the large multinationals but too onerous for the small start-ups who can't afford the time required for compliance and upfront costs.

This report presents key findings and 9 recommendations aimed at improving the programme during its lifetime. The evaluation team also offers two learning products to support the uptake of the case study recommendations. This includes the offer of a workshop for DFID and other UK Departments involved in managing incubators or accelerators.

Table of Contents

1 Introduction

Partnerships for Forests (P4F) seeks to increase private investment in forestry and 'reduced-deforestation' agriculture that supports economic growth, improved livelihoods and reduced poverty. It is designed to create market-ready Forest Partnerships (FPs) with the intention of mobilising significant investment, principally from the private sector. It pairs this with support to enabling environment and demand side measures to address the barriers to achieving more widespread sustainable investment in agricultural and forest-related value chains. The P4F programme seeks to test and demonstrate that the private sector, public sector and communities can work together to achieve better returns from sustainable forest and land use than from deforestation and land degradation, resulting in positive changes to area of land under sustainable land management. The P4F has a clear objective of learning from successes and failures to inform progress.

Partnerships for Forests (P4F) is managed by Palladium and McKinsey & Company. LTSI leads a consortium with the Natural Resources Institute at the University of Greenwich and Aidenvironment as the Evaluation Manager (EM) of P4F which seeks to support learning and generation of evidence around outcomes. The evaluative learning approach is embedded throughout the programme and is articulated in the Evaluative Learning framework, which guides the EM activities. Underpinning this framework is a series of thematic and evaluative case studies that seek to generate evidence about what works, respond to evaluative learning questions, test the programme theory of change and generate learning to support decision making by both P4F and the UK Department for International Development (DFID).

This thematic case study summarises lessons and findings from the first case study of the first cycle (2018). It collects and analyses emerging evidence from FPs and P4F stakeholders regarding the effectiveness of the forest partnerships assessment framework, grant making and incubation processes, drawing in learning from other comparable activities that support business incubation.

1.1 Scope

The case study focused on generating lessons to inform future activities of both P4F and DFID. The approach was light touch in nature, given the resources available. The evaluation team focused on answering the following evaluation questions focusing on the assessment, incubation and grant making process[1]:

- How effective is P4F in assessing the suitability of ideas and proposals, generating business ideas with clear pathways to maturity, generating projects with expected outcomes at a scale needed to realise the P4F programme objectives?
- How does the P4F selection and incubation process compare with other models and can any learning be exchanged or adopted in order to share good practice or improve delivery for P4F?
- How effective is the process in attracting key actors (potential partners) and what are their views of the process?

[1] This case study directly links to P4F Learning Question: What are the dynamics of the FP Maturity Funnel? And the Evaluation Manager evaluation and learning questions 1,3,5 outlined in Annex 1: Terms of Reference.

In order to answer these questions, the evaluation team focused on collecting evidence on the effectiveness of two central components of P4F's provision of grants and technical assistance that complement the Forest Partnerships Maturity Funnel (FPMF). These are:

- **The process that governs the technical compliance and excellence of FPs**. This is largely the process for developing and approving ideas, concepts and projects as outlined in the P4F process map (included in Annex 2). This process map is a P4F management tool to ensure that all prospective projects go through all the necessary development and quality assurance processes and includes details on specific steps (and decision-making processes) from initial identification or entry into the P4F programme to graduation from the FPMF (which is specific for identification of Forest Partnerships).

- **The processes and tools to support due diligence, risk management and grant making**. These tools ensure that selected FPs meet the requirements as outlined in the grants manual and enable a unique information audit trail for each project through its life in the P4F programme.

2 Methodology

The case study was led by the Evaluation Team Leader, Evaluation Deputy Team Leader and finance expert Clive Suckling. It was supported by the P4F case study working group (comprised of the SMT). Terms of Reference are included in Annex 1.

The methodology for this case study drew on the following data sources:

- A document review (see Annex 3 for a full list of documents).
- Structured interviews with relevant P4F Bristol based staff focused on operations, assessment and management.
- Observation at key P4F meetings focused on the assessment and incubation process (inclusive of the Project Review Committee (PRC), Senior Leadership Team (SLT) Meeting, Grants Meeting and Risk Committee Meeting).
- Deeper case study analysis of six purposively selected (i.e. not randomly selected) FPs (two from each region). See below for more details.
- Selected interviews with a comparator incubator and rejected FP leads (based on availability and willingness and discussions with Regional directors on appropriate selection).

Case studies allow for in-depth examination of an area under exploration, but they are not always representative of the wider situation. Originally the evaluation design was based on a stratified and randomised approach to selecting samples: two FPs would be randomly selected from each region from two different FP lead actor groups, private sector and non-private sector. This analysis was done based on P4F's classification of lead actors. The random samples were then discussed with Regional Directors and Managers and substitutions were made based on their guidance to ensure there would be sufficient evidence available to support learning.

The subsequently six selected FP case studies are outlined in Table 1 below and analysis relied on a review of project level documentation, discussions with relevant P4F Project Officers (POs) and FP leads. P4F-0042 was not available for interview despite repeated approaches.

Table 1: Sampled Forest Partnerships

FP Number	FP Name	Lead Partner	Lead Partner type	Region
P4F-0013	Integrated Sustainable Forest Landscape Management Tain II FR	Ghana Form International	Private Sector	West and Central Africa (WCA)
P4F0225	Preservation of forest through professionalisation	CEMOI Trading	Private Sector	WCA
P4F-0042	*Kemiri Sunan**	*PT. Bahtera Hijau Lestari Indonesia*	*Private Sector*	*South East Asia (SEA)*
P4F-0254	Lestari Capital SCCM	Equator Group, and subsidiary Forest Carbon	Private Sector	SEA

P4F-0306	Enabling Komaza to scale up to new regions	Komaza	Private Sector	East Africa (EA)
P4F-0269	Initiative for Sustainable Landscapes	Sustainable Trade Initiative (IDH)	Non-governmental Organisation	EA

**Not interviewed as the FP was unavailable.*

The consultants conducted an analysis of the evidence collected, identifying patterns from across the data and generating a series of findings which link to conclusions and recommendations. A full list of individuals consulted and meetings observed is available in Annex 4. Full interview guides are also available in Annex 6.

2.1 Limitations

As would be expected with evaluation activities, there are limitations to the analysis. The evaluation team has made every effort to ensure that despite these limitations, the findings and recommendations are as generalisable as possible and draw on the evidence collected through this case study. Despite these efforts, limitations to this analysis remain. The limitations include:

Data availability: The evaluation team worked closely with P4F to access relevant data from the P4F SharePoint. However, as the EM relied on reviews of project information from the SharePoint, there may have been instances where the most up to date project information may not have been uploaded or available. Information was gathered from the available documentation, but there may have been gaps.

Tendency for positive bias: Despite clear protocols established for selecting FPs, the randomised list of selected FPs had to be adjusted to account for a range of sensitivities at the FP level. The EM listened to the views of key P4F stakeholders (particularly of Regional Directors) and made adjustments accordingly. The EM accepts the practicalities of this process and also the risks around positive bias.

Availability of P4F staff and FP leads: The evaluation team had limited time to conduct this case study and struggled to get timely appointments with some members of the P4F staff and particularly with the FP leads. This means that the evidence collected may not be fully representative of all the selected cases as not all selected FP leads were willing to participate in half hour interviews with the evaluation team.

Representativeness of sampled case studies and evidence provided: The analysis relies heavily on a small sample of selected FPs[2]. Given the small sample size, case study analysis is not necessarily generalizable to the rest of the portfolio. However, effort has been made to capture evidence from the central team to put feedback from the selected FPs into a wider perspective.

[2] Originally the evaluation relied on a randomised approach to selection of cases with the aim to generate more generalisable results from the sampling. However, based on feedback from the P4F teams, a purposive sampling approach was designed, agreed and applied in partnership with the P4F team. This was done after an analysis of willingness of FPs to participate and also understanding that generating a representative sample of FPs would be challenging given the diversity of the P4F portfolio.

3 Key Findings

3.1 How does P4F incubation process compare with other models?

Overall, the EM commends the P4F team in designing and operationalising a grant and incubation process in the time period available.

The evaluation team have undertaken a comparative review of P4F's grant and incubation processes referred to as the 'Funnel'. The Funnel is an adaptation from the Venture Capital (VC) industry, being a process whereby start-up companies are tracked from the point where they receive seed funding, through a series of follow on funding rounds as the companies grow. There is a precursor to any funnel, being the process by which entrepreneurs are selected for VC seed funding, referred to as the "Pre-Funnel".

For P4F, we have reviewed the pre-funnel process whereby project ideas are selected for grant funding and the Funnel where grant funded projects are monitored and nurtured through to commercial scale up and private sector funding.

Our comparison is with a small selection of private sector young business support programmes called incubators and accelerators, which are intended to help develop and support start-ups during their early days when the risk of failure is greatest. Whilst incubators have been around for decades, there has been a huge growth in their numbers worldwide this century.[3] Accelerators originated as a Silicon Valley phenomenon to seed and fast track a new class of business, the digitechs. Evidence suggests[4] that incubators have generally been successful in spawning new businesses and ensuring a higher survival rate than is typical for start-ups; for accelerators the evidence is perhaps less clear cut. Nevertheless, the comparators we have selected are highly successful and acknowledged leaders in their fields and were selected on the grounds that either their maturity allows us to extract lessons for P4F or their funders are similar to P4F.

3.1.1 Comparator Programmes, Selection Process and Key Features

Time available for this part of the case study was limited, as noted in the TORs, which meant that a desk review of publicly available data was the only available option. The EM had parameters which influenced the choice of comparators – these included: other UK Government supported programmes, mature programmes which were more likely to yield evaluative learning and programmes which had an international development impact. The process for selecting comparator programmes involved screening and short listing the Nesta 2017 directory of start up accelerators and business incubators[5]. This search resulted in Surrey Incubation and Seedcamp being selected. The EM then widened our search to find a comparator with an international development focus which also had publicly available information on it's structures and processes. This led to Village Capital being selected. A further search within DFID for DFID comparators give the EM access to internal UK government reports on a range

[3] **Incubators** specialise in growing new and early-stage businesses whereas **accelerator** programmes are a tool for rapid-growth companies. This can be depicted as seeing incubators as a tool for the "childhood" of a start-up, while accelerators can guide entrepreneurs from "adolescence to adulthood" (https://www.inc.com/fernando-sepulveda/the-difference-between-a-business-accelerator-and-a-business-incubator.html, accessed 26/05/18). Differences between the two are explored further in Annex 4.
[4] EC (2002) Final Report benchmarking of Business Incubators. http://ec.europa.eu/DocsRoom/documents/2769/attachments/1/translations/en/renditions/pdf
[5] https://www.nesta.org.uk/blog/incubators-and-accelerators-an-updated-directory-for-the-uk/ and https://www.gov.uk/government/publications/business-incubators-and-accelerators-the-national-picture

of programmes and selected independent evaluation reports. Comparable data was weak so the examples listed below are included for information but not comparison. It is important to note that DFID are a partner within Village Capital[6].

Our selected comparator programmes are **Surrey Incubation**[7] (SI), part of SET Squared and widely considered to be the best University supported incubation programme in the UK; **Seedcamp**[8] (SC), probably Europe's top VC seed investor, with an acceleration model based on the classic Silicon Valley accelerators and **Village Capital**[9] (VilCap) headquartered in Washington DC, also a VC house but better considered as an Impact Investor with a broad geographic reach across the US and many developing regions for its accelerator programmes. It has many novel approaches and has attracted support, inter alia, from several US Blue Chips.

We have also included descriptions of two other current DFID-funded programmes based on an accelerator model, the **SPRING** Accelerator – an accelerator for businesses seeking to innovate and reach adolescent girls in developing countries and **Transforming Energy Access** (TEA) – accelerating innovation in technologies addressing the energy trilemma (provide a stable, affordable, and environmentally sensitive energy system). As stated above, these programmes were not used as direct comparisons as detailed data was not available[10] for them but instead they give a 'development perspective' view of accelerators which DFID supports in addition to VilCap which delivers poverty focussed outcomes. Information from SPRING and TEA did not inform any of the recommendations. Table 2 provides a brief overview of these comparators.

[6] https://vilcap.com/program/communities-africa. Village Capital and the UK Department for International Development (DFID) Impact Programme have opened applications for VilCap Communities Africa, a programme to equip entrepreneur ecosystem leaders across sub-Saharan Africa with the tools, resources and connections they need to catalyse impact investment.
[7] http://www.surreyincubation.co.uk/
[8] https://seedcamp.com/
[9] https://vilcap.com/
[10] If agreed and of interest to P4F and DFID, this could be something that could be explored further in future EM led case studies, though the EM may face challenges getting some of this information from DFID .

Table 2: Brief overview of comparators

Programme	Entry requirements, including Business stage	Decision process (incl. steps)	Services provided (in connection with entry)	Time lapse: Application to acceptance / failure
SET Squared (Surrey)	Digitech businesses with high scalability potential. Can be quite early stage but must be incorporated. Pre-revenue Start-ups accepted but must be looking at first funding round or first revenues within 6-9 months	Depends on entry route: a. Unsolicited via web. Devolved to selection panel of Resident Entrepreneurs/Expert Mentors based on Business Plan and Interview b. Via networks integrated with or close to SET, incl. -on campus Student Enterprise programme (pre-incubation) -referrals from Surrey 100 Angel Network Pre-screened: c. 2-day workshop programme held monthly for 25-30 prospective entrepreneurs. Selection made by panel of investors and expert mentors (mainly volunteers) under supervision. All decisions made under the delegated authority of Incubation Manager, who overseas process within broad guidelines.	a. Unsolicited applicants Limited to informal advice via selection panel c. EP prospective entrepreneurs are - provided a summary of their business proposition, a Pitch Deck, a Business Model and a basic Financial Plan; -learn from other successful small entrepreneurs, get experience in front of “Dragons Den” panel and instant feedback during speed mentoring session	a. quick; a few days to a few weeks depending on panel members’ availability b. N/A for Student E as decision made in University; on the spot for Angel referrals c. On the spot for EP
Seedcamp	Technology (Product) companies ranging from prototype to pre-launch to launch and sometimes post-revenue in terms of development	Previously, an annual one-week Bootcamp, where selective cohort of 20 presented to the SC Nation. Going forward- a modified selection process with six stages: 1. Online application with details of business, Q&A form, pitch deck. 2. SC in-house investment team member review. Yes/No only 3. Deeper dive with external research and review by fuller in-house investment team and selected fund investors Yes/No only 4. Interview with start-up led by SC partner probing further into business. If No feedback given 5.Presentation to full (but small) SC investment team	Bootcamps involved coaching via rotational mentoring, pitch training, meetings with product and marketing experts. Going forward- services unclear. Current process excludes services prior to entry, except constructive input likely to be provided to candidates that pass through the rounds	Bootcamp selection- many weeks in advance, investment decision fast after Bootcamp SC undertakes to make fast investment decisions. Stage 1 within 14 days Stages 2-6 not timetabled, research indicates a few weeks would seem likely

		6. Closing yes/no investment decision, unstated but probably after consulting selected fund investors		
Village Capital	VilCap selects a suitable community problem for programme solution. Entrepreneurs with a solution, usually at the seed-ready stage. These can be first-time or repeat actors	Two main decision stages: 1. Recruitment of cohort of local entrepreneurs, typically 10-12. Process not fully disclosed, but likely search and selection uses VilCap's local community networks and social media outreach. There is a VilCap step-by-step guide, including VIRAL tool. Process overseen by VC 2. For each cohort there are usually 3 workshops spanning 12 days and spread over a month, but can be longer to get entrepreneurs investment ready. During the workshops, entrepreneurs are repeatedly ranked by their peers. The leaders of the peer ranking at the end of the programme receive investment.	At Stage 1, no reference to services. At Stage 2, a VilCap curriculum focused: a. Customer discovery. b. Team discovery. c. Investor discovery. "VIRAL", Venture Investment Readiness and Awareness Levels, (a proprietary tool) is used for the workshops to chart progress and ensure a common understanding of a business's readiness. Workshops bring together partners, mentors, investors and specialists to interact with the cohort. In-built process of peer due diligence	From application to Stage 1 timeframe not given but several months to sift at top of the funnel implies very quick individual decisions. From the start to the end of Stage 2, a month or so, but the business is evolving over that period. The final peer decision is instantaneous.
SPRING Accelerator	Not available	Learning from Cohort 1, the IP made the Cohort 2 selection process more efficient. Emphasis in Cohort 1 had been on the pitch camp whereas Cohort 2 selection included a series of interviews with the decision makers in the businesses, and technical experts in SPRING. Greater involvement of Country Managers in Cohort 2. Final selection decisions made at Selection Workshop, subject to due diligence.	Technical assistance (as part of Bootcamps 1 and 2 and Research-in-Context, investment readiness support, and in-country support); Financial assistance, through the prototype development fund; Additional support, including in-kind, low, and pro-bono technical and advisory services, and mentoring.	Not available
Transforming Energy Access (TEA): **i) Energy Catalyst Fund** **ii) TIME**	Not available	Not available	i) Grants ii) TIME will support companies in applied research, market enabling actions, financial innovation measures and corporate partnerships.	Not available

More comprehensive information on the selected comparator programmes can be found in Annex 4, detailing the design, performance indicators and key activities of each programme. In addition, a wider list of DFID incubators and accelerators is provided and may be useful if this review is repeated in the later stages of P4F.

Key features about the comparators are that they attribute their success to the infrastructures they have created for start-ups and their strong networks which draw in quality collaborators for their young companies. Key Performance Indicators (KPIs) are business survival rates for SI and follow on capital raises for the VCs, with SC also focused on Return On Investment (ROI) for its investors and VilCap on a range of impact measures.

Other key features are fast and devolved decision making and a preference for informal monitoring and review processes, all considered as better suited to young companies. They all have suites of services for start-ups to help them get going and keep them on track. Notably they have standardised entry procedures to their programmes to help filter often very heavy over subscriptions with the aim of getting the select few admitted quickly.

P4F lacks the advantage of having an established infrastructure and networks, although if it wishes to continue with similarly structured programmes using entrepreneurial solutions to developmental problems, then it would be worth considering how these could be achieved and take on board some or all of the following:

- **More efficient decision-making processes**: Standardised and digital application procedures onto the programme (which P4F have improved and made more standardised throughout operation); simplified and faster decision making, preferably devolved more to the front line and reducing the number of decision steps after entry to the Funnel to align with the business development process.
- **Improve resource competencies, mix and balance of activities**. Whilst highly capable, the consulting teams (Palladium and McKinsey) appear to embody two different and necessary core skill sets which could be better deployed if the teams were working in a mixed way rather than separately. Such mix would also likely support more local decision-making. Going forward, especially if this type of programme is repeated, the resource base might be further improved with the involvement of quality local entrepreneurs. Learning from the Global Network of Climate Innovation Centres (where each centre is locally owned) suggests it can be useful to connect with local entrepreneurship organisations.
- **Compliance**. Compliance shouldn't cause business processes to be sub-optimal. The team could investigate how compliance steps can be built into commercial processes.

This review has focused more on pre-funnel activities due to the fact that most activities to date have been pre-funnel. The evaluation team recommends that this review should be updated during P4F's later years to concentrate on Funnel activities as the programme progresses to focus more on business support, monitoring and investor interactions.

3.1.2 Comparison with and lessons for P4F: Some points of difference

The comparators all run incubator/accelerator programmes either in series or on a rolling basis. SI and SC have singular objectives – create a continuing strong flow of high growth knowledge-based businesses (SI), to seed high growth digitech businesses to maximise ROI (SC). The comparators have developed and refined the way they run their programmes over several years to become successful operations. The results they've achieved are testament to them being effective operations.

In some contrast, VilCap's programmes foster a diversity of new businesses (in terms of sectors and geography) because each new programme is designed to solve a different social problem. It relies upon a well-worked framework and toolset which can be used for each programme with VilCap people and/or VilCap trained people to supervise/execute.

In further contrast P4F is both a one-off programme and time-bound. It brings together various elements such as DFID's general grants process, DFID's risk management framework and a Venture Capital Funnel (including pre-funnel) process, which are understood not to have been used in combination before, i.e. this is a highly experimental programme wishing to achieve results in a short time frame, which comparators have only achieved after much longer periods of learning and refinement. It adds a set of programme objectives combining environmental and commercial targets, with execution by sub-contracted resources that combine development and business consultancy teams that are not necessarily accustomed to working together. This is arguably an inherently challenging combination to get up and running quickly and efficiently.

Some other points of difference are:

- **Decision-making**. In the comparators, decision-making is quick (in the main) and tends to be devolved to the front line, rather than being committee-driven and hierarchical.
- **Flexibility**. Processes tend to be flexible. We have not been able to drill down into the full detail of how comparators' processes work, but it is evident from the information gathered that there is a focus on flexibility. That doesn't mean that processes are skipped, but rather because of devolved empowerment, there is judgement in terms of how rigidly processes are applied.
- **Resources**. All comparators involve a mix of experienced entrepreneurs, subject matter specialists and investors/investor managers in the business selection and business development processes.
- **Compliance**. Our comparators, notably the accelerators, have significant compliance requirements like financial service regulations, contractual obligations to various stakeholders, due diligence and so forth. Of course, compliance is not in the forefront of the way these comparators present themselves, but our information shows that compliance tends not to build rigidity or delay into processes which directly impact their young businesses. A good example is due diligence processes which tend to be built into commercial processes. It is important to note that the context is different for P4F as the programme is using public funding, and has a range of prerequisites e.g. on sustainability, so it is also not appropriate or possible to mirror processes and requirements used in private sector contexts. DFID compliance tasks are not designed with the private sector in mind and P4F have worked diligently to find ways of integrating these requirements into their systems.
- **Risk management**. The use of public money in P4F brings with it an acutely different set of risk management challenges, especially in regard to reputation.

3.1.3 Views from the Forest Partnerships on the Incubation process

This case study relied on feedback from a range of FP actors, though this represents a small sample of stakeholders involved in P4F. This section provides some feedback on the incubation process from these actors. There were issues raised around P4F grant agreements only providing secure funding to a specific decision gate, which gave partners no security about P4F's long term commitment to their project. There was also feedback that the incubation process was that it took longer than expected, with timescales for decision-making challenging.

One FP interviewee was surprised that P4F viewed their original proposal and selected elements of it to take forward. This, in their mind, was not normal in a business incubation model and felt that it undermined the value of the 'whole', original idea – putting the systemic change they'd designed at

risk. They proceeded with the grant application as in their mind, they had no choice - P4F would either fund the parts they liked or not fund it at all. They stated, “it broke the integrity of the programme”. In this example, it challenged the partnership the FP had created, and they lost trust with some of the partners who were then not supported going forward.

Two FP interviewees noted that the funnelling approach leaves no guarantees for the FP as they felt that funding only to individual decision gates[11] were less suitable to tackling drivers of deforestation. Partners within FPs found it hard to understand that there were no guarantees that the partnerships would be supported past year 1, with one interviewee noting “There are some structural challenges to this fund which don’t bode well for partnership working”.

In terms of the services P4F offers pre-funnel, there was a mixture of opinions about whether the support was fit for purpose. Some FP interviewees were entirely satisfied with the mixture of compliance and technical support offered. The 2018 Partners Survey notes that 85% of respondents (n=12) were either very satisfied or satisfied with the interaction they’d had with P4F. One FP interviewee noted that, “Support was mainly administrative, P4F made it clear what they were looking for and it was up to us to build that into our proposal”.

Delays on decision making were noted in two out of five FP interviews, with one interviewee noting, “Timescales for decisions were very challenging to a start-up, we had four, two-week delays”. The respondent noted that without other funding, this would have led to their business folding. Two FP interviewees noted that the payment in arrears model was not appropriate for incubating start-ups and noted that by only offering to cover costs once they have been incurred, P4F isn’t likely to attract start-ups as they don’t have the cash flow to front load costs.[12]

3.1.4 Learning Points and Recommendations on the Incubation process

Recommendation 1. Decision-making within the Funnel: Private Sector comparators have less steps within their incubation processes. Recognising that the context and market maturity within which P4F operates is different, consideration could be given to combining decision gates within the Funnel. P4F’s Maturity Funnel is essentially a framework borrowed from the VC sector; the broad steps encapsulate the typical development path of a new enterprise from ideation through to commercial scale-up. The key decision steps should align with the development phases of a new business, so one area we would highlight are the three steps (or decision gates within the FPMF) in the phase between entry to the funnel (acceptance for grant) through to pilot, namely (1) MOU and full proposal; (2) Business Plan; (3) Investment Plan or Prospectus for pilot or trial. Whilst these are all recognised steps, they are not discernibly separate in the comparators and certainly not distinct phases in the development of the business. The context and maturity of the market within which P4F operates is different than the comparators, but consideration could be given to the steps required once a project has been approved for entry into the funnel on the basis of the Project Concept Note (PCN).

In addition, the legal requirements of FPs could be combined to reduce transaction costs. The agreement of ‘legals’, which for a seed fund might typically comprise Term Sheet, Founders Agreement, Advisors Agreement and agreement for the funding instrument and forward planning documents (development/milestone/ business investment plans separate or combined) could be combined into a single decision step.

[11] P4F is able to offer multi-year grants but will generally only offer grants that cover one stage of the FPMF at a time.
[12] P4F does have an option to offer payment in advance of spend but this wasn’t offered to the two FPs in this case.

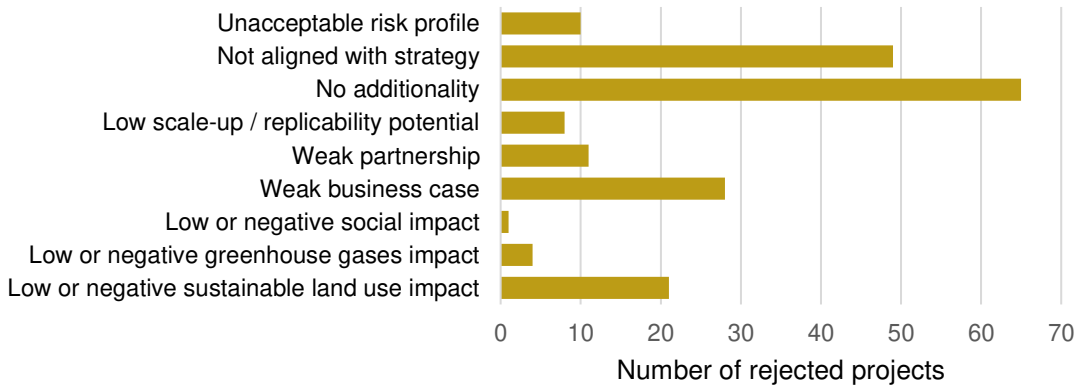
A key aim of the comparators is to reduce the process (and documentation) burden on early stage businesses, so entrepreneurs can focus on the business. Whilst P4F is not handling fast growth digitech businesses, the burden of decision–making processes should not hold back any projects and their ability to move to pilot. .

Recommendation 2. Decision-making pre-funnel: Accelerate entry to funnel through more streamlined decision-making processes and structures. The broad aim of the pre-funnel is to filter out the unsuccessful cases as quickly as possible, so resources can concentrate on the most promising ones. The comparators do this well. It means:

- Simplifying decision-making structures. Current structures are hierarchical and Committee-driven. From the statistics seen as of August 2017, it was evident that whilst the largest percentages of rejections were happening at the first decision point (pre-FPMF entry), too many were failing further along in the process. Further empowerment should be considered of regional teams, so that time and resources are not wasted.
- Faster decision-making. The August 2017 statistics also showed lengthy time spans before projects were accepted into the funnel. In one case the time span was over 300 days. Whilst some delays can probably be attributed to project owners taking time to prepare PCNs or to answer queries, it seems the Committee-based structures and processes like due diligence were under strain. As already suggested the scope for simplification through more local empowerment should be considered, but remedies to relieve pressure points should also be looked at.

P4F is in the process of carrying out a rejection analysis on the 214 projects rejected (up to April 2018, source P4F Rejection Analysis excel document). At this time 70 projects are going forward. Early P4F analysis on the reasons for rejection are noted in Figure 1 below.

Figure 1. P4F analysis on reasons for rejecting projects (Source: P4F Rejection Analysis, April 2018)



Recommendation 3. Resources: Consider the team competencies, mix and balance of activities. All of the comparators have teams with mixed competencies engaged in decision-making, review and business support. Some points therefore to consider are:

- Mix of consultant teams. Currently the regional teams are composed of either Palladium or McKinsey people. This means that Palladium's strengths in development are not balanced with McKinsey's strengths in business at the front line. Mixing would not only build regional teams' all-round capabilities but could also provide a platform to support more devolved

decision-making.[13] For example, an individual front line consultant will naturally develop an affinity with his/her own projects; mixing the front line perhaps using a pairing approach similar to the Entrepreneurial Panels used to review Incubatees progress at SI could introduce better balance/objectivity. This would then relieve resources higher up the chain.

- Balance between pre-funnel versus funnel. Selecting projects for the funnel is a highly resource intensive activity and it's paramount to back the right projects. However, the greatest value add for P4F is in supporting the selected projects to deliver the programme objectives. Over halfway through the programme, the overwhelming effort at the present time should be on funnel activities. Therefore, unless there are very good reasons (e.g. developing new work in Latin America), we would expect no further significant effort on project selection.
- Skill sets. Whilst Palladium and McKinsey have undoubted strengths, neither necessarily have entrepreneurial experience in the geographic areas of the projects. The scope for engaging quality local entrepreneurs to supplement the services offered should be considered. The comparators place their faith in the input of those who have built and managed businesses more so than on those who advise businesses.

Recommendation 4. Continue to invest in internal networks in order to improve rapid lesson learning. The comparators all attribute some of their success to networks. As a one-off programme, P4F probably has less opportunity to invest in and benefit from networks. That said there could be merits in developing knowledge networks across the programme, so experiences, successes and other learnings can be readily shared. This is starting to evolve under Output 4 Leadership and Collaboration.

3.1.5 Incubation comparator - Conclusions

P4F is an ambitious development programme which if successful may be repeated in its form if not in its specific objectives. Using entrepreneurial solutions to solve developmental problems is, in principle, a good idea, but the key is to be able to get a time-bound programme of this type up and running efficiently as quickly as possible. The pressure to show results to DFID, test options in an experimental programme and build credible, investible business ready projects within the time frames is acute. That means having a proven and robust framework which can be dropped in to frame a development programme, in a sense - perhaps learning lessons from the comparators like Village Capital. An adapted version of their VIRAL pathway is available at Annex 4. The evaluation team recommends that the Learning Product associated with this thematic case study is a workshop for DFID and other UK Departments involved in managing incubators or accelerators. The evaluation team have suggested an outline for this workshop and potential panellists who together could bring lessons learned to date to civil servants in order to inform future design work. More details are listed in Section 5.

The learning points above are designed to assist in improving the way the P4F programme could operate by adapting some of the good practices we noted in the private sector. This review of P4F activities against comparators has focused on the pre-funnel activities, as that is where the programme has focused up until the time of this review. We suggest that this review is updated in 12 months once P4F is fully focused on funnel activities and thus the monitoring and assistance of the projects and on investor interactions on which the achievement of programme objectives rest.

[13] We believe that some of the cross-country posting are beginning to mix up staff across the two companies.

3.2 Effectiveness of the overall P4F grant making process

3.2.1 Findings – Effectiveness of the overall P4F grant making process

As set out in Section 2 (Methods), following a thorough review of the P4F grant manual, FP documentation, wider documentation review (Annex 3), 22 interviews (Annex 5), and observing five regular P4F process and decision-making meetings, the evaluation team notes the following findings.

The overall approach to grant-making, assessment and compliance is aligned to DFID requirements, is transparent and perceived as fair by FPs. Most FPs interviewed describe the grant processes as burdensome, especially those applying for smaller grants, but understand the reasons behind this after engagement and explanation from the P4F team.

The P4F process for assessments and compliance is largely clear and understood by P4F regional staff. For FP leads, the process is largely transparent, fair and well communicated, though they recognise that they may not fully understand or fully absorb these requirements when first explained. There is a lack of appetite for significant changes from both P4F staff and FP leads, as it is currently functioning well.

The P4F team have demonstrated a commitment to improving the usability and transparency of documents and grant related processes. Positive feedback has been received on the guidance notes provided to FP leads to help understand requirements and expectations, and there has been a commitment from P4F to learning by doing as processes and documents have been revised. FP leads noted and welcomed the interaction with P4F staff around introducing the grants processes and undertaking face to face visits to ensure messages are understood by core FP staff.

P4F staff who have worked for Palladium for several years, note that the current state of P4F grant making processes is a huge improvement compared to grant systems used in the past. P4F staff have noted areas where further improvements would be appreciated and feel that they have a voice to feedback with the P4F programme.

Feedback from the 2018 P4F Partners Survey and interviews indicate that many of the FP leads found the application process challenging, particularly in the beginning. In particular, a significant number of P4F and FP interviewees noted that the level of detail required in the P4F financial reporting is challenging. FP leads indicated that budgeting and reporting took a significant amount of time. This includes providing receipts instead of per diems, which can be challenging when operating in rural, developing communities. Some FP leads noted that using timesheets will be challenging as they are not accustomed to this nor have systems to facilitate reporting of time. This is particularly true for smaller and newer businesses with less staff who also frequently rely on CEO or Founder inputs to FP activities. However, many of these challenges are to be expected when working on programmes which are using UK public money. DFID adopts rigorous financial reporting requirements, and P4F processes push these requirements downstream to the FPs in order to maintain accountability.

The evaluation team makes no recommendations for this section, though these lessons from P4F may be useful to inform the design of future UKAID investments in these types of programmes.

3.2.2 Conclusion – Effectiveness of the overall P4F grant making process

The overall process is fit for purpose, broadly understood and coherently applied across the regions and doesn't warrant significant alterations. However, consideration could be given to smaller changes that will improve the efficiency of processes, particularly to FPs once they have entered the funnel and move through different decision gates (within the FPMF)). As Latin America operations move into implementation, grants officers and project officers will play a key role in transferring learning around

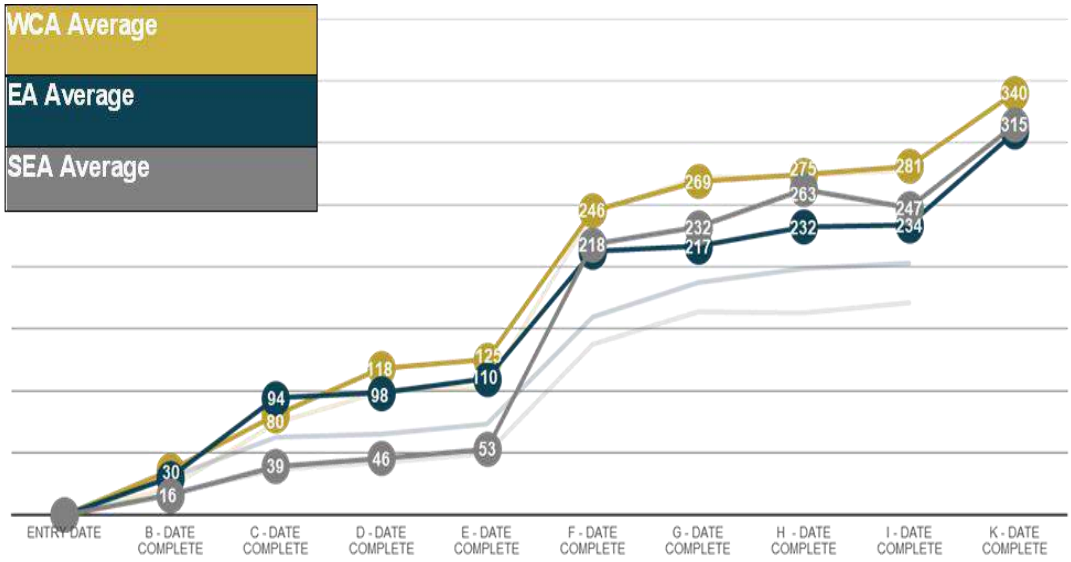
grant processes. The Latin America Regional team will be funding FPs that will have less time to achieve impacts as FPs in other regions, so speedy learning will be key.

3.2.3 Findings - Effectiveness of P4F process to identify suitable ideas

P4F is able to attract suitable proposals but the timeframe for FPs to enter the funnel is long and not aligned to private sector expectations and timelines. This can be challenging for both the FP leads as well as for the P4F Project Officers engaging with the FPs.

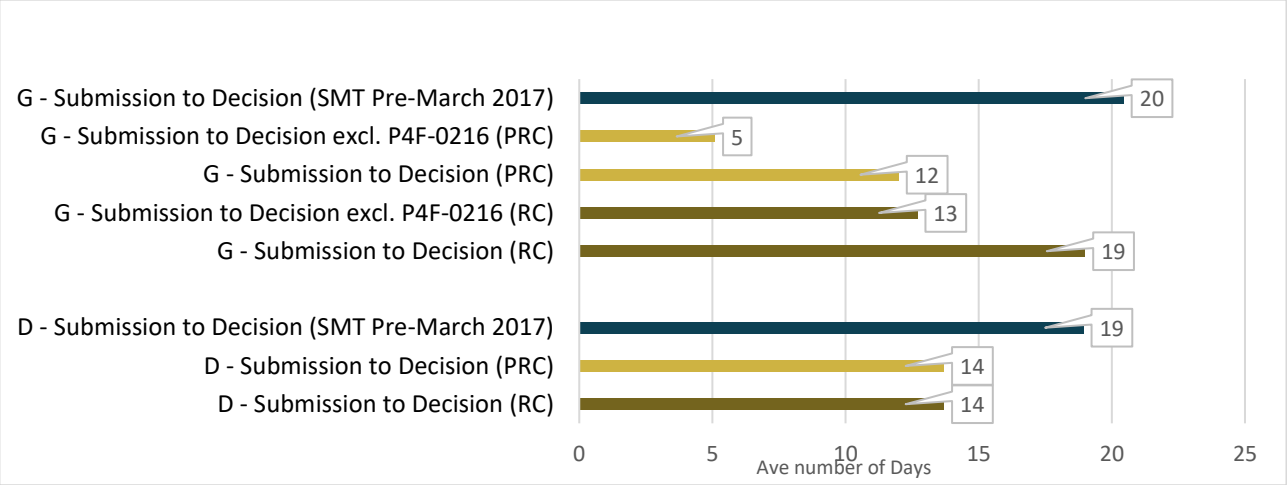
Linked to recommendations 1 and 2 above, the P4F processes are robust and include a series of processes and assessment panels to ensure that a well-designed and compliant FP that will contribute to P4F objectives enters the FPMF. However, this process can take a long time, with timeframes from initial engagement with P4F to receipt of a grant taking up to a year. Data from the P4F pre-funnel analysis notes that it takes on average 254 days to progress to decision point I (pre-FPMF entry). See Figure 2 below for more details and Annex 2 for a description of the decision points in pre-FPMF entry.

Figure 2. Average Cumulative Days between decision points A to K (I marks the end of the pre-funnel work. Figures up to April 2018. Source: P4F Pre-Funnel Timelines Update, 11 April 2018).



P4F is monitoring the time between decision points (pre-FPMF entry) and has taken steps to reduce this. As set out in the earlier section comparing incubation processes, the aim is to move faster through the pre-funnel in order to invest more time for delivery within the funnel. Figure 3 summarises where efficiencies have been made to date on reducing decision times but significant reductions (down from 254 days) are worth investigating where possible. This is not an evaluation recommendation since P4F are already actioning this, but P4F should continue to prioritise this action.

Figure 3. Average Number of Days to move through Past and Present Approval Stages Figures up to April 2018. Source: P4F Pre-Funnel Timelines Update, 11 April 2018). G ~ PRC decision, D ~ PRC Red Flag. P4F-0216 was removed by P4F as an anomaly.



P4F timeframes to enter the funnel do not align with timeframes from the private sector for doing similar incubation of new ideas (see Annex 4 for more details) and can place a burden on FPs to ensure costs are covered by other income sources while waiting for P4F approval. It is not always clear to FP lead partners that the process will take this long, nor does it match their expectations from receiving other sources of funding, which has led to some frustration.

Some of the long timeframes are explained by the fact that FP leads do not always have the processes and due diligence requirements specified by the P4F compliance and grant processes. This is particularly true of newer and more immature businesses, which is one segment of actors P4F seeks to engage. Positive feedback has been received that the P4F team covering risk and due diligence invest time in finding and documenting alternatives when FP leads don't have the necessary systems.

The pre-funnel processes require P4F staff to spend a significant amount of time engaging with individual FPs, including those FPs that are eventually rejected. Some of that time is spent improving the FP concept and partnerships, but feedback was received that a significant portion of it has been spent ensuring compliance to P4F processes. For example, feedback was received that responding to queries about specific FPs from the central office or various assessment making committees (SLT, PRC) can be significant and take many rounds, with new questions emerging in later rounds from the same committee. This can negatively impact the relationship and trust between the Project Officer and FP as they are never clear when the project approval decision will occur, due to the potential for further queries and requirements.

Recommendation 5. FPs should be made aware of the average decision times in the pre-funnel in the early stages of their interaction with P4F. P4F could investigate options to collate FP information and documentation in a way which reduces repeated 'back and forth' contact with FPs.

Decision making processes and the number of stakeholders required to achieve consensus at each process can ensure each FP offers a strong proposition but may be too burdensome relative to the size of funding offered to the FPs.

The different committees involved in decision making at various stages ensure that FPs that are funded have robust and clear investment stories. However, the process and many actors involved can cause delays as decisions are reached through consensus, which may be challenging and time consuming. Feedback was collected that sometimes decision-makers who are not deeply knowledgeable about the context or problem the FP is seeking to resolve may raise questions not

relevant to the FP. This means that queries sometimes hold up decision making, but do not always increase the quality of the FP.

The technical assessment and compliance reviews of FPs require consensus by a wide and diverse range of P4F staff. Using this time effectively is important. Evidence was collected that P4F regions prepare for these assessments differently. For example, EA present ideas to a regional investment committee prior to submission to the SLT or PRC to ensure that ideas are coherent. Feedback from these sessions has resulted in some changes to FPs prior to submission to the relevant assessment committee. P4F staff noted the significant spectrum of opinion at SLT level was difficult to navigate at times.

The P4F processes ensure that only high-quality FPs are considered, but also require significant amounts of input from P4F staff across the entire programme. It is unclear if this level of effort is warranted for all FPs, given the differing size of the funding requested.

The Intellectual Property (IP) rights clause in P4F grant agreements and the dispute resolution clause (under UK law) is extremely challenging for many FP leads to accept. Many projects require IP waivers and the use of this clause appears unaligned to private sector expectations and particularly those developing innovative solutions.

Evidence was collected that the IP clause can cause challenges for FP leads and can take time to resolve and remove from P4F grant agreements. This includes getting a waiver and sign off from DFID to remove it. There was evidence collected that this can take a long time and can lead to frustration by the FP. We make no recommendation on this as it as a legal matter but there may be ways of reducing repeating delays by finding solutions and raising this issue much earlier on in negotiations.

The P4F team have already actioned some of these issues. We understand that they have already begun to capture FP appetite for the IP clause at SLT assessment so that if an FP is proposed for DFID approval, consideration of the IP clause could also occur at this stage. This may help reduce timeframes for contacting FPs and provision of acceptable and compliant grant paperwork.

Recommendation 6. Consideration could be given to developing a protocol to structure FP reviews in various decision-making committees in order to ensure that questions are relevant - enabling Project Officers to better present ideas to these committees, and ideally reducing queries that are not relevant. While the assessment templates are completed and present information on FPs consistently, how FPs are presented and reviewed by various decision-making committees is not standardised. This means that POs presenting information on FPs are not able to answer all questions, which delays decision-making. Consideration could also be given to establishing and formalising regional investment teams that screen PCNs and idea notes prior to submission or entry into processes, thereby reducing unnecessary engagement by the wider team in ideas that are less likely to be successful. This echoes earlier recommendations on reducing decision times and rejecting FPs as early in the pre-funnel as possible in order to focus attention on those FPs most likely to succeed.

P4F technical assessment of FP suitability to P4F appears to rely heavily on projected outcome level results of land area and finance leveraged.

SLT assessments of FPs suitability for P4F relies heavily on the projected results of FPs in terms of land area impact and finance mobilised. Consideration is also given to the investment story and understanding the thesis behind how these results will be achieved. However, it appears as if results are largely driven by the P4F outcome model. It would be pertinent to further investigate how the assessment committees consider/understand and quality assure how the model generates projected impact results. The model was designed with a 'human' override function – making the quantitative modelling a point of debate. As it was outside of the scope of the case study, this study did not collect

any evidence on the understanding of the team of how the model operates or understanding of the assumptions that underpin the model.

Recommendation 7. Given the important role the P4F outcome model plays in generating numbers that are critical for decision making, this model and its assumptions should be independently reviewed by the evaluation team.

Project officers are unable to answer all queries or present the FP theories for how and why change will happen as clearly as FP leads.

Project Officers frequently have to answer queries and clarify FP objectives and investment stories that they are unable to answer with the clarity required by the assessment committees. This means they have to follow up with FP leads and provide the requested clarifications in later meetings, often delaying decision-making. FP leads are best placed to provide this information as they are the ones with the most in-depth knowledge about the projects. Evidence was collected that FP leads are attracted to the P4F process for the technical and business planning support that P4F provides. Engagement with these committees to help develop, articulate and sell business ideas could be an important service that P4F offers FP leads (instead of the narrow contact point of the Project Officer alone). In addition, those FP's who were visited by SMT members prior to decisions about their proposals, felt that the P4F team better understood the change they were trying to catalyse.

Recommendation 8. Engagement of FPs in P4F processes, including presenting ideas to SLT/PRC, hosting field visits etc. could support better articulation and defending of the FP concepts at various assessment stages. This could reduce burdens and delays to decision-making processes and be a potential opportunity to increase FP capacity in articulating business visions.

The timeframes to enter the funnel can be longer for FPs than anticipated, which could have impacts on their ability and commitment to achieve targets within timeframes outlined by grant agreements. As FPs move through different decision gates (within the funnel), consideration could be given to ensure FP progress is not impacted significantly by P4F decision making processes and that outcomes are reviewed regularly and revised according to the remaining/reduced delivery period.

Once a project enters the FPMF, it has already been through significant amount of scrutiny. The process for how FPs move through the FPMF decision gates could be significantly less burdensome and time consuming, as the process has been designed to require compliance and technical excellence at the outset. If the process for FPs to move through decision gates is lengthy, there are risks that successful FPs are delayed and become less able to achieve targets in a reducing window of operation.

However, the risk to delays to individual FP need to be managed alongside other programmatic risks, as not all projects within the current P4F portfolio can be funded and strategic decisions are needed on which projects to continue funding as they move through the funnel.

3.2.4 Conclusions - Effectiveness of P4F process to identify suitable ideas

P4F is able to attract suitable proposals but the timeframe for FPs to enter the funnel is long and not aligned to private sector expectations and timelines. This can be challenging for both the FP leads as well as for the P4F Project Officers engaging with the FPs.

Decision making processes and the number of stakeholders required to achieve consensus at each process can ensure each FP offers a strong proposition but may be too burdensome relative to the size of funding offered to the FPs. P4F technical assessment of FP suitability to P4F appears to rely heavily on projected outcome level results of land area and finance leveraged. Regional officers are

unable to answer all queries or present the FP theories for how and why change will happen as clearly as FP leads.

The timeframes to enter the funnel can be longer for FPs than anticipated, which could have impacts on their ability and commitment to achieve targets within timeframes outlined by grant agreements. As FPs move through different decision gates, consideration could be given to ensure FP progress is not impacted significantly by P4F decision making processes and that outcomes are reviewed regularly and revised according to the remaining/reduced delivery period.

The review process for FPs moving between decision gates (within the FPMF) should be streamlined to ensure FPs are not delayed or disincentivised during implementation. Decision making at this stage could be delegated to regional teams with SLT providing clear prioritisation frameworks given some of the constraints faced by the portfolio. It is important to note that Investment Analysts are in place in each team.

3.2.5 Findings - Effectiveness of the compliance and grant making processes

An incubation process/acceleration process is expected to have risks and high rates of failure, but the P4F systems are designed to reduce risks for P4F and DFID. This places a lot of burden on P4F staff to have sufficient experience in identifying and managing risks. It also places a large burden on FPs to hold high levels of risks which in comparator programmes would be lower.

The P4F processes push the risk burden to the FP and do not absorb a lot of risk centrally. Other Funds would offer a higher share of risk taking in early incubation stages, tailing off as the businesses mature. Two FP's noted that their businesses would have collapsed were it not for other grants or investors, this could be an indication that P4F is not in fact able to operate at the high risk/early stage of incubation but is more suited to mid-level businesses which have already grown capital and reduced risk over time.

One due diligence system is used for all applicants, regardless of the type of applicant or level of funding requested. There may be scope to design a stratified due diligence process which is less burdensome on smaller programmes, lower value applicants or newer companies.

The requirements for donor funding in terms of due diligence and compliance and terms and conditions can be challenging for newer, smaller, more agile companies to understand as these requirements are not normally required by private sector actors. This could mean that P4F may fail/or have challenges working effectively with these emerging and more innovative actors who are testing new models.

Decision-making in other Funds is viewed as a more 'democratic' process, entirely disenfranchised from any political space. Given that P4F is funded by the UK Government, it is understandable that some decisions may be influenced by the UK Government position on certain topics. Other incubators are viewed as 'neutral' and it's important that FP applicants are informed at an early stage if their concept is likely to be viewed as politicly contentious.

Palladium applies UK Grant Aid guidelines to the management of its DFID grants. P4F have therefore used these in structuring their grant systems. DFID do not classify P4F as 'grant in aid'. It may be useful for the P4F UK Grants team to discuss this further with the DFID Programme Manager, in order to identify any points of the grants system which could be 'lightened'. DFID suppliers are operating in a period of heightened scrutiny and public concerns over aid being mis-spent this can in turn lead to the creation of accountability systems which are viewed as 'heavy' by recipients and 'appropriate' to

those managing Overseas Development Assistance. This is a difficult balance to strike and a challenge for most programmes in receipt of DFID funds.

Recommendation 9. Risks related to FP suitability should continue to be reviewed and identified early on in the process. P4F staff should attempt to get early advice from DFID on the palatability of new ideas which could be perceived as controversial.

3.2.6 Conclusion - Effectiveness of the compliance and grant making processes

An incubation process/acceleration process is expected to have risks and high rates of failure, but the P4F systems are designed to reduce risks for P4F and DFID. This places a lot of burden on P4F staff to have sufficient experience in identifying and managing risks. It also places a large burden on FPs to hold high levels of risks which in comparator programmes would be lower.

The Intellectual Property (IP) rights clause in P4F grant agreements and the dispute resolution clause (under UK law) is extremely challenging for many FP leads to accept. Many projects require IP waivers and the use of this clause appears unaligned to private sector expectations and particularly those developing innovative solutions.

3.3 Effectiveness of the P4F process in working with different actors in this space

Establishing relationships with global private sector partners has been challenging in some regions, despite having some of the most mature relationships between UK Government or P4F staff, some of these relationships pre-date P4F. Evidence suggests that this can be explained by two key factors – due diligence and risk management for global actors can have very localised interpretation, e.g. how Unilever performs and acts in Ghana may be very different from their Indonesia office. Secondly, the amount of funding available isn't enough to spark interest. One FP lead noted that their large private sector employer was more interested in the public profile and kudos they got from partnering with a UK government funded entity, than the financial offer. One FP interviewee from a large company noted that the P4F funding allowed them to raise the attention of their project with senior management who would not otherwise engage. It also allowed them to deliver at a larger scale than would have occurred with internal funds only.

In one region, P4F staff noted that it can be difficult to draw in private sector but if the NGO's (who are used to managing grants and government funding) lead, they are willing to work in partnership, therefore the P4F staff have helped facilitate partnerships around this model. Questions remain on how much risk falls on NGOs versus private sector.

For small, community-based actors, P4F systems have been challenging. In one FP, P4F staff have supported them for over two years, explaining the processes, running training events and sharing case study scenarios to support their development. This raises questions about the return on investment of this intervention which is less likely to deliver big numbers in the results framework but critical in terms of investing in a broad range of actors and solutions. DFID is keen that P4F create a mixed portfolio of very large FPs (with high results expectations and high risk) and smaller ones, and there is evidence that the portfolio is mixed at present. This will be worth reviewing as P4F matures as there may be a bias to selecting more of the larger FPs in order to meet results framework targets.

In one region, it has been challenging to partner with the government in any FP – due to overambitious ideas and large capacity gaps which P4F cannot fill. P4F is showing flexibility in working with the 'willing' and not forcing a criterion for government linkages in FP applications.

P4F has released an anonymous Partners Survey in 2017 and 2018 and appears genuinely interested in how their programme is perceived by its 'customers'. There may be scope for P4F to deepen their review of rejected FPs, particularly those which were rejected in the later stages of the pre-funnel in order to better understand the incentives and barriers for different actors.

P4F is operating in a space where the investments offered could be seen as too small for the large multinationals but too onerous for the small start-ups who can't afford the time required for compliance and upfront costs.

No recommendations have been made in this section.

4 Conclusions and Recommendations

How does P4F incubation process compare with other models?

P4F is an ambitious development programme which if successful may be repeated in its form if not in its specific objectives. Using entrepreneurial solutions to solve developmental problems is, in principle, a good idea, but the key is to be able to get a time-bound programme of this type up and running efficiently as quickly as possible. The pressure to show results to DFID, test options in an experimental programme and build credible, investible business ready projects within the time frames is acute. That means having a proven and robust framework which can be dropped in to frame a development programme, in a sense - perhaps learning lessons from the comparators like Village Capital. An adapted version of their VIRAL pathway is available at Annex 4. The evaluation team recommends that the Learning Product associated with this thematic case study is a workshop for DFID and other UK Departments involved in managing incubators or accelerators. The evaluation team have suggested an outline for this workshop and potential panellists who together could bring lessons learned to date to civil servants in order to inform future design work. More details are listed in Section 5.

The learning points presented are designed to assist in improving the way the P4F programme could operate by adapting some of the good practices we noted in the private sector. This review of P4F activities against comparators has focused on the pre-funnel activities, as that is where the programme has focused up until the time of this review. We suggest that this review is updated in 12 months once P4F is fully focused on funnel activities and thus the monitoring and assistance of the projects and on investor interactions on which the achievement of programme objectives rest.

Effectiveness of the overall P4F grant making process

The overall process is fit for purpose, broadly understood and coherently applied across the regions and doesn't warrant significant alterations. However, consideration could be given to smaller changes that will improve the efficiency of processes, particularly to FPs once they have entered the funnel and move through different decision gates. As Latin America operations move into implementation, grants officers and project officers will play a key role in transferring learning around grant processes. The Latin America Regional team will be funding FPs that will have less time to achieve impacts as FPs in other regions, so speedy learning will be key.

Effectiveness of P4F process to identify suitable ideas

P4F is able to attract suitable proposals but the timeframe for FPs to enter the funnel is long and not aligned to private sector expectations and timelines. This can be challenging for both the FP leads as well as for the P4F Project Officers engaging with the FPs.

Decision making processes and the number of stakeholders required to achieve consensus at each decision point can ensure each FP offers a strong proposition but may be too burdensome relative to the size of funding offered to the FPs. P4F technical assessment of FP suitability to P4F appears to rely heavily on projected outcome level results of land area and finance leveraged. Regional officers are unable to answer all queries or present the FP theories for how and why change will happen as clearly as FP leads.

The timeframes to enter the funnel can be longer for FPs than anticipated, which could have impacts on their ability and commitment to achieve targets within timeframes outlined by grant agreements. As FPs move through different decision gates once within the funnel, consideration could be given to ensure FP progress

is not impacted significantly by P4F decision making processes and that outcomes are reviewed regularly and revised according to the remaining/reduced delivery period. This streamlining could also be effective to ensure FPs are not delayed or disincentivised during implementation. Decision making at this stage could be delegated to regional teams with SLT providing clear prioritisation frameworks given some of the constraints faced by the portfolio.

Effectiveness of the compliance and grant making processes

An incubation process/acceleration process is expected to have risks and high rates of failure, but the P4F systems are designed to reduce risks for P4F and DFID. This places a lot of burden on P4F staff to have sufficient experience in identifying and managing risks. It also places a large burden on FPs to hold high levels of risks which in comparator programmes would be lower.

The Intellectual Property (IP) rights clause in P4F grant agreements and the dispute resolution clause (under UK law) is extremely challenging for many FP leads to accept. Many projects require IP waivers and the use of this clause appears unaligned to private sector expectations and particularly those developing innovative solutions.

Effectiveness of the P4F process in working with different actors in this space

Establishing relationships with global private sector partners has been challenging in some regions, despite having some of the most mature relationships between UK Government or P4F staff, some of these relationships pre-date P4F. P4F is operating in a space where the investments offered could be seen as too small for the large multinationals but too onerous for the small start-ups who can't afford the time required for compliance and upfront costs.

Summary of recommendations made:

Recommendation 1. **Decision-making within the Funnel: Private Sector comparators have less steps within their incubation processes. Recognising that the context and market maturity within which P4F operates is different, consideration could be given to combining decision gates within the Funnel.**

Recommendation 2. **Decision-making pre-funnel: Accelerate entry to funnel through more streamlined decision-making processes and structures. The broad aim of the pre-funnel is to filter out the unsuccessful cases as quickly as possible, so resources can concentrate on the most promising ones.**

Recommendation 3. **Resources: Consider the team competencies, mix and balance of activities. All of the comparators have teams with mixed competencies engaged in decision-making, review and business support**

Recommendation 4. **Continue to invest in internal networks in order to improve rapid lesson learning.**

Recommendation 5. **FPs should be made aware of the average decision times in the pre-funnel in the early stages of their interaction with P4F. P4F could investigate options to collate FP information and documentation in a way which reduces repeated 'back and forth' contact with FPs.**

Recommendation 6. **Consideration could be given to developing a protocol to structure FP reviews in various decision-making committees in order to ensure that questions are relevant - enabling Project Officers to better present ideas to these committees, and ideally reducing queries that are not relevant.**

Recommendation 7. **Given the important role the P4F outcome model plays in generating numbers that are critical for decision making, this model and its assumptions should be independently reviewed by the evaluation team.**

Recommendation 8. **Engagement of FPs in P4F processes, including presenting ideas to SLT/PRC, hosting field visits etc. could support better articulation and defending of the FP concepts at various assessment stages.**

Recommendation 9. **Risks related to FP suitability should continue to be reviewed and identified early on in the process. P4F staff should attempt to get early advice from DFID on the palatability of new ideas which could be perceived as controversial.**

5 Learning Products

The evaluation team proposes the following as learning products related to this case study:

1) **Case study session at the P4F June 2018 retreat**

2) **1-day workshop with DFID and wider UK Government on learning from Incubators. A draft outline for this can be found below.**

Learning Product – proposed workshop agenda and attendees

Purpose of the workshop: to bring private sector incubators, DFID implementors and civil servants involved or interested in incubators or accelerators together for a roundtable/workshop to share experiences. The intention is to widen the discussion about what works and what doesn't with the hope that UK Government can build any future design with enhanced evidence from these stakeholders.

Potential attendees:

Private Sector or Government Incubators/Funds:
- Surrey Incubation/SET Squared
- Seedcamp
- Village Capital (may be remote participant)
- Shell Foundation

Specific DFID invested Incubators:
- Partnerships for Forests (implementors)
- Partnerships for Forests (independent evaluators)
- SPRING (implementors)
- SPRING (independent evaluators)
- PIDG

UK Civil Servants:
- SROs and Programme Managers from Partnerships for Forests, SPRING, EPIC team, Private Sector Department.
- BEIS staff working on incubator models

Timing: 1 full day in October (timing to suit attendees)

Draft agenda

(1) Welcome and introductions
(2) Overview of the EPIC review and updates from DFID on learning from Innovation Funds and the concept of creating a centre for excellence
(3) Overview of Partnerships for Forests
(4) Early lessons on Incubation at Partnerships for Forests
(5) Overview of SPRING
(6) Early lessons on Incubation at SPRING
(7) Lessons from Shell – headlines on what works, what doesn't. Drivers of success.
(8) Lessons from Seedcamp – headlines on what works, what doesn't. Drivers of success.
(9) Lessons from Village Capital – headlines on what works, what doesn't. Drivers of success.
(10) Responses from UK Government – what have you heard that you didn't know? What would you be interested in hearing more about? How can evaluations help inform your future choices?
(11) Wrap up.

Next steps: DFID to advise the evaluation team if this format and agenda are of interest.

Annex 1: Terms of Reference

Effectiveness of the Forest Partnerships Assessment Framework, Grant Making and Incubation Processes.

INTERVENTION BACKGROUND.
Partnerships for Forests seeks to increase private investment in forestry and 'reduced-deforestation' agriculture that supports economic growth, improved livelihoods and reduced poverty. It is designed to create market-ready Forest Partnerships (FPs) with the intention of mobilising significant investment, principally from the private sector. It pairs this with support to enabling environment and demand side measures to address the barriers to achieving more widespread sustainable investment in agricultural and forest-related value chains. The P4F programme seeks to test and demonstrate that the private sector, public sector and communities can work together to achieve better returns from sustainable forest and land use than from deforestation and land degradation, resulting in positive changes to area of land under sustainable land management. The P4F has a clear objective of learning from successes and failures to inform progress.

Partnerships for Forests (P4F) - is managed by Palladium and McKinsey & Company. LTSI are the Evaluation Manager of P4F which seeks to support learning and generation of evidence around outcomes. The evaluative learning approach is embedded throughout the programme and is articulated in the Evaluative Learning framework, which guides the Evaluation Manager activities.

PURPOSE OF USING CASE STUDY ANALYSIS. Case studies are one of a range of tools being deployed by the Evaluation Manager and P4F in order to generate evidence about what works, respond to evaluative learning questions, test programme level theory of change assumptions[14] and support decision making (see Annexes 1 and 2). The thematic case studies are designed to test the assumptions of the programme theory of change and the evaluation questions are drawn from these (see highlighted sections in causal links assumptions table, Annex 3).

SCOPE OF THEMATIC CASE STUDY.[15] An analysis of the emerging evidence from FPs and P4F stakeholders regarding the effectiveness of the forest partnerships assessment framework, grant making and incubation processes. The case study will explore a range of **Evaluation Questions and sub questions** including:

- How effective is the process in attracting key actors (potential partners) and what are their views of the process?
- How effective is P4F in assessing the suitability of ideas and proposals, generating business ideas with clear pathways to maturity, generating projects with expected outcomes at a scale needed to realise the P4F programme objectives?
    - What are acceptable short-cuts without compromising on risks? For instance, what evidence would be sufficient of a business idea for P4F to accept its 'proof of concept' and directly go to the 'scaling up' step?
- How does the P4F selection and incubation process compare with other models and can any learning be exchanged or adopted in order to share good practice or improve delivery for P4F?
    - Can the incubation process be adjusted to different types of actors? Are all the steps relevant/appropriate for each situation?

OUTPUTS. The Evaluation Manager will produce a **summary report and slide deck**, with practical recommendations for P4F which will support adaptive management principles. Findings will be shared and triangulated at the P4F retreat in 2018.

---

[14] **Assumptions** are the conditions or events that are necessary for a specific causal link in a Theory of Change to be realised. If the assumption does not hold, then the expected effect from that link is 'at risk''.

[15] This case study directly links to P4F Learning Question: What are the dynamics of the FP Maturity Funnel? And the EM evaluation and learning questions 1,3,5 outlined below.

METHODOLOGY. This case study will primarily draw on evidence collected from FPs and undertake comparative analysis against a selected number of other business incubation programmes. The Evaluation Manager will conduct process mapping and comparative analysis between P4F and other incubation processes in terms of required steps, timeline and resources, and measures taken to avoid risks. Potential comparators include:

- Number of steps required in the incubation process until final grant and approval
- Overall time it takes to arrive at the stage of final grant and approval
- Effort (estimate of resources, time, pieces of evidence) required by partners to reach funnel steps: MoU signed, business plan approved, pilot (plan) approved, scaling plan approved
- Potential Land Area outcome and Private Investment outcome (from P4F data bank)

The Evaluation Manager (EM) will use P4F project tracker data classified by P4F themes[16] and archetypes[17] and select FPs stratified across actor (NGOs and private sector) and regions. The EM will seek to conduct purposive sampling of projects based on actor classification; approved/rejected/recently aborted projects and regional distribution. It will be important to review at significant number of projects which were rejected by P4F in order to understand the outcomes of this group without P4F support.

Data sources will include P4F data from their assessment tools e.g. types of projects funded and rejected[18], including detailed assessments of business plans, as well as information on partner capacity, gender and social inclusion, level of risk, and additionality of the P4F support. If possible, the EM will collaborate with P4F on the 'partners perception study' planned for Q2 and maximise the utility of this primary data. The EM will design a 'process performance assessment rubric' of key actors / partners involved, including regional P4F staff, with perception scores on following issues:

- Opinion on efficiency of incubation process (fit for purpose)
- Opinion on risks for the project partner
- Opinion on the quality of support received by P4F during the incubation process - to generate a mature proposal
- Added value of P4F programme in relation to other donor programmes
- Relation between P4F process and private sector timescales
- Flexibility of P4F
- Comprehension by P4F of a project idea being 'ready for scaling'
- Contribution of P4F process to capacity change among key actor

The EM will interview DFID staff and potentially other UK Government Department staff in order to get a sense of which aspects of the Assessment Framework, Grant Making and Incubation Processes were a direct response to mandatory requirements.

STAKEHOLDER INVOLVEMENT. P4F MEL lead and Senior Management Team are part of the working group for this thematic case study and will be instrumental in steering its development. P4F regional Directors will be consulted on FP stratification and selection. FP Project Officers will be interviewed as will selected FP partners. One regional visit may add value in terms of engaging with partners face to face to seek feedback.

WORK PLAN AND SCHEDULE. Once the TORs are approved, the evaluation team will mobilise. The intention is to have a draft set of outputs in May 2018. Originally this was timed to align with the P4F retreat but this will now take place later in the year.

---

[16] Immature commodities/Values: Payment for Ecosystem Services; Emerging commodities (Agrofrorestry & NTFPs); Mature Commodities (Produce and Protect); Declining Commodities (NFM)

[17] Agricultural productivity and protection; Reforest to orchard/mixed forest; Regrowth to mixed agroforestry systems as natural fence; Payment for ecosystem services; Wild forest production; Sustainable forest management; Orchard/ mixed forest; Reforest to plantation; Increase yield.

[18] Noting findings from the rejection analysis already completed by P4F.

EVALUATION TEAM and LEVELS OF EFFORT. LTSI will lead this case study with inputs from Clive Suckling.

EM Evaluative Learning Questions (thematic case studies aim to support Q3-5 in particular)

1. What is the relevance of the P4F programme in responding to the challenges of deforestation, reforestation and poverty reduction? What is the design of the programme and how can it be improved?
2. What is the additionality of the P4F programme, per region and overall?
3. How effective has the programme been in terms of:
    - Identifying new business ideas and incubating them, mobilizing private sector investment and increasing land areas under sustainable management?
    - Identifying the types of P4F interventions that are likely to be most effective in achieving desired outcomes and the maximising the contribution of P4F?
    - EC and DSM measures supported by P4F, integrated in FPs or separate, and what is the contribution of P4F?
    - Supporting different kinds of scaling likely to be achieved beyond the P4F funnel by the end of the programme and beyond?
4. What is the potential contribution of the P4F programme to transformational change (at sector and or landscape level)?
5. What lessons can be elicited to inform P4F adaptive management and DFID policies/programming?

Annex 2: P4F Process Map

Redacted as significantly out of date at time of publication.

Annex 3: Documents and information sources reviewed

This case study relied on a review of P4F internal documentation, internal DFID documents, FP level documentation and reporting to DFID. This included:

DFID (2018) Smart Rules

DFID Due Diligence Framework

DFID Risk Management Framework

DFID (2015) Investment in Forests and Sustainable Land use Business case

DFID (2017) Portfolio review of innovation funds

P4F (2017). 2017 Annual Report

P4F (2016) 2016 Annual Report

P4F (2017). Grants Manual V2

P4F (2018). Forest Partnerships Maturity Funnel: dynamics and understanding performance

P4F (2018). Partner satisfaction survey results

P4F (2018). Rejection Analysis

P4F (2017) Due Diligence Guidance

P4F (2017) Pre-Funnel Process Map

P4F Decision gate assessment tools

P4F Guidance Assessment templates

P4F tools, including T02, T05, T07, T08, T09, T10

P4F Agreement templates

P4F (2016) Feedback on Process Tools

P4F Guidelines for budgets and using grant funds

Documents associated with individual FPs, including

- Completed P4F tools, including T03, T04, T05, T07, T08, T09, T10,
- Assessment workbooks
- Grant agreements

- Financial reporting templates
- Due Diligence documents and partner reputational risk checks
- Outputs, including technical reports
- Meeting minutes and notes for clarification

External documents

1. Business Incubators and Accelerators: The National Picture. BEIS Research Paper No 7. Prepared for the Department of Business, Energy and Industrial Strategy by Jonathan Bone, Olivia Allen and Christopher Haley of Nesta. April 2017. Includes the Directory of Business Incubators – Accelerators updated by Nesta for DBEIS.
2. DFID (2017). Annual Review of Global Network of Climate Technology Innovation Centres
3. EC (2002). Final Report: Benchmarking of Business Incubators

4. Surrey Incubation:
    a. Surrey Research Park website: www.surrey-research-park.com
    b. SETsquared (Surrey) website: http://www.surreyincubation.co.uk/
    c. Surrey Space Incubator web site: http://www.surreyspaceincubator.co.uk/
    d. Surrey 100 Club-S100: http://www.surrey100club.co.uk/about-us
    e. SETsquared Review Panel
    f. Mentor case study-Symmetrica: www.symetrica.com

5. Seedcamp:
    a. Seedcamp website: http://seedcamp.com/
    b. Forbes 2016: https://www.forbes.com/sites/paularmstrongtech/2016/10/13/5-things-you-didnt-know-about-seedcamp/
    c. Draper Esprit: http://draperesprit.com/uncategorized/draper-esprit-announce-acquisition-of-seedcamp-funds-i-and-ii-incl-a-stake-in-transferwise/
    d. Formisimo [a Seedcamp business]: https://www.formisimo.com/blog/seedcamp-how-we-got-in-to-europes-leading-accelerator/
    e. Seedsummit:http://seedsummit.org/about/

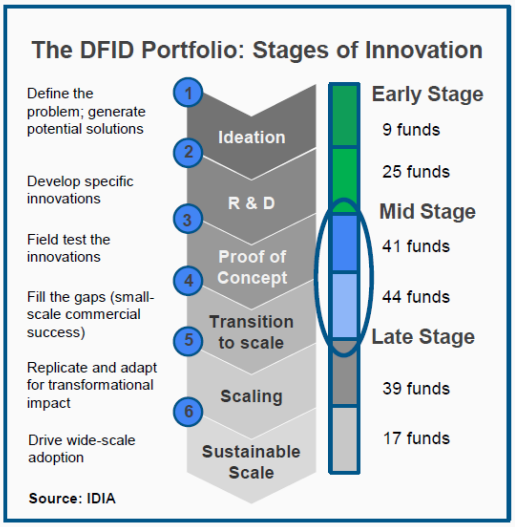
6. Village Capital:
    a. Village Capital: https://vilcap.com/
    b. VilCap Communities/VilCap Communities Toolkit website: https://sites.google.com/vilcap.com/publicvcctoolkit/home?authuser=0
    c. A Year of VilCap Communities: How Ecosystem Builders Can Best Help Entrepreneurs Succeed.
    d. Village Capital articles:
        i. **Why Entrepreneurs Are Better Judges of New Ideas than Expert Investors** / / By Ross Baird and Victoria *Seven years in, Village Capital co-founders Ross Baird and Victoria Fram write about how Village Capital has reimagined venture capital from the bottom up* Fram/2016: https://medium.com/village-capital/why-entrepreneurs-are-better-judges-of-new-ideas-than-expert-investors-95fc280b86d2
        ii. **Why Most Entrepreneurs Hate Fundraising—And How to Fix It**/*Entrepreneurs and VCs need to be more precise in the way they talk to each other/*By Ross Baird and Bidisha Bhattacharyya/2017: https://medium.com/village-capital/entrepreneurs-and-vcs-need-to-be-more-precise-in-the-way-they-talk-to-each-other-3e714e7a5245
    e. What's Working in Startup Acceleration: Insights from Fifteen Village Capital Programs: March 2016 by authors from the Goizueta Business School of Emory University, Aspen Network of Development Entrepreneurs and Village Capital

Annex 4: Supplementary information on Incubators and Accelerators

Incubators and Accelerators – the context with DFID and wider development context.

DFID has conducted an internal Portfolio review of innovation and challenge funds.[19] Led by the Emerging Policy, Innovation and Capability (EPIC) team at DFID, this exercise reviewed 50 innovation and challenge funds were with a total budget of £1.63bn.[20] Five fund design archetypes were identified - Challenge Funds, Innovation Funds; Managed Funds; Innovation Prizes; and Development Capital Funds. P4F has characteristics in 4 out these 5 archetypes. See Figure 1 below for a summary of the DFID Portfolio.

Figure 1. DFID Innovation and Challenge Fund Portfolio (2017)



Original source - International Development Innovation Alliance (IDIA).[21] P4F sits at stages 3-6.

The review found that DFID staff tended to design funds around a grant model and the report authored voiced a call for change. They noted opportunities to shift focus to higher value venture support with scaling pathways for grantees and venture support, lean approaches to evaluation and systemic change. Authors advised that

[19] Portfolio Review of Innovation and Challenge Funds at DFID, DFID internal document, November 2017.
[20] Investment is likely to be higher than this as the scope of the study looked at 'Funds' e.g. CDC Impact Fund, UKAID Direct, UKAID Connect, GEC, and Programmes – P4F would have come under Programmes, but it can be difficult to 'tag' innovation funding instruments within DFID so the volume of funds may indeed be higher.
[21] https://www.globalinnovationexchange.org/organizations/international-development-innovation-alliance-idia

an Innovation and Challenge Fund Centre of Excellence was founded to capture collective learning and expertise. The review asks questions about the extent to which funds are bringing additionality (of inputs, outputs and behavioural change) and calls for a strategic review across clusters of the DFID portfolio (by sector, stage or geography) in order to better understand contribution to DFID's strategy.

The review concluded that Innovation Funds are most effective when the challenges are clear, but solutions are unknown/untested.[22] Funds should not be used when the donor needs to maintain control over design and implementation, or when the political, economic and social environment is not conducive to success.

The EPIC team recommend that DFID create a common platform for all innovation and challenge funds in order to reduce duplication – this is less likely to be relevant for programmes such as P4F where DFID don't directly manage the fund – P4F is seen as a contract delivered by Palladium that entails grant making by Palladium according to systems and criteria Palladium have devised and DFID have approved. Should common platforms be created in DFID, Senior Responsible Owners and Programme Managers managing programmes such as P4F may be able to benefit from shared knowledge on new approaches to monitoring and evaluation, particularly around measuring grantees path to scale, attribution and additionality, after the fund/grant/programme expires. There appears to be an appetite to support learning across funds (and other Government departments) and there is a call for an 'owner' of challenge and innovation fund learning. For these reasons, the evaluation manager believes that a workshop aimed at DFID audiences, bringing a wide range of views from those delivering and receiving funds from DFID invested incubators would be well received.

DFID staff note that P4F early design was supported by learning from the Private Infrastructure Development Group and other incubator models used in the energy access sector[23]. The **Shell Foundation** produced a learning report in 2014 on their experiences of Accelerating Access to Energy.[24] It reviews key lessons from their 15 year journey to enhance energy access for 'bottom of the pyramid' consumers. The Shell Foundation believes that one of the reasons they are so well suited to catalyse inclusive energy markets is their ability to make available 'risk-tolerant' capital. They operate where other private and public funds can't. Some of their learning and future plans included facilitating greater 'syndication' with impact investors to help early-stage energy enterprises navigate the 'valley of death' by reducing the risk and transaction costs of securing growth capital through new instruments, pooled funds and tiered capital structures. They are investing in research to improve their ability to measure public benefit and explore new revenue streams for 'marginal return' enterprises by monetising social impact.

The Shell Foundation are also re-defining 'failure' – they believe that the term ignores the learning which happened within the intervention – many projects delivered genuine change but failed to reach Shell Foundation's expectations for scale and sustainability.[25]

Supplementary data on comparator programmes

Business incubation and acceleration: Definitions and trends

The aim of both business incubation and business acceleration is to support young firms through the early stages when the risk of failure is at its highest. Because of this shared goal, these two types of business support and their organisational forms, incubators and accelerators are often confused.

Business incubation and incubators have been around for many decades. The essential feature is that they offer young firms a range of services, notably mentoring, access to networks and usually physical infrastructure. Admission is selective and young firms pay rent which includes the services or services fee if physical space is not required.

[22] Innovation funds are not the same as incubation models but there is some overlap.
[23] https://www.pidg.org/
[24] https://www.shellfoundation.org/ShellFoundation.org_new/media/Shell-Foundation-Reports/Access_to_Energy_Report_2014.pdf
[25] P13 in the Shell Foundation report documents five core reasons for failure. This may be of use for P4F staff as they deepen their rejection analysis.

The progress of incubatees is monitored as the managers of incubators want to see their young firms grow (hopefully secure investment) and move on. The reputation of incubators depends on nurturing a flow of new and growing businesses through incubation, so percentage survival rate of new firms is a KPI. However, incubators are usually quite flexible in terms of how they manage their charges.

Business acceleration and accelerators have come about more recently; they are considered a 21st century phenomenon associated initially with Silicon Valley and the rise of digital technology creating opportunities for new businesses with new business models to disrupt traditional value chains. They have since spread to other geographies and industry sectors.

Accelerators typically provide services through a highly selective cohort-based programme of limited duration. In contrast to incubators, accelerators usually base their business models on (seed) equity to support the founders and focus services on getting their young firms into revenue and ready for Series funding. This means they are more growth driven, typically aiming to produce companies that will scale quickly or fail fast, thus minimising wasted resources. KPIs for accelerators typically centre on number of companies seeded and the quantum of follow on (Series) funding.

There are overlapping features in the incubation and acceleration models, for example in services provision. Some incubators have introduced cohort feeds or provide direct funding and some accelerators have extended their reach to the pre-start up stage or to a sponsorship rather than equity reward model. Many other variants exist meaning that many business support programmes display both incubation and acceleration features.

What is clear is that there has been huge growth in incubators and in more recent years in accelerators in the UK and around the world. A Nesta study for DBEIS published in 2017 identified 388 in the UK and around the world there are several thousand. They are in favour because they are seen to offer a less risky environment in which innovative ideas can achieve financial viability and scale. A higher survival rate for new businesses is an economic gain saving time and money.

Business stage

Pre-start up. These are pre-operating businesses or perhaps just the founding entrepreneurs or partners where the focus is on identifying the idea and the accessible market. Any funds from Friends & Family, but in exceptional cases may get pre-seeded.

Start up. These are businesses that are in the process of being set up and yet to sell their product or service commercially. External funding would be seed or pre-seed.

Early stage start-up/venture. These are businesses that are moving from pre-commercial operations to commercial scale up, so are typically looking for further funding –Series A-to cover investment in capital assets, working capital and operating losses.

Later stage ventures. These are businesses that are operating commercially, seeking to grow and may or may not be profitable. They will be seeking follow up funding to finance growth.

Selection of comparator programmes

The P4F programme doesn't easily fit either the incubation or the acceleration definition. It's a one off, time bound programme with a single sponsor offering financial assistance and support services to companies that can prove the commercial viability of a project that is also capable of scaling to leverage significant follow on funding from private sector sources. The front end or pre-funnel filters a high volume of applicants in order to select a cohort to feed the funnel. Both the pre-funnel and funnel incorporate development milestones at which points reviews and decisions are made.

These features as summarised reflect similarities with the accelerator model at the pre-funnel stages and incubation in the funnel. Arguably the Funnel has the characteristics of some corporate-backed accelerators. Either way it displays features of both types of business support programme. Accordingly, in looking at comparators, both accelerators and incubators have been considered. In making a selection, we've considered programmes in the private and sector and in the developed and developing worlds. We have also

reviewed two programmes supported by DFID with incubator/accelerator characteristics and a longer list which may be useful in future evaluative case studies.

Our selection from the private sector has focused on recognised leader programmes from which we consider that potential learnings may be greater and is as follows:

- **SET Squared (Surrey) (or Surrey Incubator (SI)): Incubator**.
  - The Surrey Research Park (Guildford), the second oldest research park in the UK after Cambridge's was founded by the University of Surrey in 1984; it is widely regarded as the best science park of its kind in the UK. It set up an incubator unit in 1986; in 2002, the University became a founding member of the SET Squared Partnership covering Southern England Russell Group universities in Bath, Bristol, Exeter, Southampton and Surrey. SET Squared is widely considered to be the best University supported Incubation programme in the UK.
  - The core Surrey incubator houses up to 40 young firms and through spokes on the Research Park and hubs in nearby towns, this number expands to about 60 and is still growing. Whilst in most respects, SI acts like a classic incubator; it has a newish feeder programme which has the characteristics of a pre-accelerator.

- **Seedcamp (SC): Accelerator**.
  - Seedcamp started in 2007 as a small Venture Capital (VC) firm with an initial raise of under £2mn to provide pre-seed/ seed equity to start-ups using an accelerator model based on cohort selection into boot camp. It might have been the first to introduce this model into Europe. Since 2007 it has raised three further funds of increasing sizes, the latest being Fund IV which closed in 2017 with a raise of around £40mn. Having seeded about 250 founders across Europe through its first three funds, it plans to seed a further 100 with its latest.
  - Based in the City of London, it is probably Europe's top pre-seed/seed investor. With SC's successful track record, it has attracted over 80 investors, including leading VC houses (many interested in follow on funding) and Corporates, such as Unilever and European Investment Fund.

- **Village Capital (VilCap): Accelerator**.
  - VilCap is also a VC seed firm, but with many contrasts to a regular VC; it is best characterised as an Impact Investor. Started in 2009, its approach is to identify a social problem at a community level (for example, inadequate access to healthcare provisions in a US inner city) which can be potentially addressed through entrepreneurship. A programme would then be set up to recruit a cohort of local entrepreneurs for boot camp style acceleration into investment readiness. Interestingly, the selection at boot camp of which start-ups get VilCap funding is made by peers.
  - It has also developed a proprietary toolkit to guide the execution of its programmes, which it has now started to license out on a pilot basis.
  - VilCap is headquartered in Washington DC and invests across the US and Developing countries. Since 2009, it has seeded 80 companies. It has attracted many Blue-Chip investors and programme sponsors, such as Microsoft and PayPal. It is understood that whilst it aims to break-even on its VC activities, it currently receives a contribution to its operating costs from USAID.
  - Like all seed stage VCs, it measures performance based on the amount of follow on capital raises, but additionally it uses a range of broader economic, social and environmental impact measures.

Tables 1 to 5 below capture key features of the above programmes and the two donor-funded comparison examples, comprising:

- Overview of programmes including their main objectives;
- Entry to the programme (comparison to the P4F pre-funnel) covering entry requirements, decision processes, services provided and selected metrics –numbers/cohort sizes, success rates, and decision time lines;

- Programme activity (comparison to the P4F funnel) covering finance relationships, progress review methods, services provided, decision processes and selected metrics- numbers, start-up company success measures and time phases
- Other information: Performance measures, success factors and some risk management issues.
- Overview of other incubator and accelerator type programme models supported by DFID.

IDH Tropical Forest and Agriculture Fund
This was not chosen as a comparator as its model is very different to the P4F one. The IDH fund will provide subordinated long-term project/project-related debt at soft rates. With a target of around 20 projects ($20mn investment per project on average) leveraging private investment at a rate of c$80mn per project – giving a $100mn investment in total per project on average. Projects able to manage this level of investment will be more mature than those considered in P4F and will probably require the sponsorship of either international or very sizeable domestic corporate actors.

https://www.idhsustainabletrade.com/uploaded/2017/01/A-Tropical-Forest-and-Agriculture-focused-fund.pdf

&Green Fund

&Green is an initiative announced in early 2017 that aims to incentivise governments of countries with tropical forest areas to reduce deforestation and related greenhouse gas emissions. &Green seeks to achieve these aims by investing/enabling investment in high productivity commodity agriculture projects with explicit targets also for protecting forest and/or peat lands. The investable areas are a selection of jurisdictions (countries or regions) with a proven commitment to reduce deforestation.

&Green was developed by IDH Sustainable Trade Initiative in close collaboration with NICFI, the Norwegian International Climate and Forests Initiative. NICFI is also the anchor investor into &Green. It was formally established as a Dutch foundation in July 2017 with an evergreen fund structure. At the outset it received capital commitments of $125mn, with $100mn from NICFI and $25mn from Unilever. Altogether it plans to raise $400mn by 2020 from bilateral and multilateral donors as well as private sector partners. The Fund is to identify scalable and replicable projects, typically larger than $20mn apiece so as to be of interest to large private sector investors (predominantly financial institutions). Investment by &Green is to be provided mainly in the form of debt instruments with a tenor of 5-15 years. Loans can be provided at sub-market rates and to help de-risk projects for private sector investors by lending on subordinated terms and by providing sustainability safeguards.

Borrowers will be private sector companies involved directly or indirectly in commodity production. The size of projects to be funded suggests that borrowers will need to be sizeable entities that are also in a position to influence land use directly.

The idea is that the Fund's capital will leverage private sector investment of more than 4 times &Green's own investments, such that &Green's capital exposure is limited to no more than 25% on any single project.

Jurisdictions so far approved for investment (because of governmental commitments to reduce deforestation) include specific regions of Brazil and Indonesia. While all types of soft commodities sourced from tropical countries are potentially eligible, the focus is on soy, palm oil, livestock and timber.

The broad financial objective is to have funded/enabled funding of over $2bn investment in more than 20 production and forest protection projects by 2020. Each project is expected to encompass a land area under sustainable management of 50-250,000 ha; at an approximate production to protection ratio of 1:4, the key environmental objective

is to protect over 5mn ha of tropical forest. Additionally, positive contributions are expected to a number of Sustainable Development Goals.

Potential comparison with P4F
Initially, &Green was shortlisted as a strong candidate for comparison with P4F given the broad objectives of the Fund, the target commodity sectors and locations, and the combination of public and private finance, notably the use of (mostly) public finance to leverage private sector finance. However on closer examination we see &Green as a vehicle for green loans to substantive actors in tropical commodity supply chains, underwriting some of the risks which would otherwise deter private sector lenders and following an otherwise fairly conventional investment process. In particular, there is no suggestion that &Green is providing help with client business plans or offering any type of incubation service, implying that loan applicants will need to present investment ready plans to &Green for screening. Further at the date of writing (May 2018) &Green's website discloses that no projects have been approved for investment.

Accordingly, whilst &Green might be of interest for future study in terms of its effectiveness as a model for reducing tropical deforestation (and related GHG emissions) and achieving other Sustainable Development objectives, it is considered of limited relevance as a comparator within the terms of our study.

http://www.andgreen.fund/#the-fund

Summary of findings from Comparator programmes - Programme entry

Selecting the right companies is a resource intensive process. Further where there are large numbers of applicants, there is a greater risk of selection bias. The selection process also needs to be quick; for the programme manager spending time on unsuccessful applicants will generally be wasted time. Accordingly, rejections need to be made fast.

The comparators have their own solutions. First for SI, selection is less critical; whilst it wants to incubate winning companies, the risks in making the wrong decision are reduced as its financial exposure is low. This is normal for most incubators. For funded incubator places via its monthly Entrepreneurs Programme, the risk is arguably higher, so for these it runs a tighter selection process similar to accelerators.

All have standardised information requirements from applicants, although beyond that none detail how their first cut selections are made onto accelerator or equivalent programmes. This is understandable. Accelerator programme managers will have an idea of what they're looking for and most applicants will not measure up. Where there is a potential acceptance, the manager will dive deeper and engage with the applicant.

Only SC states how long the first cut will take-14 days. In fact, SC discloses the step-by-step process from initial application through to receiving seed funding from Fund IV. For the others, it seems that the decision is quick, but no specific timelines are given. It is also apparent that the earlier cut decisions are made at lower organisational levels, although only SC is explicit on that.

VilCap discloses that it uses its VIRAL (Venture Investment Readiness and Awareness Levels) tool, Figure 2 below, in the selection process, as a way of ensuring visibility to applicants that there is a reasonably objective method of making selections. This is a tool which it uses throughout its programmes. This is interesting as it would be unusual for reasons to be given for rejection at the first cuts.

Figure 2. Village Capitals Venture Investment Readiness and Awareness Levels (VIRAL)

Village Capital Viral Pathway

Slightly adapted from original available at http://mentorcapitalnet.org/village-capital-viral-framework/

VIRAL is a tool to describe company maturity for venture-backed businesses. While all companies are different, this is designed to allow companies to articulate their current stage to investors, articulate milestones they need to hit to close their current raise (if they are raising a round now), and what they need to do before their next raise.

	Team	Problem & Vision	Value Prop	Product	Market	Business Model	Scale	Exit	Type of funding typically closed at this level
Level 9 Exit in sight	Team positioned to navigate M&A, IPO.	Global leader.	Cited as the top solution in the industry solving this problem.	Product recognized as top in industry.	Clear line-of-sight to industry dominance.	Minimum 2x revenue growth for multiple years.	Strong unit economics for multiple customer segments.	Growth with Exit.	Acquirers
Level 8 Scaling up	Team is recognized as market leaders in the industry.	Systems-Level Change validated.	Customers in multiple markets love products.	Strong customer product feedback in multiple markets.	Brand established & strong partnerships for distribution, marketing and growth.	Monthly revenue meets industry standard.	Growth of customer base accelerates monthly.	Team has turned down acquisition offer.	Close Institutional VC for Recurring Revenue and Growth
Level 7 Hitting product market fit	Capable executive team to remain through growth and exit.	Impact is successfully validated.	Majority of first sales in target market are inbound.	Product is built for scale and additional offerings in progress.	Sales cycles meet or exceed industry standard.	Business model validated - Validation of strong unit economics.	Evidence of strong unit economics across multiple markets.	Team has strong relationships with multiple aquirers.	
Level 6 Moving beyond early adopters	Has proven sales, product dev and management skills to support scaling.	Sales validates impact tied to solution and grows as solution scales.	Sales beyond initial target and customers recommend product to others	Complete product with strong user experience feedback.	Supply/distrib. partners see their success aligned with the company's.	Sales map to projections. Evidence of customers buying at target price.	Company has cleared any regulatory challenges.	Team has identified specific acquire(s) or other exit.	Close Institutional VC for 1st Sales, Market Expansion
Level 5 Providing a profitable business model	Team has clear sales/ops understanding and strategy.	Evidence of impact tied to solution through growth of company.	Target customers love the product and want to keep using it.	Fully functional prototype completed and product almost available for commercial distribution.	Team identifying ways to capture market faster/cheaper than competition.	Financial model and evidence of valid projections to reach positive unit economics.	Vision and initial evidence of positive unit economics in two markets.	Inbound markets from inbound strategies.	Close Round with Angel and Early VC
Level 4 Validating an Investable Market	Team understands target market operations and industry contacts.	The company can articulate system-level change.	Customer feedback that solution is better than others.	Team has clear understanding of product and development costs.	Evidence of $18+ total addressable market.	Financial model has cost and revenue projections and strategy to hit targets.	Initial evidence that multiple types of customers find value in the product.	Evidence of growth trajectory leading to IPO, acquisition or exit.	Angel /Seed Funding Starts
Level 3 Solidifying the Value Proposition	Team has ability to build product and understands the value chain and cost structures.	The company can articulate why they're the best ones to solve this problem.	Evidence that customers will pay target price.	Team has built a working prototype and a product roadmap.	Initial evidence through sales that team can capture initial target market.	Team can project costs along value chain and target costs to reach positive unit economics.	Clear strategy to move to multiple markets.	Evidence that the solution solves the problem better than others.	Friends and Family, Bootstrap; Grants for R&D (Hardware)
Level 2 Setting the Vision	Team has senior members with experience of customers/problems	Team can solve the problem and can articulate its vision at scale.	Has potential customers who identify the solution solves key issues- a painkiller not a vitamin.	Team has a basic low-fidelity prototype that solves the problem.	Team understands regulatory issues and has a strategy to address them.	Identifies pricing and business models of similar products to test revenue assumptions.	Initial evidence that multiple markets experience this problem.	Vision for growth includes solving a large piece of problem in 10 years.	
Level 1 Establishing the Founding Team	Strong founding team - at least 2 people with differentiated skill sets.	Team has identified a specific, important, large problem.	Team has identified hypothesis of target customers.	Can develop low-fidelity prototype and not blocked by other patents.	Team can articulate total market - including percentage to capture and initial target.	Team has identified an outline of revenue model.	Team has identified multiple possible markets and has aspiration to scale.	Team has vision for how they will provide a return for their investors.	

Once into the accelerator (VilCap, SC and SI's Entrepreneurs Programme), decision-making processes and time lines are more visible. For VilCap and SC, the winning prizes are seed investment and for SI, the prizes are funded places in its incubator. As already mentioned, VilCap has a rather special decision-making process namely that it is the budding entrepreneurs (typically 10-12 on each programme) who decide the prizes. On SC's boot camps, it's the investors present who decide. For SI, it's the experienced entrepreneurs, resident and volunteer, with oversight by the Incubation Manager. For all, the decisions are devolved, consensual and more or less instantaneous.

As stated, SC discloses the step-by-step process from initial application through to receiving seed funding from its Fund IV. The decision-making is more hierarchical than in a boot camp situation, so as a successful applicant goes through each of 6 steps, more of SC's in-house team and at more senior levels are drawn into the decision-making process, fund investors are consulted and the applicant is interviewed and pitches. SC state that the decision-making is fast implying it's a few weeks after the first cull at Step 1 (14 days), as would be expected for the type of technology business that SC seeds.

Incidentally, SC describes the above as the decision process for Fund IV. Previously, seed investment decisions were known to be made mostly via boot camp. It is unclear whether SC has shifted away from boot camps to a more conventional, hierarchical investment decision-making process. However it should be noted that the SC investment team is small so the number of persons involved as part of the in-house decision-making is limited.

In terms of services, there is intense provision once an accelerator cohort has been selected focused on getting entrepreneurs investment ready (or ready to start-up in SI's incubator). For SC's Fund IV application process there is no specific mention of services, although it would be reasonable to expect that as SC warms to an opportunity, applicants would receive increasing input from SC's investment team and its product and market specialists at least.

Failure rates are high. Seed investors will typically back 1% or less of the ideas they see. Of course the vast majority of applications easily fail. The mantra however is fail fast to concentrate resources on a few promising applicants to establish the cohorts. Once into cohorts, the success rates are high- 20% plus receive investment/ progress into SI's incubator.

These early fail decisions are made at lower levels to avoid time wasting, so it's interesting that VilCap undertakes to give feedback using its VIRAL tool. Perhaps it's because of a philanthropic bent that it feels it should be constructive in all cases; there may be some hype too.

Summary of findings from Comparator programmes - Programme activity

Once into an incubator, the focus is on progressive development of the business, whether entering at pre-or-post-revenue stages. Targets for future progress are usually presented as a set of development milestones; periodic reviews being made of progress. Services are provided with mentoring by experienced entrepreneurs usually being the centrepiece and with specialists and access to networks notably investor networks, also being available. The incubation period is generally not fixed, but for most companies, it will come to a natural end once incubation no longer meets their needs.

SI typically fits this description. Mentors are assigned to new incubatees with the aim that the relationship holds during incubation. The current Incubation Manager has eschewed decision-making by committee across SI in favour of more informal review processes of incubatees; for example, progress reviews are held as needed rather than at set intervals with a two person panel comprising the assigned mentor and another experienced entrepreneur. Overall the Incubation Manager's approach is to oversee decision-making across SI rather than get directly involved. She believes that devolved and less formal decision-making is more effective and affords more flexibility, which she considers preferable in a start-up environment.

By this stage, accelerator managers will have a financial stake in the business with their reward coming from capital growth and eventual exit. Accordingly, they closely monitor the progress of their seed investees through to readiness for their first Series funding and also continue to provide services.

Formally SC monitors the progress of founders under the terms of funding agreements and less formally through services relationships, which include keeping founders in front of investors. Of course many will be on the same physical site in London with SC. Although not disclosed, it can be assumed that VilCap has similar formal rights. It also continues to provide mentoring and also provides training to its entrepreneurs with VIRAL serving as a pathway to follow on funding. During the period until the first Series funding at least, a close monitoring and nurturing relationship remains.

Summary of findings from Comparator programmes - Other information

Broader angles considered are the performance metrics used and the reasons for the comparators success, with some final comments on risk management.

On performance, SI has a number of measures, but the key indicator is the corporate survival rate. Historically it has achieved a survival rate of 90% for incubated companies over a 3 year period, this being the highest risk phase for start-ups. This is well above the average survival rate for new companies.

For SC, the KPI is Return on Investment (ROI); this is typical for VC houses. ROI is driven by the size and timing of follow on fund raises (or exits) for investees. SC is coy about investee failure rate; this is less of consideration for investors provided portfolio level ROI expectations are at least met.

Perhaps as an impact investor, VilCap doesn't seem to focus on ROI; its investors would likely be interested in a range of positive impacts resulting from the investment of their money and indeed VilCap publishes an array of economic, social and environmental impact measures. However like other early stage VC investors, VilCap discloses the quantum of follow on capital raises. Unusually for a VC house, it also headlines investee survival rate- 91% of companies over a 5 year period. VilCap compares this with 50% survival over the same period for a "Traditional" i.e. early stage VC house.

All three comparators have demonstrated success and all three attribute that to the infrastructure they have created for early stage ventures, including strong collaborative partnerships. The key element cited specifically by both SI and SC is strong networks which draw in quality people (e.g. mentors, advisers and for SC earlier generations of Founders), quality investors and quality business opportunities. Although VilCap is keener to cite those features that differentiate its model –notably peer selection and also its toolkit (VIRAL especially), it is clear its success also rests upon wide and deep collaborative networks. SC also singles out its ability to speed investment from pre-seed to Series funding; certainly that is attractive to new digitech businesses that need to grow fast…. but then speed is of the essence of a successful accelerator model.

Risk management tends not to feature specifically in disclosures. That said for SC and VilCap, the main issue is (equity) investment risk, which is managed via high portfolio diversification. For SI, any financial risk is with the University of Surrey and likely limited to a shortfall in net rental income (net of the cost of services provided) from incubation space.

Reputational risk is unlikely to arise in relation to any specific supported activity (investments /incubatees); such risk will be related to performance. All comparators are recognised high performers in their fields and would suffer if they failed to meet stakeholder expectations, so continued strong performance is the safeguard.

Table 1 Other Business Incubation and Acceleration Programmes

Programme	Provider and management	Location	Catchment Area	Key Stake-holders	Start year	Type: Incubator /accelerator	Focus/ Specialities	Objectives
SET Squared (Surrey)	SET Squared (Surrey) is the incubation service provider, a unit within the Surrey Research Park in turn owned by University of Surrey	Surrey Research Park, Guildford, Surrey (and various hubs across the M3 Enterprise Partnership area)	Mostly regional-SE England	University of Surrey	1984 Research Park, 2002 SET Squared Incubation	Incubator	Digital Technology: Software and Hardware	To create a strong flow of knowledge-based companies with very high commercial growth potential
Seedcamp	Funds providing pre-seed and seed investment. Seedcamp serves as Investment Manager	HQ at the Google campus in the City of London	Pan-European	Seedcamp and over 80 fund investors comprising other VCs, Corporates, and Angel investors	2007	Venture Capital backed Accelerator	High growth, globally scalable technology businesses	Fund investors: To maximise ROI Invested businesses(Founders):
Village Capital: -VilCap Investments -Village Capital programs	VilCap Investments provides seed capital with VC as fund manager. VC also manages enterprise accelerator programs	Washington, DC, USA	Global with a Core of USA, Sub-Saharan Africa, South Asia, Latin America	VilCap plus a range of Foundations, Corporates and Govt Agencies (e.g. US AID) as Fund investors or as program partners	2009	Venture Capital backed Accelerator / Accelerator programme manager.	Agriculture, Education, Energy, Financial Services, Health, Other	High social impact by solving specific social problems using business solutions based on investment ready companies.
SPRING Accelerator	Palladium (consortium lead) FuseProject African Entrepreneur Collective	East Africa, South Asia, London	East Africa and South Asia	Funders DFID, USAID, Australian Aid (DFAT), Nike Foundation	2014	Accelerator	Supporting business ventures to reach young girls directly and at scale.	To improve adolescent girls' access to products that contribute to their economic outcomes and kick-start markets for products for adolescent girls.

Programme	Provider and management	Location	Catchment Area	Key Stake-holders	Start year	Type: Incubator /accelerator	Focus/ Specialities	Objectives
	GrowthAfrica							
Transforming Energy Access (TEA): **i) Energy Catalyst Fund** **ii) TIME**	Acumen Fund Energy 4 Impact Innovate UK Technology Strategy Board Loughborough University Shell Foundation PWC	UK	Global, but with focus on Africa	Various – see left	2016	Accelerator	Six components, including: i) Energy Catalyst Fund and ii) Accelerating Enterprise-led Innovation in Technology Business Models (TIME).	The aim is to accelerate innovation in technologies that address all elements of the energy trilemma, and support companies in applied research, market enabling actions, financial innovation measures and corporate partnerships. This will be focussed to support entry into underserved markets in Sub Saharan Africa.

Table 2. Entry requirements and decision-making process in Business Incubation and Acceleration Programmes

Programme	Entry requirements, including Business stage	Decision process (incl. steps)	Services provided (in connection with entry)	No. of successful entrants	Success rate % (av. pa)	Time lapse: Application to acceptance / failure
SET Squared (Surrey)	Digitech businesses with high scalability potential. Can be quite early stage but must be incorporated. Pre-revenue Start-ups accepted but must be looking at first funding round or first revenues within 6-9 months	Depends on entry route: a. Unsolicited via web. Devolved to selection panel of Resident Entrepreneurs/Expert Mentors based on Business Plan and Interview b. Via networks integrated with or close to SET, incl. -on campus Student Enterprise programme (pre-incubation) -referrals from Surrey 100 Angel Network (businesses needing incubation before funding) Pre-screened	a. Unsolicited applicants Limited to informal advice via selection panel c. On EP prospective entrepreneurs are - armed with an Executive Summary of their business proposition, a Pitch Deck, a Business Model and a basic Financial Plan; -learn from other successful small entrepreneurs, get pitch experience in front of	a.” several “year b. Up to 20 per annum via Student Enterprise and 0- 2 via each Angel event (5 held on campus pa) c. Via EP, 6 or 7 from each month’s programme	a. Not reliably measured b. N/A, as pre-screened by associated networks c. 20-25%. Other good prospects referred to other local programmes	a. quick; a few days to a few weeks depending on panel members’ availability b. N/A for Student E as decision made in University; on the spot for Angel referrals c. On the spot for EP

Programme	Entry requirements, including Business stage	Decision process (incl. steps)	Services provided (in connection with entry)	No. of successful entrants	Success rate % (av. pa)	Time lapse: Application to acceptance / failure
		c. Entrepreneurs Programme (EP). 2-day workshop programme held monthly for batches of 25-30 prospective entrepreneurs. Selection made by panel of investors and expert mentors (mainly volunteers) under supervision of Resident Entrepreneur. All decisions made under the delegated authority of Incubation Manager, Caroline Fleming, who overseas process within broad guidelines. CF also manages Surrey 100 Angel Network.	"Dragons Den" panel and instant feedback on propositions during speed mentoring session			
Seedcamp	Technology (Product) companies ranging from prototype to pre-launch to launch and sometimes post-revenue in terms of development	Pre-Seed Prior to the close of fund raising in 2017 for its latest fund (Fund IV), it operated (annual) one-week Bootcamps at its Google campus in London, where a highly selective cohort of around 20 presented to the SC Nation, with a number emerging with investment commitments. However, with Fund IV, it appears that selection process has been modified to a more conventional selection process with six stages as follows: 1. Online application with details of business, a Q&A form and pitch deck. 2. SC in-house investment team member review. Yes/No only 3. Deeper dive calling for external research and review by fuller in-house investment team and selected fund investors Yes/No only	Bootcamps involved intense coaching via rotational mentoring, pitch training, meetings with product and marketing experts. With Fund IV unclear if these remain or how they would fit the selection process. Current process seems to exclude services prior to entry, except constructive input likely to be provided to candidates that pass through the rounds	Pre-Fund IV. 100s or even 1000+ applicants reduced to about 20 for Bootcamp For Fund IV, unknown and likely too early to measure.	Well under 5% and probably close to 1% (normal for VC houses) Unknown	After selection for Bootcamp, probably many weeks in advance, investment decision and close fast after Bootcamp SC undertakes to make fast investment decisions. Stage 1 within 14 days Stages 2-6 not timetabled but research indicates speed which is essential for the type of investment targets,

Programme	Entry requirements, including Business stage	Decision process (incl. steps)	Services provided (in connection with entry)	No. of successful entrants	Success rate % (av. pa)	Time lapse: Application to acceptance / failure
		4. Interview with start-up led by SC partner probing further into business. If No feedback given 5.Presentation to full (but still small) SC investment team 6. Closing yes/no investment decision, unstated but probably after consulting selected fund investors				so a few weeks would seem likely
Village Capital	VilCap working with partner (e.g. Stichting Doen for Sub-Saharan Africa) selects a suitable community problem for programme solution. Entrepreneurs with a solution to help remedy the problem and usually at the seed-ready stage. These can be first-time or repeat actors	For each programme VC decides to run, there are two main decision stages: 1. Recruitment of cohort of local entrepreneurs, typically 10-12 onto a programme and with solutions to the problem. Process not fully disclosed but seems that search and selection made using VilCap's local community networks and social media outreach using a VilCap step-by-step guide, including more recently its VIRAL tool (see next column). Process overseen by VC 2. For each cohort there are usually 3 workshops spanning 12 days and spread over a month but can be longer aimed at getting the entrepreneurs investment ready. During the workshops, entrepreneurs are repeatedly ranked by their peers. The leaders, usually 2, leading the peer ranking at the end of the programme receive investment.	At Stage 1, there is no reference to entrepreneurs receiving services. At Stage 2, a VilCap curriculum is delivered to develop businesses with several elements and focused on solving 3 things: a. Customer discovery. Are you solving the right problem? b. Team discovery. Do you have the right team? c. Investor discovery. Are you ready for investment? "VIRAL", Venture Investment Readiness and Awareness Levels, a VilCap proprietary tool (which shows 9 levels of maturity of a company over its lifetime) is used as framework for the workshops to chart progress and to ensure all participants have a common understanding of	Ross Baird, CEO claimed in 2017 "we make contact with nearly 10,000 entrepreneurs a year, get to know about 150 of them through our programs and eventually invest in 15 to 20"	CEO's comments imply 1.5% make it through Stage 1 and around 0.2% make it to funding.	From application to Stage 1 selection is not given but several months to sift at top of the funnel implies very quick individual decisions. (CEO's comments imply an average of 1,000 entrepreneurs at the top of each accelerator programme). From the start to the end of Stage 2, a month (or perhaps a little longer), but the business is evolving to seed readiness over that period. The final peer decision is instantaneous.

Programme	Entry requirements, including Business stage	Decision process (incl. steps)	Services provided (in connection with entry)	No. of successful entrants	Success rate % (av. pa)	Time lapse: Application to acceptance / failure
			a business's state of readiness (Figure 2 above). Workshops bring together partners, mentors, investors and specialists to interact with the cohort. Throughout the workshops there is an in-built process of peer due diligence			
SPRING Accelerator	Not available	Learning from Cohort 1, the IP made the Cohort 2 selection process more efficient and identified seven specific businesses types for consideration in SPRING. The selection process was also changed; emphasis in Cohort 1 had been on the pitch camp whereas Cohort 2 selection accented a series of interviews with the decision makers in the businesses, and technical experts in SPRING. Greater involvement of Country Managers in Cohort 2 selection also introduced a greater level of local knowledge. Final selection decisions made at Selection Workshop, subject to due diligence.	SPRING accelerator inputs can be categorised into three categories: technical assistance (focusing on the HCD process as part of Bootcamps 1 and 2 and Research-in-Context, investment readiness support, and in-country support provided throughout the cohort; financial assistance, through the prototype development fund; and additional support, including in-kind, low, and pro-bono technical and advisory services, and mentoring.	SPRING has supported two cohorts of 18 businesses through a nine-month accelerator programme to date. Implementation of cohorts 3 and 4 is currently underway.	For Cohort 2, SPRING trialled a new model for providing grant funding, which allocated through a revised needs-based application and budget and targeted specifically towards prototype piloting and launching. Therefore, businesses would not be eligible for funding if was deemed that they would not launch a viable prototype. In Cohort 2, 14 businesses successfully applied for the PDF grant, receiving on average £38,925, and whereby 5 of the 14 businesses received the full amount of the budget requested.	Not available

Programme	Entry requirements, including Business stage	Decision process (incl. steps)	Services provided (in connection with entry)	No. of successful entrants	Success rate % (av. pa)	Time lapse: Application to acceptance / failure
Transforming Energy Access (TEA): **i) Energy Catalyst Fund** **ii) TIME**	Not available	Not available	i) Grants ii) Through the provision of grants and repayable grants, TIME will support companies in applied research, market enabling actions, financial innovation measures and corporate partnerships.	i) 73 awards have been made for promising innovative UK led solutions that have international application (target 15)	i) Round 5 had success rate of 6% ii) Unknown	Not available

Table 3. Programme activity - Business Incubation and Acceleration Programmes (coding for services provided is listed at the end of the table)

Programme	Summary description	Financial relationship	Progress review	Services provided	Decision process (including steps)	No. of companies	Success rate % av. pa	Time lapse: Entry to exit
SET Squared (Surrey)	Most incubates take physical desk space at Surrey Research Park or in one of its hubs (currently 3 in M3 Enterprise Partnership area and more opening). Some elect for virtual incubation. No set time limit for occupancy. 30 day notice contracts	Incubatees pay fixed monthly rent for space and services package. Reductions for pre-revenue businesses and virtual incubatees. Exception: Incubatees via EP entry route are on externally funded	Under SET squared Incubation model, incubatees are set development milestones by their Entrepreneurs Panel (EnPan), comprising their appointed Mentor and another Mentor (both experienced entrepreneurs). Previously, this model required a Business Review Panel at fixed 4 monthly intervals	Package of services tailored to each incubatee. The centrepiece offer is expert mentoring by an experienced entrepreneur. All Funded incubatees have a Mentor. A few paying Incubatees, elect not to.	Key elements are: -development milestone plan set at entry to Incubator and modified based on progress -monitoring via periodic EnPan review in presence of Incubatee -stable Mentoring relationship and EnPan composition EnPan will make Leave	40-60 in residence including hubs with capacity being expanded via new hub capacity. On average, 20% of companies are spin outs from the University	90% of incubated companies have a 3-year survival rate. Since 2002, 165+ early stage businesses supported.	No fixed time. Period typically ranges from a few months to 2 years. Mostly driven by whether the Incubator can continue to add value. The vast majority of incubatees leave of their own accord once they have outgrown the incubator.

Programme	Summary description	Financial relationship	Progress review	Services provided	Decision process (including steps)	No. of companies	Success rate % av. pa	Time lapse: Entry to exit
		packages (mostly from the ERDF).	without the appointed mentor. Now the two member EnPan review happens as required by latest milestone with evaluation being less formal using Balanced Scorecard (to assess strengths and weaknesses and pinpoint actions)	Services (see Glossary): W, O, FA, LA, N, AE, TS	recommendation if milestones not being met. Incubation Manager overseas EnPan process and would only rarely not endorse their recommendations.			
Seedcamp	Pre-seed and seed founders have opportunity to work from Google campus	Pre-seed Lead role with £100k for 7.5% target equity share with up to £250k via leveraging angel/HNW network. Seed Co-investment role in seed rounds up to £2m (max SC investment £400k)	Formal monitoring is via having access to same information as all other investors. Full access to information would be expected at further funding rounds Less formally monitoring exercised via other services	Services designed to accelerate business growth and thus through seeding rounds and onto Series fund raises. Provide intense mentoring and access to extensive investor, co-founders and other SME networks. Include tours to US to meet potential Series investors.	Funding mandates will include milestones for business development with progress monitored via SC investment team. SC doesn't take Board positions to avoid interfering in operating decisions but does take observer roles at Board meetings. Taken together, these roles will enable SC to intervene quickly if a business is off course or failing.	Prior to Fund IV, around 20 new founders pa, with about 250 founders in total since 2007. With Fund IV, a further 100 pan –European start-ups are targeted	Company failures not disclosed. Over $1bn raised in follow on funding for SC companies (as at August 2017) In 2017 SC announced the transfer of Funds I (2007) and II (2010) to Draper Esprit, a later stage VC investor realising a return of 4x original investment. SC retained by Draper to manage funds.	

Programme	Summary description	Financial relationship	Progress review	Services provided	Decision process (including steps)	No. of companies	Success rate % av. pa	Time lapse: Entry to exit
Village Capital	The Accelerator programme only offers workshop space, but the entrepreneurs are expected to be local.	Workshop winners originally received $100k seed money; current amounts not disclosed	Continue to monitor progress using VIRAL	Mentoring available. Training offered to develop management and business skills and continue readiness for Series funding rounds.	No specific disclosure of decision processes once the company is seeded, although via the progress review and the services provided, it is presumed that VC would be informed if interventions were needed	As at 2017, VilCap had made 80 investments since 2009	Of the 80, 62 remained active, with 13 exits and 7 write-offs. VilCap claims a 91% survival rate and that its businesses had raised $200mn additional capital.	As in normal VC funds, companies remain in VilCap funds for lifetime of funds unless exited via sale or written-off sooner.
SPRING Accelerator	Unknown	Grant funding provided to successful applicants		SPRING businesses receive nine months of world-class technical expertise, including Human-Centred Design Boot Camps, investment-readiness support and mentorship.	Not available	To date, 9 businesses have secured investment, and 19 businesses have increased their sales revenue		Unknown
Transforming Energy Access (TEA): **i) Energy Catalyst Fund** **ii) TIME**	Unknown	Grant funding provided to successful applicants		i) Grants ii) Through the provision of grants and repayable grants, TIME will support companies in applied research, market enabling actions, financial innovation measures and	Not available	ii) To date, 17 new business models and 16 new business applications ii) 33 new applications business models tested and proven	i) 0 supported proposals currently progressed to market following validation (target 2). NB 13 projects recently completed, but success data currently unavailable	Unknown

Programme	Summary description	Financial relationship	Progress review	Services provided	Decision process (including steps)	No. of companies	Success rate % av. pa	Time lapse: Entry to exit
				corporate partnerships.				

Services

Code	Service
M	Mentoring. Mentors are normally experienced entrepreneurs offering advice to start-ups as their ideas/businesses evolve.
W	Seminars and workshops provide formal teaching to start up participants.
O	Office and workspace provision are usual in physical incubators and accelerators. For science-based businesses such as Bio-Tech, laboratory space is also commonly provided.
FA	Funding advice is offered in cases where incubators/accelerators do not offer Direct Funding or where start-ups require growth funding beyond that available directly.
LA	Legal and accountancy support. These skills are typically lacking in young businesses. Accountancy skills needed to produce financial projections, advice on company formation and taxes. Legal skills needed also on company formation, contracts and Intellectual Property.
N	Access to connections such as experts, customers, potential collaborators, investors and other start up entrepreneurs. Access may be informal or formal in the form of organised events.
DF	Direct funding offered by Stakeholders in incubator/accelerator in the form of grants, loans or equity.
AE	Access to experts. Mentors may be generalists and their services may be supplemented by specialists such as academics.
TS	Technical support is supplemental to Legal and Accountancy support and may include IT support.

Table 4. Other considerations in Business Incubation and Acceleration Programmes

Programme	Performance measures	Success factors	Risk management issues
SET Squared (Surrey)	Surrey Incubation -Survival rate of incubatees. Maintaining at least 90% over a 3-year period is the key target. Otherwise: - For non-funded programme, investment raised, and jobs created. Plus, significant events, such as full or partial exits -For funded programme, the no. of new companies created University A range of impact measures like graduate job creation, investment raises, no. of SMEs helped, nos. of graduates setting up businesses etc.	An infrastructure for early stage ventures such as: -Strong networks which draw in quality business opportunities and engagement with experienced entrepreneurs and angel investors. -the Surrey Research Park as a major centre of excellence in SET - high quality and dedicated Business Advisers/Mentors -connection with University and access to top academics and research facilities - strong partnerships with corporates Plus, the excellent SET Squared Partnership which is widely considered to be the best University supported Incubation programme in the UK.	The University has equity in the Incubator via its ownership of the Research Park. It is understood that the Park runs at a surplus based on the rent and services charged to occupants and the low costs of delivering service packages to Incubatees. The successful track record of SET Squared Incubation/Surrey Incubation (and of the Research Park) contributes to the strong reputation of the University in knowledge-based entrepreneurship. Financial and reputational risk management depends on continuing this record
Seedcamp	-ROI for fund investors -Size of follow on fund raises (or exits) for investees (founders) -Nos of new companies funded by SC funds	An infrastructure for new founders built on: -a broad and deep community of support from previous founders able to advise and share their experiences -a global network which connects to leading investors, technology executives and experts -an ability to speed investment from pre-seed to seed and access to subsequent funding series such that funding delays don't hold back the business -a mentor network comprising leading industry actors from around the world.	- Prime issue is investment risk for SC and its investors in early/very early stage businesses managed by high portfolio diversification in terms of nos. of investees and different technology sectors. Being probably Europe's top pre-seed/seed investor means high reputational risk if it fails to meet high investor expectations.
Village Capital	As an Impact Investor, a broad range of measures used: For Portfolio: - no of investees, no. of exits and survival rates -add on capital raises - revenues generated -no. of beneficiaries -no. of jobs created	Peer selection, affording a differentiated model for investment decision making A toolkit, of which VIRAL is key for enabling fast and less subjective decision-making at the top of the funnel. The toolkit (which embodies the full VilCap accelerator model) is now being licensed out to approved communities on a trial basis (26 trials in 2017). Many Blue-Chip partners such Microsoft, PayPal, BlackRock, Blackstone	Prime issue is investment risk for VC and its investors in very early stage businesses managed by high portfolio diversification in terms of nos. of investees, geographic diversity and different technology sectors. VilCap reputation significantly based on its peer decision model and VIRAL toolkit. These must continue to deliver superior impacts.

Programme	Performance measures	Success factors	Risk management issues
	-CO2 emissions offset -acres of farmland sustainably managed Plus, social impact measures for each of its industry focus sectors. Also measures broad socio-economic impacts of its accelerator programmes across all participants. As of 2017, this comprised 51 programmes since 2009 engaging 550 enterprises	VilCap credits its investment model with creating improved longevity for seed companies (91% v 50% for Traditional VC over a 5 year + period). A 2016 report by the Global Accelerator Learning Initiative found that participants in a VilCap program earned follow-on investment at a rate eight times that of entrepreneurs who were not accepted for a program.	
SPRING Accelerator	Cumulative number of SPRING-supported businesses securing external investment, aided by participation in SPRING; Number of adolescent girls accessing SPRING supported businesses' products and services, or involved in the business operations; Number of SPRING businesses that have increased sales from products, services, or business models benefitting girls by 20% or more	Project not yet completed.	SPRING is a high-risk programme. It has been explicitly designed to test assumptions and build evidence in an area where the evidence base is weak. The evidence on women's ownership of assets is clear in terms of development benefits, but evidence on girls is not readily available. Moreover, using a private sector development approach to improve girls' ownership of assets is a novel approach. Rigorous monitoring and evaluation, and continuous focus on research are critical to the success of this initiative, given the experimental nature of programme design and the weak evidence base on interventions that work at scale to increase girl's access to assets. Risks have been identified at programme delivery, output and outcome level, such as: security risks in countries of operation, poor safeguarding, Grantee Businesses are unable to reach girls with low incomes in a commercially viable way and there is limited traction of new-market based approach to reaching girls, Grantee models are not commercially viable or cannot attract sufficient investor interest, not enough applicants of sufficient quality.
Transforming Energy Access (TEA)	i) Number of awards made for promising innovative UK led solutions that have international application; number of supported proposals progress to market following validation. ii) Cumulative number of new applications and business models tested and proven; number of energy policies influenced; number of financial innovations; number of new partnerships; research	Project not yet completed.	The key risks for TIME (all rated as severe) are: Energy applications and business models developed do not achieve their intended aims or do not generate sufficient market demand to meet outcome indicator targets. Implementing partners will be too engaged in managing their existing core businesses to devote sufficient time and effort to develop new innovations

Programme	Performance measures	Success factors	Risk management issues
	outputs. And objectives of improving the lives of low-income consumers, leveraging funding from other sources, and avoiding carbon emissions.		DFID reputational risk Due Diligence on Downstream Partners - inappropriate contractual relationships may be entered into with partners who are not well governed or financially stable

Table 5. Overview of other incubator and accelerator type programme models supported by DFID

DFID funded project	Model type[26]	Period of Activity	Where	Brief description
SPRING Accelerator	Accelerator	2014-2019	East Africa and South Asia	SPRING is a 5 year accelerator programme funded by DFID, Nike Foundation, and USAID, supporting enterprises to develop products and services which could transform the lives of adolescent girls. The SPRING programme is being implemented by a consortium of partners. SPRING will identify and support early-stage business ventures across 8 countries through up to four nine-month accelerator programmes, providing grant funding and technical assistance to drive the business models forward and ensure that products reach girls directly and at scale. By doing so, the programme aims to reach 200,000 girls

[26] Note that for many of these programmes this model type was not originally identified by the programme itself as a description, but has been identified for the purposes of this analysis, due to the programme having characteristics of either an accelerator or incubator model. However, in many cases there are elements of both, with the perceived closer match being selected.

DFID funded project	Model type[26]	Period of Activity	Where	Brief description
				with products, services or opportunities for income generation which contribute to their economic and wider empowerment and kick-start the wider market for such products and services. http://www.springaccelerator.org/ https://devtracker.dfid.gov.uk/projects/GB-COH-02394229-KESPG
Innovative Ventures & Technologies for Development (INVENT)	Incubator	2013-2021	India, Africa, and South Asia	The INVENT programme was approved in August 2013 to invest in and support technological and business innovations for the benefit of the poor in the low income states of India and in developing countries in Africa and South Asia. The aim is to encourage innovation amongst the private sector by provision of investment capital and business development services worth £27 m to innovative enterprises in low income states of India and £11m for enterprises in developing countries by 2019. The programme was conceived as a new area of work for DFID India with high expectations of learning by doing. In the latest review period the initiatives have shown that there is definitely a market/demand for Indian innovations in Africa/Asia but in many cases, it may not be readily realisable. https://devtracker.dfid.gov.uk/projects/GB-1-202927
Impact Accelerator	Accelerator	2012-2035	Sub-Saharan Africa and South Asia	The Impact Programme has two components: investment and market building. CDC manages our investments through two funds. These funds aim to demonstrate to other investors that it is possible to make successful impact investments that benefit poor people in our countries. The first fund, launched in 2013, is the Impact Fund (IF). It is a £305m fund of funds which invests in impact investment funds in harder places or in funds that in turn invest in enterprises that serve the poor as consumers, producers, suppliers or employees. The second fund, launched in 2015, is the Impact Accelerator (IA). It is a £333m fund which makes direct investments into businesses that are highly developmental, commercially viable and potentially scalable, with higher risk thresholds than commercial investors. www.theimpactprogramme.org.uk https://devtracker.dfid.gov.uk/projects/GB-1-202939
GSMA Ecosystem Accelerator Innovation Fund (M4D Utilities, Innovation Challenge Fund)	Accelerator	2016-2020	Africa and Asia Pacific	The GSMA Ecosystem Accelerator Innovation Fund provides selected start-ups in Africa and Asia Pacific with equity-free funding, technical assistance, and the opportunity to partner with mobile operators in their markets to help scale their products and services into sustainable businesses with positive socio-economic impact. The aim is to work jointly with the industry group representing mobile phone operators worldwide, the GSMA, and its subsidiary Mobile for Development, to identify and support the development and use of new, innovative ways in which mobile phone technologies and mobile network infrastructure can be used to improve the reach, delivery and affordability of life-enhancing services to poor people in Africa and Asia. As a result of this work some 14 million poor people are expected to benefit from improved access to life enhancing services by 2020. www.gsma.com/mobilefordevelopment/eainnovationfund

DFID funded project	Model type[26]	Period of Activity	Where	Brief description
				https://devtracker.dfid.gov.uk/projects/GB-1-203804/documents
Humanitarian Education Accelerator	Accelerator	2013-2020	Countries in crisis	Department for International Development (DFID), the United Nations Children's Fund (UNICEF) and the United Nations High Commissioner for Refugees (UNHCR) have partnered to form the first Humanitarian Education Accelerator. The initiative will help us understand how to transform good pilot projects into scalable educational initiatives for refugees and displaced communities worldwide. By developing a cohort of successful humanitarian innovators, we hope to build a strong evidence base of effective methods to scale and evaluate programs for refugee education. https://hea.globalinnovationexchange.org/ https://devtracker.dfid.gov.uk/projects/GB-1-203705
Transforming Energy Access (TEA): i) Energy Catalyst Fund (with Innovate UK)	Accelerator	2016-2021	Global, but with focus on Africa	The key focus of this programme is to support early stage testing and scale up of innovative technologies and business models that will accelerate access to affordable, clean energy services for poor households and enterprises, especially in Africa. The Energy Catalyst was established in 2013 as a national open competition, run by Innovate UK and co-funded with the Engineering & Physical Sciences Research Council (EPSRC) and the Department for Business, Energy & Industrial Strategy (BEIS). To date it has invested grant funding across more than 750 organisations and 250 projects. The aim is to accelerate UK enterprise innovation in technologies that address all elements of the energy trilemma: reducing emissions, improving security of supply, and reducing cost of energy. DFID's involvement began in 2016 with a commitment of £15m funding over the period 2016-2021 provided as part of the TEA programme. There have now been five Energy Catalyst rounds of funding to date, committing a total of £92.38 million. https://devtracker.dfid.gov.uk/projects/GB-1-204867
Transforming Energy Access (TEA): ii) Accelerating Enterprise-led Innovation in Technology Business Models (TIME)	Accelerator	2016-2021	Global, but with focus on Africa	The key focus of this programme is to support early stage testing and scale up of innovative technologies and business models that will accelerate access to affordable, clean energy services for poor households and enterprises, especially in Africa. Through the provision of grants and repayable grants, TIME will support companies in applied research, market enabling actions, financial innovation measures and corporate partnerships. This will be focussed to support entry into underserved markets in Sub Saharan Africa (SSA). A partnership with the Shell Foundation, TIME has been instrumental in establishing innovative finance facilities tailored to energy access, such as the Off-Grid Energy Facility (OGEF, first close $60m) with Calvert Foundation and AFDB, and Energy Entrepreneurs Fund (with FMO, first close $30m). The partnership has shown its ability to leverage other public and private sources of capital, with more than five times the value of DFID's contribution to the programme being invested by others into TIME backed enterprises in the first 2 years of the partnership.

DFID funded project	Model type[26]	Period of Activity	Where	Brief description
				https://devtracker.dfid.gov.uk/projects/GB-1-204867
Global Network of Climate Technology Innovation Centres	Incubator	2013-2019	Global	The DFID funded CIC global programme supports the design, implementation, and international coordination of national Climate Innovation Centres (CICs) in developing countries. The global CIC programme provides services which are central to the building of the network of CICs and to the good functioning of individual CICs. The programme also gathers general evidence on what works to encourage climate technology entrepreneurship in developing countries. This helps CICs to respond to wider technology trends as well as promote synergies with other developing country climate entrepreneurs. The country based CICs assist local entrepreneurs and small-medium enterprises ('CIC clients') to develop and sell innovative technology and business solutions focused on supplying clean, domestic energy, and managing water and agricultural resources for climate resilience. In this way the CICs promote local innovation while supporting economic growth through the creation of jobs and businesses. Building local capacity is central to CIC operations; for example the businesses supported by the Kenyan CIC have all achieved Kenyan legal registration and around 76% are entirely owned by Kenyan citizens. https://devtracker.dfid.gov.uk/projects/GB-1-202956
Human Development Innovation Fund for Tanzania	Incubator	2013-2020	Tanzania	The Human Development Innovation Fund (HDIF) is a £30 million, five-year challenge-fund programme funded by the UK Department for International Development (DFID) and managed by a Palladium (previously known as GRM) International-led consortium in Tanzania. HDIF aims to identify and support innovative and market-driven solutions that have the potential to create social impact in education; health; and Water, Sanitation and Hygiene (WASH) across Tanzania. HDIF seeks to catalyse the development, testing and scaling of innovative models of service delivery, use of Information and Communication Technologies for Development (ICT4D), and product solutions within these three sectors. HDIF was designed to catalyse new ways, models, approaches, technologies and more importantly participation of non-state actors, notably the private sector, in the delivery of quality, pro-poor basic services. The programme aims to incentivise and partner with both private-for-profit and private-not-for-profit players who demonstrate a high appetite for risk to invest in the hugely untapped market of pro-poor basic service delivery in Tanzania. https://devtracker.dfid.gov.uk/projects/GB-1-203539
Private Enterprise Programme Zambia (PEPZ) - Accelerator Fund	Accelerator	2013-2019	Zambia	PEPZ is a multi-component programme intended to increase firm productivity in ways which benefit poor men and women. The Business Linkages Programme, Business Plan Competition and Business Development Services components have been live since the start of 2015, and the Accelerator Fund (AF) since the start of 2016. The AF model entails significant innovation in a) DFID Zambia's structuring of its funding, through creation of a separate firm capable of investing in equity funds focused on supporting SME growth; b) in Kukula's investment model, which provides more hands on support to firms than is typical, and also designs from scratch the business model and hires the implementing team for some of its investments c) in Kukula's individual investments some of which are testing new ways of addressing complicated development challenges, such as deforestation or water and sanitation, through commercial means.

DFID funded project	Model type[26]	Period of Activity	Where	Brief description
				https://devtracker.dfid.gov.uk/projects/GB-1-201980/documents

Annex 5: People consulted and meetings observed

Name	Position/Organisation
Caroline Fleming	Head of Incubation SET Squared Surrey
Andrew Sutherland	P4F Deputy Team Leader, Operations
Ben Aschenaki	P4F Regional Manager, East Africa
Gillian Pais	P4F Regional Director, East Africa
Feker Tadesse	P4F MEL Officer, East Africa
Kwesi Korboe	P4F Regional Director, West and Central Africa
Michele Aaron	P4F Senior Manager, Grants
Stevia Angesty	P4F Manager, South East Asia
Stuart Rowland	P4F Manager, South East Asia
Neil Scotland	Senior Responsible Officer, DFID
Steve Arthur	Programme Manager, DFID
Kwaku Acheampong	P4F Senior Grants and Finance Associate, West and Central Africa
Albert Hidayat	P4F Investment Associate, South East Asia
Caitlin Stein	P4F Manager, Risk and Operations
Alexia Semov	P4F Investment Associate, East Africa
Winnie Mwaniki	Programme Manager, IDH (FP lead)
Eto Samuel Roger	Programme Manager, Eto Farms Cameroon (FP lead)
Martin Belcher	P4F Senior Manager, MEL
Aline Moore	P4F Senior Associate, MEL
Gabriel Eckoff	CEO Lestari Capital (FP lead)
Bienvenu Kouadio	MEL Lead Cemoi (FP lead)
Alexis Assiri	Agronomist, Cemoi (FP lead)

Rick Sools	Form International (FP lead)
Glory Sihombing	P4F Project Officer, South East Asia
Jerimiah Bentum	P4F Project Officer, West and Central Africa
Serina Ng, Private Sector Development Advisor	Private Sector Development Advisor
Simon Ratcliffe	Energy and Cities Advisor

Meetings Observed
Weekly Risk Committee Meeting
Weekly Project Review Committee Meeting
Bi-weekly Grants Meeting
Weekly Senior Leadership Meeting
Weekly Grants Meeting

Annex 6: Interview guides

Interview questionnaire with P4F Senior Grants Manager

AGENDA

1. Introduction to the EM team, purpose of the case study and information needs
2. Overview of your role with P4F
3. Interview questions

INTERVIEW QUESTIONS

Overview

- The assessment process is very clear on the process map, but what is unclear is when DD and grant requirements are presented and discussed with FPs and what is reviewed in terms of Idea note/PCN stage. Could you review this?
- How do regional grant officers get involved with individual FPs and supporting them with this process?

Grant process design

- What interaction did you have with any potential FPs or regional leads when designing the grant making process?
- What feedback have you had from the regions on the process? Do you know of any changes made by the regions to the process?

Overall process clarifications

- How frequently do processes change and how is this communicated to the wider team? Can you give an example of a change process?
- How do you verify that grantees are compliant with T&Cs set out in their grant agreements?
- What processes/documents do the grants team review/get involved from FPs once they move through the funnel- what requirements are reviewed at this stage?
- Can you please explain the grants results-based cost reimbursement mechanism? - When you state that grants receive output-based milestones, does this mean they still have to submit timesheets and receipts?

Effectiveness of the process for working with different actors

- What feedback have you had from different grantees on the appropriateness of the T&Cs? We've heard that agreeing the grant agreement can take up to 4 months. What is generally involved in this process and what takes the most time?
- What sort of thing do you look at when pulling together a grant agreement from an FP and how do you identify what is a feasible solution (when they don't have all the background information?).
- As many of the actors attracted to P4F don't have all the compliance information- is there a common and consistent list of substitutes that are being used or do you always start with asking for the "most compliance"?
- Can the process be adjusted to different types of actors? Are all the steps relevant/appropriate for each situation?
- Are requirements the same for all actors and have you had any feedback on this?
- Would you consider changing any processes for different amounts of money given to grantees?

Interview questionnaire with P4F risk manager

AGENDA

1. Introduction to the EM team, purpose of the case study and information needs

2. Overview of your role with P4F
3. Interview questions

INTERVIEW QUESTIONS

Overview

- Can you explain the risk management role and how and when risk is considered in the pre-pipeline process as it isn't clear from the process diagram?
- Who is involved in the process and assessing risks? Does DFID/SLT or SMT get involved in anything related to risks?
- How long does the process generally take?

Design process

- What requirements where considered/passed on from DFID related to risks?
- What processes and documents were used to design the P4F risk assessment and due diligence processes?

System and process

- What does the Risk Committee consider when making decisions on FPs? Is there a decision-making protocol to decide area of risks to consider?
- How are risks identified at programme/regional level integrated into operations/FP decision making/programming?
- How is due diligence assessed and signed off?
- Is the due diligence process and requirements made clear to FPs and potential FP leads? How is it made clear?
- Are back and forth queries related to DD and risks captured in one place (trello boards)? How is it verified that these comments are addressed?
- What would you do to improve processes if you could change anything to make processes more clear/better?
- Who identifies the risks facing FPs and potential mitigating factors? Are these reviewed at all in the region before being brought to RC?
- Is risk assessed again once a project is a grant and moves through the funnel stages?

Consideration of risk by FPs

- Is the level of risk for the FP appropriate? Does P4F absorb any risk in the process? If yes, what is it and how is it managed?
- What feedback (if any) have you had on the risk/due diligence process from FPs? Have the processes changed as a result of any feedback or review process?
- Can the incubation process be adjusted to different types of actors? Are all the steps relevant/appropriate for each situation?
- Do risk reviews adjust based on the different actors and their experience/capacity?
- Is there a level of risk that is identified as appropriate? How are decisions related to proceeding to take higher risks projects forward?

Interview questionnaire with P4F project officers

AGENDA

1. Introduction to the EM team, purpose of the case study and information needs
2. Overview of your role and the selected FP (where it is in the process, how it was identified, who is involved)
3. Interview questions

INTERVIEW QUESTIONS

Overview of the P4F grant making and assessment process

- Description and overview of the P4F grant making and assessment process
- How accurate are the P4F process maps? Why/why not?
- Would you describe the grant making processes, templates, application system as easily understood and easy to use?
- When are these processes explained to FPs/FP leads?

- Are the requirements for FPs for Due diligence and grant making clear and consistent between FPs and as a PO are you aware of all requirements at outset? Do questions emerge that you weren't aware of in advance?
- Are documents QA'd prior to submission to PRC/SMT? By whom? Who completes them?
- Would you describe the process as fair and transparent?
- What process in the grant making process requires the most amount of time and why?

Feedback on P4F processes

- What feedback have you had from the FP on the process? What has been the most challenging? What have you had to spend the most/least amount of time with FPs supporting?
- What would you change about the grant making/assessment process to make it more fit for purpose/more efficient? Why?
- Is the nature of the support provided in the pre-funnel stage technical business planning or more focused on ensuring applications are compatible with P4F processes?

Effectiveness of P4F processes engaging with key actors

- How effective is the P4F advertising process in attracting key actors (potential partners)? Any surprises or adjustments? Feedback on different ways to develop FPs and the relative pros and cons of each?
- How much risk do you think the FP takes on in becoming an FP? Do you think the level of risk is appropriate? Does P4F match that risk?
- Are these FPs lead by the right actors? How were they attracted/began interacting with P4F?
- Originally there had been an objective that all FPs would bring together PS/Community/Govt- is this happening in practice/why or why not?

Effectiveness in the system in generating FPs that will deliver at scale

- Do the forms/processes support developing a FP that is focused on scaling and clear pathways to maturity?
- Do FPs generally need support in developing pathways to impact /scaling or presenting ideas with outcomes at scale needed for P4F?

Interview questionnaire with FP Leads

AGENDA

1. Introduction to the EM team, purpose of the case study and information needs
2. Overview of your role and your FP (where it is in the P4F process, how you became engaged with P4F and some background on PF development)
3. Interview questions

INTERVIEW QUESTIONS

Overview of the P4F grant making and assessment process

- Would you describe the grant making processes, templates, application system as clearly explained to you, easily understood and easy to use?
- Were all requirements described or did requirements emerge that you weren't aware of originally?
- Would you describe the process as fair and transparent?
- As an applicant, was it easy to understand the different funding windows and themes and what you were eligible for?

Feedback on P4F processes

- What feedback do you have on the process? What has been the most challenging? What have you had to spend the most/least amount of time on in terms of the grant making/assessment process?
- What would you change about the grant making/assessment process to make it more fit for purpose/more efficient? Why?

- Is the nature of the support provided by P4F focused on technical business planning or on support for ensuring applications are compliant to P4F requirements?
- Do you have any opinion on the quality of support provided to generate a mature proposal?

Effectiveness of P4F processes engaging with different actors

- How did you learn about P4F and why did you decide to apply as an FP?
- Is the level of risk associated with P4F appropriate for the FP? How could this change if it isn't appropriate?

Comparison to other work

- If you do, what other types of funders do you generally seek to get business from/work with? How does this process differ? Has it added value in any way? If yes, how?
- How do the timescales/expectations compare to 'normal' business in the private sector?
- Is this FP organised differently from how you would normally do business? Why and how?
- Was any of the support given helpful in improving the quality of the business idea?
- Has this process influenced the way you do business, think about business or the way in which your organisation operates?

Interview questionnaire with rejected FP Leads

AGENDA

1. Introduction to the EM team, purpose of the case study and information needs
2. Overview of your project, how you got involved in P4F, and when and how it was rejected
3. Interview questions

INTERVIEW QUESTIONS

- What are your views of the P4F grant application and assessment process? What motivated your company/organisation to engage with P4F? Any room for improvement?
- What do you understand as the reasons behind P4F not progressing with your ideas? What happened after you stopped engaging with P4F? Alternative pathways? Further development and re-apply? Abort?
- Would you describe the process as fair and transparent?
- How did the timescales/ expectations compare to 'normal' business in the private sector?
- Would you describe the grant making process as fair and transparent?