

Accelerating and Financing Refugee Ventures

Recent Activity, Trends, and Avenues for
Future Impact

October 2020

Betsy Alley

EXECUTIVE SUMMARY

The following pages represent an excerpt from the full report *Accelerating and Financing Refugee Ventures*, by Betsy Alley, October 2020. The full report is available at www.impact-insight.com; it may be directly downloaded from [this link](#), and is also available upon request from Betsy.Alley@impact-insight.com.

Executive Summary

Startups and early-stage businesses constitute an important source of innovative business ideas, economic growth, and opportunities for investors to deploy their capital. Entrepreneurship has also gained visibility as an important part of the approach to improving the lives of forcibly displaced populations (hereinafter referred to as “refugees” for simplicity).¹ Entrepreneurship can benefit refugees directly—e.g., by enabling them to achieve economic independence—or indirectly, when socially-minded entrepreneurs introduce new ways to meet the needs of refugees and their host communities. These new and young businesses which are owned by, or which benefit, refugees can be collectively termed *refugee ventures*.

In recent years, a number of accelerator organizations have arisen to nurture refugee ventures, and in some cases help them become investment-ready. These accelerators usually focus on one of the two main types of refugee ventures—*refugee-owned* ventures and *refugee-impact* (i.e., refugee-supporting) ventures, and they define their missions in terms of helping refugees either directly (as individuals entrepreneurs) or indirectly (by supporting social enterprises that can benefit refugee populations more widely). There are also some accelerators that support both categories of ventures, and others that support both refugee and host-community entrepreneurs.

Highlights:

- The research identified **25 accelerators globally** that have an explicit focus (either total or partial) on refugees.
- Of these, **24 specifically aim to support refugee entrepreneurs**, though not necessarily exclusively (e.g., some also work with immigrants).
- **Accelerators for refugee-owned ventures** have demonstrated an ability to benefit refugees entrepreneurs—both by helping them earn livelihoods and by facilitating their integration into the local community.



As used here, “ventures” broadly includes startups and other very young enterprises; some could be non-profit.

“Refugee ventures” includes both refugee-owned ventures and refugee-impact (refugee-supporting) ventures.

Please also note that for purposes of simplicity, this report uses the term “refugee” broadly to include people in refugee-like situations, including internally displaced persons and asylum-seekers.

25 accelerators

were identified and reviewed for this report

24 of these

focus either entirely or partly on refugee entrepreneurs

- The pipeline of **accelerated refugee-owned ventures appears to be quite nascent**, however, and to have produced a somewhat limited amount of investment opportunities thus far. Some direct and indirect investment opportunities do exist, however, particularly for debt investors.
- Among the numerous barriers to refugees' ability to launch and grow businesses, the **lack of personal financial stability remains a critical constraint**. Even basic startup expenses are unaffordable to those in vulnerable financial situations.
- **Accelerators for refugee-impact ventures** are far fewer than those for refugee-owned ventures. There are only five that explicitly aim to accelerate these type of ventures, despite the dynamic social entrepreneurship ecosystems that exist within and across several developed countries. **Relatively few refugee-impact ventures** have thus emerged from the accelerator landscape.
- Refugee-impact ventures may offer promising potential to improve refugees' lives, but (like many other social enterprises) their models often require grant funding to launch and/or grow. Within the already-modest pipeline, **only a fraction of the ventures have represented potential investment opportunities**; in a set of 49 accelerated refugee-impact ventures analyzed, only five appeared to be seeking investment.
- **Refugee-impact ventures rarely articulate their impact goals or results** in line with current impact measurement and management practices. This makes it difficult to determine how much impact these ventures have delivered, or are positioned to deliver in the future.
- The **pandemic has unsurprisingly taken a toll** on refugee-ventures' short-term prospects. However, accelerators have stepped up to support their entrepreneurs in myriad ways, and there is evidence showing that one-time grants can revive businesses and increase their revenues.
- Many of these challenges can be addressed by increased stakeholder commitment and coordination; and a **series of recommendations** is included in this report. Such efforts could not only lead to more opportunities for investors to deliver impact through early-stage investments in refugee ventures; but they could also serve, more widely, to unlock the potential of refugee ventures to deliver benefits to refugees and their host communities.

5 accelerators
have explicitly supported
refugee-impact ventures
as part of their mission

3 social impact
accelerators
have supported at least **2**
refugee-impact ventures

49 refugee-impact
ventures
were analyzed in terms
of business models and
fundraising activities

only **5** ventures
appeared to be seeking
investment (often along-
side grants).

Findings in Brief

Note: Each numbered item below corresponds to an identically-numbered chapter in the report containing further detail and analysis.

The author identified and analyzed 25 accelerators which intentionally focus on supporting refugee ventures, and which were in operation during the main research-gathering phase (late 2019 through mid-2020). The conclusions of this analysis are supplemented by twenty case studies found in the Appendix (starting on page 108).

Accelerators for Refugee Ventures: An Overview of the Landscape

1. The vast majority of accelerators making an effort to support refugees are oriented towards supporting refugees as individual entrepreneurs.

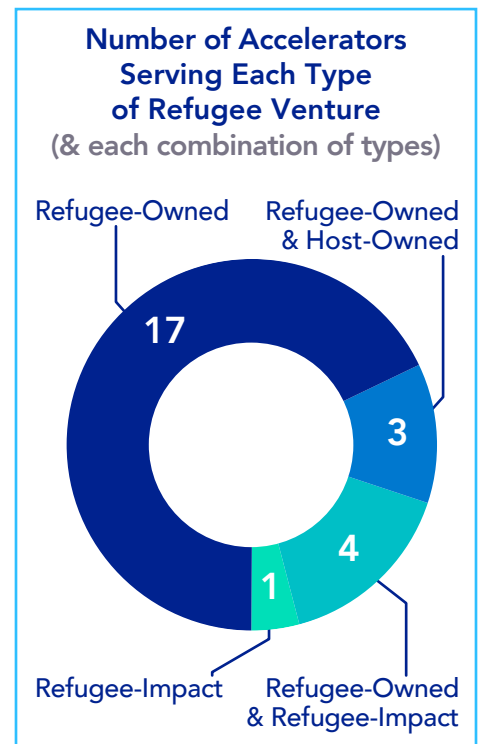
Of the 25 accelerators for refugee ventures twenty focus on supporting refugee entrepreneurs (three of these also support host-community entrepreneurs); another four support both refugee-owned and refugee-impact ventures; and only one is oriented more specifically towards refugee-impact ventures. In sum, 96% of these accelerators focus either entirely or partly on refugee entrepreneurs, reflecting global stakeholders' recent emphasis on increasing livelihood opportunities for refugees.

2. The years following 2015 saw a proliferation of new accelerators for refugee ventures, but many of these were short-lived. On the positive side, however, several remaining programs have increased traction, and a few new accelerators have launched.

Overall, momentum has faded since 2015-2016, when the Syrian refugee crisis captured global attention. But many programs initiated at that time were of limited duration—funded either as fixed-term projects, or lacking sufficient stakeholder commitment to fully get off the ground—which has resulted in some 'churn' within this landscape.

20 case studies

of refugee-focused accelerators & related organizations can be found in the Appendix



Active vs. inactive refugee-focused accelerators, grouped according to the number of cohorts they had accelerated by mid-2020

ACTIVE

“New Starts”

EU StartGees
Austria/Finland/Italy/Spain, 2019-20

Griffinworx,
Uganda, 2019-220

SDGiA,
Turkey, 2019-20

SINGA Spain, 2019-20

SiNGA Italia, 2019-20

“Continuing”

Jumpstart Refugee Talent, Canada, 2019-20

Miller Center S.E.M.,
US/Global, 2018-20

“Showing Traction”

Catalysr
Australia, 2016-19

Entrepreneurs du Monde,
France, 2018-2020

Forward Incubator,
Netherlands, 2019-20

SINGA Germany,
2017-20

SINGA Switz., 2017-20

“Established”

AEC, Rwanda/Ug./Ken., 2016-20

Alterstart, Switzerland, 2017-20

Capacity, Switzerland, 2015-20

Delite Labs, Neth., 2015-20

Ester, Sweden, 2012-20

Five One Labs, Iraq, 2017-20

IRC Spice Kitchen, US, 2012-20

Jusoor, Iraq/Jordan/Lebanon/
Turkey, 2015-20

LIFE Project, Turkey, 2018-20

LOK STARTUp Camp,
Germany, 2016-20

SINGA France, 2016-20

TERN, UK, 2016-20

ygap First Gens, Australia,
2018-20

Number of cohorts accelerated

1

2

3

4+

“Pilot-only”/ “Short-lived”

Change-makers Lab
Greece, 2017

Ready 4 Business
Indonesia, 2018-19

Refugees Entrepreneurs Denmark,
Denmark, 2016-17

Innocampus,
Turkey, 2017

You-Me Project,
Italy/Germany/Spain,
2018-19

“Limited Time Only”

Care of Business
Sweden, 2017-18

Cultov8
Australia, 2018-19

FreshStart, Belgium/
Neth./UK, 2018-19

MEnt, Austria/Belgium/
France/Germany/
Italy, 2017-18

RAISE, Serbia, 2009-13

Spark, Lebanon,
2018-20

“Wound down”

Ignite, Australia,
2014-18

Krachtbedrift, Neth.,
2016-2016

0

“Failure to Launch?”

Project Phoenix
Cyprus, 2018-2019

R Ventures
Germany, 2018-19

R2 Social, Uganda, 2018

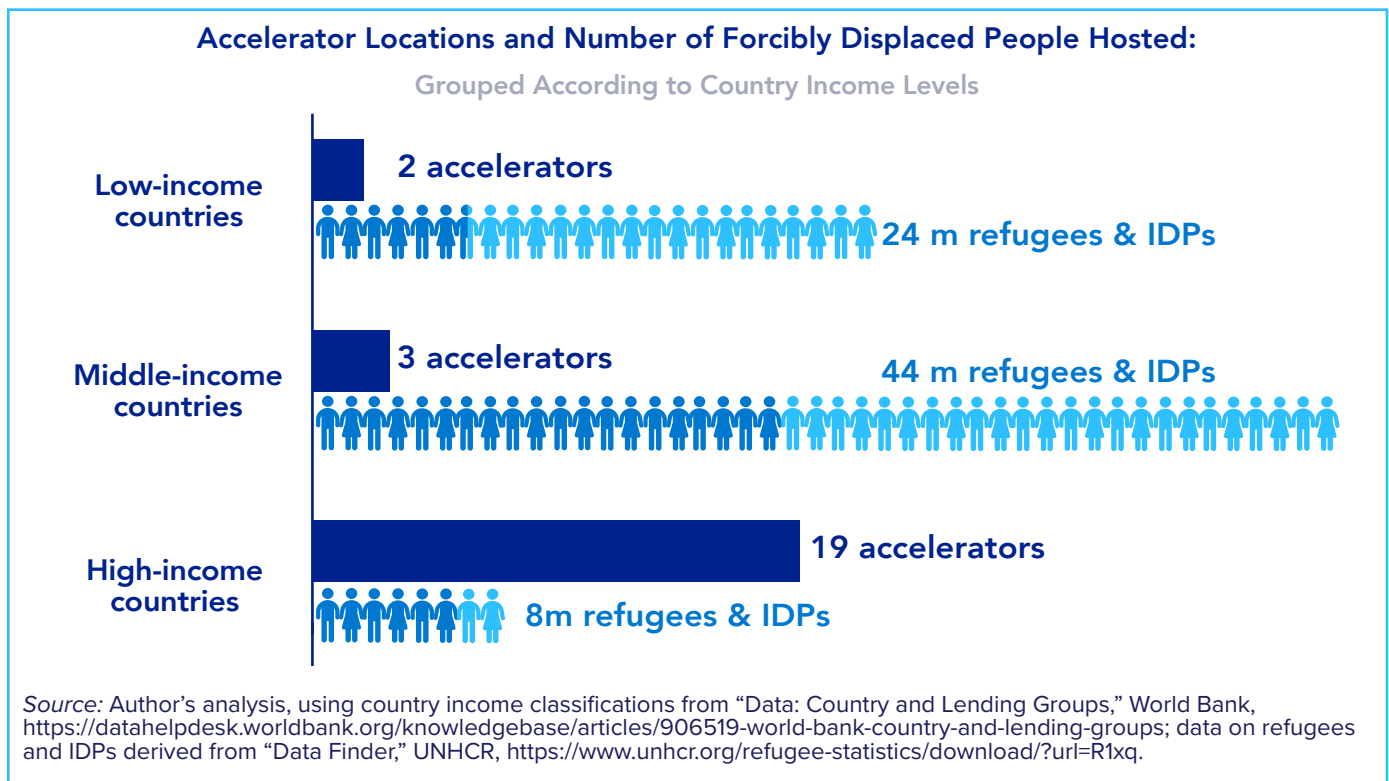
DISCONTINUED

Refugee-Owned Ventures: Accelerators' Trends, Characteristics, and Investor Orientation

There is considerable diversity among accelerators for refugee-owned ventures (also called “refugee-entrepreneurship accelerators”), but at the same time, there are several trends and patterns that can be seen within this part of the landscape:

3. Most refugee-entrepreneurship accelerators are concentrated in high-income countries, despite the high numbers of refugees elsewhere.

The figure below illustrates the distribution of accelerators for refugee-owned ventures and highlights the disparity between developed (high-income) and developing (low- and middle-income) countries. Nineteen of accelerators are located in high-income countries (and fourteen are in Europe); only three are in middle-income countries and a further two have been operating in low-income countries (both in East Africa). But with middle-income countries hosting 10 million forcibly displaced individuals, and low-income countries hosting nearly 5 million, there is significant untapped opportunity for accelerating more refugee-owned ventures in these countries.



4. Refugee-entrepreneurship accelerators, due to their operating model, must rely heavily on grants, and their futures are therefore uncertain. Further stakeholder support for accelerators is vital to create a stable ecosystem for refugee entrepreneurship.

It is not unusual for accelerators—even those not aimed at supporting refugees—to rely on grant funding, according to prior research.² But while many (non-refugee) accelerators can attract some funding from investors, corporations, and possibly charge fees to participants, these sources are typically unrealistic for refugee-entrepreneurship accelerators—although some have begun to develop various revenue-generating activities. Donor support for refugee-entrepreneurship accelerators remains essential, not only to support refugee entrepreneurs in the future, but also to maintain the networks and any ‘aftercare’ support for current entrepreneurs.

5. Many refugee-entrepreneurship accelerators have already taken steps to expand diversity, inclusion, and representation. They have proactively worked to reduce gender gaps within their cohorts; and some have included refugees within program management or decision-making.

Almost all accelerators interviewed for this report track their levels of women’s participation, and many have adapted recruitment and programming approaches to reduce gender gaps. However, only five of the 24 refugee-entrepreneurship accelerators publicly report these metrics, missing an opportunity to signal their commitment to gender equality. Meanwhile, refugees have some representation within program management, although determining the precise extent of this activity was not part of the scope of this report.

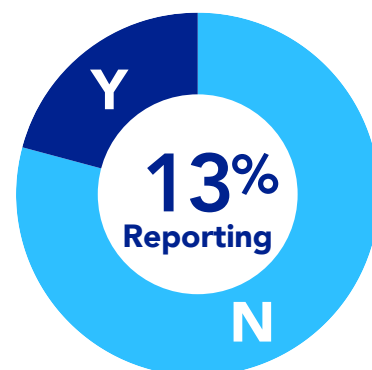
6. Refugee-entrepreneurship accelerators in high-income countries often have an explicit orientation towards delivering public good and social impact, and there is some evidence showing their effectiveness in these areas. But only a small portion appear to make ventures’ high growth and/or profitability a fundamental part of their selection criteria.

When working with refugee entrepreneurs, these accelerators often “meet them where they are,” and show a willingness to encourage ventures that may be financially viable but not necessarily “high-growth”. Evaluations show that this approach has delivered various benefits to refugees and their host communities: enabling refugees to feel better integrated into their host communities and equipping them to succeed in their local labor markets

Tracking and Reporting Women’s Participation



Most refugee-entrepreneurship accelerators interviewed are tracking this metric



Few refugee-entrepreneurship accelerators reviewed are reporting this metric publicly

(either through entrepreneurship or by finding employment). Moreover, in some cases accelerators have demonstrably reduced refugees' reliance on public benefits and generated significant savings for their local governments, suggesting their potential to be funded via initiatives such as Social Impact Bonds.

7. **Refugee-entrepreneurship accelerators in low- and middle-income countries do not position themselves overtly as providing a public benefit, and instead emphasize business viability—whether for high-growth startups or smaller enterprises. But social integration does occur organically via these accelerators.**

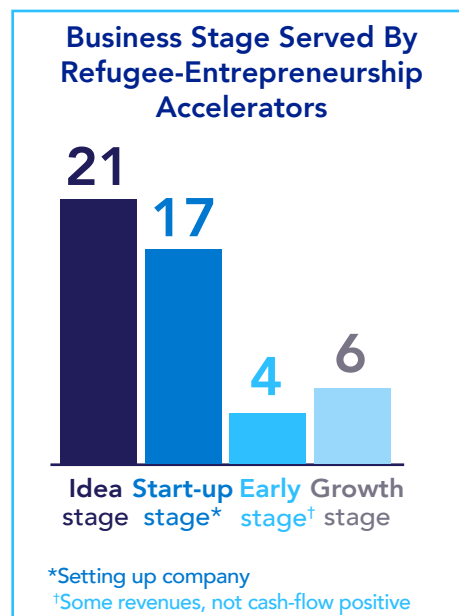
This approach reflects the scarcer public benefits and more limited local employment opportunities in these countries. These accelerators often include host community entrepreneurs, and provide some direct financing for ventures that are not investment-ready. Integration is a more politically sensitive topic in many of these markets, but it is often achieved nevertheless in an organic fashion by accelerating both refugee and host community founders within the same cohort or even as venture co-founders.

8. **In both high- and middle-income countries, a select number of refugee-entrepreneurship accelerators can be characterized as “investor-oriented,” based on their efforts to increase their ventures' likelihood of attracting outside investment.**

These accelerators are distinguished by several common characteristics, including having a more competitive selection processes, engaging investors via events and roadshows, and directly plugging financing gaps for pre-launch ventures. The case studies in this report provide specific details of various accelerators' investor engagement and direct financing activities.

9. **Due to the nature of refugee entrepreneurs' needs, most accelerators have focused their support on refugees at the earlier stages of starting their businesses. Far fewer programs support ventures at the growth stage, which suggests that the pipeline of accelerated refugee-owned ventures is dominated by earlier-stage ventures.**

More than 88% of the accelerators reviewed for this report support idea-stage ventures, although many also support ventures at other stages as well. In contrast, only 25% of the organizations provide support for growth-stage ventures, and in some cases this support consists of less-structured “after-care” following the main program.



Refugee-Owned Ventures: Startup Financing Challenges—and Opportunities

10. The relatively nascent pipeline of refugee-owned ventures has translated into limited opportunities for equity investment thus far; some opportunities for debt investors are more readily identifiable.

The higher proportion of acceleration activity devoted to idea-stage and early-stage ventures—combined with range of different growth ventures' growth expectations—means that the accelerators are generating a the pipeline is less robust than the pipeline of more conventional (often tech-focused) accelerated startups, particularly for direct seed-stage equity investors. However, investment opportunities do exist; although the COVID-19 pandemic may dampen prospects for a time, investors may find direct (debt or equity) investments via investor-oriented accelerators and indirect investment opportunities through a subset of these programs that are looking to establish funds. Debt investors could also provide capital for microenterprise lending facilities or social impact bonds to fund accelerators operations.

11. For any entrepreneur, the most fundamental and essential financial prerequisite for pursuing a startup is personal **financial stability**. But this is lacking for many would-be refugee entrepreneurs, leaving them without the means to take even their first entrepreneurial steps. Stakeholders must realize that contrary to popular assumptions, entrepreneurship is not an accessible path to economic empowerment for everyone.

In developed economies, entrepreneurs taking their preliminary steps towards starting their businesses can fund initial costs with personal savings, employment income, or even credit cards; if more is needed, they can tap into funds from “friends and family.” But for many refugee entrepreneurs, there are often no such resources available. As a result, the opportunity cost of pursuing a startup—with prolonged periods of no income—is simply too high for refugees.³ Addressing this fundamental constraint is an essential step for enabling more refugee entrepreneurship.

50% of Syrian refugee entrepreneurs

waited until their ventures had generated revenue before working on them full-time

Source: Bayram, Ahmad Sufian, *Entrepreneurship in Exile: Insights into Syrians Startups in Host Countries* (Berlin[?]: 2018), 30.

12. Because funding gaps persist along the startup trajectory for many refugee entrepreneurs, some accelerators are partly bridging the gaps by awarding grants to refugee-owned ventures in the startup phase, although the available funding is limited.

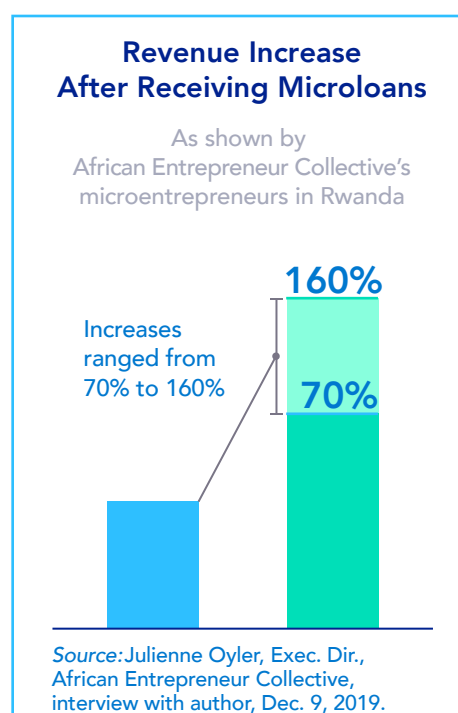
These accelerators typically award grant funding to a few viable startups that have moved beyond the idea stage—either in the form of modest stipends/grants to help with miscellaneous expenditures, or as larger cash awards for the top performer(s) in a final pitch competition. (Several detailed examples are included in the case studies.)

13. Despite some refugee-entrepreneurship accelerators' efforts to engage investors, it appears that actual investments have been limited thus far, even for investment-ready ventures—suggesting some investor hesitation.

Interviews with investor-oriented accelerators suggest that there is still some reluctance from investors to commit their capital. One of the factors that may be underlying this issue is the possibility that investors' targeted risk-adjusted returns are set at levels higher than the returns offered by the typical refugee-owned venture in the pipeline. Meanwhile, the investments' impact potential may be insufficiently valued as a reason to adjust this financial hurdle and related investment criteria.

14. In contrast to other contexts, self-financing a startup appears to be possible for microenterprise owners in refugee camps and settlements. These businesses can achieve further growth if given more formal access to finance.

Both accelerators operating in refugee camps and settlements (African Entrepreneur Collective in Rwanda and Kenya, and the Alight-Griffinworx partnership operating in Uganda) were able to recruit already-operating microenterprises for acceleration; these entrepreneurs have typically been able to use personal savings for startup capital, which likely reflects circumstances specific to the camp context. By providing their entrepreneurs with more formal access to finance via microloans, African Entrepreneur Collective has helped these microenterprises increase revenues by 70%-160%.⁴ On the other hand, the experience of the Alight-Griffinworx partnership in Ugandan settlements demonstrates that even without extending access to finance, acceleration can help these refugee-owned businesses grow. In Kyangwali, 96% of ventures in the first cohort reported



increased revenues when surveyed eight months after acceleration (and at least 28% had doubled revenue), while 80% in the second cohort reported increased revenues two months after acceleration; collectively, the 50 ventures had increased staff by at least 185 people.⁵

Refugee-Impact Ventures: Accelerators, Investment Opportunities, and Impact Potential

The accelerators that have aimed to support refugees in an indirect fashion—by supporting mission-driven social entrepreneurs—have been few in number. And while acceleration of refugee-impact ventures has occurred on a wider basis, the landscape is somewhat fragmented among three types of accelerators:

1. **Refugee-impact accelerators** that explicitly support refugee-impact ventures (usually as a major, but not exclusive, focus area); **Five** have been identified.
2. **Impact accelerators that accept ventures with any impact theme**, and which have occasionally selected a refugee-impact venture for their programs. **Three** have been identified that have accelerated at least two refugee-impact ventures.
3. **Refugee-entrepreneurship accelerators**, whose ventures in some cases will benefit other refugees. As discussed earlier, there are **24** such accelerators.

The latter portion of this report explores the activities of the first and second types listed above. Additionally, to assess the investment opportunities and potential impact of accelerated refugee-impact ventures, the author created and analyzed a dataset of 49 refugee-impact ventures that have been supported by five accelerators over the past six years.

15. Accelerators that have supported refugee-impact ventures have published only limited data on the outcomes of their activities—including the impact on refugees—which makes it difficult to discern the nature and extent of their programs' impact on refugees.

The impact data that these accelerators share is typically a cumulative number of “lives impacted”; and because none of these accelerators serve refugee-impact ventures alone, these figures do not refer exclusively to refugee beneficiaries. On the positive side, these accelerators provide some data on

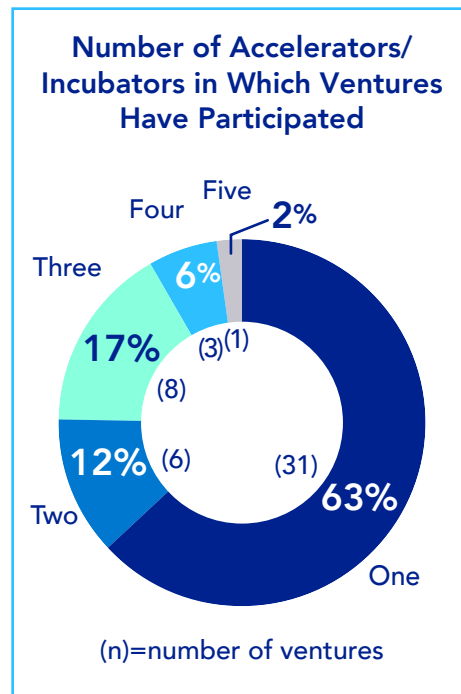
ventures' business performance, although this typically does not indicate how much is attributable to the acceleration experience. These accelerators therefore have significant room to expand the amount and quality of the impact information they share.

16. Refugee-impact ventures are relatively scarce among the accelerator landscape, indicating that the expanding social impact ecosystem still has not placed much focus on refugees. A few dozen refugee-impact ventures have been accelerated, compared to hundreds (and sometimes thousands) of ventures with other impact themes. And to a considerable extent, much of the ecosystem's support is concentrated on small subset of these refugee-impact ventures.

Of the 49 refugee-impact ventures included in the dataset, 12 ventures (24%) had been part of *three or more* incubators or other accelerators (including other numerous other impact accelerators not analyzed in this report), and many of these same ventures had also been awarded multiple fellowships or venture competition prizes. This amounts to 84 incubations/accelerations for only 49 ventures, with much of the ecosystem support concentrated on the 12 frequently-accelerated ventures. Compared to the thousands of accelerated ventures focused on other impact themes, this illustrates that aside from certain exceptions, the social impact ecosystem is doing relatively little to encourage the growth of more refugee-impact ventures. Additionally, the “multiple acceleration” of some ventures, combined with the limited data that accelerators share (publicly) showing their contributions to ventures' development, suggests that either (1) accelerators are not making efforts to coordinate and avoid overlapping efforts; or (2) any such efforts have not generally been effective, suggesting deeper issues to be examined. Under the present circumstances, there is the risk that the collective resources of these accelerators may be inefficiently deployed.

17. Within this small pipeline, various innovations and potentially viable models have emerged to support refugees, but actual **investment opportunities** among accelerated refugee-impact ventures are—and will likely remain—scarce. At least 55% of the ventures analyzed have models that depend on grants, and only 10% (5 ventures) appear to be currently seeking investment.

Social enterprises, including refugee-impact ventures, take various forms, with differing legal structures, profit expectations, and ambitions for



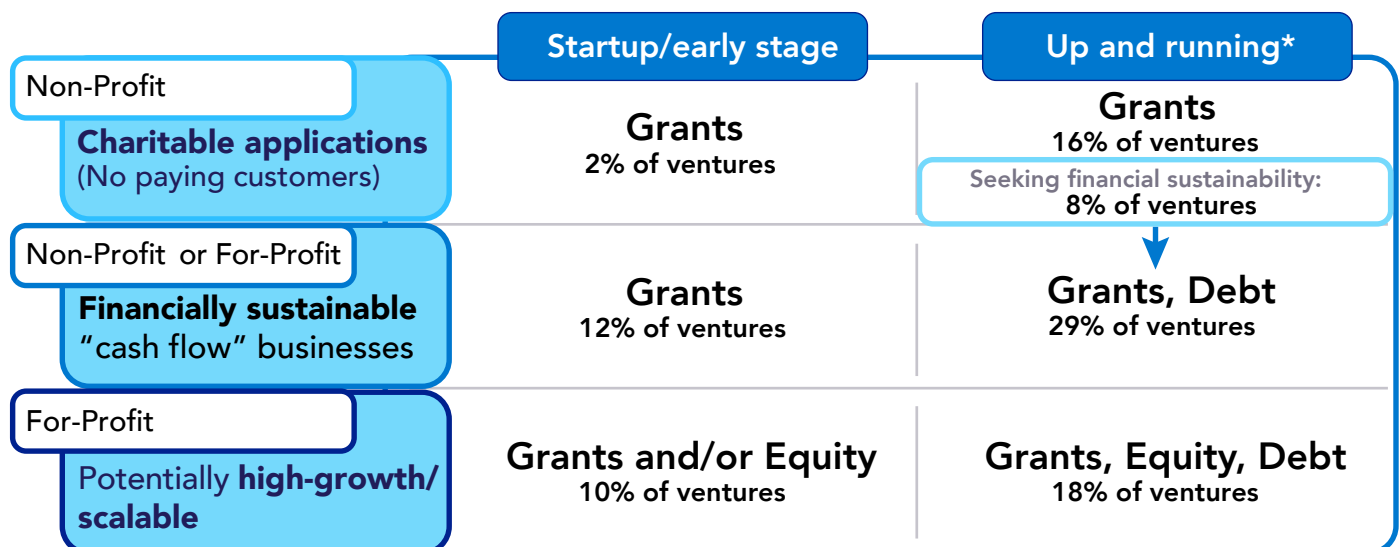
nearly $\frac{1}{4}$

of refugee-impact ventures have participated in 3, 4, or 5 accelerators or incubators so far

scale—and it can create confusion for both investors and entrepreneurs if it is assumed that all social enterprises would appeal to investors. This report’s analysis of the venture dataset identified three categories into which these ventures (and other social enterprises) can be classified, and which help determine the types of capital that might be attainable in either pre- or post-revenue stage. By extension, these categories indicate whether ventures represent investment opportunities:

1. **Charitable entities (non-profits)** delivering innovative applications or new services, but whose model does not involve paying customers that sustain operational costs. They do not represent investment opportunities.
2. **Financially-sustainable enterprises (either non-profit or for-profit)** generating enough revenue to cover operational costs, but without an expectation of (or founder ambition for) high profit margins/scale. In the startup phase, they are unlikely to appeal to equity investors or satisfy the requirements of lenders. After achieving market traction, they may be a fit for debt financing.
3. **For-profit businesses aiming for high growth and scale.** Prior to launch, their founders may signal an interest in raising equity, although many concurrently aim for grants. Established ventures of this type may seek equity and debt, but often continue to seek grants.

Categories of Refugee-Impact Venture (left), and the Potential Financing Sources at Different Stages



*That is, has a track record of operations, market traction, or launched beyond a small pilot

Mapping the ventures in the dataset to the categories above reveals that 55% of ventures had models requiring grant capital exclusively, and thus by definition would not be investment opportunities. Within the remaining 45% (26 ventures), only five ventures could be identified as currently seeking investment, and four had already raised equity or equity-like financing. This highlights that returns-seeking capital currently has a limited role to play in growing new startups that offer solutions for refugees.

18. Refugee-ventures' impact goals and potential are rarely well articulated, and thus likely not well understood by investors and other potential funders. This can potentially be detrimental, in that it may 1) cause high-impact solutions to be overlooked; 2) direct disproportionate resources to low-impact activities; and 3) prevent accelerators and funders from spotting opportunities for deeper impact.

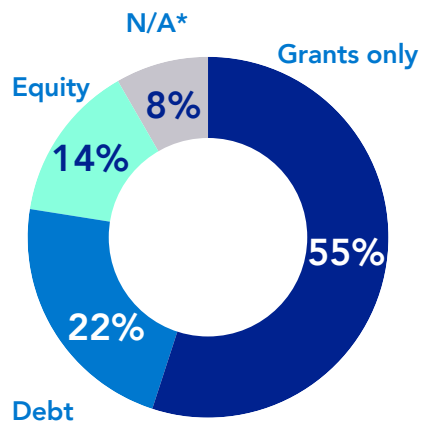
Very few ventures in the dataset have adequately communicated the nature and extent of their impact—either expected or actual. At most, it is typically mentioned only in terms of scale, e.g., the number of individuals served. Unfortunately, it appears that the concepts of *impact depth* and *impact duration*—now well-established among impact management practitioners—are not being measured (or perhaps even considered) by refugee-impact entrepreneurs. Despite entrepreneurs' positive intentions, they may not be aware that their ventures may produce less impact than intended; and this has the potential to undermine stakeholder goals of supporting refugees.

19. An assessment of the impact potential of different types of refugee-impact ventures reveals numerous trade-offs between *impact scale* and *impact depth/duration*. Few types of venture are likely to achieve high impact in all these areas, and several categories appear to offer relatively low impact depth.

There are various ways in which refugee-impact ventures seek to provide benefits to refugees (for example, a venture may source from refugees as suppliers, while another offers a technology platform to increase aid agencies' efficiencies). A methodology developed for this report (in Annex 5) illustrates that the ecosystem has produced few ventures that rate high (or at least medium-high) in impact depth, duration, and scale; and several types of venture appear to offer low impact depth. The table at right shows the most common "impact types" of refugee-impact venture (i.e., the way in which the venture aims to deliver benefits to refugees); and the table on the following page shows the "impact types" that appear to offer the highest

Do refugee-impact ventures offer potential investment opportunities?

Ventures' Funding Models



Equity/equity-like: 3 seeking; 4 raised
Debt: 2 seeking; 9 possibly suited

*N/A: no longer serving refugees or scarce information available

Most Common "Impact Types" of Refugee-Impact Venture

Type of venture	Number in the dataset
Data management for service providers	9
Skills training (excl. entrepreneurship)	6
Sourcing from refugee suppliers	6
Entrepreneurship training/acceleration	5
Toilets/Sanitation	5

potential impact depth and duration. Since impact scale correlates closely with the scalability of ventures' business models, investor interest will likely correspond to the ventures which could achieve greater scale, even while offering limited impact depth and duration. Investors should therefore carefully assess how their capital can deliver the most impact, while other stakeholders should consider supporting ventures offering high impact depth and duration, but lacking the scalability needed to attract investors.

Refugee-Impact Ventures' "Impact Types" With Highest Potential for <i>Impact Depth</i> and <i>Impact Duration</i>				
	Depth	Duration	Scale	#
Entrepreneurship training/acceleration	H	H	L/M	5
Direct employment	H	H/M	L/M	3
Job placement	H/M	H/M	L	2
Clean water supply	H	M	M	1
Digital financial services	H/M	H/M	H	1

The Pandemic's Impact

Much of the research for this report was conducted prior to the onset of the pandemic, but due to the changing global situation, additional research was carried out to identify repercussions for ventures and accelerators, as well as implications for stakeholder support.

20. While some refugee ventures are coping or even thriving under the current conditions, the pandemic has unsurprisingly created hardship for many. Accelerator managers have confidence in entrepreneurs' resilience, but the pandemic has taken a heavy toll—especially on refugee entrepreneurs, due to their vulnerable financial circumstances and limited social safety nets.

As one illustration of the impact on refugee-owned ventures, data from London-based TERN indicates that by late July, 73% of its refugee entrepreneurs had their personal income affected by the pandemic, and 53% lacked sufficient funds to cover basic personal needs.⁶ Meanwhile, refugee-impact enterprises that source from refugee suppliers have indicated that decreased sales have left these refugees unable to afford essentials. Unfortunately, the pandemic has erased some of the progress made in recent years to increase refugees' economic empowerment and reduce their dependency on aid.

In TERN's survey of its refugee entrepreneurs,

73%

reported a decrease in personal income due to the pandemic

53%

reported a lack of sufficient funds for basic personal needs

Source: "TERN Community: Impact of COVID-19," online dashboard, TERN (full citation in notes).

21. Despite the sudden challenges affecting both accelerators and their ventures, accelerators' responses to the pandemic have been encouraging. Some organizations supporting refugee entrepreneurs have also "gone above and beyond" to increase their support for entrepreneurs and their ventures.

Both refugee-impact and refugee-entrepreneurship accelerators responded in the following ways: quickly moving program components online; disseminating critical information on support resources and business crisis management; conducting emergency fundraising campaigns for urgent needs; and engaging in forward-looking planning to help businesses rebuild.

Some organizations working with refugee entrepreneurs have been providing further layers of support to all past and current entrepreneurs, recognizing their clients' vulnerable situations. They have offered assistance in the form of individual business action plans, mental health guidance, livelihood support, and handholding for those in the process of applying for government relief.

22. Most refugee ventures struggling with the impacts of the pandemic will need grants to stay afloat; yet the various types of public and private relief efforts for small businesses are unlikely to adequately meet these ventures' needs.

Government relief packages and other emergency loans programs are in many cases unavailable or unsuitable for many refugee ventures, as the companies are too young to have the operating track record needed to demonstrate eligibility. Neither does impact investment represent a likely financing source, since industry research shows that investors are prioritizing very specific sectors and expect their capital to generate returns.⁷ Unfortunately, grant funding, which is the most suitable for these ventures' situations, is extremely scarce at this point in time.

23. Some instances of accelerator fundraising efforts have been providing a lifeline for some entrepreneurs, with some encouraging results, but it is not yet clear how sufficient these funds will be overall.

Several refugee-related accelerators, as well as organizations supporting refugee entrepreneurs, have successfully raised funds from individuals (via crowd-sourcing campaigns) or from existing partners such as foundations. Funds have been disbursed as mostly as emergency grants for businesses, and in some cases for personal needs. For example, African Entrepreneur

Examples of Accelerator's Pandemic Response efforts

- Moving program components online
- Compiling/disseminating information on health and business support resources
- Conducting emergency fundraising campaigns
- Planning for a post-Covid world

Accelerators for refugee-owned ventures have also been:

- Checking in with every entrepreneur
- Serving as a trusted source of information
- Developing individual business action plans.
- Helping with personal needs
- Handholding in accessing any available government benefits
- Creating virtual communities

Outcomes of pandemic relief grants to entrepreneurs in Rwanda:

91%

of the closed businesses had reopened

63%

average revenue increase after two months

Source: J. Oyler, Exec Director, AEC (full citation in notes).

Collective extended one-time grants to its Rwandan entrepreneurs (40% of whom are refugees); 96% of grants were used primarily for business purposes, and after two months, 91% of businesses that were closed had re-opened and business' average revenue increase was 63%.⁸

Moving Forward: An Agenda for Action

The pipeline of refugee ventures is still nascent, and returns-seeking private capital currently has a limited role to play in helping these ventures grow. However, there many ways that stakeholders, including but not limited to investors, can play a key role in supporting refugee ventures—and maximize their potential to deliver solutions to the challenges of forced displacement.

This report proposes several areas of action that are needed to increase the number of successful refugee ventures, and enhance their investment and impact potential. It also includes recommendations for several different types of stakeholders: accelerators, impact investors, grantmakers, community financial institutions, and international development organizations. Additionally, there is an important need for *conveners*, organizations or individuals who are able to bring together other stakeholders—to help advance efforts on various fronts. (A [summary of recommendations](#) for each type of stakeholder is provided on pages 82-92). The forward-looking agenda includes six key themes, each with several individual areas for action:

- 1. Expand or introduce financing approaches that address the needs of refugee-owned and/or refugee-impact ventures, using grants and other concessional financing arrangements where needed.**
 - 1.1 For refugee entrepreneurs at the earliest stages, replicate existing programs that can substitute for personal savings or “friends and family” money.
 - 1.2 Analyze and address the current gap in small business lending for refugee-owned and refugee-impact ventures.
 - 1.3 Engage angel investors in less transactional settings, and clearly communicate the potential impact that can be achieved by supporting refugee entrepreneurs, or refugee-impact ventures, as appropriate).

Six Focus Areas

for creating further impact through accelerated refugee ventures:

- 1. More targeted financing**
designed around the specific needs of refugee entrepreneurs and refugee-impact ventures
- 2. More concessional capital** to finance refugee ventures and accelerators
- 3. Enhanced impact measurement practices** among new refugee-impact ventures and impact accelerators
- 4. “Pipeline development” efforts** to catalyze more refugee-impact ventures
- 5. Greater efficiencies and stakeholder coordination** within the social entrepreneurship ecosystem
- 6. Enhanced dialogue** regarding investing in new and growing refugee ventures

2. Attract more concessional financing to activities supporting refugee ventures, exploring new approaches where possible. Focus on further funding for (i) unlocking financing bottlenecks for early-stage refugee entrepreneurs, and (ii) financing refugee-impact ventures with significant impact potential.

- 2.1 Encourage grantmakers working on forced displacement to support social entrepreneurship (including refugee-impact ventures) as an alternative way to create impact.
- 2.2 Build more formal bridges between refugee-impact/social-impact accelerators and venture philanthropists.
- 2.3 In the U.S., create a strategy to engage **donor-advised fund** account-holders in activities that provide financing/support to refugee ventures.
- 2.4 Engage with businesses to encourage more corporate philanthropy activities that support refugee entrepreneurs.

3. Commit to a better understanding of impact.

- 3.1 Tailor impact measurement guidance information for the startup context, to be used by refugee-impact ventures (and other social enterprise startups) and by the stakeholders that work with them.
- 3.2 Make impact measurement and reporting—both theory and practice—a formal component of the impact accelerator experience.
- 3.3 Encourage accelerators to evaluate their own effectiveness in terms of social impact and business performance, and to make their findings publicly available (e.g., online).
- 3.4 Encourage investors and other funders to more fully explore impact measurement practices (such as those of the **Impact Management Project** or **IRIS+**).
- 3.5 Compile and share more information on the impact of refugee-owned enterprises.

4. Expand support to refugee-entrepreneurship accelerators and pursue other initiatives that could increase the pipeline of refugee-impact enterprises.

- 4.1 Advocate for more accelerators for refugee entrepreneurs in low- and middle-income countries, taking care to ensure that pilot projects can continue beyond the short term.

- 4.2 Increase accelerator coordination as a way to provide additional rounds of support for refugee entrepreneurs as they continue to grow their businesses.
- 4.3 Harness more funding for refugee-entrepreneurship accelerators, including via Social Impact Bonds.
- 4.4 Incentivize and assist (non-refugee) impact startups to extend their products and services to refugees, or to introduce their solutions to refugee-hosting contexts.

5. Recognize and tackle inefficiencies in the social impact ecosystem.

- 5.1 Bring academic research on social entrepreneurship out from the scholarly realm and into the hands of practitioners.
- 5.2 Promote greater coordination among accelerators and other entrepreneurship support programs (including venture competitions), so as to avoid over-concentrating support on a limited number of ventures.
- 5.3 Address gaps in accelerator support for entrepreneurs from disadvantaged groups, such as women or other context-specific underrepresented groups. Involve refugees in program management and/or program planning and decision-making.

6. Fine-tune the discussion on investment in early-stage refugee ventures.

For those interested in using private capital to invest in early-stage refugee ventures, especially refugee-impact startups, the current investment opportunities are somewhat limited; their investment profiles may also differ from those of other impact startups that investors may be exploring.

On the other hand, there is considerable potential to grow the pipeline of both refugee-owned and refugee-impact ventures, and with these efforts, to unlock significant impact for refugees and their host communities. Moving the needle will depend, however, on stakeholders' commitment and ability to change the *status quo* and address existing blockages in the pipeline. As stakeholders collectively look to address these issues, investors, for their part, can consider how they can set (or adjust) their financial hurdles to fully align with their refugee-impact goals. Further coordination and dialogue among investors and other stakeholders can help increase emerging refugee ventures' investment and impact potential.

Endnotes

- 1 For purposes of simplicity, this report uses the term “refugee” broadly to include people in refugee-like situations, including internally displaced persons and asylum-seekers. Additionally, solutions to forced displacement challenges would include activities that benefit displaced populations as well as those that benefit host communities.
- 2 Global Accelerator Learning Initiative (GALI), *Funding Accelerator Programs, Entrepreneurship & Acceleration: Questions from the Field* (Atlanta: GALI, December 2017), 3-4. Eighty-eight percent of accelerators in a recent GALI study received some donor funding, and many of these were 75-100% donor-funded. Of the accelerators in the “revenue-generating” category, only two (out of a total of 139 respondents) earned equity returns from their investments in startups.
- 3 For a further analysis of Syrian refugees’ barriers to entrepreneurship, including accessing financing of various forms, see, Bayram, Ahmad Sufian, *Entrepreneurship in Exile: Insights into Syrians Startups in Host Countries* (Berlin[?]: 2018). The statistic cited in the sidebar herein is found on page 30 of Bayram’s report.
- 4 Julienne Oyler (Co-Founder and Executive Director, African Entrepreneur Collective), interview by author, December 9, 2019
- 5 “Alight Uganda-Griffinworx Post-Business Acceleration Surveys, March 2020,” as provided by Jeremy Haldeman (Director of Government Affairs and Advocacy, Alight), email communication to author, July 2, 2020. The figures cited are based on the author’s analysis of raw data in the survey responses.
- 6 “TERN Community: Impact of COVID-19,” TERN, https://datastudio.google.com/u/0/reporting/1tCfGO_M2P-D7PMerPihQpb1umclzCg07c/page/YPFKB?s=kZDPIdp1MgY. This data was accessed July 15, 2020 and had remained constant as of September 19, 2020.
- 7 Rachel Bass, *The Impact Investment Market in the COVID-19 Context: An Overview*, (New York: GIIN, June 2020), 6.
- 8 Julienne Oyler (Co-Founder and Executive Director, African Entrepreneur Collective), email communication to author, September 29, 2020.



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