



EVALUATION OF THE LATAM SCALING PROGRAM OF THE IMPACT HUB

Final Report
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Lead authors: Alexia Santallusia and Veronica Sanchez

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Acronyms and abbreviations

AF	Argidius Foundation
BDS	Business Development Services
CAINCO	Santa Cruz Chamber of Commerce Industry Services and Tourism of Santa Cruz Bolivia
CDMX	Cuidad de México (Mexico City)
DAC	Development Assistance Committee
EC	European Commission
ET	Evaluation Team
FTE	Full-time Employees
HP	High-potential (venture)
HR	Human Resources
IADB	Inter-American Development Bank
ICT	Information and Communication Technology
IDE	Impact-driven Enterprise
IH	Impact Hub
KEQ	Key Evaluation Question
KPI	Key Performance Indicator
LAC	Latin American and Caribbean
Latam	Latin America
LSM	Local Scaling Manager
M&E	Monitoring and Evaluation
NGO	Non-governmental Organisation
OECD	Organisation for Economic Cooperation and Development
PTE	Part-time Employees
RF	Results Framework
RM	Results Monitoring
SME	Small and Medium-Sized Enterprises
SDGs	Sustainable Development Goals
SGB	Small and Growing Business
SP	Scaling Program
ToC	Theory of Change
ToR	Terms of Reference
UNDP	United Nations Development Programme

Executive summary

Background to Impact Hub

Impact Hub (IH) is the largest global network of social enterprises, with over 16,000 members in more than 100 cities in 53 countries. It supports innovative, impact-driven ventures throughout their entrepreneurial journey by providing them with working infrastructure, a collaborative community where entrepreneurs connect and get inspired, and entrepreneurial support. The IH has been implementing scaling programs since 2015.

The Latam Scaling Program (SP) was a social enterprise (SE) support program, launched in 2017 in 5 local IHs in four Latin-American countries – Mexico, Brazil, Colombia and Costa Rica. It was designed to provide group cohort and individual expert support along the axes of knowledge, access, and skills to selected Latam ventures (or SGBs) with the aim of:¹ i) getting ventures **ready to scale**; and ii) **exploring and penetrating potential markets** via trade missions, connection to key advisors and partners and by providing access to different forms of financing and/or distribution channels. At present the IH Accra is piloting the SP targeting ventures in Ghana and Nigeria, leveraging on lessons learned from the Latam SP.

Background to the evaluation

Itad was appointed by the Argidius Foundation (AF) to undertake an independent evaluation of the **Latin-American (Latam) Scaling Program (SP) of the Impact Hub (IH)**. The primary purpose of the evaluation is to support mainly learning for the IH network and the AF. This is an **ex-post evaluation** that focuses on assessing results of the Latam SP which provided scaling support to 63 ventures (including 22 High Potentials (HPs)). **IH had to restructure the program in a significant way during late design stage to meet the requirements of a co-funder, the European Commission through the AL-Invest program.**

The assessment focused on the **contribution that the program made to successful outcomes of HPs** (revenue growth, job creation, investment raised of businesses), as well as its scaling achievements. In addition, to assess relevant design and implementation shortcomings (See Sections 5.1 and 6.3 for details), this Evaluation has also assessed the program design and operational delivery model.

The **Evaluation has applied a mixed methods approach** to the collection and analysis of primary and secondary data through: (i) **literature review** of social enterprises/SGB development, scaling and acceleration methods; (ii) **review of documentation** provided by IH GmbH and the AF including donor reporting; (iii) **in-depth calls/face-to-face interviews** with key program stakeholders; (iv) **analysis of IH data sets**; (v) **interviews with 12 ventures (10 HPs and 2 IDEs)**² in Monterrey, CDMX (Mexico) and San José following a semi-structured questionnaire.

KEQ1: SP's relevance of objectives

The Latam SP was adequately aligned with its primary stakeholders' strategic priorities. These were namely: i) IH GmbH and the 5 local IHs implementing the program; ii) SP funders (the AF and European Commission's AL-Invest program); and iii) participant ventures. However, the program's strategic relevance for some participant ventures had some shortcomings.

There are several factors that are constraining ventures to get ready to scale or to actually scale. Stakeholders mentioned **limited opportunities to connect** with the appropriate organizational partners; **lack of support tailored to their specific needs of scaling** to new markets, nationally or

¹ Source: AF, Grant Agreement 2017.

² 2 High Potentials from the local IH of the CDMX – 2 ventures – and 2 HPs from the San José IH – a venture - and a venture were interviewed via conference call, as during the field visit, they were not available.

internationally. Other relevant factors also worth highlighting was: lack of entrepreneurial mindset and knowledge on scaling methodologies, limited access to financing and inadequate corporate governance and organizational set up in ventures to support in scaling.

Interviewed ventures (10 HPs and 2 IDEs) in Mexico and Costa Rica mostly valued the following services delivered by the Latam SP: i) **Diagnosis and intervention plan and scaling methodologies**, both undertaken during the 2 day kick off session with participant ventures; ii) **individual support** from mentors /experts/consulting services; iii) **Ongoing support from the LSM**, especially from ventures from IH San José and CDMX and iv) **Group cohort training**, with the exception of IH Monterrey where more than 50% of ventures found it not that useful.

KEQ2: Relevance of Design

The Latam SP **experienced some shortcomings in its design that constrained the achievement of its intended objectives**, as defined in the AF grant agreement. First, there was not a common understanding of key terminology, for both scaling and social enterprise concepts. Second, the selection of the matching funder AL-Invest, triggered a restructuring of the Latam SP to be able to meet with their extensive requirements, affecting the relevance of the design. Third, the design followed a top down approach, from IH GmbH, with limited consultation of the local IH. There was also limited local contextual analysis undertaken. Fourth, the program also had insufficient governance and organizational arrangements leading to lack of ownership by the implementing local IHS.

Consultation with key stakeholders, including HPs in Mexico and Costa Rica indicated **that the services provided by the Latam SP have partially met the needs of the HPs served**. In many cases, the level of satisfaction was high (as in the case of CDMX and Costa Rica). Achievement of needs very much depended on the profile of the selected venture, on the drive and skills of the LSM to provide tailor-made support to ventures and on the resources allocated to support HPs.

Additionality: Based on the ventures' interviews, **eight of the twelve ventures attributed some of their growth to the Latam SP**. However, three of them stated they would be in the same situation if they had not participated in the Latam SP. Ventures with highly motivated entrepreneurs and who were already scaling did not attribute much of their success solely to SP. There was only one HP from Costa Rica who directly attributed its scaling success to the SP. One entrepreneur stated that the program had no effect on their businesses.

AF focuses on impact and sustainability while AL-Invest focuses on volume/reach and accountability. The different focus of these two funders may be considered to be strategically opposed. As a result, the Latam SP adapted their programme, during delivery, to reach AL-Invest's numerous targets - as the program was based on payment-by-results.

KEQ3: the Latam SP: service delivery to the right enterprises

There has been mixed success in identifying the right ventures to participate in the Latam SP. The majority of selected ventures were at an early stage of development compared to what was forecasted by the AF agreement. Only few ventures were already scaling or ready to scale. This was mainly due to various factors related to AL-Invest requirements and other design shortcomings.

The effectiveness of the Latam SP **delivery model was severely constrained by AL-Invest requirements** to reach volume and reach as opposed to facilitating participant ventures in scaling/getting ready to scale (on impact) by providing them with tailor-made support. This fact was compounded by the top down design approach followed, lack of program of local contextualization and the insufficient governance and organizational arrangements defined to support in the delivery of the program. Against this context, the Latam SP delivery team adjusted, when possible, the delivery of program services to cope with AL-Invest requirements and design shortcomings.

The Latam SP also experienced **several capacity and organizational performance issues** derived from AL-Invest requirements and design shortcomings: i) Limited program strategic and operational leadership; ii) LSMs overstretched to deliver its multiple functions (LSMs were key drivers of success of the Latam SP); iii) No Results Framework (RF) aligned with the ToC, developed by the ET was used to track progress and result achievement of the Program. The Latam SP used the RF from AL-Invest. In addition, limited internal monitoring and quality assurance activities of results by the SP leadership and IH GmbH were undertaken and there was a deficient knowledge management (KM), especially post-completion.

Level of satisfaction of services provided: Interviewed SGBs were satisfied (or very satisfied) with the Latam SP service. Moreover, ventures in Mexico would have paid the same as they actually did (approx. US\$ 500). And in **Costa Rica**, all ventures paid around US\$ 600 and they **would have paid much more** for the program.

KEQ4: Effectiveness of Latam SP Services

60% of interviewed HPs stated that the Latam SP has been instrumental in supporting them to enhance their value proposition, especially in terms of better defining their value added and their impact model, based on findings from the 10 case studies (interviews with HPs). 50% of ventures reported improves business collaborations and enhanced communications and marketing practices due to their support from the Latam SP. **5 (or 50%) of HPs that were already scaling by program inception** have further penetrated other countries since program completion. However, program contribution is generally not very strong. For the 5 interviewed HPs that were not scaling by program inception, at present all of them are scaling to new markets (nationally or internationally) or to the same markets with an increased product offer. **In this case, attribution is much stronger.**

The former behavioural and scaling achievements might explain the results on revenue, job and investment. However, these findings should be treated with caution as there are other factors that influence how a company performs and grows. Findings from the 10 interviewed HPs shows that:

- **Revenues** from the 10 HPs has grown by 51% during the 2017-18 period, mostly explained by 2 HPs (a venture *from IH Monterrey* and a venture from IH San José). None of them attributed their sales increase to the Latam SP. When comparing HPs' revenues before they received the Latam SP with expected revenue by end 2019, these are expected to have more than doubled for both countries (116%), but significantly more for ventures in Mexico (228%) than in Costa Rica (63%).
- During program implementation the **HPs created 46 jobs (46% increase)**. All HPs generated jobs, with the exception of two HPs, one from IH San José, an ICT company and a venture that was in early stages of development. Interviewed HPs expected to create **90 new jobs (89% change)**. This change is mainly explained by 133% growth in Mexico and only 57% growth in Costa Rica.
- Only 50% of the 10 interviewed HPs raised investment during the 2016- 2018 period (US\$ 2.2m). Generally, **investment has not been facilitated by the program.**

The Latam SP has contributed in a limited way to develop social capital and networking opportunities among participating entrepreneurs. However, there are variances across countries mainly driven by the proximity of the participant venture to the local IH location, delivery method of cohort trainings (on-line or face to face) and chances of interacting with international experts. This is the case for IH San José that created a very strong cohort--based experience which led to high engagement.

According to interviews with ventures, the most relevant Latam SP aspect that has contributed to achievement of outcomes is linked to the individual support provided, in particular mentorships and consulting services. According to interviews with ventures, the most relevant Latam SP aspects that

have not contributed to achievement of outcomes are: cohort trainings, peer to peer learning and access to investment activities. The ET also notes that AL-Invest reporting requirements led to the LSMs having to spend a significant amount of time on reporting task instead of supporting ventures to fulfil their needs so they could advance in scaling and in turn in achieving outcomes.

KEQ5: Latam SP Contribution to the Sustainability of Local IHs

The contribution of the Latam SP to the sustainability of the local Impact Hubs differs when comparing the short-term (e.g. financial impact and administrative costs) with the long-term effects (e.g. learning uptake and reputational impacts).

Short-term contribution: For both IH GmbH and the local IHs, **the Latam SP contributed negatively to their finances.** IH GmbH had to allocate additional resources to cope with reporting and administrative requirements of AL-Invest. Additionally, given that the Latam SP did not meet all AL-Invest targets, allocated funds were shortened by 25% (from US\$ 200,000 to US\$ 150,000)³ and financial arrangements led to high banking costs. For local IHs, this was partly because the design did not allocate resources for overheads for the delivery partners (local IHs), nor resources to finance the IH directors, who were key to the success of the program.

Long-term contribution: The Latam SP has had some positive effects on the sustainability of the IH GmbH, but in particular for the local IHs.

- **Positive effects:** For IH GmbH: (i) strengthened their fundraising strategy; (ii) increased funding for new programs; (iii) improved the IH network global positioning in the BDS market and (iv) provided with M&E tools. For local IHs: (a) positive reputational effects; (b) engaged in follow-up paid services with participating ventures (Costa Rica); (c) strengthened their revenue streams; (d) increased the efficiency of program delivery.
- **Negative effects:** For IH GmbH and local IHs: Some loss of institutional knowledge as some key delivery staff disengaged from the IH network. For local IHs: None of the participating ventures became members post completion. Though, those that were members held their memberships by completion.

KEQ6: Learning

Internal learning: The Latam SP delivery team has shared learning during implementation formally via their weekly meetings focusing on lessons learnt and how to coordinate to reach AL-Invest targets. However, most of the learning has been informal among LSMs by sharing best practices, documents and processes that could be of value for each other. Post completion, the IH internal evaluation report has identified some lessons learnt that have been used as an input for the design and follow-up programs; so, there has been learning uptake.

Learning from the IH network: The main focus of the Latam SP learning from the network has been from the EU scaling program, where some recommendations were taken into account when designing the SP (such as proactive scouting, focus on mentorships/experts, cohort training, etc.)

Learning from the funders: (i) AL-Invest partnership taught Impact Hub that a successful and effective program delivery highly depends on the right partner; (ii) AF guided IH GmbH strategically as a mentor. IH highly values AF's efforts to share and contribute to learning as well as to develop the ecosystem in the Central American region.

Conclusions

³ Source: IH, Completion report 2018.

The Latam SP was a very complex program that involved the delivery (mostly by young LSMs) of multiple cohorts and individual capacity building activities in four different countries across five locations in only 8 months. **This delivery of the Latam SP has been an excellent learning exercise for IH GmbH and involved local IHS.**

As mentioned throughout the report, the program **experienced relevant design shortcomings** related to:

- Insufficient preparatory work following a top-down approach by IH GmbH;
- Inadequate program governance and organisational arrangements leading to lack of ownership by local IHS;
- The selection of the matching funder, **AL-Invest, that triggered a major restructuring of the Latam SP, moving away from AF original objectives.**

The Latam SP delivery team had to adjust the delivery of program services to cope with these constraints, when possible, while meeting AL-Invest requirements that focused on volume and reach (and reporting). This resulted in **selected ventures being less mature than forecasted**, as AL-Invest requirements triggered an expansion of program activities for all selected 63 ventures and, in some cases, to the wider community. In addition, the process to select the right ventures was time constrained. Original intensive **tailor-made support to HPs was also diluted**, as resources were reallocated to IDEs.

The program had limited strategic and operational leadership, as the coordinator had to focus on AL-Invest monitoring activities and reporting activities. The extent to which the program was successful in the local IHS largely depended on the **LSM's drive and skills**, who was overstretched to deliver its multiple functions.

Nevertheless, the **level of satisfaction of services provided has been good**. Interviewed ventures were satisfied/very satisfied with Latam SP services. For IH San José (Costa Rica) ventures highly valued LSM support, together with individual support and scaling methodologies. The case of Mexico is more mixed, as IH Monterrey valued Latam SP services less than individual support and in few cases support from the LSM, while services valued from IH CDMX are aligned with IH San José.

With regard to the short-term outcomes of the Latam SP on beneficiary HPs, albeit all the design and delivery shortcomings, **some positive behavioural changes have been achieved**, and regarding scaling, 50% (or five) of HPs that were already scaling by program inception have further penetrated other countries (albeit program contribution is not strong) while all five ventures that were not scaling by program inception, are now scaling (stronger program contribution). Relating to long-term standard outcomes, HPs have created revenues, jobs and in a few cases accessed investment post completion, but the contribution of the Latam SP to these results is not strong. **The most relevant Latam SP aspect that has contributed to achievement of outcomes is linked to the individual support provided**, in particular mentorships and consulting services. In addition, there has been one HP in Mexico that mentioned the trade mission organised by IH CDMX. Another service mentioned by interviewed ventures was the scaling methodology session.

Recommendations

These recommendations have been put forward to facilitate the delivery of future scaling and accelerator programs englobed in the IH GmbH trans-local programming strategy. 'Direct recommendations' are the ET's suggested actions informed both by the evidence and their own sector-specific experience. Some recommendations result from IH Global and local teams' observations; other recommendations are sourced from the IH internal evaluation.

Strategy/design

- **Devote sufficient time to design the program** using a consultative approach with all affected parties, particularly implementing organisations. During this preparatory phase it is also important to: align stakeholders' aims and objectives for the program; undertake contextual analysis; define sound governance and organisational arrangements; develop program management tools and processes.
- **Select program funding partners more carefully**, undertaking due diligence of potential funding partners and minimising multi-funders when possible.
- **Establish appropriate human resourcing for the program:** ensuring clear roles and responsibilities; developing and sharing job descriptions; appointing leadership roles; ensuring appropriate numbers, skills and experience of LSMs for the number of ventures supported; establishing clear oversight and monitoring by IH GmbH staff.
- **Designing and using monitoring tools**, based on a RF at output and outcome level which follows a defined Theory of Change and has associated milestones/targets, with a monitoring manual. To the extent possible, **these tools should operate across funders' requirements**. Monitoring tools should be shared **with all relevant team members** and **program management processes should be standardised**.

Delivery model

- Devote **sufficient time** to implement planned activities; for instance, separate the program set-up process from venture scouting and selection; ensure more time for the selection process; ensure key staff are in place and trained before implementation with ventures begins.
- Carefully consider whether **ventures from other regions** should be selected.
- Include **incentives to promote participation**, including making the VIP services for HPs more visible and understanding the financial incentives, particularly for HPs and ventures ready to scale, for whom the possibility of getting access to finance would increase applications.
- Establish clear **criteria for selection** of IDEs and HPs, including potential for exporting which implies a minimum knowledge of destination countries, and **incorporate external jury members** in the **selection committees**.

Main program services

Cohort training

- **Define a minimum of basic mandatory trainings** to achieve graduation, including **impact measurement**.
- When possible, **offer parallel face-to-face and online training sessions**.
- In some cases, **training should have a two-tier structure**: first, a theoretical session, followed by homework by ventures and a follow-up session.

Scaling methodology

- **Improve the train-the-trainer session** and **provide more in-depth sessions of scaling methodologies**, possibly expanding the 2-day kick-off scaling training into an in-person acceleration week.⁴

Individual support to HPs

- Increase access to international, **industry experts and champions** at the local level.
- Offer alternative individual support in addition to mentorships, such as coaching and consultancy.
- **Enhance business linkage related activities, such as trade missions and fairs**

⁴ Impact Hub, Latam Scaling Program Internal Evaluation Report Impact Hub, July 2019.

- **Undertake market studies that are of interest for HPs.**
- **Strengthen peer-to-peer learning**, including more advanced ventures coaching less developed ones and sufficient interaction between participant ventures and amongst HPs⁵.
- **Ensure ongoing support from LSM** to ventures during and after the program.

Consider adding the following services

- **Access to finance:** if possible, provide access to funding to (some) ventures, or partner with a local or regional organisation that could provide it to the most advanced HPs.
- **Access and connection with potential partners** in the destination country.
- Organise **formal networking events**, like business roundtables to foster business collaboration and activities to support **organisational culture**.

Monitoring (not covered in the design section)

- Define a **quality assurance process**, given that data is self-reported.
- Develop a **consolidated report**, that summarises all findings and learning from the Latam SP, to clarify what the results of the program (or aggregated results) have been.

Learning

- Systematise learning from IH GmbH and local IHs, including systematising tools and processes developed by LSMs and introduce this as a post completion activity in future SPs.
- Develop and publish **success stories** about spill-overs (or trickle-down) effects of the Latam IHs on selected social entrepreneurs that have considerably improved their outcomes.
- Develop a **knowledge management system at the Global and local IH level**.

Sustainability

- Continue to **leverage on the Global and regional scope of IH GmbH**.
- Ensure that Local Impact Hubs are **sufficiently resourced for program delivery**.
- Regional program must have **clear allocation of resources** by country and by activity.

⁵ Impact Hub, Latam Scaling Program Internal Evaluation Report Impact Hub, July 2019.

1 Introduction

Itad has been appointed by the Argidius Foundation (AF) to undertake an independent evaluation of the **Latin American (Latam) Scaling Program (SP) of the Impact Hub (IH)**. The primary purpose of the evaluation is to support mainly learning for the IH network and the AF. The evaluation will also serve a secondary purpose of accountability, by assessing program results focusing on its contribution to successful outcomes (revenue growth/ job creation/investment raised) of ventures; short and medium-term results (including scaling achievements); and factors that have positively and negatively influenced these results (source: adapted from the ToR). **This is the final Itad evaluation commissioned by AF of its supported projects and programs.**⁶

This **draft external evaluation report is the third and final deliverable by Itad to the AF related to the Evaluation of the Latam SP**. The Terms of Reference (ToR) for the evaluation are presented in Annex 1. The first deliverable included *ex ante* program activities: (i) the *Design of the theory of change* for the program; and (ii) a *High-level assessment of the IH SP Results Monitoring (RM) Framework*. The second deliverable (*ex post* program activities) was the *Inception Report* to define the final evaluation design, scope and key evaluation questions (KEQs).

1.1 Audience

The **audience of this evaluation** (also referred to as primary stakeholders) are as follows:

- Beneficiary ventures
- The Argidius Foundation
- Implementing local Impact Hubs, Impact Hub GmbH, and the Impact Hub network at large.

1.2 The evaluation framework

The **evaluation framework** was developed jointly by Itad and IH GmbH at program preparation stage while reviewing the Results Monitoring (RM) system defined for the program.⁷ It included internal evaluation and data gathering activities to be used as an input for this evaluation. See table 1 for details.

Table 1: Latam SP: *ex post* evaluation framework

Activity	1.End-of-program internal evaluation	2. Online survey to ventures (7–8 months post completion)	3. EXTERNAL Evaluation (15 months post completion)
Timeline	July 2018	Jan–Feb 2019	Sept 2019 – Jan 2020
Responsible	IH GmbH (in consultation with SP regional lead, regional partnership lead and local scaling managers)	IH GmbH (in consultation with Itad ET)	Itad ET (in consultation with IH GmbH, Implementing local IHs and the AF)
Main focus	<ul style="list-style-type: none">• Success factors and challenges• Replicable aspects• Strategic relevance• Lessons learnt	<ul style="list-style-type: none">• Short-term outcomes achievement• Emerging long-term outcomes achievement (20 respondents)	EVALUATION following OECD-DAC criteria with emphasis on outcomes achievement – scope defined by the KEQs. <u>Focus on high potentials</u>

Source: Itad

⁶ Itad has completed evaluations of the following programs: Enclude, GrowthAfrica, Intellecip and Alterna – all supported by the AF.

⁷ See Itad, Impact Hub Scaling Program Results Framework Review, October 2018.

1.3 Structure of this report

The report consists of the following sections:

- **Section 2** lays out the background and context of the evaluation.
- **Section 3** summarises the evaluation scope, approach, data collection and analysis methodology.

The following six sections are structured according to the KEQs – (see section 3 for explanation of the evaluation approach and methodology).

- **Section 4** assesses the strategic relevance of the SP to primary stakeholders as well as assessing program services that have been most valuable for participating ventures (KEQ1).
- **Section 5** presents findings for KEQ2 which focuses on the relevance of design of the SP in: (i) enabling the program to achieved its objectives; and (ii) meeting needs for the participating ventures. This section also assesses the additionality of the Latam SP in two implementing countries: Mexico and Costa Rica.
- **Section 6** presents the findings for KEQ3 which focuses on assessing the program operational model and processes and services actually delivered to participating ventures. These include the Latam SP's identification and selection processes, including the criteria it uses to guide selection decisions.
- **Section 7** presents the findings for KEQ4 which examines the extent to which outcomes were achieved against expectations, as well as highlighting a small number of unexpected outcomes.
- **Section 8** provides a light touch analysis of the contribution of the SP to the sustainability of local IHs where the SP was implemented as well as for IH GmbH (KEQ5).
- **Section 9** presents the findings for KEQ6, which focuses on Latam SP's internal and external learnings as well as identifying aspects of the program that can be replicated.

Finally, **section 10** draws conclusions about the relevance, efficiency and effectiveness of the Latam SP of the IH before highlighting a number of strategic/design and operational recommendations to the Impact Hub.

2 Background to the evaluation

2.1 The Impact Hub

The Latam SP is a social enterprise support program developed and implemented by the largest global network of social enterprises, the Impact Hub, with 100 independently owned locations in 53 countries with over 16,000 members around the world. At the network level, local Impact Hubs are organized into an association. The general assembly of Impact Hubs is a democratic decision-making body, supported by an elected board. The Impact Hub Association wholly owns Impact Hub GmbH, a limited liability company registered in Austria, which supports and executes the Impact Hub Network's global strategy and executed the LatAm SP.

For over a decade, the network has been supporting innovative, impact-driven ventures throughout their entrepreneurial journey by providing them with working infrastructure, a collaborative community where entrepreneurs connect and get inspired, and entrepreneurial support. Building upon its core model of providing coworking space, community, and events, Impact Hubs have started to provide tailored support programs to social entrepreneurs as early as 2010. IH has been since supporting social enterprises from intention formation to impact at scale, providing incubation, acceleration and scaling programs. In the Latam region, 20 local IHs have been established in ten countries⁸ with 31 dedicated enterprise programs implemented in the region during 2018.⁹

Until 2013, the IH was quite Eurocentric with programming activities designed and implemented in an ad hoc way, with limited strategic purpose at the network level¹⁰. Since then the has been increasingly focusing to strengthen its presence in emerging countries, while regionalising and adapting to local contexts. In that regard, the local IHs from the Latam region have established a cluster to join forces towards business development, improving internal and external communications and to operate in a more strategic and cohesive way. In addition, the IH network has recently made significant investments of time and resources into strengthening its programming arm. The network's Trans-Local Programmes Strategy developed in 2018 provides a framework for capacity building and growth of entrepreneur support programs throughout the network. IH GmbH has hired dedicated staff to manage and measure entrepreneur support programmes and build capacity globally.

Against this context, the IH started implementing scaling programs in 2015 with a prototype in eight cities across Europe supporting 110 ventures. After the European experience, IH decided to expand the SP to emerging markets, an expansion that was closely linked to the IH regional development approach at that time.¹¹ The Latam SP version was adapted mainly based on lessons learnt from the European SP internal evaluation and was launched in 2017 in five local IHs in four Latin American countries – Mexico, Brazil, Colombia and Costa Rica. At present the IH Accra is piloting the SP targeting ventures in Ghana and Nigeria, leveraging on lessons learnt from the Latam SP.

2.2 The Latam scaling program

The Latam SP was designed to provide group cohort and individual expert support along the axes of knowledge, access and skills to selected Latam ventures (or Small and Growing Businesses (SGBs)) with the aim of:¹² (i) getting ventures **ready to scale**; and (ii) **exploring and penetrating potential markets** via

⁸ Source: <https://impacthub.net/locations/>

⁹ Source: Impact Hub, Impact Report_Latin America & Caribbean, 2019.

¹⁰ Impact Hub started in 2005 in London and quickly grew around the world. Impact Hub started to focus its strategic growth on the Global South starting in 2013. While Europe to date still is the largest region, 40% of Impact Hubs in the network are located in the Global South.

¹¹ The SP supports to demonstrate the value of the network in each region and nourishes the local IH value propositions that are proven to be ready to grow and expand operations.

¹² Source: AF, Grant Agreement 2017.

trade missions, connection to key advisers and partners and by providing access to different forms of financing and/or distribution channels. Expected beneficiaries were understood as innovative ventures that have: (a) proven innovative solutions that demonstrates positive social/environmental impact; (b) managed to build a sustainable business model; and (c) have an ambition to scale their reach to many more beneficiaries and places (adapted from Impact Hub definition).

By completion, the Latam SP was expected *'to have a pipeline of scaling ventures developed, of which 10–15 to have scaled successfully, attracting investment to the region'* (Source: AF, Grant Agreement, 2017). In addition, they also intended to contribute to the development of the scaling infrastructure in the participating IHS.

Originally, the Latam SP, as agreed with the AF, was expected **to engage with 80 ventures (the so-called impact-driven enterprises – IDEs)**¹³ and provide them with introductory scaling workshops to educate them around opportunities related to scaling, scaling pathways and potential challenges. Then it was planned to **select 20 high-potential (HP) ventures** from among the 80 ventures that would receive more intensive and customised support as they have more potential to successfully scale in the short term.

However, in order to meet AL-Invest requirements (the co-founder of the program together with AF), **IH had to significantly restructure the program during late design stage** in early 2017, which impacted on the quality and intensity of the services provided to the ventures as well on the results (see sections 5.1 and 7 for details).

Key adjustments made to the initial program design (included in the AF Grant Agreement) to comply with AL-Invest requirements were as follows:

- ✓ Number of participating ventures (IDEs + HPs): Reduction of participants from 80 to 63¹⁴ ventures (including the 22 HPs¹⁵), with the 41 IDEs receiving more intensive support than originally planned;
- ✓ Timing: The timeline of the Latam SP was reduced from 18 to 12 months (from June 2017 – June 2018 period, with preparations starting in April 2017);
- ✓ The scope: the number of countries was expanded from 3 to 4 in 5 cities: Bogotá (Colombia), São Paulo (Brazil), Mexico DF (Mexico), Monterrey (Mexico) and San José (Costa Rica);
- ✓ Structure: Instead of three cohorts in each location, due to the limited timeframe, this was reduced to one cohort in each location;
- ✓ Access to grant funding to enhance scaling: elimination of the: (i) *Acceleration Fund* (up to €60,000) for ventures to set up consulting services or to enrol in other acceleration programs in other cities; and (ii) *Mobility Fund* (up to €16,000) for ventures piloting scaling models that need support in transport and accommodation costs;
- ✓ Potential eligible ventures had to comply with more strict requirements (see table 5 in section 5.1 below for details).

Program activities

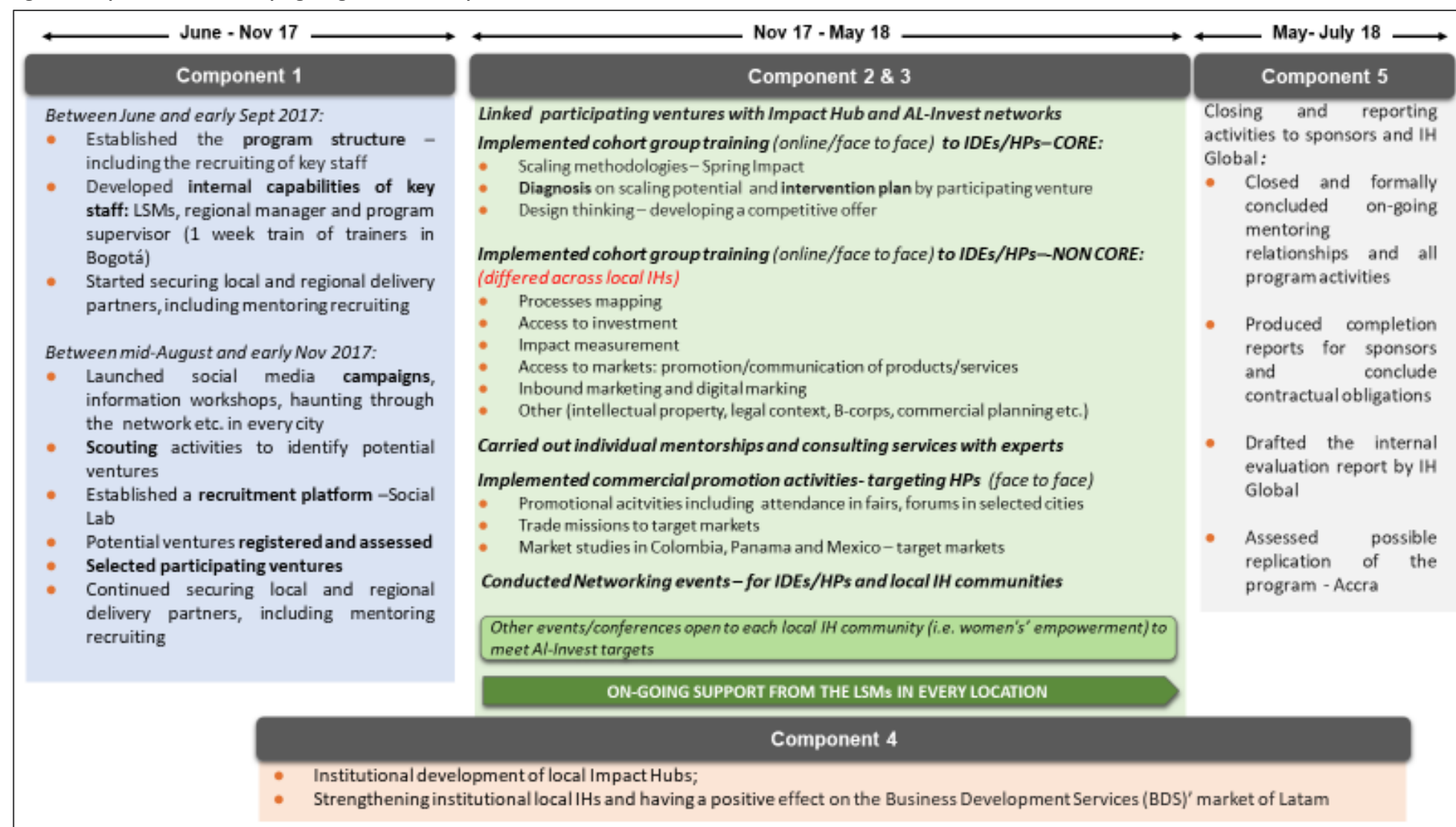
The resulting program was organised around five components, as detailed in Figure 1 below.

¹³ IDE: impact driven enterprises are ventures that do not only generate employment but also social and environmental impact (Impact Hub 2019, LatAm Scaling Program Internal Evaluation Report, July 2019).

¹⁴ Albeit in IH and AL-Invest reporting it only refers to 62, the ET found 63 ventures participating in the Latam SP. There was one venture from Costa Rica which was not included in the reporting.

¹⁵ Albeit in IH reporting it only refers to 20 HPs, the ET found 22 HPs because, in Costa Rica, two were added as a backup.

Figure 1: Impact Hub Latam Scaling Program main components



Source: Impact Hub, Latam Scaling Program Evaluation Report Impact Hub (2019) adapted by the ET.

The **restructured program resulted to be complex in nature and in delivery**. First, it involved the delivery of multiple cohort and individual training sessions to 63 ventures in four different countries across five locations. In theory, the support was supposed to be tailored and adapted to the needs of ventures (and in particular to the HPs). However, in reality, **group cohort training and some individual support was mostly delivered towards contributing to AL-Invest target indicators**.¹⁶

Governance arrangements

The program's governance arrangements were never clearly stipulated. Although the program was led by IH GmbH, there were no clear lines of accountability between IH GmbH and the selected local Implementing local IHS. Key staff to deliver and manage the program were recruited (and hence accountable) by IH GmbH, albeit these were operating (and hence using resources) from the local Implementing local IHS. These key staff were:

- The regional Latam SP manager (Javier Carvajal) and his assistant (both based in Bogotá);
- The Global Director (the Latam Regional Business Development lead – Henrique Bussacos);
- The five LSMs under the supervision of the regional Latam SP manager (and in turn the Global Director):
 - Costa Rica – IH San José: Cristina Vinda
 - Mexico – IH Monterrey: César Sánchez and IH Mexico City (Cuidad de México-CDMX): Héctor Moreno
 - Colombia – IH Bogotá: Liliana Corzo
 - Brazil – São Paulo: Lina Lopez and, from March 2018, Ruy Camargo.

2.3 Argidius Foundation's support to business development services

Argidius Foundation is a Swiss-based charitable foundation established in 1956, which is part of Porticus, the international organisation that advises charitable entities established by the Brenninkmeijer family. Since adopting its current strategy in 2013, **Argidius' main goal has been to promote the growth of small and medium-sized enterprises (SMEs) to improve the lives of the poor through increased income generation**. It provides grants to organisations working in developing countries, where the SME sector is relatively underserved, resulting in what is known as the 'missing middle'. As of October 2019, the AF had a portfolio of 92 active grants to 54 organisations¹⁷ – i.e. BDS providers, non-government organisations (NGOs), accelerators/incubators, and financing providers – across several regions (Latin America and sub-Saharan Africa).

In 2016, the AF management team identified the need to better understand the results achieved by its partners and their programs. The AF, with Itad support, developed a theory of change (ToC) to identify expected outcomes and causal pathways between AF interventions and its ultimate goal. Subsequently, the AF commissioned evaluations of selected programs under its portfolio to test the ToC as well as to assess their progress and results to date. This evaluation is the fourth conducted by Itad for the AF, and this report follows the approach outlined in a detailed inception report submitted in February 2018.

Argidius Foundation's support to Latam SP

The AF has been supporting the IH since 2014 providing them with funding to expand their network of hubs in the Global South, and core funding to strengthen their network and operations, including BDS. Since 2019, IH has become a strategic partner for the AF. Details of support are:

- The **first Grant Agreement** was signed on 21 July 2014 to support IH in the implementation of the Africa Seed Program for a period of 2 years until June 2016. This consisted in setting up of up to six local founding IH teams in West and sub-Saharan Africa. The goal was to build sustainable,

¹⁶ See Annex 2

¹⁷ Some grants are provided to the same partner. Number of partners is 54. Source: Argidius Foundation.

locally embedded Impact Hubs to support, once fully running, 600–1,000 individual entrepreneurs and small and growing businesses. Seven teams of the appropriate standard were identified, and the grant was **amended** in March 2015, to support the expanded scope.¹⁸

- The **second Grant Agreement** was signed on 9 November 2015 for the 2015–19 (four years) period. Its main goal was to strengthen the IH network in the Latam region by: (i) launching four to five locally owned IHs while incubating 30 early stage entrepreneurs in these new local IHs (the Seed Program); and (ii) implementing a regional scaling program; the focus of this evaluation.¹⁹
- The **third grand agreement (strategic investment)** was signed on 12 April 2017 for the 2017–20 (three years) period to support IH in implementing a strategic shift from focusing on geographic growth to improving performance and sustainability of existing IHs, strengthening their governance structure, and deepening IH's understanding and validation of their approach to entrepreneurial support.²⁰
- The **fourth Grant Agreement (strategic partnership)** was signed on 17 December for the 2019–22 (four years) period to support IH in deepening its offering and its impact by increasing effectiveness and accessibility of entrepreneurial support services and by growing capacity of Impact Hubs and other BDS providers. Global with focus on Africa and Latin America.²¹

¹⁸ Argidius-Impact Hub Grant Agreement R3222, signed.

¹⁹ Argidius-Impact Hub Grant Agreement R5031, signed.

²⁰ Argidius-Impact Hub Grant Agreement R6117, signed.

²¹ Argidius-Impact Hub Grant Agreement GR-59217, signed.

3 Evaluation scope, approach and methodology

3.1 Evaluation scope

This is an **ex post evaluation** that focuses on assessing the contribution that the program has made to successful outcomes (revenue growth, job creation, investment raised of businesses) to **HPs** as well as its scaling achievements. In addition, due to relevant design and implementation shortcomings (see sections 5.1 and 6.3 for details), this evaluation has also placed emphasis on analysing the program design and operational delivery model.

3.2 Evaluation approach

The approach to this evaluation was largely determined by the objectives and requirements of the ToR. During the issuance of the inception report for the evaluation (October 2019), the ET refined and expanded the KEQs (see Annex 3 for details), established the evaluation methodology, designed the data collection strategy and defined the field visit approach. During implementation phase some refinements were made with regard to the field visit approach; see section 3.3 for details).

The following activities were undertaken during the evaluation implementation phase:

- *Further stakeholder consultations* with selected primary stakeholders including the AF, Santa Cruz Chamber of Commerce Industry Services and Tourism of Santa Cruz Bolivia (CAINCO) (AL-Invest implementer partner in Latam), IH GmbH staff, local IHs in Bogotá and São Paulo, local scaling managers (LSMs) via conference call. See Annex 4 for details of people interviewed.
- *Field visits to Mexico (CDMX and Monterrey) and Costa Rica (San José)* from the 2 November to the 6 November 2019 (parallel visits): to interview participant ventures (mostly HPs), to consult extensively with the local IHs (and with the LSMs) to finalise the compilation of data and information and with other program stakeholders (including selected program delivery partners). We also consulted selected secondary stakeholders that are active in the sector and could provide us with valuable insights. See Annex 4 for details of people interviewed during the field visit.
- *Triangulated data* collected during desk research (from inception and implementation phase), stakeholder consultation process and the field visit to confirm and cross-validate findings against evaluation questions to assess the strength of the evidence.
- *Prepared a first draft of the report* (this report) which presents key findings across all the evaluation areas as well as main conclusions and recommendations. Following feedback from AF and Impact Hub, we will prepare a final draft report that will incorporate these comments, which we will submit for final review and sign off.

The evaluation has taken into account the OECD-DAC standard criteria for evaluation of development assistance: relevance; effectiveness; efficiency; impact; sustainability. The evaluation has also considered the stage of the project lifecycle, the trajectory of sustainability, and the direction of impact.

3.3 Evaluation methodology

The **evaluation has applied a mixed method approach** to the collection and analysis of primary and secondary data and information:

- **Literature review** on social enterprises/SGBs development, scaling and acceleration methods and programs to inform our evaluation;
- **Program Desk review** using documentation provided by IH GmbH and the AF including reporting from IH GmbH to AL-Invest and the IH internal evaluation report. Given the limited information provided by IH GmbH on the SP program and lack of standardised implementation of the SP across implementation locations, the ET **designed and administered a survey tool** (draft country template) to gather evidence of on program design/delivery across locations;

- **In-depth calls/face-to-face interviews** with key program stakeholders to get a better understanding of the program background, challenges, lessons learnt as well as expectations. Priority was given to interact with the LSMs to obtain a detailed understanding of program delivery in each location;
- **Analysis of the online survey data** undertaken in 2018 (post completion) and the **HP post completion database** (the 'venture data') to help the ET gather additional evidence about outcomes and other short-term effects of the Latam SP on HPs;
- **Interviews with 12 ventures (10 HPs and 2 IDEs)**²² in Monterrey, CDMX (Mexico) and San José following a semi-structured questionnaire – see Annex 4 for the template. These interviews explored the causal relationships in the ToC, investigating the pathways leading from program activities, outputs to short-term and long-term outcomes. More specifically, the case studies evaluated the contribution of the Latam SP to behavioural changes towards getting ready to scale (or towards scaling) and their financial performance. The ET followed the field visit approach detailed in the inception report to select the ventures to conduct the deep dives; all HPs from Monterrey and San José (total of 10 HP) would be interviewed. However, in Monterrey due to lack of availability/contact with some HPs by the IH, two IDEs were also interviewed during the beginning of the week. Then by end of the week, the former local scaling manager (LSM) from IH CDMX was able to organise calls with two HPs from his portfolio, which were not initially planned.

3.4 Limitations/risks and bias and mitigation/management actions

The ET has encountered the following limitations to undertake evaluation that have been mitigated, when possible with remedial actions:

- **Timeliness and completeness of information:**
 - Since program completion, some key members of the Latam SP delivery team – regional SP manager and local scaling managers (LSMs) in Bogotá and CDMX – have disengaged from the Impact Hub – as their contracts ended. However, the ET was able to have meet with the LSM from CDMX and have a call with the LSM from Bogotá, albeit they did not have access to program documentation anymore.²³ The ET team was not able to engage with the regional SP manager.
 - There has been a low response to the online survey undertaken by IH GmbH; of the 62 beneficiary ventures, only 20 filled in the survey (32.2%). The ET team leveraged on existing data collected by IH GmbH post completion (with a focus on the HPs) and on data gathered during the deep dives.
 - There is a high dispersion of the IH GmbH and local staff involved in the program design, delivery and monitoring/management that negatively affected the effective and timely collection of program information. An evaluation champion was nominated from IH GmbH that has been in charge of coordinating document collection and connecting the ET with stakeholders and other IH staff that need to be consulted.
 - Due to the decentralised nature of program implementation, program information was highly dispersed. When the LSM is still in the local IH or the local IH director had been actively involved in the delivery of the program, information was generally located. However, in the case of Mexico – for both Monterrey and CDMX – the ET had challenges in accessing program information.
- **Timing of the evaluation:** The ET observed that the IH in Accra (Ghana) is already replicating the SP program with a smaller scope (focusing only on around 18 ventures) and taking identified

²² 2 High Potentials from the local IH of the CDMX and two HPs from the San José IH were interviewed via conference call, because they were not available during the field visit.

²³ On a positive note, IH Global gave the former LSM from CDMX temporary access to his email and google drive to locate documentation that the ET was requesting for.

lessons learnt from the Latam SP by the delivery team into account. Similarly, the program launched by IH Geneva in partnership with UNDP, Accelerate2030, has also been designed leveraging on learning from the Latam SP. This limits to some extent the opportunity to integrate learning from this evaluation into these new programs. The ET has taken into account the lessons already learnt and complemented these, adding other valuable aspects of the Latam SP that may be worth replicating or avoiding in designing future trans-local scaling programs.

- **Limited budget of the evaluation:** As a result of the budget limitations, it was not possible for the ET to visit a representative sample of ventures (HPs) across all locations where the program was delivered. The ET only visited ventures in two countries (Mexico and Costa Rica) and three Impact Hub locations (Monterrey, Mexico DF and San José). Hence, some of the findings on HPs are limited to the Costa Rican and Mexican context. Where possible, the ET has extrapolated findings or collected data via other sources to cover the entire program.

Addressing potential bias

There are two broader types of bias relevant to this evaluation: (i) **respondent bias**, e.g. ‘courtesy’ which has been found to be strong in Latin American countries, ‘social acceptability’ and ‘political correctness’, and ‘attribution biases’ such as respondents’ perception of events, and (ii) **evaluator bias** (e.g. contract renewal, friendship, and cherry-picking data).²⁴

Regarding **respondent bias**, the interviews were undertaken exclusively by the evaluators. The evaluators’ experience in professionally building rapport with interviewees, combined with long interview conversations and observations, offered chances to detect whether their exploit initial responses were close to what they think rather than what they may have said due to courtesy, social acceptability or political correctness.

With regard to the **evaluator bias**, members of the ET were independent consultants, with diverse sources of income and their performance in this project was not driven by vested interests. Regarding ‘friendship bias’, their participation in this project consisted of less than 30 days and fieldwork took place within one-intensive week in each country (Mexico and Costa Rica). There was no real time to engage in friendship, beyond a good working relationship with Impact Hub, plus a basic rapport with the SGBs. Finally, to cope with the danger of ‘cherry-picking’ data collection, this was based on the agreed script for semi-structured interviews.

²⁴ White, H. and D. Phillips (2012). ‘Addressing attribution of cause and effect in small n impact evaluations: towards an integrated framework’. New Delhi: International Initiative for Impact Evaluation: 71.

4 Findings: SP's relevance of objectives (KEQ1)

KEQ1: Summary of Findings

The Latam SP was adequately aligned with its primary stakeholders' strategic priorities. These were: (i) IH GmbH and the five local IHs implementing the program; (ii) SP funders (the AF, European Commission (AL-Invest program)); and (iii) participant ventures. However, the program strategic relevance for some participant ventures had some shortcomings.

There are several factors that are constraining ventures to get ready scale or to actually scale. Stakeholders mentioned **limited opportunities to connect** with the appropriate organisational partners; **lack of support tailored to their specific needs of scaling** to new markets, nationally or internationally. Other relevant factors also worth highlighting were: lack of entrepreneurial mindset and knowledge on scaling methodologies, limited access to financing and inadequate corporate governance, and organisational set-up in ventures to support in scaling.

Interviewed ventures (10 HPs and 2 IDEs) in Mexico and Costa Rica mostly valued the following services delivered by the Latam SP: (i) **Diagnosis and intervention plan and scaling methodologies**, both undertaken during the 2-day kick-off session with participant ventures; (ii) **individual support** from mentors/experts/consulting services; (iii) **Ongoing support from the LSM**, especially from ventures from IH San José and CDMX and (iv) **Group cohort training**, with the exception of IH Monterrey where more than 50% of ventures found it not that useful.

For IH San José (Costa Rica) ventures **highly valued LSM support, together with individual support and scaling methodologies**. Without the customized support of the LSM, they would not have been able to obtain the individual services that they needed. The case **of Mexico is more mixed**. Ventures at IH Monterrey did not value Latam SP services as much as the ones from IH San José did, but they appreciated the individual support and, in a few cases, they also appreciated the support from the LSM. The ventures supported by IH CDMX valued the same services as those supported by IH San José.

4.1 Alignment of Latam SP objectives with key stakeholders' priorities

The Latam SP was adequately aligned with its primary stakeholder's strategic priorities. These were namely: (i) IH GmbH and the five local IHs implementing the program; (ii) SP funders (the AF, European Commission (AL-Invest program)); and (iii) participant ventures. However, as mentioned below, the program's **strategic relevance for some participant ventures had some shortcomings**.

The Impact Hub

The **Latam SP was generally in line with the IH GmbH strategy** that aimed at strengthening its programming activities, with a focus on emerging countries. The IH believes that they can bring a unique value of having a locally embedded and globally connected physical network while filling critical gaps in the markets that prevent social enterprises from growing. In addition, the Latam SP was also closely linked with their regional development approach that supports most mature local IHs to implement more sophisticated and internationally funded programs.²⁵ Post the Latam SP, selected Latam local IHs have been involved in the follow-up program: Accelerate2030 led by IH Geneva and with the UNDP as a strategic partner (see section 8 for more details).

As planned in the AF Grant Agreement, the ET notes that IH, as part of their strategy, is now in the process of piloting the SP in Accra before expanding further into sub-Saharan Africa, with a smaller group cohort

²⁵ Source: AF Grant Agreement, R5031.

(targeting 18 ventures in one location only). See section 9.1 on lessons learnt from the Latam SP applied to the Accra pilot.

The current IH strategy, which is in the process of being implemented, puts a strong emphasis on effectively delivering 'Growing performance and impact of supported enterprises via more effective support services and more intentional peer support'.

In that regard, IH is starting to implement a **trans-local programs strategy** that aims to intensify programmatic activities of the network as a whole. They are also in the process to review local and Global programs methodology, processes, operations and team set-up, as well as streamline program activities. They expect to create a set of efficient programs that respond to the market needs, build on IH piloted programs and that can be sold to multiple clients and/or multiple times to a single client (this activity is partly funded by the AF) (Source: IH GmbH). With this strategy they expect to provide a more effective and inclusive support to enterprises leveraging on their competitive advantages while growing their local capacity.

Local Impact Hubs

As detailed in table 2, the **strategic focus of each local IH that implemented the program varied to some extent**, depending on the priorities of the IH founders/directors, on the profile of ventures and on their operational environment. With the exception of CDMX, in general, the implementers have a strong focus on supporting ventures via BDS – either implemented by them or by a partner.

Table 2: Strategic focus of local IH – the implementers

Local IH	Strategic focus
Bogotá	<ul style="list-style-type: none"> Strong focus on Impact; they provide consulting services Community builders and networkers Recently positioned as providers of BDS in the ecosystem. They have established partnerships with key players (Bogotá municipality, Art Institute etc.)
CDMX	<ul style="list-style-type: none"> Strong community builders and networkers focus via the co-working space (key players based in the IH) and by hosting events Limited focus on BDS to ventures (focus on two themes). They are now reaching states outside the capital, Oaxaca, Campeche etc. Facilitate access to investment
Monterrey	<ul style="list-style-type: none"> Strong focus on BDS to social ventures. They have established partnerships with key players in the ecosystem (Centro Tecnológico de Monterrey, Federal Government etc.) Limited use of co-working space; thinking of transforming the space in a café Community builders and networkers Lobby for public policies
São Paulo	<ul style="list-style-type: none"> Strong focus on BDS to social ventures. They have established partnerships with key players in the ecosystem (BNDES, UNDP etc.) Community builders and networkers
San José	<ul style="list-style-type: none"> Strong focus on Impact; they provide consulting services Community builders and networkers Positioned as providers of BDS in the ecosystem with focus on ventures that want to scale (first movers). Increase support as consultancy service providers for corporations

Source: Interviews

The Argidius Foundation

The **Latam SP was fully aligned with AF strategic interests**. Please refer to section 2.3 for details. In addition, AF focus was not on accountability but on learning towards improving programming.

European Commission (EC)

The EC via the AL-Invest program, its main cooperation program for the Latam region, has been supporting the region since 1994 to *'promote internationalisation and to promote and encourage productivity in thousands of micro, small and medium-size companies'*.²⁶ In particular the fifth phase of the program (from which the Latam SP was funded) had a focus on growth for social cohesion in Latin America. According to CAINCO, the agency who leads on the implementation on behalf of the EC, the **Latam SP was a strategic fit for the program**. The profile of targeted ventures for the Latam SP matched their targeted profile. They also valued the AF, as a strategic partner, and the proposed scaling methodology. They also believed that the SP could reach a high number of ventures, contributing towards the achievement of their overall AL-Invest target indicators.

4.2 Is the Latam SP addressing critical constraints to ventures' growth and helping them to achieve their scale potential in the target countries?

According to the evidence base (literature review and primary data collection) there are several factors that are constraining ventures to get ready to scale or to actually scale.

A conference on Scaling Corporate Social Enterprise organised by the Inter-American Development Bank (IADB) and various partners²⁷ identified that most pressing constraints for ventures to scale were: **limited opportunities to connect** with the appropriate organisational partners (i.e. with the value chains of large companies), and **lack of support tailored to their specific needs of scaling** to new markets, nationally or internationally.

In addition, interviewed stakeholders in Mexico and Costa Rica also identified the following constraints:

- **Disconnection of key players in the ecosystem** (incubators, accelerators, academic sectors, public, private sector), especially between BDS and impact investors. There is a lack of clear articulation in Costa Rica and, to a lesser extent, in Mexico and there is no clear specialisation among actors. In addition, for Costa Rica, there are not well-prepared consultants working in BDS.
- **Limited access to scaling methodologies** and knowledge on scaling to value ventures' options given their business model.
- **Access to financing**, especially towards facilitating the implementation of pilots to test scaling model. Venture Capital is in early stages of development in Latin America. Additionally, entrepreneurship and particularly social and environmental enterprises are new concepts not only in Central America, but in the world. Then, social entrepreneurship and investment is seen as a niche sector from venture capital that is also a niche sector. Access to finance is very scarce with investments coming mainly from NGOs and the private sector.
- Lack of an **adequate corporate governance and organisation** set-up as well as professionalisation of processes to support in the scaling processes.
- **Lack of entrepreneurial mindset**: risk averse nature of the population that prevents entrepreneurs to scale their business models. In addition, schools teach people on how to become a work employee not an entrepreneur.
- **Lack of product innovation and adaptation** by ventures that are planning to enter a new market;

²⁶ http://www.alinvest5.org/index.php?option=com_content&view=featured&Itemid=154&lang=en

²⁷ <https://www.iadb.org/en/news/news-releases/2014-11-20/conference-on-scaling-corporate-social-enterprise.html>

- **Limited for the government for entrepreneurial BDS (Costa Rica).** The public organisation, the National Banking System for Development has allocated some resources as seed capital to the sector, but not in a consistent way.
- **Adequate market size (Costa Rica):**
 - Guatemala and Costa Rica are the most developed countries in Central America in the entrepreneurial sector. Costa Rica has the purchasing power and Guatemala has the market size;
 - Although in Costa Rica some start-ups are aware of the necessity of growing to other countries, because of size of their local market, they think locally (in the Central American region), but very few explore other regions of the world.
- Lack of **adequate security** in some regions where producers of the products are located (Mexico).

Based on the services provided by the Latam SP and the intended and unintended outcomes of the program, it is possible to state that the Latam SP partially addressed these constraints.

The Latam SP helped to connect key players in the ecosystem, particularly in Costa Rica where the ecosystem was in early stages of development. For instance, Auge, another BDS provider, decided to partner with IH San José to help them to identify the most appropriate SGBs for their service. The training in scaling methodologies was offered as a standardised methodology in all IHs and it was among the most valuable services. There is evidence that the Latam SP supported the entrepreneurial mindset, as most ventures stated improvement in entrepreneurial motivation, skills, knowledge of the sector and confidence level, although more so in Costa Rica than Mexico (see section 7.3 and Table 29 for more information). To address product innovation and adaptation, the Latam SP offered training on design thinking in all locations. The market size constraint in Costa Rica was directly addressed by incentivizing ventures to scale internationally. Regarding the government and lack of entrepreneurial BDS support, IH San José was able to engage Procomer, a government agency, as a mentor. Although, this experience has helped IH San José to position themselves as an effective delivery partner for the public (and private) sector, during the Latam SP, they only worked with one venture.

On the other hand, although access to finance was supposed to be offered through different services of the program (i.e. market studies and investor identification), it was mainly provided through training sessions, making it one of the less efficient aspects of the program as assessed in the following sections. Finally, inadequate corporate governance and organisation are constraints that the Latam SP did not address directly nor indirectly. Only some services offered by the program addressed internal processes, but no services targeted governance aspects of the organisation.

4.3 Which combinations of services are the most important/valuable for ventures in contributing to scaling (or in getting ready to scale)?

It has been challenging for the ET to compare Latam SP services provided by each local IH given that there was limited standardisation in the delivery. Albeit some deliverables were the same for all local IHs, such as market studies, very few trainings were actually standardised, except for the Spring Impact scaling methodology. Hence, each local IH had the liberty to define how to reach AL-Invest target indicators.

Based on what was offered in the five local IHs, the ET elaborated a list of general services to facilitate comparisons. The following table summarises interviewed ventures' views on the usefulness of services they received towards contributing to scale or in getting ready to scale. As it can be observed, the views varied significantly between local IHs (see section 6.3 for details).

Table 3: Case studies summary of value of services (as a percentage of the total)

		Local Impact Hub			
		TOTAL n = 12	IH Monterrey n = 5	IH CDMX n = 2	IH San José n = 5
Diagnosis and intervention plan	Very useful or useful	92	80	100	100
	OK	0	0	0	0
	Not that useful or not useful at all	8	20	0	0
	Did not use this support	0	0	0	0
Scaling methodologies	Very useful or useful	75	40	100	100
	OK	8	20	0	0
	Not that useful or Not useful at all	8	20	0	0
	Did not use this support	0	0	0	0
Ongoing support from the scaling manager	Very useful or useful	75	40	100	100
	OK	17	40	0	0
	Not that useful or Not useful at all	8	20	0	0
	Did not use this support	0	0	0	0
Group cohort training	Very useful or useful	83	60	100	100
	OK	0	0	0	0
	Not that useful or Not useful at all	25	60	0	0
	Did not use this support	0	0	0	0
Individual support – mentors/experts/consulting services	Very useful or useful	67	40	50	100
	OK	8	0	50	0
	Not that useful or Not useful at all	25	60	0	0
	Did not use this support	0	0	0	0
Individual support – market studies	Very useful or useful	33	60	0	20
	OK	25	0	100	20
	Not that useful or Not useful at all	25	20	0	40
	Did not use this support	17	20	0	20
Access to investment	Very useful or useful	0	0	0	0
	OK	0	0	0	0
	Not that useful or Not useful at all	25	60	0	0
	Did not use this support	67	40	50	100
Access to networks	Very useful or useful	25	0	50	40
	OK	17	0	0	40
	Not that useful or Not useful at all	8	0	0	20
	Did not use this support	50	100	50	0
Trade missions/fairs (Global Venture Summit)	Very useful or useful	33	20	50	40
	OK	0	0	0	0
	Not that useful or Not useful at all	33	40	50	20
	Did not use this support	33	40	0	40
Peer-to-peer learning (P2P)	Very useful or useful	42	0	50	80
	OK	8	0	0	20
	Not that useful or Not useful at all	42	100	0	0
	Did not use this support	8	0	50	0

Source: Table constructed by the ET. Cells in red and green colour represent more 50% of the sample. Cells in yellow represent ventures that did not receive the service.

Note 1: IH Monterrey includes two ventures that were IDEs.

Note 2: Cohort training from IH Monterrey has one double answer, totalling 13 answers instead of 12.

Scaling methodologies, Access to investment considered 11 answers as ventures could not recall the service.

The services that were MOSTLY VALUED were as follows:

- **Diagnosis and intervention plan:** Most ventures found this service at least useful (92%). Only few ventures from IH Monterrey did not value the service (20%);
- **Scaling methodologies:** Most ventures found this service at least useful (75%) and 50% found it very useful. Only some ventures from IH Monterrey find it just Ok (20%) or not that useful (20%);

- **Individual support – mentors /experts/consulting services:** Most ventures found this service at least very useful (67%) and 50% very useful. Particularly in IH San José as 80% found it very useful. In IH Monterrey 60% found it not that useful;
- **Ongoing support from the LSM:** All ventures found the service very useful (100%) but some ventures from IH Monterrey ok (40%) or not that useful (20%);
- **Group cohort training:** Most ventures found this service at least useful (83%). In IH CDMX two interviewed HPs found it very useful and in IH Monterrey more than 50% found it not that useful.

For IH San José (Costa Rica) ventures **highly valued LSM support, together with individual support and scaling methodologies**. Without the customized support of the LSM, they would not have been able to obtain the individual services that they needed. The case **of Mexico is more mixed**. IH Monterrey did not value Latam SP services as much as IH San José did, but they appreciated the individual support and, in a few cases, they also appreciated the support from the LSM. The ventures supported by IH CDMX valued the same services as those supported by IH San José.

The services that were the LEAST VALUED were as follows:

- **Individual support – market studies:** Market studies were not highly valued, with the exception of IH Monterrey where 60% of the ventures valued the service. However, one venture in IH CDMX found it ok.
- **Access to investment:** 67% of the sample stated that they did not receive this service particularly in IH San José. In IH Monterrey, 60% of the sample recognised having received the services, but it was not that useful.
- **Access to networks:** Half of the sample stated that they did not receive any kind of access to networks. Only one venture from IH CDMX and 40% of the ventures in IH San José recognised having received the service and found it at least useful.
- **Trade missions/fairs (Global Venture Summit):** 33% of the sample stated that they did not benefit from this service, particularly from IH San José (40% of the ventures). Only one venture from IH CDMX and 40 % of the ventures in IH San José recognised having received the service and found it at least useful and one venture from IH CDMX found it not that useful.
- **Peer-to-peer learning (P2P):** Only 42% of the sample valued this service. One venture at IH CDMX even did not recognise this as a SP service.

These results are generally aligned with the findings from the internal evaluation report produced by IH GmbH. The evaluation generally concurs with the internal evaluation in the fact that HPs valued program support from mentors, trainings and workshops (especially the scaling methodology), diagnosis and goal setting, scaling methodologies and ongoing support from the LSM.

5 Findings: SP's relevance of design (KEQ2)

KEQ2: Summary of Findings

The Latam SP **experienced some shortcomings in its design that constrained the achievement of its intended objectives** – as defined in the AF Grant Agreement. First, there was not a common understanding of key terminology, for both scaling and social enterprise concepts. Second, the selection of the matching funder, AL-Invest, triggered a restructuring of the Latam SP to be able to meet with their extensive requirements affecting the relevance of the design. Third, the design followed a top-down approach, from IH GmbH, with limited consultation of the local IH. There was also limited local contextual analysis undertaken. Fourth, the program did not have sufficient governance and organisational arrangements, leading to a lack of ownership by the implementing local IHS.

Consultation with key stakeholders, including HPs in Mexico and Costa Rica indicated **that the services provided by the Latam SP have partially met the needs of the HPs served**, albeit in many cases the level of satisfaction was high (as in the case of CDMX and Costa Rica). Achievement of needs very much depended on the profile of the selected venture, and on the drive and skills of the LSM to provide tailor-made support to ventures and on the resources allocated to support HPs.

Additionality: Based on the ventures' interviews, **eight of the twelve ventures attributed some of their growth to the Latam SP**. However, three of them stated they would be in the same situation if they had not participated in the Latam SP. Ventures with entrepreneurs who were highly motivated and already scaling did not attribute much of their success solely to SP (they stated '*we would have grown a little more slowly*'). There was only one HP from Costa Rica who directly attributed its scaling success to the SP. One entrepreneur stated that the program had no effect on their businesses.

5.1 To what extent did the Latam SP design enable the program to achieve its objectives?

As detailed below, the Latam SP **experienced relevant design shortcomings that constrained the achievement of its intended objectives** – as defined in the AF Grant Agreement. These were related to:

- Foundations of the program: common understanding of key terminology
- Selection of the matching funder
- Top-down design approach
- Local context: the operational environment
- Governance and organisational arrangements
- Applying Itad-developed monitoring and evaluation (M&E) tools.

Foundations of the program: common understanding of key terminology

By reading program documentation and interviewing key stakeholders, it became clear to the ET that at the design stage there **was no common understanding** across IH GmbH and among the local IHS that implemented the program of both the **scaling and social enterprise concepts**.

Scaling definitions

'Scaling is a method to support a venture to accelerate and grow'

'Scaling is the stage that follows a venture after it completes an accelerator program to reach international markets'

'A Scaling program is the same as an accelerator program'

By not **having a clear and concise definition of scaling** that could be understood in the local ecosystems, Impact Hub was at risk of **selecting the wrong ventures for the program**. Some stakeholders mentioned that this concept was quite new in the local ecosystems and they would have welcomed some awareness-raising activities related to the concept during the promotion of the program. The ET notes that by applying the scaling methodology of Spring Impact during the training to the delivery staff and during implementation, the scaling concept became clear to key program delivery staff and to ventures.

With regard to the social enterprise concept, the ET notes that the IH network in general has not yet articulated, in a concise way, **their understanding of a social enterprise**. For the program, the social enterprise definition **was vague and was related to ventures complying with some of the 17 Sustainable Development Goals (SDGs) that fall into the AL-Invest priority sectors**.²⁸ This fact triggered the selection of some ventures with an unclear social purpose (see section 6.1 for details). The ET has developed a mini framework (see Annex 5) that the IH can further develop if they wish to fine tune the concept. Please note the social enterprise concept may have to be adapted to fit the local context.

Selection of the matching Funder

As mentioned in section 2.2, **incorporating AL-Invest as a matching funder triggered a restructuring of the Latam SP** to be able to meet with their extensive requirements affecting the relevance of the design. AF focuses on impact and sustainability while AL-Invest (public) focuses on volume/reach and accountability. The different focus of these two funders may be considered to be strategically opposed. As a result, the Latam SP adapted their programme, during delivery, to reach AL-Invest's numerous targets – as the program was based on payment by results. The ET agrees with the internal evaluation report that the *'highly-tailored nature did not match with the required high quantities of standardised trainings nor was it suitable for an accelerated program timeline.'*

Top-down design approach

The initial design of the program was to a large extent **conducted by IH GmbH using inputs from the EU scaling program experience**. IH GmbH provided a methodology and framework for its scaling approach where some activities and tools were already pre-defined (such as the scaling workshop based on Spring Impact, diagnostics and development plans, individual mentorship, etc.) without local input. Then, the São Paulo IH took the lead on the redesign of the Latam SP in light of AL-Invest requirements. Local **IHs that implemented the program were minimally consulted** on the program design (for example: in one case the local IH had only 2 days to provide comments, in another case the proposal was not shared). IH GmbH recognises that this was an 'anomaly' as they normally follow a more consultative process during program designs. The ET notes that AL-Invest timing for proposal submission was very tight.

The ET are unclear on the selection process for the local IHs participating in the program. IH GmbH claims that the 'most mature Latam IHs' were selected. IHs in Bogota, Mexico City, and Sao Paulo were already part of the original proposal to the AF, being some of the oldest IHs in the region, with existing communities and infrastructure, and high-performing. Then IH Monterrey and San Jose were added later

²⁸ These were: (i) Clean energy, climate change mitigation and sustainability; (ii) Serves the bottom of the pyramid with basic services (health, housing and financial services); (iii) agricultural business; and (iv) ICT company that serves low and middle-income populations, education or inclusive cities? (Source: AL-Invest reporting).

due to AL Invest requirements of expanding the program to more locations. They were both located in comparably stable economies²⁹ (Source: IH GmbH).

Local context: the operational environment

As a result of the top-down approach followed during design/preparation stage there was **limited contextual analysis** undertaken to: (i) ensure that the delivery IH city was appropriately selected, and (ii) adapt the program delivery to the needs and operational environment of each delivery city. Local IHs should have been involved in the design as they know the realities of the ecosystem and ventures and could have adjusted the program delivery accordingly.

Governance and organisational arrangements

The Latam SP did not have sufficient **governance and organisational arrangements**, which affected the delivery of the program (see section 6.3 for details). the local IHs that were selected to implement the Latam were excluded from the governance arrangements, as LSMs responsible for implementing the Latam SP were recruited by IH GmbH and reported to the regional SP manager based in Colombia. Therefore, the local IHs did not have a **sense of ownership of the Latam SP**.

The defined organisational arrangements of the program also **experienced some shortcomings** that affected the delivery of the program. It was expected that the program would be delivered by one LSM in each location plus the regional SP manager, an assistant and oversight support from the Latam Regional Business Development lead. Hence the weight of the program delivery fell onto one person per location: **the LSM**, with multiple and **ambitious roles and responsibilities** (and hence, skills). LSMs were supposed to:

- Act as community managers during the promotional campaigns;
- Understand the ecosystem to be able to identify program delivery partners and mentors that fulfil the venture's needs;
- Keep track of the ventures progress based on the diagnostic;
- Be a thought partner for participating ventures;
- Maintain mentor networks and connecting entrepreneurs with mentors;
- Organise trade missions and providing connections to entrepreneurs;
- Organise and managing the logistics of trainings and workshops;
- Conduct reporting to funders.

It was expected that the local IH staff would support the LSMs to perform all the above-mentioned tasks. However, the ET notes that the **program design did not include any overhead allocation nor operational budget** to the local IHs, nor the recruitment of one assistant to support the LSM. As a result, all local IHs ended up losing money with the program (see section 8 for details).

Applying Itad-developed M&E tools

Finally, the ET notes that the **theory of change (ToC) and associated RM framework, developed with Itad support, were not used as monitoring tools** (the ToC was not shared with the LSMs). The Latam SP used only the AL-Invest RM framework – that focused on inputs/outputs mostly – to track results of the Latam SP. The ET notes however, that the ToC and RM framework were designed during program inception and the final version was only ready 1-2 months before program completion. The ET agrees with the IH GmbH team that *“The ToC should have been shared with LSMs in an abbreviated version to enhance clarity of outcomes”*.

²⁹ IH Monterrey had opened in 2014 and had a strong focus on delivering entrepreneur support. IH San Jose only opened in 2017 but saw the program as an opportunity to establish themselves in the market for support for later scale ventures.

5.2 To what extent are the services provided by Latam SP meeting the needs of the ventures served?

Consultation with key stakeholders, including HPs in Mexico and Costa Rica (10) indicate that the services provided by the Latam SP have partially met the needs of the HPs served, albeit in many cases the level of satisfaction of what was actually provided was high (as in the case of CDMX and Costa Rica) – see section 6.3 for details. Achievement of needs very much depended on the profile of the selected ventures (see section 6.1 for details), on the drive and skills of the LSM to provide tailor-made support to ventures and on the resources allocated to support HPs.

From the resulting program design after AL-Invest requirements were incorporated, it was clear that HPs received less support than expected, as some resources had to be reallocated towards IDEs and non-participants support and the delivery time frame was shortened. It is worth noting that selected HPs were less mature than originally expected with only six (or 22%) at inception currently exporting – see section 6.1 for details.³⁰

Based on interviews with HPs in Mexico and Costa Rica, most of their needs focused on:

- ✓ Obtain **business connections** and knowledge about potential destination markets;
- ✓ Learn about **scaling options and pathways** so they can find the right formula to expand their businesses;
- ✓ Improve **processes/systems** towards replications;
- ✓ Develop and test a new value-added product in the national market – **PILOT**;
- ✓ Understand, fine tune or monitor their **social/environmental outcomes**;
- ✓ Facilitate access to financing (only 1 case³¹).

Overall, HPs commented that the Latam **SP has generally supported them to learn about scaling options and methodologies**. This is the case of one HP, in Mexico. Since program completion it has increased the number of its operational tech educational centres from 5 in Mexico to 25 operational centres (18 in Mexico and 7 in other Latam countries).

Some **HPs stated that the program had supported them in the professionalisation of their processes** fulfilling their needs. Finally, for HPs that were already exporting, there is mixed evidence (see 7.1 for further details). For example, regarding a venture, the SP facilitated them to set up new partnerships with international clients (three new in Colombia) and generate new commercial opportunities; but in the case of the venture, they managed to expand their franchise model via an expert consulting firm not linked to the program.

The ET **also notes that the premise that the local IHs at destination country would support ventures to scale does not hold true entirely**. HPs commented that they need substantive support when entering a new market and the IH only provides them with basic support and connections. There is a need to recruit an expert in the destination country to support in the process.

5.3 What has been the additionality of the Latam SP?

This question has been mainly addressed through qualitative summary of information gathered during the field visits to Mexico (Monterrey and CDMX) and Costa Rica (San José).

In Mexico

³⁰ The IH GmbH team clarified that it was not a selection objective for them to be exporting already. They were supposed to be getting ready for scale or at the beginning of their scaling journey to new national or international markets.

³¹ For HP a venture, even though it has managed to open a new subsidiary in Monterrey with the SP support, the program has not facilitated their access to financing – for an increase of capital (the HP's main need).

Influenced by its location, economic status and size of the country, there is a **significant number of BDSs offered to entrepreneurs in Mexico especially for idea and early stage development**. In addition, several international BDS organisations have their regional operations based in Mexico. This is the case for instance for Agora Partnerships and New Ventures. However, according to Impact Investing Alliance in Mexico³² this offer is disarticulated; there is an **oversupply of simultaneous training and advisory services** offered by multiple organisations that seek to promote the strengthening of entrepreneurs. This is seen in the high number of social intermediaries – consultants, laboratories, incubators, accelerators, service companies etc. – seeking to serve the same market and compete for the same private and public funds, without a clear difference in terms of quality or value proposition that each generates ecosystem and specifically the social entrepreneur. This is reflected in the numerous programs in which all participating ventures in the Latam SP have been involved – with the exception of a venture, which is a well-positioned and bright entrepreneur with many connections in the Jewish community.

Based on the case studies, ventures from the IHs in Monterrey and CDMX benefited from the following BDS services (selection sample):

- *Mas challenge*³³ 2018: Acceleration program that supports start-ups to improve processes, following key performance indicators (KPIs) and organisational aspects of the ventures. Two ventures from IH Monterrey benefited from this organisation.
- *Academia Victoria 147* that offers BDS, via an online platform, to idea phase, early stage and growing businesses led by women entrepreneurs to strengthen their businesses in operation and professionalise their businesses to design their lives as they have proposed (two ventures from IH Monterrey);
- *Televisa Foundation*: Incubator program that selects ventures at idea stage.
- Incubator program from the *Tecnológico de Monterrey*³⁴ University;
- *Road to Grow*, an accelerator program for women entrepreneurs led by EXXON Foundation and Cherry Blair Foundation 2019 (a venture from IH Monterrey);
- *The Accelerator Bancomer* (implemented by New Ventures) 2014 (a venture from IH Monterrey);
- *Agora Accelerator* from IH Monterrey;
- Mentorships with experts and enterprises (a venture from IH Monterrey);
- Accelerator program for social entrepreneurs from the *Miller Center* – Clara University in Silicon Valley (a venture – IH CDMX).

In Costa Rica

The **offer of BDS in Costa Rica is more limited**. For early stage businesses there are a few actors, but for more advanced enterprises the Impact Hub SP was among the first to provide support. Therefore, most ventures did not consider alternative options when they applied to the Latam SP. A venture considered applying to the Agora Accelerator, but that meant travelling to the Ashoka Fellowship in Mexico, but they did not meet their requirement for being in the early stages for development. A venture, while applying to the Latam SP, also applied for a BDS organised by the Ministry of Science and Technology and Telecommunications, but the BDS program was cancelled before even starting.

Based on the case studies, ventures from the Latam SP from the IH San José had benefited from the following programs:

- **AUGE**:³⁵ Incubator for early stage ventures from the University of Costa Rica. AUGE is the main partner of the Latam SP. Given that they support a high volume of businesses at the same time, they operate more as a network than as a BDS provider. They are also a delivery partner for public

³² Current members are: New Ventures México, El Centro de Investigación en Iniciativa Empresarial, EY (CiiE-EY), IPADE and Ethos Laboratorio de Políticas Públicas. They issued a report called: *Inversión de Impacto en Mexico: Agenda de un mercado en crecimiento*, October 2018.

³³ www.masschallenge.org

³⁴ <https://tec.mx/en/entrepreneurship/business-incubator-network>

³⁵ www.augeucr.com

seed fund for entrepreneurs (from the Sistema Banca para Desarrollo),³⁶ PEATS program (a venture was a beneficiary). 50% of the ventures participating in the Latam SP came from AUGÉ and three HPs;

- **Procomer:**³⁷ Costa Rican foreign trade promoter that offers some basic paid support for ventures interested in exporting. Some ventures benefited from their services before joining the Latam SP;
- **Individual mentors:** some ventures worked with other mentors who specialised in their sectors. Experts worked at universities
- **Stage Six:**³⁸ Organisation that builds and supports impactful and sustainable social businesses using the franchise model to rapidly and dramatically scale in emerging markets around the world.

There are other actors in the industry that play an important role but are beyond the scope of this evaluation.³⁹

Latam SP's support and the counterfactual

Based on the ventures' interviews, **eight of the twelve ventures attributed some of their growth to the Latam SP**. However, the remaining four stated they would be in the same situation if they had not participated in the Latam SP. **Ventures with entrepreneurs highly motivated and already scaling did not attribute much of their success solely to SP** (they stated '*we would have grown a little more slowly*'). This may be explained by different factors; for example, their intrinsic skills and motivation already drives them towards growing, and the fact that many of them have already received extensive support from other BDSs. Of relevance is that all interviewed ventures, in particular most advanced HPs, stated that the Latam SP lacked sufficient commercial opportunities, which is a key success factor for ventures at scaling stages. One entrepreneur stated that the program had no effect on their businesses. The **only enterprise that directly attributed its scaling success to the Latam SP, was a venture**. While benefiting from BDS, this organisation is led by highly motivated entrepreneurs. The venture's early stages of development allowed them to easily pivot their business model as a result of the Latam SP.

Table 4: Additionality of the Latam SP: reply from ventures

Where do ventures think their enterprise would be now if they hadn't taken part in the Latam SP?	# ventures	HP or impact-driven enterprise (IDE)	Change attributed to the Latam SP
We would not have set up in another country	1	One HP from IH San José, regardless of having extensively benefited from other BDS, recognised the value of the SP, as it supported them define their scaling pathway and they even changed their business model, to make it scalable. <u>Without the SP, they would not been able to scale.</u>	Extensive change attributed
We would have grown a lot more slowly	3	<ul style="list-style-type: none"> • One HP from IH CDMX stated that the program has contributed highly to their scale progress and growth (by improving their business model and by helping attract new clients -via a commercial promotion). • One IDE from IH Monterrey stated that <u>without the Latam SP they would have failed in launching the new product</u>, as it was not competitive. • A venture (HP from IH Monterrey) stated that he would have not improved the product offer and the internal efficiency contributing to growth. 	Change attributed

³⁶ www.sbdcr.com/webcenter/portal/sbdprod

³⁷ www.augeucr.com

³⁸ www.stagesix.com

³⁹ Some relevant actors in Costa Rica: University incubators (INCAE Business School, TechEmprenede), Venture capitals (Carao Venture), attorneys (SEED by EY), Francorp (franchising), VIVA Trust. Regional: BidLAB, Pomona Impact, Alterna.

We would have grown a little more slowly	4	More mature ventures, three HPs from IH San José and one from IH Monterrey were already scaling internationally or nationally (in the case of 2 ventures). The SP supported them to strengthen their internal management processes, but less in connecting them with commercial promotion (connecting with new clients or partners in scaling destinations) as expected.	Some change attributed
In the same situation as we are now	3	<ul style="list-style-type: none"> • An HP from IH San José, had a contradictory perspective. It recognised the value of the program to improve his entrepreneur skills, but he could not attribute the venture's growth to the program. • One HP from IH Monterrey have not yet scaled internationally (but have nationally), as planned, so there is not contribution of the program to the venture's growth, at present. • A venture (IDE from IH Monterrey) was not ready to scale nor the entrepreneur had sufficient motivation to participate in the program as she had already benefited from many other BDSs. 	No significant change
He could not reply	1	One HP from CDMX stated it could not reply. However, he was satisfied with the program in supporting him defining scaling options to replicate the tech educational centres. At present, he has established 25 centres in Mexico and Latam. At program inception, he had only five centres in Mexico.	Cannot be assessed

6 Findings: the Latam SP: service delivery to the right enterprises (KEQ3)

KEQ3: Summary of Findings

There has been mixed success in identifying the right ventures to participate in the Latam SP. The majority of selected ventures were at an early stage of development compared to what was forecasted by the AF agreement. Only few ventures were already scaling or ready to scale. This was mainly due to various factors related to AL-Invest requirements and other design shortcomings. First, 63 entrepreneurs required their program activities being expanded and adjusted to offer services more in keeping with acceleration support, instead of scaling. Thus the target venture profile evolved to less mature ventures. Second, there was low demand for the Latam SP services mainly because of the short scouting length period (imposed by AL-Invest requirements); limited networks and connections by LSMs (new young recruits) having to rely on the good faith of local IH directors and some selection bias by ventures. Finally, some of the entrepreneurs selected to participate in the program were not sufficiently committed to invest time on it.

The effectiveness of the Latam **SP delivery model was severely constrained by AL-Invest requirements** towards reaching volume and reach as opposite to facilitating participant ventures scaling/getting ready to scale (on impact) by providing them with tailor-made support. This was compounded by the top-down design approach, lack of local contextualisation, and the weak governance and organisational arrangements defined to support in the program delivery. Against this context, the Latam SP delivery team adjusted, when possible, the delivery of program services to cope with AL-Invest requirements and design shortcomings:

- **Cohort training services opened to non-participant ventures** resulting in an increased number of enterprises from diverse backgrounds benefiting from the Latam SP and with workshops somewhat less customised to the needs of participant ventures;
- **Cohort trainings delivered were not mandatory in most cases** (with the exception of Costa Rica) resulting in ventures not attending them in a consistent way, questioning the value-for-money of some trainings. The ET notes that delivery method and location of the ventures also had an impact on attendance and peer-to-peer learning as there was no transport support for ventures located outside IH locations;
- **HPs received less intensive support** (in the form of mentorship/consulting services with experts) than originally anticipated;
- Some follow-up engagement post completion with participant ventures, depending on the proactivity of the local IH (the program did not design any post-implementation support or monitoring plan).

The Latam SP also experienced **several capacity and organisational performance issues** derived from AL-Invest requirements and design shortcomings:

- Limited program strategic and operational leadership;
- LSMs overstretched to deliver its multiple functions (LSMs were key drivers of success of the Latam SP);
- No results framework (RF) aligned with the ToC, was used to track progress and results achievement of the Program.
- The Latam SP used the RF from AL-Invest. In addition, limited internal monitoring and quality assurance activities of results by the SP leadership and IH GmbH were undertaken and there was deficient knowledge management, especially post completion.

Level of satisfaction of services provided: Interviewed SGBs were satisfied/very satisfied with the Latam SP service. Moreover, ventures in Mexico would have paid the same as they actually did

(approx. US\$ 500). And in **Costa Rica**, all ventures paid around US\$ 600 – they **would have paid much more** for the program.

6.1 Did the Latam SP select and engage with the right ventures?

The Latam SP: definition of the right SGBs

Similarly, to other program features, the profile of targeted ventures was also adapted to fit with AL-Invest more strict requirements, see table 5 below.

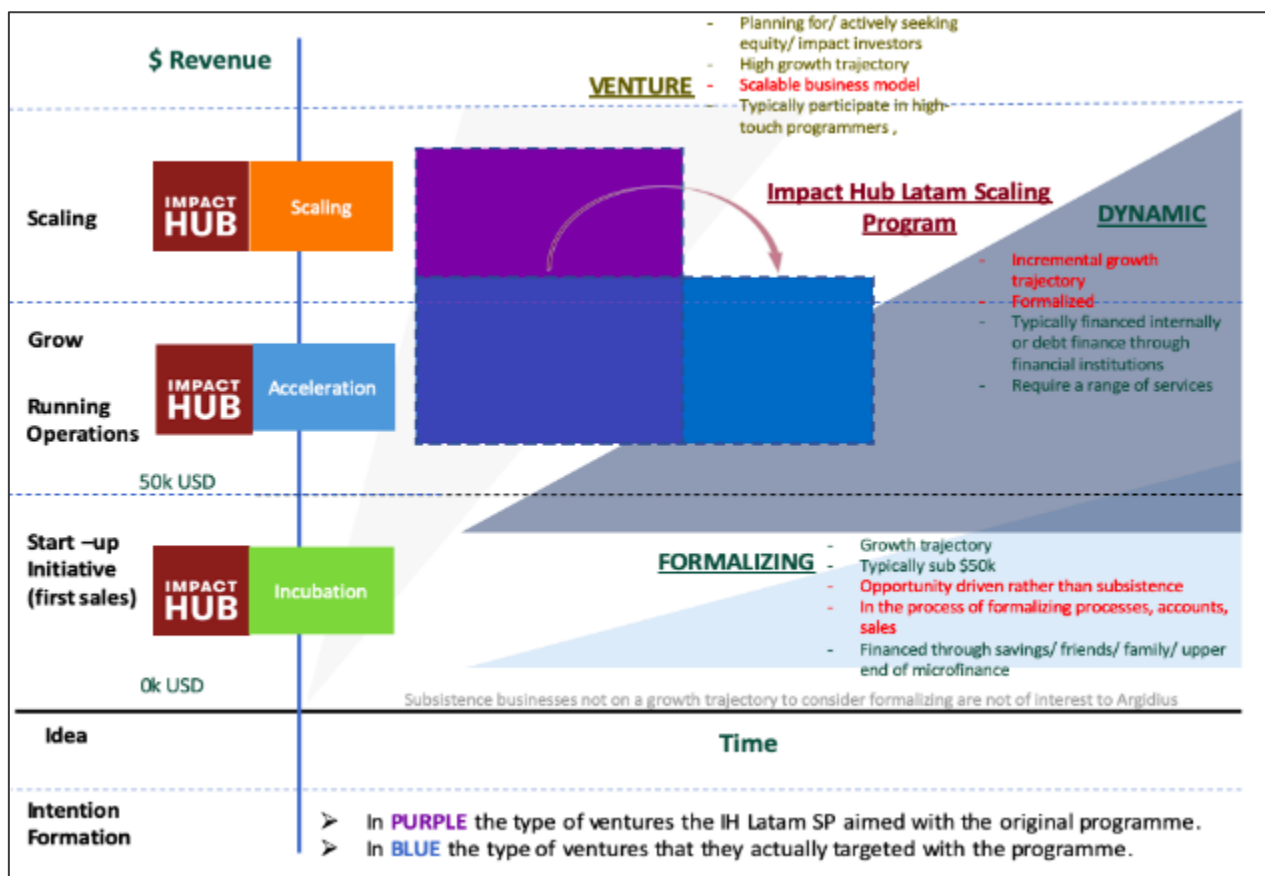
Table 5: Comparison of ventures profile

Item	Argidius Grant Agreement	Final ventures profile/Socialab advertisement
Average annual revenues	€150,000 – 200,000	Minimum of US\$ 50,000 in the last 12 months
Years of operation	At least 2–3 years	Operating sustainably for at least 2 years
Sectoral focus	Ventures that were service-based and mostly represented by agriculture, waste management and recycling	<ul style="list-style-type: none"> ✓ Focus on clean energy, climate change mitigation, or sustainability and/or ✓ Served the bottom of the pyramid with basic services (health, housing and financial services) and/or ✓ Were an agricultural business or an ICT company that serves low- and middle- income populations, education or inclusive cities
Other features	n/a	<ul style="list-style-type: none"> ✓ Had a leadership and team willing to put the necessary work into rapid growth ✓ Proficient in English ✓ Had a scalable business model

Source: Argidius Foundation 2017. Grant Agreement and IH 2019, Latam Scaling Program evaluation Report Impact Hub

As per the resulting program design, **local IHs included a small number of ventures that were at scaling stage and a majority of ventures that had recurring revenues and needed support in getting ready to scale.** Contrary to the initial design that was included in the AF proposal, the expansion of large parts of the program activities to 63 entrepreneurs meant that more ventures were selected, out of which many were early stage ventures. So, the program was adjusted individually to offer services related more to acceleration support, instead of scaling. Figure 2 shows how targeted enterprises shifted from those that complied with the characteristic of a ‘venture’ (with scalable business model) to being more of a ‘dynamic’ nature (formalized and with international growth trajectory but less read.

Figure 2: Profile and segmentation of SMEs by AF and by IH



Source: Argidius Foundation, 2017. Lessons learnt & 2017 benchmark, adapted by the ET.

The Latam SP: identification and selection of the right ventures

Identification and application

Based on the IH internal evaluation report and the ET findings, main outreach actions conducted in each local IH were:

- Launched social media campaigns;
- Organised events to promote the program directly or via network partner organisations;
- Leveraged on the local IHs' databases and connections of the local staff to identify potential ventures and contact them directly;
- Directly scouted players in the ecosystem.

The ET notes that each LSM designed and implemented its own outreach strategy, but all of them used the Socialab⁴⁰ online platform for the registration of ventures into the program. Table 6 showcases how selected ventures learnt about the program, being that most of them heard from the IH directly via informational events on social media. However, in the case of San José, most of the ventures were identified via partner organisations (i.e. AUGE).

⁴⁰ Socialab is a social organisation with activities in the Latam region, with vast experience organising/promoting programs and projects from impact driven organisation <https://impaqto.socialab.com/challenges/scaleyourimpact.com>

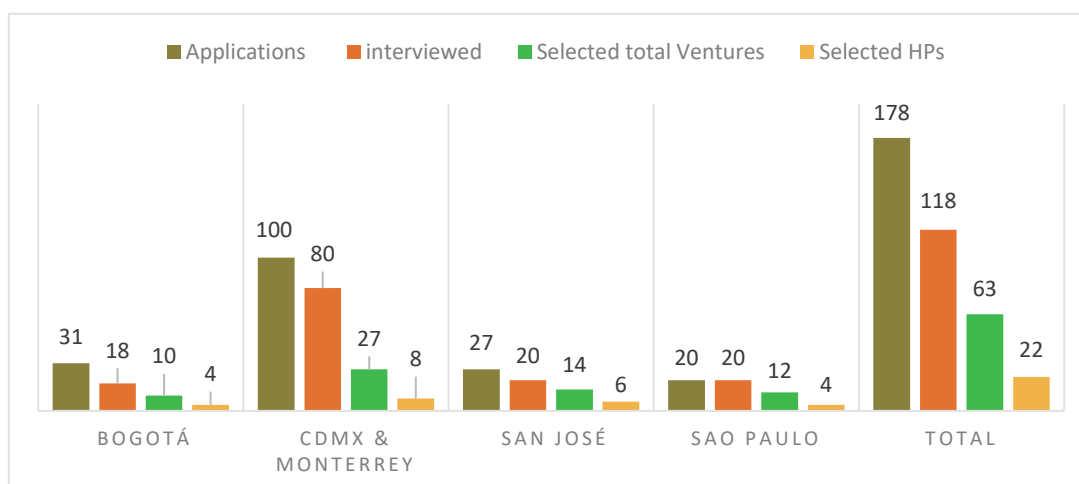
Table 6: Selected ventures and how they learn from the Latam SP (as % of total ventures selected)

Local IH	Impact Hub directly – informational event or direct contact by manager	Impact Hub directly – social media	Partner organisations	Other network organisations
Bogotá (est)	50	50	0	0
CDMX & Monterrey	50	20	20	10
San José*	30	20	50	0
São Paulo	30	50	15	3

*Estimate based on information provided

Source: Local IHS

Each local IH had a target to select around 12 ventures, five of these being HPs. As observed in Figure 3, there was **generally a low number of applications received**, 178 across the five locations except for IH San José where the number of applications was high given the size of its city and country. Possible explanations may be that IH San José were first movers in the sector (targeting the missing middle SGBs), they partnered with key local players like AUGÉ offering applicants a discounted price, and they were very proactive in engaging with potential applicants.

Figure 3: Identification and selection of the right ventures

Note: Costa Rica: two extra HPs were added as a back-up

Source: Impact Hub's filed visits and interviews

This low demand for the program may be explained by three main reasons:

1. **Scouting length period:** Although LSMs were active in promoting the program and scouting, the application period defined for the program was short (around 1 month). This was the result of the change in timings to comply with AL-Invest requirements – the program was reduced from 18 months to 12 months – severely affecting time allocated to start-up activities (establishing structures, hiring staff, capacity building, securing partners) and the selection of ventures – Component 1 of Figure 1. The ET notes that these two activities should have been done in a sequential manner and allowing sufficient time to locate the 'right ventures'.
2. **Reach:** The LSMs responsible for the identification of participant ventures were new young recruits with limited knowledge of the Impact Hub network and of the social entrepreneurial sector. Hence, **at inception they lacked strong networks and connections across the ecosystem** to effectively promote the program. The LSMs were reliant on the IH director networks and

his/her good faith to support them with the scouting. Please note that the program did not allocate any resources to the local IHs to support in the delivery of the Latam SP. For instance, in IH San José, the director saw the program as an investment to gain experience and reputation and allocate resources (time) to support the LSM to successfully reach key players in the industry;

Challenges in Monterrey to identify potential ventures

- *Limited time to reach enterprises that did not belong to the Impact Hub's network*
- *Enterprises with a better fit to the program were not part of the network*
- *Enterprises that were more ready to scale did not know Impact Hub and needed meetings to be convinced to enroll in the program. In addition, these ventures tended to have bigger organisation, so in some cases they needed time to get all the necessary approvals to join the program.*

3. **Social and environmental focus:** The program was targeting social enterprises only. However, there were ventures that were not conscious of their social and environmental purpose and were then not applying to the program self-selection bias (source: Interviews).

Applications were reviewed by LSMs and in some case other local IH staff (as in the case of Colombia). The ET notes that not all applicants were interviewed, with the exception of IH San José. 118 pre-selected applicants were interviewed by the LSMs, the regional SP manager and, in some cases, by the IH local director following a pre-defined format. The LSMs interchanged interviews in some instances.

Selection process of ventures including the HP

The Latam SP initial design did not provide guidelines or clear selection criteria for targeted ventures. To overcome this problem, during the scouting period, the LSMs proactively proposed and developed an internal selection tool – four dimensions criteria (product and market, impact, sustainability, entrepreneur's will and resources)⁴¹ – that was used during the selection process of the IDEs (or all ventures).

Selection of HPs

Although for the AF, supporting HPs were the main focus of the program, the **process to select the HPs was not defined** with limited guidelines (basic selection profile specified revenues, age, sector, and other factors) but with no template developed. A standard process to select the HP was not applied, with each LSM defining its own selection criteria and process, generally not in a rigorous way. Table 7 summarises local IH approaches followed to select HPs.

Table 7: Identification and selection of the right ventures

Local IH	HPs selection process
IH Bogotá	<ul style="list-style-type: none"> ✓ Selected at inception ✓ Profile: participant ventures with strong potential, like <i>Pomario</i> ✓ In the selection process no filter if they were actually ready to scale to international markets. Some of them were only starting to think in internationalisation
IH CDMX & Monterrey	<ul style="list-style-type: none"> ✓ Selected at inception ✓ Profile: Strong ventures in terms of maturity, sales, profitability, employment and scaling readiness

⁴¹ See Annex 5 for details.

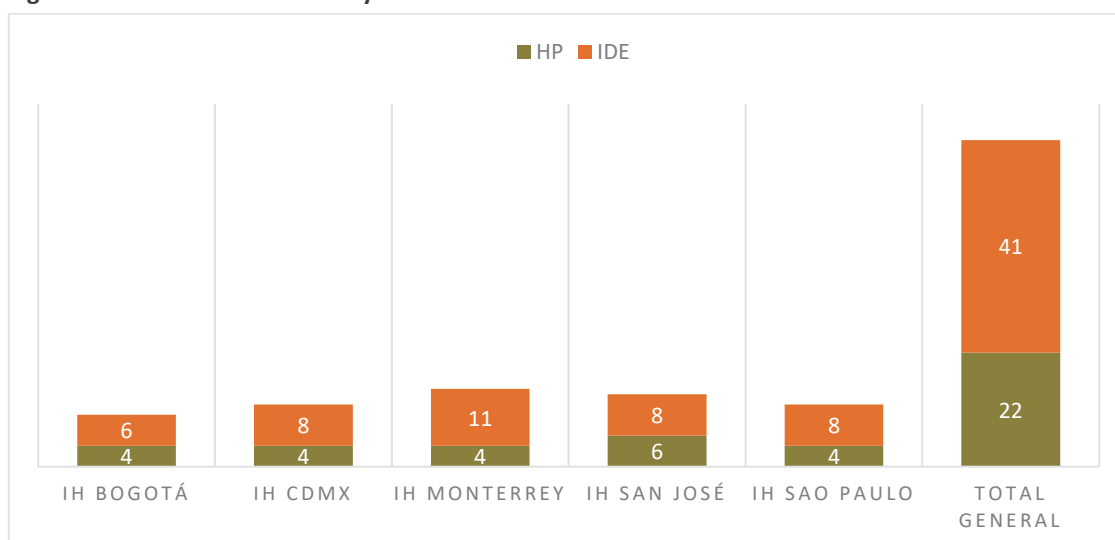
Local IH	HPs selection process
IH San José	<ul style="list-style-type: none"> ✓ Selected after boot camp where the scaling methodology was explained ✓ The LSM develop an internal process, adding two more dimensions to the IDE selection process which were: number of employees, proxy of size and to be able to attend the workshops) and maturity of the company and entrepreneur's motivation after the first interview. The ventures that score the highest were selected as HPs
IH São Paulo	<ul style="list-style-type: none"> ✓ Selected at inception ✓ Profile: HPs ready to scale to nationally or internationally

Source: Interviews

Main characteristics of ventures selected to participate in the Latam SP

In total, 63 ventures were selected to participate in the Latam SP. Of these, 22 were identified as HP – see Figure 4 below for details.

Figure 4: IDE and HPs selected by local IH



Source: SP program baseline database and ET analysis

Location of ventures by local IH

From the 63 ventures that were selected to participate on the Latam SP, **60% were not located in the same city as the local Impact Hub**, although this depended on the size of the country. For San José that was not an issue, as the country is very small in size. From the 36 enterprises not located in the same city as the local Impact Hub, **11 were HPs**.

Table 8: Venture not located in the city of the local IH

IH location	Venture not located in the city of the local IH		Total ventures
Bogotá	3	30%	10
CDMX	8	67%	12
Monterrey	12	80%	15
San José	7	50%	14
São Paulo	7	58%	12
Total	37	59%	63

Source: Impact Hub – Baseline data

Note: N = 63. Including one additional venture - IH San José that was not included in the Baseline database (*ex ante*) but it was included in the IH GmbH Venture Data excel file (*ex post*).

Sector

The most representative sectors represented in the sample were information and communications technologies (17.5%), followed by education and training services (12.7%), mostly from companies in Brazil, Mexico and Costa Rica. Colombia was highly represented by agricultural businesses. HPs were mostly represented by agricultural business, food and beverage and education and training services.

Table 9: Sector of ventures participating in the Latam SP

Sector	Nº of ventures
Agriculture	4
Food and beverages	5
Research and development	4
Education and training services	8
Sustainability and environmental management	6
Information and communications technologies	11
Textiles and clothing	4
Tourism	4
Others	17
Total	63

Source: AL-Invest technical report Q2-2.

Note: Others include sector like health services, art and handicrafts, constructions and others.

Revenues at baseline

From the 51 ventures that reported revenues at the baseline, their average revenue was US\$ 170,475 (the median was US\$ 61,537), reflecting that the SP was composed of mainly small ventures and very few outliers with higher revenues.⁴²

Table 10: Revenue at the baseline before the Latam SP

IH location	# ventures	Average revenue	Median revenue
Bogotá	9	US\$ 111,196	US\$ 68,134
CDMX	10	US\$ 114,600	US\$ 61,796
Monterrey	14	US\$ 126,886	US\$ 32,171
San José	12	US\$ 264,939	US\$ 68,526
São Paulo	6	US\$ 265,298	US\$ 77,210
Total	51	US\$ 170,475	US\$ 61,537

Source: Impact Hub – baseline data

Employment

Total employment before the Latam SP for participating ventures was 402 full-time employees (FTE) with an average of 6.4 FTE and 118 part-time employees (PTE) and with an average of 1.9 PTE. IH CDMX and IH San José had more reported FTEs.

⁴² The ET notes that the average and median do not match to the Latam Scaling Program Internal Evaluation Report from 2019 (US\$ 351,271/ US\$ 160,305).

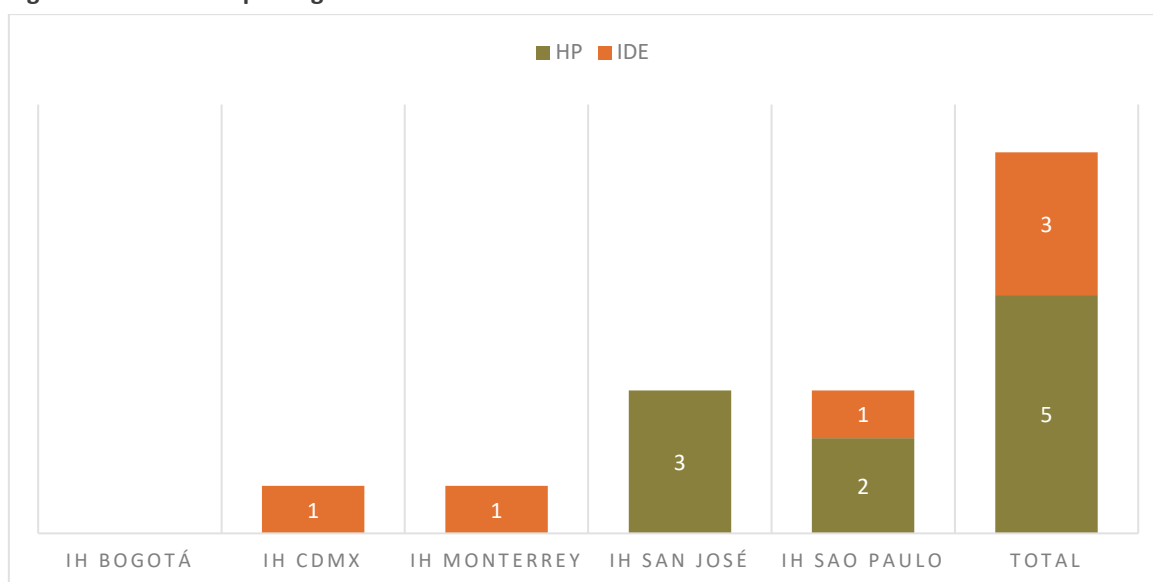
Table 11: Employment – FTE and PTE before the SP

IH location	FT employees (FTE)	Average FTE	PT employees (PTE)	Average PTE
Bogotá	16	1.6	21	2.1
CDMX	113	9.4	45	3.8
Monterrey	89	5.9	29	1.9
San José	123	8.8	12	0.9
São Paulo	61	5.1	11	0.9
Total	402	6.4	118	1.9

Source: Impact Hub baseline database

Exporting

Only eight ventures (or 13% of the total) from IH São Paulo and IH San José mostly, exported in 2016. From the **22 HPs, five were already exporting at program inception**. For instance, two HPs from IH São Paulo were already scaling internationally: one already scaling in the US and another already had operations in Kenya, India and was exploring Mexico.

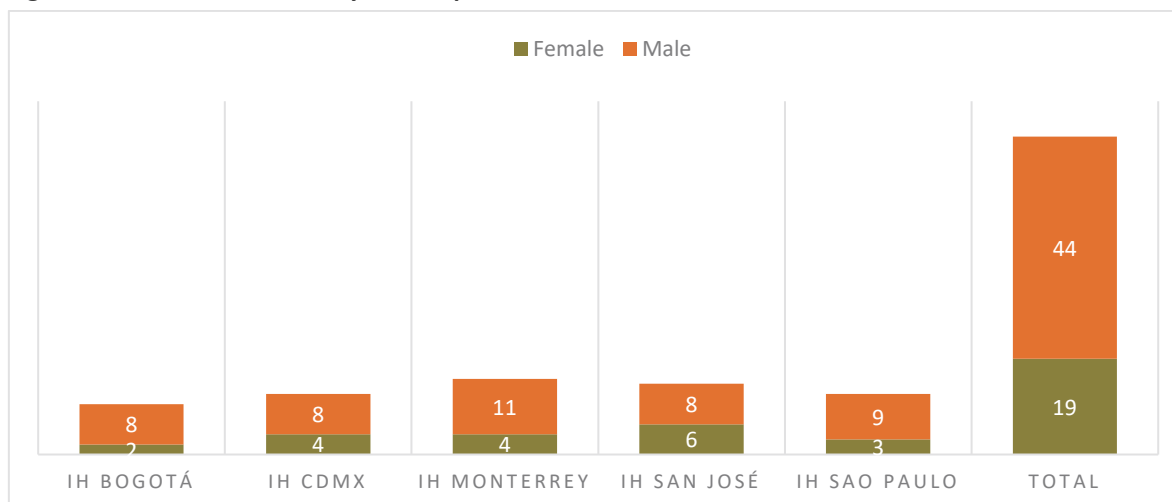
Figure 5: Ventures exporting before the SP

Source: Impact Hub – Baseline data / case studies /LSM interviews

Main characteristics of cultivated entrepreneurs

Gender: Albeit AL-Invest required to include gender specific BDS activities, women entrepreneurs accounted for approximately 30% of total entrepreneurs that participated in the Latam SP.⁴³ IH San José had the most representation of women being with around 40% of the pool of entrepreneurs and representing 30% of all woman entrepreneurs in the program.

⁴³ In the Latam SP baseline database, each venture had assigned an entrepreneur lead.

Figure 6: Gender distribution by local Impact Hubs

Source: Impact Hub – baseline data

Note: N = 63. Including one additional venture - IH San José that was not included in the baseline database (*ex ante*) but it was included in the IH GmbH Venture Data excel file (*ex post*).

Level of education: Entrepreneurs that participated in the Latam SP have a **strong education background**. Around 43% holding a post-graduate degree, 43% a university degree, 8% of them have technical education and 0.1% (four people) hold a PhD or post-doctoral education. This is partially explained by the Latam SP requirements, which stated that entrepreneurs needed to be fluent in a second language (English, something that is not common in Latam context). Additionally, local IHs are located in high-end urban areas and they generally conduct networking and connections with ventures from entrepreneurs with a strong educational and economical background.

Social and/or environmental impact

The Latam SP targeted enterprises that had social and/or environmental impact. The Socialab platform specified what specific social and environmental sector needed to venture to operate (see table 12). But, at the end, as mentioned in section 5.1. the social aspect of the organisation was determined if the venture targeted any of the 17 Sustainable Development Goals (SDGs).⁴⁴

The Latam SP success in identifying and selecting the right ventures

As table 12 shows in detail, **there has been mixed success in identifying the right ventures to participate in the Latam SP**. The resulting profile of selected ventures **was less mature than expected** – with lower average revenues and in turn less ready to scale. In addition, some of the entrepreneurs selected to participate in the program were not sufficiently committed to invest time and leverage on program learning to grow and scale. An HP owner even stated ‘*I selected the SP program because it would not take much of my time*’.

Table 12: Target vs actual ventures’ profile (IDEs and HPs)

Item	Ventures targeted profile (AL-Invest)	Real ventures profile
Average annual revenues	AL-Invest: minimum of US\$ 50,000 in the last 12 months	✗ Around 35% did not comply with the minimum sales requirement – in particular those from the IH Monterrey
Years of operation	Operating sustainably for at least 2 years	✓ Ventures had been operational on average for 3.5 and a median of 2 years (but not all in a sustainable way)

⁴⁴ <https://sustainabledevelopment.un.org/?menu=1300>

Item	Ventures targeted profile (AL-Invest)	Real ventures profile
Sectoral focus	<ul style="list-style-type: none"> • Focus on clean energy, climate change mitigation, or sustainability and/or • Served the bottom of the pyramid with basic services (health, housing and financial services) and/or • Were an agricultural business or an ICT company that serves low and middle-income populations, education or inclusive cities 	<ul style="list-style-type: none"> ✗ Sectoral areas of selected ventures were diverse: agriculture, education, technology services, manufacturing, retail, tourism, energy, and health care. Not clear that all ventures targeted impact areas given that impact criterion was only to target least 1 SDG – which is very generic and vague ✓ Impact areas addressed by most ventures were environment, community development/economic empowerment, workforce development, early childhood education, health, and clean energy⁴⁵
Business model	✓ Had a scalable business model	✓ HPs had in general scalable business models (<i>the ET could not gather evidence on IDEs</i>)
Entrepreneur profile	<ul style="list-style-type: none"> ✓ Had a leadership and team willing to put the necessary work into rapid growth ✓ Proficient in English 	✗ Some entrepreneurs were not sufficiently motivated to effectively engage in the program (1 IDE in Sant José and around four in Mexico)
Scaling potential	✓ Social enterprises that are ready and willing to scale their impact and operations nationally or internationally	✗ Some HP were not ready to scale and were still exploring scaling options

Source: IH GmbH baseline database and case studies interviews.

The ET also notes that the elimination of the financial support to the program – Acceleration Fund and Mobility fund – may have contributed to the program becoming **less attractive** for some potential ventures with the right profile.

The drop outs in the cultivation services

None of the selected ventures dropped out from the program. However, it was mentioned during the stakeholder consultation that some IDEs did participate minimally (or did not) in cohort trainings or received mentorships:

- ✓ 3 IDEs from IH CDMX were selected to participate but they did not even attend the kick-off 2-day session. However, according to the LSM, these could not be replaced as otherwise they would penalise the Latam SP reaching AL-Invest targets;
- ✓ In IH Bogotá two enterprises did participate in less than 50% of the SP activities due to lack of time;
- ✓ One venture in IH São Paulo could not participate in all activities as they were located in a remote area close to Manaus with very limited internet connection.

6.2 To what extent are the ventures locally owned?

From the Impact Hub baseline database, it is not possible to identify the nationality of the participating ventures. It was only possible to identify that one venture from IH Bogotá was from Venezuela. Because of this, we have used case study information (12 ventures) to analyse to what extent ventures were locally owned.

⁴⁵ Impact Hub, Latam Scaling Program Internal Evaluation Report Impact Hub, July 2019.

All ventures (10 HP and 2 IDEs) were locally owned. However, two had relevant international shareholders: (i) a venture in Costa Rica, where the co-owner and the participant's partner, was from the US; and (ii) a venture in Mexico where impact investing funds (Grey Matter Capital, PSM and CO_capital) have a participation in the company.

6.3 To what extent was the Latam SP delivery model effective?

The effectiveness of the Latam **SP delivery model** was severely constrained by **AL-Invest requirements** towards achieving volume and reach as opposed to facilitating participant ventures scaling/getting ready to scale (on impact) by providing them with tailor-made support. This was compounded by the top-down design approach, which followed limited contextualisation across each local ecosystem that in some cases reduced the effectiveness of the services delivered, and the insufficient governance and organisational arrangements to support in delivering the program. (For further details on design shortcomings please refer to section 4.)

Against this context, the Latam SP delivery team (LSMs and regional SP manager plus the assistant) **had to adjust the delivery of program services to meet AL-Invest requirements while attempting to address initial design shortcomings.** The ET agrees with the IH internal evaluation report that a **key driver for success was the LSM** – the main person responsible for delivering the program across all levels for each location – see below for details. The ET also notes that entrepreneurs that had a champion participating in the program also leveraged more on SP activities.

The ET highlights below **main adjustments to the delivery** and its main effects in the Latam SP:

Target audience: services opened to non-participant ventures

Some cohort trainings workshops in local IHS were open to the local IH community in addition to program venture participants. These resulted in an increased number of enterprises from diverse backgrounds benefiting from the Latam SP and with **workshops somewhat less customised to the needs of participant ventures.** Attendance of non-participant ventures depended very much on strategy and nature of each local IH and on the preference of the LSMs – see table 13 for details. In IH Monterrey, the closure event was only attended by three participating ventures, and it was organised as another capacity building event. The ET notes that all local IHS delivered events on women's empowerment, as requested by AL-Invest.

Table 13: Non-participant ventures benefiting from cohort trainings

IH Bogotá	IH CDMX	IH Monterrey	IH São Paulo	IH San José
FEW cohort trainings OPENED to the local IH community (e.g. design-thinking, impact measurement)	FEW cohort trainings OPENED to the local IH community (e.g. financing panel, financing methods)	SOME cohort trainings OPENED to the local IH community (e.g. impact check-up, intellectual property, storytelling etc.)	MOST cohort trainings OPENED to the local IH community	MOST cohort trainings CLOSED to participant ventures

Source: LSMs and local Impact Hubs

A benefit of opening cohort group trainings to non-participant ventures was that it gave visibility to the local IH. However, this was not an objective of the Latam SP.

Cohort trainings delivered: non-mandatory vs mandatory

The ET notes that generally (with some variances across local IHS), **the program was translated into a menu of capacity building activities offered to ventures** with the main aim to achieve volume and reach

indicators imposed by AL-Invest. In addition, given that only **one cohort instead of three cohorts in each location** were organised to fulfil AL-Invest requirements, participant ventures could not be divided by stage of maturity and sector resulting in cohort training delivered was more generalist.

For participating ventures these trainings were part of their intervention plans, but **given that in most cases they were not mandatory, they were not consistently attended**, which questions the value-for-money of some trainings. For instance, the design-thinking workshop organised by IH Monterrey and CDMX, key training for the Latam SP where even LSMs received training during preparation stage, was only attended by 44% (12/27) of participating ventures and 50% of HPs (4/8). On the other hand, in Costa Rica, the only location in which cohort training was made mandatory, training was attended by most ventures. The ET notes that **delivery method and location of the ventures also had an impact on attendance**, given that in São Paulo and Mexico a high number of participating ventures were not located near to the IH and even had limited internet connectivity (e.g. one venture in Manaus from IH São Paulo).

Table 14: Compulsory cohort training by IH location

IH Bogotá	IH CDMX	IH Monterrey	IH São Paulo	IH San José
Not mandatory for ventures	Not mandatory for ventures – but the 2-day kick-off session where scaling methodologies were explained, started running a diagnosis and defining the intervention plan	Some mandatory for ventures	Mandatory for ventures, agreed from inception	

Source: LSMs and local Impact Hubs

The **lack of financial incentives for ventures** also affected ventures not attending mandatory courses. In IH CDMX, two ventures did not attend the kick-off session as they could not fund their transport and accommodation costs. Finally, the **Latam SP did not consistently follow the EU SP evaluation recommendation** that the Latam SP should offer a number of mandatory trainings in core areas. The ET is surprised that a session on impact measurements was not made mandatory (and not even offered in IH Monterrey). The ET notes that **LSMs in some cases joined forces to deliver trainings**, as in the case of the process trainings organised by IH Monterrey with all Mexican ventures attending. In Colombia some impact measurement sessions were attended by a few Mexican ventures.

Mentorships

As shown in table 15, the level of mentorship support for participants varied across locations. From stakeholders' interviews, we can **conclude that mentorships provided were generally adapted to the needs of the ventures**. However, some participant ventures stated that they were insufficient. The ET notes that this very much depended on the proactivity/performance of the LSM and the venture itself. That was the case of IH São Paulo, that had to deliver all mentorships in 3 months given the lack of performance of the initial LSM.

Table 15: Mentorship support across local IHS

IH Bogotá	IH CDMX	IH Monterrey	IH São Paulo	IH San José
Limited	Moderate	Extensive	Limited	Extensive
Around 15 hours	Around 70* hours – 8.6 h/venture	Around 123 hours – 10.2 h/venture	Around 22 hours – 1.8 h/venture*	Around 230 hours – 6.5 h/venture

*underestimation

Source: LSMs and local Impact Hubs

LSMs in IH CDMX and San José built a comprehensive database of around 80 mentors of which about 20 were utilised. The ET noted that in IH CDMX, for instance, participating ventures were in sometimes mentors for other less advanced participating ventures (e.g. one IDE provided mentor services to another

IDE on access to markets in Oaxaca; one HP in IH CDMX also provided some mentoring activities on fundraising; an IDE in Costa Rica provided mentorship to another on access to markets in Costa Rica).

Support to HPs

Due to AL-Invest requirements, the **22 HPs received less intensive support (in the form of mentorship/ consulting services with experts) than originally anticipated**, as there were fewer resources to allocate to HPs for tailor-made and expert individual support. In addition, the level of support provided to HPs also depended on the delivery approach chosen by the local IH. For instance, for Bogotá, because they did not differentiate between HPs and IDEs, it was up to the venture to take advantage of the mentorship. Some HPs did not take advantage of all services that the SP was providing. Other IDEs were more motivated and made better use of the services and tools provided. In Costa Rica, the LSMs wanted to offer all 14 ventures the same experience; they offered almost the same services as IDEs (except for market studies and trade missions) but allocated more resources for paid individual support.

Table 16: Additional support to HPs – by IH location

IH location	Focus on HPs?	Mentorships/expert services	Commercial promotion (fairs/events)	Market studies
Bogotá	NO	n/a	n/a	n/a
CDMX	YES	50% of HP mentorships	Global Venture Summit (50% attended) Commercial promotion to Guanajuato	Yes All participated (few IDEs too)
Monterrey	NO	17% of HP mentorships	Global Venture Summit (75% attended)	Yes 75% participated (few IDEs too)
San José	YES	100% mentorship, coaching industry experts or champions and consulting services	Fair trades in Panamá (60%)	Yes 80% of HPs
São Paulo	YES	50% of HP mentorships Legal support and other	Business roundtables fairs (50% attended)	Yes

Source: LSMs and local Impact Hubs

Note: Costa Rica was required to offer only three trade missions and four markets studies to ventures

The ET notes **market studies** were provided by one company only managed by the regional SP manager and they were only offering studies to three countries (Mexico, Colombia and Panamá), which in some cases were not target countries of the HPs. For instance, the market study for Colombia provided to a venture in Mexico was not a target market for them. Nevertheless they use the study as a guide.

Peer-to-peer learning

In locations where participant ventures were spread across the country, **engagement of entrepreneurs was limited**, as they took most of the cohort training remotely. This was the case for CDMX, Monterrey, Bogotá and São Paulo. On the other hand, in Costa Rica, peer-to-peer learning was strong as ventures met for cohort trainings.

Follow-up engagement with ventures post completion

Generally, ventures continued to be connected to the local Impact Hubs as the IH would send them opportunities through newsletters and social media. They also enabled other opportunities to be explored, such as in IH São Paulo participation of three ventures from Brazil in a program between Impact

Hub São Paulo and BNP Paribas.⁴⁶ For further details please refer to section 8. However, the ET notes that the program did not design any specific post-implementation support or monitoring plan. Although, the IH GmbH stated that they collect outcome data from HPs 3 years after the completion of the program, the ET found that this was not the case in IH CDMX.

Key staff capacity and organisational performance

The insufficient governance and organisational arrangements design at inception (see section 5.1) plus the AL-Invest reporting requirements resulted in the Latam SP suffering from several capacity and organisational performance issues:

- **Limited program strategic and operational leadership:** Although it was forecasted that the regional SP manager would be de facto the program leader, this was not the case, as he devoted most of his time ensuring that AL-Invest reporting was adequate. This meant that **local IHs were not provided with a program delivery framework** including processes with the required standardised tools/procedures to implement and manage the SP in a consistent way (mentor database, tracking tool etc.). Hence, each LSM had to develop such tools and processes, in some cases in collaboration. Hence, SP performance varies across location as each LSM implemented the SP with its own adaptations. This was the case for the *diagnostics and goal setting exercise* undertaken by ventures at inception, where in some cases, goals for ventures by program completion were set and in others scaling goals were set – as there was no overall guidance from the program leader. On a positive note, IH CDMX and IH San José developed and implemented outstanding program management tools and templates.
- **LSMs overstretched to deliver their multiple functions.** As mentioned above, due to a deficient organisational design, LSMs had implemented the program with few resources and performing multiple functions. They were successful in some cases (e.g. IH San José and IH CDMX) depending on the drive and skills of the managers, but in others the performance was not adequate. In São Paulo, the first LSM had to be replaced 3 months before program completion. LSMs mentioned that support in communications and administration was lacking in the program. Local IHs had to devote extra resources to overcome program organisational shortcomings as detailed in table 17.

Table 17: Additional local resources involved in the delivery the SP

IH Bogotá	IH CDMX	IH Monterrey	IH São Paulo	IH San José
<ul style="list-style-type: none"> • 1 intern part-time (PT) – 30% • 1 Volunteer PT – 30% • Director PT – 15% 	<ul style="list-style-type: none"> • Very limited support by the director • 1 intern during May 	Supported by staff at the local IH (director and admin)	<ul style="list-style-type: none"> • Support by the director • Admin assistant full-time during the last three months of program execution 	<ul style="list-style-type: none"> • Support by the director • Admin assistant part-time during implementation

Source: LSMs and local Impact Hubs

In addition, the LSMs generally felt that **they did not gain sufficient skills regarding scaling methodologies** at program inception. For example, the training of trainers provided during the induction week in Bogotá was not enough. However, this shortcoming was largely addressed when they participated in the scaling training with participant ventures.

Results monitoring and reporting

Although the *Review of the results monitoring system* report issued by Itad during Phase1 (at SP design stage)⁴⁷ included detailed recommendations and guidelines to strengthen the Latam SP RM system, the ET

⁴⁶ Impact Hub, Latam Scaling Program Internal Evaluation Report Impact Hub, July 2019.

⁴⁷ ITAD, Impact Hub Scaling Program Results Framework Review, Aprilv2018.

notes that these were minimally implemented as RM and reporting was effectively translated to collect and report progress and achievements of the program fulfilling AL-Invest requirements. Due to capacity constraints and governance and organisational shortcomings (see above for details), internal monitoring and reporting, knowledge management and quality assurance of results and deliverables was not adequately undertaken. The SP fell short in the following aspects:

- **Tracking output and outcome level indicators that were aligned with the designed ToC.** Tracking was limited to AL-Invest (mostly input and output indicators) as AF did not set up milestones for most indicators related to the SP that were included in the Grant Agreement 6117 overall logframe⁴⁸ (see section 7.1 for details). Nonetheless, IH GmbH tracked main outcome results post completion (of the HPs);
- **Limited internal monitoring and quality assurance activities** of results by the SP leadership and IH GmbH. Although the SP was led by IH GmbH, limited monitoring activities were conducted, and those that did take place were mostly triggered by funders' requirements. The ET also notes that most of the program documentation was in Spanish. In addition, no quality assurance was done by the regional coordination or by IH GmbH of the data collected by local IHs, even though spot checking **on selected results at the output and outcome level indicators and for different countries** was recommended by Itad.
- **Deficient knowledge management, especially post completion.** Each local IH LSM as well as the regional SP manager stored program documentation in a shared google drive. It is not clear to the ET who was the owner of this drive. However, post-completion data and information from the SP as a whole has been challenging to retrieve as no knowledge management task has been undertaken to clean, organise and store SP documentation in a final storage place. This task was especially relevant to ensure that all information produced by LSMs that left the IH was not lost. For instance, all information and data gathered/produced by the LSM in CDMX, who no longer works for the IH network, was only partially recovered as it could not be located.⁴⁹

Level of satisfaction of services provided (proxy for quality of services delivered)

Finally, interviewed SGBs were at least satisfied with the Latam SP services:

- **Level of satisfaction about the SELECTION PROCESS:** more than 90% of the ventures were satisfied (satisfied or very satisfied);
- **Level of satisfaction about the SERVICES PROVIDED:** 84% of the ventures were at least satisfied (satisfied or very satisfied) and just one venture from IH CDMX was neither satisfied, nor dissatisfied, and one venture from IH Monterrey was dissatisfied.
- **Level of satisfaction about the DELIVERY TEAM:** 75% of the ventures were at least satisfied (satisfied or very satisfied), particularly in IH San José, where 100% of the ventures were very satisfied. Only in IH Monterrey 60% of the ventures were neither, nor dissatisfied or directly dissatisfied.

Table 18: Level of satisfaction by interviewed venture (in per cent)

		TOTAL n = 12	IH Monterrey n = 5	IH Ciudad de México n = 2	IH San José n = 5
LEVEL of satisfaction – Selection process	Very satisfied	33	0	0	80
	Satisfied	58	100	50	20
	N/A	8	0	50	0
LEVEL of satisfaction –	Very satisfied	42	20	50	60
	Satisfied	42	60	0	40

⁴⁸ See for instance document: 6117_Impact Hub_Q4 2018_Annex I_Logframe.

⁴⁹ The former LSM was given temporary access to his old email so he could access information to be passed over to the ET.

		TOTAL n = 12	IH Monterrey n = 5	IH Ciudad de México n = 2	IH San José n = 5
Services provided	Neither satisfied, nor dissatisfied	8	0	50	0
	Dissatisfied	8	20	0	0
LEVEL of satisfaction – Delivery team	Very Satisfied	75	40	100	100
	Satisfied	0	0	0	0
	Neither satisfied, nor dissatisfied	17	40	0	0
	Dissatisfied	8	20	0	0
	Very dissatisfied	0	0	0	0

Source: In-depth interviews with ventures

6.4 What was the willingness to pay for the Latam SP of participating ventures?

According to findings from the 12 case studies, **willingness to pay varies significantly between local Impact Hubs.**

In Mexico, **five of seven ventures would have paid the same as they actually did** (approx. US\$ 500) and one from IH Monterrey would have paid up to US\$ 1,000 for additional mentorship. There is only one venture from IH Monterrey that would have paid for the full program US\$ 1,000 and another venture from the same Impact Hub that would not pay for the program, since it was not useful.

On the other hand, **in Costa Rica**, all ventures paid around US\$ 600 for the program and they **would have paid much more**. Two ventures would have paid between US\$ 1,200 and US\$ 2,000 for a similar program, but with partial payments (monthly for example). For mentorship the same ventures would have paid between US\$ 100–200 for one-month sessions. Another venture would **pay 20% of the revenues generated** after the program and for this year he was planning to spend US\$ 18, 000 for coaching on a specific subject for the team.

Two of the most mature enterprises would pay much more for the program:

- ✓ A venture estimated that without the SP, they would have needed to pay US\$ 3,000–4,000 if they had had to pay for the same services independently. For them, the SP payment was something more symbolic in relation to what they obtained. Regarding mentorship, the venture owner would have paid between US\$ 100 and US\$ 200 for 1-hour mentorship and he estimated that the support with legal contracts might have costed him between US\$ 500 and US\$600.
- ✓ The venture owner would have paid for the same program between US\$ 5,000 and US\$ 10,000 and for mentorship around US\$ 300 for 1–3 hours session. For group sessions, he would pay between US\$ 200 and US\$ 300.

7 Findings: effectiveness of Latam SP services (KEQ4)⁵⁰

KEQ4: Summary of Findings

This section focuses on achievement of short and long-term outcomes, and not on the achievement of outputs or key performance indicators (KPIs). Based on findings from the 10 case studies (interviews with HPs), 60% of the interviewed HPs stated that the Latam SP has been instrumental in supporting them to enhance their value proposition, especially in terms of better defining their value added and their impact model. Improved business collaborations (50% of ventures) was also mentioned as another positive result from the Latam SP. In addition, 50% of interviewed HPs enhanced their communications and marketing practices and for HPs in Costa Rica, the Latam SP has enabled them to improve their financial management practices. However, the ET observed that the Latam SP did not contribute significantly to interviewed HPs' improved business/management practices, especially in Mexico,

With regard to HPs implementing scaling pathways by program completion (or post completion), the ET notes that all of the **five HPs, who were already scaling by program inception (or 50% of the total HPs)**, have further penetrated other countries. However, program contribution is generally not very strong. For the five interviewed HPs that were not scaling by program inception (nationally or internationally), at present all of them are scaling to new markets or to the same markets with an increased product offer. **In this case attribution is much stronger.**

The former behavioural and scaling achievements might explain the results on revenue, job and investment. However, these findings should be treated with caution as there are other factors that influence how a company performs and grows. Findings from the 10 interviewed HPs shows that:

- **Revenues** from the 10 HPs has grown by 51% during the 2017–18 period, mostly explained by two HPs (a venture from IH Monterrey and a venture from IH San José) none of them attributed their sales increase to the Latam SP. When comparing HPs' revenues before they received the Latam SP with expected revenue by end 2019, these are expected to more than double for both countries (116%), but significantly more for ventures in Mexico (228%) than in Costa Rica (63%). This increase can be explained by six of the eight HPs (that reported data) increasing sales between 2018 and 2019. Again, the average is highly influenced by a venture in Mexico as a venture during that period had stable revenues in Costa Rica.
- During program implementation the **HPs created 46 jobs (46% increase)**. All HPs generated jobs, with the exception of two HPs, one from IH San José, an ICT company and a venture that was in early stages of development. When comparing HPs' jobs before they received the Latam SP with expected job creation by end 2019, interviewed HPs expect to create **90 new jobs (89% change)**. This change is mainly explained by 133% growth in Mexico and only 57% growth in Costa Rica.
- Only 50% of the 10 interviewed HPs raised investment during the 2016–18 period (US\$ 2.2m). Generally, **investment has not been facilitated by the program.**

The **Latam SP has contributed in a limited way to develop social capital and networking opportunities among participating entrepreneurs**. However, there are variances across countries mainly driven by the proximity of the participant venture to the local IH location, delivery method of cohort trainings (online or face-to-face) and chances of interacting with international experts. **This is the case for IH San José that created a very strong cohort-based experience, which led to high engagement.**

According to interviews with ventures, **the most relevant Latam SP aspect that has contributed to achievement of outcomes is linked to the individual support provided**, in particular mentorships and

⁵⁰ The ET has excluded a KEQ that was proposed by the ET in the inception report (7.6: To what extent has the Latam SP contributed to the achievement of short and long-term outcomes of HPs?) as it is repetitive.

consulting services. In addition, there has been one HP in Mexico that mentioned the **trade mission** organised by IH CDMX. Another service mentioned by interviewed ventures was the **scaling methodology session**.

According to interviews with ventures, the most relevant Latam SP aspects that have not contributed to achievement of outcomes are: cohort trainings, peer-to-peer learning, and access to investment activities. The ET also notes that **AL-Invest reporting requirements led to the LSMs having to spend a significant amount of time on reporting task instead of supporting ventures** to fulfil their needs so they could advance in scaling and in turn in achieving outcomes.

7.1 What are the main outcomes of HPs which have received in-depth support from the Latam SP?

During the design of the ToC for the program (*ex ante* activity supported by Itad) a set of expected indicators (outputs and outcomes) were identified (see Annex 7 for details of these indicators). Then IH GmbH used these indicators to define a results framework (RF) for the program (see Annex 7 for details) while selecting KPIs across each level – see table 19.

Table 19: Selected KPIs: outcome level (identified in the RF from IH GmbH)

Level	Selected ToC statement	Selected KPI
Output	IDEs aware of scale strategies and processes	# of ventures that have participated in training in scaling strategy design: strategy, model and profile of partners to replicate and scale (ICSF training)
	IDEs have been trained by Impact Hub and are ready to scale and innovate along clear scale pathways IDEs are educated on opportunities/challenges to scale up and scale pathways both at location of origin and destination	# of venture diagnostics completed
	HP have clear entry points to scale into their target markets	<ul style="list-style-type: none"> • # of ventures that have completed individual intervention plans • # of ventures that have participated in international commercial events • % of participating ventures satisfied/very satisfied (with the scaling support provided)
Short-term outcome	Business Skills of IDEs are improved	<ul style="list-style-type: none"> • # of ventures reporting productivity improvements • # of ventures reporting better management practices of costing, cash flows and/ or of inventory
	HPs implement processes and innovations and improve customer offer	• # of new services and products launched by HPs
	HPs successfully raise funds for scaling	• Amount of Investment raised (in EUR or USD)
Long-term outcome	HP improved sales, productivity and financial performance	<ul style="list-style-type: none"> • % increase in average annual revenue of supported ventures • € amount increase in average annual revenue of supported ventures • # of customers / beneficiaries of the supported ventures

Level	Selected ToC statement	Selected KPI
	HPs scale their businesses, reaching new markets locally or internationally with improved product or services	<ul style="list-style-type: none"> • % of ventures scaling nationally vs. internationally • # of ventures scaling by expanding operations to new locations via joint venturing / franchising / partnering / other ways
	HPs employ new people in their home country and the destination	<ul style="list-style-type: none"> • # of HPs with employment generated in their home countries and destination • # of new jobs generated in home country and destination by the 20 HPs – (disaggregated by full-time and part-time jobs)

Sources: Itad 2018, Impact Hub ToC Report (European Commission, GALI and Itad consultants)

However, to the ET knowledge, **this RF** was not used by IH GmbH as the main monitoring tool for the program. The Latam SP used the RF from AL-Invest⁵¹ as the main monitoring tool, that was not aligned with the defined ToC, as it was a mix of inputs, outputs (major focus) and few outcome level indicators (and its associated targets). IH GmbH claims that they collected outcome results defined in the Itad/IH GmbH RF but these were not introduced in the framework.

In turn, the logframe from the AF Grant Agreement that included a mix of activities/outputs/outcomes generally not aligned with the ToC, was not used for tracking purposes, as milestones for most indicators were not defined.

AL-Invest: target achievement

As per CAINCO, by program completion (end May 2018) Impact Hub was not able to comply with AL-Invest funding requirements, as it only achieved 78% of financial execution (EUR 311,842) and 80% of technical execution. This fact, shortened the resources received by Impact Hub, undermining the expected budget of the program – see section 8 for details.⁵²

Outcome achievements: findings from the evaluation

The ET has generally followed ToC pathways to assess outcomes achievements of the Latam SP – focusing on HPs – using information collected from the field and data shared by IH GmbH.

Changes in business/management practices (short-term outcomes)

The following findings **on behavioural changes of the HPs** as a result of the Latam SP are based on 10 HPs that were selected for case studies (for summaries of these please refer to Annex 9). The ET observes that **contribution of improved business/management practices by interviewed HPs to the Latam SP is not high and especially for Mexico**. This is mainly due to the design and associated delivery shortcomings of the program (i.e. trainings not mandatory, less tailor-made support etc.). In addition, most of the positive behavioural changes explained below are mostly because of mentorship/consulting services, scaling methodologies and the ongoing support of the LSM.

As table 20 shows, **60% of the interviewed HPs** stated that the Latam SP has been instrumental in supporting them to **enhance their value proposition**, especially in terms of better defining their value added and their impact model. For instance, a venture in Costa Rica, changed its value proposition by pivoting from a retailer-oriented business model (breadfruit chips), to a B2B model selling breadfruit flour. This change defined the scaling pathway of the company.

⁵¹ Please refer to Annex 2 for details on the indicators.

⁵² Source: CAINCO, Impact hub certification document, May 2018.

Another improved business practice, especially highlighted by interviewed HPs in Costa Rica (and a venture from IH CDMX) was **improved business collaborations⁵³ (50% of ventures)**. For the case of a venture, that sets up early childhood learning centres in peri-urban areas, the commercial mission to Guanajuato allowed them to connect with clients with whom they are now in the process to finalise negotiations to open new centres.

Table 20: Improved business and management practices (as a percentage)

Latam SP' contribution	HPs in Mexico only with positive contribution (n=5)	HPs in Costa Rica only with positive contribution (n=5)	Total HPs only with positive contribution (n=10)
Improved business plan /value proposition	40	80	60
Strengthened operational management and processes	20	0	10
Reinforced business collaborations	20	80	50
Enhanced communications and marketing practices	60	40	50
Reinforced financial practices	20	60	40

Source: In-depth interviews with beneficiary SGBs

The ET also notes **50% of interviewed HPs have enhanced their communications and marketing practices**. It is relevant that the LinkedIn strategy developed with program support for a venture (Costa Rica) was crucial to promote the company and generate commercial opportunities. In turn, a venture was able to better communicate their value proposition to potential clients. Finally, for HPs in Costa Rica mostly, the Latam SP has enabled them to improve their financial management practices.

HPs implement scaling pathways

As key outcome result that was expected to be achieved by HPs, as per initial design, is that supported HPs scale and innovate by program completion (or post completion). As shown in table 21, **five (or 50%) of interviewed HPs were already scaling by program inception**, three of them from IH San José internationally and two from IH Monterrey and IH San José nationally. At present, all of these scalers have further penetrated other countries. For instance, a venture has now 25 operational centres (18 in Mexico and 7 in other LAC countries) and it only had five at program inception. However, program contribution is generally not very strong – with the exception of a venture.

For the five interviewed HPs that were not scaling by program inception all are currently scaling to new markets or to the same markets with an increased product offer. The Latam SP has supported them to tackle their product offer/organisational/efficiency barriers with customised support, provide business connections, so they could start scaling and penetrating new markets. **In this case attribution is generally much stronger**. For instance, a venture has started exporting to the USA (new market) and with a new product (breadfruit flour instead of chips) via an important wholesaler.

Table 21: Implementing scaling pathways

HP	Location	Scaling at program Inception	Scaling <i>ex post</i>	Latam SP contribution
Venture A	Mexico	Yes – starting nationally (5 centres)	Yes, it has 25 operational centres (18 in Mexico and 7 in other LAC countries) – but not strong SP contribution	WEAK

⁵³ Ventures, improved business collaborations, but they did not directly implied increases in revenues, e.g. a venture co-organised an event with IH San José.

HP	Location	Scaling at program Inception	Scaling <i>ex post</i>	Latam SP contribution
Venture B	Mexico	No	Yes, replicated the model in 5 centres in the Bajío region. In 2020 they plan to open centres downtown in Mexico City	STRONG
Venture C	Mexico	Yes – starting nationally (2 centres)	Yes, they opened a new subsidiary in Monterrey-	MEDIUM
Venture D	Mexico	No	Yes, they have increased their product offer by 10%. Selling in the national market only	STRONG
Venture E	Mexico	No	Yes, nationally. Planning to export to USA in 2020	WEAK
Venture F	Costa Rica	Yes, to USA, Latam and EU	Yes, Speedup partnerships with international clients (3 new in Colombia) and the new LinkedIn strategy has been crucial to generate new commercial opportunities	STRONG
Venture G	Costa Rica	No	Yes, it started exporting to the USA (new market) and with a new product (breadfruit flour instead of chips) via an important wholesaler	STRONG
Venture H	Costa Rica	Not yet – but sold franchises in the national market	Yes, they have been opening the franchises that were already sold before the SP	WEAK
Venture I	Costa Rica	Yes, to USA	Yes, started scaling to Canada	WEAK
Venture J	Costa Rica	Yes, to USA	Yes, they have established an important alliance with Walmart and are negotiating new contracts with European countries (e.g. UK)	WEAK

Changes in the performance of the company

This section considers data collected during the interviews with HPs in Mexico (three HPs from IH Monterrey, two from IH CDMX) and Costa Rica (five from IH San José), complemented with data from the file 'Venture data 2016–18' sent by the Impact Hub M&E team.⁵⁴ This analysis only considered ventures that reported data for the 3 years of interest (2016, 2018 and 2019 expected data).

Revenue growth

Revenue growth during 2016-18 period

During program implementation total HP revenue increased by 51% (44% in Costa Rica and 65% in Mexico). Although, median revenue was lower compared to the average revenue, it grew by more than average during program implementation (63%), 42% in Costa Rica and 78% in Mexico. Most of this growth

⁵⁴ When data from both sources did not match, we considered data reported by the entrepreneur during the interview.

can be explained by two ventures, one from IH Monterrey that already had high revenues in 2016 with sales increasing 50% by 2018 (a venture: US\$ 1.5m) and one from IH San José (a venture: US\$ 2.7m). Although, none of them attributed their sales increase to the Latam SP.

Revenue growth post-Latam SP

When comparing pre- and post-Latam SP (2016 and 2019E⁵⁵) results, on average revenues are expected to more than double for both countries (116%), but significantly more for ventures in Mexico (228%) than in Costa Rica (63%). This increase can be explained by six from the eight HPs (that reported data) increasing sales between 2018 and end 2019. Only one HP from IH San José is expected to have stable revenue by end 2019. Again, the average is highly influenced by a venture in Mexico that expects to triple its sales between 2016 and end 2019 due to a change in the legal framework that favoured his biodegradable products (see Annex 9 for details). From the three exporting companies only two expect to see their sales increase and one company that was scaling nationally expects to decrease their revenues by end 2019, as one of their franchises had to close. The two HPs from IH CDMX not reporting sufficient data, two ventures, informed that between 2016 and 2018 they almost doubled their revenue and they expected further growth by end 2019.

Table 22: Revenue growth per country, pre- and post-Latam SP

Country	Total revenue 2016	Total revenue 2018	Total revenue 2019E
Costa Rica	2,394,718	3,454,190	3,900,258
Mexico	1,136,202	1,880,000	3,725,000
Total	3,530,920	5,334,190	7,625,258

Source: 2016 and 2018 data from document 'Venture data', but data cleaned based on case studies' interviews. 2019E is expected revenue based on case studies interviews.

Note: n = 8. Not included in the sample two HP's because they did not reported data.

Table 23: Average revenue and revenue growth per country, pre- and post-Latam SP

Country	Average revenue 2016 US\$	Average revenue 2018 US\$	Average revenue 2019E US\$	During SP 2016–18	Post SP 2018–19E	Post SP 2016–19E
				Average change 2016/2018	Average change 2018/2019E	Average change 2016/2019E
Costa Rica	478,944	690,838	780,052	44%	13%	63%
Mexico	378,734	626,667	1,241,667	65%	98%	228%
Total	441,365	666,774	953,157	51%	43%	116%

Source: 2016 and 2018 data from document 'Venture data', but data cleaned based on case studies' interviews. 2019E is expected revenue in 2019, data based on case studies interviews.

Note: n = 8. Not included in the sample two HP's because they did not reported data.

Table 24: Median revenue and median growth per country, pre- and post-Latam SP

	Median revenue 2016 US\$	Median revenue 2018 US\$	Median revenue 2019E US\$	During SP 2016–18	Post SP 2018–19E	Post SP 2016–19E
				Median change 2016/2018	Median change 2019/2018	Median change 2019/2016
Costa Rica	110,144	156,442	165,000	42%	5%	50%
Mexico	160,772	285,500	390,000	78%	37%	143%
Total	135,458	220,971	362,500	63%	64%	168%

⁵⁵ Expected.

Source: 2016 and 2018 data from document 'Venture data', but data cleaned based on case studies' interviews. 2019E is expected revenue in 2019, data based on case studies interviews.
Note: n = 8. Not included in the sample two HP's because they did not reported data.

Job creation

Job creation during 2016-18 period:

During program implementation the **HPs created 46 jobs (46% increase)**. All HPs generated jobs, with the exception of two HPs, one from IH San José, an ICT company and a venture that was in early stages of development.

The **employment generated was mostly FTE 90%**. Part-time employees (PTE), albeit it doubled, but only passed from four to eight employees, seven of them from Costa Rica.

Job creation post-Latam SP

Post completion (between 2016 and 2019E), interviewed HPs expect to create **90 new jobs (89% change)**. This change is mainly explained by 133% growth in Mexico; growth in Costa Rica is lower (57%). Although both countries created similar number of jobs during program implementation, during 2019 Mexico is expected to generate 37 more jobs (a venture from IH CDMX only expects to create 20 new jobs by end 2019). On the other hand, Costa Rica only expects to create 33 new jobs by end 2019 (table 25).

Table 25: Total jobs, full-time and part-time employment per country, pre- and post-Latam SP

Total Jobs (n = 10)				During SP 2016–18		Post SP 2018–19E		Post SP 2016–19E	
	Total jobs 2016	Total jobs 2018	Total jobs 2019E	# Diff.	% change	# Diff.	% change	# Diff.	% change
Costa Rica	58	84	91	26	45%	7	8%	33	57%
Mexico	43	63	100	20	47%	37	59%	57	133%
Total	101	147	191	46	46%	44	30%	90	89%

Source: 2016 and 2018 data from document 'Venture data', but data cleaned based on case studies' interviews. 2019E is expected revenue in 2019, data based on case studies interviews.

Women employment generation

Interviewed HPs also generated women employment in both countries during program implementation (21) – see table 26 for details. When comparing women employment pre- and post-Latam SP (2016-2019E) these has grown by 139%. Most of the change is attributed to Mexico where the female jobs grew by 355%.

Table 26: Women employment, per country, pre- and post-Latam SP

Women employment (n = 8)				During SP 2016–18		Post SP 2018–19E		Post SP 2016–19E	
	Total jobs 2016	Total jobs 2018	Total jobs 2019E	# Diff.	% change	# Diff.	% change	# Diff.	% change
Costa Rica	22	27	29	5	23%	2	7%	7	32%
Mexico	11	27	50	16	145%	23	85%	39	355%
Total	33	54	79	21	64%	25	46%	46	139%

Source: 2016 and 2018 data from document 'Venture data', but data cleaned based on case studies' interviews. 2019E is expected revenue in 2019, data based on case studies interviews.

Investment facilitated

Investment raised during 2016–18 period

Only 50% of the 10 interviewed HPs raised investment during the 2016–18 period (US\$ 2.2m) mainly drove by a venture from IH San José. **Generally, investment has not been facilitated by the Program.** From the investment raised in 2019, US\$ 150,000 raised by a venture from IH San José is attributed to SP, as it was during the program that they changed their business model making it more attractive for investors. A venture from Mexico has recently had approved financing from the IADB to further expand operations. Similarly, based on stakeholder's interviews, an IDE from Costa Rica, raised significant investment from the IADB too (US\$ 6m in dept and US\$ 6m in equity).⁵⁶

Table 27: Raising funds per country during the SP and post SP

Venture	Country	IH owner	Type of venture	Finance mobilised		
				Pre-SP 2016	During SP 2017/2018	Post-SP 2019E
A	Mexico	Monterrey	HP	122,422	258,000	no
B	Mexico	Monterrey	HP	52,309	206,302	no
C	Mexico	Monterrey	HP	80,000	177,000	no
D	Mexico	CDMX	HP	n/a	Yes*	Yes*
E	Mexico	CDMX	HP	no	597,177	no
F	Costa Rica	San José	HP	no	9,194	150,000
G	Costa Rica	San José	HP	no	no	76,000
H	Costa Rica	San José	HP	no	1,000,000	no

*Not disclosed during the interviews

Source: Interviews

Social capital and networking

In this section the ET complemented information from the visited IHS, with information provided by the IH Bogotá and IH São Paulo.

Overall, **the Latam SP has contributed in a limited way to develop social capital and networking opportunities among participating entrepreneurs.** However, there are variances across countries mainly driven by the proximity of the participant venture to the local IH location, delivery method of cohort trainings (online or face-to-face) and chances of interacting with international experts.

IHS in CDMX, Monterrey, Bogotá and São Paulo all reported weak interactions between entrepreneurs.

Given the non-mandatory nature of the trainings, it was challenging for the LSMs to keep ventures engaged – especially those not actively participating in the program. In addition, a relevant number of ventures in both Mexico and Brazil were not located in the local IH cities but in other states, and IH Bogotá included a venture located in Caracas (Venezuela), which made the creation of peer interactions more difficult. This was compounded by the fact that the Latam SP did not provide financial support for transport. The ET found that for ventures located in CDMX, some interactions were facilitated by the LSM. For instance, one HP and one IDE established a business collaboration in 2019. In addition, this same HP, acted as an expert and facilitated a training on fundraising and in Costa Rica, a venture facilitated a workshop on franchises.

⁵⁶ One of the co-owners of this enterprise is from a USA, ex CEO from Intel company Costa Rica. As it was not categorized as an HP, the ET did not interview them.

IH San José created a very strong cohort-based experience which led to high engagement. This was partially because IH San José required ventures to travel 1 day per month to the IH offices to undertake a cohort group training (compulsory), have one-hour direct support from the LSM and receive a planned mentorship session. Additionally, ventures recognised the quality and commitment from most ventures valuing the possibility of networking and engagement among them and in very few cases even the possibility of business connections. In this case travel costs were not high, because Costa Rica is a small country.

The ET notes that networking opportunities and commercial connections were limited, the few events or training organised open to non-participants were among the few chances for informal networking. A few formal networking activities were organised, for example round business tables in the IH São Paulo. **What local Impact Hubs lacked generally was the possibility of networking or connecting with international experts, potential partners or investors.** As mentioned in the AF agreement, one of the Impact Hub competitive advantages was the possibility for local IHs to connect ventures with an IH located in their target scaling country, but this rarely occurred. One venture from Costa Rica and two from Mexico came to Bogotá, and IH Bogotá connected them with Procolombia,⁵⁷ but the accompaniment went no further than that.

Contribution of the Latam SP to HPs outcomes

It is important to highlight that this section has shown HPs' views on the contribution of the Latam SP to improvements in company practices, processes (behavioural changes), scaling achievements and financial performance. **They should be treated with caution.** The ET team highlights that there are other factors that influence how a company grows and eventually scales. These include changes in the business environment, access to financing, the entry and withdrawal of strong competitors etc., as well as the attitude, drive and commitment of the entrepreneurs. In addition, the Latam SP is a punctual intervention in the life of the venture, with no requirement on the venture's part to utilise learning acquired via the program.

7.2 What are the aspects of the Latam SP's support provided that lead to successful outcomes for HPs, in terms of job creation, revenues and investment raised of businesses?

According to interviews with ventures, **the most relevant Latam SP aspect that has contributed to achievement of outcomes is linked to the individual support provided**, in particular mentorships and consulting services (for both ventures in Costa Rica and Mexico – see Annex 9 for details on case studies). In addition, there has been one HP in Mexico that mentioned that the **trade mission**, organised by IH CDMX for a few HPs to Guanajuato, translated into new business. Another service mentioned by interviewed ventures was the **scaling methodology session**, as it has helped them to explore and define their scaling pathways and methods. A couple of ventures mentioned the effective and ongoing support from the LSMs. In the case of a venture, the LSM supported the entrepreneur to improve the venture's value proposition. Only one venture mentioned a cohort training organised around processes as a key aspect that contributed to achieve their expected outcomes (Mexico)

Please refer to section 4.3 for details on how ventures valued the services –that is closely linked to this question.

7.3 What other contextual factors contributed to successful ventures scaling?

⁵⁷ ProColombia is a government agency of the Executive Branch of the Government of Colombia in charge of promoting Colombian non-traditional exports, international tourism and foreign investment to Colombia.

The in-depth interviews with participant ventures identified several other contextual factors that are affecting small and growing business achievements of outcomes, which are summarised in table 28.

Table 28: Contextual factors contributing to ventures successful outcomes

Theme	Contextual factors in Costa Rica and Mexico
Enabling environment	<ul style="list-style-type: none"> • Unfavourable tax system – One IDE in Mexico mentioned high taxes and corruption in some government departments are constraining her company's growth. Two HPs in Costa Rica mentioned high taxes as a constraint to growth and to export • Change in legislation whereas it bans non-biodegradable plastic disposables (a venture, Mexico) • Limited political support: Lack of an effective national policy for entrepreneurship for Costa Rica. Weak policies and with limited funding allocated to the sector
Climate	<ul style="list-style-type: none"> • Agriculture businesses are affected by climate conditions. A venture from Costa Rica named it as a main concern together with insects
Location of the small and growing businesses	<ul style="list-style-type: none"> • The remote location of some agriculture producers increases significantly transport costs. • Ventures not located in close to big cities face challenges in accessing clients and markets and hence their chances of survival are lower
Clients attitudes	<ul style="list-style-type: none"> • Population is becoming more socially and climate aware and willing to pay a premium for social and eco-responsible products and services (two ventures in Mexico)
Entrepreneur skills	<ul style="list-style-type: none"> • Increased entrepreneurial motivation (six ventures) • Improved leadership skills (seven ventures) • Improved your knowledge in the social entrepreneur sector (five ventures) • Increased confidence levels (seven ventures)

Source: In-depth interviews with beneficiary SGBs.

7.4 What unintended results (positive or negative) did the Latam SP produced?

The in-depth interviews beneficiary ventures indicated that there have been other positive and negative effects for SGBs, these are summarised in table 29.

Table 29: Unintended effects for beneficiary SGBs

Theme	Benefit
Developing the enabling environment in Costa Rica	<ul style="list-style-type: none"> ✓ A venture is now perceived as a strong player in the sector and promote eco-friendly businesses and practices (Green Circle event)
Community development	<ul style="list-style-type: none"> ✓ Reactivating a traditional sector in the Taxco state in Mexico – silver jewellery – by providing local artisans with modern designs that the produce and then a venture sells nationally ✓ Producing a traditional and local product -pinole- in an ecological friendly way while providing farmers with an increased source of income (a venture, Mexico)
IH and partner organisations support post completion	<ul style="list-style-type: none"> ✓ Partner organisations keeping engaged with participants, e.g. SEED by EY with a venture and Procomer with a venture in Costa Rica.
Empowerment	<ul style="list-style-type: none"> ✓ A venture (Costa Rica) highlighted that because of the SP, his female partner increased the feeling of ownership and felt empowered over her own business as she acquires more business skills ✓ A venture in Mexico, is empowering women from poor environments by providing them with a quality job and a source of income. At present, one venture employs 60 women full-time and has a database of 600 freelancers

Theme	Benefit
Networks	<ul style="list-style-type: none"> ✓ Due to a connection made through an AF member, a venture in Costa Rica engaged with Stage Six, experts in franchising which have been supported their international expiation. ✓ For a venture (Costa Rica), having participated in a program funded by CAINCO, helped him to network and starting his business in Bolivia, where CAINCO is located. ✓ Peer-to-peer learning during an event organised directly by the funder – AL-Invest (a venture, Mexico)

Source: In-depth interviews with beneficiary SGBs

7.5 What aspects of the Latam SP support provided did not lead to successful outcomes to HPs in terms of job creation, revenues and investment raised?

According to interviews with ventures, **the most relevant Latam SP aspects that have not contributed to achievement of outcomes are:**

- **Cohort trainings**, as for some ventures these were too basic not sufficiently adapted to the needs of the entrepreneurs; or not delivery with the right method;
- **Peer-to-peer learning**, especially in Mexico, as over 50% of ventures were not located in the local IH city and this led to a high number of sessions to be conducted online. In fact, in Mexico, most ventures only met during the kick-off session;
- **Access to investment related activities** as few resources were allocated to this activity.

The ET also notes that **AL-Invest reporting requirements led to the LSMs having to spend a significant amount of time on reporting task instead of supporting ventures** to fulfil their needs so they could advance in scaling and in turn in achieving outcomes. According to the LSM in IH Monterrey, he had to spend 50% of his time on reporting. In addition, LSMs had around 12–14 ventures each in their portfolio, which was a high number of ventures to manage and provide them with tailor-made support. In Costa Rica, the LSM used after-office time to comply with reporting requirement to avoid affecting the program execution.

8 Findings: Latam SP contribution to the sustainability of local IHs (KEQ5)

KEQ5: Summary of Findings

The contribution of the Latam SP to the sustainability of the local Impact Hubs differs when comparing the short-term (e.g. financial impact and administrative costs) with the long-term effects (e.g. learning uptake and reputational impacts).

Short-term contribution: For both IH GmbH and the local IHs, **the Latam SP contributed negatively to their finances.** IH GmbH had to allocate additional resources to cope with reporting and administrative requirements of AL-Invest. Additionally, given that the Latam SP did not meet all AL-Invest targets, allocated funds were shortened by 25% (from US\$ 200,000 to US\$ 150,000)⁵⁸ and financial arrangements led to high banking costs. For local IHs, this was partly because the design did not allocate resources for overheads for the delivery partners (local IHs), nor resources to finance the IH directors key to the success of the program.

Long-term contribution: The Latam SP has had some positive effects on the sustainability of the IH GmbH but in particular for the local IHs.

- **Positive effects:** For IH GmbH: (i) strengthened their fundraising strategy; (ii) increased funding for new programs; (iii) improved the IH network global positioning in the BDS market and (iv) provided with M&E tools. For local IHs: (a) positive reputational effects; (b) engaged in follow-up paid services with participating ventures (Costa Rica); (c) strengthened their revenue streams; (d) increased the efficiency of program delivery.
- **Negative effects:** For IH GmbH and local IHs: Some loss of institutional knowledge as some key delivery staff disengaged from the IH network. For local IHs: None of the participating ventures became members post completion. Though, those that were members hold their memberships by completion.

Short-term contribution

In the short term, while it was valuable to have a reputable funding partner such as AL-Invest, it came at a high cost for both IH GmbH and the implementing local IHs:

- **The Latam SP also contributed negatively to finances of IH GmbH by program completion.** IH GmbH was not prepared to cope with such extensive reporting and administrative requirements of AL-Invest, the public funder. This resulted in high administrative costs, since most financial management had to be coordinated from IH GmbH, which resulted in a significant burden and in a financial loss from banking fees (around US\$ 20, 000). Additionally, the Latam SP did not meet all AL-Invest targets set for all indicators, resulting in the shortening of prospected funds (about 25% less funds – from US\$ 200,000 to US\$ 150,000). Finally, the Latam SP also negatively affected the IH GmbH cashflow, as they had to pay upfront all costs as AL-Invest paid *ex post* based on results and in some cases even payments came with delays.
- **The Latam SP contributed negatively to finances of the local IHs by program completion.** The IH Monterrey, for instance, estimated a financial loss of approx. US\$ 15,000. This was partially due to the design not allocating resources for overheads for the delivery partners (local IHs), nor resources to finance the IH directors key to the success of the program. In the case of IH San José, they received funding from direct payments from the ventures participating in the program (approx. US\$ 8, 000) that somewhat contributed to counterbalance the losses.

⁵⁸ Source: IH, Completion report 2018.

Long-term contribution

In the long term, the Latam SP has had some positive effects on the sustainability of the IH GmbH, particularly for the local IHs. These are detailed below:

For Impact Hub Global

- **Strengthened their fundraising strategy:** IH GmbH has refined its fundraising approach when selecting potential partners, so future partnerships are aligned with IH's philosophy and culture. In addition, IH GmbH ensures that proposed funding is aligned with prospected project objectives and activities as well as with reporting requirements.
- **Increased funding for new programs.** The Latam SP facilitated IH GmbH to improve its positioning in the BDS market.
- **Improved the IH network global positioning in the BDS market.** An example of this is the Accelerate 2030 programme, run by IH Geneva in partnership with local IHs – see section 9.1 for details;
- **Provided with M&E tools,** such as the ToC and the RM framework that can be used for future programming.

For implementing local Impact Hubs

- **Follow-up paid services for participating ventures:** IH San José developed a post-scaling paid service and supported six of the HPs on taking their scaling plans forwards. For instance, a venture received support on organisational culture.
- **Strengthened their revenue streams:** three of the five local IHs had increased their revenues sources coming from programming and consultancy services (see table 30). To support this, local IHs are also devoting more resources to programming. For instance, IH Bogotá now has two full-time staff dedicated to design and implement programmes.

Table 30: Evolution of revenue sources by local IH

IH location	Revenue sources (pre and after the SP) ⁵⁹ (% Infrastructure ⁶⁰ / % program delivery / % consultancy services)
IH Bogotá	✓ Before: 80% infrastructure; 20% programming and consulting ✓ After: 30% infrastructure and 70% programming and consulting
IH Monterrey	✓ Before: 30% infrastructure; 70 % programming ✓ After SP: 20% infrastructure; 80% programming
IH San José	✓ Before: 65% infrastructure; 35% programming ✓ After: 40% infrastructure; 60% programming
IH São Paulo	✓ Before: 30-40% infrastructure; 60-70 % programming ✓ After: same as before as they have experience

Note: No detailed information was available for IH CDMX – but their main source of revenues has been infrastructure space

Source: Interviews

- **Increased efficiency in program delivery:** All local IHs have leveraged learning from the Latam SP to implement the follow-up program: Accelerate 2030 program – Phase 1 (selection and capacity building on scaling of ventures to select the finalists to go to Geneva). At the end, 50 enterprises from five local IHs (including San Salvador) were supported in 2019 including five that were selected into the international final in Geneva. For example, IH San José and IH Bogotá used tools/ processes and material developed for the Latam SP to deliver Phase 1. IH Monterrey was able to

⁵⁹ Before is 2016 and after 2019.

⁶⁰ Infrastructure is the same as coworking space.

undertake a better scouting that led to select the right ventures for the program.⁶¹ In addition, local IHs decreased significantly the administrative burden. The LSM in IH San José stated that she spent half of the time she used for the Latam SP to deliver the Phase 1.

- **Reputational effects:** The Latam SP also had important effect the reputation of the local IHs that facilitated them to become better positioned in the local ecosystem and/or to generate more business opportunities. For instance, for IH Monterrey and IH San José, the Latam SP has helped them reinforce their leadership in the sector and to become the leader in scaling internationally in the market – first mover advantage, respectively.

The ET also notes, however, that there have been some effects that have **not positively contributed to the sustainability of the local IHs:**

- **Memberships of participating ventures:** None of the participating ventures that were not members of the IH became members by program completion. The main reason was the high cost, the ventures not located in the IH city, and the ventures already had their offices. By program inception eight ventures (or 13% of total participating ventures) were already members and they hold their memberships by completion. The ET team notes, however that IH membership was not an objective of the Latam SP;
- **Some loss of institutional knowledge:** Given that key staff of the Latam SP were recruited by IH GmbH for the delivery of the program only, by completion, the regional SP manager (Javier Carvajal) and two LSMs (IH CDMX and IH Bogotá) disengaged from the IH network. This led to some loss of knowledge and experience by hindering the capacity of Impact Global and local IHs to leverage on the SP's learning.

⁶¹ Also helped that the Acceleration 20/30 had 3 months for scouting and selecting enterprises instead of 3 weeks of the SP.

9 Findings: learning (KEQ 6)

KEQ6: Summary of Findings

This section focuses on answering how the IH (Global and local IHs) has been acquiring and uptaking knowledge internally, from the network and from program funders. It also highlights aspects to take into account during the replication of the Latam SP.

Internal learning: The Latam SP delivery team has shared learning during implementation formally via their weekly meetings focusing on lessons learnt and how to coordinate to reach AL-Invest targets. However, most of the learning has been informal among LSMs by sharing best practices, documents and processes that could be of value for each other. Post completion, the IH internal evaluation report has identified some lessons learnt that have been used as an input for the design and follow-up programs; so, there has been learning uptake.

Learning from the IH network: The main focus of the Latam SP learning from the network has been from the EU scaling program, where some recommendations were taken into account when designing the SP (such as proactive scouting, focus on mentorships/experts, cohort training, etc.)

Learning from the funders: (i) AL-Invest partnership taught Impact Hub, that a successful and effective program delivery highly depends on the right partner. Impact Hub had to restructure the program to comply with AL-Invest requirements; (ii) with AF becoming a mentor, it has guided IH GmbH strategically. IH highly values AF's efforts to share and contribute to learning as well as to develop the ecosystem in the Central American region.

The ET has identified some individual aspects that could be replicated including the choice of funding partner; type of support provided to engaged HPs; delivery of cohort trainings and type of individual support; engagement of entrepreneurs in the program.

9.1 How has the Latam SP learnt (a) internally, (b) from the IH network and (c) from All-Invest and the Argidius partnership?

Internal

With regard to formal learning, **key staff, including the LSMs, attended weekly meetings** coordinated by the regional SP manager and managed from Colombia. However, these meetings were not as useful as they could be, due to limited team leadership (see section 6.3 for details). Discussions revolved around:

- AL-Invest reporting, as in many instances the LSMs required guidance to reach indicators;
- Sharing experiences and getting feedback that could improve the program implementation in their respective locations, given the relevant program design shortcomings that had to be mitigated. For example, as a result of one of this meeting, the LSMs proposed and developed an internal management tools that was used during the selection process to select ventures (see Annex 5 for details);
- Venture's needs, particularly if they were interested to scale to another IH country.

Additionally, there was plenty of **informal learning between LSMs, like between those from IH San José, IH CDMX and IH Bogotá**. They were constantly sharing best practices, documents and processes that could be of value for each other. For instance, IH Bogotá used the same template to define the individual intervention plan for ventures as IH San José.

As planned in the evaluation framework, the IH GmbH impact measurement team conducted an **internal evaluation of the SP at completion** stage using as input interviews with all LSMs, regional scaling coordinator and the regional partnerships lead. These were further triangulated with data collected from entrepreneurs through an online survey. The survey only had 20 valid responses, less than a third of the

ventures participating in the program. Another report that focused only on HPs was also developed – *Latam SP – Overview of 20 high-potential ventures*.

Learnings from the Latam SP have also been used to **design and improve other acceleration programs**, like the **Accelerate 2030** launched in 2019. This program was co-initiated by Impact Hub Geneva and the UNDP, with a mission to scale internationally the impact of entrepreneurs working towards achieving positive social and environmental change contributing to the UN's Sustainable Development Goals.

Examples of learning uptake:

- IH Bogotá and San José developed similar services that were offered to ventures – including scaling methodologies. Each local IH decided what aspects of the SP to incorporate;
- Better targeting of ventures as a result of their increased knowledge on the ecosystem on more advance SGBs, not only start-ups (IH Monterrey and San José);
- Increased in efficiency in terms of project management. Tools/processes developed for the Latam SP improvements were replicated in IH San José.

Finally, lessons learnt from the Latam SP together and the Social Challenge EU initiative, were used to design the **Accra Scaling Program** that started implementation in early 2019. One of the major differences is that it only supports 18 HP ventures to scale and also considered a more local contextual approach.

From the IH network

The main focus of the Latam SP learning from the network has been from the EU scaling program. As mentioned in the IH internal evaluation, some recommendations were taken into account when designing the SP (such as proactive scouting, focus on mentorships/experts, etc.) while others were not (fully) incorporated (such as make some group, cohort training mandatory, program standardisation, enterprises grouped by the similarity of their product/service or by their stage of growth.). *A rigorous analysis of the extent to which recommendations made in the evaluation of the EU scaling program have been adopted by the Latam SP is out of scope for this evaluation.*

From AL-Invest

AL-Invest partnership taught Impact Hub, that a successful and effective program delivery highly depends on the right partner. Impact Hub had to restructure the program to comply with AL-Invest requirements. As Impact Hub learnt, the main goals and aims of a funding partner can definitely define the success or failure of a program. Although, AL-Invest did impact in the design, delivery and outcomes of the SP, IH GmbH should have taken some actions to soften some of its negative impacts. For instance, the regional or LSMs should have had some administrative support, an intern, to help them comply with the report requirements (see sections 5.1 and 6.3 for details). Finally, the ET also notes that IH GmbH learnt how to report to an EU funded organisation.

From the Argidius partnership

Generally, the IH highly values AF's contributions towards the body of knowledge on how to effectively support ventures to grow/perform as well as towards helping developing the ecosystem in the Central American region with their relevant initiatives.

This **AF focus on learning**, especially in the long-term program effects in (outcomes) into ventures' performance, **has facilitated that this program had an evaluation framework** that culminated with this external evaluation (see table 1 for details on the evaluation framework). Evaluation activities have been allowing IH to identify lessons learnt, without having an economic retaliation, as was the case of AL-Invest. The IH has already been applying these lessons when designing the SP pilot in Accra (Ghana).

The AF has also played an important role providing **different strategic inputs to IH GmbH**. AF worked with them on governance and proposed the nomination of external board members, something that has already been implemented. Additionally, the AF as part of their strategic partnerships grant approved in 2018 have requested IH to improve internal processes, data collection and monitoring, education and

learning (MEL) systems – work in progress at present. In June 2019, due to AF's interest to develop the Central American region, they organised a **networking event in Antigua (Guatemala) with main players** and particularly for their grant's beneficiaries, where local Impact Hubs participated.

9.2 What have been successful aspects of the support provided that are replicable for the program expansion in Africa and Asia?

Overall, the ET concludes that Latam SP is generally not replicable due to the design shortcomings (outlined in Section 5) that affected program delivery and results.

However, the ET has identified some individual aspects that could be replicated:

- The IH (Global and local) should continue partnering with renowned organisations to gain visibility and reputation in the regional ecosystem, as BDS provider. However, IH has to ensure that the right partner is selected.
- **Services to HPs**
 - Offer tailor-made consulting and coaching services to engaged HPs, in combination with mentorships (as in the case of Costa Rica);
 - Develop a tailor-made activity to HPs that are interested in exploring business opportunities in the same region, as happened in Guanajuato in CDMX. In this case, it was a phased activity that consisted on: HPs learning about the region followed up by a trade mission to the region where key meetings with stakeholders and potential partners were organised;
 - For cost-efficiency reasons, when possible, engage regional delivery partners that can serve all countries, as done for market studies. But, make sure that the terms of the contracts adjust to the Latam SP requirements and to the local context;
- Most mature scalars to provide mentoring sessions to other less mature ventures, while managing expectations of both;
- If an entrepreneur has limited availability, ensure that he/she engages fully a company champion into the Program, so program learning (and transfer of knowledge within the venture) is ensured (as in the case of one venture in CDMX);
- As already done for the follow-up program implemented in the region, Accelerate 2030 leverage on the program management tools/systems developed by the LSMs, which will increase the program efficiency;
- For cohort trainings: split the trainings into two sessions (plus homework in between); one more theoretical and one more practical were explained tools/processes/concepts are actually applied by ventures. This was the case for the processes training in Mexico;
- As happened in Costa Rica, ventures are required to spend a defined time per month at the IH offices to undertake a cohort group training (core and compulsory), have one-hour direct support from the LSM, and receive a planned mentorship session;
- Ventures should not be giving any scaling program for free. In Costa Rica and Mexico, ventures paid around US\$ 500–600 to participate;
- Use local partners for identifying the right ventures, as it happened in Costa Rica. It would also make the scouting period more time efficient;
- Replicate the spring methodology as it was highly valuable (particularly in Costa Rica). But, ensure a more in-depth training for LSMs.

9.3 What lessons does the Latam SP offer around how to make such programs within the regional Impact Hub in Latam more accessible and inclusive?

If the IH aims at making their future programming more accessible and inclusive, first Global and local-level IH need to explore how to articulate the accessibility and inclusivity term, as this will define the programming strategy:

- ✓ Accessible to whom? To the wider spectrum? To rural ventures? Or to middle class entrepreneurs located in the same IH city or in another city)?
- ✓ Inclusive to low educated entrepreneurs? Or to ventures that focus on the bottom of the pyramid?

From the Latam SP, we learnt that to make the program accessible to ventures located in regions not close to the IH locations; either you concentrate cohort trainings into 3–5 days and provide financial support to cover for transport costs, or you end up delivering online trainings that are not attended in a consisted way by ventures and which also limit peer-to-peer learning.

10 Conclusions and recommendations

10.1 Concluding remarks

The Latam SP was a very complex program that involved the delivery (mostly by young LSMs) of multiple cohorts and individual capacity building activities in four different countries across five locations in only 8 months. **This delivery of the Latam SP has been an excellent learning exercise for IH GmbH and involved local IHs.**

As mentioned throughout the report, the program **experienced relevant design shortcomings** related to:

- A weak preparatory work following a top-down approach by IH GmbH;
- Inadequate program governance and organisational arrangements leading to lack of ownership by implementing local IHs;
- The selection of the matching funder, **AL-Invest, that triggered a major restructuring of the Latam SP moving away from AF original objectives.**

The Latam SP delivery team had to adjust the delivery of program services to cope with these constraints, when possible, while meeting AL-Invest requirements that focused on volume and reach (and reporting). This resulted in **selected ventures being less mature than forecasted**, as AL-Invest requirements triggered to expand program activities for all selected 63 ventures and, in some cases, to the wider community. In addition, the process to select the right ventures was time constrained. Original intensive **tailor-made support to HPs was also diluted**, as resources were reallocated to IDEs.

The program experienced limited strategic and operational leadership, as the coordinator had to focus on AL-Invest monitoring activities and reporting activities. The extent to which the program was successful in the local IHs largely depended on the **LSM's drive and skills**, who was overstretched to deliver its multiple functions.

Nevertheless, the **level of satisfaction of services provided was good**. Interviewed ventures were satisfied/very satisfied with Latam SP services. For IH San José (Costa Rica) ventures highly valued LSM support, together with individual support and scaling methodologies. The case of Mexico is more mixed, as IH Monterrey valued Latam SP services less than individual support and in few cases support from the LSM, while services valued from IH CDMX are aligned with IH San José.

With regard to the short-term outcomes of the Latam SP on beneficiary HPs, albeit all the design and delivery shortcomings, **some positive behavioural changes have been achieved**, and regarding scaling, 50% (or five) of HPs that were already scaling by program inception have further penetrated other countries (albeit program contribution is not strong) while all five ventures that were not scaling by program inception are now scaling (stronger program contribution). Relating to long-term standard outcomes, HPs have created revenues, jobs and in a few cases accessed investment post completion, but the contribution of the Latam SP to these results is not strong. **The most relevant Latam SP aspect that has contributed to achievement of outcomes is linked to the individual support provided**, in particular mentorships and consulting services. In addition, there has been one HP in Mexico that mentioned the trade mission organised by IH CDMX. Another service mentioned by interviewed ventures was the scaling methodology session.

10.2 Recommendations

These recommendations have been put forward to facilitate the delivery of future scaling and accelerator programs englobed in the IH GmbH trans-local programming strategy. 'Direct recommendations' are the ET's suggested actions informed both by the evidence and their own sector-specific experience. Some recommendations result from IH Global and local teams' observations; other recommendations are sourced from the IH internal evaluation.

Strategy/design

- **Devote sufficient time to design the program** using a consultative approach with all affected parties, particularly implementing organisations. During this preparatory phase it is also important to:
 - Ensure that key stakeholders of the program share the same aims and objectives of the program;
 - Undertake **contextual analysis** to ensure that the program is well adapted to the local realities;
 - Define **sound governance and organisational arrangements** to support in program delivery, to ensure clear ownership and accountability lines while allocating sufficient resources to program overheads;
 - Develop main **program management tools/processes** and to the extent possible standardised methodologies for delivering services.

All of the above are ET's direct recommendations.

- **More careful selection of program funding partners:**

- Conduct a light touch **due diligence** of funding partners to ensure that they have the same intended aims and strategic delivery approach and that their reporting and monitoring requirements will not affect program implementation;
- Minimise multi-funders when possible, to avoid misalignments among them.

All of the above are ET's direct recommendations.

- **In particular for Global and local teams:**

- Ensure that IH GmbH, IH regional coordinator, local IHs and LSMs, understand their roles and responsibilities (*ET's direct recommendations*);
- **Develop and share jobs descriptions** from each delivering team members incorporating funders requirements while ensuring complementary skills between LSMs and local IHs teams, particularly directors (*ET's direct recommendations*);
- **Appoint a team leader with strong leadership skills and delegate** reporting and administrative responsibilities to a second staff member to support (*ET's direct recommendations*);
- **Consider either to reduce the number of ventures per LSM or increase staffing**,⁶² in which case, a scaling manager would be hired to exclusively focus on content and support of the ventures. The program should then further add local scaling coordinators to focus on project management, logistics and reporting. **As scaling managers hold a crucial role to the development of ventures, having clarity on their profile and selection is key.** LSMs need a strong business, entrepreneurship and social impact background to understand the organisational challenges that ventures face and to be able to provide valuable support. They should also have several years' work experience and strong networks, have strong project management skills, and be able to work in a team. Ideally scaling managers already have some familiarity with Impact Hub and can easily work in an entrepreneurial environment;⁶³
- **For trans-local programs IH GmbH, particularly the impact measurement team, should** actively oversee and monitor the delivery of the program to ensure quality. Based on an IH GmbH member, they are already taking actions in that direction by having a Global staff member overseeing all Global programs (the Global Programs Lead). This involves regular 1:1 check-ins with regional and local program managers, and regular meetings of all project managers working on projects to manage them coherently and mitigate risks and challenges. Since August 2019, there is a Global Programs Measurement Lead as who focuses entirely on the measurement of programs.

⁶² Impact Hub, Latam Scaling Program Internal Evaluation Report Impact Hub, July 2019.

⁶³ Impact Hub, Latam Scaling Program Internal Evaluation Report Impact Hub, July 2019.

- **Monitoring:** Define a ToC and its associated RF framework that includes indicators (with their associated milestones/target) at the output and outcome level and that follows the defined theory of change for the program during program design. Develop a monitoring manual where major tools/processes are defined (*ET direct recommendations and IH Global observations*):
 - **To the extent possible, design a single RF** that complies with all funder's requirements, to simplify M&E activities;
 - **Share with all relevant team members the strategic objectives and indicators** of the program. For the Latam SP, local Impact Hubs did not receive the ToC designed for the Program, by Itad;
 - **Standardise program management process** to allow for standardised project plans, budgeting and reporting, something that is already being implemented, as IH is working on a more standardised portfolio increasing the ratio of standardised to individualised programs offered between IH GmbH and local IHs.

Delivery model

- Devote **sufficient time** to implement planned activities, so they can have the desired effect:
 - Separate the programme set-up process (i.e., recruiting the LSMs, securing partners) **from venture scouting and selection process** and give each stage sufficient time;⁶⁴
 - To ensure to participation of the right ventures, **ensure more time for the selection process**. Aligned with the internal evaluation report, it is recommended for the venture scouting process to span at least 4 months, with 2 months of actively accepting applications (*ET direct recommendations, IH global and local teams' observations*);
 - Do not start program implementation with ventures, before LSMs are hired and sufficiently trained (*ET direct recommendations and local teams' observations*);
- It is recommended to carefully consider **whether ventures from other regions should be selected**. If so, budget should be allocated for transport and remote support. If ventures are clustered in several locations across the country, offering trainings or meet-ups in those different locations might help.⁶⁵
- **Application and selection process** (*ET direct recommendations*):
 - Include incentives to promote participation: For example:
 - **Make more visible the more VIP services for HPs** (most interviewed HPs did not know what services were for IDEs and which particularly for them);
 - **Financial incentives:** Particularly for HPs, the possibility of getting access to finance would increment applications, particularly from ventures ready to scale;
 - Establish clear **selection criteria** for selection of IDEs and HPs;
 - **Incorporate external jury members** in the **selection committees**. Such stakeholders could be other intermediaries working with later-stage ventures, consultants, successfully scaled entrepreneurs, etc.;⁶⁶
 - Selection criteria should not only consider scaling potential in the national market, but it should include some aspect of exporting potential, which implies a minimum knowledge of destination countries.

Recommendations for main program services:

- **Cohort training:**

⁶⁴ Impact Hub, Latam Scaling Program Internal Evaluation Report Impact Hub, July 2019.

⁶⁵ Impact Hub, Latam Scaling Program Internal Evaluation Report Impact Hub, July 2019.

⁶⁶ Aligned with the internal evaluation report.

- **Define a minimum of basic mandatory trainings** that all ventures must participate to graduate from the program. **Impact measurement** should be a **mandatory training**, as it is essential for a program targeting Impact-driven enterprises (*ET direct recommendation*);
- **When possible offer parallel face-to-face and online training sessions:** this would allow to include ventures not located in the city of the IH, incentivise participation of entrepreneur too busy to travel and allow other team members participation (*based on interviews with participant enterprises that have benefited from numerous accelerators/incubators*);
- In some cases, **training should have two-tier structure:** first an online or face-to-face theoretical session, followed by homework by ventures and a follow-up by a face-to-face or online session (*based on interviews with participant enterprises that have benefited from numerous accelerators/incubators*).
- **Scaling methodology (local IHs' observations):**
 - **Improve the train the trainer session**, as many LSMs only felt ready to deliver the training when they participated in the scaling methodologies training with the ventures;
 - **Provide more in-depth sessions of scaling methodologies** as it is the core of the program. Program should consider expanding the 2-day kick-off scaling training into an in-person acceleration week.⁶⁷
- **Individual support to HPs (mostly based on interviews with participant enterprises that have benefited from numerous accelerators/incubators)**
 - Provide increase access to international, **industry experts and champions** at the local level;
 - Make sure to offer alternative individual support in addition to mentorships, such as coaching sessions and consultancy services;
 - **Enhance business linkages related activities as trade missions and fairs** to connect ventures to their target market;
 - **Undertake market studies that are of interest for HPs.** Additional resources should be allocated to market validation exercise;
 - **Strengthen peer-to-peer learning.** Use as coachers more advanced ventures to support less developed ones; ensure activities with sufficient interaction among participant ventures (compulsory trainings). Also differentiate some activities particularly for HPs to network only with each;⁶⁸
 - **Ongoing support from LSM:** Make sure that LSM conducts a follow up of the ventures during the program and after the program to collect outcome data, but also to keep them engage as clients of the IH.
- **Considering adding the following services (mostly based on interviews with participant enterprises that have benefited from numerous accelerators/incubators):**
 - **Access to finance:** if possible, provide of access to funding to (some) ventures, or partner with a local or regional organisation that could provide it to the most advance HPs;
 - **Access and connection with potential partners** in the destination country;
 - **Commercial agenda:** organise formal networking events, like business round table to foster business collaboration directly linked with higher revenues (this version had collaboration, but mainly on a more informal level, between peers).
 - **Organisational culture:** the Latam SP lack of services targeting this dimension. It is important to address this, when a company is expected to grow significantly (*ET direct recommendation*).

Monitoring (not covered in the design section) (*ET direct recommendations*)

- Define a quality assurance process given that data is self-reported;

⁶⁷ Impact Hub, Latam Scaling Program Internal Evaluation Report Impact Hub, July 2019.

⁶⁸ Impact Hub, Latam Scaling Program Internal Evaluation Report Impact Hub, July 2019.

- Develop a consolidated report, that summarises all findings and learning from the Latam SP, to clarify what the results of the program (or aggregated results) have been.

Learnings (*ET direct recommendations and IH Global observations*)

- **Systematise learning** from IH GmbH and local IHS:
 - **Uptake and systematise tools and processes developed by the LSMs.** Particularly from LSM in IH San José. She developed a number of processes and tools for the Latam SP that she shared informally with other LSM and she kept using for the Accelerate 2030. IH GmbH should take advantage of this knowledge and work with IH Sn José for systemisation. It is necessary to allocate resources for this exercise, as it would take time from the LSM;
 - Include this **exercise to future SPs a post completion activity**;
- Develop and publish **success stories** about spill-overs (or trickle-down) effects of the Latam IHS on selected social entrepreneurs that have considerably improved their outcomes;
- Develop a **knowledge management system at the Global and local IH level**, so that institutional knowledge is not lost when staff leaves.

Sustainability (*ET direct recommendations*)

- **Leverage on the Global and regional scope of IH GmbH:** Keep using the reach of the IH's Global network, particularly at the regional level to develop trans-local program. A step forward towards this direction, is the recent establishment of the regional cluster for Latam to ensure better alignment in fundraising efforts;
- **Local Impact Hubs:** The program delivery depends on the implementors, then they should have sufficient resources to deliver the program not affecting their cost structures and financial capability;
- **Budget transparency:** Regional program must have clear allocation of resources by country and by activity.

Annex 1: Terms of Reference



Argidius TOR for
Impact Hub.docx

Annex 2: AL-Invest logical framework



Annex 3: Key evaluation questions

OECD evaluation criteria	Evaluation question	Sub-questions	Evaluation approach
Strategic Relevance	1. <i>Relevance of objectives:</i> To what extent were Latam SP's objectives aligned with primary stakeholders' strategic priorities and ventures needs and priorities?	1.1 Is the Latam SP addressing critical constraints to ventures growth and fulfil their scale potential in the target countries? 1.2 Which combinations of services are the most important/valuable for ventures in contributing to scaling (or in getting ready to scale)? [adapted from ToR EQ 8 – LQ2.2]	<i>Definitions</i> <ul style="list-style-type: none"> Definition of Venture (as a sub-segment of SGBs): These are innovative SGBs that have: (i) a proven innovative solution that demonstrates positive social/environmental impact; (ii) managed to build a sustainable business model; and (iii) have an ambition to scale their reach to many more beneficiaries and places (adapted from Impact Hub definition). Primary stakeholders are defined as: Ventures, SP funders (AF and AL-Invest), Impact Hub Global, locals Impact Hub were the SP was implemented. <p>The ET will use primary information collection via interviewed HPs, local scaling managers, funders interviews to address these sub-questions. These will be complemented with limited desk review.</p>
	2. <i>Relevance of design:</i> To what extent did the Latam SP design enabled the program to achieve its objectives and its conceptual theory of change?	2.1 To what extent were services provided by the Latam SP meeting the needs of the ventures served ? [ToR EQ 7] 2.2 What has been the additionality of the Latam SP? [ToR EQ 3]	These questions will be mainly addressed during field visits in Mexico (Monterrey and Mexico DF) and Costa Rica (San José). In particular, the ET will ask interviewed ventures about the attractiveness of the individual program components as well as to identify competitors providing similar services to assess the program additionality. The ET will also collect information via: (i) consulting Impact Hub staff involved during the design/implementation and internal evaluation of the program and (ii) online survey undertaken by Impact Hub impact measurement team – post completion. Given the limited budget, no rigorous comparator analysis will be undertaken. The ET will also assess whether the Latam SP design (with a focus on the HPs) has been adapted to the local context of each country.
Effectiveness	3. To what extent has the Latam SP delivered the right products and services to the right ventures in an effective	3.1 Has the Latam SP selected and identified the right ventures ? [~ToR EQ 9 – LQ2.3] 3.2 To what extent are beneficiary ventures locally owned ? [ToR EQ 15 – LQ2.5]	The ET will assess how each local Impact Hub involved in the program has identified and selected ventures. The ET will assess how lessons learnt from the Scaling program in Europe have been applied. The ET will assess the extent to which selected HPs were

OECD evaluation criteria	Evaluation question	Sub-questions	Evaluation approach
	way, meeting AF objectives and targets? (<i>proxy for program being successful</i>)	<p>3.3 To what extent has the Latam SP delivery been effective? (ToR EQ 10 – LQ 2.1.1) Taking into account the capacity and structure of the delivery partners</p> <p>3.4 What was the willingness to pay for the Latam SP of participating ventures? (~ToR EQ11)</p>	<p>‘<i>willing and ready</i>’ to scale as mentioned in the program application form in Socialab.</p> <p>The ET team will also assess the nationality, gender and level of education of interviewed entrepreneurs (Mexico and Costa Rica). Effective delivery will take into account the business model; capacity of program implementers as well as the cost effectiveness of the intervention (In terms of having of Impact Hub adequate systems and procedures in place).</p> <p>The ET will use primary information collection via interviewed HPs, local scaling managers, funders interviews to address these sub-questions. The main focus in the two countries we visit and highlights will be extracted, if possible, for the remaining two participating countries (Brazil-São Paulo and Colombia-Bogotá).</p>
Outcomes and Impact (including demonstration effect)	4. What are the effects (intended and unintended, positive and negative) that are resulting from the Latam SP? – including contribution to outcomes for HPs in comparison to other options available to HPs?	<p>4.1 What are the main outcomes of HPs which have received in-depth support from the Latam SP (revenues growth/job creation/investment raised)? [~ToR EQ 1]</p> <p>4.2 What unintended results (positive or negative) did the Latam SP achieve? [ToR EQ 14]</p> <p>4.3 What are the aspects of the Latam SP’s support provided that lead to successful outcomes to HPs (revenue growth/job creation/investment raised of businesses)? [~ToR EQ 4 – LQ2.4]</p> <p>4.4 What are the aspects of the Latam SP’s support provided that did not lead to successful outcomes to HPs? (revenue growth/job creation/investment raised of businesses) [ToR EQ 6]</p> <p>4.5 What are other contributing contextual factors to successful venture scaling (e.g. social and cultural setting, political and economic trends, parallel interventions, stakeholder actions) [adapted from ToR EQ 12 – LQ2.6]</p>	<p>The ET will use mainly primary information collection via around 10 interviewed HPs in Mexico and Costa Rica to address these questions. This will be complemented with data and information provided by Impact Hub that may provide the ET with additional insights from the other two countries that will not be visited.</p> <p>The ET will define main expected short and long-term outcomes expected to achieve by HPs as per the theory of change.</p>

OECD evaluation criteria	Evaluation question	Sub-questions	Evaluation approach
		4.6 [Contribution] : To what extent has the Latam SP contributed to the achievement of short and long-term outcomes of HPs? [adapted from ToR EQ 2]	
Sustainability	5. To what extent has the Latam SP contributed to the sustainability of the local Impact Hubs that executed the program?	n/a	<p>The ET will analyse if:</p> <ul style="list-style-type: none"> ventures have sustained engagement with the Impact Hubs post completion via paying services; Impact Hubs (like San José) have undertaken follow-up (paying) activities with beneficiary ventures. <p>The ET will gather information to answer this section via primary data and information collected by scaling managers.</p>
(Learning)	6. To what extent does the Latam SP (and the Impact Hub in Latam) learn from others in the sector, and contribute lessons to the sector, including replicability of the model?	<p>6.1 How has Latam SP learnt (a) internally, (b) from the Impact Hub network, and (c) from All-Invest/Argidius partnership? [~ToR EQ 13—LQ5.2 & LQ5.3.1]</p> <p>6.2 What have been successful aspects of the support provided that are replicable for the program expansion in Africa and Asia? [ToR EQ 5--LQ2.4.1]</p> <p>6.3 What lessons does the Latam SP offer around how to make such programs within the regional Impact Hub in Latam more accessible and inclusive? [</p>	<p>The ET will take as an input the internal evaluation report produced by the Impact Hub MEL team.</p> <p>The ET will also take into account the model -taking lessons learnt into account – is already being replicated in Impact Hub Accra. The ET will focus on bring new replicability aspects or on assessing current applied ones.</p>

Annex 4: List of people interviewed

Agency/person	Position	Organisation
ARGIDIUS FOUNDATION		
Nicholas Colloff	Executive Director (scheduled for 21 October)	Argidius Foundation
Harry Devonshire	Evaluation Officer	Argidius Foundation
Irene García	Program Officer	Argidius Foundation
IMPACT HUB		
William Senyo	Africa Lead / Africa Scaling Manager in Accra	Impact Hub Accra
Paula Gutiérrez	Co-founder and Director	Impact Hub Bogotá
Henrique Bassacos	LATAM Business Development Lead	Impact Hub Global
Alberto Masseti	Global Programs Director	Impact Hub Global
Petr Skavril	Global Partnership Director	Impact Hub Global
Sarah Stamatiou Nichols	Impact Measurement and Management Lead	Impact Hub Global
Beate Weinzing	Project Manager for Argidius /Growth Lead	Impact Hub Global
Mario Romero	Director	Impact Hub Mexico City
César Sánchez	Former Local Scaling Manager	Impact Hub Monterrey
Alfredo Vilallonga	Founder and Director	Impact Hub Monterrey
Mónica Hidalgo	Founder and Director	Impact Hub San José
Cristina Vindas	Former Local Scaling Manager	Impact Hub San José
Ruy Camargo	Former Local Scaling Manager – Partner and Chief Operating Officer at present	Impact Hub São Paulo
Héctor Moreno	Former Local Scaling Manager, Mexico City	n/a does not work for Impact Hun City
Liliana Pozo	Former Local Scaling Manager, Bogotá	n/a does not work for Impact Hub
STAKEHOLDERS		
David Ramirez	Entrepreneurship and program senior manager	AUGE, Costa Rica
Carolina Cuellar	Finance ·Executive for the AL-INVEST 5.0 project	CAINCO, Santa Cruz Chamber of Commerce Industry Services and Tourism of Santa Cruz Bolivia
Mariana Zamudio	Coordinadora Programmas Innovacion Social y Centro	Cemex-Tech, Mexico

William Ernest Mondol	Consultant	Inter-American Development Bank, Costa Rica
Tatiana Viviescas	Sectoral Expert	Inter-American Development Bank, Mexico
Marcial Chaverri	Coordinator	Procomer, Costa Rica
José Miguel Alfaro	Owner	SEED BY EY, Costa Rica
Samuel Casanova	Partner and founder	Simple Change, Mexico
Adriana Rivera	Partner	Tecnonegocios, Mexico
Enrique de Zamacona	Director	The Cluster, Mexico
VENTURES		
12 respondents from 12 different ventures in Mexico and Costa Rica		

Annex 5: Survey tool for ventures



FB SSN

191025_Interview_gu

Annex 6: Selection criteria for ventures

(in Spanish)



ANEXO II - PREGUNTAS PROCESO DE ENTREVISTAS

ICE BREAKER	Definida por país	Valor %	PUNTAJE
PRODUCTO / MERCADO		20%	20
Definición Producto	¿Cuál es el valor agregado y/o diferencial que ofrece su producto?	3.33%	100
	¿Cómo describes tu producto a tu abuela o un niño de 5 años?	3.33%	100
Potencial de crecimiento	¿Has identificado los ajustes necesarios para triunfar en mercados existentes o entrar a un nuevo mercado?	3.33%	100
Definición de mercado	Describe a tu cliente ideal (Mercados Clave)	3.33%	100
	¿Cuál es tu competencia principal? Háblame más de ella	3.33%	100
Validación del producto	¿Cómo asegura usted que su producto o servicio ha tenido la recepción/aceptación adecuada? (Valoración de su audiencia)	3.33%	100
IMPACTO		30%	30
	Sabiendo que tu (output es tal) ¿tenés alguna medición concreta de (tu outcome)?	6.00%	100
	¿Cuál es? ¿Cada cuando hacen esa medición?	6.00%	100
	¿Cuál creerías sería el faltante en la sociedad en 5 años si tu negocio no se realizara?	6.00%	100
	*¿Cuentan con misión, visión y valores? (o definición estratégica)	6.00%	100
Medir el nivel de avance de la teoría del cambio	Mostrarle el Mapa de ODS ¿Cuáles son los objetivos que impacta tu empresa?	6.00%	100
SOSTENIBILIDAD	(alto ranking)	30%	30
	¿Podrías comentarnos como funciona tu modelo de negocios, en temas de estructura de ingresos?	6.00%	100
	Con respecto al año anterior ¿cuál ha sido su crecimiento en ventas este año?	6.00%	100
	¿Cuentan con estados financieros de los últimos 2 años?	6.00%	100
	¿Tienes definido tu estructura de costos y sus fuentes de ingresos?	6.00%	100
Medición de la Salud financiera	¿Cómo has financiado las operaciones de la empresa hasta el momento?	6.00%	100
VOLUNTAD Y RECURSOS		20%	20
	¿Has definido e implementado un organigrama de tu empresa?	3.33%	100
Medición de voluntad	Háblanos de tu equipo cofundador	3.33%	100

Código: GEF-AL-MA-005-01
 Revisión - 04
 Fecha: 29/05/2016

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Annex 7: Definition of social enterprise – the right one?

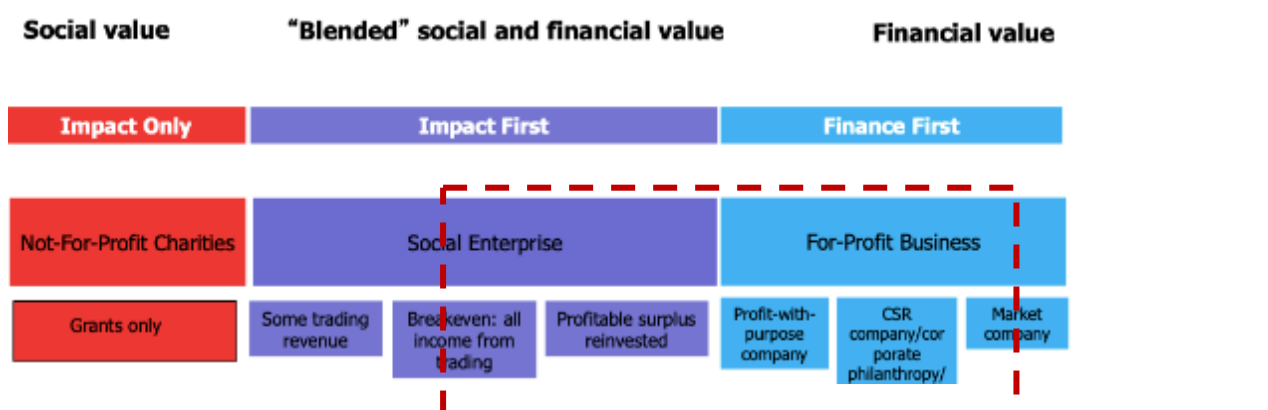
The SP was designed to support businesses that were ready to scale (or getting ready to scale) and that had a social and environmental focus. This was the definition of what a social enterprise means. The Latam SP ensured that the selected venture was pursuing one of the SDGs and fall into the AL-Invest priority sectors.

Regardless of the fact that worldwide there is still no consent of what is a social enterprise, it is important that an organisation supports this kind of businesses, has a clear definition of what a social enterprise is for them, in order to target the right SGBs for their programs.

For what there is consent is that a **social enterprise needs to achieve both, financial returns and social/environmental impacts**. Based on this, it seems valuable to categorise ventures supported by the SP along these two dimensions: financial and social/environmental impacts.

Using a framework proposed by Oxford University in 2016, from the financial perspective, SP targeted mostly ventures that were at a breaking even point, with some exceptions and businesses that create impact as a Corporate Social Responsibility duty.

Figure A6.1: Financial perspective



Source: Oxford, 2017. Social Finance, edited by Alex Nicholls, Rob Paton, and Jed Emerson

For the social and environmental impact, it **would be advisable for Impact Hub to develop its own model and definition**. Today, local Impact Hubs seems to only consider a venture as socially or environmentally driven if they comply with any of the Sustainable Development Goals (SDGs), as the SDGs should be followed by any enterprise (or private sector) interested in tackling social/environmental problems. Impact Hub should define if that definition is enough to consider a venture as impact-driven venture or not.

But, in order to understand a little bit more what kind of ventures participated in the SP the ET proposes a modified version of the B Corp assessment⁶⁹, highly recognised in the sector, for the IH to start reflecting upon their own definition of what a social enterprise is.

⁶⁹ <https://bthechange.com/3-things-weve-improved-in-the-b-impact-assessment-and-how-it-can-help-your-business-9df15bf62096>

Figure A6.2: Social and environmental impact perspective

Governance	Workers	Community	Environment	Customers
Background of entrepreneur	Background of employees	Positive Impact in the community	Positive Impact in the environment	Background of the clients
<ul style="list-style-type: none"> • Does he/she come from a vulnerable background or has unequal opportunities? • Examples: Women, low income people, uneducated background, etc. 	<ul style="list-style-type: none"> • Does it come from a vulnerable background or has unequal opportunities? • Example: low income people, rural people, first jobs, young people (not working nor studying), with disability, etc. 	<ul style="list-style-type: none"> • Does it benefit the community? Does it involve the community? • Examples: Economic impact in rural areas, Civic engagement, supply change management, etc. 	<ul style="list-style-type: none"> • Does the venture has a positive environmental impact in the community • Example: water treatment, clean energy • Does the venture has environmental conscious management processes? • Example: environmental management, circular economy, etc. 	<ul style="list-style-type: none"> • Does the venture served vulnerable or discriminated people? • Example: BoP, rural areas, disabilities, etc. • Does it address wicked social/environmental problems with market based solution? • Examples: people suffering of rare diseases

Source: B Corp assessment dimensions and modified by Itad ET.

Based on Figure A6.2, most ventures supported by the SP comply with the following characteristics:

- ✓ **Governance:** Most entrepreneurs are highly educated people with a social motivation (Master's degree and even post-doctoral degree).
- ✓ **Workers:** Most workers did not come from vulnerable areas, nor from a disadvantage background. Inclusion through employment is not so clear.
- ✓ **Community:** The community involvement from the ventures selected by Impact Hub.
- ✓ **Environment:** There are some example of companies interested in making positive changes in the environment.
- ✓ **Customers:** Most ventures (HP) do not target clients from a vulnerable or disadvantage situation.

Annex 8: Outcome defined indicators

Table A8.1: Short-term outcome level indicators aligned with the ToC

Target	Short-term outcome statement	Suggested indicators	Proposed by
IDE scaling potential (60)	Business skills of IDEs are improved	<ul style="list-style-type: none"> # of IDEs reporting productivity improvements (measured through TIP) # of IDEs reporting better management practices (i.e. accounting/marketing etc.) of costing, cash flows and/ or of inventory (measured through surveys) 	EC and Itad
HP Enterprises (20)	HPs implement the scaling pathways & innovate	<ul style="list-style-type: none"> # of IDEs start entering new markets in local country (geographically and target population), market penetration. # of IDEs start entering new markets in another country # of IDEs start using different strategies to enter international market: Direct, agent, dealer, distributor 	EC and Itad
	HPs implement: processes & innovations and improve customer offer	<ul style="list-style-type: none"> # of HPs generate or incorporate new management or environmental techniques (EC) # of HPs generate or incorporate new digital technologies (Internet sales, e-banking, Apps, others) (EC) # of new services and products launched by HPs 	EC and Itad
	HPs successfully raise funds for scale	<ul style="list-style-type: none"> New investors mobilised (GALI) Amount of Investment leverage (EC and GALI) # of HPs that received different type of investments: through a) equity, debt and philanthropy (GALI) Type of funding: banks / non-banks financial institutions/ venture capitalists / angel investors/ other companies / government agencies / foundations or other non-profits / accelerators or fellowship programs / friends or family members / From business plan competitions / crowd-fund campaigns / employees that are not owners / From other individuals (GALI) 	EC and GALI
Local IHs and the ecosystem	Local IHs have strengthened their institutional presence at the local/regional level	<ul style="list-style-type: none"> # of alliances made by His in Latam: internally and with new actors 	Itad

Sources: Itad 2018, Impact Hub ToC Report (European Commission, GALI and Itad consultants)

Table A8.2: SLT outcome level indicators aligned with the ToC ⁷⁰

Target	Long-term outcome statement	Suggested indicators	Proposed by:
IDEs with scaling potential (60)	Early implementation of IDEs identified scaling pathways	<ul style="list-style-type: none"> # of IDEs start entering new markets in local country (geographically and target population), market penetration. # of IDEs start entering new markets in another country # of IDEs start using different strategies to enter international market: Direct, agent, dealer, distributor 	EC and Itad
	IDEs business practices are improved	<ul style="list-style-type: none"> # of IDEs reporting productivity improvements # of IDEs reporting better management practices of costing, cash flows and/ or of inventory 	EC and Itad
HP Enterprises (20)	HPs improved sales, productivity and overall financial performance	<ul style="list-style-type: none"> Higher turnover (origin and destination if applicable) Higher gross and net margins at origin and destination if applicable) 	GALI and Itad
	HPs employ more people in their home countries and destination	<ul style="list-style-type: none"> # of HPs with employment generated in their home countries and destination # of new jobs generated in home country and destination by the 20 HPs – of which full-time and part-time 	GALI
	HPs scale their businesses reaching new markets locally or internationally with improved product/ service offer	<ul style="list-style-type: none"> # of new markets entered by the HPs at the local and international level 	Itad
	More financing is channelled to the IDE sector	<ul style="list-style-type: none"> Increased investment leveraged in the sector 	Itad
	Social or environmental impact targeting Sustainable Development Goals	<ul style="list-style-type: none"> # of HPs that explicit intent of creating social or environmental changes # of HPs targeting at least one of the 17 SDG objectives⁷¹ (not indicator) # SDG Variables targeted by at least one IDE 	GALI and Itad
	Demonstration effect in the IDE and HP Market	<ul style="list-style-type: none"> Increased number of HPs (and later IDEs) starting to scale their ventures 	Itad
Local IH and the ecosystem	The BDS market is dynamized and strengthened	<ul style="list-style-type: none"> # BDS players entering the BDS Latam ecosystem 	Itad
	Demonstration effect in the BDS Market	<ul style="list-style-type: none"> Increased number BDS offering scaling services for IDEs and HPs New methodologies adopted by BDS 	Itad

Sources: Itad 2018, Impact Hub ToC Report (European Commission, GALI and Itad consultants)

⁷⁰ Please note that demonstration effects and BDS dynamization are not in the scope of the end of the program Evaluation.⁷¹ For simplicity, it is better to target the 17 objectives than the individual indicators of each of the objectives, since they are more than 200.

Please find below a link to the **RF drafted by IH GmbH**:



LatAm Scaling_Final
Resultsframework (1)

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